

LONDON BOROUGH OF RICHMOND UPON THAMES**CABINET**

DATE: 27 APRIL 2009

REPORT OF: DEPUTY LEADER AND CABINET
MEMBER FOR RESOURCES

LEAD OFFICER: HEAD OF PLANNING POLICY AND
DESIGN, ENVIRONMENT DIRECTORATE

SUBJECT: ECONOMIC UPDATE AND FUTURE SUPPORT

WARDS: All

KEY DECISION: NO

For general release

1. PURPOSE OF THE REPORT

- 1.1 This report is to update on recent actions taken to reduce the adverse effects of the economic downturn and to provide the Cabinet with an action plan for the short to medium term and proposals for developing a longer term strategy for how the Council and partners can continue to assist local business and residents during the continuing difficult times.

EXECUTIVE SUMMARY

The report provides an approach for the Council and the Local Strategic Partnership (LSP) to tackle the impact of the economic downturn through:

- a 2009 Action Plan (see appendix 1) building on the 9-point action plan; and
- the development of a longer term plan, owned by the LSP and to be published as an additional chapter to the Community Plan.

Initiatives agreed by Cabinet in December, 2008 are reviewed here and on-going monitoring arrangements are outlined, before looking at the longer term and new statutory requirements for the support to be provided the local economy by the Council.

2. RECOMMENDATIONS

- 2.1 That the content of the report be noted, particularly the outcomes of previously agreed Council actions and the performance indicator data provided.
- 2.2 That agreement is given to complete and implement the 2009 Action

Plan to assist the local economy and to minimise hardship

- 2.3 That the £244k income to the Council, received in 2008/09 from the Local Authority Business Growth Incentive scheme, be applied to support the cost of producing the local economic assessment, which will be a statutory duty on the Council from April 2010, and other actions agreed by the Council in support of the local economy.**

3. DETAIL

Review of recent actions

- 3.1 In response to the recession, the Council agreed a number of recommendations for immediate implementation and a nine-point plan offering support to the community in December, 2008. The outcome of its implementation to date and other local actions implemented during the last four months is summarised in table 1 below.

Table 1 Outcomes from early initiatives

ACTION	OUTCOME	ON-GOING
Business support	<p>Economic Summit held by Local Strategic Partnership in January with representatives from business, the public sector and voluntary sectors. Identified issues to be taken forward to support local business.</p> <p>Business seminars have been run locally; the council business web-pages have been re-structured and new "credit crunch" pages added; a new display board in the atrium and posters, distributed locally, aim to encourage more people to make regular visits to www.richmond.gov.uk/business</p> <p>Small Business rate relief campaign resulted in an initial increase of 461 businesses claiming relief.</p> <p>The Business Task Group is looking at small and retail business issues, reporting to committee in June 2009. Several of the group's suggestions have been reflected in this report.</p> <p>Go Green Richmond, launched in June, 2008, has helped 32 organisations to identify resource saving opportunities across energy, waste, water, purchasing and travel.</p>	<p>YES</p> <p>YES</p> <p>YES</p>
Towns and business environment	<p>The town centre opportunity fund now supports Twickenham, Whitton, St Margaret's and Barnes and there are on-going discussions with representatives of another small town. Twickenham's action plan for the current year has clear objectives on improving the town's image and environment and in attracting new investment (A Marketing Pack is currently being prepared)</p> <p>The Core Strategy of the Local Development Framework adopted in April 2009, and lays emphasis on maintaining and reinforcing town centres and on retaining employment land.</p>	<p>YES</p>

