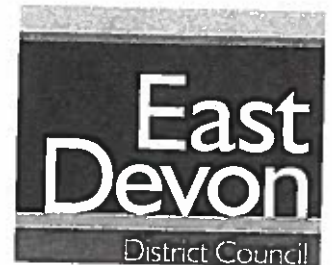


Date: 31 August 2010
Contact name: 01395 517544
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To: Members of the Overview/Scrutiny - Economy Committee
(Councillors: David Atkins, Roger Boote, Peter Halse, Ben Ingham,
John Jeffery, Stuart Luxton, Bob Peachey, Graham Troman,
Tim Wood, Steve Wragg).
Other Members of the Council for information
Chief Executive
Corporate Directors
Economic Development Manager

Dear Sir/Madam

Overview/Scrutiny - Economy Committee, Thursday 9 September 2010 at 6.30pm

The above meeting will be held at the East Devon Business Centre, Heathpark Way, Honiton, to consider the matters detailed on the agenda below.

Yours faithfully

MARK WILLIAMS

Chief Executive

Members of the public are welcome to attend this meeting.

- A period of 15 minutes has been provided to allow members of the public to raise questions.
- All individual contributions will be limited to a period of 3 minutes – where there is an interest group of objectors or supporters, a spokesperson should be appointed to speak on behalf of group.
- The public is advised that the Chairman has the right and discretion to control questions to avoid disruption, repetition and to make best use of the meeting time.
- In addition, the public may speak on items listed on the agenda. After a report has been introduced by the relevant Portfolio Holder and/or officer, the Chairman (Leader of the Council) will ask if any member of the public would like to speak in respect of the matter and/or ask questions.

A hearing loop system will be in operation in the Council Chamber.

AGENDA

1. Public question time – standard agenda item (15 minutes)
Members of the public are invited to put questions to the Committee through the Chairman. The process is set out on the front of the agenda.

Councillors also have the opportunity to ask questions of the Chairman and/or Portfolio Holders during this time slot whilst giving priority at this part of the agenda to members of the public.

2. To confirm the minutes of the meeting of the Overview/Scrutiny – Economy Committee held on 10 June 2010. 5 - 8
3. To receive any apologies for absence.
4. To receive any declarations of interests relating to items on the agenda.
5. To consider any items, which, in the opinion of the Chairman, should be dealt with as matters of urgency because of special circumstances.

(Note: such circumstances need to be clearly identified in the minutes; Councillors please notify the Chief Executive in advance of the meeting if you wish to raise a matter under this item. The Chief Executive will then consult with the Chairman).

6. To agree any items to be dealt with after the public (including the press) have been excluded. (Items which the Officers recommend should be dealt with in this way are shown under Part B of the agenda).

Part A Matters for Decision

7. **The A3052 and A376 transport corridors** Verbal report.

To welcome Dave Black, Head of Planning & Transport from Devon County Council to discuss the A3052 and A376 transport corridors, congestion problems on both these roads and the County Council's proposals to solve to improve both these situations.

8. **Farm Shops** *Kudat Mey* 9 - 13

To discuss a report on Farm Shops prepared by the Economic Development Manager.

9. **District Council managed Workshop Space** 14 - 22

To discuss a report prepared by the Principal Estates Surveyor on District Council Managed Workshop space in the District.

10. **The Vice Chairman to move the following:-** 23
 "that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out on the agenda, is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B)."

Part B Matters for Decision

11. **East Devon Business Centre** Para 3 Schedule 12A Information relating to the financial or business affairs of any particular person (including the authority holding that information). 24 - 29
 To discuss the proposed new Business Plan for East Devon Business Centre and how this linked in with the Devon County Council review of workspace provision and Exeter Innovations Centre and Science Park.

Members remember!

- You must declare the nature of any personal or prejudicial interests in an item whenever it becomes apparent that you have an interest in the business being considered.
- Where you have a personal interest because the business relates to or is likely to affect a body of which you are a member or manager as an EDDC nominee or appointee, then you need only disclose that interest when (and if) you speak on the item. The same rule applies if you have a personal interest in relation to a body exercising functions of a public nature.
- Make sure you say the reason for your interest as this has to be included in the minutes.
- If your interest is prejudicial you must leave the room unless
 - a) you have obtained a dispensation from the Council's Standards Committee or
 - b) where Para 12(2) of the member Code of Conduct applies. [Para 12(2) allows a Member with a prejudicial interest to stay for the purpose of making representations, answering questions or giving evidence relating to the business but only at meetings where the public are also allowed to make representations. If you do remain for these purposes, you must not exercise decision-making functions or seek to improperly influence the decision; you must leave the meeting room once you have made your representation.]
- The Code states that any member of the Executive Board or other decision-making committee or joint committee or sub-committee attending Overview and Scrutiny committees has a prejudicial interest in any business where that member was a member of the committee at the relevant time and present when the decision was made or other action was taken (whether or not implemented). Members with prejudicial interests should declare them and are allowed to remain in the meeting for the limited purposes set out in the Code para 12(2) – see previous paragraph.

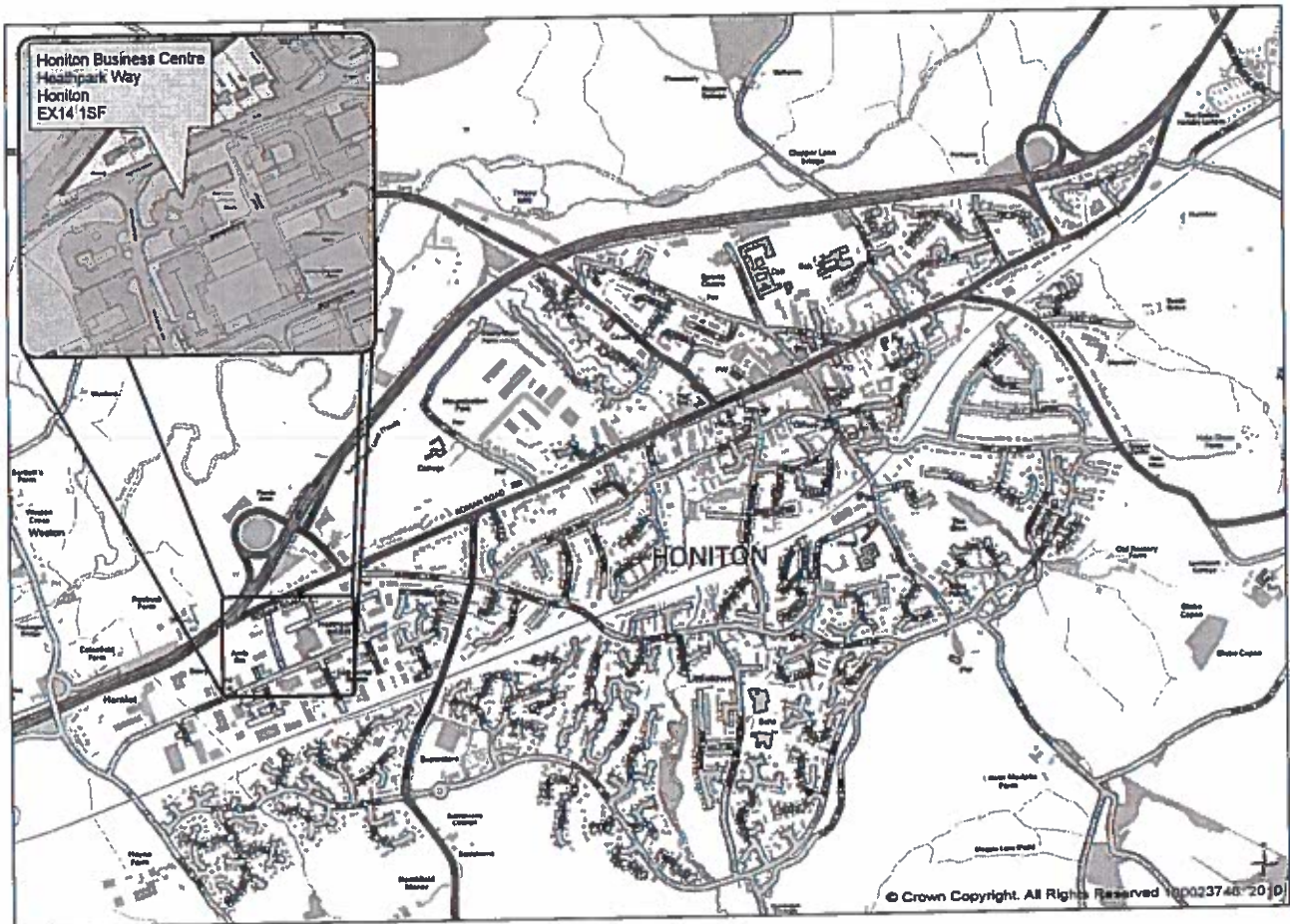
You also need to declare when you are subject to the party whip before the matter is discussed.

