
Report To:	Policy & Resources Committee	Date:	17 November 2009
Report By:	Corporate Director Improvement and Performance	Report No:	POL/51/09/PW
Contact Officers:	Paul Wallace	Contact No:	01475 712700
Subject:	Responding to the Economic Downturn – Progress Report		

1.0 PURPOSE

- 1.1 The purpose of this Report is to provide an update on how the Council is seeking to manage the impact of the economic downturn at a corporate and service level.
- 1.2 The Report provides an update on progress with the Action Plan approved by Committee in May 2009 (Appendix 1) and seeks approval for a set of indicators which will help assess the impact of the economic downturn on the Council (Appendix 2).

2.0 SUMMARY

- 2.1 Policy and Resources Committee considered an initial report on 31 March 2009 which outlined the potential risks for the Council at both a corporate and service level of the current economic downturn.
- 2.2 It was agreed that an Action Plan should be prepared which focused on maintaining investment programmes and services in the medium term; reviewing governance frameworks, policies and delivery arrangements where appropriate; and ensuring the Council can effectively manage through the economic downturn and prepare for the recovery.
- 2.3 A further report was submitted to Committee on 26 May 2009 which included an Action Plan developed by the Working Group who had reviewed relevant information from across the organisation.
- 2.4 The Working Group has continued to meet on a regular basis to monitor progress against the Action Plan and consider any other relevant issues for the Council with regard to the economic downturn.
- 2.5 The Working Group agreed during the development of the Action Plan that it would be useful to establish a set of indicators which covered key service areas downturn to help assess the impact of the downturn on the Council.
- 2.6 These indicators have now been identified and agreed by the Working Group and the first batch of information has been gathered from services (Appendix 2).
- 2.7 The Working Group recognise that no single indicator can be used to measure whether the area is beginning to emerge from the economic downturn – in the same way although all of the indicators for a particular period could be positive, it is only after they have been analysed over a reasonable period of time, to establish if there is a clear trend, that any judgement can be made.
- 2.8 Appendix 2 shows the position at 1/10/09 compared to 1/4/09 - of the nine indicators identified by the Working Group six would appear to show the economic situation is worse than six months ago, two are about the same and one (Building Warrants) has improved.
- 2.9 It is proposed that this information will be gathered on a quarterly basis and reported, along with any relevant comment or analysis, to Committee through the Corporate Performance Report.

3.0 RECOMMENDATIONS

3.1 It is recommended that Committee:

- a. note the positive progress made with regard to the Action Plan set out in Appendix 1; and
- b. approve the indicators detailed in Appendix 2 and agree that these will be reported on a quarterly basis through the Corporate Performance Report.

Paul Wallace
Corporate Director
Improvement and Performance

4.0 BACKGROUND

- 4.1 Policy and Resources Committee considered an initial report on 31 March 2009 which outlined the potential risks for the Council at a corporate and service level of the current economic downturn.
- 4.2 The Committee agreed that an Action Plan should be prepared which focused on maintaining investment programmes and services in the medium term; reviewing governance frameworks, policies and delivery arrangements where appropriate; and ensuring the Council can effectively manage through the economic downturn and prepare for the recovery.
- 4.3 A further report was submitted to Committee on 26 May 2009 which included an Action Plan developed by the Working Group who had reviewed relevant information from across the Council.
- 4.4 The Working Group has continued to meet on a regular basis to monitor progress against the Action Plan and consider any other relevant issues for the Council with regard to the downturn.
- 4.5 The Working Group agreed during the development of the Action Plan that it would be useful to establish a set of indicators which covered key service areas downturn to help assess the impact of the downturn on the Council.
- 4.6 These indicators have now been identified and agreed by the Working Group and the first batch of information has been gathered from services (Appendix 2).
- 4.7 The Working Group recognise that no single indicator can be used to measure whether the area is beginning to emerge from the economic downturn – in the same way although all of the indicators for a particular period could be positive, it is only after they have been analysed over a reasonable period of time, to establish if there is a clear trend, that any judgement can be made.
- 4.8 Appendix 2 shows the position at 1/10/09 compared to 1/4/09 - of the nine indicators identified by the Working Group six would appear to show the economic situation is worse than six months ago, two are about the same and one (Building Warrants) has improved.
- 4.9 It is proposed that this information will be gathered on a quarterly basis and reported, along with any relevant comment or analysis, to Committee through the Corporate Performance Report.

5.0 IMPLICATIONS

- 5.1 There are no direct HR, Legal or Equalities issues arising from this Report - any financial implications arising from the Report will be managed from within existing resources.

6.0 CONSULTATION

The Working Group and other relevant officers were consulted in the preparation of this Report.

