

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet 16 April 2009
AUTHOR/S: Executive Director / Corporate Manager for New Communities

UPDATE REPORT – RESPONDING TO THE ECONOMIC DOWNTURN AND REVIEW OF NNDR HARDSHIP RELIEF POLICY

1. This report is brought forward to provide an update to Cabinet on the progress made, prior to the start of the new financial year, on actions undertaken to alleviate the impacts of the economic downturn on South Cambs. The report, and its appendices also summarises the impacts being felt within the district.
2. The report also outlines additional measures that may be brought forward to mitigate the impacts being felt by residents, and to reduce pressure on the Council's services.
3. This is not a key decision.

Background

4. The impact of the national recession upon the businesses and residents of South Cambs has been investigated by the authority. The Council has budgeted for £150,000 directly to support people and business affected. Reports presented to Cabinet in 15 January and 12 February 2009 outlined the proposals for action to be taken by this Council, using its power of Economic Well-Being (Local Government Act 2000 pt.1) to support businesses and those who might be affected by the recession.

Update on Actions being undertaken

5. Good progress has been made to date in moving forward the recommendations agreed in February. Full details of these are included within Appendix A. Two South Cambs specific events will be run in June and July, with repeat events proposed for the second half of the year, focussing on competing for public sector contracts and business survival tactics (including managing liquidity and marketing). The first event, being held on conjunction with the Chamber of Commerce, will introduce local companies to the range of goods and services purchased by the public sector locally. Procurement officers will attend this event from a wide range of public sector organisations, including local authorities, housing associations and the PCT. Companies will have the opportunity to receive a 'masterclass' in how to compete for public sector contracts, and to meet and get to know the procurement officers.
6. The second event focuses on skills and tactics for business survival. Marshall of Cambridge will be providing insight into how they have survived a number of economic down-turns and the lessons which businesses, both large and small, can learn from their experience over the last 100 years. The event will provide attending businesses with skills and tools and contacts to help them over the recession period.
7. The proposal to fund specialist advice from business link is awaiting finalisation, in light of the latest recommendations from the Department for Business Enterprise and Regulatory Reform for government support. This is to ensure that the Council does not duplicate central government support to the detriment of local concerns and priorities. It is anticipated that a report will be brought to the Portfolio Holder in early summer 2009.

8. The Economic Development Officer has been working closely with Business Link, the federation of Small Businesses, the Institute of Directors and the Cambridgeshire Chamber of Commerce to meet the needs of businesses throughout the Council's activities. Work is ongoing with the regional inward investment agency, Invest East of England, regarding the marketing and promotion of the district internationally as a location of choice. The economic development function continues to engage directly with a range of businesses throughout the Council to offer support and work with them in their growth and development. These activities range from direct assistance in areas such as planning applications to 'signposting' and specialist assistance such as the Manufacturing Advice Service or the Waste Exchange service.
9. The Council continues to work closely in partnership with a range of organisations to deliver its economic development aspirations locally, and is an active member of the county economic development partnership, the Greater Cambridge Partnership (GCP). These partnerships have been instrumental in the countywide response to the downturn. A co-ordinated response, branded by the Local Strategic Partnership (LSP) as "Weather the Storm" (the website is (<http://www.weatherthestorm.org.uk>), provides a hub for information to communities and businesses across the county on matters relating to Business advice, reducing running costs, employment issues, financing awards and grants, skills and legal advice. The site itself is a gateway ('signpost') to direct providers of assistance.
10. Specific actions being undertaken to support small businesses affected by the recession is additional to the work currently undertaken by the Council's Economic Development Officer. This includes the improved marketing of the district as a location and working with business link to deliver its range of activities in South Cambs. This has led to a full programme of events, targeted at new start-up companies, established small business and entrepreneurs. A series of twenty events to train companies in skills including business planning, regulations, book keeping, marketing and use of the internet will be held between in Cambourne and Villiers Park, Bassingbourn. Other ongoing projects include the promotion of Slivers of Time, a programme which assists businesses and organisations needing to access short term, flexible labour; the programme puts them in contact with agencies who are able to provide this for individuals who are often unable to engage fully in the labour market. The Council communicates directly with businesses in the district via its Economic News publication, which directs companies to other assistance available regionally and locally.
11. The economic development service is currently undertaking a detailed study of the local economic picture. It is intended that this work, the first phase of which will report in early June, is likely to influence the longer term direction of service. If a detailed change in the authority's policy is agreed, corresponding changes to the Council's Development Plan Documents (DPDs) would be required, especially the Core Strategy document, which will be reviewed over three years, from 2009/10. A further element of work that may be undertaken is to produce an economic development Supplementary Planning Document (SPD) that would allow a single expression of the authority's priorities within existing policy, and bring together the existing elements of policy relating to economic development in a single place. An SPD is not the mechanism for creating new planning policy for the authority (this is the aforementioned DPD); rather, it would allow the existing policy to be set out in a single place and thus be more accessible for officers and businesses. Revised Government guidance relating to planning policy in economic development, a combination of PPS4 (planning for sustainable economic development) and PPS 6 (planning for town centres), is

emerging. The results of this work will assist the authority in defining its approach in this area.

