

Report to: Executive

Date: 2 February 2009

Report of: Chief Executive

Report No:

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Chief Executive

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Report Title: **Responding to the economic downturn**

**Confidential /
Non Confidential:**

(Non-Confidential) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose:

To allow the Executive to review the steps Bolton Council and its partners are taking to mitigate the impact of the economic downturn.

To identify options for future service development to further restrict the impact of the economic downturn on the borough and its residents.

Recommendations:

The Executive is recommended to:

1. Review and comment on the actions already being taken to limit the impact of the economic downturn on the borough.
2. Review and discuss the options for further action, as highlighted in section 5.
3. Ask the Development and Regeneration Policy Development Group to develop more detailed proposals for minimising the impact of the economic downturn locally, making recommendations to future Executive meetings.
4. Ask the Director of Corporate Resources to identify options for funding additional activity to address the impact of the economic downturn through mainstream or one-off budgets.

Decision:

Background Doc(s):

Signed:

Leader / Executive Member

Monitoring Officer

Date:

1. Background

- 1.1 Ensuring economic prosperity is of crucial importance to everyone in Bolton. It is pivotal to the delivery of the borough's community strategy and sits at the core of the work the Council does with its partners to raise the quality of life for people in Bolton.
- 1.2 In recent years Bolton Council's strategy for delivering economic prosperity has secured investment and fostered growth to make Bolton a more prosperous borough. This strong leadership is continuing in today's challenging economic climate.
- 1.3 This report provides an overview of the Council's coordinated approach to minimising the impact of the economic downturn on Bolton. It also highlights options for strengthening the response of the Council and its partners to the challenges facing the borough.

2. Latest data

- 2.1 Bolton's more diverse economic base means that the borough is better positioned to manage the impact of an economic downturn, when compared to previous slowdowns.
- 2.2 However recent data shows 5,985 people in Bolton were claiming Jobseekers' Allowance in December – 3.7% of the working age population, compared with 2.6% 12 months before. This is in line with increases in the rest of Greater Manchester.
- 2.3 HM Treasury forecasts that Jobseekers' Allowance claims are set to double by October 2009, so further rises in unemployment locally are anticipated.
- 2.4 The housing market has seen a significant slowdown. September house sales (most recent data) were 60% down on a year earlier, mirroring reductions sub-regionally and nationally. The Land Registry's House Price Index shows prices are 10% down in Bolton on a year ago compared to a 7% drop in Greater Manchester and a 12% fall nationally.
- 2.5 Repossession orders granted in Bolton Courts rose by 14%, to 588 between Q1 and Q3 2008. However, Bolton's courts often deal with out of borough cases. Council tax records show the number of unoccupied dwellings exempt from payment because they have been taken into possession by a mortgage lender is 132, compared to 126 in October 2008 and 52 in October 2007.

3. Key programmes and projects

- 3.1 Bolton's major developments remain key to the long-term prosperity of the borough, bringing large-scale investment and job opportunities. They include:
 - The £150 million development at Church Wharf, bringing a new cinema, new family homes, new hotel and new shops to the town centre

- The £110 million Central Street redevelopment, with new shops, apartments and car parking
 - The £300 million Bolton Innovation Zone: phase one alone includes a leisure centre, NHS diagnostic centre, further education college co-location and car parking facilities.
- 3.2 Maintaining progress on these major investment programmes is paramount to the long-term health of the local economy. Bolton Council will continue to provide strong support to these developments to maximise the benefit for local people.
- 3.3 Alongside these major schemes, a range of other projects are improving Bolton's economic infrastructure, allowing the borough to maximise its growth potential. Projects include the ongoing regeneration of Merchant's Place, Bruntwood's Atria project on Spa Road and the revamped Market Place.
- 3.4 Although the economic climate may result in some slippage in timescale or project reprofiling, the Council is working closely with its partners to progress these developments.
- 3.5 Public sector investment in Bolton is of critical importance to the local economy. Projects such as the new magistrates' court, the co-location of Bolton's further education colleges and the new sports and health diagnostic centre, will help stimulate the local economy, creating jobs and opportunities. Work continues to secure this substantial investment and accelerate development.

