



CABINET REPORT

Report Title	Supporting the community in the recession
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	20 May 2009
Key Decision:	No
Listed on Forward Plan:	No
Within Policy:	N/a
Policy Document:	No
Directorate:	Chief Executive
Accountable Cabinet Member:	Cllr Tony Woods
Ward(s)	All

1. Purpose

- 1.1 To provide information on how the Council is supporting the people of Northampton during the economic downturn in response to prior request from Cabinet

2. Recommendations

- 2.1 To note the various initiatives and measures undertaken by the Council to support the community during the recession and to advise officers of any further initiatives which Cabinet would like to be pursued.

3. Issues and Choices

3.1 Report Background

- 3.1.1 In common with the rest of the country, Northampton is feeling the effects of the economic downturn. Whilst the following evidence cannot paint a fully up to date picture of the local situation, it can show that individuals and businesses locally are experiencing real hardship.
- 3.1.2 According to the latest results from Northamptonshire Chamber's Quarterly Economic Survey¹, over half the manufacturing firms responding said that domestic sales and orders for Quarter 1 2009 are down, showing a significant decline from last quarters results. There are declines too in manufacturing exports.

Also, whilst the national picture appears to show a slowing pace of decline in services, Northamptonshire firms are reporting worse results than last quarter. Indicators for Quarter 1, 49% of services firms said that UK sales had decreased and over half report that orders and bookings are down.

Conversely, confidence amongst the county's service sector seems to be improving marginally, and over 60% of firms expecting workforce numbers to remain steady. Of the local manufacturers in the survey, a third (33.3%) expected workforce numbers to decline in the next quarter.

- 3.1.3 The Chamber's survey also shows the credit crunch is still having an impact on Northamptonshire firms with worsening cash flow a real problem for businesses. Yet only 1 in 10 businesses had tried to access the Government-backed new finance schemes, and of those who had tried, 90% were dissatisfied with them. The Government have stated that they are working to improve accessibility to these schemes.
- 3.1.4 Individuals continue to suffer the negative impacts of the recession, and this in turn has both a potential and a real detrimental effect on local businesses and public services, including the Council.
- 3.1.5 The total number of Jobseeker's Allowance claimants in Northampton during March 2009 reached 6,453, equivalent to just below 5% of the working age population. This is 1% higher than the national average.²
- 3.1.6 Information provided by the Citizen's Advice Bureau (CAB) comparing data from April to June 2008 and January to March 2009 reveals a sharp increase in the number of individuals receiving redundancy advice, help with mortgage and secured loans, rent arrears, Jobseekers allowance and Housing Benefit amongst others. Whilst it the increased demand for help has been partly caused by the recession, there are other contributing factors such as additional resources in the CAB to run an Increased Hours Project (enabling them to see 1,300 additional people).

¹ Source: Survey report on the Northamptonshire Observatory site:
<http://www.northamptonshireobservatory.org.uk/publications/document.asp?documentid=1442>

² Source: ONS claimant count with rates and proportions www.nomisweb.co.uk 23/4/2009

- 3.1.7 The Council has seen an increase in claims for housing and council tax benefit as follows:

At the beginning of 2008/09 average caseload was 17,261. At end of year it was 18,966, an increase of 1,705 or just under 10%. In 2006/07 the increase was 557 or 3% and in 2007/08 was 663 or 4%.

Over half of this year's increase occurred in the final quarter and this rising trend continues.

- 3.1.8 Council Tax collection has been affected as follows:

In 2008/09 the proportion of council tax collected in the final quarter, as a percentage of the total collected, was 11.56%. In 2007/08 it was 12.44% and in 2006/07 12.88%. Overall, collection rates were down on last year at the year end.

- 3.1.9 In the case of Business Rates collection, the percentage collected in the last quarter of the financial year changes from 9.4% in 2006/07 to 8.32% in 2007/08. However the trend changed last year [2008/09] with a performance of 10.71%.

The reason for this is that from December 2008 there was a noticeable decline in the collection rate as a result of which the team adapted the recovery timetable in order to recoup payments that had been missed earlier in the year. This led to a final collection rate figure that was just below target but higher than the projected national average and probably a top quartile figure.

The Government had also taken measures in November 2008 to reduce the business rates and VAT bills to businesses and this may be reflected in these figures.

- 3.1.10 With regard to demand for council housing, 1,000 customers completed housing applications to join the Choice Based Lettings Housing Register in March and April 2009, joining the 5,500 customers currently on the housing register waiting alternative accommodation. During the 2008/2009 financial year Northampton Borough Council let 1,015 Council properties.

