

 Executive 4th February 2009		Agenda Item No.
Title	Countering the Economic Downturn	
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Service Area	Economic Development and Regeneration	
Wards of the District directly affected	All wards in the District.	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006		
Date and meeting when issue was last considered and relevant minute number		
Background Papers	Responding to the Credit Crunch, 22 nd December, 2008.	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes - 156

Officer/Councillor Approval		
With regard to officer approval all reports <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	21/1/2009	Bill Hunt
Chief Executive	21/1/2009	Chris Elliot
CMT	21/1/2009	
Section 151 Officer	21/1/2009	Mary Hawkins
Legal	21/1/2009	Peter Oliver
Finance	21/1/2009	Mike Snow
Portfolio Holder(s)	23/1/2009	Councillor John Hammon
Consultation Undertaken		
Meeting of all Districts in Warwickshire and Warwickshire County Council to consider response at a County level: 18/12/08. Meeting with Coventry and Warwickshire Economic Recovery Partnership consider response at sub-regional level: 18/12/08 and 15/1/2009.		
Final Decision?		Yes

1. SUMMARY

- 1.1 The impact of the credit crunch and the economic downturn is continuing to have a significant impact on the local economy and the local community. This report seeks to update the Executive on the action that is being taken to counter the economic downturn in the District and recommends that the Executive reiterates the commitment of the Council to take a proactive leadership role at a District and sub-regional level. The report sets out a brief overview of planning for the medium and longer term to ensure that the District is prepared and in a strong position to benefit from economic development opportunities following this downturn. The report concludes by setting out proposals to ensure that local businesses are aware of the opportunity to work with the Warwick District Council.

2. RECOMMENDATION

- 2.1 The Executive note the actions that have been taken by the Council (following the resolution of the Executive 22nd December, 2008) and the importance of planning positively for future economic opportunities.
- 2.2 The Executive note the five priority actions established at the sub-regional level by Coventry and Warwickshire Economic Recovery Partnership (CWERP) and confirm the leadership role that the Council plays in the response to the economic downturn through the sub-regional partnership.
- 2.3 That the Executive note that an action plan is being developed by the Warwickshire Public Service Board to counter the impact of the economic downturn.
- 2.4 That the Executive note that the officer group established to co-ordinate the Council's response to the economic downturn will evaluate its impact on the current Corporate Strategy, key performance indicators and other national indicators and establish a monitoring framework to assess any changes in service area workload. This work will assist the formulation of the 2009/10 Portfolio Holder statements and a review of the Corporate Strategy to ensure the continuing relevance and realism of all its targets.
- 2.5 The Executive note the proposed actions to ensure that Local Businesses can benefit from working with Warwick District Council

3. REASONS FOR THE RECOMMENDATION

3.1 Warwick District Council's Response to Countering the Economic Downturn

- 3.1.1 The economic downturn is continuing to have a direct impact on the local economy and the local community. Redundancies and jobs at risk (notified to Job Centre Plus or reported in the local press since September 2008) total nearly 3,000 for the County. (Source: WCC) The trend of unemployment growth has continued and is expected to continue over 2009. Warwickshire County Council have highlighted that there are ten Local Area Agreement indicators which are at risk of not being met. Many of the indicators at risk have been set to monitor the 'Narrowing the Gap'. It is anticipated that this could result in a disproportionately negative impact on the most

vulnerable groups in our community. Indeed, there is evidence of an increase in the number of homeowners in mortgage difficulties and seeking advice.

- 3.1.2 In response to the deterioration of the economic situation an internal officer working group has been established to manage the Council's response to countering the economic downturn and ensure that it is coordinated and effectively managed. The 'Credit Crunch guide' is the first element of the Council's response to help the community counter the economic downturn.
- 3.1.3 Evidence suggested that there was a need to clarify and signpost where residents and business can go for support and advice, 'credit crunch guides' have been prepared and will be delivered to all householders and businesses in the District. The purpose of the guides is to raise the awareness of individuals and businesses of the help and support that may be available to them. The message is that: "if you are in financial difficulties please don't ignore them: help is at hand". The guides have been prepared in consultation with partners to ensure that the most relevant services are signposted. The guide will be delivered to c.59,000 households and c.4,000 businesses; copies of the two guides will be distributed to Members of the Council.
- 3.1.4 The content of the Warwick District Council website has been reviewed and updated to reflect the impact the economic downturn is having on the local economy and community. The Council's website is part of an ongoing information and publicity campaign to ensure that residents and businesses are effectively signposted to the help that they need. The web pages have been organised to signpost individuals and businesses so that they can access help tailored to their needs.
- 3.1.5 Front line staff, on the customer helpline and at the one-stop shops, have been briefed on the help open to individuals and businesses that may be concerned by the economic downturn. This ensures that customers are directed to the relevant partner organisations with the minimum of fuss and time.
- 3.1.6 The Council has already seen a significant increase in the demand for frontline services particularly the Benefits Service. Visitor numbers to all of the Council's reception points are much higher than the corresponding point last year and the Benefits caseload (the number of claimants receiving benefit at any one point in time) is at its largest level for ten years. A report elsewhere on the Executive agenda explains how officers are ensuring that adequate resources are made available to support the Benefits Service.
- 3.1.7 The Council is working with colleagues at the Coventry and Warwickshire Chamber of Commerce to consider the feasibility of delivering additional seminars aimed at local independent SMEs in the District. The 'Weathering the Storm' seminar is designed to give businesses the forum to ensure that they are aware of the support available, the opportunity to ask the advice of a panel of experts and share best practice. The seminars will be delivered on a rolling basis and will be publicised through existing business groups such as the Chambers of Trade and the Rural Hub.
- 3.1.8 Officers are discussing the feasibility of working with colleagues at Business Link to increase the availability of direct business advice to rural and urban independent SMEs. This support would enhance the direct advice that SMEs can access and will be delivered by experienced and knowledgeable advisors.

