

Economic downturn report April 2009

Summary

The major financial impacts on the Council are currently:

- the impact of low interest rates – estimated £600k loss of interest in 2008/09
- difficulty in generating capital receipts – £100k Right To Buy shortfall, £1.11m Education shortfall and only £2m in 2008/09 towards the '£100m' medium term target

Other potential impacts which are risks:

- loss of income from parking, land charges, planning, heritage, rents and Council Tax – these are not very significant as yet, but continue to be closely monitored. £300k to £500k loss of income looks likely but this may increase if the recession deepens.

In the medium term when the recession ends the major impacts will be re the pension fund deficit and the squeeze on public expenditure - which are covered in the budget report. The cumulative impact will require a radical reshaping of local public services.

Concerns:

- Unemployment is rising sharply, with numbers of JSA claimants more than doubling in the last 12 months (a rise of more than 1100)
- The numbers of unfilled job vacancies are well down on last year's numbers
- Live benefits claims are up 7% since June (to Feb)
- Parking income shows a small increase over last year but is below estimated figures and given an increase in charges is indicating a reduction in real terms. Any variation in parking is significant as the income figures are large.
- After previously holding up well, numbers of planning applications are now decreasing. Feb's total of 125 was the lowest for at least 3 years.
- Since Christmas there have been a very high number of applications for the Homeseach register. Demand for affordable housing by this route continues to greatly exceed the small supply available

Positives:

- The number of museum and gallery visitors remains at similar levels to last year. The Fashion Museum and the Victoria Art Gallery have managed to increase numbers of visitors. The Roman Baths visitor numbers are still around the same levels as last year.
- The number of empty shops within the commercial estate is relatively small.
- Prevention activities are keeping the numbers of people in temporary accommodation on a downward trend
- The number of contacts with the Council remain comparable to last year

Actions taken

Local Strategic Partnership (LSP)

- The LSP meeting in February was a workshop session that asked LSP members to consider what impacts the recession is having on their day to day business and how as a result, the LSP could begin to do things differently in the short, medium and

long term. A number of suggestions were received and a small working group has been formed to work up some of the ideas in more detail. The group contains organisations such as Connexions (who are seeing rising numbers of young people not in education, employment or training) and the Federation of Small Businesses. The group will be meeting for the first time in April.

- The business sector representation on the Local Strategic Partnership is working on identifying the economic issues that are affecting the sector at the moment. This information will be fed into the Sustainable Community Strategy, therefore helping to ensure that it captures sufficient detail of the impact the recession.

Council and partners providing advice and support

- The latest Council News has a recession pull-out section providing a wide range of advice and contacts for further advice and support
- Similar information is provided on the Council's website <http://www.bathnes.gov.uk/BathNES/recessionadvice>

Businesses and advice

- A mail-shot has been sent to over 8,200 businesses in the District, which includes an information sheet setting out the advice and support which is available and a survey designed to capture feedback from businesses on their current needs: the results of the survey will be used to help shape the future delivery of business support services from the Council and our key partners.
- Business Breakfasts are planned for Bath, Keynsham and Midsomer Norton to bring together businesses and key local organisations to discuss the impact of the recession on their area and to highlight measures that could be undertaken locally.
- An assessment has been commissioned of the impact of the recession on the B&NES economy, how and when the area may start to recover and what actions the Council and its partners may wish to consider in order to assist the recovery.
- Through the ongoing West at Work project, in which the Council is a partner along with our neighbouring unitary authorities, the Learning and Skills Council, Job Centre Plus, the Regional Development Agency and Business Link, co-ordinated action is being taken to:
 - Engage with and assist businesses who are planning or considering workforce reductions to identify potential alternatives and/or offer support to employees who may be affected;
 - Work with the developers and future occupiers of the Southgate scheme to provide opportunities for local residents to train for, and gain employment in, the new development.
- GWE Business West, with the support of the Council, are piloting Credit Crunch Clinics, offering one-to-one specialist advice to local businesses and are in discussions with Business Link on the roll out of Retail Advice Clinics in Midsomer Norton and Keynsham.
- The Business Matters website (www.business-matters.biz), which the Council maintains in partnership with local Chambers of Commerce, the Federation of Small Business and GWE Business West, has been updated to include a Recession Advice page where businesses can access the latest information on the support and advice available to them.
- Nationally, Business Link also provides a range of advice and support which can be accessed through their website (www.businesslinksw.co.uk/creditcrunch) or through the local offices of GWE Business West, the Council's business support partner, in Bath and Midsomer Norton.

Other

- Parking charges have been held at 2008/9 levels whilst proposals for any changes are developed and these will be the subject of consultation with businesses etc prior to any decision being made on changes
- The Podium has been granted consent to offer "half price" parking on Sundays in an effort to stimulate the local economy
- Council services have recruited a number of apprentices to meet business needs and further developments in this area are planned
- Council News has publicised contact details for "window licenses" for empty premises. These can be given to individuals or organisations to promote charitable or community events. Local artists may also display their work.

(This is not an exhaustive list of all actions.)

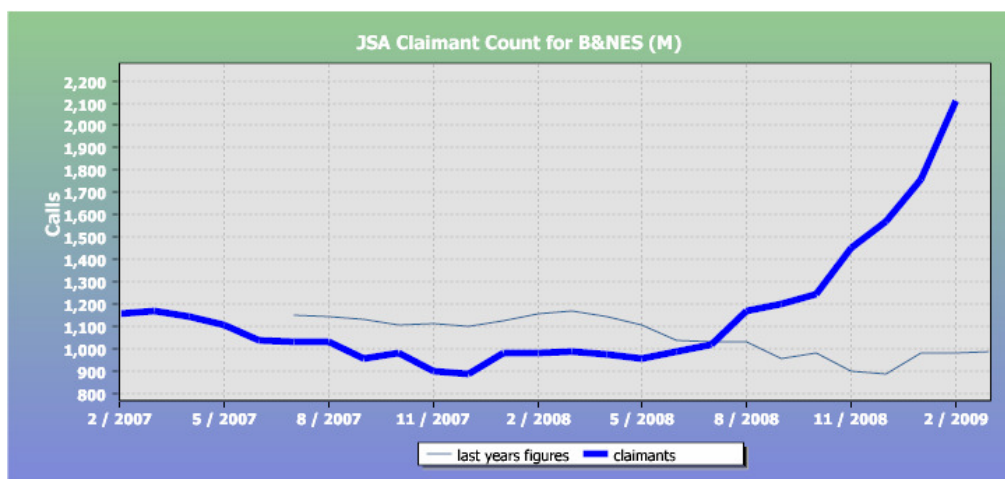
Further details of key impacts

- 1. Unemployment and personal circumstances
- 2. Contacting the Council
- 3. Service usage / financial implications
- 4. Other financial indicators
- 5. Wider impacts – e.g. community safety