12. The Environment Operations team is also providing assistance to businesses through the production of an A4 information leaflet, sent with the Business Rate (NNDR) bills. This leaflet contains information on the trade waste services this Council provides, recycling services, prices pegged at the 2008 level, legal obligations on organisations, and offers free advice and guidance. Between 15 and 31 March, this has resulted in 74 contacts from organisations the Council has not previously dealt with, giving it the opportunity to give free advice and support.
13. Following the meeting of 12 February, the Leader wrote to Government Ministers regarding support that could be made at a national level. Responses are still awaited; copies of the letters sent are available from the Growth Areas Project Manager (contact details set out at the end of this report).
14. Cabinet also asked officers to identify other initiatives that may be possible at the County Council level. Details have now been sent to the chairman of the Joint Accountability Committee, which meets on 28 April 2009, to scrutinise the actions of Cambridgeshire Together in response to the downturn. Ideas include a County Council Bank, an apprenticeship scheme, job-taster experience and innovative affordable housing programmes
15. The annual increase for NNDR bills is determined by the Government and is tied to the Retail Price Index (RPI) in the September of the previous year. This has resulted a rise of 5% for 2009/10 bills. In addition, the transitional phasing scheme that has protected businesses from large increases following the revaluation in April 2005 came to an end on 31st March 2009. These two factors will contribute to increased pressure on the finances of local business in this financial year. However, the Government has now announced an intention to allow businesses the opportunity to apply for 60% of the increase in their bill to be deferred and repaid over the next two financial years.
16. The Council's current NNDR Hardship Policy does not favour applications made due to external economic pressures. It is proposed to change this to allow the policy to be more responsive to the needs of local businesses. Other significant areas of change proposed include that "The Council will not make unnecessary onerous requests for supporting information and will consider applications promptly to ensure businesses do not suffer further hardship during the application process."
17. The intention of the proposed changes, set out in a revised policy at Appendix B (**attached**) is to make the application process for hardship relief simpler and more responsive to the current economic situation, without exposing the authority to unnecessary risk or providing support to businesses for whom the receipt of NNDR relief is unlikely to make a difference in terms of future commercial success.

Considerations

18. The current programme of support is targeted to improve business survival rates, thus mitigating the impacts of unemployment in the district. A range of external partners is also providing support to the South Cambridgeshire economy. The Cambridgeshire Together website, 'Weathering the Storm', provides a range of support to individuals and businesses.

Implications

19.	Financial	It is recommended that the existing contingency budget is kept, and reviewed in subsequent reports as the delivery of support is rolled out over the year. That this fund be used to support the priority areas for business and community support directly. The use of existing budgets and the ability of the authority to support the local economy through its day to day actions are, in many ways, as important as the direct assistance being provided.
	Legal	None
	Staffing	The development of additional planning policy documents will have an impact on the work programme of the Planning policy Team.
	Risk Management	Support for local businesses and communities that are suffering as a result of the current recession will to an extent mitigate the financial risk to the Council from potentially lower tax receipts and increased default rates.
	Equal Opportunities	All assistance offered by the authority will be to all small businesses equally.

Consultations

20. Officers are engaged in ongoing consultation with local businesses, the Citizens Advice Bureau and other partners

Effect on Strategic Aims

21.	Commitment to being a listening council, providing first class services accessible to all.
	The ability of the Council to assist residents who have been affected by the recession is key to the delivery of this aim. It is on this basis that the option for additional expenditure to CAB is provided.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
	The links between economic prosperity, well-being and community safety and health are well documented. Any significant change in the overall prosperity of the district is likely to impact negatively on this aim.
	Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
	The provision of support for small businesses facing difficulty due to the economic downturn will, help maintain the vitality of South Cambridgeshire communities. Without this vitality, local places will not be able to offer the range of services demanded by residents, undermining this aim.
	Commitment to assisting provision for local jobs for all.
	This report is key to the delivery of this aim. Support to businesses is provided by the Economic Development Officer, working in partnership with direct providers of advice, guidance and support to businesses. Partners in the delivery of this aim include Job centre plus, Business Link, Invest East of England, ERBI and the regional development agency EEDA. A working group of officers, supporting the Member Champion for this area is drawn from across the authority. The whole Council is delivering the response to the recession and its impacts.
	Commitment to providing a voice for rural life.