ACTION	OUTCOME	ON-GOING
Public sector investment and purchasing	<p>Richmond Adult and Community College plans for Clifden Road site, Twickenham, under the "Building Colleges for the Future" programme have been delayed because of funding issues at the Learning and Skills Council.</p> <p>Invoices are paid to small, local companies supplying goods and services to the Council within 10 days of receipt.</p>	YES
Skills and workforce support	<p>The Business, Employment and Skills Partnership (BESP) has been involved in the initiatives during January- March 2009 and will be considering future strategy and actions at their next meeting on 2nd July 2009 (new web-pages are on the Council website).</p> <p>The Construction Training Initiative, training local residents to work in the construction industry, is commencing April 2009, and involves Richmond Housing Partnership, Notting Hill Trust (a pioneer of the CTI programme) and the Council.</p> <p>The Council has signed the Skills Pledge (a commitment to enabling all employees to develop skills to at least a level 2 qualification) and is a member of the Local Employment Partnership, enabling links with Job Centre Plus' efforts to provide enhanced support to those on Job Seekers' Allowance for more than so many months.</p>	<p>YES</p> <p>YES</p> <p>YES</p>
Partner services	<p>January, February and March 2009 saw events run for business people and for individual residents, attracting large numbers - more to the larger fair (run by RACC) and the business breakfast than to the seminars specific to small business needs. The breakfast event raised issues from local companies about parking availability and charges- the subject of another report on the Cabinet agenda.</p>	YES
Other items from the Community 9-point support plan	<p>The Council has continued to work in partnership with the Department of Work and Pensions to maximise the take up of Housing and Council Tax Benefit. The number claiming housing benefit and council tax relief has risen by 7% since April 2008 and now stands at 5,458 claimants (Feb 2009).</p> <p>The Council continues to work through initiatives including "London Warm Zone" to support individuals implement energy saving measures</p> <p>Smarter Travel Richmond scheme launched</p>	<p>YES</p> <p>YES</p> <p>YES</p>

Continued monitoring of the effects of the recession

- 3.2 Data on economic and related issues are being collated monthly to ensure that the impact of the recession is regularly monitored (the information dataset is available as a background paper) and that initiatives relating to the recession are intelligence based.

- 3.3 The Business Task Group is well advanced with its investigation of conditions affecting small business and retail centres and has contributed to this report. Their full findings and recommendations will be completed by June 2009. The group welcomes the appointment of an economic development manager by the Council and wishes to see the speedy implementation of the interim plan (recommendation 2.2)

Impact on people

- 3.4 The table below (see table 2) shows some of the key indicators where there is a negative trend. The starkest indication of the local impact is the number of people claiming Job Seekers' Allowance which, although remaining low by national standards, has almost doubled since last summer, while vacancies have declined. This does not, of course, reflect the total impact on people's income as many others will have a reduced income, including those in the large self employed sector in the Borough and those in professional and business services, particularly real estate. The increasing financial hardship is beginning to be reflected in the growing number of housing benefit claims and the level of rental arrears; it is also reflected in the number of people seeking financial, redundancy and dismissal-related advice from the Citizens' Advice Bureau.

Impact on business and local environment

- 3.5 Information on the performance of local business, such as V.A.T. registrations and deregistration, is only available annually; therefore, there is no recent statistical data. Anecdotally, although many firms are concerned over trading and the lack of availability of credit, other firms are reasonably optimistic about the immediate future. A local indicator that can be collected is the change in the number of vacant shops in the town centres and these have increased by 15 over the last 9 months. The increase is concentrated in Richmond and Twickenham while East Sheen, Teddington and Whitton have seen no significant change. The impact on Twickenham is particularly conspicuous as the closures include large units in the core frontage while those in Richmond are small specialist shops; however, the overall vacancy rate in the town centres remains low.

Impact on Council services and Partner services

- 3.6 The local monitoring data confirms that, while income from land charges, planning and building control applications and car parking charges is falling, there is increasing pressure on services such as housing benefit, homeless prevention and enquiries to the Citizens' Advice Bureau in relation to debt, dismissal and redundancy. The recession is likely to add to the existing pressure on local schools as parents will be less likely to choose the independent sector.

Table 2 Key performance indicators: snapshot reflecting recent measures
More detailed and comprehensive local analysis is available in the background document.

The shaded areas of the table denote measures that recorded significantly worse results in the early 1990s.