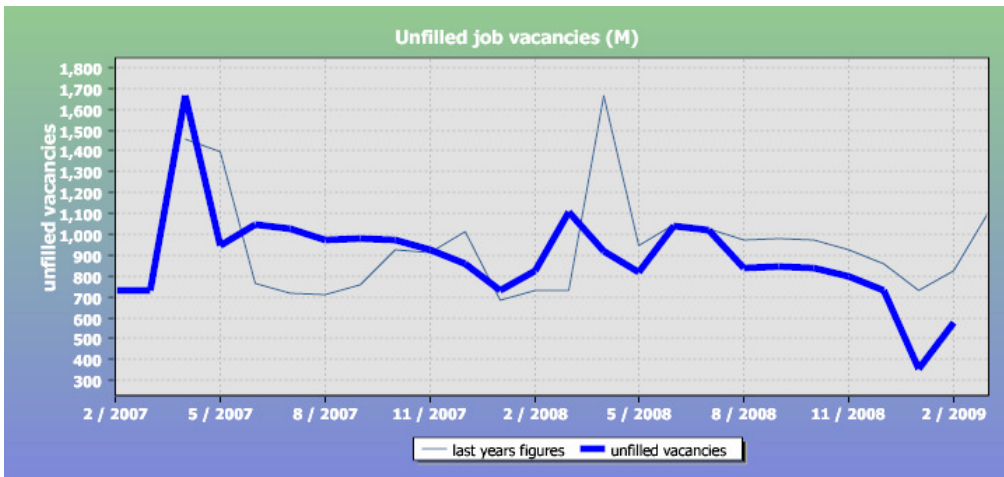
1. Unemployment and personal circumstances

1.1 Unemployment

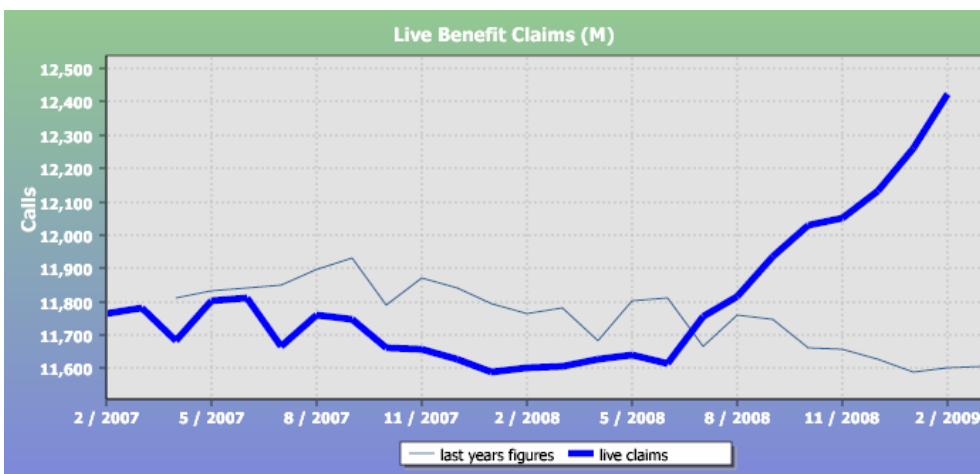
Since May 08 Job Seeker's Allowance claimant numbers have sharply worsened. There has been a rise of more than 1100 (114%), although this is from a low base and the local claimant count remains below the national average.



There is quite a lot of variation in the numbers of unfilled job vacancies however there is a clear downward trend. The Jan 09 figure of 358 was far below the average and far lower than any other figure since at least Apr 06. The Feb figure is higher but numbers are still well down on last year's.



Since Jun 08 there has been a sharp rise in the number of Housing Benefit and Council Tax Benefit live claims, a rise of around 7%.



1.2 House prices (see also Housing services)

House price and house price index information is available from Land Registry. A custom report for Bath & North East Somerset for the 12 months to Feb 2009 is available here: <http://www1.landregistry.gov.uk/houseprices/housepriceindex/report/default.asp?step=4&locationType=0&area=Bath+And+North+East+Somerset&reporttype=1&datatype=1&from1=02%2F2008&from2=02%2F2009&image2.x=30&image2.y=7>

Average house prices have dropped 16% in the year to February. Each of the last 12 months has shown a drop in prices, with Jan to Feb seeing a drop of 1.9%. The average price for Feb 09 was £204,170. The figure for Feb 08 was £243,185.

There is more variation in the number of house sales, with some ups and downs, but there is an overall downward trend. There were 119 recorded sales in December 2008, the latest figure available. The December 2007 figure was 226.

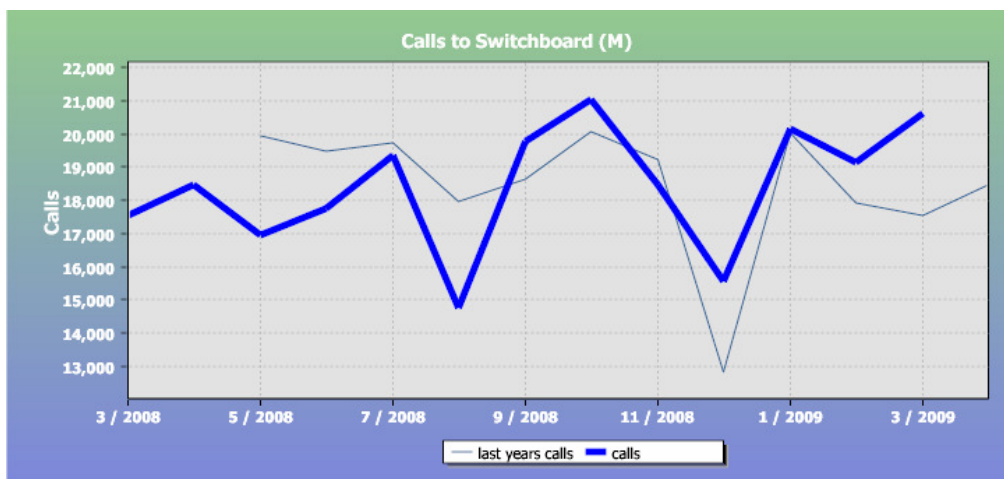
1.3 Mortgage repossessions

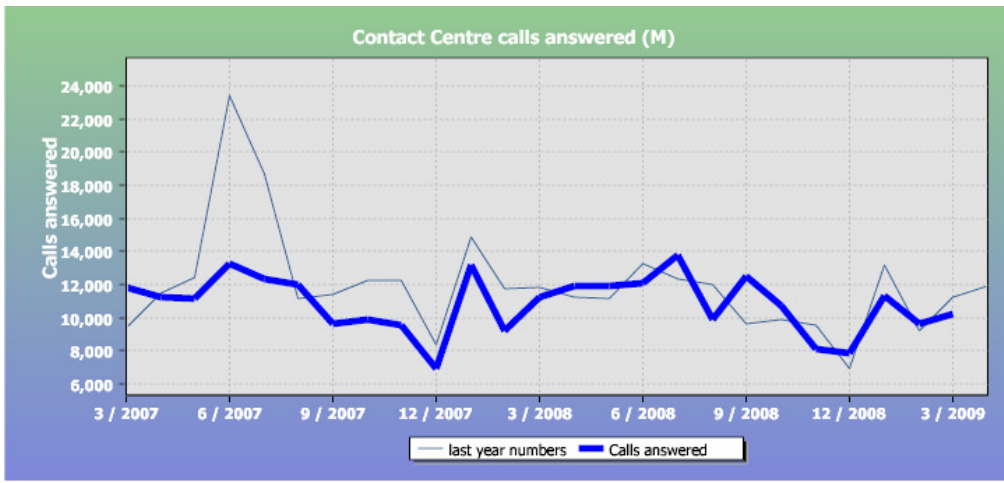
Mortgage possession claims issues for the Bath County Court for 2008 were up just 2% from 2007 at 161. This compares to an 8% rise for Avon and Somerset as a whole, 6% for the South West and 4% for England and Wales. This is interesting contrasted with the much greater rise in numbers of applications for the Homeseach register.

(Source: Ministry of Justice. Repossessions can occur without a court order being made while not all court orders result in repossession.)

2. Contacting the Council

The two main routes in to the Council by telephone are via the Council Connect Contact Centre and the general switchboard. Neither of these areas is as yet showing any major increase in traffic, with call volumes around the same as last year's seasonal variances.