Appendix 1

Responding to the Economic Downturn – Action Plan Maintaining Investment Programmes and Services in the Medium Term

Potential Risk	Mitigating Action	Lead Officer/Group	Timescale	Update
Downturn has negative impact on ability of Council to deliver key investment programmes such as SEMP, Key Leisure Sites or commitments to Riverside Inverclyde.	<p>The detailed funding models for these key investment programmes are incorporated in the Financial Strategy.</p> <p>The Financial Strategy is currently being reviewed and a revised version will be submitted for approval to the Special Policy & Resources Committee on 16 June 2009.</p>	CMT/Chief Financial Officer	<p>16 June 2009</p> <p>Next review of FS scheduled for Autumn 2009.</p>	<p>Revised FS approved by Committee June 2009</p> <p>FS and key funding models are monitored on an ongoing basis.</p> <p>FS will be reviewed as part of budget process by December 2009.</p>
Downturn has a negative impact on income streams such as Council Tax, NDR, Commercial/Industrial Rents and income from Planning Fees which undermines the agreed Budget and affects service delivery.	<p>These income streams have been recognised by the CMT as an important element of the Budget and are monitored on a monthly basis.</p> <p>Any significant issues will be flagged up in the regular monitoring reports submitted to Committee.</p>	CMT/Chief Financial Officer	Monthly	<p>These income streams are monitored on an ongoing basis through the budget monitoring process and reviewed monthly by CMT.</p> <p>Any issues are flagged up in regular monitoring reports to Committee.</p>
Downturn generates increased costs at a corporate and service level and reduces the ability of the Council to dispose of assets.	Robust budget monitoring on an ongoing basis coupled with a focus on identifying and securing further efficiencies by CMT is a key element of the 2009/2011 Budget	CMT/DMTs	<p>Ongoing</p> <p>Proposals from Directorates to achieve 1% efficiency target to Committee in September 2009.</p>	<p>Ongoing</p> <p>Efficiency savings to deliver 1% target agreed in September 2009.</p>

Appendix 1

	Council recognised issues regarding disposal of assets and made provision in 2009/2011 Budget to sustain Capital Programme in lieu of capital receipts.	Corporate Director Regeneration and Resources/ Chief Financial Officer	Ongoing through CPIG	Ongoing – proposals on asset mgt to Committee in November 2009.
Downturn creates increased demand for services in the short term, e.g. Economic and Social Regeneration, in the short term.	Reports have been submitted to Regeneration Committee outlining additional activity been undertaken by Economic and Social Regeneration to support local businesses and allocating additional resources.	Head of Economic and Social Regeneration	Ongoing.	Report outlining current position of local labour market submitted to Regeneration Committee in October 2009.
Downturn impacts in the medium term on services such as Education or Social Care where, in addition to changes in demand driven by demographic change and policy pressures, there is likely to be an increase in demand for advice, mental health and addiction services.	Demand trends are being monitored on an ongoing basis and although there would appear to be a general upward trend in referrals across the board the most significant is for financial and debt advice where new cases in 2007/08 were 437 and in 2008/09 479 - a 9% increase.	Corporate Directors/DMTs	Ongoing – issues will be flagged up to CMT and the relevant Committee.	Information on demand for free school meals and debt advice has been incorporated into indicators developed by Working Group.
Downturn negatively impacts on funding available to the Council.	Develop coherent, corporate approach to charging and income generation.	Corporate Director Regeneration and Resources/ Chief Financial Officer	Agreed in 2009/11 Budget, to be in place by Autumn 2010.	Work will begin in early 2010 to allow proposals to be included in the 2011/2014 Budget.

Appendix 1

	Maximise external funding from sources such as the Town Centre Regeneration Fund or the various Lottery Funds to supplement existing resources and support the delivery of agreed outcomes.	External Funding Group	Ongoing.	External Funding Group set up by CMT to take overview of all bids for external funding, meets on a regular basis.
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Appendix 1

Responding to the Economic Downturn – Action Plan Reviewing governance frameworks, policies and delivery arrangements

Potential Risk	Mitigating Action	Lead Officer/Group	Timescale	Update
Downturn could impact negatively on relationships with key suppliers resulting in problems of supply chain sustainability, contract disputes and need to renegotiate contracts.	Services need to review position with regard to key suppliers and assess terms and conditions of contracts.	DMTs	September 2009	No issues identified
	Review approach to resolution of disputes with suppliers to ensure position of Council is protected.	Head of Legal and Administration	September 2009	Ongoing
Downturn could impact on policies or programmes currently in place to replace or upgrade plant or equipment.	ICT already reviewing existing refresh programmes to extend lifecycle of existing asset base.	Head of ICT and Business Transformation	September 2009	ICT Capital Programme currently under review.
	Fleet and plant will be addressed as part of fleet management review.	Corporate Director Environment and Community Protection	Report submitted to Special P&R Committee in June 2009	Report approved
Downturn could generate need for amendment of existing, or creation of new, policies and processes on interaction with local businesses.	Review policies and processes currently in place with regard to interaction with local businesses to establish need for change.	DMTs	September 2009	No issues flagged up. NDR Deferral Scheme in place and applications being processed.