People	Job Seekers' Allowance (JSA)	The number of job seekers has increased from 1,102 in July, 2008 to 2,174 in February 2009 (almost doubled)
	Job opportunities	The number of unfilled vacancies has fallen in the last year from 929 to 328 (Feb 2008 – Feb 2009)
	Total number of 18-24 year olds claiming JSA	Has increased from 220 in February 2008 to 445 in February 2009
	Number of JSA claimants being out of work for 6-12 months	160 in February 2008 to 220 in February 2009
	Dismissal and redundancies advice	In the last quarter of 2008, the number of enquiries was 74% greater than for the same period in the previous year. Negotiations between the Council and the Citizens' Advice Bureau on the resourcing implications for the coming year are on-going.
	Housing benefit claims	There has been an increase from 5,107 claims in the period April 2007 – Feb 2008 to 5,458 in the same period of the following year.
Business	Self-employed	LB Richmond upon Thames has 15.6% of its economically active population self-employed (Jun 2008 data), compared with the London average of 10.8% and 9.4% for the UK
	Tourism-related	Number of visitors in 2008 The number of bed-spaces in the borough increased from 1,600 to 1,756, following the opening of a new hotel in Twickenham in March 2009.
Business / Environment	Vacant shops	Since July 2008, the net loss in operational town centre shops is 15 units

Developing a framework to support the economy

- 3.7 A 2009 Action Plan for the Council's implementation is attached, at **Appendix 1**, with several proposed actions that could be recommended to other partners of the LSP for adoption now or at a later stage. It should be noted that details of related car parking initiatives are included in the report on parking charges elsewhere on this agenda. The plan is organised around initiatives for businesses, for people and towards the physical environment and car parking. The most effective initiatives are potentially those that can be directed towards specific areas (e.g. initiatives to help town and local centres) or towards specific groups (e.g. those eligible for benefits or seeking work), those less directly targeted are likely to have less impact. Once

agreed, the plan should be implemented without delay and communicated appropriately to local audiences and discussed with the LSP. As appropriate, the 9-points of December's community support plan are incorporated within this plan.

- 3.8 The officer group will review the action plan regularly, in conjunction with economic performance indicators, and will encourage partners to adopt appropriate actions, in order to gain more worthwhile outcomes collectively for local business and residents.
- 3.9 The Council is currently working to build a more cohesive structure for supporting the local economy (summarised by the diagram in **Appendix 2**) with appropriate, responsive actions to the known drivers for change, yet also keeping a focus on the longer-term aim of maintaining the vibrant and prosperous nature of the economy.

Developing the longer term strategy

- 3.10 The Local Democracy, Economic Development and Community Development Bill, now passing through Parliament, will place a new duty on local authorities, from 2010, to assess economic conditions, as well as a joint duty on regional development agencies and local authorities to produce a single regional strategy and powers to ensure that councils co-operate in promoting economic development.
- 3.11 In London, the duty will be on each borough to produce an economic assessment, with a statutory requirement to consult the Greater London Assembly and other leading authorities in doing so. There appears to be shared commitment to producing the assessments in sub-regional groupings. London Councils, the GLA/LDA and borough councils are discussing how the duties might best be achieved, but face time pressures, not least in relation to the production timetable for the London Mayor's Economic Development Strategy, due to be produced in late 2009. Logically, the boroughs' economic assessments would contribute to the strategy; yet, this would mean bringing forward the compilation of the first assessments. In short, they are intended to provide a profile of the local economy (including wider measures, such as demography, housing, transport, infrastructure etc.) and to define the local economic geography in its wider economic setting of the sub-region and London.
- 3.12 The Comprehensive Area Assessment (first results to be reported in November 2009) will look to see how the area and partners have worked to mitigate the impact of the economic downturn. The LSP have agreed to update the Community Plan with an additional chapter setting out the longer term vision for tackling the economic downturn in the borough. A special workshop is to be held for relevant key LSP partners and leaders of larger enterprises in late April 2009, to look at current indicators and evolving trends in detail, with a view to defining a vision for the local economy that would be central to a longer-term strategy and clearly defined in the revised Community Plan. Similarly, future revisions or additions to the Local Development Framework will need to accommodate possible structural changes emerging in the local economy.
- 3.13 The Outer London Commission has recently been established to explore how the outer London suburbs can play a full part in the economic success of the

city as a whole. It will make its initial report in June 2009, in time to feed into the review of the London Plan. It has outlined its intention to tackle its task in two ways: firstly, through statistical and other types of analysis and, secondly, through discussions with authoritative stakeholders. An initial consultation meeting, held in this borough in early March 2009, sought responses to wide-ranging questions, including the notion of identifying four or five growth hubs in Outer London with the potential for large scale economic growth over the next 20 years.

