

FALKIRK COUNCIL

Subject: ECONOMIC DOWNTURN – ACTION PLAN
Meeting: POLICY & RESOURCES COMMITTEE
Date: 13th JANUARY 2009
Author: CHIEF EXECUTIVE

1. INTRODUCTION

- 1.1 At its meeting on 10th December 2008 the Council approved an Action Plan to help address the economic downturn. Arrangements for delivery of the Action Plan are now underway. During consideration of this matter the Council also agreed to consider a number of other measures aimed at ameliorating the impact of the downturn in the local area and requested the submission of a report on those measures to this meeting of the Policy & Resources Committee.
- 1.2 This report details these measures and provides comments, recommendations and a set of Intended Actions in respect of each of the additional items after consultation with the Directors of Finance and Corporate & Neighbourhood Services.

2. ACTION PLAN: ADDITIONAL ITEMS

- 2.1 The approved Action Plan (Appendix 1) promotes a positive package of support for local businesses, including grant support, the provision of business health checks and networking events.
- 2.2 Granting tenants of Council-owned business property the option of a rent freeze for two financial years or a re-scheduling of rental payments over the course of the lease.**
- 2.2.1 The principle of assisting companies through control of rental costs is worthwhile at this time. It reflects practice that is adopted by the Council for viable companies facing financial pressures. The option of introducing a rent freeze was considered prior to the drafting of the report considered by Council on 10th December but it was not recommended for the following principal reasons:
- The Council has a responsibility to all businesses in its administrative area, not just its business tenants.
 - In many circumstances the economic downturn will naturally lead to nil rental uplifts.
 - Adoption of this option would potentially have an adverse impact on the Council's revenue budget.
 - The option would only be relevant to a relatively small number of businesses; and

- Adoption of the option would potentially bring the Council into conflict with the private sector.

Where it is required, rental re-scheduling can be implemented, if officers are satisfied that the business is viable and is actively pursuing other actions to address short-term trading difficulties.

- 2.2.3 It is recognised that business rent supports can be an important factor for some companies at this time. And therefore action will be initiated to:-

Intended Action:

- *Instruct Officers engaged in rent negotiations to be alert to the financial circumstances facing local companies; and*
- *Liaise with FEAT to ensure that any actions taken on rent are complementary to other business support.*

2.3 Accelerating other projects in Falkirk Council's capital programme in addition to the £600,000 already earmarked for economic development projects.

- 2.3.1 The principle of maintaining capital expenditure and where possible accelerating projects is supported and avenues to achieve this are being investigated. There is currently dialogue taking place between Councils, CoSLA and the Scottish Government to accelerate capital grant from 2010/11 to 2009/10. Virtually all Councils, including Falkirk, have agreed to this. Once a firm offer of grant is received, including assessment of conditions, this will be matched with the Council's potential to advance projects, taking account of any delivery constraints e.g. planning matters.

2.3.2 *Intended Action:*

- *Liaise with Scottish Government on acceleration of capital grants; and*
- *Monitoring of capital programme to maintain schedule of commitments.*

2.4 Improving tendering and procurement procedures which, within legal constraints, are sympathetic to the needs of the local business community, including full implementation of Falkirk Council's local procurement policy.

- 2.4.1 Local procurement is an acknowledged means of assisting local companies. The Council's Corporate Procurement Strategy sets out the framework within which the Council procures goods and services. An essential element of the strategy is how the Council's revenue and capital budget expenditure can support the local economy. In particular, the "How To Do Business Guide", which will continue to be widely distributed to the local business community, provides information for businesses on how to learn about and respond to tendering opportunities and how tenders are awarded.

- 2.4.2 Council contract opportunities can be accessed through www.falkirk.gov.uk or www.falkirkonline.net Businesses can browse contract information and full tender documents can be easily and quickly downloaded. Also, individual Council

Services are investigating all non-contracted expenditure outwith local postcodes with a view to determining if enhanced economic benefits could be achieved by such expenditure being awarded to local businesses.

- 2.4.3 In addition, the Council's Central Purchasing Team is moving towards communicating contracts through the Scottish Government's Advertising Portal as well as the Official Journal of the European Union, where appropriate. This will be augmented for local businesses, also where appropriate, by contract advertising in the Falkirk Herald.

2.4.4. Intended Action:

- *Distribute 'How to do Business Guide' to local companies;*
- *Investigate purchasing outwith local postcode;*
- *Local promotion of contract details.*

2.5 The implementation of a short-term loan guarantee programme to assist otherwise sustainable businesses over short to medium term credit and cash flow challenges. The principle of assisting companies with access to credit and funds to maintain cashflow is supported.