Appendix 1

<p>Downturn could impact on approach adopted by Council to procurement.</p>	<p>Strategic Procurement Framework (SPF) to P&R Committee on 26 May 2009.</p> <p>Adopt new approach to advertising contacts through national portal and Council Website.</p>	<p>Head of Performance Management and Procurement</p>	<p>September 2009</p>	<p>SPF was agreed by P&R Committee 22 Sept 2009.</p> <p>Being addressed through pilot project evaluating benefits of national portal and .Council Website.</p>
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Appendix 1

Responding to the Economic Downturn – Action Plan

Effectively managing through the economic downturn and prepare for the recovery

Potential Risk	Mitigating Action	Lead Officer/Group	Timescale	Update
Council does not manage impacts of downturn effectively.	<p>CMT will consider action plan at monthly budget meeting and identify any remedial action required.</p> <p>Working Group will continue to meet on a regular basis to consider issues and advise CMT and Members.</p>	<p>Corporate Management Team</p> <p>Working Group</p>	<p>Monthly</p> <p>Ongoing</p>	<p>CMT addresses any relevant issues as part of monthly meeting.</p> <p>Working Group has met regularly from March 09 to review progress on action plan.</p>
Council does not plan effectively for the recovery.	<p>Working Group to develop relevant indicators from across organisation to track impact of downturn and identify opportunities to take positive action.</p> <p>Working Group will continue to meet on a regular basis to consider issues and advise CMT and Members.</p>	Working Group	Ongoing	Initial indicators identified in August 2009 – final list to P&R Committee for agreement in Nov 2009.

Economic Downturn – Recovery Indicators

<u>Measure</u>	<u>What it tells us about any recovery</u>	<u>Owner</u>	<u>Position as at 1/4/09</u>	<u>Position as at 1/7/09</u>	<u>Position as at 1/10/09</u>	<u>Position as at 1/1/10</u>
1/ Retail Price Index Inflation	Increasing RPI would indicate increasing demands for goods, housing, staffing & therefore recovery.	A Puckrin	-0.4%	-1.6%	-1.4%	
2/ Building Inflation 'All In tender Price Index' (TPI) from Building Cost Information Service (* - forecast)	Increasing TPI would indicate increasing demand in construction sector.	J Lynch Index % Increase pa	228 (7.69)*	223 (9.72)*	219 (12.05)*	
3/ Job Seekers Allowance • Claimant Numbers	Reduction could indicate recovery.	S Jamieson	2679	3031	2708	
4/ Households in receipt of Council Tax Benefit - • Number • %	Links to JSA measure above Reductions indicate recovery.	F Borthwick	10322 26.4%	10633 27.1%	11197 28.4%	
5/Number of Children in Receipt of Free School Meals	A reduction in the number of pupils in receipt of Free School Meals could mean fewer families in receipt of qualifying benefits.	C Struthers	2352 pupils eligible to receive free school meals	0 (school session ended)	2638 pupils (note 329 of this total due to new eligibility criterion)	
6/ Property Enquiries	Higher numbers of enquiries would indicate increased economic activity.	S Jamieson	7 in Qtr	7 in Qtr	8 in Qtr	

<p>7/ Building Warrants Processed</p> <ul style="list-style-type: none"> • Major • Minor 	<p>Increases in warrants could indicate increased economic activity.</p>	<p>F Williamson</p>	<p>Major: 13 (£79,798)</p> <p>Minor: 119 (£25,164)</p>	<p>Major: 12 (£38,383)</p> <p>Minor: 142 (£30,095)</p>	<p>Major: 15 (£50,072)</p> <p>Minor: 152 (£29,606)</p>	
<p>8/ Average number of Job Applications per externally advertised vacancy</p> <ul style="list-style-type: none"> • Grade C/D • Grade E/H • Grade I/O 	<p>Increased numbers of individuals applying for jobs indicates fewer jobs available.</p>	<p>A Moore</p>	<ul style="list-style-type: none"> • 6 • 27 • 27 	<ul style="list-style-type: none"> • 53 • 26 • 16 	<ul style="list-style-type: none"> • 41 • 37 • 66 	
<p>9/ Financial & Debt Advice Referrals</p> <ul style="list-style-type: none"> • Numbers 	<p>Significant increase of “in-work” people/households presenting with debt which cannot be refinanced, particularly mortgage debt</p> <p>Increasing demand for service with more complex cases, including personal bankruptcy.</p> <p>People carrying far greater levels of personal and household debt than in previous recession (early ‘90’s).</p>	<p>B Billings</p> <p>Money Advice/debt</p> <p>Benefits advice</p>	<p>460</p> <p>190</p>	<p>510</p> <p>355</p>	<p>483</p> <p>321</p>	