Suggestions for questioning during an Overview and Scrutiny meeting

Below are some prompts which may help you to form your own questions to ask at an Overview and Scrutiny meeting. Your questioning technique is crucial in creating an atmosphere conducive to open answers. Avoid excessive interrogation and treat those being questioned with courtesy and respect; however don't be afraid to ask supplementary questions if you feel that you haven't been given a clear answer.

- **IS IT REQUIRED?** (do we have this, does it make sense to tackle it, do we really need it).
- **IS IT SYSTEMS THINKING?** (is it evidence based and designed around the customer demands)
- **IS THE INTENTION CLEAR?** (what are we actually trying to achieve)
- **ANY REAL OUTCOMES?** (are we actually, and measurably, achieving things for our customers).
- **WHAT IS THE COST?** (both time and money)
- **DOES IT COMPLY?** (have we checked that it meets our obligations, the law, any formal guidance, and any Council policy or resolutions).
- **OTHERS DO WHAT?** (how do other organisations tackle this, best practice)
- **EFFECTIVE AND EFFICIENT?** (how do we know we're doing things well, in a timely fashion, and at "best value")
- **WHAT IS THE RISK?** (any areas of risk for the Council)
- **ANYONE LOSE OUT?** (are there sections of the community who might be disadvantaged by this approach, or be less able to take advantage, than others)
- **DOES IT LINK?** (have we linked this to other, similar, pieces of work within or outside the Council)

Getting to the Meeting – for the benefit of visitors



East Devon Business Centre

Directions:

From the A303

1. Join A303/A30 Westward to Honiton
2. Take 2nd exit for Honiton and exit slip road
3. Turn right at 'T' junction (Honiton Motel on left)
4. Take first left at BP station (entrance to Heathpark Estate)
5. We are the first (brand new) building on your left

By Bus:

The following buses all terminate at Exeter Road in Honiton. From here walk up Exeter Road towards the BP petrol station and turn right into Heathpark Way. The Business Centre is the first building on your left-hand side less than 1/4 mile from the bus stop.

- From Exeter - 60/380 (Exeter Road)
- From Honiton - 380 (Exeter Road)
- From Taunton - 20 (Town Centre) 380 (Exeter Road)
- From Sidmouth - 52B (Town Centre) 380 (Exeter Road)

For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Economy Overview and Scrutiny Committee held at Knowle, Sidmouth on 10 June 2010

Present: Councillors:
Graham Troman (Chairman)
Steve Wragg (Vice Chairman)

Roger Boote
Peter Halse

John Jeffery
Bob Peachey

Also Present Councillors:
Ray Bloxham
Iain Chubb
Malcolm Florey

Graham Godbeer
Stuart Hughes
Andrew Moulding

Councillor Christine Channon – Devon County Council Cabinet
Member for Schools & Skills

Officers:
Nigel Harrison – Economic Development Manager

Chris Lane – Democratic Services Officer
Paul Adkins – Bourne Leisure Ltd
Chris Jackson – Jackson Research
Christine Seddon-Kaye – Bourne Leisure Ltd

Apologies: Councillors:
Jill Elson

Karime Hassan - Corporate Director

The meeting started at 6.30pm and ended at 8.50pm.

***1 Public question time**

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

***2 Minutes**

The minutes of the meeting of the Overview/Scrutiny – Economy Committee held on 25 March 2010, were confirmed and signed as a true record.

***3 Matters Arising**

Employment Land in the A3052 Corridor (Minute *27 of 25 March 2010 refers)

The Chairman confirmed that representatives of Devon County Council Highways would be invited to a future meeting of the Committee to discuss the A3052 and A376 transport corridors, congestion problems on both of these roads and Devon County Council proposals to improve the situation.

***4 Economy Portfolio Holder**

The Chairman welcomed Councillor Graham Godbeer, the new Economy Portfolio Holder to the meeting. Councillor Godbeer reported that much of the Economic Development Service plan was to do with the development in the west end of the District. This development was dependent upon a signature from a minister and it was not certain whether it would go ahead or not. It was hoped that there would be more definite information available after the budget later in the month

There were also various issues surrounding Seaton, which were a major challenge for the Economy Portfolio Holder. Councillor Godbeer considered that the east end of the District may need more attention paid to it. He had started asking Ward Members in the major towns in the East end to discuss their economic concerns and to see whether he could help their communities. The Economic Development plan should be seen as an organic document and regularly updated. A review would be undertaken before the September meeting of the Committee and a report brought to that meeting. It was considered that a stronger link was needed between the Committee, Portfolio Holder and Member Champion for Business.

During discussions, the following points and questions were noted:

- Concern over the future of Cranbrook, bearing in mind the current coalition Governments agenda for reducing the budget deficit and also that there was no Plan B in place for the District if Cranbrook did not go ahead within anticipated timescales;
- That East Devon District Council should encourage development across the District and act in the role of facilitator;
- That local employment was important and needed to be encouraged;
- That the Economy Portfolio Holder should engage with Ottery St Mary and its businesses as it was a town in decline and needed some initiatives to encourage development.

RESOLVED

that a progress report on the delivery of the Economy and Development Service Plan 2010 - 2011 be prepared for the September meeting and thereafter, quarterly progress reports on the Service Plan be included as a standing item on the agenda of future meetings of the Committee.

