Appendix 2

Monitoring Report - July 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. An average interest rate earned of just 1% was assumed in 2009/10 so the impact has already been taken account of in budgeting
- 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. There could be virtually NO RTB receipts in 2009/10, as there have been none in the first quarter and only £60k since October 2008. The impact can be mitigated by use of Growth Points funding to fund the housing capital programme

Other potential impacts which are risks:

- loss of income from parking, land charges, planning, heritage, rents and Council Tax – these are not significant as yet, but continue to be closely monitored
- failure to meet LAA Not In Education, Employment or Training (NEET) Stretch Target (2010/2011 count) resulting in loss of £325k reward
- the impact of the economic downturn has a disproportionate effect on the circumstances of the most vulnerable young people for whom the Council has corporate responsibilities (care leavers and young offenders) measured through current and future employment and accommodation arrangements; offending rates.

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

Concerns:

- Car park entries (Avon St and Charlotte St) are down on last year with figures in the first quarter of 2009/10 suggesting the start of a downward trend.
- Unemployment has risen sharply. June's Job Seeker's Allowance claimants figure is 2379, an increase of 141% on the previous year's figure of 987.
- In June, the number of unfilled job vacancies (509) was more than half that of a year previously.
- Live benefits claims are up 10% year-on-year.
- Since Christmas there has been a very high number of applications for the Homesearch register with demand for affordable housing by this route continuing to greatly exceed the small supply available
- The number of empty shops within the commercial estate is relatively small however there are signs of a market downturn in particular locations

- Negative impact on the current and future economic and personal circumstances of young people aged 16-19, their families and the communities where they live

Positives:

- Park & Ride passenger numbers appear to be stable and the Jan/Feb/Mar figures are higher than for the previous 2 years – no update.
- Numbers of museum and gallery visitors remain at similar levels to last year while visitors to the Roman Baths have reached their highest level since March 2007.
- Tourism Information Centre walk-in numbers are at a little down on last year, but at levels generally in line with previous years – no update.
- Prevention activities are keeping the numbers of people in temporary accommodation on a downward trend.

Cabinet report

On 6th May Cabinet received a report: "Economic Downturn – Council Response". This included an Action Plan. Draft minutes are available on the CIS.

Main outcomes:

- the Action Plan was approved
- it is recommended Overview & Scrutiny panels review service action plans to ensure they sufficiently take into account the impact of the recession
- up to £100k is to be released from the recession reserve to enable a fund to be established for small grants to local organisations to help mitigate the impact of the recession on local people

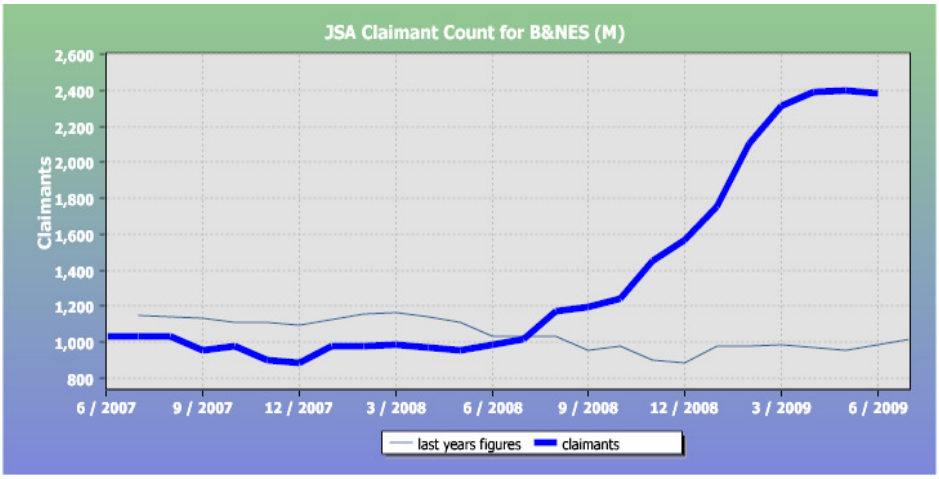
Further details of key impacts

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, young people NEET

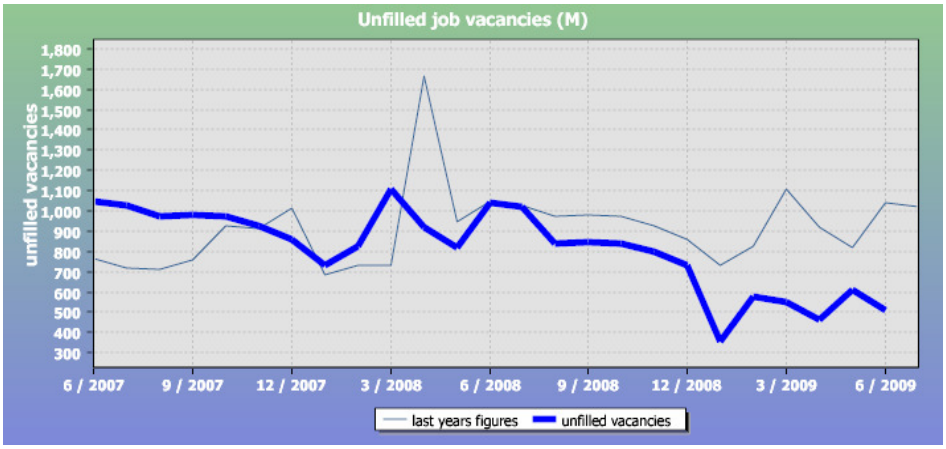
1. Unemployment and Personal Circumstances

