

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Economy Overview and Scrutiny Committee held at Knowle, Sidmouth on 3 September 2009

Present:

Councillors:

Iain Chubb (Chairman)
Trevor Cope (Vice Chairman)

Malcolm Florey
Ben Ingham
John Jeffery
Stuart Luxton
Bob Peachey
Tim Wood

Officers:

Mark Williams – Chief Executive
Nigel Harrison – Economic Development Manager
John Maidment – Planning Policy Manager
Diana Vernon – Democratic Services Manager

Also Present

Councillors:

Ray Bloxham
Paul Diviani
Jill Elson
Peter Halse
Andrew Moulding
Philip Skinner

Petra Davis - West Devon Business Information Point
Stewart Horne - West Devon Business Information Point

Apologies:

Councillors:

Graham Godbeer
Steve Wragg

**Apologies from
non-Committee
Members**

Councillors:

Steve Hall
Pauline Stott

The meeting started at 6.30pm and ended at 9.30pm.

*4

Public question time

There were no questions from the public raised at this point of the meeting.

The Chairman invited Philip Skinner, Rural Member Champion to brief Members on the Rural Devon Profile 2009 produced by the Devon Rural Network, which he had circulated prior to the meeting. Councillor Skinner said that it was a worthwhile and well-presented document which Members may wish to discuss at a future meeting.

*5

Minutes

The minutes of the meeting of the Overview/Scrutiny – Economy Committee held on 11 June 2009 were confirmed and signed as a true record.

Business Tenants' Survey

The Economic Development Manager outlined the background to the survey of the Council's 40 small business units undertaken by West Devon Business Information Point (BIP) on behalf of EDDC. The purpose was to gather quantitative and qualitative data from East Devon Business tenants in respect of:

- How businesses were trading during the current economic climate
- The service received from their landlord (EDDC)
- What would benefit their business in terms of support

In addition to collecting valuable data, the exercise showed tenants that the Council was proactively seeking ways of providing a better, targeted service. Using an independent surveyor to undertake the work had produced candid feedback. It also gave BIP the opportunity to advise the tenants about other services and support that was freely available to them.

Petra Davis of West Devon BIP briefed Members on the way in which the survey had been carried out, the level of response, details of the businesses, including length of time they had been trading, number of employees and business type.

Businesses had been asked about what they were trying to achieve, what the barriers were to this achievement and what help they needed to survive the next 12 months.

The survey included questions specific to the recession, such as: 'had the business already experienced a reduction in turnover?' What measures had been put in place to protect their business, and alternatively, what action had been taken to meet growth.

Businesses were questioned about their marketing strategy/investment, competitor activity and funding opportunities.

Based on the collated feedback, BIP was able to prepare an overview of the current trading picture in East Devon. Businesses had been affected by a reduction in consumer numbers and confidence. However, although the majority of businesses who responded reported a decrease in turnover on the previous year, most were sole traders or partners and had been able to adapt quickly to market changes. Feedback indicated that other barriers to growth included the lack of appropriate 'next step' business units to allow their businesses to expand and the limited number of workshops generally available in the district. Other local barriers were noted including inadequate security at some workshops.

Feedback indicated that EDDC generally had a good reputation as landlord although there was comment that EDDC should give preference to businesses with potential to provide employment in the area and/or those which would attract footfall to the site for the benefit of all the businesses located there.

Generally, businesses did not seek business advice despite the recession for a number of reasons including that many factors were beyond the control of the business.

BIP identified a number of key issues for discussion, namely:

- EDDC to review the practice of units being used for storage purposes as this limited the number of units available for other tenants,
- The average length of tenure meant that opportunities were not created for new business start up. Was this due to the lack of alternative workspace in the district or that rents were too attractively low to encourage the tenant to move? How could the Council encourage movement out of the start up units?
- Where a business was seeking to quit their premises due to difficult trading, EDDC should consider a relaxation on 3 months' notice.
- Consideration be given to providing publicly funded business support.

Business Tenants' Survey (cont)..

Members discussed the issue raised in respect of the lack of availability of start up and 'next step' business units. Although the Council's original intention in providing the business units was to help businesses to start up, generally tenants were not moving on to larger premises for a number of reasons including that the units' size, location and cost suited their purposes and EDDC was a fair landlord. In addition, although a number of businesses wished to expand, the only other units available in the area were too large and therefore prohibitively expensive.