- 2.5.1 Local businesses can currently apply for funding through the BP Loan Fund and the Council's Business Support Grant delivered on its behalf by Falkirk Enterprise Action Trust (FEAT). The BP Loan Fund currently has funds available for companies seeking to sustain their activities during the downturn. Awards are normally c£10,000 and can be matched to bank loans or other loan fund assistance.

- 2.5.2 Loan guarantees, afforded to businesses that otherwise would not be supported in normal circumstances by traditional lending institutions may present issues of high default rates and potential loss of public funds which would have to met by the council tax payer. In light of the fact that funds are available in the BP Loan Fund, it is considered that this permits sufficient cover at this stage. This fund may need to be increased in future years should demand increase significantly and options for progressing this need to be examined.

Intended Action:

- *Promotion of BP Business Loan Fund support to local companies; and*
- *Review requirement to increase the Loan Fund in future years.*

2.6 The provision of discretionary support for non-VAT businesses falling below current financial aid thresholds.

- 2.6.2 Members are asked to note that the original Scottish Enterprise Business Gateway contract was recently varied, after consultation with Stirling and Clackmannanshire Councils and the contractor, to provide more 'one-to-one' business advice and support to start-ups and existing businesses. Non-VAT start-up and established businesses can now receive discretionary support under the Business Gateway contract and/or through the Council's business support activity delivered through FEAT. Examples include business start-up information sessions, website support and advice, access to the BP Business Loan Fund and

‘universal’ products provided by Scottish Enterprise and other public sector agencies e.g. free energy saving advice. This demand will need to be monitored over the course of the Business Gateway contract period.

Intended Action:

- *Monitoring of additional demand for support for non-VAT businesses.*

2.7 Implementing accelerated invoice payments by Falkirk Council to local businesses.

2.7.1 A rapid response to requests for payment is an important means of assisting with cashflow. The Council endeavours to pay all its suppliers within thirty days or other agreed timescale. This is monitored as a Statutory Performance Indicator by the Accounts Commission. In 2007/08, the Council paid 87.3% of a total of around 200,000 invoices on time. Performance in the current year to date has increased to 88.5%.

2.7.2 Intended Action:

- *Services to continue to monitor payment of all invoices to ensure prompt payment and to seek to address any areas that cause delays in processing of payments.*

2.8 Implementing a ‘Keep Business Local’ campaign.

2.8.1 The Council already attempts to spend as much as possible of its revenue and capital budgets with local business as legal and best value guidelines allow. The Action Plan agreed by Council on 10th December includes actions to support local independent retailers. This will involve FEAT, Town Centre Management Ltd and the Council and will build on the ‘Check It Out’ campaign already being run by the Council-supported town centre management company to encourage people to shop locally.

2.8.2 Intended Action:

- *Engage with Town Centre Management and Business Panel on local purchasing and promotion of local retailing.*

2.9 Facilitating a summit meeting and ongoing dialogue with local banking officials to ensure their support for the local business community.

2.9.1 The principal means of maintaining cashflow for companies is through the support of their bank. There is undoubted value in establishing the means of support being offered by local banks. A special meeting of the Business Panel Leadership Group is to be held on 8th January to outline the key points of the Action Plan and agree how best to ensure the information reaches businesses requiring assistance. FEAT already holds liaison meetings, attended by Council officers, with business advisers – banking officials, accountants, lawyers etc. The next such event for business intermediaries is scheduled for 17th February. In addition, the Council-agreed Action Plan also proposes a Landlord’s Forum, retailer events and tourism providers meetings. The Council will continue to

engage with all business community stakeholders to ensure their continued and ongoing support for local businesses.

2.9.2 Intended Action:

- *Meeting with local financial bodies and Business Panel Members*
- *Meeting with other Landlords*

3. CONCLUSION

- 3.1 The Action Plan agreed by Council on 10th December 2008 provides a comprehensive and realistic business-focused response to the current economic downturn. The additional items to support the local economy and businesses are generally supported and the intended actions set out in this report will be encompassed within the Action Plan and addressed through the business support measures delivered by FEAT/Business Gateway, Town Centre Management, the Business Panel and the Council

4. RECOMMENDATIONS

4.1 It is recommended that Committee:-

- (i) Notes comments and intended actions for the suggested additional items of business support covered by this report; and
- (ii) Agrees that the existing business support services together with the Action Plan provide a positive range of support for local businesses in the current financial climate.

.....
Chief Executive

6th January 2009

Contact Officer: Mary Pitcaithly Ext: 6002.