***5 The 16 – 19 Skills agenda**

The Chairman welcomed Councillor Christine Channon, Devon County Council Cabinet Member for Schools & Skills to the meeting to discuss the LEA's approach to 16 – 19 Training for Young People. Members noted that that the legislation with regard to 16 – 19 education and its funding had changed on 1 April. This new legislation had put a strong emphasis on diplomas rather than exam based learning and had given the LEA problems in delivering its requirements. Schools sixth forms had also been affected by this change. Councillor Mrs Channon felt that sixth forms in the district needed to be improved as only those at Colyton and King's School, Ottery St Mary were currently considered to be of an outstanding standard.

Proposals to change this new legislation had been presented to the coalition Government as the LEA was looking to returning to more exam based learning. Work was being done on the known skills base in the District and skills in the workforce were needed to encourage inward development, particularly in the area of science. It was acknowledged that it was important for EDDC to identify with employers which skills they were struggling to find and what skills in the workforce they needed to develop their business.

The 16 – 19 Skills agenda (Cont)

During discussions, the following points and questions were noted:

- Concern expressed that as 25 was the minimum class size for a course to run in East Devon and bearing mind the small size of some of the sixth forms in East Devon, this could reduce students' choice of subjects to study. It was particularly important that Science course ran and numbers for these were traditionally low;
- Devon had rarely produced enough quality and quantity of engineers and young people lacked the opportunity to develop their engineering skills in Devon;
- That each course at schools or college was targeted towards a job at the end of it but that there was the need to revamp the education system to include some courses that were not so job specific;
- The 14 – 19 age group education did not seem to have been enhanced sufficiently in recent years and there was concern that students were forced to make career choices too early;
- The cost of transporting students to schools in East Devon was an expensive and problematic issue;
- The LEA had the ability to deliver the skills base that employers in East Devon required;
- It was the time to have a dialogue with employers in East Devon to decide what skills they needed from their employees;
- Concern expressed over the lack of basic skills that some students possessed when they left school and college;
- Education tended to be provider driven rather than customer driven;
- How could the District Council work together with the County Council to move education in East Devon forward and help young people to achieve their full potential?
- The Economic Development Manager should discuss with local employers what skills they needed from their employees and what skills were lacking in school leavers and how these deficits could be overcome and report to a future meeting;
- Devon County Council Cabinet Member for Economy should be invited to attend a future meeting of the Committee.

RESOLVED

1. that the Economic Development Manager write to Councillor Christine Channon to thank her for attending the meeting and responding to Members' questions on the 16 – 19 Skills Agenda;
2. that the Council be requested to explore ways of co-operating more fully with the Local Education Authority in progressing the involvement and co-operation of local employers in devising and delivering the 16 – 19 Skills Agenda and development of more general adult education provision within East Devon;
3. that David Henley, Principal and Chief Executive of Bicton College, be invited to attend a future meeting of the Committee to outline his plans for land based and other skills development provision at Bicton College.

*6 **Impact of customer spending at and beyond Devon Cliffs, Exmouth on the wider East Devon/Exmouth economy**

The Chairman welcomed Chris Jackson from Jackson Research and Paul Adkins and Christine Seddon-Kaye from Bourne Leisure Limited to the meeting. Chris Jackson presented a report on the impact of customer spend at and beyond Devon Cliffs, Exmouth on the wider East Devon/Exmouth economy. Members noted that the field work for the report had been done in March 2010.

Members were impressed with the level of detail in the survey and noted that the success of Devon Cliffs was very important for the future of Exmouth. It was important that the District Council encouraged businesses such as Devon Cliffs. However, the economy of Exmouth needed more businesses and not just Devon Cliffs to improve its economy. Councillor Graham Godbeer informed members that he intended to raise the profile of tourism in East Devon as an industry. It was important to encourage visitors to spend their money in East Devon.

RESOLVED

1. that the Economic Development Manager write to Bourne Leisure and Jackson Research to thank them for presenting the results of their research to the Committee;
2. that the impact of customer spending identified from research undertaken by Bourne Leisure and Jackson Research into the expenditure of visitors to Devon Cliffs on Exmouth and the wider East Devon economy, be used to inform the evidence base of the emerging Local Development Framework and the Council's wider understanding of the visitor economy.

*7 **Forward Plan for Economy Overview and Scrutiny Committee 2010/11**

The Chairman reported that the Committee needed to work on developing its Forward Plan and would welcome any suggestions for the plan for the current civic year. It was suggested that a possible item for the Forward Plan would be inviting Chambers of Commerce from each town to a meeting to discuss what East Devon could do to help them and their community.

RESOLVED

that Members advise the Chairman or Vice Chairman of any items they had that they would wish to add to the committee's Forward Plan.

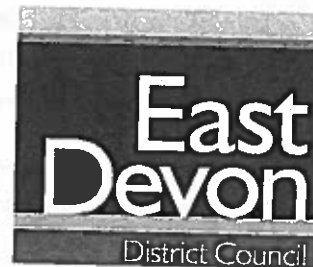
Chairman Date

Agenda Item 8

Economy Overview & Scrutiny Committee

09 September 2010

10/1012



Farm Shops in East Devon

Summary

The main thrust of the Council's planning policies on retailing is to protect and enhance the vitality of town centre retailing and to retain the network of village shops. Farm gate retailing of raw unprocessed produce is accepted but the sale of processed and imported goods, from the farm, always requires planning permission. The East Devon Local Plan "supports the provision of farm shops and other types of rural retail activity which contribute to the economic diversification of rural areas". However, the emphasis of policy is on the protection of the viability and availability of existing facilities (Policy SH8). In fact the Local Plan and PPS4 are both largely silent on the detail of Farm Shop operation. To ensure consistency in their approach, officers have sought to achieve a product ratio of 75% from the farm and 25% off the farm in advising Members on the conditions appropriate in the approval of recent Farm Shop planning applications. These issues have been considered by two recent meetings of the Economy Think Tank whose Members feel that a relaxation of current policy is justified.

Recommendation

1. that Members request the Development Management Committee to consider an elaboration of East Devon Local Plan Policy SH8 (Rural Shops, Garden Centre, Nurseries and similar Retail uses) such that it more accurately reflects the practical detail of Farm Shop operation in East Devon.
2. that the principle of:
 - 30% of turnover from products sourced and produced within the Host Farm enterprise,
 - 30% of turnover from products sourced and produced within a 10 mile radius of the Farm Shop,
 - 30% of turnover from products sourced and produced within the remainder of the SW Region,
 - 10% of turnover from products sourced and produced outside the SW.be recommended to the Development Management Committee as a basis for framing the determination of planning applications to operate a Farm Shop in East Devon.
3. that the contents of this report be the subject of formal consultation with the East Devon branch of the National Farmers Union, the East Devon Business Forum, the East Devon Association of Chambers of Commerce and the East Devon branch of the National Federation of Small Businesses.

a) Reasons for Recommendation

To progress an elaboration of East Devon Local Plan policy through consultation with community stakeholders.

b) Alternative Options

Await the further progress of the Local Development Framework process.

c) Risk Considerations

As the report suggests, current policy seeks to maintain the vitality of town centre retailing and village shops. This may be at risk from a liberalisation of Farm Shop policy.

d) Policy and Budgetary Considerations

The Council's current policy on Farm Shops is as set out in Policy SH8 of the East Devon Local Plan.

e) Date for Review of Decision

To be reviewed in the light of the decisions of the Development Management Committee and before the end of the current Civic year.

