

REPORT TO: ECONOMIC DEVELOPMENT COMMITTEE - 12TH JUNE 2006
**REPORT ON: ECONOMIC DEVELOPMENT DEPARTMENT SERVICE PLAN
2003/2007**
ANNUAL REPORT FOR YEAR 2005/2006
REPORT BY: DIRECTOR OF ECONOMIC DEVELOPMENT
REPORT NO.: 367-2006

1 PURPOSE OF REPORT

1.1 The purpose of this report is to inform the Committee of Departmental performance during the year 2005/2006.

2 RECOMMENDATIONS

2.1 It is recommended that the Committee notes the contents of the report.

3 FINANCIAL IMPLICATIONS

3.1 There are no financial implications associated with this report.

4 LOCAL AGENDA 21 IMPLICATIONS

4.1 The activities covered by the plan will have significant bearing on several of the key themes of Local Agenda 21, particularly the following:-

- Resources are used efficiently and waste minimised.
- Local needs are met locally.
- The opportunity to undertake satisfying work in a diverse economy.
- Access to the skills, knowledge and information needed to enable everyone to play a full part in society.

4.2 Two of the sustainability achievements during the past year should be mentioned:-

- Recycling Institute - this joint initiative is now preparing business plans and seeking external funding.
- Business Information - as a member of the Tayside Environmental Network the Council is using its services to provide environmental information to local businesses.

5 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 Many of the initiatives and actions outlined in the Plan are aimed at improving access to economic opportunities for all sectors of the community.

5.2 Two particular projects being carried out by the Department are specifically relevant to this area:-

- Working for Families - this Scottish Executive funded initiative aimed at reducing barriers for families to enable them to work is fully operational and has now helped 482 clients.
- Neighbourhood Shopping Facilities - the Department continued its rolling programme of improving disability access at neighbourhood shopping facilities.

6 BACKGROUND

6.1 Reference is made to the Economic Development Committee meeting of 12th January 2004, wherein the Department's Service Plan for 2003/4 was approved (Report 1-2004). The first annual report on the Service Plan - i.e. for 2003/4 - was submitted to Committee on 14th June 2004 (Report 459-2004), and the second - i.e. for 2004/5 was submitted to Committee on 13th June 2005 (Report 352-2005).

6.2 This report is the third annual report on the current service plan.

7 HIGH LEVEL CORE PERFORMANCE INDICATORS

7.1 The trend of general economic improvement in the City, which began in the mid 1990's, has continued during the past year and is reflected in the following high level core performance indicators.

- Employment

There was a net jobs gain of 1041 (or 1.3%) between 2005 and 2006. Almost all employment sectors experienced growth in jobs. The only sector experiencing significant job loss was manufacturing which fell over the year by 4.2%.

- Unemployment

The number of registered unemployed has fallen over the period from a monthly average of 3,795 in 2004, to 3,731 in 2005, i.e. a fall of 1.7%. Long term unemployment (i.e. 12 months plus), fell by 9.3% to a monthly average of 585.

- Vacancies

Vacancies notified to Job Centre Plus offices in Dundee averaged 767 in 2005, a fall of 27% compared with 2004. However, it should be noted that the system of recording vacancies has changed over the past year. Some local vacancies are now held centrally and shown as Scottish vacancies. As a consequence the number of local vacancies is less than previously and comparison with previous years is no longer reliable.

- U/V Ratio

The U/V ratio represents the number of registered unemployed per registered vacancy and is a good indicator of economic dynamism. The City's U/V ratio worsened during the year from 3.6 to 4.9. However, because of the changes in vacancy recording as outlined earlier, this is not a reliable comparison.

- Wage Levels

The mean gross weekly earnings of full time employees in Dundee City rose from £447.2 in 2004 to £472.4 in 2005, a rise of 5.6%, compared with the average Scottish rise of 4.4%.

- Company Growth

Between 2005 and 2006 the number of businesses located in Dundee decreased by 2.5%. However, average employment level per business increased from 19.78 to 20.54, ie an increase of 3.8%.

7.2 Although the foregoing indicators show that momentum has been maintained in Dundee's economic regeneration, the process is not yet complete and a number of significant challenges remain, such as:-

- Employment - the need to maintain the current momentum in the level of job creation to overcome continuing decline in the manufacturing sector.
- Unemployment Levels - the need to reduce levels to at least the national levels (the Dundee level continues to remain above both the Scottish and UK levels).
- Labour Supply - the need to increasingly target (for job creation purposes) the whole of the economically active population, not just the registered unemployed.