1.1 Unemployment

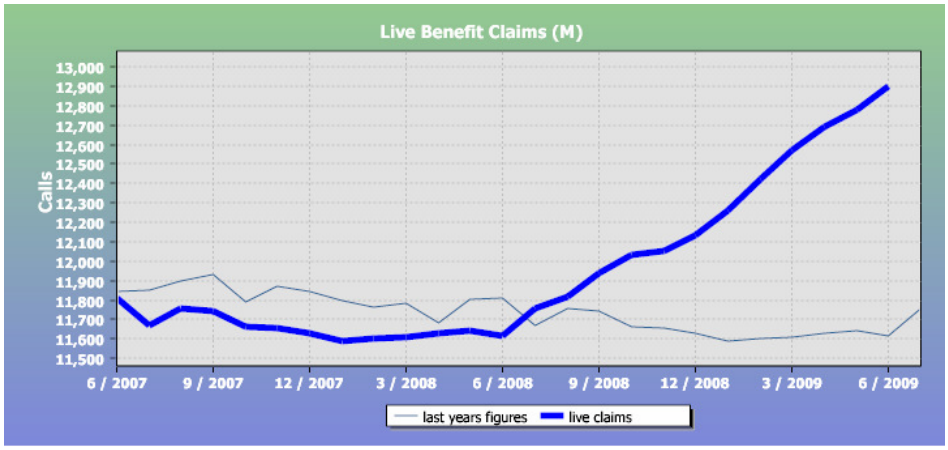
The unemployed claimant count for the West of England has been around 1½% from March 2001 to March 2008, compared to an average for England and Wales of 2½% for the same period. In the 12 months to March 2009, the claimant count doubled in the West of England. This is comparable to the rise in JSA claimant numbers in B&NES, which has seen an increase since April 2008 from 972 to 2,392 in April 2009. The claimant count has remained around this figure for the last three months ending the first quarter at 2,379 suggesting it may have reached a plateau for now.



The downward trend in unfilled job vacancies continues with the June figure of 509 more than half the figure for the same period last year.



In the 12 months to June 2009, there has been a 10% rise in the number of Housing Benefit and Council Tax Benefit live claims.



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 May 2009 is available here.

Average house prices have dropped 12.9% in the year to May. After 10 consecutive months of a drop in prices, April and May have shown a slight improvement with an increase in the last month of 0.2%. The average price for May 09 was £202,049.

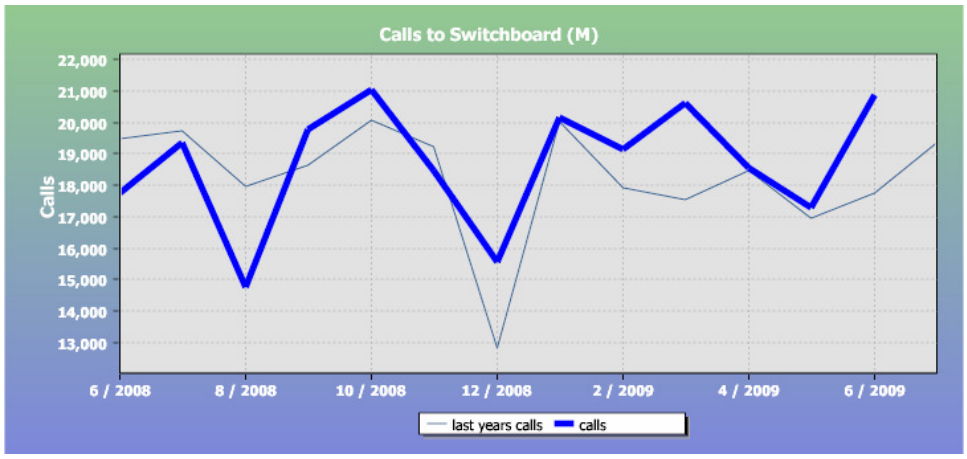
There is more variation in the number of house sales. 282 house sales were recorded between January and March 2009, the latest information available, 120 of which were sold in March 2009.