4. CONSULTATION

- 4.1 There has been discussion of the impacts of the recession at the LSP and with the Business Task Group and these discussions are reflected in the proposed Action Plan.
- 4.2 Recent factual and anecdotal information has been sought from partners, such as Job Centre Plus and the Citizens' Advice Bureau where reports confirm continuing trends in greater numbers seeking fewer jobs and more local people requiring debt advice.

5 FINANCIAL IMPLICATIONS

- 5.1 At the Cabinet meeting on 15th December 2008, it was agreed to spend up to £5,000 (from the economic development fund) to pay for a short series of seminars offering advice to small businesses on practical and financial ways of surviving a recession. A small part of this remains following the February seminars and will be used for further advice and support events for businesses, as needs are identified.
- 5.2 The Government has released a further (and expected to be final at this stage) £244k from the LABGI scheme. This has not currently been earmarked and the report recommends it is reserved to meet the cost of implementing specific initiatives aimed at supporting the local economy and the cost of implementing the new statutory economic assessment duty next year. Use of this fund would be subject to the approval of the Deputy Leader and Cabinet Member for Resources.

6. POLICY IMPLICATIONS/CONSIDERATIONS

- 6.1 A draft economic development strategy was considered by the LSP *Business, Skills, Employment Partnership*, on 2nd March 2009. The business partners decided not to proceed until there had been further debate with the LSP, in particular about the principles and objectives in the Community Plan 2007-2017 and their relevance to the current economic context.
- 6.2 The LSP agreed to update the Community Plan with an additional chapter setting out the longer term vision for tackling the economic downturn in the borough. The emerging guidance for the Comprehensive Area Assessment anticipates that how boroughs are tackling economic downturn will be a significant feature.
- 6.3 Meanwhile, the objectives to encourage business enterprise, skills' development and the visitor/hospitality sector (including preparation for London 2012 Olympics) under priority 6 of the Community Plan 2007 -2017, "*a vibrant and prosperous borough*" accord well with the London Mayor's

three key principles of *jobs, skills and growth*, on which the draft London Economic Development Strategy is being formulated, for circulation in late 2009. Pending more specific policy, the current local and emerging London-wide priorities provide the underlying guidance to proposed actions contained in this report.

- 6.4 The new duty on local authorities to undertake an economic assessment from 2010 will have considerable impact on the council's, and partners', future involvement in policies and actions affecting the local economy; this is discussed in Para 3.11.

7. RISK ASSESSMENT

The initiatives suggested in this report do not lead to any significant risks for the Council.

8. EQUALITY IMPACT/CONSIDERATIONS

All assistance and advice is promoted to all sectors of the business community. Initiatives to assist people into work and in relation to benefits are particularly relevant to equality objectives.

9. LEGAL IMPLICATIONS

Section 2 of the Local Government Act 2000 authorises the Council to take steps to promote the economic and social well-being of the borough in order to help some or all residents and others, which this report addresses. The effect of the proposed new duty being considered by Parliament is discussed in the body of the report.

10. ENVIRONMENTAL IMPACT ASSESSMENT

Green business and green travel advice are integral to the recommendation and actions contained in the report.

11. BACKGROUND DOCUMENTS:

Cabinet item Economic Downturn and Support to Small Business, 15th December 2008.

London Borough of Richmond upon Thames Economic Downturn Indicators for April 2009.

Various government papers and press releases, as referenced in the report.

12. CONTACTS

Councillor Serge Lourie, Leader and Cabinet Member for Strategy and Partnerships, cllr.slourie@richmond.gov.uk

Councillor Geoff Acton, Business Champion
cllr.gacton@richmond.gov.uk

Philip Wealthy, Head of Planning Policy and Design,
p.wealthy@richmond.gov.uk tel. 020 8891 7320

Sue Rippon, Consultant, Planning Policy and Design
s.rippon@richmond.gov.uk tel 020 8831 6219

APPENDIX 1 2009 Action Plan

APPENDIX 2 Drivers of change and structure to support economic development

This page is intentionally left blank