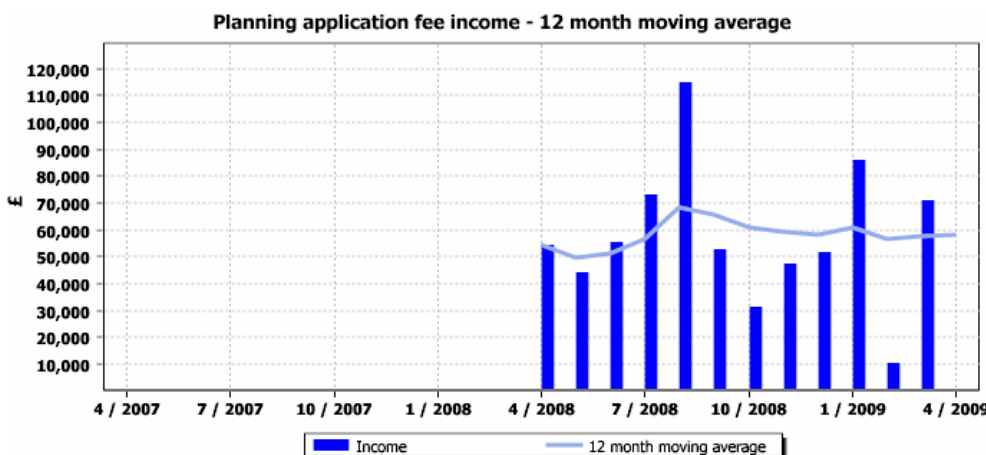
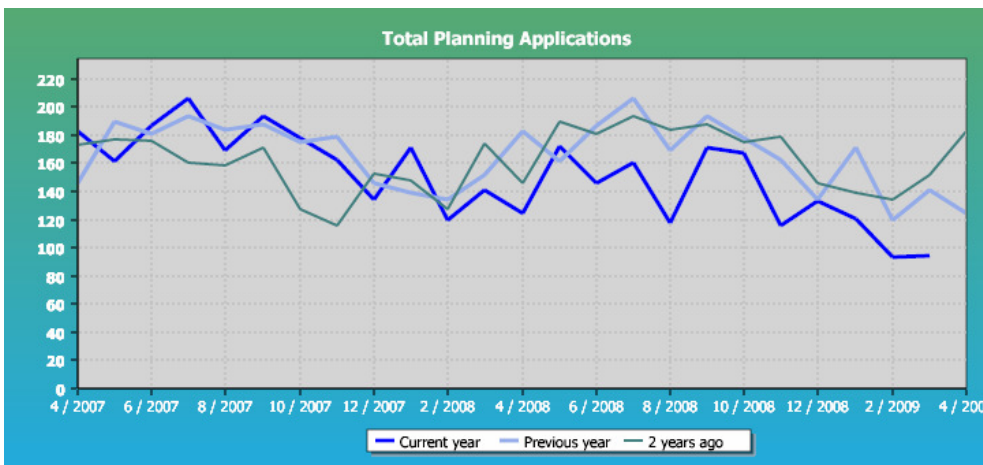


Face to face statistics show that whilst there has been an increase in visitors for services such as Benefit claims and concessionary travel, the number of Council Tax enquiries is down.

3. Service Usage / Financial Implications

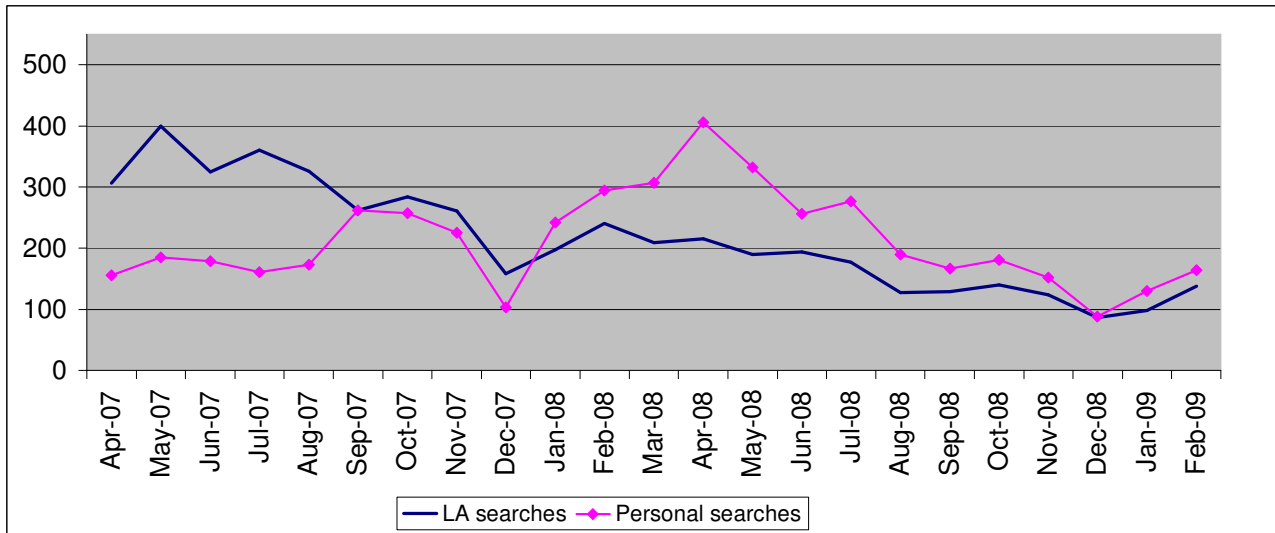
3.1 Planning applications

Applications in England in the last quarter of 2008 dropped 26% compared to the same period in 2007. (Source: UK Statistics Authority.) Applications here had been holding up well, with a drop of 12% for that period. In 2009 so far there has been a clear downward trend with the February and March numbers being clearly down on the previous 2 years' figures.



3.2 Land charges

The major downturn and stagnation in the housing market has resulted in significantly less numbers of Searches for the Land Charges section since October 2008. Competition from personal search companies also increased in 2008/9 due to the new Home Information Pack (HIP) requirements. This is being countered by increased efficiency and lower charges which should increase market share.

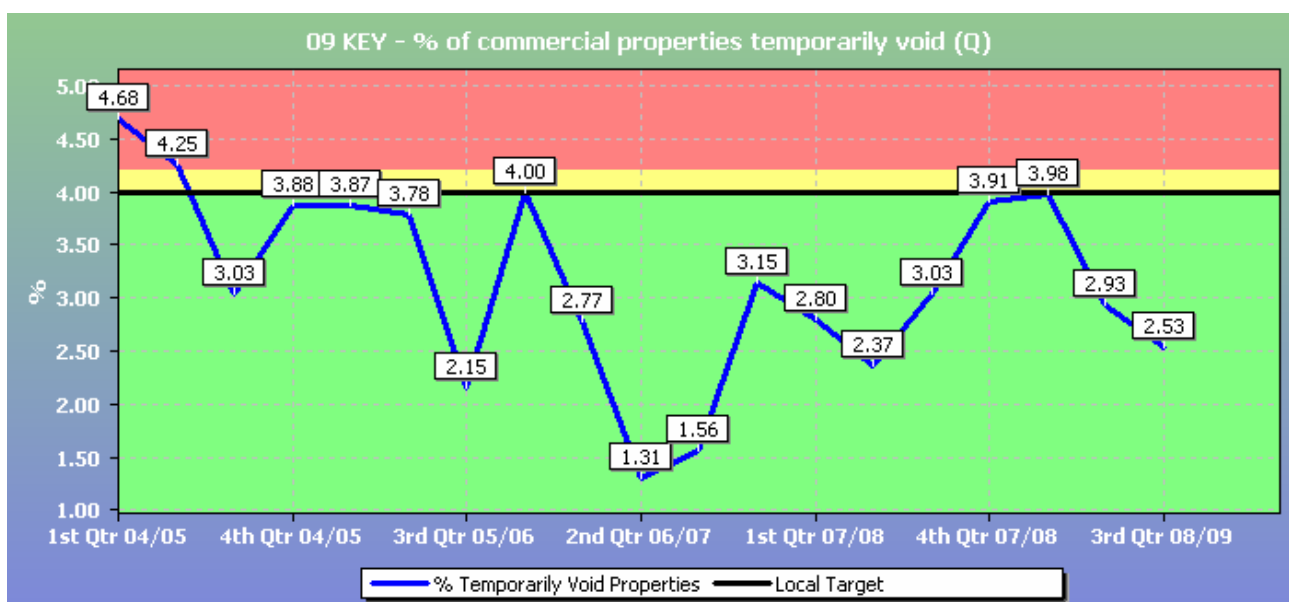


3.3 Commercial Estate – Empty Shops indicator

As at 15 March 2009, the void level has been reported at 2.57%.