Perhaps most significantly, Homelessness presentation and Housing Advice enquiries have increased by 64% in 2009 compared to the same period as 2008

- 3.1.11 Recent Government projections and announcements suggest that recovery could begin late in 2009, with growth picking up through 2010 and with strong growth predicted in 2011³. This is by no means certain and alternative forecasts tend to be more negative.

- 3.1.12 The Council's inherent purpose is to enhance and contribute to the wellbeing of its residents. A range of initiatives to support the town's improvement is already in place and this includes measures such as the housing PFI and the market square development. These activities, which were already being

³ Source: eg Alistair Darling's Budget 2009 speech

planned before the scale of the international financial crisis became clear, should provide tangible practical help to local residents and businesses.

3.1.13 However, tackling a downturn of this nature and dealing with its consequences requires targeted support for businesses and individuals. The Council is actively responding to the downturn through a range of additional measures and initiatives that will contribute towards reducing the ill effects of the crisis and minimising them, where possible.

3.2 Current initiatives

Some of the specific initiatives underway to help the community during the recession include:

3.2.1 Supporting local businesses and suppliers

These will be of particular help to small and medium sized businesses managing the short-term pressures arising from difficult market conditions:

a) Prompt Payment

We are fast-tracking payments to local suppliers for their services. Whilst the majority of invoices are paid within 30 days, for local suppliers this has been reduced to 10 days.

During March 2009, 45% of qualifying invoices were paid within 10 days⁵; as the new system beds in we are expecting continued improvement in this.

b) Business rates - deferral of payments

Regulations introduced by Government and due to be in place by the summer will allow businesses in England to spread payment of their 2009-10 increases in business rates bills over the three years to 2011-12. As a result, businesses will be able to pay a 2% annual increase in 2009-10 and the remaining 3% over the following two years. Arrangements will also be made for a proportion of increases in rates bills for other reasons, including the ending of transitional relief, to be deferred over the same period. It is anticipated that over 70 per cent of business properties will not be liable for business rates in 2009-10 if they fall empty.

c) Market Square training programme

The Council is establishing a training programme predominantly targeted at would-be/new market traders and providing incentives to encourage the uptake of that training. The scheme will also support existing traders who would like to improve their business skills. The training programme proposed will be delivered with the support of Business Link and Nottingham Business Venture. Work is being undertaken with the college to ensure that non-English speakers or people with limited English are able to access the programme.

⁵ March 2008 BVPI8

3.2.2 Supporting Individuals

a) Housing

Some of the initiatives being implemented to support people and housing during the recession include:

- **Rough sleepers initiative** - piloting a Government scheme to provide outreach and support to rough sleepers based on their individual needs. This excellent partnership work has resulted in a 200% increase in the resettlement of rough sleepers and reduction in 'revolving door' homelessness over the past 6 months

Mortgage rescue scheme - a pilot scheme that has received national coverage leading the way to help households threatened with homelessness.

Over 72 enquiries were received since January. Following the announcement in the recent national Budget allowing clients in negative equity to apply, 18 clients meet the qualifying criteria and will be recommended for the scheme.

- **Gateway** - a single point of contact and referral scheme for all vulnerable customers in Northampton, provided in partnership, designed to help people access housing and appropriate support packages.

b) Sharing facilities - advice

The Citizen's Advice Bureau has located an advisor in the Guildhall at the One Stop Shop. See also paragraph 3.2.3

c) Community banking

Northampton Borough Council continues to support the Northampton Credit Union, a community based saving scheme through which members can access low rate loans and regular savings.

d) Health

Free swimming has been introduced under the new national scheme for young people and for those over 60 and this initiative will contribute to improve health and wellbeing, particularly relevant in difficult times. Take-up has been very high.

- A range of sports developments, activities and free courses planned for the summer (including Northampton Health Walks and the loan of sports equipment).
- The museum is offering a range of free workshops and talks aimed to all groups (including toddlers' afternoons for under 5's, museum mornings for over 60s amongst others).

e) Sustainability and carbon reduction

Government have made clear that they regard efforts aimed at making more sustainable use of resources as being key to helping the country prepare for the upturn.

- **Save it campaign**-The council is working towards a substantial reduction in carbon emissions by 2012 through its Carbon Management Programme. Reducing the amount of energy the council uses will save money and cut carbon emissions, making a positive contribution to the environment.
- **Glass recycling**- This initiative is contributing towards reducing land fill and removing residual waste whilst will improve our efficiency.

f) Parking

In addition to reduced Sunday parking charges, and following some difficulties with the closure of car parks at the end of the day, we have increased the opening hours of our car parks to match trading hours.

