

REPORT TO: ECONOMIC DEVELOPMENT COMMITTEE - 10TH JUNE 2002

**REPORT ON: ECONOMIC DEVELOPMENT SERVICE PLAN 1999/2002
ANNUAL SERVICE REPORT 2001/2002**

REPORT BY: DIRECTOR OF ECONOMIC DEVELOPMENT

REPORT NO.: 497-2002

1. PURPOSE OF REPORT

1.1. The purpose of this report is to inform the Committee of progress made towards the various performance targets contained in the Economic Development Service Plan.

2. RECOMMENDATIONS

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

3. FINANCIAL IMPLICATIONS

3.1. There are no financial implications directly associated with this report.

4. LOCAL AGENDA 21 IMPLICATIONS

4.1. The activities covered by the Plan have a 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.

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.

6. IMPACT ON ANTI-POVERTY STRATEGY

6.1. Many of the initiatives and actions outlined in the Plan are aimed at improving job opportunities and access to them, thereby improving household income levels.

7. BACKGROUND

7.1. The Committee approved the Economic Development Service Plan 1999/2002 on 8th November 1999. The Plan itemised each service and associated performance indicators and targets.

8. PERFORMANCE

8.1 Overall Economic Development Service

| | <u>Baseline</u> | <u>Target</u> | <u>Actual</u> |
|--|---|------------------------------|---------------------------------|
| • <u>Jobs created/safeguarded</u> | Minimum target 450 per annum | Minimum target 500 per annum | 725 |
| • <u>Public/private sector investment levels</u> | Minimum £150m over 3 years | Minimum £200m over 3 years | Greater than £650m over 3 years |
| • <u>Dundee Partnership promotion</u> | The Partnership has been comprehensively reviewed and has been expanded in range to be based on the Community Plan. The marketing and promotional aspects of the new Partnership are being pursued. | | |

8.2 Directorate and Administration

- Overall Performance This Service manages and oversees the performance of the Department as a whole. A number of rationalisation/restructuring/efficiency measures were undertaken during the year across the Department (eg Airport, Estates etc).

8.3 Policy, Information, Marketing etc

- Strategy Production A comprehensive new training and employment strategy was developed and approved during the year - the Local Employment Action Plan. Work also began on developing the new Working and Learning theme strategy of the new Dundee Partnership.
- Public Perception Levels Public perception levels are measured bi-annually by Consultants employed via the City of Discovery Campaign. The latest findings were that positive views had improved markedly over the period up to 2001. A new study is due in 2003.
- External Funding 2001-2002 gave the first real opportunity to access ERDF in the new programme, the previous year being spent negotiating Dundee's position. This year it has been necessary to adjust to the new, more complex regime whereby the City has been split into "eligible" and "Transitional" areas which attract different levels of funding over different periods. A range of projects have nevertheless been developed or have received funding to extend their operational lifetime. These include the City of Discovery Campaign which has been funded to 2006 winning almost £900,000 of ERDF for that period. Dundee By Design was also extended and significant assistance was provided to gain funding for the Youth Hostel development in Gardyne's Land.

Dundee's take up of "Awards For All" lottery funding for small organisations had been non-existent over the year. However, following a "formathon" in which small groups were advised on and assisted with the completion of applications, a number of awards were made which totalled over £130,000.

Over the year, the funding accessed is as follows:-

| | |
|---------------|------------|
| ERDF | £3,775,000 |
| ESF | £ 795,000 |
| LOTTERY (ALL) | £6,425,000 |

Discussions are currently taking place to create a mini Objective 2 programme for Dundee. The process, if successful, is planned to lead to an application in February 2003. The value of the Programme is dependent on identifying projects and co-finance from partner organisations.