The percentage of empty shops within the commercial estate is below the anticipated target and improved since last month. Interest in commercial property improved in the month, with four properties having new terms agreed.

Council News has publicised contact details for “window licenses” for empty premises. These can be given to individuals or organisations to promote charitable or community events. Local artists may also display their work.

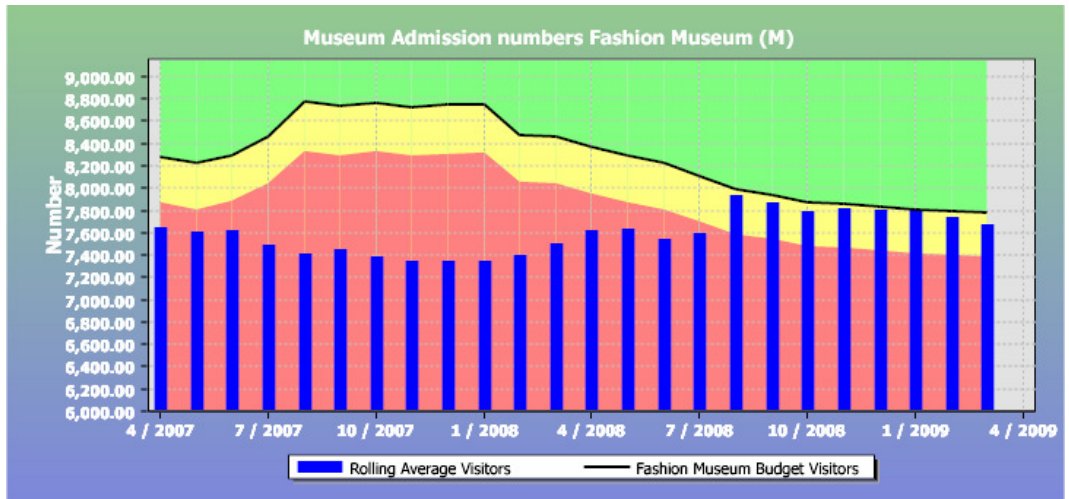
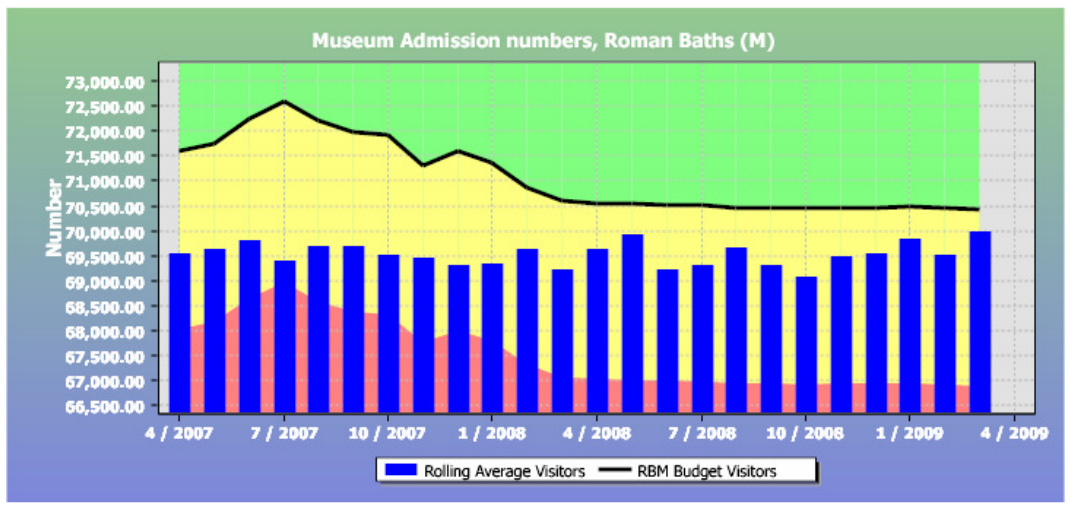


3.4 Visitor numbers

At the Roman Baths visitor numbers are still around the same levels as last year, with the rolling 12 month average number showing an increase for the period ending in March.

The Fashion Museum has shown a slight upturn in response to its rebranding and relaunch in 2007, while the Victoria Art Gallery broke all previous visitor records in calendar year 2008 - partly due to the excellence of its exhibitions programme and partly to its appeal as a free attraction.

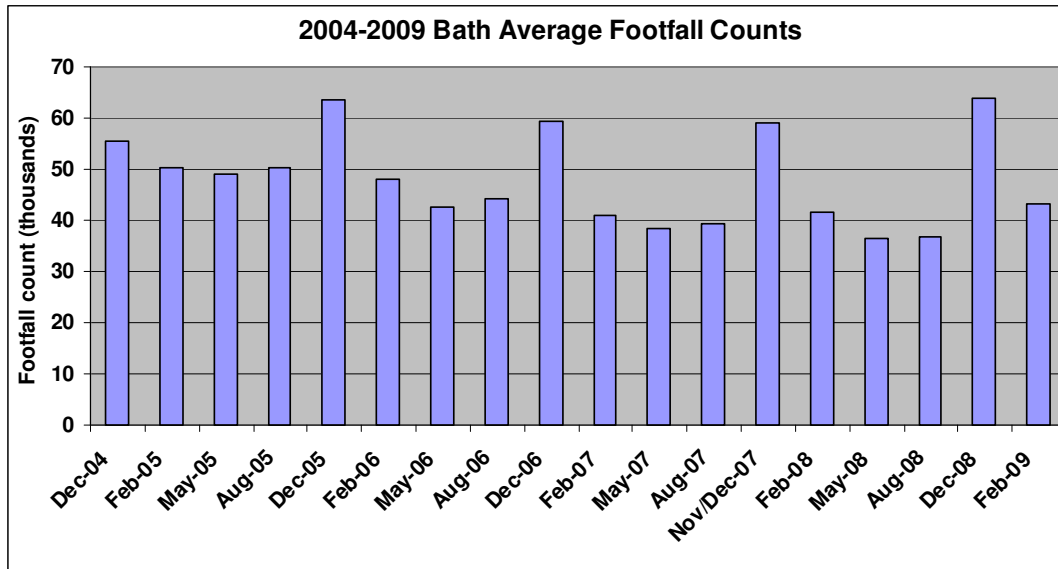
The low value of the pound against the Euro and the dollar are having some effect, although this is a world recession and is therefore not as big an impact as it could be.



