

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet 14 January 2010
AUTHOR/S: Executive Director, Operational Services / Corporate Manager,
New Communities

ADDRESSING THE ECONOMIC DOWNTURN QUARTERLY REPORT – 1 OCTOBER 2009 TO 31 DECEMBER 2009

Purpose

1. This report updates Cabinet on the delivery of actions proposed to mitigate the impact of the recession on South Cambridgeshire District and request Cabinet to consider further actions as part of the remaining contingency funds.
2. This is not a key decision. However, Cabinet has requested quarterly reports.

Considerations

3. The annexure details the progress made against actions identified in the Cabinet reports of 16 April and 2 July 2009 and 1 October 2009.
4. Key activities since then are:
 - (a) The Hardship Rate Relief Scheme has resulted in a marked increase of applications for assistance. Six requests have been awarded; a further request is pending award, with five further requests expected. The cost of awarded hardship rate relief to 31/12/2009 for SCDC is approximately £12,100, which should rise once the expected and any other requests are awarded. (Refer to **Annex 1, item 1**)
 - (b) The Business Support Fund with a total value of £50,000 aimed at supporting companies most at risk from the slowing economy was launched in partnership with Business Link. To November 2009, eleven businesses have been directly assisted with a further five pending. Businesses have also been given further Business Link support, giving added value. The scheme has also facilitated three new companies to Business Link East. (Refer to **Annex 1, item 4**)
 - (c) The volume of invoices paid within 10 days was 60.27% (October 2009) and 46.29 % (November 2009); 63% (July 2009) is the highest figure achieved to date. It is expected that the implementation of the "ebis" (electronic payment) system will improve this performance. South Cambridgeshire District Council has been achieving the Prompt Payment Code, hosted by the Institute of Credit Management, which encourages organisations to pay within the terms agreed in the contracts, thereby helping to tackle the crucial issue of late payments. It is suggested that South Cambridgeshire District Council sign up to this code as a means of communicating its commitment to assist businesses in the downturn and what measures have been implemented. It is also intended to stimulate staff to exceed the 63% volume of invoices paid in ten days. (Refer to **paragraphs 5 (a), 9 and annex 1**).
 - (d) Additional funding, agreed by Cabinet in October 2009, will enable two volunteer centres to increase skills through volunteering. This supports the

objective of maintaining the skill-base and employability. Furthermore, this action assists organisations that might otherwise be understaffed should benefit from this brokerage function. (Refer to **Annex 1, item 12**)

5. Future steps proposed actions over the period are:
- (a) improving the volume of invoices paid. Actions include:
- (i) signing up to the “Prompt Payment Code”; and
 - (ii) implementing the “ebis” (electronic payment) system across the District Council.

Signatories to the Prompt payment code would commit to:

- **Paying suppliers on time** within the terms agreed in the contract, without attempting to change the payment terms retrospectively and without changing practice on length of payment for smaller companies on unreasonable grounds
- **Giving clear guidance to suppliers** - providing suppliers with clear and easily accessible guidance on payment procedures, ensuring there is a system for dealing with complaints and disputes which is communicated to suppliers, and advising them promptly if there is any reason why an invoice will not be paid to the agreed terms
- **Encourage good practice** by requesting that lead suppliers encourage adoption of the code throughout their own supply chains

It is suggested that South Cambridgeshire District Council sign up to this code as a means of communicating its commitment to assist businesses in the downturn and what measures have been implemented. It is also intended to stimulate staff to exceed the 63% volume of invoices paid in ten days to achieve the target of 80%.

- (b) hardship rate relief has been reviewed and enjoyed a marked increase in the number of applications. Continued communication and continuing this action is suggested.
- (c) a business competition to support businesses, working with the Chamber of Commerce, Business Link to stimulate innovation and business start-up. (Reference **paragraph 9 (c) i, Annex 1 and item 4, bullet point 4**)

Implications

| | |
|---------------------|--|
| 6. Financial | <p>Council made available total of £150,000 to aid businesses in South Cambs affected by the recession.</p> <p>At December 2009, £115,500 has been spent or committed. This figure includes commitments arising from NNDR hardship relief applications.</p> <p>A contingency fund of £34,500 is available to be allocated to further initiatives as detailed in paragraph 7.</p> |
| Legal | No implications |
| Staffing | No Implications |
| Risk Management | No Implications |
| Equal Opportunities | No Implications |

Consultations

7. In preparing this report the officers from the Community & Customer Services, Environmental Health, Finance and New Communities services have contributed.

Effect on Strategic Aims

| | |
|----|--|
| 8. | Commitment to being a listening council, providing first class services accessible to all. Many of the measures outlined in this report are based on feedback from partner agencies, businesses and local residents, and are intended to support our aim of providing excellent services. A pro-active approach is being taken to the promotion of these measures. |
| | Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all. There are well-documented links between economic prosperity, health, wellbeing and community safety. The measures in this report are intended to maintain the local economy. |
| | Commitment to making South Cambridgeshire a place in which residents can feel proud to live. It is hoped that local residents will welcome actions that the council is taking to support businesses through the recession. |
| | Commitment to assisting provision for local jobs for all. The Council's commitment to support businesses through the recession is a key element of the authority's pledge to assist in providing jobs and prosperity across the district for all residents. |
| | Commitment to providing a voice for rural life. Small businesses form a key part of the life of a strong rural community. |

Conclusions / Summary

9. This report provides Cabinet with a brief update on the current position with regard to activities being undertaken to support local businesses and the economy during the recession. A further report will be presented to Cabinet on 8 April 2010.

Recommendations

10. It is recommended that Cabinet:
- (a) **note** the report and progress made on the economic downturn measures;
 - (b) **note** that Hardship Rate relief has enjoyed a marked increase in the number of applications and support continued action for this activity;
 - (c) **note** that actions to allocate the contingency be agreed as considered and delegated to the portfolio holder. These are:
 - (i) that further measures to support businesses is considered such as working with the Chamber and Business Link to stimulate innovation and business start-up. Cost estimate £10,000 (Reference paragraph 4 (c) and Annex 1, Item 4, bullet point 4)
 - (ii) that the roll-out of the electronic system to pay invoices more promptly be considered. (Reference Action 8 – cost tbc. Balance of contingency fund available);
 - (d) **agree** that further actions around payment of invoices be executed as detailed in paragraph 4 (a) and action 8 of the annexure. Reinforcing the message

about payment of invoices as well as implementing the electronic system is also recommended; and

- (e) **agree** that any remaining funding, following the actions above, be allocated to future actions for continued support in the economic downturn, which will continue in 2010/11. (These can be used, for example, for continued rate relief or to meet needs of business with respect to public sector procurement.)

Background Papers: the following background papers were used in the preparation of this report: Cabinet Reports: 15 January, 12 February, 16 April, 2 July 2009 and 8 October 2009.

Contact Officer: Nicole Kritzingler – Economic Development Officer
Telephone: (01954) 71345