Small businesses in rural areas form a key part of the life of the rural community. In seeking to provide support to these businesses, the Council will support the fabric of rural life, and ensure that villages continue to provide a range of opportunities for residents.

Conclusions/Summary

22. South Cambs communities are being affected by the economic recession. The support being offered by the Council to small businesses is being delivered to make best use of the resources available, and to ensure no duplication with support being provided by government, other agencies and organisations.

Recommendations

23. It is recommended that Cabinet:
- (a) Note the work that is ongoing and that which will be delivered during the next financial year.
 - (b) Authorise the presentation of a report to the Planning and New Communities Portfolio Holder bringing forward options for the preparation of planning policy documents (SPD or DPD) to address the needs of business and economic development in the district.
 - (c) Approve the revised policy for NNDR hardship relief, as attached at appendix B
 - (d) Request that Councillor Loynes submit quarterly updates on the progress of actions to future meetings, including a year-end report in April 2010 evaluating the work undertaken.

Background Papers: the following background papers were used in the preparation of this report:

Reports to Cabinet: 15 January and 12 February 2009

Letters sent to Government Ministers (referred to in paragraph 13 above)

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**Actions to support people and businesses in South Cambridgeshire
in the economic downturn**

Potential Actions	Delivery Timescale	Cost	Progress
1. Hardship Rate Relief: 2. Publicise the existing scheme 3. Review the existing policy to facilitate the award of rate relief to assist businesses at imminent risk of failure and to ensure a fair allocation process of an agreed budget	Available over 2009/10	£25,000	On Going. Revised Criteria attached.
4. 'How to Win Contracts' "event with other public authorities – the Belfry Cambourne.	4 June 2009	£3,000	On target
5. Business Seminar/ Workshop on surviving the economic downturn, including practical advice and tips Event to be held at Duxford, with presentations from Marshall Aerospace (on how they have grown organically over years and weathered a number of storms), representative of one of the major banks (TBC), as well as business link training. .	July 2009 and end of Q3 2009	£5,000	On target
6. Fund direct specialist business support for businesses affected by the recession. The delivery of such support to be via third party organisations to ensure that duplication of support is avoided.	Available over 2009/10	£50,000	Grant conditions currently being prepared, in response to central government assistance. To be reported to Portfolio Holder meeting. Partnership work on-going with GCP, Business Link and other agencies.
7. Improved property search and identification systems to help firms relocate to South Cambs	Available over 2009/10	£10,000	On Target. Improved working with local commercial agents and Invest East of England to attract businesses to South Cambs.
8. Develop financial options to help development continue at Orchard Park	Available over 2009/10	Horizons funding Confirmed	On going work anticipated by May on two plots – C3 and B1
9. Freeze fees for taxi licensing, trade refuse collection and other environmental health services as recommended by the Portfolio Holder 27 January 2009	Available over 2009/10	£15,500	In place
10. Provide rent-free space for CAB at SCDC	When requested	Within existing	Offered – additional funds proposed

Potential Actions	Delivery Timescale	Cost	Progress
		budgets	(Option1)
11. Contingency fund to be allocated to further projects building on learning from the first set of actions	Held in reserve	£39,500	N./A
12. SCDC staff: Financial wellbeing event to signpost staff to appropriate organisations who can offer counselling and practical advice for themselves and family members Offer short-term projects to existing staff rather than agency staff Revise the staff relocation terms so that the sums available can be used flexibly, without increasing the total claimed.	April 2009 February 2009 February 2009	£2,000 Potential saving Potential saving if new staff can be retained whilst unable to sell former home	In place In Place Work on going
13. Aim to pay suppliers within 20 days	February 2009	Up to 10 days interest on sums paid	All staff advised, to be regularly reminded throughout the year via Greg's message
14. Lobby Minister for Local Government regarding NNDR and Minister for Energy regarding fuel poverty issues.	February 2009	-	Letters sent, awaiting responses

Proposed Additional Action	Timescale	Cost	progress
15. Investigate Planning Policy actions (DPD or SPD) to help deliver economic development.	After phase 1 study results (June)	In existing budgets	N/A