1 Main Body of the Report

1.0 Background

1.1 Within East Devon there were 1,771 separate farm holdings at the time of the annual Farm Census in 2006. Of these, 927 units were of a size of less than 5 hectares, there were 400 holdings of between 5 and 20 hectares, 254 holdings of between 50 and 100 hectares and 190 farms of more than 100 hectares. The source of these statistics is Defra, as reported in the East Devon AoNB Management Strategy 2009 – 2014.

1.2 *bob aher*
With an average unit size of 43 hectares, the majority of East Devon's farm enterprises are unlikely to be able to operate and sustain a viable farm shop. Viability is further challenged absence of local food processing infrastructure. There has been a significant decline in local slaughter house and meat processing facilities (abattoirs) in recent years. Many of the district's large and medium sized livestock producers see the bulk of their finished animals transported out of the South West for slaughter and processing. The value added to local meat and poultry production during external processing is at the heart of the farm shops' increasing producer appeal.

1.3 There are thought to be some 11 fully operational farm shops in East Devon (Environmental Health records, as at 30th June 2010) and a further 9 farms are known to be regularly offering produce to the public through 'farmgate' sales.

2.0 Economy 'Think Tank' May 2010

2.1 These issues were the subject of discussion at a meeting of the 'Economy Think Tank' on 20th May 2010. Much of the discussion focussed on the viability issue; how the balance between the farm's own products and externally sourced goods should be defined, measured and then regulated. It was generally accepted that a too restrictive approach to what



is available to the consumer from farm shops, is likely to challenge their year round viability. Policy should be adjusted to reflect the practical realities of farm production (seasonality), farm shop operation and customer expectations. With agreement on the balance between goods from and off the farm in place, policy should be expressed in terms of value (income and turnover) rather than volume. The assumption that a farm shop is best located within existing farm buildings, close to the centre of the holding, was also questioned. Buildings close to the centre of the farm will not always provide the optimum trading position.

- 2.2 The main thrust of the Council's existing policies on retailing is to protect and enhance the vitality of town centre retailing in the district's coastal and market towns and to retain the network of village shops that sustain its' rural communities. Farm gate retailing of raw unprocessed produce is accepted but the sale of processed and imported goods, from the farm, always requires planning permission and must overcome an 'in principle' objection to out of town retailing.
- 2.3 The East Devon Local Plan "*supports the provision of farm shops and other types of rural retail activity which contribute to the economic diversification of rural areas*". However, the emphasis of policy is on the protection of the viability and availability of existing facilities (Policy SH8). In fact the Local Plan and PPS4 are both largely silent on the detail of Farm Shop operation. To ensure consistency in their approach, officers have sought to achieve a product ratio of 75% from the farm and 25% off the farm in advising Members on the conditions appropriate in the approval of recent Farm Shop planning applications.

3.0 Operator Perspectives

- 3.1 The 'Think Tank' heard from the Chief Executive of Taste of the West, Mr John Sheaves. He referred to 'FARMA' (National Farmers' Retail and Markets Association) to which a number of East Devon's farm shop operators belong. FARMA understands the local planning authorities' desire to protect existing community infrastructure but believes farm shops are playing a part in another important agenda.
- 3.2 Farm shops can make an important contribution to the viability of the host farm enterprise; they contribute to reducing food miles, the vibrancy of the wider rural economy and a growing public appetite for quality local produce. The regulatory framework should, in the view of FARMA, reflect five important drivers:
 - The needs of producers
 - The need for growth in the rural economy
 - The need to protect and enhance the natural environment
 - The needs of the consumer – does the farm shop provide a satisfactory customer experience
 - The local planning authority's wider policy objectives
- 3.3 From the operator's viewpoint, a successful and viable farm shop is likely only where the local planning authority accepts and allows the following product mix:
 - 20% sourced and produced from the host Farm
 - 20% sourced and produced with 30 miles of the host Farm
 - 40% sourced and produced within the SW Region
 - 20% sourced and produced from outside of the SW



4.0 The Economy Think Tank's Conclusions

4.1 Members of the Think Tank were broadly in favour of an adjustment to farm shop policy such that it better reflects their potential to sustain local farming enterprise and consumer demand for local produce. The 'Think Tank' concluded that the Council's policy in relation the creation and delivery of Farm Shops should be modified to reflect the following income and turnover balance on product sourcing:

- 30% of turnover from products sourced and produced within the host farm;
- 30% of turnover from products sourced and produced with a 10 mile radius of the farm shop;
- 30% of turnover from products sourced and produced within the SW Region;
- Not more than 10% of turnover from products sourced and produced from outside the SW.

However, they recognised that to do so would require a deftness of touch to avoid this becoming a further challenge to successful town centre and village shop retailing. Lighter touch regulation through policy would, in any event, only have the desired effect if mechanisms are in place for successful on-going monitoring. It was important to ensure that the form and character of farm shop retailing isn't just an issue at the time a farm shop planning application is being determined but throughout the life of the enterprise.

5.0 Future Regulation and Monitoring

5.1 The manpower resource necessary to sustain regular support and audit contact with Farm Shop operators is unlikely to be available from the Council's own resources but might be achieved by strengthening the links between the Council and trade bodies such as 'FARMA' and 'Taste of the West'.

5.2 FARMA currently has 7 East Devon farm shop operators in membership and Taste of the West has 4 East Devon farm shop members. If accreditation to membership of either of these or similar organisations was to be conditional of upon the farm shop operator's acceptance and willingness to be audited on the principle of:

- 30% of turnover from products sourced and produced within the host farm,
- 30% of turnover from products sourced and produced within a 10 mile radius of the farm shop,
- 30% of turnover from products sourced and produced within the remainder of the SW Region,
- 10% of turnover from products sourced and produced outside the SW,

a system of self regulation might be successfully agreed and maintained without any significant additional cost to the Council.

5.3 Informal discussion along these lines has taken place with Taste of the West since the time of the last Economy 'Think Tank'. Their Chief Executive seems genuinely interested in a process of self regulation through a membership accreditation and renewal process. No similar contact has yet been established with FARMA but a process whereby their members are assured of the integrity of the FARMA brand through self regulation, might attract similar in principle support.



5.4 A possible weakness of this approach is that both organisations look to recruit and retain membership both from within and beyond the boundaries of the Council. To be accepted, their external members (those not based in East Devon) are likely to seek an assurance that their own local planning authority has come to a similar conclusion on these issues. It might be possible to progress wider acceptance of self regulation through bodies such as the Devon Planning Officers Group, the Devon Economic Partnership and SWCouncils.