3.5 Pedestrian footfall count averages

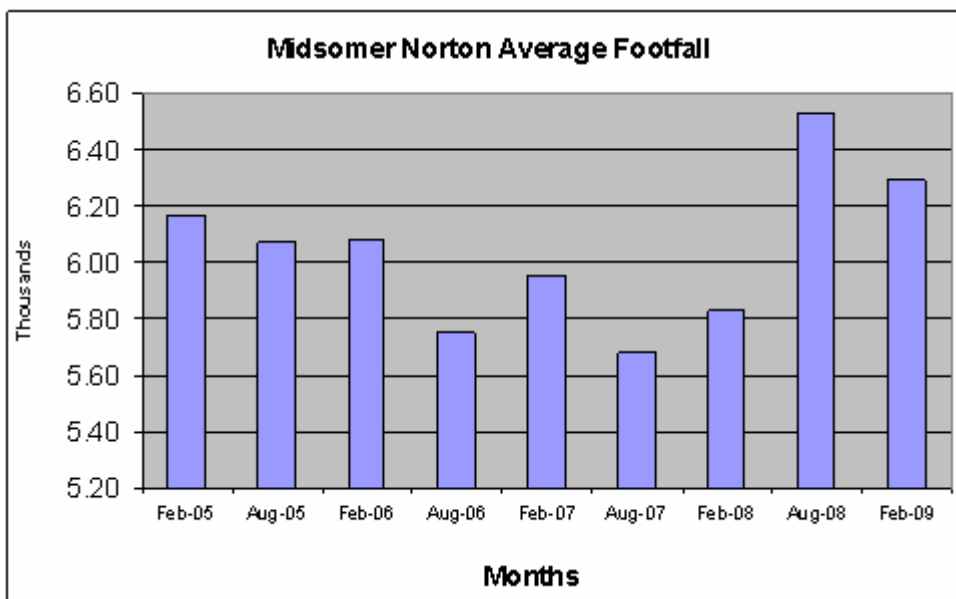
Bath average footfall

Bath has maintained high levels of footfall in the December peak and February and appears to be holding up well in terms of attracting shoppers and visitors. However the spring and summer months show a gradual decline between 2005 and 2008 with footfall decreasing by 20% over the three years.



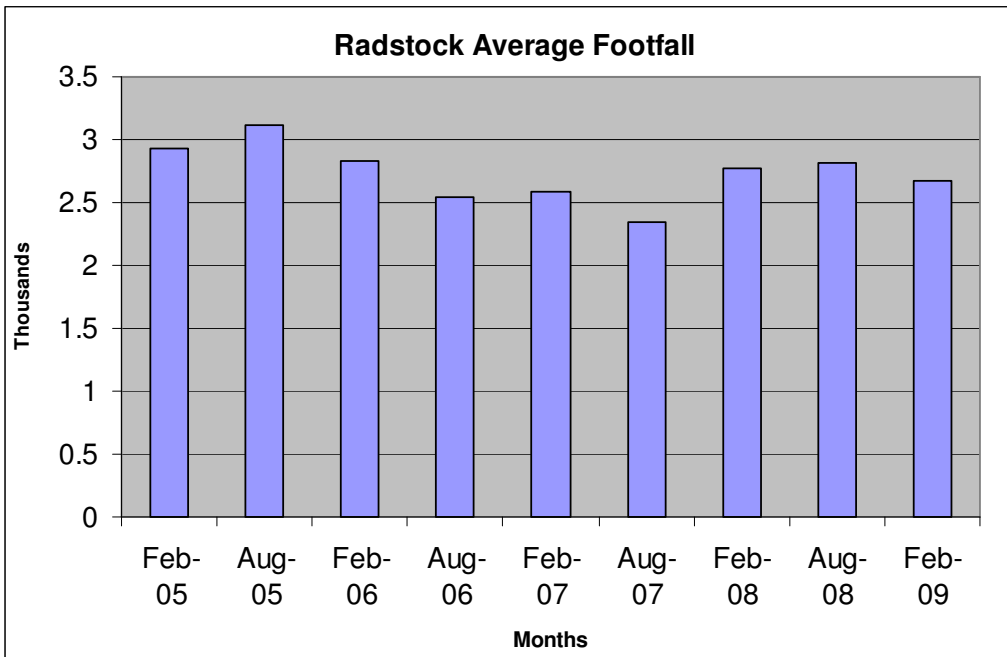
Midsomer Norton average footfall

Midsomer Norton has experienced an increase in footfall in August 08 and February 09 which appears to end the gradual decline seen across 2005 and the first half of 2008. Both August and February are the highest recorded levels since our reporting began.



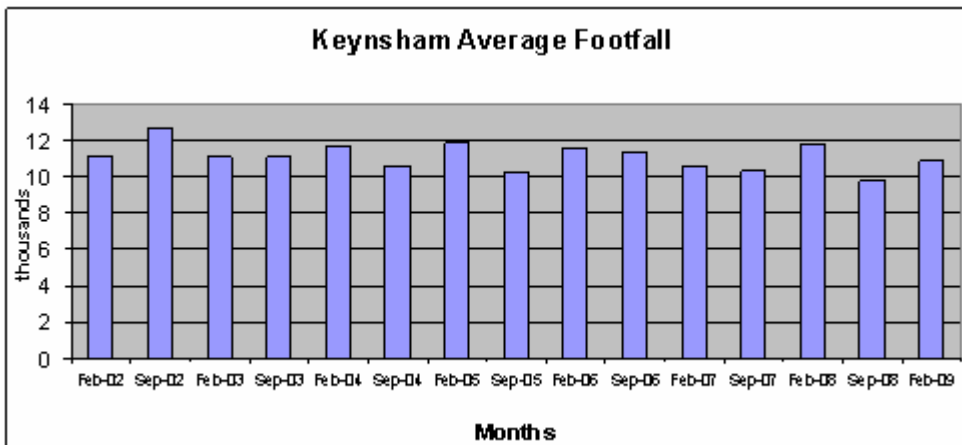
Radstock average footfall

Footfall figures for Radstock show the town appears to be 'weathering the storm' with the figures for 08 and Feb 09 comparable with those achieved in 06 and 07. Generally Radstock figures show a consistent level of footfall across the year.



Keynsham average footfall

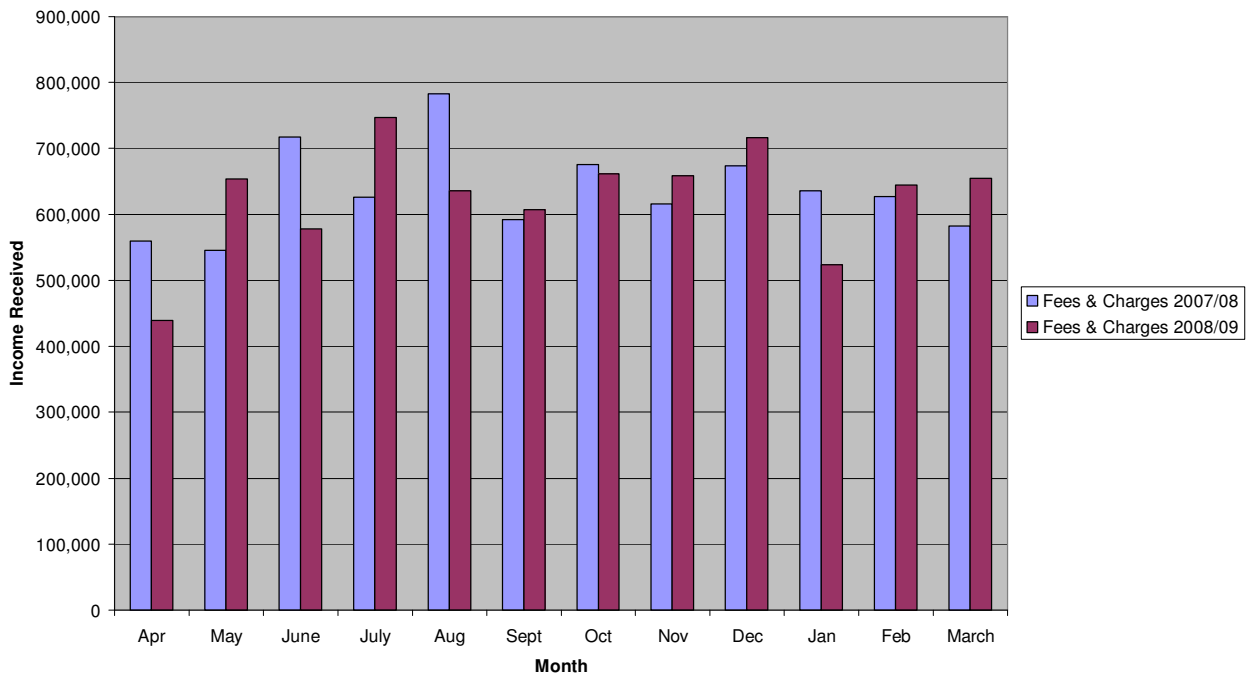
Figures for Keynsham show a decrease in the footfall count for both September 08 and February 09 compared with earlier years. However, since 2002 the count has been relatively consistent and the current figures remain close to the reported average.