- U/V Ratio - the Council's long-term target is to have the Dundee U/V Ratio better than the Scottish average. Although the gap has narrowed markedly, we are not quite there yet.
- Business Growth Rate - although improving, Dundee's rate of new business growth lags behind national rates. Dundee's long-term economic sustainability requires this deficit to be addressed.

8 KEY HIGHLIGHTS / ACHIEVEMENTS DURING THE YEAR

8.1 Key highlights / achievements during the year included:-

- Property Development - a wide range of developments including:-
 - continued improvement in Dundee's regional shopping product (both City Centre and peripheral retail parks)
 - continued roll-out of business land servicing programmes (Dundee Technopole and Claverhouse East)
 - The Marketgait cultural/office development now at design stage with potential end occupier identified
 - £4m redevelopment of Gardyne's Land at an advanced stage
 - neighbourhood shop refurbishment programme at 3rd phase stage
- Corporate Property
 - Corporate Asset Management Plan process nearing completion
 - Corporate database property management system now rolled out to all Departments and operational interfaces with other software now active
 - Corporate Property Unit now being set up and reporting on corporate health and safety matters
- City Centre Management
 - Launch of a new business plan for the City Centre Action Group
 - Launch of inaugural Dundee Retail Awards scheme for city centre business, and launch of Best Bar None awards in partnership with Tayside Police and evening economy licensees
 - Award from Keep Scotland Beautiful for eradication of flyposting in the city
 - Dundee Co-ordinated Anti Crime Network (DUNCAN) which has operated successfully in the City Centre, Broughty Ferry and Lochee for a period of three years has now been extended to housing estates across the City in an attempt to crack down on crime that hinders community shops
- Policy
 - publication of reviewed strategic plans (Economic Development Plan 2005/7; Dundee Partnership Working and enterprise Theme Strategy 2005/10 etc)
 - continued access to high levels of external funding (ERDF/ESF/Lottery)
 - taking forward a range of initiatives (eg Employability Framework; Working for Families; Social Enterprise Partnership etc)

- Place Marketing and Promotion - continued high level of momentum in the City of Discovery Campaign including:-
 - Radio 1 big weekend held in May 2006. Considerable success. Follow on events are being pursued.
 - varied event support (Christmas Lights; Mountain Film Festival; Guitar Festival; Flower Food Show; Business Breakfasts etc)
 - City of Discovery campaign review commenced
 - Waterfront marketing
- Business Development
 - Trade Mission to Dubai
 - Six Cities design festival underway
 - 20 Dundee Development Grants awarded
 - Dare Schools Challenge redesigned and re-launched for 2006
- Dundee Airport
 - continued upgrading of facilities
 - increased level of business traffic usage (32% above the previous year)

9 **MONITORING OF KEY PROJECTS**

- 9.1 The Council's Strategic Project Monitoring Database is the key tool for monitoring progress on the key projects and initiatives associated with the Council Plan 2003/2007 and the various Departmental Service Plans.
- 9.2 This system allows projects and initiatives to be successfully monitored on-line on a regular basis. A summary of progress is included in Appendix 2.
- 9.3 Since the system works well, it is being implemented further within the Departmental database sub-set to incorporate smaller scale projects. This is being done section-by-section on an incremental basis.

10 **CONSULTATION AND REVIEW**

- 10.1 Consultation procedures have taken place during the past year in conjunction with a number of issues, including:-
- Employability Framework Initiative
 - Working for Families Project
 - Local Employment Action Plan Review
 - Business Gateway services to businesses review
 - Dundee Partnership Economic Vision Review
- 10.2 The results are being fed into the various issue processes and will be reflected in specific action plans to be developed during the next year.
- 10.3 Consultation processes have also been taking place in relation to corporate property issues, such as the Asset Management Plan process, the GVA corporate property management system, corporate health and safety issues etc.