6.0 Adjusting Policy

6.1 The LDF Panel is currently concentrating almost exclusively on Core Strategy production. Unless it is possible to demonstrate that Farm Shops (or broader retail issues incorporating Farm shops) are of strategic importance it is unlikely to be possible to address Farm Shops through the Core Strategy. An alternative approach would be to seek to introduce a variation to policy along similar lines to the one agreed as an 'interim mixed market and affordable housing position statement' approved by the Development Management Committee in October 2009. By this means endorsement of an elaboration of current Farm Shop policy under the East Devon Local Plan policy might be possible.

Legal Implications

The term 'elaboration' of EDLP Policy SH8, used in recommendation 1, will require careful consideration as to what is intended. If, under recommendations 1 and 2, members of Development Management Committee are to be asked to debate changes to the existing criteria under Policy SH8, then under the Constitution this should be done in consultation with Executive Board, and be the subject of recommendation to full Council for decision. Alternatively, should O and S Committee's preference be the introduction of Supplementary Planning Guidance, in advance of the adoption of the Core Strategy, then recommendations 1 and 2 should be addressed to Executive Board, not Development Management.

Financial Implications

There are no financial implications contained within the report.

Consultation on Reports to the Executive

Background Papers

- East Devon Local Plan 2006

Nigel Harrison
Economic Development Manager

Economy Overview and Scrutiny Committee
09 September 2010

Karime Hassan
Corporate Director



Agenda Item 9

Economy Overview & Scrutiny Committee

09 September 2010

10/1014



EDDC Workshop Provision to Small Businesses

Summary

Members have requested an update on the workshop space the Council provides to small businesses in the district in terms of the wider context of meeting the Council's priorities and objectives.

Recommendation

That Members consider the contents of this report on which to base a discussion around the service currently provided to small business in the district.

a) **Reasons for Recommendation**

The reason for reaching the recommendation is set out in the main body of this report.

b) **Alternative Options**

Not applicable.

c) **Risk Considerations**

Not applicable.

d) **Policy and Budgetary Considerations**

The recommendation should be considered in the context of the wider Tenanted Non Residential Property Review work currently being undertaken as part of the delivery of the Council's strategic Asset Management Plan. This work is being overseen by the Asset Management Forum and the Overview & Scrutiny Co-ordinating Committee.

e) **Date for Review of Decision**

Not applicable.

1 Main Body of the Report

Background

1.1 Over time the Council has acquired and developed out small industrial workshops with the aim of making provision for small business accommodation in locations within the district where this was not met by the open market. The various estates are detailed in Appendix 1.

Context as at 2010

2.1 The scheme, largely initiated in the 1980's, has generally been seen as a success, with a high demand for the workshops even during times of recession. Members will appreciate from the information provided in Appendix 1, that occupancy levels are currently at 100%.

- 2.2 While the workshops continue to meet a gap in the open market and provide much needed accommodation for small businesses in the district, the workshops have increasingly been further valued by the Council as a source of income revenue and with an average investment return of about 10%. The gross income revenue 2009/10 was £199,190.00. This should be considered in the wider context of non housing rental income coming into the Council's general fund of £767,843 (09/10).

Legal Implications

There are no legal issues requiring comment on this report

Financial Implications

The financial implications are as indicated within the report

Consultation on Reports to the Executive

Background Papers

- Appendix Workshop Provision

Donna Best Ext 1584
Principal Estates Surveyor

Overview & Scrutiny
09 September 2010

Rob Chalklin Ext 2698
Estates Surveyor

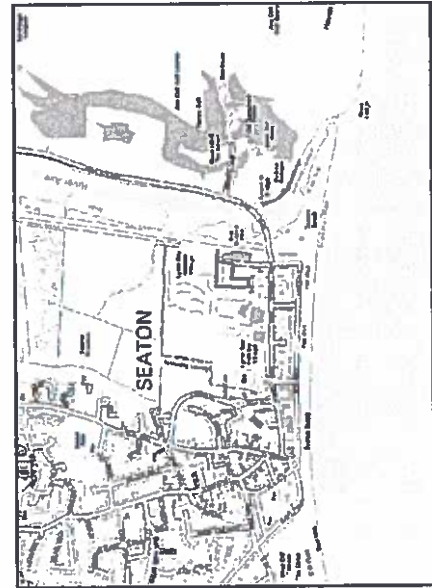


Riverside Workshops

Riverside Way

Seaton

EX12 2UE



Unit	ft ²	m ²	Occupancy
1	589	54.71	Let
2	1012	94.01	Let
3	589	54.71	Let
4	700	65.03	Let
5	459	42.64	Let
6	700	65.03	Let
7	459	42.64	Let
8	700	65.03	Let
9	668	62.06	Let
10	700	65.03	Let
11	589	54.71	Let
12	700	65.03	Let
13	700	65.03	Let
14	1012	94.01	Let
Total	9577	889.67	100%

Compound	ft ²	m ²	Occupancy
1	1821	169	Let
2	1821	169	Let
3	1812	168	Let
4	3616	336	Let
5	1675	156	Let
Total	10,742	998	100%

Description: Riverside Workshops are located at Riverside Way off Harbour Road in Seaton. They comprise of 14 workshops units suitable for B1, B2, or B8 planning use classes and 5 open air storage compounds suitable for B8 planning use class. Currently support 18 businesses in total.

Condition: Workshops were constructed in 1980's and as a consequence several key components are coming to the end of their useful life. It is envisaged that they will need to be re-roofed within the next 5 years as regular running repairs are currently being carried out. Similarly it is likely all pedestrian and roller shutter doors may require upgrading.

Rental Income: £60,031 per annum

Valuation: £620,000

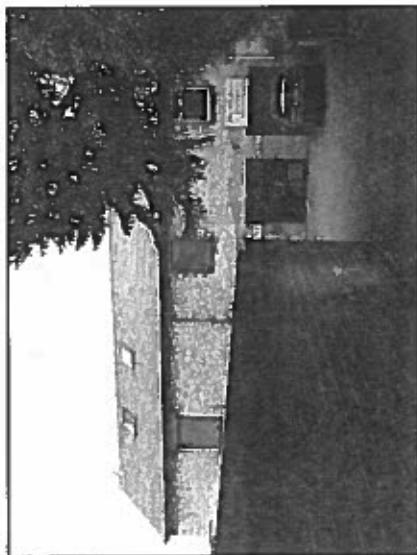
Internal Rate of Return: 10%

Marpool Workshops

Green Close

Exmouth

EX8 3QD



Unit	ft ²	m ²	Occupancy
A	966	89	Let
B	972	90	Let
C	250	23	Let
D	250	23	Let
Total	2,438	225	100%

Description: Marpool Workshops are located in a predominately residential area with 4 workshop units suitable for B1, B2, B8 planning uses classes. They comprise of ground floor workshops and first floor offices. Currently support 2 businesses in total.

Condition: Workshops are in a poor state of repair and potentially a future maintenance liability.