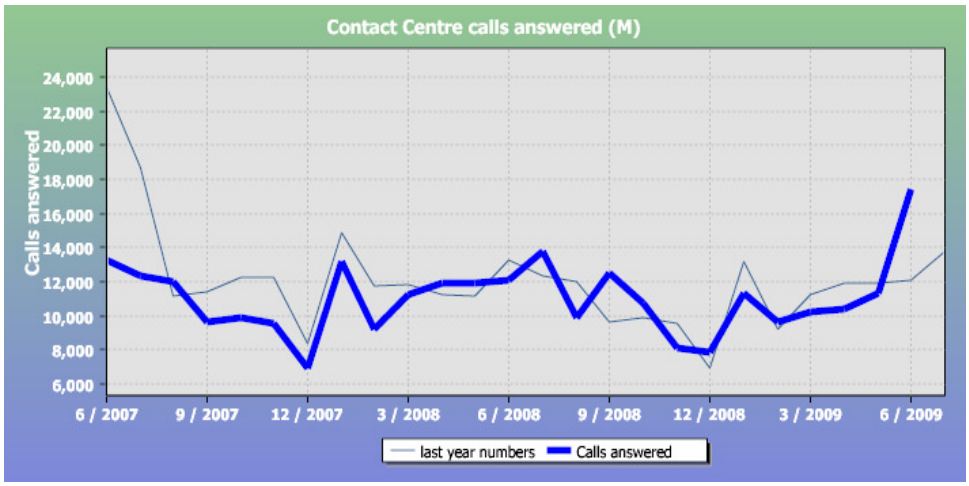
1.3 Mortgage repossessions

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 Homesearch 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. Both areas are beginning to experience an increase in traffic, with 4,000 more calls to Council Connect in June 2009 than for the same period last year.



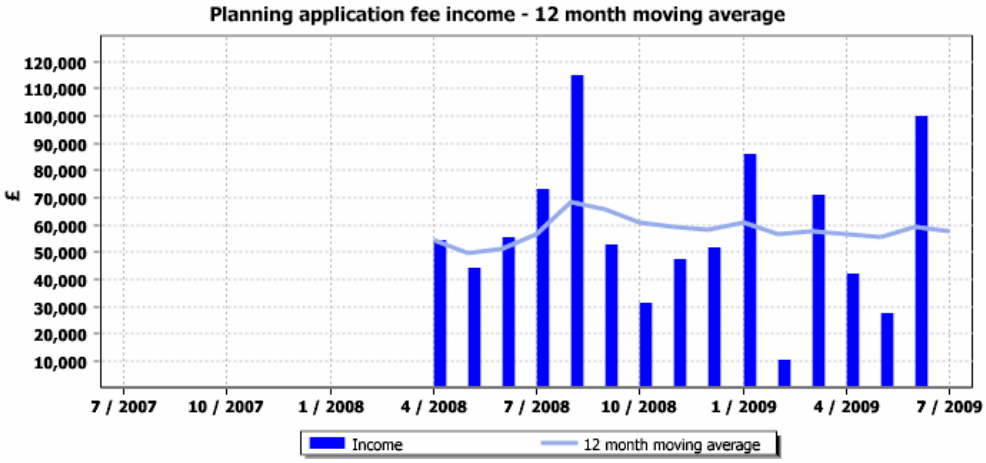


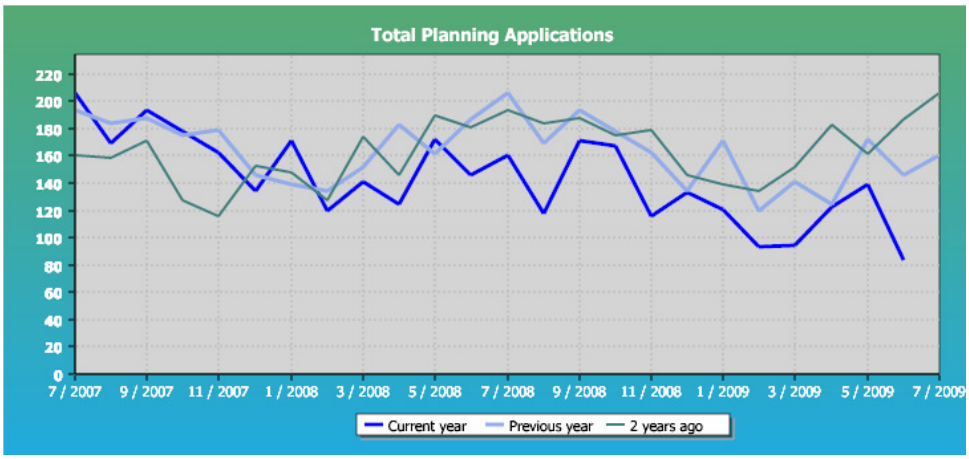
Face to face statistics show that whilst there has been an increase in visitors for services such as Benefit claims and concessionary travel, the number of Council Tax enquiries is down.