THE YEAR AHEAD

A number of key projects and initiatives will be carried out during the coming year, including:-

- A mid-term monitoring and evaluation of the Economic Development Plan 2005/2007
- Production of an Action Plan 2006/8 for the Dundee Partnership's Working and Enterprise Theme
- Implement a range of Employability Framework Initiative activities, eg:-
 - produce agreed Employability Action Plan 2006/8
 - submit bid under Cities Initiative
 - finalise new Local Employment Action Plan 2006/8
 - consolidate and expand Working for Families Initiative
- Negotiate a "best case scenario" for Dundee in terms of the Structural Funds post 2006
- Production of Corporate Asset Management Plan
- Establish a fully-functioning Corporate Property Unit
- Take forward a range of property developments, eg:-
 - New office development at the former Burns & Harris site
 - Gardyne's Land refurbishment
 - Archive Centre
 - 3 new business units of 10,000 sq ft each
 - Phase 4 of Neighbourhood Shop improvement initiative
- Secure the long term future of Dundee Airport
- Rationalise and co-ordinate a range of linked tourism, place marketing and event support activities
- Contribute to the review of the Business Gateway
- Promote a range of sectoral initiatives, eg:-
 - BioDundee
 - Talking Tayside
 - Tayscreen
 - the "Green" economy
 - the social economy
 - Digital City
 - Civil Service Jobs
- Secure delivery of the 2007 Six Cities Festival of Design event

12 **FINANCIAL / RESOURCE CHANGES**

12.1 A number of changes were made during the past year in resource re-allocations across the Department (particularly Estates, Business Development / Marketing and Administration). This process will continue during the coming year in order to achieve greater efficiency co-ordination and focus in the light of developments such as:-

- establishment of Corporate Property Unit
- linking and co-ordinating tourism, place marketing and event support activities
- Business Gateway review
- changes to external funding
- increasing Employability Framework - related activities

13 **CONSULTATIONS**

13.1 The Chief Executive, Depute Chief Executive (Finance) and Depute Chief Executive (Support Services) were consulted in the preparation of this report.

14 **BACKGROUND PAPERS**

14.1 The following Background Papers were relied upon in the preparation of this Report:

- Dundee City Council Plan 2003/2007
- Economic Development Department Service Plan 2003/2007
- Economic Development Department Service Plan Annual Review 2003/2004
- Economic Development Department Service Plan Annual Review 2004/2005
- Dundee City Council Economic Development Plan 2005/2007
- Local Employment Action Plan
- Dundee Partnership Working and Enterprise Strategy

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DATE: 5TH JUNE 2006

APPENDIX 1 - KEY PERFORMANCE MEASURES AND TARGETS

Performance Measure	Service Plan Target	Incl National Comparator if available	Previous Years			Current Year 06	Target by April 2007
			03	04	05		
<u>Department Wide</u>							
<ul style="list-style-type: none"> Unemployment 	Reduce to Scottish levels		Total JSA Claimants Monthly Average 2002 = 4,721 Dundee Rate 2002 = 5.3% Scotland Rate 2002 = 3.3% Long Term JSA Claimants (1 Year+) Monthly Average 2002 = 985	Total JSA Claimants Monthly Average 2003 = 4,400 Dundee Rate 2003 = 5.0% Scotland Rate 2003 = 3.2% Long Term JSA Claimants (1 Year+) Monthly Average 2003 = 790	Total JSA Claimants Monthly Average 2004 = 3,795 Dundee Rate 2004 = 4.3% Scotland Rate 2004 = 3.0% Long Term JSA Claimants (1 Year+) Monthly Average 2004 = 645	Total JSA Claimants Monthly Average 2005 = 3,731 Dundee Rate 2005 = 4.2% Scotland Rate 2005 = 2.8% Long Term JSA Claimants (1 Year+) Monthly Average 2005 = 585	Reduce monthly average to below 3,700 Reduce unemployment rate differential Reduce below 550
<ul style="list-style-type: none"> U/V Ratio 	Reduce to below Scottish levels		Dundee 2002 = n/a Scotland 2002 = n/a	Dundee 2003 = 4.3 Scotland 2003 = 3.4	Dundee 2004 = 3.6 Scotland 2004 = 2.9	Dundee 2005 = 4.9 Scotland 2005 = 3.2	Reduce differential