8.4 **Business Development**

| | <u>Baseline</u> | <u>Target</u> | <u>Actual</u> |
|--------------------------------------|--|----------------------|----------------------|
| • <u>Inward Investment Enquiries</u> | 45 per annum | 60 per annum | 67 |
| | (projects secured increased from 6 in 1999/2000 to 10 in 2000/2001 to 12 in 2001/2002) | | |
| • <u>No of Company Contacts</u> | 170 per annum | 220 per annum | 225 |
| • <u>Business Shop Indicators</u> | | | |
| – No of new starts | 150 per annum | 200 per annum | 227 |
| – No of companies assisted | 100 per annum | 140 per annum | 82* |

* this under-performance against the target is a result of staffing shortages during the year in the Small Business Gateway, and the transitional changes being imposed on the Gateway as part of the national "branding" process. The Small Business Gateway is a Local Authority/Scottish Enterprise Tayside initiative.

8.5 **Property Management and Valuation**

| | <u>Baseline</u> | <u>Target</u> | <u>Actual</u> |
|---|------------------------|------------------------------------|----------------------|
| • <u>Gross Annual Rental Income Indicator</u> | £3,261,000 | £3,600,000 at end of 3 year period | £4,002,761 |
| • <u>Rental Arrears Level Indicator</u> | 4% pa | 3.75% pa at end of 3 year period | 3.39% |
| • <u>Industrial Land Bank</u> | 78 ha (193 acres) | 113 ha (280 acres) | 18 ha (46 acres) * |
| • <u>Serviced Industrial Land Indicator</u> | 20 ha (49 acres) | 35 ha (86 acres) | 16 ha (40 acres) * |

* The figures related to industrial land are provided on a net basis. 73 ha (181 acres) of land is currently under offer and the land bank figure excludes 19 ha (47 acres) of land currently zoned for agricultural purposes.

In these circumstances it is clear that there is both insufficient overall land in the land bank and insufficient serviced land due to development pressures. If we are to continue encouraging employment growth in the City it is essential that expenditure on land acquisition and servicing be prioritised.

| | | | |
|-----------------------------|-----|--|--|
| • <u>Energy Consumption</u> | N/A | Reduction in overall levels by 5% over 3 year period | Corporate energy consumption within the Council is now being addressed via a Best Value Group which will begin investigations in June. |
|-----------------------------|-----|--|--|

8.6 Dundee Airport

| | <u>Baseline</u> | <u>Target</u> | <u>Actual</u> |
|--|--|---|---|
| • <u>The establishment of an air service to London</u> | Service in operation at 22 return services per week. | Develop the service into profitability on the basis of fully allocated costs and look to expand capacity and frequency. | Service now operating at 28 return flights per week. Understood to be profitable, bearing in mind the after effects of Sept 11th 2001. |
| • <u>The establishment of air services to other destinations</u> | None currently in operation. | Achieve one further service within the plan period. | A new service to Manchester by Eastern Airways has been publicly announced, with a likely start date of Late Summer 2002. |
| • <u>Passenger throughput levels</u> | 38,000 passengers in 1999/2000 | Achieve 55,000 passengers by the end of the Plan period - ie by 2001/2002 | Total airport passenger levels (inc charter) exceed 50,000 in 2000-01, but fell to about 46,000 in 2001-02 due to the after effects of Sept 11th 2001. Passenger numbers are picking up again however and the new Manchester Service will provide a further boost. |

8.7 Tay Training

As was reported in last year's annual service report Tay Training no longer carry out direct training services as a result of a major restructuring exercise. The original performance indicators, which were largely based on direct training, are no longer applicable. In the remaining activity carried on by Tay Training - ie the managing agency Skillseekers service - 21 trainees were managed during the year.

8.8 Economic Development Company

The company, entitled Dundee City Developments, completed its first project, a 50,000 sq ft unit at Claverhouse East and sold it on a facilitate the new Pensions Agency customer contact centre project. The company's second project, the refurbishment of Friarfield House for office purposes, is nearing completion. The company is also about to commence a third project, a 10,000 sq ft warehouse for MFI at Dryburgh.

9. **CONSULTATIONS**

- 9.1. The Chief Executive and the Directors of Support Services and Finance were consulted in the preparation of this report.

10. **BACKGROUND PAPERS**

10.1. Economic Development Service Plan 1999-2000 (Report No 647/1999).

10.2. Economic Development Plan 2001/2004

DIRECTOR OF ECONOMIC DEVELOPMENT.....Date.....