3. Service Usage / Financial Implications

3.1 Planning applications

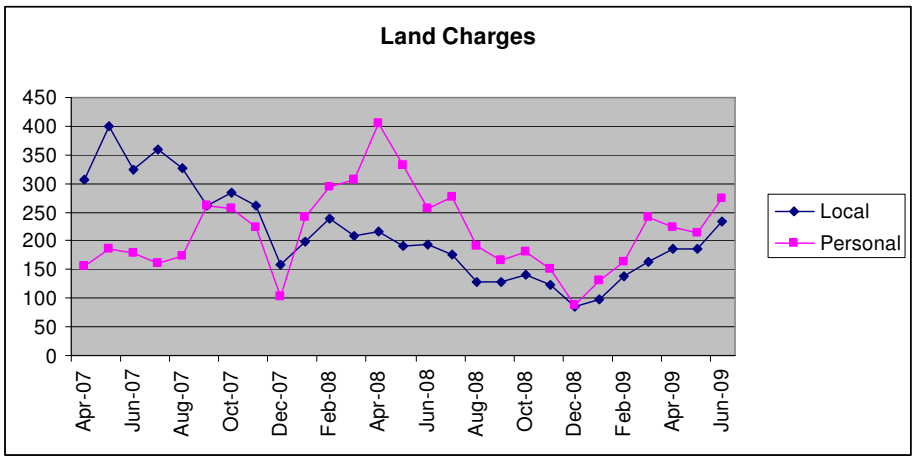
Applications in England in the last quarter of 2008 dropped 26% compared to the same period in 2007 *(Source: UK Statistics Authority)*. Applications in Bath & North East Somerset had been holding up well, with a drop of 12% for that period. However after an increase between March and May, planning applications have fallen sharply, especially compared with the same period last year.





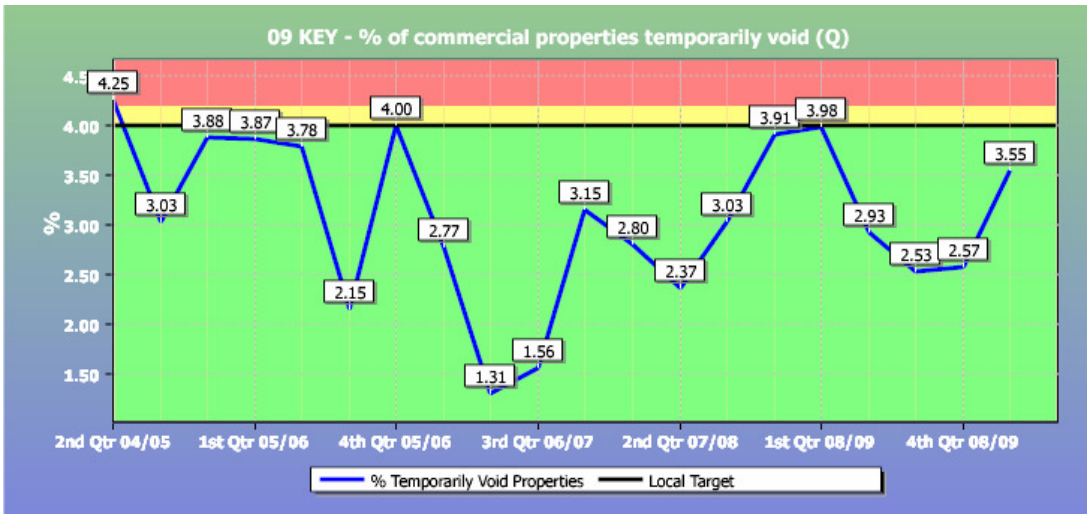
3.2 Land charges

Following a steady fall in the number of Searches for Land Charges through the second half of 2008, the first two quarters of the 2009 calendar year have seen a sharp upturn. The housing market has seen a small improvement the second quarter and there has also been an increase in the number of charging orders that are being sought on unsecured debts.



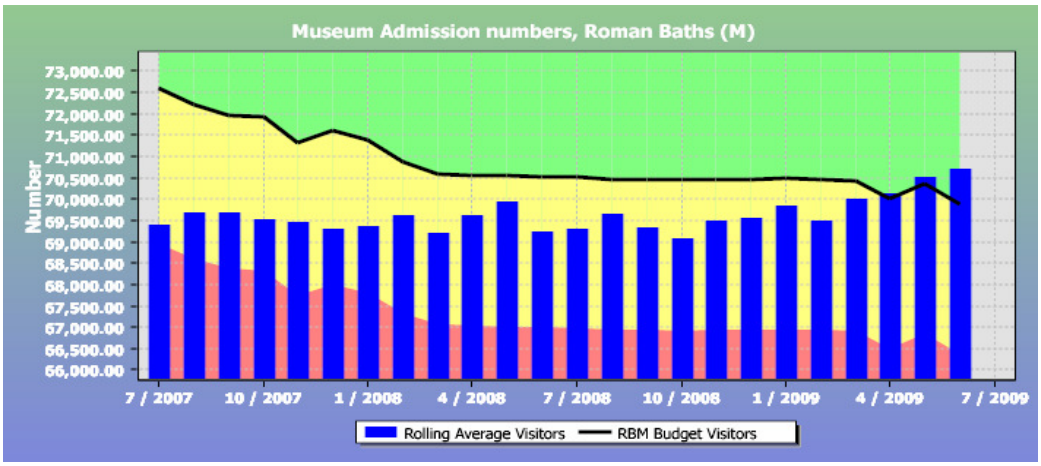
3.3 Commercial Estate – Empty Shops indicator

In June 2009, the void level has been reported at 3.55%, an increase on the end of Q4 2008/09 figure although the percentage of empty shops within the commercial estate remains below target.