4. Responding to the economic downturn

- 4.1 In addition to the projects and programmes described in section 3, recent months has seen the Council develop a broad-based package of measures to respond to the economic slowdown.
- 4.2 These interventions have been designed to ensure that the Council and its partners are better able to continue delivering improvements against our key priorities, as set out in Bolton's Community Strategy 3 Year Plan – which includes targets to raise employment, boost access to affordable housing and increase economic activity.
- 4.3 An Economic Summit for Bolton, drawing together key private and public sector leaders, will be held on 10 February. The summit will identify how the Council and its partners can best support the local economy through the current turbulence. It will include discussions with banks on the availability of credit to local business. More events and networking opportunities will follow.
- 4.4 The actions taken so far in Bolton have been developed with regard to emerging national policy developments on the economic slowdown. Bolton is playing a full part in ongoing work with the North West Development Agency and the GM Commission for Economic Development, Employment and Skills to bring together national policy announcements into an agreed regional and sub-regional programme. This is reflected in the actions that have been taken so far by Bolton Council and its partners locally – which include:

Business Support

- A Business Bolton rapid response team has been created to coordinate the support provided to large business and their employees at times of economic difficulty. The purpose of this team is to mobilise and enhance the mainstream employment, skills, business development and property-based interventions of the Council, Jobcentre Plus and LSC before local companies reach crisis point.
- Bolton's Strategic Investor Fund is providing support to companies at critical times by assisting large employers through short-term difficulties and helping Bolton to attract and retain major employers.
- Business Bolton Account Management service is now in place for around 250 of Bolton's leading employers. This service provides a central point of contact with Business Bolton with all key employers, whilst over 100 new start business enquiries are supported each month.

Procurement from local suppliers

- Bolton Council is already a leader in Greater Manchester in procuring goods and services via local suppliers. The procurement process has been made more straightforward and a new online facility allows local businesses to receive automatic notification of new tenders. Workshops have been held to support local companies to bid successfully for tenders.
- Though the statutory deadline for invoice payment is 30 days following receipt, a number of routine payments are made within 10 days. Furthermore, the Council has accelerated payment for a dozen suppliers who are encountering difficulties – these requests are assessed on an individual basis.

Employment and skills

- Bolton's Work Shop is adapting its activities to meet the changing levels of need as more work-ready benefit claimants access the service. 300 people have accessed employment since April via the Work Shop. Better engagement with employers is continuing to identify vacancies, while our programmes are increasingly focusing on transferrable skills – particularly with those made redundant from manufacturing and construction sectors.
- The Council has strengthened its approach to supporting apprenticeships and training opportunities for young people. Projects targeting the most vulnerable young people – including looked after children – are supporting over 50 apprenticeships, with 20 additional opportunities identified this year. Further developments will be shaped with clear regard to new, but as yet unspecified, government policy announcements on reducing unemployment and improving training opportunities.

Affordable and accessible homes

- Working with the Homes and Communities Agency through the National Clearing House, vacant new-build properties are now being acquired through Registered Social Landlord partners to be let at affordable rents. The deal for the first 18 properties will be in Farnworth. More will follow.
- Where major new-build housing projects have slowed, Bolton is working with developers to fast-track the construction of affordable homes. Work began in November on 19 such homes in Horwich which would otherwise have been

delayed.

Developing new housing

- Bolton is the only council in Greater Manchester outside of the urban core to gain Housing Growth Points status, bringing £2-2.5 million of investment over the next two years to help ease problems of housing access and affordability. Bolton's Housing Growth Points status will raise the number of new build homes in Bolton by 20%, to a target of 694 per year.
- Bolton's proposals for Transforming Estates are awaiting formal feedback from HM Treasury and Department for Communities and Local Government. If approved, this programme will utilise land on existing estates to build new mixed-tenure housing, while a broader package of interventions to reduce disadvantage and inequality will also be delivered – raising skills, reducing worklessness and stimulating enterprise.