3.6 Car parking

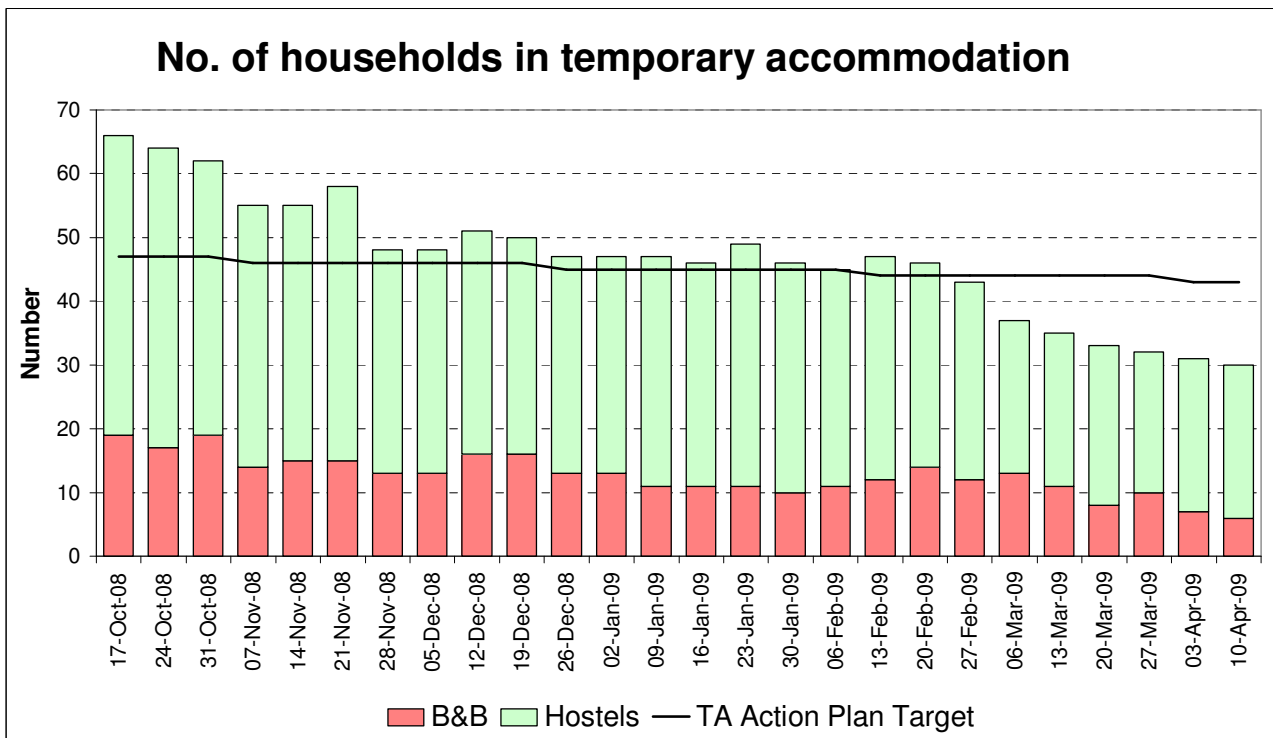
The use of car parks is a difficult one to measure, although it can be used as an indication of visitor numbers. External income shows a small increase over last year but is below estimated figures and given an increase in charges is indicating a reduction in real terms.

Car Parking Income



3.7 Housing services

The number of people in temporary accommodation is coming down and is a positive situation. However this is at least in part due to the prevention agenda being adopted by Housing Services and so does not mean that the economic slowdown is not affecting the housing situation in the area, merely that we are mitigating its effects.



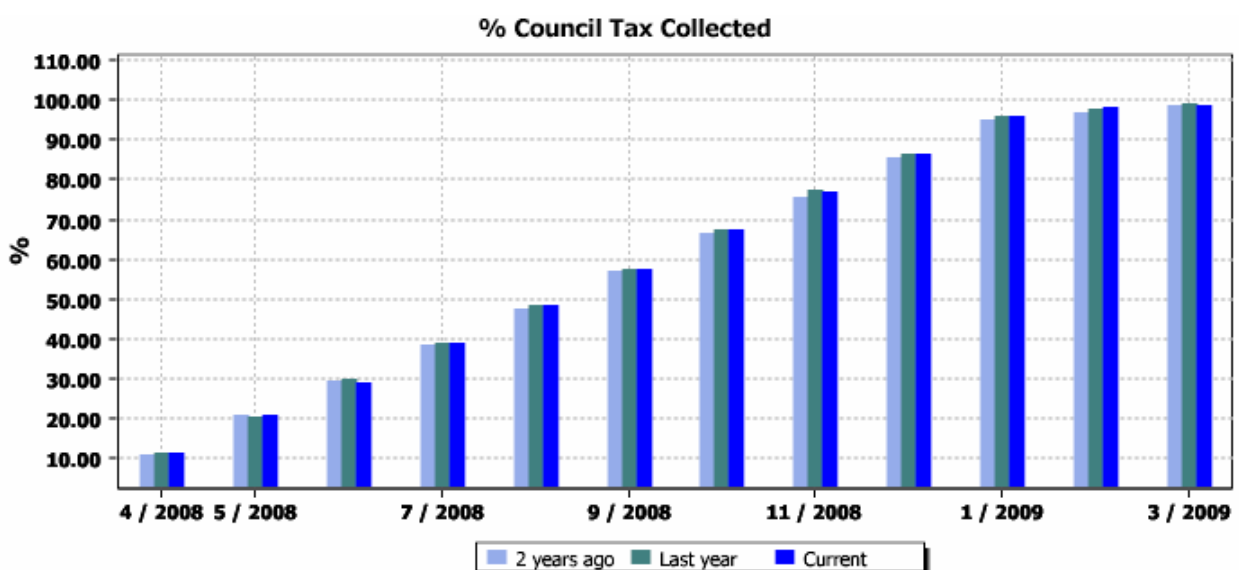
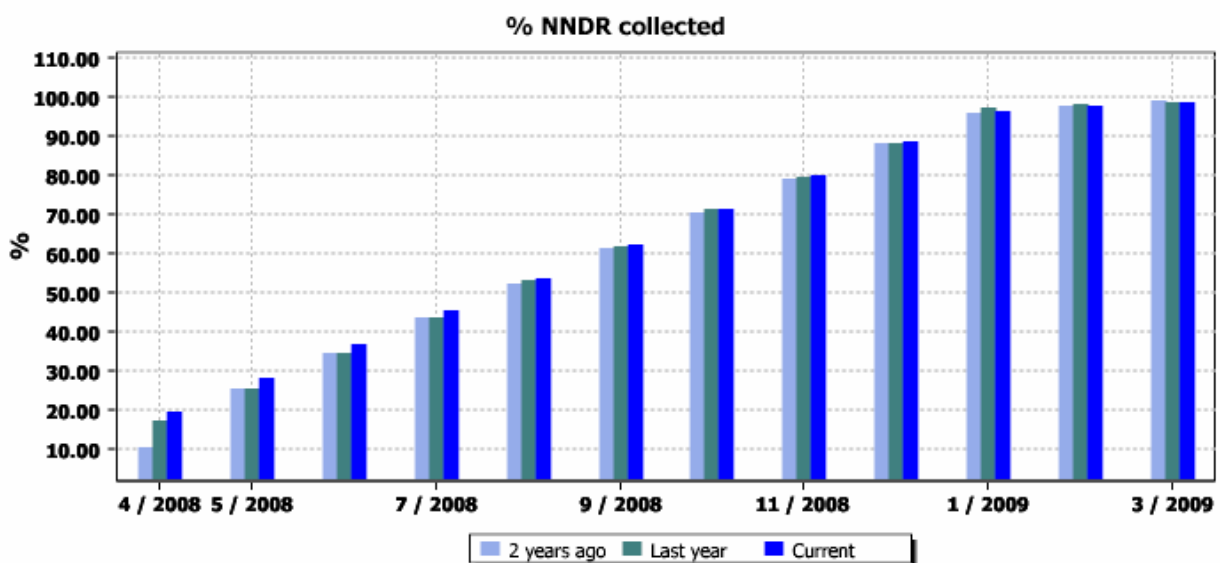
One other key indicator in this area is the number of people registered on the Homeseach register which is in excess of 6,500 and growing significantly. Since Christmas around 200 households per month have applied for inclusion on the Homeseach register. The supply of social housing properties averages around 8 per week, with a significant proportion of these being in sheltered accommodation.