Performance Measure	Service Plan Target	Incl National Comparator if available	Previous Years			Current Year	Target by April 2007
<ul style="list-style-type: none"> Wage Levels 	Increase to above Scottish levels		Mean Weekly Wage of Full Time Employees Dundee 2002 = £ 420.3 Scotland 2002 = £436.4	Mean Weekly Wage of Full Time Employees Dundee 2003 = £446.0 Scotland 2003 = £446.0	Mean Weekly Wage of Full Time Employees Dundee 2004 = £451.0 Scotland 2004 = £455.9	Mean Weekly Wage of Full Time Employees Dundee 2005 = £472.4 Scotland 2005 = £479.6	Match Scottish level
<ul style="list-style-type: none"> Company Growth 			2003 = 4,155	2004 = 4,236	2005 = 4,184	2006 = 4,079	Net growth
<ul style="list-style-type: none"> Employment Numbers 	Continue to grow at 1% per annum	Straightforward comparison is not possible because of differing methodologies and timescales. However comparison with ONS employee job estimates shows that, over a 3 year period, Scottish job numbers grew by 2.5%, while Dundee grew by 3.5%.	2003 = 80,987	2004 = 81,802	2005 = 82,748	2006 = 83,789	1% net growth

APPENDIX 2 - KEY PROJECTS ASSESSMENT AND ANNUAL MILESTONES/TARGETS

Project Description	Lead Officer	Target End Date	Assessment	Milestones/target for 2006/2007
<p>1. <u>Overall Policy / Strategy</u></p> <p>1.1 Economic Development Plan 2005/7</p> <p>Dundee Partnership</p> <p>1.2 Working and Enterprise Theme</p>	<p>GA</p> <p>GA</p>		<p>Plan approved 13.06.2005.</p> <p>Theme strategy approved June 2005 and incorporated in Community Plan 2005/10.</p>	<ul style="list-style-type: none"> • Mid-term monitoring and evaluation to be completed during 2006/7. • Action Plan 2006/8 to be completed during 2006.
<p>2. <u>Employability Framework</u></p> <p>2.1 Chair Dundee Partnership Employability Group</p> <p>2.2 Working For Families Initiative</p>	<p>GA</p> <p>DM</p>		<p>The Employability Group has now been established to take forward all employability and training and employment issues.</p> <p>The Scottish Executive funded initiative aimed at reducing barriers for families to enable them to work is fully operational and has now helped 482 clients.</p>	<ul style="list-style-type: none"> • produce Employability Action Plan to secure Scottish Executive funding for 2 years (by summer 2006). • finalise Local Employment Action Plan 2006/2008. • prepare bid for Cities Initiative funding in summer 2006. <p>Targets are set via the annual reporting mechanism to the Scottish Executive.</p>

Project Description	Lead Officer	Target End Date	Assessment	Milestones/target for 2006/2007
3. <u>Tourism Arts and Leisure</u>	GA		A Dundee Partnership Tourism Arts and Leisure Strategy was agreed during 2005	<ul style="list-style-type: none"> • An Action Plan for 2006/8 to be agreed by Autumn 2006. • Launching of improvement Convention Bureau in 2006/7 in partnership with Visit Scotland.
4. <u>External Funding</u>	HS		Although they have been under discussion for some time, the final position remains unclear and the key task is still to negotiate a best case scenario for Dundee in terms of Structural Funds past 2006.	<p>Reach agreement with the Scottish Executive for the development of a funding framework for one of:-</p> <ul style="list-style-type: none"> • the East of Scotland • part of the East of Scotland • Dundee
5. <u>Social Economy</u> 5.1 Creation / Assistance of Social Enterprises 5.2 Enterprise Advice Project	HS / EP EP		<p>The Social Enterprise Partnership widely consulted on a draft Action Plan during the year. A social enterprise (the Clean Close Co) was established in March 2005, expanded during the year and is now making a surplus.</p> <p>Funding for a senior post has been obtained and this will allow the project to develop an initiative for the development of social economy businesses. The post will be filled in May 2006.</p>	<ul style="list-style-type: none"> • Action Plan finalised in 2006. • Assist creation of 3 new businesses • Consolidate and expand client base of Clean Close Co. <p>To assist 35 new start businesses employing 40 people.</p>

Project Description	Lead Officer	Target End Date	Assessment	Milestones/target for 2006/2007
6. <u>Growing the "Green" Economy</u> 6.1 Establishment of "Green" Business Park 6.2 "Green" Job Promotion	HS SU		Discussions have been taking place regarding the potential for such a park. The Recycling Institute is now preparing business plans and seeking external funding.	Funding secured for feasibility study. To assist in the creation of 3 new business involved in recycling, renewable energy or other sustainable activity.
7. <u>Asset Management Plan</u>	VG		The first draft of the Plan has been issued for officer consultation.	<ul style="list-style-type: none"> • second draft of the Plan to be issued by the end of July 2006. • target date for final Plan is 31st March 2007.
8. <u>Corporate Property Unit</u>	VG		Unit now being set up and is reporting monthly on corporate health & safety matters.	Unit to be fully functioning by March 2007.
9. <u>"Flagship" Cultural Quarter building redevelopment at former Burns & Harris site</u>	VG		The development is now at design stage with the potential end occupier identified.	Formal contractual position in place with expected completion during 2008.
10. <u>Refurbishment of Gardyne's Land</u>	GS	May 2007	Refurbishment commenced in 2005 and is progressing well.	Substantial completion and on target for end date of May 2007.

