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| REPORT TO EXECUTIVE | | | |
| PORTFOLIO AREA: ECONOMIC PROSPERITY | | | |
| Date of Meeting: | 30th SEPTEMBER 2002 | | |
| Public | | | |
| Key Decision: | Yes | Recorded in Forward Plan: | Yes/No |
| Inside/Outside Policy Framework | | | |

Title: BUSINESS AND ENTERPRISE SUPPORT BUDGET AREA

Report of: Head of Economic Development

Report reference: EDU.16/02

Summary:

The report contributes to the information required by the Executive on potential efficiency savings across Council services and gives an update on work undertaken so far in examining the Business and Enterprise Support budget.

Recommendations:

To note the work undertaken to date and to be undertaken in future to identify efficiency savings in the Business and Enterprise Support budget.

Contact Officer: Catherine Elliot **Ext:** 7502

EDU.16/02

REPORT TO EXECUTIVE – 2nd SEPTEMBER, 2002.

BUSINESS AND ENTERPRISE SUPPORT BUDGET AREA

1.0 BACKGROUND INFORMATION AND OPTIONS

1.1 Financial policy options for savings have been requested from the Business Support and Enterprise element of the Economic Development Unit budget. The main components of this budget are staffing within the Unit and the operation of the Carlisle Enterprise Centre and the Brompton Business and Telecentre, including overheads and recharges. A target of £25,000 was set by the Executive for the financial year 2004/05. £10,000 of this is also required to be found if

possible in the financial year 2003/04.

1.2 A requirement to investigate the potential for efficiency savings at the two centres has already been made in the Economic Development Best Value Review inspection. The inspectors recommended that the Council should give greater financial and managerial freedom to the Enterprise Centre and the Brampton Centre to get greater cost efficiencies. The examination coincides with a need to assess the future direction of both centres in order to keep pace with changing service requirements.

1.3 A corporate approach needs to be taken to the assessment as more than one service area is involved. Property Services takes the lead on maintenance and rent levels, City Treasurers on internal recharges and Economic Development on the day to day management of the centres and the delivery of business support and training services. Partner agencies are also involved in the delivery of services. Consultation will be required with tenants and users of the services and with other agencies operating in the economic development field. All this will point towards whether the savings target is realistic and achievable. Work that has been undertaken to date comprises:

- A review by Internal Audit of the system of management and control at the Carlisle Enterprise Centre. It concluded that the Centre was well managed with no significant weaknesses identified.
- A position statement prepared by the Economic Development Unit and presented to the Council's Executive on 25th March 2002. It concluded that the objective of providing the Enterprise Centre at nil cost in operational terms had now been achieved, due to reduction in operating costs and increase in income. The Executive noted the Position Statement and agreed to receive a further report in due course on financial and property management matters in the context of a more detailed analysis of the local property market and the offer to small businesses in Carlisle. Research has now been commissioned jointly with Planning and Property Services. This is due to report by the end of October 2003 and will inform the discussion on the provision of serviced business accommodation in Carlisle.
- Joint work with Property Services to assess appropriate rental levels and improve marketing, particularly to attract new tenants to the less popular units.
- As a result of the Property Best Value Review, the Asset Management Group will review delegated arrangements for property management, consider ring-fenced budgets and an incentivised system.
- Internal Audit has programmed a further, more detailed piece of work for October and November 2002, which will help to shape the future direction of the centres and will:
 - Identify the nature and extent of the cost efficiencies that could be achieved through giving increased financial and managerial freedom to the two centres.
 - Map and, where appropriate, design the financial systems that would allow the freedoms discussed above and meet the governance requirements of the City Council.
 - Prepare a scheme of delegation to clarify the responsibilities and freedoms available to the Centre Managers.
 - Identify the direct operating costs including the true costs currently included in the overheads carried by each Centre.
 - Consider ways in which the two Centres could be financially sustainable in the long term.

1.4 In conclusion, all the work outlined above should result as follows:

- a. In the short term, efficiency savings achieved and income maximised further.
- b. In the medium to long term, a clearer way forward for the Council on the provision of serviced business accommodation in Carlisle that meets the needs of the service users and provides best value for the Council Taxpayer.

2.0 CONSULTATION

- 1. Consultation to Date.
- 2. Consultation proposed.

3.0 STAFFING/RESOURCES COMMENTS

4.0 CITY TREASURER’S COMMENTS

4.1 It will not be possible to identify any potential savings or financial implications until the outcome of the work to be undertaken by Internal Audit is completed and any proposals formulated.

5.0 LEGAL COMMENTS

6.0 CORPORATE COMMENTS

7.0 RISK MANAGEMENT ASSESSMENT

8.0 EQUALITY ISSUES

9.0 ENVIRONMENTAL IMPLICATIONS

10.0 CRIME AND DISORDER IMPLICATIONS

11.0 RECOMMENDATIONS

12.0 REASONS FOR RECOMMENDATIONS