

NORTH LINCOLNSHIRE COUNCIL

CABINET

CURRENT ECONOMIC SITUATION

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To consider both a range of measures the council is deploying to mitigate the worse effects of the global economic downturn in North Lincolnshire, and what further steps maybe required.
- 1.2 To update Cabinet on the current position in the North Lincolnshire economy.

2. BACKGROUND INFORMATION

- 2.1 The current national and international economic outlook, which has and continues to receive extensive media coverage, has essentially been brought about by three main factors: the loss of confidence in the international banking system, and with it a credit crunch; the collapse of the housing market; and, over the last couple of years, steep increases in oil, food and energy/commodity prices.
- 2.2 Recent reports towards the end of 2008 predicted the UK economy would enter a recession this year. The UK economy shrank at the fastest rate since the early 1980s in the final three months of 2008. The UK is officially in recession. Unemployment, not surprisingly, is rising at the fastest rate since the last recession.
- 2.2 In North Lincolnshire, redundancies have taken place in manufacturing, engineering, logistics and retail. As a result, the labour market locally has witnessed a rise in the numbers claiming Job Seekers Allowance: a rise of 435 in October 2008, 985 in November 2008, and 464 in January 2009.
- 2.3 It should be borne in mind that while North Lincolnshire cannot be insulated from a global economic downturn, it is well equipped to withstand its worse effects. This is due to a number of advantages. The role of the South Humber Bank, as set out in the previous report on this agenda, with the potential for creating thousands of new jobs, is a major factor.

- 2.4 That said, the council still has a duty to consider a raft of measures and interventions aimed at mitigating the worse effects of the downturn, while recognising there is a limit to what it can do. The council obviously interacts in a wide range of areas.
- 2.5 There are two main areas best described as operational areas: those delivering mainstream council services, and business and regeneration areas, where the council works with local companies, with inward investment enquiries, and the more strategic side of the economy.
- 2.6 Clearly, the council on its own has limited scope to influence the national economy. However, at a local and sub-region level (more accurately described as the Hull and Humber Ports City region, bringing together as it does, both banks of the Humber) it is possible to have more impact. The council can also seek to influence national policymaking as it relates to local government generally in dealing with the recession.
- 2.7 **Humber Bridge Tolls:** Arguably, the best example of this is the role the council is playing on Humber Bridge Tolls. The council, working with the other three Humber unitary councils and the Hull and Humber Chamber of Commerce, and others, has now the robust evidence base to demonstrate to Ministers the very considerable economic benefits if the tolls were either abolished or reduced by around two-thirds for all classes of vehicle. The research commissioned from Colin Buchanan & Partners shows that of all the policy measures Ministers could take to remove barriers to economic development on both banks of the Humber, radical action on the tolls, is likely to be the simplest and most effective.
- 2.8 The council, on behalf of the four unitary councils in the Hull and Humber Ports City Region, led local governments opposition to a further toll increase at the Public Inquiry. This took place earlier in the month at the Willerby Manor Hotel, near Hull. The council's chief executive was present; presented a detailed statement to the Inquiry and was cross-examined. The Humber Bridge Board sought the increase in the toll.
- 2.9 Now the Public Inquiry is over, attempts are being stepped up to take a cross-party delegation to meet Treasury Ministers and present the case and evidence based to radical action on the tolls. The four Humber councils on 8 January 2009 agreed to seek toll elimination. This is because toll abolition gives, by far, the biggest economic boost to the sub-region over the next 25 years compared to a toll reduction to £1 for a car. The cost to the Treasury is no greater for toll abolition than for toll reduction. (The 25-year period is used as it is in this timescale the bridge debt of £331m is supposed to be repaid to the Treasury.)
- 2.10 In terms of the council's response to the economic downturn, the independent research commissioned by the four councils from Colin

Buchanan & Partners on the social and economic impact of high tolls on the Humber Bridge, published on 7 October 2009, makes the point that, of all the policy instruments available to Government to remove barriers to economic development and wealth creation, in the Humber sub-region, radical action on the tolls is likely to be the most effective – and simplest.

2.11 An 11-point Regional Pledge of Action has been produced following a key economic downturn event which took place in the region in December 2008. The Local Government Yorkshire and Humber Leaders' Board (of all four sub regions in Yorkshire and Humber) has approved a pledge. All 22 councils in the region are now recommending this for adoption. The pledge commits the region to supporting the local economy in a number of ways. These include:

- Prompt payment
- Buying local, where possible
- Supporting local companies to get good information on contracts and opportunities with the council.
- Supporting local businesses to achieve good information on business support opportunities provided by Business Link and Yorkshire Forward, the Regional Development Agency
- Notifying Job Centre Plus of all council vacancies
- Bringing forward refurbishment and maintenance work to help keep businesses going in the downturn.
- Ensuring good access to money advice, debt counselling and housing aid services for local people experiencing difficulties.
- Working to ensure there are housing options for those in financial difficulty maintaining a flow of affordable housing locally.
- Ensuring regional support agencies are working effectively and responsively locally to support businesses and individuals.
- Supporting schools and health providers to make sure families, children and individuals affected by the downturn can get the support they need to deal with their situations.
- Working to develop the local economy in preparation to take up future economic opportunities.