Project Description	Lead Officer	Target End Date	Assessment	Milestones/target for 2006/2007
11. <u>Archive Centre Project</u>	GS	March 2007	Conversion of Unit G at Claverhouse at design stage.	Completion of project by March 2007.
12. <u>New Business Floorspace</u>	VG		The feasibility of providing 3 x 10,000 sq ft units at Claverhouse is being examined.	Commence construction by March 2007.
13. <u>Infrastructure / Servicing Provision</u>	VG		Servicing programmes are underway at Claverhouse, Linlathen and Dundee Technopole.	Complete current phases by March 2007.
14. <u>Neighbourhood Shop Improvements</u>	JTK		The 3rd phase of the neighbourhood shop improvement programme was completed during 2005/6.	Complete 4th phase of the programme by March 2007.
15. <u>Dundee Airport development as "regional hub" airport</u>	DAAG		Capital investment programme of £662,000 completed on schedule for 2005/6. Business executive traffic continues to grow (32% during year).	Secure long term future for Dundee Airport.
16. <u>Dundee as Digital City</u>	SU		A series of projects are underway and performing well, including:- <ul style="list-style-type: none"> • Interactive Tayside • Wi-Fi Enabling • Global Digital Cities Network 	<ul style="list-style-type: none"> • secure future funding for project to continue. • assist in securing a city-wide Wi-Fi proposal by March 2007. • organise city participation in 2007 Global Digital Cities Event.

Project Description	Lead Officer	Target End Date	Assessment	Milestones/target for 2006/2007
17. <u>City of Discovery Campaign</u>	SU		There was a continued high level of momentum in the Campaign with the highlight being the Radio 1 Big Weekend.	<ul style="list-style-type: none"> • Redesign and relaunch Campaign by March 2007. • Secure long-term future funding for the Campaign. • Secure delivery of Six Cities Festival of Design Event for 2007.
18. <u>Civil Service Jobs</u>	SU		The position is constantly monitored and promotional activity is underway.	Secure one project of at least 50 jobs.
19. <u>Business Gateway (Services to Businesses)</u>	SU		Consultations have been taking place on the Gateway service future.	To contribute to the review of the Business Gateway service nationally. Final plan for the future to be in place by March 2007.
20. <u>Enterprise Culture & Facilitation</u>	SU		A range of activities have been pursued including Dundee Development Grants (20 awarded during the year), Dare Schools Challenge, Determined to Succeed etc and other potential projects are under discussion.	<ul style="list-style-type: none"> • to contribute to the creation of a new Enterprise Facilitation Project (to be operational by March 2007).

Project Description	Lead Officer	Target End Date	Assessment	Milestones/target for 2006/2007
21. <u>Economic Promotion via Sectoral Initiatives</u>	JC		<p>The sectoral initiative approach is embedded within overall policy and extends across a range of sectors including:-</p> <ul style="list-style-type: none"> • Talking Tayside • BioDundee • TayScreen 	<ul style="list-style-type: none"> • to secure future funding for Talking Tayside & BioDundee beyond 2007. • to widen the TayScreen partnership to include areas of East of Scotland not covered by the project.
22. <u>Public Sector Energy Efficiency Initiative</u>	AG		<p>Central Energy Efficiency Funding (CEEF) was obtained for 2005/6 (£120,000) and was spent on boiler fuel conversion work at St Johns High School. 2 proposals for 2006/7 are at feasibility stage (McManus Galleries and a Social Work residential home).</p>	<ul style="list-style-type: none"> • secure around £250,000 CEEF for 2006/7 to allow both proposed projects to proceed.
23. <u>EFQM</u>	DAAG		<p>A comprehensive EFQM assessment was carried out in 2005/6</p>	<ul style="list-style-type: none"> • implement resulting Action Plan during 2006/7.