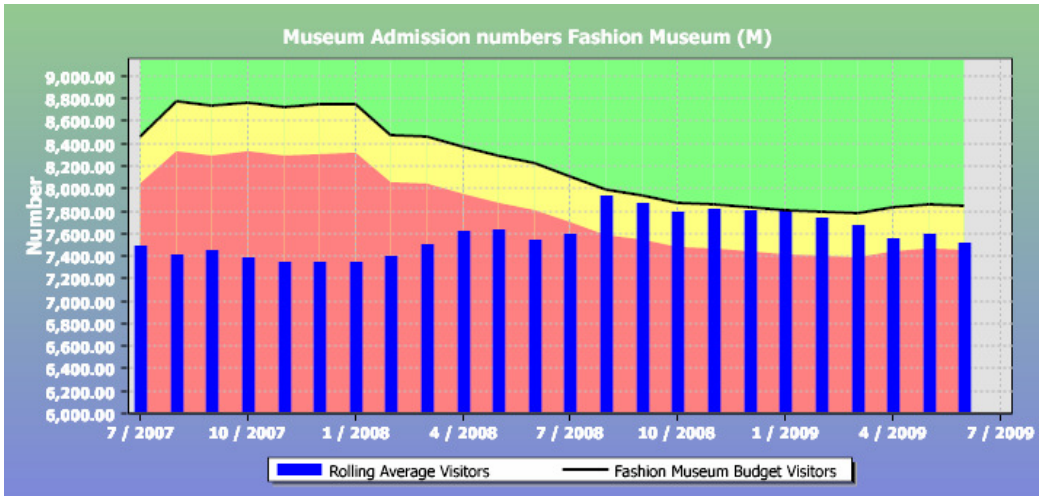


3.4 Visitor numbers

At the Roman Baths visitor numbers are on target. In June 2009, the 12 month rolling average exceeded 70,500, building on the increase shown in April when visitor numbers reached 70,000 for the first time since March 2007.

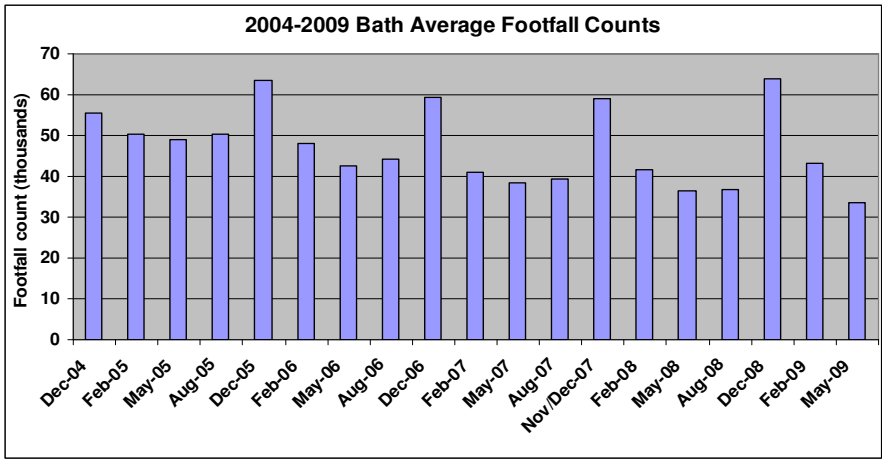


Although the first quarter of 09/10 has seen visitor numbers to the Fashion Museum drop off target, figures are comparable to visitor numbers for the same period in 2008.