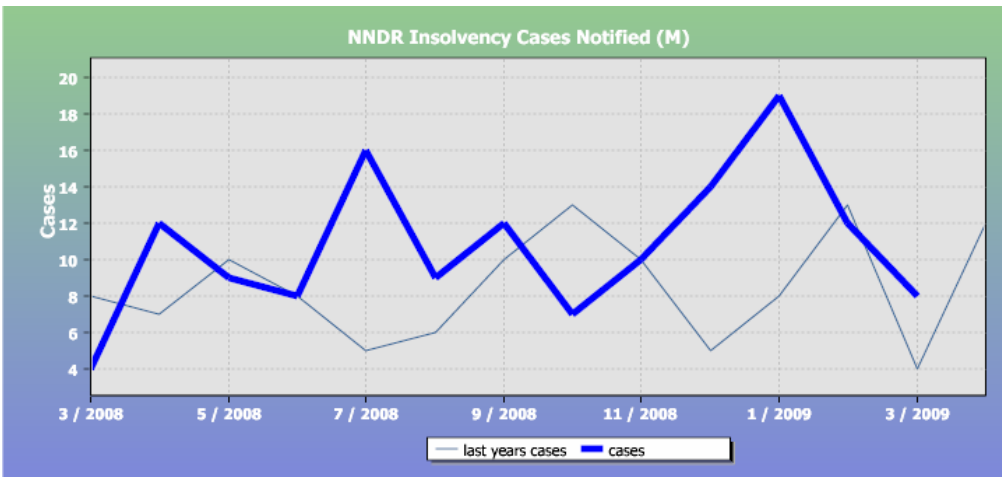
4. Other financial indicators

4.1 % NNDR (business rate) and Council Tax collected

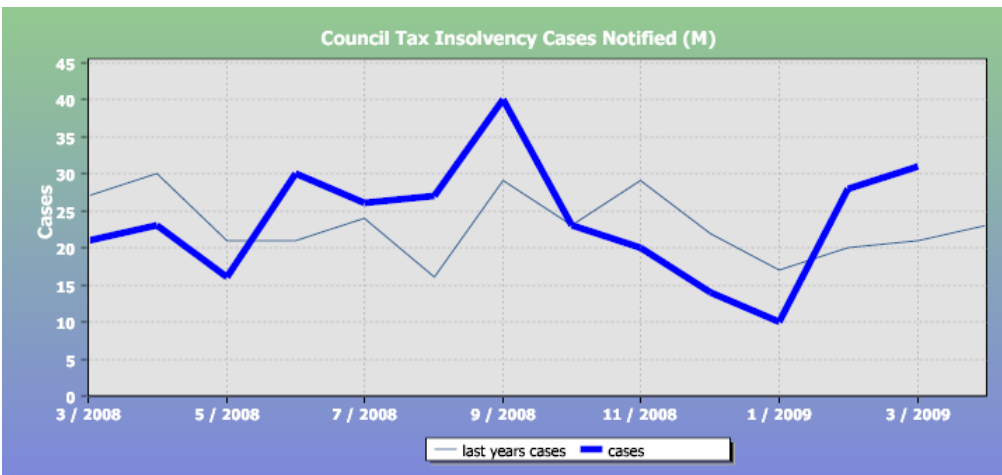
In February Council Tax collection was a little ahead of last year's levels. However at the end of the year the percentage collected was a little down, 98.96% compared to the previous year's figure of 99.03%.

Since December there has been a slow down in NNDR (business rate) collection with a few businesses either cancelling direct debits or requesting revised payment arrangements. In this financial year there is no major issue for the Council, but if this carries on into next year it may mean that the Council will suffer cash flow problems if collection rates fall. At the end of the financial year the percentage collected was very slightly up on last year's performance.





Individual bankruptcy cases are not yet filtering through into non payment of Council Tax.



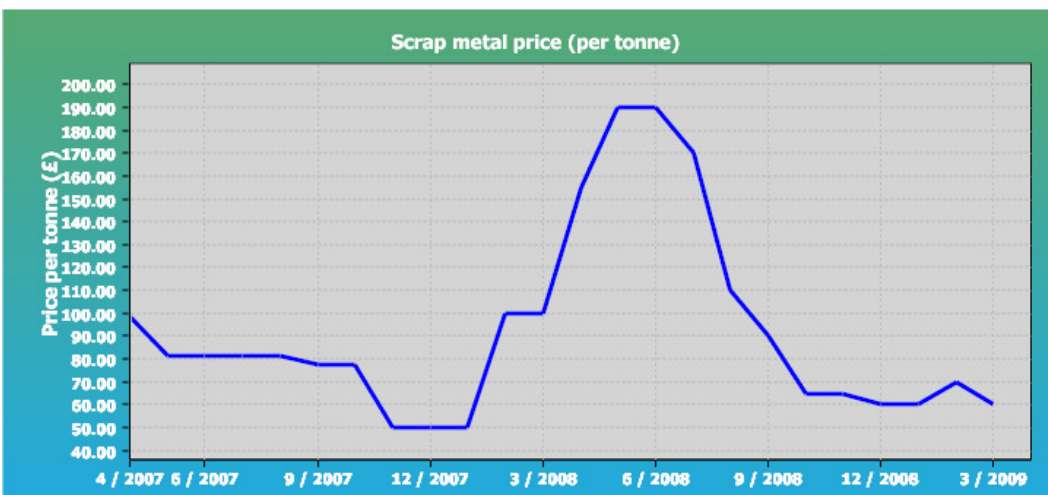
4.3 Fuel costs

Earlier concerns specifically relating to transport costs are now easing with fuel costs coming down.