Rental Income: £7,440 per annum

Valuation: £89,000

Internal Rate of Return: 12%

Manstone Workshops
Manstone Lane
Sidmouth
EX10 9TX



Unit	ft ²	m ²	Occupancy
1	753	69.95	Let
2	745	69.21	Let
3	745	69.21	Let
4	1078	100.19	Let
5	490	45.52	Let
6	490	45.52	Let
7	490	45.52	Let
8	845	78.5	Let
9	854	78.5	Let
Total	6490	602.12	100%

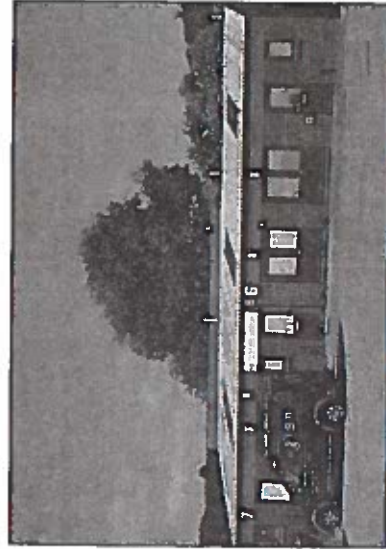
Description: Manstone Workshops are located off Manstone Lane in Sidmouth. There are 9 units suitable for B1, B2, B8 planning use classes. Currently support 9 businesses in total.

Condition: Workshops were constructed in 1980's and as a consequence several key components are coming to the end of their useful life. It is envisaged that they will need to be re-roofed within the next 5 years as regular running repairs are currently being carried out. Similarly it is likely all pedestrian and roller shutter doors may require upgrading.

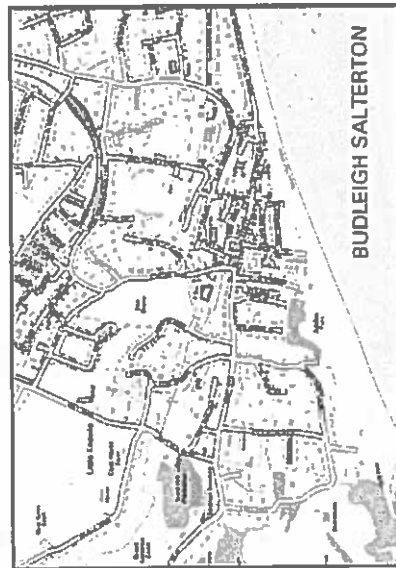
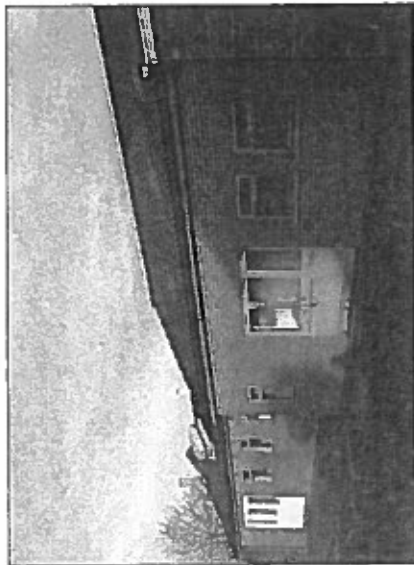
Rental Income: £41,085 per annum

Valuation: £423,000

Internal Rate of Return: 12%



Salterton Workshops
Station Road
Budleigh Salterton
EX9 6RJ



Unit	ft ²	m ²	Occupancy
1	291	27.03	Let
2 & 3	576	53.51	Let
4	470	43.66	Let
5	154	14.31	Let
6	304	28.24	Let
7	236	21	Let
8	236	21	Let
9	465	43.19	Let
10	472	43.85	Let
Total	3204	297.64	100%

Description: Salterton workshops are located off Station Road in Budleigh Salterton. There are 10 units suitable for B1, B2, B8 planning use classes. Currently support 9 businesses in total.

Condition: Workshops are generally in a good state of repair.

Rental Income: £18,203 per annum

Valuation: £188,000

Internal Rate of Return: 12%

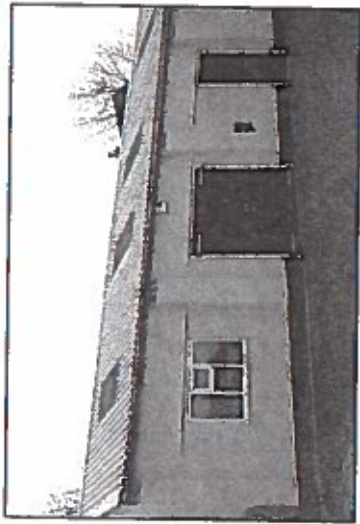
Millwey Rise Workshops

Second Avenue

Millwey Rise

Axminster

EX13 5HH



Unit	ft ²	m ²	Occupancy
1	812	75.43	Let
2,2a,3	1237	114.92	Let
4	828	76.92	Let
5a	377	35.02	Let
5b	300	27.87	Let
6	413	38.36	Let
7	410	38.09	Let
8	406	37.71	Let
9	406	37.71	Let
Total	4776	443.67	100%

Description: Millwey Rise Workshops are located off Second Avenue on the Millwey rise industrial estate in Axminster. There are 9 units suitable for B1, B2 & B8 planning uses. The estate currently supports 6 businesses and 1 unit is occupied by Street Scene.

Condition: Workshops are of a low quality but with no major repairs issues.

Rental Income: £23,500 per annum

Valuation: £275,000

Internal Rate of Return: 9%

Colyford Road Depot

Colyford Road

Seaton

EX12 2DF



Unit	ft ²	m ²	Occupancy
1	968	90	Let
2	1388	129	Let
Total	2356	219	100%

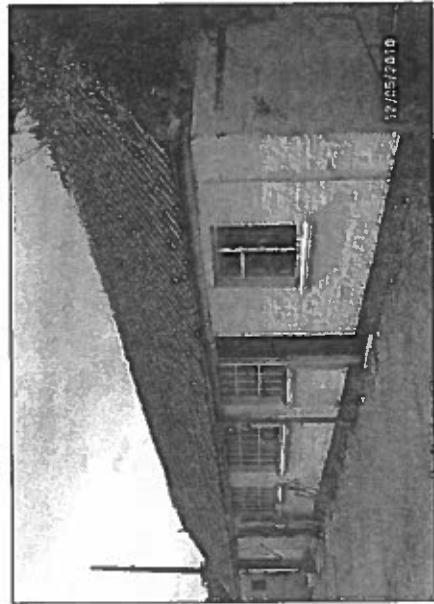
Description: Colyford Road Depot comprises of two workshops buildings and a large yard used by DCC for weekend recycling collections. The workshops are suitable for B1, B2 and B8 use. They currently support one private business and DCC.

Condition: Workshops are of a low quality with substantial renovation works required throughout.

Rental Income: £8,960 per annum

Valuation: £104,000

Internal Rate of Return: 10%



Mini Sites
Durham Way
Heathpark
Honiton
EX14 1SQ



Unit	ft ²	m ²	Occupancy
1	4014	373	Let
2	5112	475	Let
3	5242	487	Let
4	5752	534	Let
5	4,284	398	Let
6	3,692	343	Let
Total	28096	2610	100%

Description: Mini site comprise of 6 open air storage compounds suitable for B8 use classes. Some tenants have built their own storage and workshop buildings. They currently support 5 businesses.