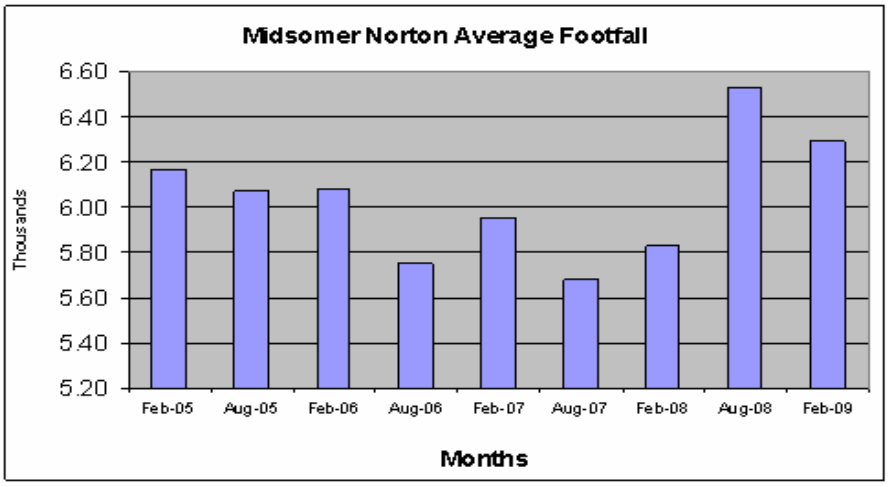


3.5 Pedestrian footfall count averages

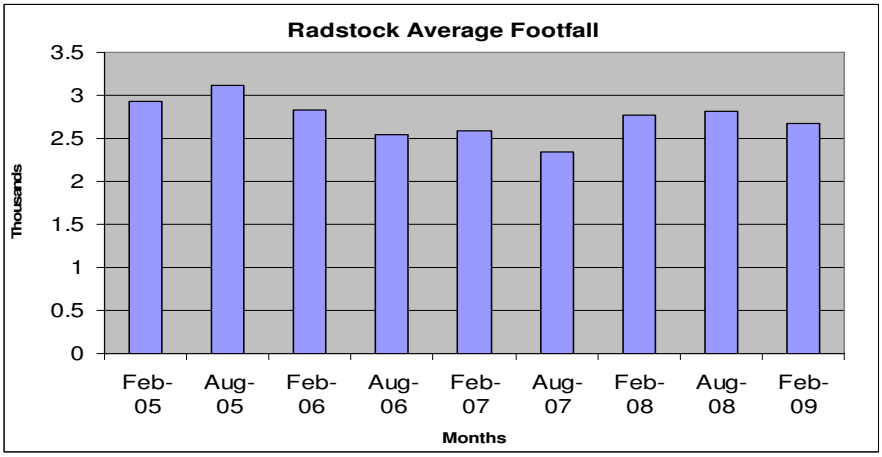
Bath average footfall - maintained high levels of footfall in the December 2008 and February 2009 held up well in terms of attracting shoppers and visitors despite the recession and exceptionally cold weather. May 2009 has seen a reduction compared to the same time in 2005 to 2008; this is in line with a trend that has developed for the summer period over the last three years, which has seen a decrease in footfall of 20% between 2005 and 2008.



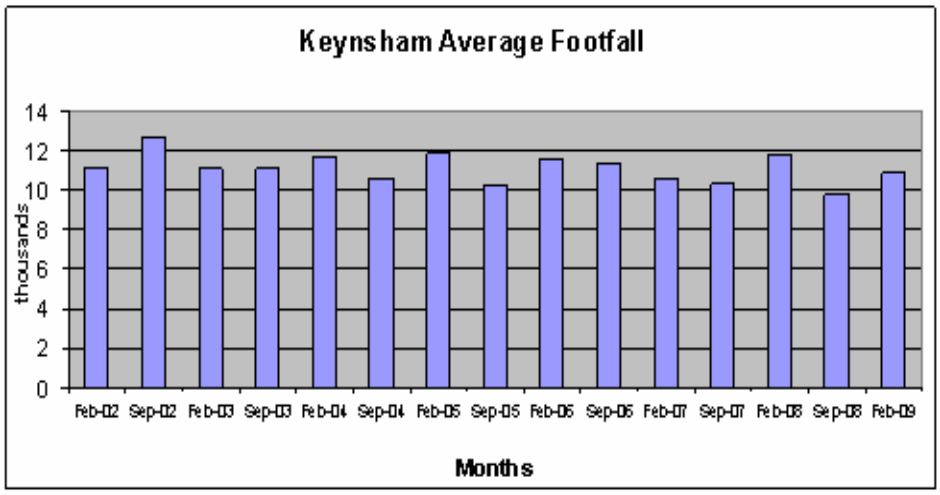
Midsomer Norton average footfall - experienced an increase in footfall in August 2008 and February 2009 marking the end of the gradual decline seen across 2005 and the first half of 2008. Both August and February are the highest recorded levels since our reporting began.



Radstock average footfall - figures show the town is 'weathering the storm' and generally shows a consistent level of footfall across the year which is comparable with previous years.