LIST OF BACKGROUND PAPERS

1. Council report “Economic Downturn: Action Plan,” 10th December 2008.

Anyone wishing to inspect the background papers listed above should telephone 01324 506002 and ask for Mary Pitcaithly.

APPENDIX 1

Falkirk Council Action Plan for the Economic Downturn

Action	Responsibility	Timescale	Intended Outcome
<p>a) Promote a package of local business support assistance delivered via the Business Gateway and the Joint Working Agreement with FEAT, including:</p> <ul style="list-style-type: none"> Undertake a programme of business health checks/business development reviews and grant support to assist companies to identify areas to, for example, access financial support (e.g. Loan Funds, Hardship relief, overdraft or cash flow finance, external grant assistance), generate increased income (e.g. through marketing or promotion), and reduce operating costs. (Cost £60k) Assist businesses to access support, financial and non-financial, from non-Business Gateway sources, where available. (Nil cost) Implement, with FEAT, a local marketing campaign to promote Business Gateway services to start-up and existing businesses.(£10k) Facilitate waste management and energy efficiency audits for Council commercial tenants to help reduce business costs. (Nil cost) Convene a forum of Falkirk Council area property landlords to exchange views and agree actions during the economic downturn period. (Nil cost) Continue to provide property-related support and assistance to Council commercial tenants. (Nil cost) Conduct a series of networking opportunities for 	Community Services/FEAT/Business Panel	2009-10	<p>50+ Businesses assisted</p> <p>Financial savings to business</p> <p>Jobs safeguarded</p>

local companies via the Falkirk Business Panel			
b) Assist local retailers, by asserting the value of shopping locally, promoting town centres, and progressing town centre regeneration <ul style="list-style-type: none"> Establish a programme to support independent retailers to improve their trading performance. (£30k) Support and advice in accessing rates relief and other business support (Nil cost) Networking events for local retailers (Nil cost) 	Community Services/Town Centre Management	2009-10	Businesses assisted Financial savings to business Jobs safeguarded Trading levels sustained
c) Review the Council's responsiveness to business in : <ul style="list-style-type: none"> advice services, speed of decision-making and delegation exercise of regulatory powers. 	Chief Executive	March 2009	Improved access to business advice Improved speed of decision-making for business
d) Initiating a programme to promote local tourism <ul style="list-style-type: none"> upgrade local tourist signage, programme of local events 	Community Services/Development Services	2009-10	Improved access to tourist facilities Increased visitor numbers
e) Pursue the case for accelerated capital investment and progress the necessary planning and design work for investment under the recently announced Scottish Government capital programme fund to upgrade infrastructure links at: <ul style="list-style-type: none"> the A801 Avon Gorge the Grangemouth Port/Freight Hub and Petrochemical complex Motorway junctions (M9, M876) 	Development Services	2009	Improved access to Falkirk area Increased infrastructure investment

<p>f) Promote investment in new affordable housing and stimulate new housing development through:</p> <ul style="list-style-type: none"> • developing 300 affordable houses in the next three years • developing partnerships with local RSLs and other housing agencies to deliver new homes for rent or low cost home ownership • conducting a Seminar with housing agencies, including Homes for Scotland to stimulate investment in house construction; • exploring opportunities for house construction on development sites • including community benefits clauses to new investment contracts 	Corporate & Neighbourhood Services / Development Services	2009-10	<p>New Affordable Housing construction</p> <p>Investment levels in housing</p> <p>Community benefits achieved</p>
g) Seek to accelerate £600,000 of its planned investment in business property through the capital programme	Community/Finance Services	2009-10	Investment in business property
h) Adopt a flexible response to maintain investment in regeneration schemes, extending timescales for delivery and reviewing upfront infrastructure commitments;	Community/Development /Law & Administration	2009-10	Investment levels maintained in regeneration
i) Extend the flexibility of the Council's approach to planning – reviewing the Council's approach to Section75 agreements and material considerations in planning applications to attract investment and maintain jobs;	Development Services	2009-10	Investment in construction activity
j) Review access to jobs locally and redundancy support services to ensure a continuing co-ordinated response to unemployment, including a PACE event in January for people recently affected by redundancy.	Community/Social Work /Corporate & Neighbourhood Services	March 2009	Improved access to advice services
k) Assisting local companies to access training advice and support, particularly to engage young people in pre-vocational and apprenticeship programmes;	Community/Education Services	2009-10	Training places secured

l) Engage money advice and social services to assist in directing enquiries for increased support and assistance to meet local needs.	Community/Social Work /Corporate & Neighbourhood Services /CABx	March 2009	Improved access to advice services
---	--	------------	------------------------------------