Condition: Council responsible for access road only which is in adequate condition.

Rental Income: £12,540 per annum

Valuation: £160,000

Internal Rate of Return: 10%

Exclusion of the Public

The Vice Chairman of the Board to move the following:-

"that under Section 100(A) (4) of the Local Government Act 1972, the public (including the press) be excluded from the meeting as exempt information, of the description(s) set out on the agenda is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B)"

Agenda Item 11

Economy Overview & Scrutiny Committee

09 September 2010

10/1018



East Devon Business Centre, Honiton

Exempt Information

Para 3 Schedule 12A information relating to the finance or business affairs of any particular person

Summary

A significant proportion of the office space available at the East Devon Business Centre is no longer occupied by small business users. A pragmatic approach to the use of available space has enabled the Centre to maximise levels of office occupancy and thereby consistent flows of revenue income. While this is entirely consistent with the budgetary constraints the economic development service has operated within since 2005/06, it would be difficult to argue that this approach is consistent with a vision of the East Devon Business Centre as one dedicated to the nurturing and support of new and emerging businesses.

Recommendation

1. That Members note the financial performance of the East Devon Business Centre in the period 2007/08 – 2009/10.
2. That Members consider whether or not to advise the Executive Board to review the letting arrangements currently in place at the East Devon Business Centre to ensure that in future, a greater proportion of the office space available, is dedicated to small business users.
3. That Members support the efforts being made to develop practical linkage between the East Devon Business Centre and the Exeter Innovation Centre and ultimately to the successful delivery of the Exeter Science Park.
4. That the Economy Overview and Scrutiny Committee continue to monitor the delivery of economic development services through the East Devon Business Centre on an annual basis.

a) Reasons for Recommendation

There is an opportunity to review the Centre's policy in relation to small business use of available office space before the start of new financial year (2011/12).

b) Alternative Options.

To continue to seek to maximise rental income from the office space available at the East Devon Business Centre.

c) Risk Considerations

There is a clear possibility that in adopting a letting policy that discriminates in favour of small business users, the Centre's revenue income would be reduced.

d) Policy and Budgetary Considerations

The recommendation should be considered in the context of the wider Tenanted Non Residential Property Review work currently being undertaken as part of the delivery of the Council's strategic Asset Management Plan. This work is being overseen by the Asset Management Forum and the Overview & Scrutiny Co-ordinating Committee.

e) Date for Review of Decision

Economy Overview and Scrutiny Committee will continue to monitor the performance of the East Devon Business Centre on an annual basis.

1 Main Body of the Report

1.1 At the meeting of the Economy Overview and Scrutiny Committee held on 8th October 2009, Members discussed the role of the East Devon Business Centre's within the Council's Economic Development Service. The Committee resolved:

1. that the Committee notes the support available to business through the East Devon Business Centre and congratulates the Centre's staff for their continuing commitment to the delivery of these services.
2. that the Council consider how the East Devon Business Centre might in future establish effective links with the Exeter Science Park and thereby contribute to ensuring that the opportunities available there were communicated to businesses throughout the District;
3. that a further report be made to the Committee in 6 months when the business plan for the Business Centre had been prepared, with the last three years cost and income figures provided as a comparator.

1.2 The East Devon Business Centre has continued to serve its tenants, casual hire users and the wider community in the period since October 2009. The final accounts for the financial year 2009/10 have now been published and are as set out in Appendix One of this report. The Appendix summarises the out turn results for 2007/08, 2008/09, 2009/10 and budget figures for 2010/11 together with preliminary estimates for 2011/12.

1.3 As can be seen, the Centre trades at a small operating loss due largely to the recharging arrangements in place to reflect the Council's own internal management costs. However, it is unlikely the Centre could provide a return on the capital invested (estimated to be £675,000 in 2005/06) comparable to the Internal Rates of Return achieved by the Council's portfolio of industrial workshop space (typically 10%), due largely to the nature and size of the circulation space available within and immediately beyond the main entrance.

1.4 An important difference between the Centre and the other components of the Council's managed workspace offer (the industrial workshop space) is that here staff are employed to provide operational and security cover 8.30 am to 5.30 pm Monday to Friday, throughout the year. This staff resource makes other 'trading' activity possible. Accordingly, while income from the letting of office space to tenants produced income of £90,967 in 2009/10, the facilitation of casual (external hire) of the Centre's conference and meeting room facilities produced income of £48,453 in the same year. By this means the conference and training rooms were able produced more income than their potential as straightforward office space.

1.4 The East Devon Business Centre was constructed to provide managed office and meeting room space for new and emerging



businesses in 1997/1998. Phase 1 of the Centre was opened in November 1997 to provide 6 serviced offices, 3 meeting rooms and accommodation for the East Devon Enterprise Agency Ltd. The Agency was contracted by the Council to deliver the Centre's day to day operational management. These arrangements remained in place until 2002/03, when the Council assumed direct management responsibility. This followed the completion of a further 11 offices and new toilet facilities and the completion of the Business Centre in its present form (Phase 2). As at 15th August 2015 the available office space was occupied follows:

East Devon Business Centre

Office	Size	Occupier	Rental Cost
1	24m ²	HR Advantage	£520.20 pcm
2	24m ²	Seetech	£520.20 pcm
3	24m ²	EDBC/ANOB	£520.20 pcm
4	24m ²	East Devon AONB	£520.20 pcm
5	18m ²	Seetech	£390.66 pcm
6	18m ²	EDDC ICT	£390.66 pcm
7	18m ²	Allen Morgan	£390.66 pcm
7A	34m ²	Underhill Engineering	£697.68 pcm
8	22m ²	Maxima Engineering	£481.44 pcm
9	21m ²	Computafix	£454.92 pcm
10	21m ²	Media Sciences	£454.92 pcm
11	21m ²	East Devon Registration	£454.92 pcm
12	21m ²	East Devon Registration	£454.92 pcm
14	21m ²	Ecologia	£454.92 pcm
15	21m ²	Solutec	£454.92 pcm
16	21m ²	Vacant	£454.92 pcm
17	46m ²	Care South	£997.56 pcm
18	28m ²	Care South	£606.90 pcm
19&19a	18.3 m ²	Care South	£396.78 pcm

- 1.5 The disposition of space outlined above, highlights the fact that a significant proportion of the Centre's office accommodation is no longer occupied by small businesses (those shaded green). The most space hungry of these is Care South who occupy two of the largest offices (and adjoining admin offices) in Phase Two. From the Centre, Care South operates the delivery domiciliary care to the housebound, on behalf of Devon County Council Social Services, the NHS and private clients. Their offices were originally designed as local training facilities for East Devon College. These were later vacated when the College moved to new premises on the Heathpark estate. Similarly, the Business Centre hosts the East Devon AONB team and, since the closure of its accommodation at the Thelma Hulbert Gallery, the East Devon Registration Service (Devon County Council).
- 1.6 This pragmatic use of the space has enabled the Centre to maximise levels of office occupancy and thereby consistent flows of revenue income. While this is entirely consistent with the budgetary constraints the economic development service has operated within since 2005/06, it would difficult to argue that this approach is consistent with a vision of the East Devon Business Centre as one dedicated to the nurturing and support of new and emerging businesses. Of the ten private sector businesses currently trading from the Centre, four have been trading from here for more than 5 years. However, the majority have been trading from the Centre for less than two years. Office 16 is currently vacant and is the subject of active interest from a small business user. There is every possibility that the space will have been re-let by the time of your meeting.
- 1.7 The dilemma at issue here is whether or not the Centre is to be operated as a low or no cost service of the Council and how within that framework, the challenge of ensuring desirable tenant turnover can be effected without serious impact on the ability of tenants to



continue to trade successfully after they leave. These matters merit detailed consideration. The Centre's Facilities Manager is involved in on-going discussion with the Council's business tenants in relation to the value of the services the Centre provides and their plans for the future development of their enterprise. I hope to be able to provide you with a fuller account of their hopes and aspirations at your meeting.