3.2.3 Working with our partners

3.2.3.1 Partnership work is key to the Council and we engage with a large range of organisations to enable us to meet our objectives and deliver of our outcomes. The recession and its effects on our locality now feature in the agendas of most of our meetings. During these difficult times we have got together with key partners to help people affected by the recession and have organised a number of events that include open days to deal with the specific problems faced.

3.2.3.2 We are currently in the process of arranging a partnership on a pilot basis with a company called "In Training" which will be in place by the end of May. They are a service provider for Job Centre plus and provide advice and support to people wishing to get into work or change their job. The support is targeted over a 13-week programme and would look at training opportunities, CV writing and work based placements. The pilot arrangement would be to provide a surgery on an appointment basis at the One Stop Shop one day per week.

3.2.3.3 We are also working to set up a freephone telephone line for customers to contact the In Training Service from the One Stop Shop and other sections of the Job Centre Plus Call Centre. An Internet kiosk will also be provided for customers waiting to access the Job Centre Plus website to browse for jobs whilst waiting for other council services in the One Stop Shop.

3.3 Potential/future developments

3.3.1 Following recent workshops involving managers, team leaders and other staff, a range of proposals aimed to handling the recession has been put forward for further consideration. The findings were presented to Management Board and this resulted in work being considered to deliver the following outcomes:

- a) Sustain and increase enterprise and the local economy

- b) Citizens able to manage their money so that they can keep their homes and out of a worse financial situation
- c) Enable the unemployed to find work and remain positive
- d) Communicate and signpost the community to the support and advice that is available from organisations across the town
- e) Provide specific support to Council employees

3.3.2 Directors and Heads of Service have been assigned to support work streams for a number of initiatives which include:

- **A Recession Open Day (to be named)** will take place on Friday 19th June 2009 to bring together support services / employment agencies across the town and provide guidance, support and advice. Participants will include, amongst others, NCC, CAB, NHS, Northampton Volunteering Bureau and Job Centre Plus.
- **A 'Shop Local' campaign** - the Council is already exploring maximising social benefits through its procurement processes. The campaign will encourage staff, residents and employees within Northampton to shop locally, to support local businesses and hence employment.
- **Use of empty retail units** - this would reduce decay and dilapidation that occur both to the units themselves and their surroundings when shops are vacant, and will contribute to a more attractive environment for shopping and business.
- **Practical support for 'self help'** - includes promoting and extending the provision of allotments and encouraging garden sharing to 'grow your own', and exploring use of other green spaces and parks, plus support for economical and healthy eating.
- **Local Employment Initiatives** – the Council is seeking to work with Job Centre plus and other public service partners on local employment initiatives which may include modern apprenticeships and a local employment partnership arrangement. This may include job preparation training, work experience and also the Council is actively looking at new Government schemes such as the Future Jobs scheme announced in the Budget.
- **Improving communication and how services are signposted** - This includes development of our website to improve access to key information and essential resources to reach residents and businesses.

4. Implications (including financial implications)

4.1 Policy

There are no specific policy developments arising out of this report.

4.2 Resources and Risk

The economic downturn has had a detrimental effect on payments, collection and receipts for services provided by the Council and its partners. Areas affected by loss of income include, among others:

- Car parking
- Planning and building control fees
- Reduced demand for bulky collection and increased fly-tipping
- Increases in homelessness and requests for housing advice
- Increased benefit claims
- A slow down in new houses being built or becoming available
- Potential arrears of rent, council tax and business rates
- Risks to contractors and suppliers and to voluntary organisations facing reduced income and increase demands.

One of the results of the introduction of the measures outlined in this report should be the mitigation of some of these risks.

4.3 Legal

There are no specific legal implications arising out of this report although there may be legal considerations arising out of individual proposals or projects.

4.4 Equality

The Council wishes to support the community it serves and is already taking steps towards the implementation of plans that may contribute towards mitigating the adverse effects of the recession. We need to be mindful of the needs of vulnerable groups and of people who may need to claim benefit or ask for help for the first time or those who not have traditionally used or needed our help.

4.5 Consultees (Internal and External)

The Managers' Session on 7th April 2009 was dedicated to exploring ways in which the Council could handle the recession. Presentations from service areas were followed by a workshop approach to capture a range of initiatives. Feedback was presented to Management Board for consideration.

4.6 How the Proposals deliver Priority Outcomes

There are no direct proposals arising out of this report. Cabinet guidance on further matters for consideration is requested, if any.

4.7 Other Implications

None identified at this stage.

5. Background Papers (available on request)

5.1 Handling the Recession - Feedback from the Managers' Session 7th April 2009

5.2 Economic Recession - Practical Steps for Regeneration and Development to Support Local Businesses and People 2nd April 2009

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