The Portfolio Holder – Economy felt that the detail in the report was useful and from this he was able to highlight 3 key issues, namely:

- The workshops had been provided by the Council to help generate new business and employment with the intention of the businesses becoming established and moving on to larger premises. However this was not happening for the reasons already referred to above,
- Some units were being used for storage purposes and this needed to be investigated,
- The Council needed to support businesses in a holistic way, looking at what skills were needed by local businesses and how business activity could be sustained.

Members recognised the benefits of the business units to the tenants and in seeking to provide additional opportunities for new businesses needed to ensure that the existing businesses were not disadvantaged. The Committee recognised that a vital step was to identify new land for economic development using the survey as part of the evidence base to establish need. The district needed more small start up basic business units as well as larger 'next step' units to allow established small businesses to expand. It was suggested that the Council could introduce incremental rents over a period to help new businesses to establish themselves and encourage them to move into larger premises. The planning system needed to be supportive of the need to provide business units although Members' recognised the constraints of policy and planning frameworks.

It was suggested that that the Council should explore private opportunities for providing business units.

Members were reminded of the value of advice and support provided in the past through EDSIG and the Heart of Devon Enterprise Agency. These organisations used business volunteers to give free advice to businesses. It was suggested that the East Devon Business Forum could be asked to seek ways to address this gap in provision.

The Business Member Champion confirmed that the Council was committed to achieving a thriving economy within the district. This was dependent on the viability of small businesses as the majority of business stock in East Devon comprised micro businesses (under 5 employees). He advised that the Council should develop a clear strategic plan, including all relevant elements, such as planning, to drive the economy forward.

The Economic Development Manager advised that he would thank the tenants for taking part in the survey and would share the results with them. He confirmed that the rents charged reflected the market place, as far as this could be ascertained, as a means of achieving the best use of Council assets. The findings would be reported to the Asset Management Forum and would be used as part of the service planning process.

RECOMMENDED (1) that the Economic Development Manager and the Estates and Legal Teams look at the business unit tenancy agreements and seek ways to proactively manage the units so that they are used to achieve maximum benefit for local businesses,

6

Business Tenants' Survey (cont)..

- (2) that the Economic Development Manager prepare a report for consideration by the Committee at its next meeting* proposing ways of addressing the inadequate provision of small and medium sized business units in East Devon with the report including the need for the Local Development Framework to identify this gap in provision which would enable the Council to work proactively, for example through partnership working.

*The Committee will be up-dated at the next meeting on progress in respect of the Devon Employment Space Strategy. This together with the above discussion and recommendation could serve as the basis for a full report to the following meeting, bringing the various strands together. Members may wish to consider timetabling in a special meeting of their Committee to discuss this report in detail.

7

Rural enterprise Development – Review of the Council's business support programme July 2007 – March 2009

Members noted the review of the Council's business support programme, which was presented to the Committee by Stewart Horne from West Devon Business Information Point. Mr Horne recognised that independent and impartial advice was not always easy to obtain but was now available through Business Link (which largely accessed needs and acted as a 'signposting' service), Business Information Point, and Rural Enterprise Development.

Due to the Heart of Devon Enterprise Agency ceasing trading, the Rural Enterprise Development initiative was being delivered by BIP via workshops and business support. Members noted the various workshops that had been delivered in East Devon, how these had been marketed and the outcomes. East Devon District Council had provided £82,000 towards the Rural Enterprise Development initiative and this drew a further £31,000 in Devon Renaissance funds to support East Devon businesses.

Learning opportunities were also available through 'Train to Gain' but small businesses generally preferred short training programmes or sessions to fill a skills' gap rather than commitment to gaining National Vocational Qualifications. The value of business networking was also acknowledged.

Members noted additional support activity from BIP and planned future activity subject to funding. Mr Horne had submitted 2 funding bids, one to Making it Local and another to the Economic Challenge Fund. The Economic Development Manager advised that there was £40,000 in the Council's current budget to fund this initiative; the 2010/11 budget had yet to be agreed.

The Portfolio Holder – Economy emphasised the need for the Council to achieve value for money.