Advice and support services

- Bolton's money advice services (delivered via Quids In Money Skills) are being brought together with the Home Ownership Advice Team, working with 3-4 new cases per week (49 in total since September).
- Early support is key to preventing repossessions and managing debt. But most cases only reach advice services when repossession is near. Little data is available detailing the numbers of homes at risk of repossession. GONW is working with the Council of Mortgage Lenders to improve this, so support and advice can be better targeted.

5. Next steps: options

- 5.1 As the economic picture continues to evolve, so does the response of the Council and its partners. A wide range of options are currently under consideration for further development.
- 5.2 Sources of financial support for this additional activity are currently being explored and will be considered fully as part of the Council's budget process, for both mainstream and one-off grant funding, for the new financial year. The options under consideration include:

Business support

- More active promotion of business rate relief to small businesses, increasing take-up and reducing cost pressures on local enterprise.
- Strengthening account management capacity to allow Business Bolton to offer comprehensive support to more companies outside the top 250 employers, improving local links between Business Link and GM Chamber services/interventions.
- Expanding the Strategic Investor Fund. This flexible fund is critical to securing and retaining investment and jobs in Bolton. It does this by gaining the commitment of investors and key occupiers locating and expanding in Bolton.

Business accommodation

- Examine options to provide rent relief to businesses on industrial estates which feature larger numbers of vacant units. This could help foster the growth of more local enterprises and boost unit occupancy rates.
- Work with private sector partners in Bolton's main retail districts to improve the marketing and appearance of vacant shop units, minimising the potential negative visual impact.

Capital investment

- Confirm capital funding for Bolton's major public sector investment projects, such as the new town centre further education campus, transport interchange, Bolton's secondary Building Schools for the Future bid and the borough's Transforming Estates programme.
- When confirmed, additional project management capacity may be required to ensure that capital projects can be accelerated to deliver maximum benefit for local people and the local economy.

Employment and skills

- Expand existing employment and support interventions in response to rising unemployment levels in tandem with recent welcome, though still non-detailed, government announcements. Options include improving outreach (using mobile advice and support units in Bolton's worklessness hotspots); and establishing a "Workshop" presence in Farnworth, where unemployment has remained high despite strong jobs growth in recent years.

Procurement from local suppliers

- Begin work to review opportunities to procure more goods and services through local suppliers, generating extra income for the Bolton economy. This will need to be balanced with the Council's drive for better value for money.
- Extend the availability of faster payment to all suppliers (from 30 days payment to 10 days) – however the impact of this on the Council's own cashflow needs to be considered.

Affordable and accessible homes

- Explore options to use section 106 monies, normally utilised for building new affordable homes (excluding those ringfenced for Town Centre public realm works), to provide deposits – via an interest-free loan – to would-be homeowners who can no longer access mortgages.

Advice and support

- Present debt and housing advice services are stretched. Citizens' Advice Bureau has a six week waiting list for debt appointments. Advisory services are not widely advertised as existing demand, derived largely from referrals from other services, is struggling to be met.
- Use existing publications (such as Bolton Scene) to provide tips to local people on reducing the impact of the economic downturn and how they can access advice and support.
- Bolton has applied to fast-track the government's new mortgage rescue scheme, alongside Plum Life RSL, who will coordinate publicity. The scheme provides support only if the lender has exhausted all other options and only

for properties worth under £125,000. A small number of eligible cases are expected in Bolton – including some homes purchased under Right to Buy legislation that remain in the discount repayment period.

- Make greater use of existing access points – such as Children’s Centres and the facilities of partner agencies – to provide more employment support and debt advice.

6. Recommendations

The Executive is recommended to:

- Review and comment on the actions already being taken to limit the impact of the economic downturn on the borough
- Review and discuss the options for further action, highlighted in section 5
- Ask the Development and Regeneration Policy Development Group to develop more detailed proposals for minimising the impact of the economic downturn locally, making recommendations to future Executive meetings.
- Ask the Director of Corporate Resources to identify options for funding additional activity to address the impact of the economic downturn either through mainstream or one-off budgets.