3. OPTIONS FOR CONSIDERATION – CURRENT INITIATIVES IN PLACE

3.1 Operational areas

3.1.1 *Small business rate relief* – the council publicises the scheme via NNDR bills. The economic development team through company visits is following this up. The Government has announced changes to the ratings scheme will be introduced in April 2009 for empty properties. The council's local taxation section will advise on eligibility for empty property relief wherever appropriate.

- 3.1.2 *Housing Advice Team* – the housing advice team has now produced a leaflet for individuals to help them better manage their budgets. The leaflet lists services already in place to help and assist them.
- 3.1.3 *Payment of invoices* – the council works hard to ensure invoices are paid in a timely manner and within the target of 30 days. This will be kept under close review.
- 3.1.4 *Payment of Housing Benefits* – the council is improving turnaround times on benefit claims and changes in circumstances – despite increasing workloads due to the economic downturn.

3.2 **Business and Strategic Regeneration**

- 3.2.1 *Support for Business* - A team is in place to support businesses making redundancies. The team includes all relevant parties: eg, officials from the council, Yorkshire Forward, Jobcentre Plus, Train To Gain, and others as required.
- 3.2.2 *North Lincolnshire Business Forum* - the forum has been crucial in supporting North Lincolnshire's businesses with quarterly briefings on help and advice. The briefing on 18 February 2009 looked at 'Improving your performance in tough times'. The forum will look to run events quarterly.
- 3.2.3 *Working with developers* - discussions are taking place with developers working locally, where possible, and with Housing Associations. As a result the following actions are being taken:
- A number of developers are applying for or have secured funding from the Homes and Communities Agency (HCA). This will allow them to sell their unsold stock through a product known as *Home buy Direct*. This will see the developer sell the homes at 70% of open market value; both the HCA and the developer will retain a 15 per cent equity share;
 - Deals are being discussed whereby the Housing Association would secure additional funding from the HCA to purchase new affordable homes. This has taken place on Lakeside – North Lincolnshire Homes has secured an extra six affordable homes for rent;
 - Discussions about speeding up, where possible, new affordable housing schemes which would bring new jobs and add to the stock of affordable homes;
 - Suspended for the moment area development restrictions that form part of the rural housing enabler preferred partner arrangements, to allow those housing

associations that are still in a position to develop, to continue to do so;

3.2.4 *Company visits* – the economic development team is carrying these out. They focus on sectors where the recession is most likely to hit the hardest.

4. ANALYSIS OF OPTIONS – POTENTIAL NEW INITIATIVES

4.1 Operational

4.1.1 *Develop an internal task group* – work as ‘one’ within the council and with key partners in developing a task group to deal with issues for individuals, families and business which are directly as a result of the economic downturn

4.1.2 *Develop a hotline for individuals* – build on the success of the council contact centre to develop a workflow and signposting based on the housing advice team leaflet as a starting place. Any workflows will need to be agreed by all stakeholders.

4.1.3 *Coping with recession web pages* – develop a new area on the council’s website. Categories might include tips for coping, money, work, housing, family, local support, and training and development.

4.1.4 *Increasing workload in Local Taxations and Benefits due to Recession* – the Department of Work and Pensions has confirmed the council is to receive an extra £114k in ‘benefits administration grant’ to fund increases in workload due to the recession. This is a one off payment. The increase in the number of claims processed, between January 2008 and January 2009, is some 25 per cent. The council will use this grant to maintain service levels to customers and improve them the service.

4.1.5 The local taxation and benefits customer services team has seen the following increases in telephone contact.

Period	Council tax	Benefits	Total
Dec 07-Jan 08	5523	3712	9235
Dec 08 –Jan 09	6819	5475	12294
Increase Nos	1296	1763	3059
Increase %	23.5%	47.5%	33%

4.2 Business and Strategic Regeneration new initiatives

- 4.2.1 *Economic Taskforce* – public/private partnership reporting to the Local Strategic Partnership Board on issues/resolutions to the recession.
- 4.2.2 *Buy Local Campaign* – use the marketing budget within strategic investment, encouraging consumers and businesses to source resources locally.
- 4.2.3 *Section 106 Agreements with businesses* – Local labour changes should be built into Section 106 Agreements.
- 4.2.4 *Hotline for business* – build on the success of the economic development single phone line and offer a 0800 number to enable assistance and signposting.
- 4.2.5 *Web pages for recession* –. develop a new area on the North Lincolnshire business website alongside partners of the Economic Taskforce.
- 4.2.6 *Manufacturing Taskforce*. Yorkshire Forward has set this up. The council's chief executive is a member. This enables the council to feed issues directly into the region and to play an active role in determining priorities and problem solving in this key sector of the local economy.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 There will be further reports submitted to the Cabinet Member for Strategic Regeneration and Cabinet Member for Corporate Affairs, which will outline resource requirements. The reports will outline a review of the Economic Development Team redeploying existing resources to respond to the downturn in the economy.
- 5.2 Staff will be required to attend the Recession Group.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

- 6.1 There are no other direct implications.

7. OUTCOMES OF CONSULTATION

- 7.1 Job Centre and Yorkshire Forward have been consulted, they are both happy with the contents of the report and support the council's approach.

8. RECOMMENDATIONS

8.1 Cabinet notes this report and approve the Economic Pledge.

8.2 That members agree to support the new initiatives proposed in the report.

CHIEF EXECUTIVE

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Date: 27 February 2009

Background Papers used in the preparation of this report:

Regional Pledge signed by members attending the Local Government Yorkshire and Humber meeting on 26 February 2009.