The Business Champion noted that limited support in the area was given to micro businesses (less than 5 employees). He stressed the importance of supporting these small businesses and meeting their individual training needs. In addition to helping with funding, he emphasised the importance of the Council acting as a training advocate, supporting training initiatives. He believed that the profile of training should be raised. He said that 'bite sized' learning units best suited small enterprises. He suggested that the Council should establish a database of training providers in the district. This would enable the Council to signpost businesses to available training opportunities.

7

Rural enterprise Development – Review of the Council's business support programme July 2007 – March 2009 (cont)..

- RECOMMENDED**
- (1) that a database of training providers available in East Devon be established for the benefit of local business people,
 - (2) that the Council continue to support the Rural Enterprise Development initiative and include £40,000 in the 2010/11 budget,
 - (3) that the Council use e mail-shots to advise local businesses of training opportunities available and encourage them to take advantage of this provision.

(Councillor Paul Diviani, who was an observer at the meeting, declared a personal interest in this item as Chairman of 'Making it Local'.

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Consultation paper on a new Planning Policy Statement 4: Planning for prosperous economies

Members considered the report of the Planning Policy Manager, which advised them of the publication of a Government Consultation Paper on a New Planning Policy Statement (PPS) 4: Planning for Prosperous Economies. The Development Management Committee had already discussed the paper and had fed its comments into the consultation process. Members of the Overview/Scrutiny Committee was asked to note the contents of the Policy Statement as it showed the importance that the Government placed on economic development.

The new guidance consolidated all National Planning Policy Statements (PPSs) on economic development, in urban and rural areas and town centres, into a single PPS.

Members welcomed the Ministerial Statement accompanying the publication of the Consultation Paper as it highlighted the need for the planning system to support the economic aspirations of both urban and rural communities and for proportionate and flexible policies to support the start up and growth of businesses. It also emphasised the importance of safeguarding town centres, which were seen as the 'bedrock of our economic future'. The Statement recognised that economic sustainability was a prerequisite for social and environmental sustainability.

Particular reference was made to the following:

Paragraph 1.2 – 'Positively and proactively encourage sustainable economic growth in urban and rural areas'... based on a clear and proactive locally specified economic vision and strategy,

Paragraph 1.7 – Economic development in open countryside to be strictly controlled. The need to protect the countryside was recognised but the need for economic development in rural areas was also an acknowledged need.

Paragraph 1.19 – 'Support small scale economic development where it provides the most sustainable option in villages, or other locations, that are remote from local service centres, recognising that a site may be an acceptable location or development even though it may not be readily accessible by public transport'.

Paragraph 1.30 - the Government was supportive of the replacement of suitably located, existing buildings of permanent design and construction in the countryside for economic development purposes'.

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Consultation paper on a new Planning Policy Statement 4: Planning for prosperous economies (cont)..

The Planning Policy Manager advised that the final version was anticipated by the end of the year.

The Chairman of Development Management welcomed the new PPS but reminded the Committee that it was still only in draft and that the Council had to continue to work within the existing policy framework in the meantime. Emerging documents were useful but had little weight and currently only reflected Government thinking.

The Rural Member Champion suggested that the Council should make more use of 'departure policy' so that economic development could be progressed.

The Portfolio Holder, Communities felt that town centres should be more tightly defined. Over the last few decades town functions had sprawled into the surrounding area often due to the high business rates for town centre premises. However, it would be of benefit to the on-going viability of town centres to clearly define their core and defend this against change of use. Members were reminded of the problems of managing the different needs of the evening/night and day town economies.

The Chairman of Development Management reminded the Committee that PPS7, in respect of rural buildings in the countryside, was a 2001 policy; if a building was not fit for purpose its use could be changed or the building replaced. He added that economic development applications needed to be identified for particular consideration.

The Portfolio Holder, Economy advised that utilitarian barns had been erected but which were now too small and in the wrong location but which were not fit for conversion. He would welcome the opportunity for these to be pulled down and replaced with a building which was fit for purpose. However this approach was often resisted by planners. He added that affordable housing and economic development were Council priorities and therefore could be taken into account as material (essential) considerations.

The new policy would help the Council to achieve its corporate priorities in respect of economic development and would include flexibility to respond to local needs.

RESOLVED that the emerging Planning Policy Statement 4: Planning for Prosperous Economies be welcomed and the feedback of the Development Management Committee on the consultation be noted.

Chairman

Date.....