- 1.8 The difficulty in effecting a hard and fast rule on the length of time a business should be permitted to occupy space at the East Devon Business Centre is that the flow; access to suitable office accommodation soon after the business is formed, leading to a move to external (larger) space as the business becomes established and grows, is dependent upon the availability and affordability of alternative accommodation supplied by the market. New small scale office developments to fit this 'flow' model is not a feature of current commercial workspace investment either in Honiton or elsewhere in East Devon. For the most part, the availability of suitable 'moving on' space is dependent on 'opportunity' vacancies occurring within the district's existing office accommodation stock.
- 1.9 The Economy and Overview and Scrutiny Committee meeting of October 2009, called for consideration to be given to how in future it might be possible to "establish effective links with the Exeter Science Park and thereby contribute to ensuring that the opportunities available there were communicated to businesses throughout the District". Plans for the Science Park are still progressing but discussions have taken place with its Chairman, Professor Sir William Wakeham on his vision for effective linkage between the Park and the wider business community. A Science Park provides a centre of knowledge for the business communities around them. As well as being a business support and technology initiative that provides an environment where businesses can develop, the whole infrastructure is provided to support the growth of innovative high technology companies within a much wider area.
- 1.10 In this context, the role of local of managed workspace facilities such as the East Devon Business Centre could potentially be very significant as a physical demonstration of outreach from the Science Park. To progress these ideas informal discussions have taken place, with the Exeter University based Exeter Innovation Centre on ways of improving the East Devon Business Centre's offer to new and emerging businesses. I hope to be able to report more fully on these discussions at your meeting.

Legal Implications

This is a management report and there are no legal issues requiring comment

Financial Implications

The financial implications are as indicated within the report

Consultation on Reports to the Executive

Background Papers

- Minutes of the Economy Overview and Scrutiny Committee, 8th October 2009
- Core cost estimates 2007-2012

Nigel Harrison
Economic Development Manager

Karime Hassan
Corporate Director

Economy Overview and Scrutiny Committee
09 September 2010



APPENDIX ONE
East Devon Business Centre, Honiton
Income and Expenditure 2007 - 2012

	End of year 2007/08	End of year 2008/09	End of Year 2009/10	Budget 2010/11	Estimate 2011/12
Staff costs	56,700.04	56,992.95	58,223.00	59,470.00	60,659.00
Total staffing costs	56,700.04	56,992.95	58,223.00	59,470.00	60,659.00
Premises					
Property Maintenance	18,736.02	28455.56	21,178.00	14,670.00	14,963.00
Ground Maintenance	2,985.00	2,570.00	2,780.00	3,840.00	3,917.00
Property Mtce Contract	719.63	355.39	1,026.00	1,420.00	1,448.00
Electricity	8,265.52	9,029.98	10,102.00	7,770.00	7,925.00
Gas	1,442.30	1,263.21	1,687.00	1,820.00	1,856.00
Rates	17,316.00	18,018.00	18,915.00	21,280.00	21,705.00
Water	5,609.01	1,762.00	975.00	1,400.00	1,428.00
Property Insurance	901.38	456.97	373.00	600.00	612.00
Total Premises Costs	55,974.86	61,911.11	57,036.00	52,800.00	53,854.00
Operational Costs					
Equipment Purchase	2,967.38	3,639.46	5,359.00	3,370.00	3,437.00
Consumables	105.44	27.92	78.00	270.00	275.00
Catering	12,969.36	12,505.15	11,908.00	11,620.00	11,852.00
Stock Purchases	270.37	209.68	50.00	370.00	377.00
Materials	677.85	343.96	539.00	540.00	551.00
Laundry	364.80	137.33	59.00	330.00	337.00
Stationery	613.71	527.10	721.00	670.00	683.00
Internal Xerox Printing	1,164.68	529.99	915.00	200.00	204.00
Postage	4,304.93	4,236.56	4,238.00	4,430.00	4,519.00
Phone Land Lines	1,365.88	1,558.41	1,835.00	1,740.00	1,775.00
Broadband	3,729.46	4,816.15	2,495.00	6,400.00	6,528.00
Advertising	208.80	740.00	1,250.00	3,920.00	3,998.00
Total operational costs	28,742.66	29,271.71	29,447.00	33,860.00	34,536.00
Total Internal Rechg					
Expenditure	22,160.00	21,580.00	20,660.00	18,690.00	19,064.00
Total Costs	163,577.56	169,755.77	165,366.00	164,820.00	168,113.00
Core Income					
Room Hire	34,334.50	32,488.20	28,453.00	19,690.00	20,675.00
Catering	22,518.85	21,468.06	20,327.00	27,740.00	29,127.00
Administration Services	4,311.12	4,970.13	4,781.00	3,200.00	3,264.00
Rechg Income Mackarness					
Hall	3,960.00	4,000.00	4,000.00	0.00	0.00
Office Rents	70,852.45	66,441.16	90,967.00	107,620.00	109,772.00
Total Income	135,976.92	129,367.55	148,528.00	158,250.00	162,838.00

Honiton Business Centre
Schedule of Accommodation

Phase 1	Area m ² GIA	Ft ² GIA
Reception	20	213
Office 1	24	260
Office 2	24	260
Office 3	24	260
Office 4	24	260
Office 5	19	201
Office 6	19	201
Office 7	19	201
Office 7a	34	370
Sub Total	207	2226
Training Room 1	34	370
Conference Room	49	523
Sub Total	83	893
Plant Room	16	173
Kitchen	19	203
Store	31	332
Sub Total	66	708
Entrance Foyer	19	202
Display Area	85	917
Circulation	31	336
Sub Total	135	1454
Phase 1 Total	491	5281

Phase 2	Area m ² GIA	Ft ² GIA
Office 8	22	237
Office 9	21	225
Office 10	21	225
Office 11	21	225
Office 12	21	225
Office 14	21	226
Office 15	21	225
Office 16	21	225
Office 17	46	500
Office 18	28	302
Office 19a	13	144
Office 19b	8	84
Sub Total	256	2759
Plant Room	7	74
Toilets	43	462
Disabled Toilet	3	35
Sub Total	53	570
Circulation	53	566
Phase 2 Total	362	3895

EDBC Total	853	9177
Total Site Area	7150	76961

Car Parking Spaces	67
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