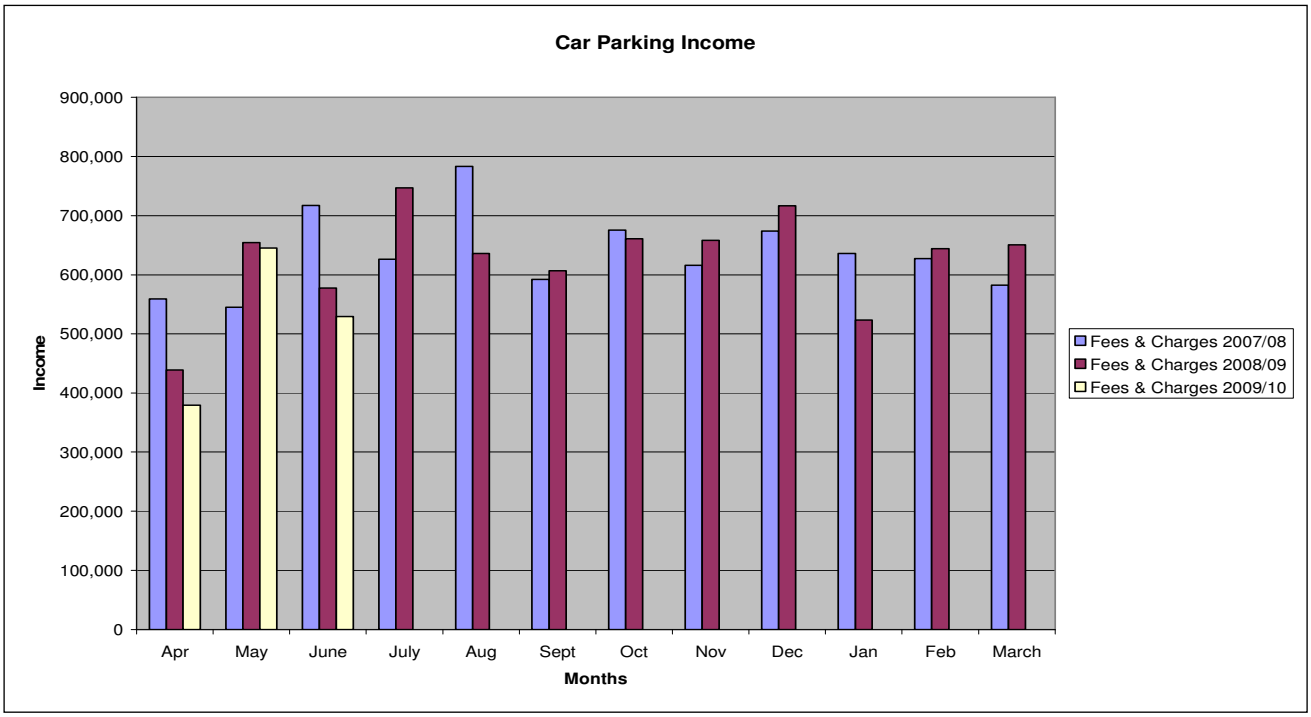


Keynsham average footfall - figures show a decrease in the footfall count for both September 2008 and February 2009 compared with earlier years. However, since 2002 the count has been relatively consistent and the current figures remain close to the reported average.



3.6 Car parking

The use of car parks is difficult to measure, although it can be used as an indication of visitor numbers. June 2009 shows a fall in external income compared with the same period last year and given there has been an increase in charges, indicates a reduction in real terms.

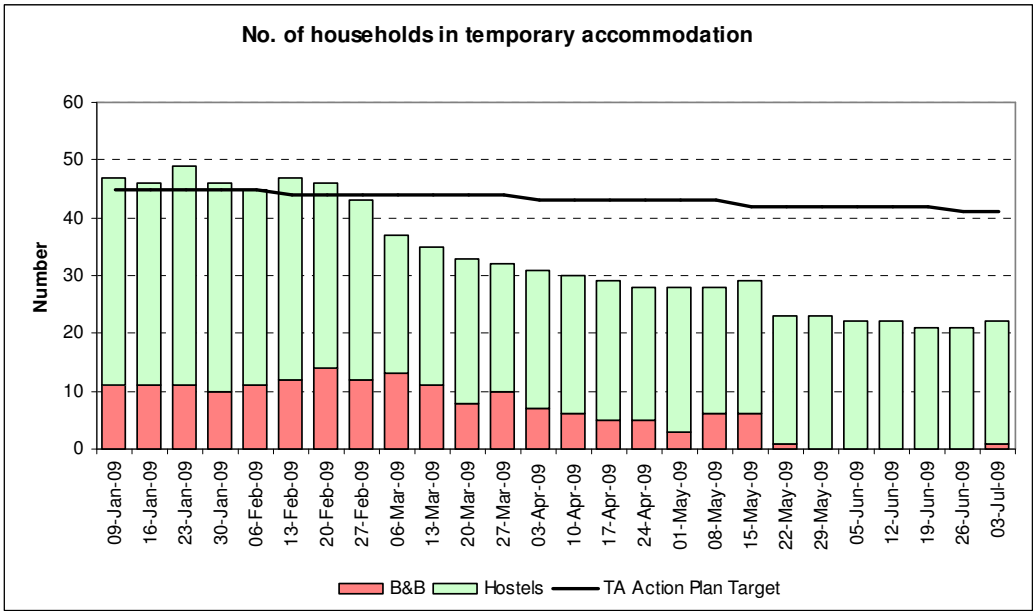


3.7 Housing services

The number of people in temporary accommodation has been steadily falling over the last four months with figures for the end of June reaching their lowest since the start of 2009.

The first week of July has seen a very small increase with households in B&B being reported for the first time since 22nd May.

This is 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.

