

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet

12 February 2009

AUTHOR: Chief Executive

ECONOMIC DOWNTURN - SUPPORT IN SOUTH CAMBRIDGESHIRE

Purpose

1. To enable the Cabinet to agree the actions it would like to take to support local businesses, residents and staff during the economic downturn.
2. To update the Cabinet on the unfolding impact of the downturn on the Council itself.
3. This is not a key decision.

Background

4. At the Cabinet meeting of 15 January 2009, Members agreed to earmark 2.4% of the proposed 4.9% Council Tax increase for 2009/10 to support South Cambridgeshire during the current economic downturn. This will equate to £150,000 and Cabinet asked for a further report to this meeting setting out in greater detail those potential actions to be funded by this sum.
5. Cabinet also agreed that £15,000 of under-spent budgets in 2008/09 would be used for immediate remedial work at Orchard Park.
6. It was also agreed that Cllr Loynes would be appointed Member Champion for Economic Development, with the intention that he would lead on the Council's ongoing response to the economic downturn.

Supporting local businesses and residents

7. The table at **Appendix A** lists the potential actions open to the Council and Cabinet is asked to indicate which are to be progressed. The list includes a suggested contingency fund which would be allocated to further projects as we learn from the first set of actions.
8. Officers will then create and progress a coordinated action plan, and spending statement for Cllr Loynes to monitor. For completeness, this will also include other actions already planned within existing budgets.

Seeking support from partners and the Government

9. As listed in the previous report to Cabinet, officers are currently drafting correspondence to the relevant Government departments to lobby them to:
 - Leave a proportion of National Non-Domestic Rates (NNDR) for local spending
 - Increase the proportion of hardship rate relief funded by the National Non-Domestic Rating Pool from 75% to 90%

- Expand the social fund to support families in debt
- Provide a national financial advice service
- Increase access to and value of insulation grants
- Allow councils to keep more of their rental and capital receipt income
- Accelerate the planned roll-out of smart meters
- Encourage more suppliers to extend the remit of the 'social tariff' for vulnerable customers
- Appropriately regulate heating oil suppliers

Cabinet is asked to consider lobbying in respect of Housing and Council Tax benefits, with the intention of ensuring that residents relying on these benefits do not suffer a disproportionate financial impact from the economic downturn. Measures could include, for example, reducing the assumed level of income from interest on claimants' savings, or for additional funds to be used for discretionary payments.

10. Officers are working with Cambridgeshire Horizons, the County Council and Cambridgeshire Together over the coming months to explore ways to:
- Use Housing Growth Fund to bring forward infrastructure projects, and stimulate housing growth including projects for part-finished developments such as at Cambourne and Orchard Park
 - support and develop energy efficiency initiatives

Impact on the Council itself

11. As experienced nationally, this Council is seeing an increased demand for some services due to the effects of the economic downturn:

32% increase in telephone enquiries to the homelessness team

April - Sept 2008, an additional 2624 calls were made to the Housing Advice and Options section compared to the same period in 2007. This includes the Housing Options and Allocations as well as Housing Advice and Homelessness. The average increase in calls is 437 per month but in fact the increased volumes have not been spread over the whole six months; they have increased more towards the end of the period.

22% rise in housing and council tax benefit claims

April - Dec 2008, the Council received 2101 claims compared to 1717 in the same period in 2007/08, equating to a 22 per cent rise in the workload for staff. Overall the number of residents entitled to benefit rose by 4% in the same period, with 250 more residents receiving housing or council tax benefit. Notifications of a change of circumstance have increased by 41% (an additional 3,200 notifications).

The Government has recognised the impact on local authority benefit services arising from a national increase in benefit claims and has recently announced additional funding for 2009/10 to meet increased administration costs. The additional funding for South Cambridgeshire will be £51,015 and it is anticipated that this additional funding will be sufficient to ensure that current performance levels can be maintained, subject to claims continuing at current levels.

76% rise in reports of fraudulent claims

The 76% relates to the increase in number of reports of suspected fraud received by SCDC between April and October 2008 compared to the same period in 2007. We received 215 reports compared to 122 for the same period in 2007.

To the end of December we have successfully prosecuted 17 cases, given 11 financial penalties and 4 cautions.

12. The Council also expects to face an increased demand in other services during 2009/10, for example:
- Increased levels of anti-social behaviour, fly tipping, graffiti etc
 - Increased intervention by Environmental Health Officers regarding regulatory compliance or deterioration in housing conditions
 - Increases in fuel poverty
 - Increased grant and loan applications
 - Increased abandoned vehicles (if scrap metal price falls)

13. At the same time the Council is facing a reduced income in 2009/10, estimated as follows:

Investment income - also partly due to reduced balances	£650,000
Fees for planning applications 17% projected shortfall	£224,000
Building control services: reduction in applications and income of around 15%	£33,000

The percentage of council tax collected at 31 December 2008 was 0.3% higher than at 31 December 2007. However, the total amount of council tax due to be collected is lower than originally estimated because of a reduction in the number of new property completions. This has led to a predicted overall deficit as at 31 March 2009 of £380,926 on the collection fund of which £46,840 relates to the District Council.

Collection rates for rent, non-domestic rates and sundry debt are currently stable and comparable with collection levels in 2007/08.

Further actions

14. Cabinet may also request another report at a later date, examining initiatives taken elsewhere in the country and consider lobbying local partners for similar help. For example on 13 February 2009 Essex County Council will announce details of a council-run 'Bank of Essex' and a new countywide apprentice programme.

Implications

15. Financial	As detailed in the report and Appendix
Legal	None
Staffing	This report brings no staffing implications. However, the economic downturn will impact on staffing requirements; where there is increased demand on services, current staffing levels may not be sufficient to meet the demand or maintain performance levels.
Risk Management	The economic downturn presents financial risks to the Council itself as shown in the report. If the Council fails to help local people and businesses there is a risk to the Council's reputation as a local leader and champion of wellbeing.

Equal Opportunities	This report brings no impact on Equal Opportunities. However, the downturn is already increasing deprivation in the District as evidenced by the increased number of residents now reliant on means-tested benefits and the increase in requests for homelessness advice.
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Consultations

16. The Leader and Chief Executive have worked closely with Cambridgeshire County Council and Cambridgeshire Together on the issue of supporting local people and businesses through the current economic downturn.
17. Officers are engaged in ongoing consultation with local businesses, the Citizens Advice Bureau and other partners.

Effect on Corporate Objectives and Service Priorities

18.

Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work
Actions to support local people and businesses during the economic downturn are intended to protect quality of life.

Recommendations

19. That Cabinet
 - (a) Notes the work already underway to lobby the Government,
 - (b) Agrees to further lobby the Government in respect of housing and council tax benefits as detailed in paragraph 9 of this report,
 - (c) Notes the work underway with partners to support local people and businesses,
 - (d) Notes the additional burden being placed on the Council's staff and financial resources as a result of the economic downturn,
 - (e) Agrees which of the actions listed in Appendix A to progress, and
 - (f) Asks Cllr Loynes to make a progress report to the meeting of 16 April 2009

Background papers

Dealing with the Recession has been published by the Improvement and Development Agency (IDeA) at www.idea.gov.uk/idk/core/page.do?pagelId=9190749

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