- 3.1.9 The economic downturn is a very real and pressing issue for our community in Warwick District and it is important that the Council reacts to the current situation. However, it is important that the actions in response to the current financial downturn are considered as part of the wider commitment of Warwick District Council to economic development and regeneration.
- 3.1.10 The Council is in the final stages of the project to deliver the Althorpe Enterprise Hub, which will greatly enhance the opportunities for entrepreneurship and innovation in the District. The Enterprise Hub is expected to open its doors to the first tenants in early March 2009. To support the Enterprise Hub the Council has set up an Enterprise Team, this team is pledged to work with West Midlands Business Link the Regional Agency providing support to SME businesses.
- 3.1.11 Work has also started to extend Brunswick Healthy Living Centre to provide a small 'community enterprise centre', this should be completed by early summer 2009 and this new facility will further extend the scope of the Council's work to encourage new business start ups. Court Street Creative Arches are expected to be ready by spring 2009 offering 12000 sq.ft. of grow –on space to businesses in the creative industries sector. There is considerable interest in these facilities from businesses looking for relatively low cost premises. Over their first 5 years of operation these projects are expected to generate at least 45 new businesses and create over 90 new jobs.
- 3.1.12 The Council is pressing forward with medium to longer term Economic Development and Regeneration projects, these include the:
- regeneration of the Spencer Yard;
 - development proposals for the Ford Foundry site;
 - Chandos Street town centre development proposal;
 - Warwick town centre development programme;
 - Kenilworth Public Service Centre; and,
 - Kenilworth Mere project at Kenilworth Castle.

The Council is supportive and working in partnership to bring forward a number of other projects, such as the: expansion of the University of Warwick, Stoneleigh Park and Prodrive.

- 3.1.13 The economy of Warwick District is diverse and relatively vibrant, it is anticipated that the economy will recover (although the timescale and type of recovery is unclear). Indeed, past experience of economic downturn suggests that the Warwickshire economy enters recession early and also comes out of recession at a relatively early point. It is important that the Council builds on the response to the economic downturn, helps to build business confidence and plans effectively for the medium and long-term economic vitality and viability of the local economy. It is essential that the Council positively plans for economic recovery and the financial upswing to ensure future opportunities for economic growth are not missed.
- 3.1.14 It is also important that the Council considers and reviews other ways that it may be able to support the local economy. The Managing Housing Supply SPD policy, is one such review. The removal of the SPD as policy would enable residential development to take place which is currently restricted. It is not anticipated that this will have an immediate and significant positive impact on the economy, but it may

bring forward some development in the short term. The message that it sends to the development industry is, perhaps, more important.

3.1.15 The Council is engaged in preparing strategic options for the medium to long term regeneration and economic growth in the District. The Council has commissioned consultants to prepare a study looking at the vitality and viability of the town centres (Warwick, Leamington and Kenilworth). External consultants have been commissioned to review the availability, suitability and location of employment land within the District. The reports will be used as an evidence base for the Local Development Framework (LDF) and will also be used to develop an economic development strategy for the District and strategies for the town centres. With focussed planning policy and an economic development framework the Council can ensure that it plans effectively for economic recovery and the anticipated upturn.

3.2 Role that Warwick District Council plays in the response to the economic downturn through the sub-regional partnership (CWERP)

3.2.1 Warwick District Council is a lead partner in the Coventry and Warwickshire Economic Recovery Partnership (CWERP). CWERP has been established through the Coventry, Solihull and Warwickshire Partnership (CSWP), to proactively respond to the economic downturn on a sub-regional basis. CSWP have established five priority actions that can be delivered quickly and have the capability of making an impact. The five priority areas are:

1. To increase the awareness of businesses in our Sub-Region, of the value of international trade.
2. Ensure prompt payment by the Public Sector organisations and encourage this practice throughout the supply chain.
3. Deliver a series of workshops/seminars to local businesses to enable them to maximise the procurement of contracts with Public Sector organisations in the Sub-Region.
4. Increase secondments from local business to Higher Education.
5. Maximise the retention of young people learning (school, college or with an employer) and exploit all opportunities arising from new developments such as Skills Accounts.

