

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet 8 April 2010
AUTHOR/S: Executive Director, Operational Services / Corporate Manager,
Planning and New Communities

ADDRESSING THE ECONOMIC DOWNTURN QUARTERLY REPORT – 1 JANUARY 2010 TO 31 MARCH 2010

Purpose

1. This report updates Cabinet on the delivery of actions proposed to mitigate the impact of the recession on South Cambridgeshire District.
2. This is not a key decision. However, Cabinet had requested quarterly reports and specifically that the measures for payment of invoices be considered at this particular meeting. It has subsequently been agreed that with effect from the next financial year, quarterly reports will be presented to the Planning Portfolio Holder who has responsibility for economic development and an end of year report to Cabinet.
3. **Appendix 1** details the progress made against actions identified in the Cabinet reports of 16 April, 2 July 2009, 1 October 2009 and 14 January 2010.
4. Key activities are:
 - (a) The South Cambridgeshire Business Competition, delivered in partnership with the Chamber of Commerce, Business Link and private sector partners was launched on 16 March 2010 with the Cambridge News and partners. The prize, sponsored by all partners, will result in a bursary of around £30,000. Aimed at stimulating business innovation and start-up, the competition will also enable those who enter to improve their performance. To assist participants in developing their businesses ideas, two practical workshops will be facilitated, designed to aid them in their application for the competition. Additionally, these sessions will help businesses focus on how this might be applied practically in presenting and preparing a business idea. All sponsors to this “Dragon’s Den”- style competition will be promoting the competition, which will see a two-stage application process, with a written application phase resulting in short-listed candidates appearing before the panellists. Panellists are comprised of the business sponsors. The competition will culminate in an award ceremony, following presentations to the panellists, on 30 June 2010 (Refer to Appendix 1, 2 & 3) (Appendices 2 and 3 relate to the competition guidelines and application form and are available as part of the agenda pack on the Council’s website, www.scambs.gov.uk)
 - (b) The volume of undisputed invoices paid within 10 days was 75.48% (December 2009), 67.84 % (January 2010) and 65.84% (February 2010). Together with the figures over the last financial year, the cumulative average of paying invoices within 10 days is 59.31%. At his meeting on the 17 March 2010, the Finance and Staffing Portfolio Holder approved a change to the definition of the relevant performance indicator (SF752) so that it refers to 10 *working* days (rather than elapsed days), and set a target of 70% for 2010/11 in line with existing performance levels. This definitional change is in line with

the Prompt Payment Guidance for Public Sector Organisations published by the Department for Business Innovation and Skills (BIS) in December 2008.

- (c) SMT is now considering the full implementation of paperless procure-to-pay systems that would provide the mechanism by which the Council could aspire to the payment of approaching 100% of undisputed invoices within 10 working days.
- (d) Cabinet in January, considered whether the Council should sign up to the Prompt Payment Code (PPC). No recommendations were made however, and Cabinet did not resolve to take any action in this regard. A BIS initiative, the Prompt Payment Code is hosted by the Institute of Credit Management and *“encourages organisations to pay within the terms agreed in the contracts, thereby helping to tackle the crucial issue of late payments which is now the biggest concern for SMEs”*. See Future steps below.
- (e) The Hardship Rate Relief Scheme has continued to receive applications for assistance. Six requests have been awarded; a further request is pending award, with 5 further requests expected. The cost of awarded hardship rate relief to 28/02/2010 for SCDC is approximately £12, 800, which should rise once the expected and any other requests are awarded. (Refer to item 1 Appendix 1).
- (f) The Business Support Fund with a total value of £50,000 aimed at supporting companies most at risk from the slowing economy delivered in partnership with Business Link continues to show results. To February 2010, 27 businesses have been assisted. Businesses have also been given further Business Link support, giving added value. The scheme has also facilitated ten new companies to Business Link East. (Refer to item 4 of the Appendix 1)

5. Future steps proposed actions over the period are:

- (a) improving the volume of invoices paid within 10 *working* days. Potential actions include:
 - i. signing up to the “Prompt Payment Code”; and
 - ii. investigating the implementation of paperless pay-procure systems across the District Council.

Signing up to the Prompt Payment Code would commit the Council 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 should be noted that the Council is already compliant with the first two of these commitments.

- (b) continued implementation of the hardship rate relief scheme building on its present success,
- (c) continue the delivery of the Business Support Fund with Business Link to aid companies requiring specialist business support or training,
- (d) delivering the business competition to stimulate innovation and business start-up, working with the Chamber of Commerce, Business Link and private sector partners. (Reference par 4, bullet point 1 and Appendix 1 and item 4, bullet point 4; Appendix 2 and 3 (being the competition guidelines and application form)
- (e) any remaining funds, as agreed by Cabinet on 14 January 2010 will be applied in support of businesses, in the implementation of the above measures.

Implications

6.	Financial	<p>Council made available a total of £150,000 to aid businesses in South Cambs affected by the recession.</p> <p>At March 2010, £115, 500 had 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 paragraphs 4 & 5.</p>
	Legal	All measures have been referred for legal advice as appropriate.
	Staffing	The additional tasks are being undertaken having taken into account the reduced numbers of staff in the New Communities team.
	Risk Management	None
	Equal Opportunities	None

Consultations

- 7. In preparing this report Finance, New Communities, Environmental Health, Community & Customers Services have contributed.

Effect on Strategic Aims

8.	<p>Commitment to being a listening council, providing first class services accessible to all.</p> <p>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.</p>
	<p>Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.</p> <p>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.</p>
	<p>Commitment to making South Cambridgeshire a place in which residents can feel proud to live.</p>

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.

Recommendations

10. It is recommended:
- (a) that the report and progress made on the economic downturn measures be noted,
 - (b) that the Council sign up to the prompt payment code, and
 - (c) that the measures and actions detailed in paragraphs 4, 5 and Appendix 1 be endorsed.

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, 8 October 2009, 14 January 2010.

Contact Officer: Nicole Kritzingler – Economic Development Officer
Telephone: (01954) 713454