4.4 Recycling

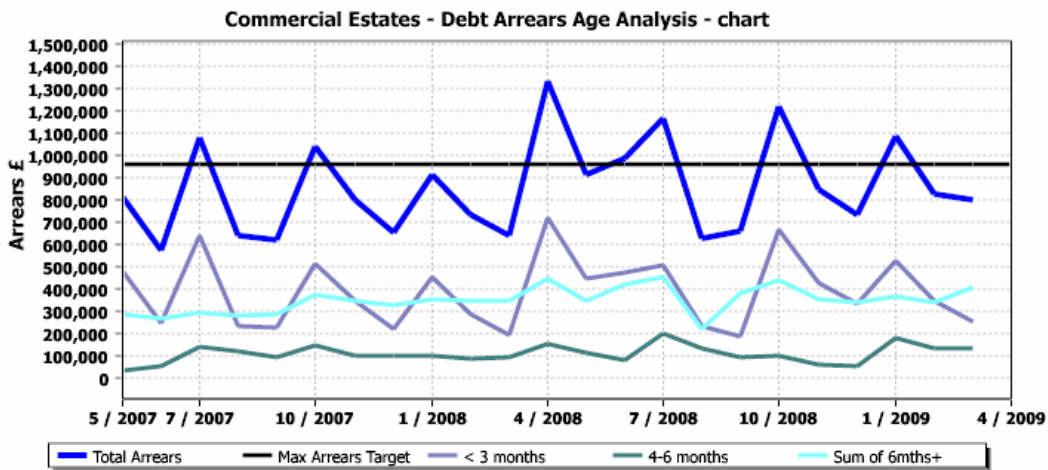
Whilst it is known that the market for scrap and metal has almost collapsed, we as an organisation have some protection in a fixed price contract. However, there must be uncertainty in the long term situation.

Changes in card price are not currently a concern.



4.5 Commercial Estate arrears

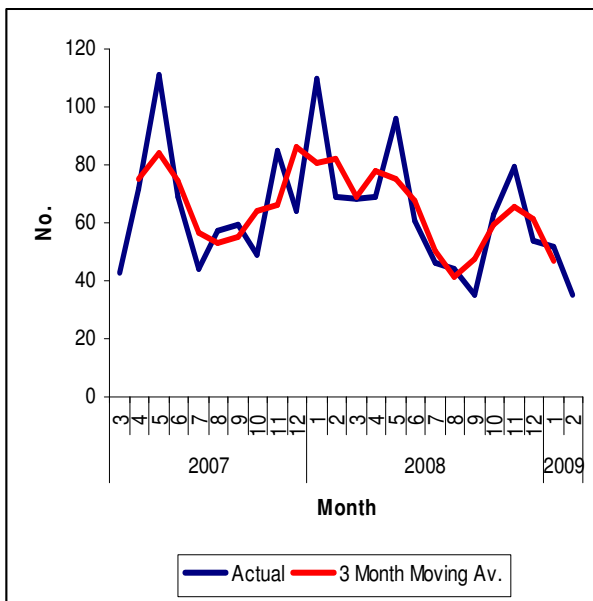
The level of commercial estate debts are within reasonable limits and no indication as yet that there is any major impact.



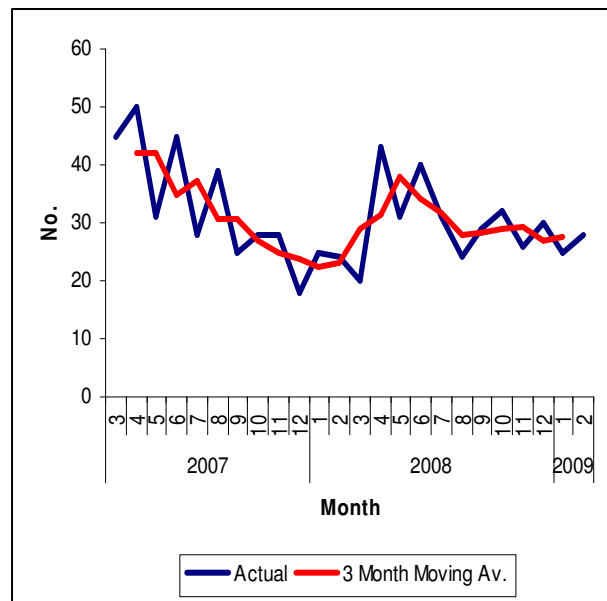
5. Wider impacts

5.1 Community Safety

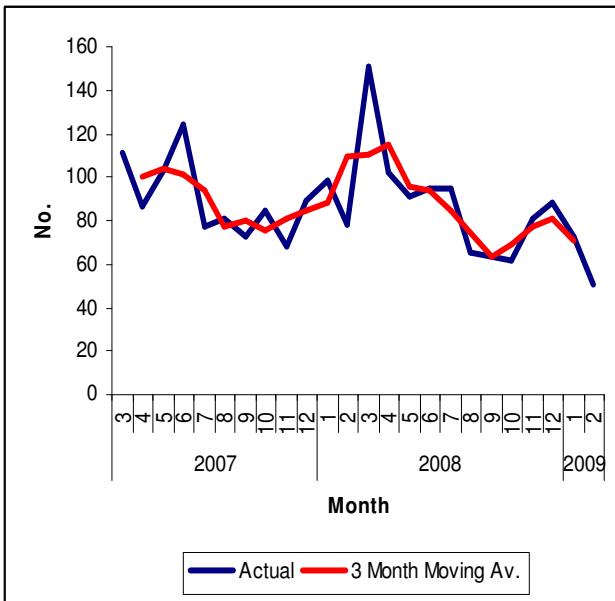
Dwelling burglary



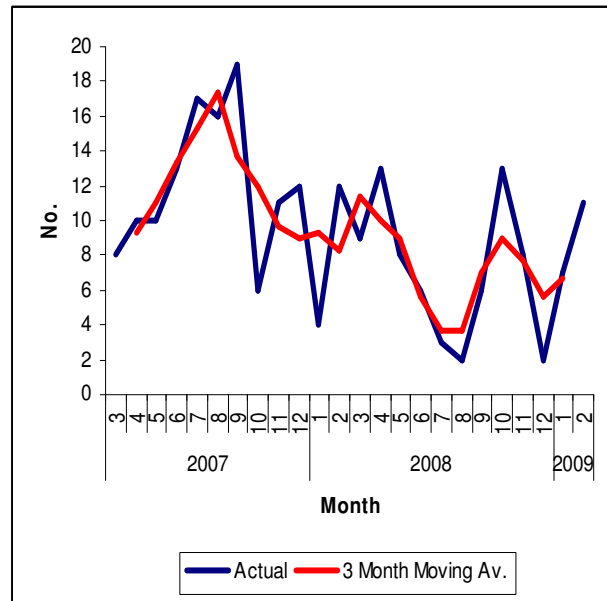
Theft of motor vehicle



Theft from motor vehicles



Robbery



Numbers of the main acquisitive offences (burglary, thefts from and of motor vehicles) are reducing. The increase in robberies has been attributed to the activity of a small number of prolific offenders whose behaviour is not influenced by the recession.

There is no intelligence to suggest that the recession is having an impact on any other reported crime and disorder issue at this stage.

(Figures collected from Avon & Somerset Constabulary web-site 16/04/01, Please note that these figures are provisional and are subject to audit.)