3.2.2 CSWP have requested that lead Partners, such as Warwick District Council, confirm that they will take the lead responsibility for the delivery of the actions. The Council is already taking the lead in delivering actions 2 and 3 in the District. The Local Government Association states that it is essential that Local Authorities work in partnership at a sub-regional level to respond effectively to the economic slowdown to support communities. (LGA 11/08: From Recession to Recovery)

3.3 Recommended Actions from the Warwickshire Public Service Board (20 November, 2008)

3.3.1 A number of practical actions are being developed through the Warwickshire Public Service Board (PSB) which, when adopted, will support the actions of the Council to counter the impact of the economic downturn. Some of which the Council has started to implement, such as the integrated partnership approach through CWERP which is outlined above.

3.3.2 The emerging PSB action plan sets out that Local Authorities will be invited to sign up to the 'public sector skills pledge' and the 'public sectors challenge'. The PSB has established that the key issues in relation to jobs and skills are:

- The role of transport and social housing in maximising employment opportunities.
- Greater opportunities required for self employment.
- The public sector needed to attract young people through apprenticeships and contact to identify marketing strategies.
- The importance of the Public Sector Skills Pledge.
- The public sector needed to make more vacancies accessible to unemployed priority groups.

3.3.3 The draft PSB action plan establishes that all necessary steps should be taken to secure increased levels of social housing, the development of an employer supported volunteering policy and a focussed response to local issues related to poverty.

3.4 Ensuring that Local Businesses Can Benefit from Working with Warwick District Council

3.4.1 The Procurement Manager, supported by colleagues from Economic Development and Regeneration, will be holding a number of evening events for SMEs and other businesses in the District to ensure that they can benefit from working with the Council. These events will enable the Council to explain the constraints of the Public Procurement Regulations, how the Council offers any contract opportunities and the procedures that take place. It is anticipated, that following the events, the Procurement Manager will offer to contact individual local businesses to alert them of opportunities which may arise to work with the Council. However, it will not be possible within the limitations of the regulations to offer any preferential treatment to these potential suppliers. The Procurement Manager and the Economic Development and Regeneration team will continue to work in partnership with other local business groups (such as the Chambers of Trade) to ensure that their members are aware of opportunities to work with the Council as they may arise.

3.4.2 The Council is committed to the prompt payment of invoices, currently the policy is that invoices are paid within 28 days of receipt. This ensures that the business receives payment for goods and services promptly and helps with liquidity of the business concerned. The Council is looking into the potential to pay invoices to local business within a shorter time frame, in practice this is often the case now.

3.5 Corporate Strategy Review

3.5.1 The economic downturn is having a direct impact on the ability of the Council to meet the requirements of key performance indicators and national indicators (for example affordable housing completions and town centre management indicators) established through the Corporate Strategy. It is therefore proposed that the Officer Group undertakes a full review of current performance to identify those targets under pressure due to the economic downturn and that this work is used to inform CMT/Executive discussions on any revisions to the current Corporate Strategy.

3.5.2 The Officer Group will also establish a monitoring framework to ensure that CMT receives regular reports as to any impacts the economic downturn is having on service area workloads. The impact on the Benefits team is highlighted in section

3.1.6 but other areas may also be affected e.g. housing rent arrears, one stop shops, housing advice and homelessness and it is important that these changes are identified and monitored to ensure appropriate resources are available to maintain effective service provision.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1 Warwick District Council could take the view that there are other organisations which deliver support and advice to customers and that this should be relied upon. However, this does not take into account the severity of the financial downturn and the potential increase in people who may have the need to access such services. Moreover, it is difficult to gauge how severe or widespread the issues relating to the economic downturn will impact on Warwick District.
- 4.2 The Council could take on a more direct role in developing interventions. However, there would be a risk of duplication between the role of delivery providers (such as, Business Link, Citizens' Advice Bureaux, etc.) and could create unnecessary bureaucracy.
- 4.3 The introduction of Local Labour Clauses were considered but discounted. The Public Procurement Regulations 2006 do not permit the use of Local Labour Clauses since all potential suppliers within the EU must be given equal opportunity to bid for work that uses public funds. However, working with local businesses to help them understand the processes and how to submit successful bids is permissible and will be actively pursued.

5. BUDGETARY FRAMEWORK

- 5.1 There will be no direct impact on revenue or capital budgets as a consequence of this report.

6. POLICY FRAMEWORK

- 6.1 The proposal looks to progress the policy set out in the Corporate Strategy 2008 - 2011:

Vision: "Warwick District: a great place to live work and visit."

Leadership

- provide clear community leadership and effective management of resources whilst delivering responsive public services in an open and transparent manner.

Environment

- provide high standards of environmental services across the district delivering a sustainable and quality environment.

Development

- create thriving town centres, keep pleasant villages and make the district an attractive place to live and work

Communities

- promote safe, vibrant and sustainable communities

Customers

- improve the efficiency of service delivery to the Council's customers

- 6.2 The recommendations of this report fit within the Well Being Powers of the Council – i.e. the powers in section 2 of the Local Government Act 2000 for the council to promote or improve the economic, social or environmental well-being of the area.