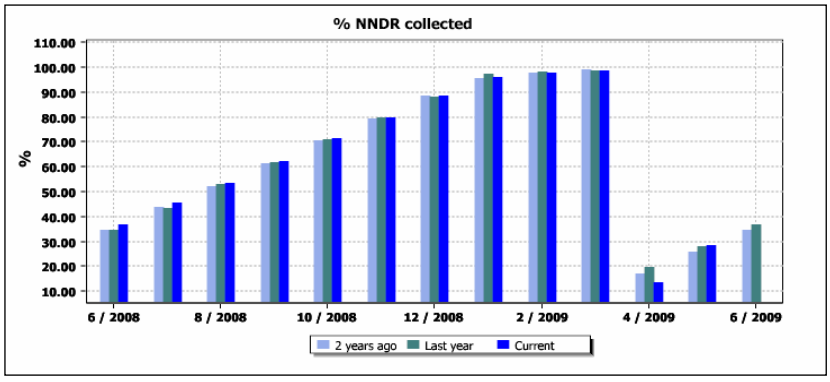


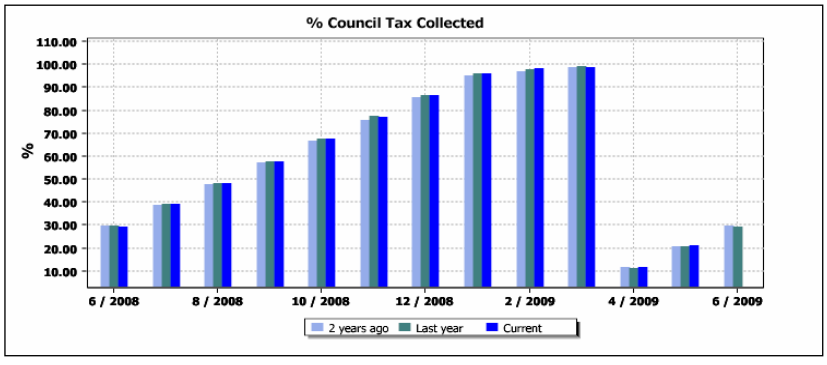
One other key indicator in this area is the number of people registered on the Homesearch register, which is in excess of 6,500 and growing significantly. Since Christmas around 200 households per month have applied for inclusion on the Homesearch register. The supply of social housing properties averages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

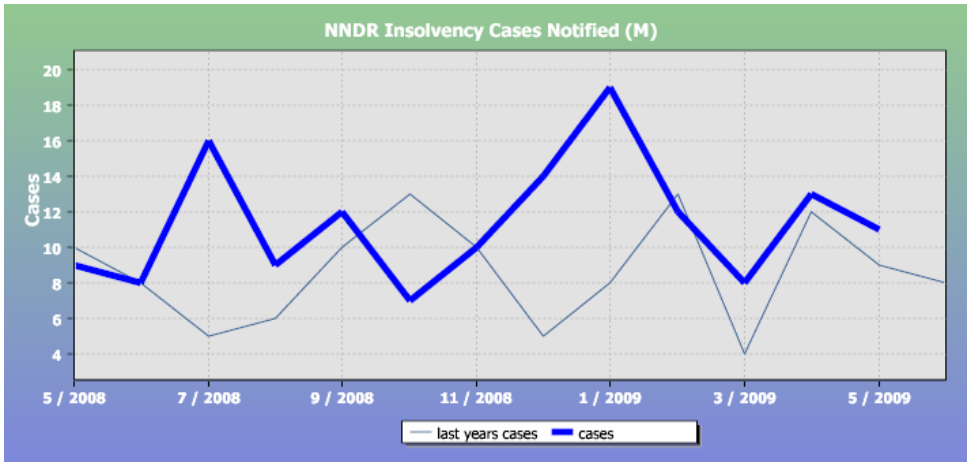
4. Other financial indicators

4.1 % NNDR (business rate) and Council Tax collected

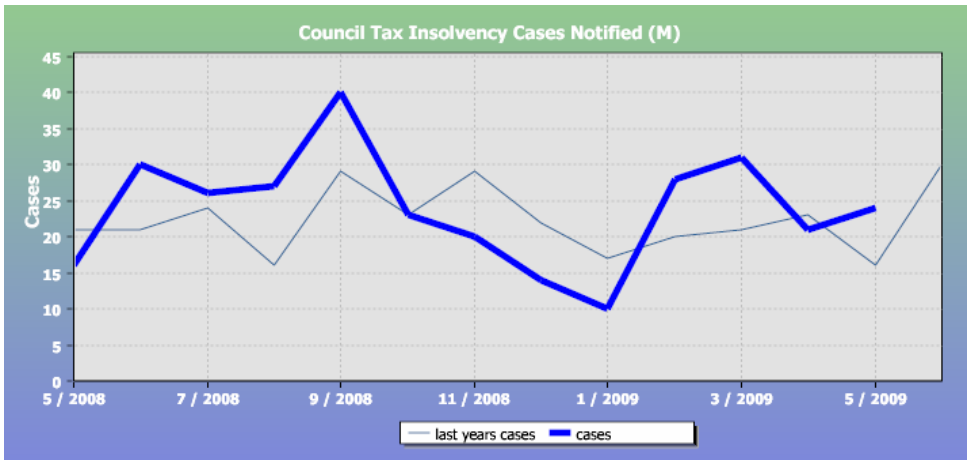
At the end of 2008/09 the percentage collected was a little down at 98.96% compared to the previous year's figure of 99.03%. In May 2009, the percentage of NNDR and Council Tax collected was slightly up on last year's performance.







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

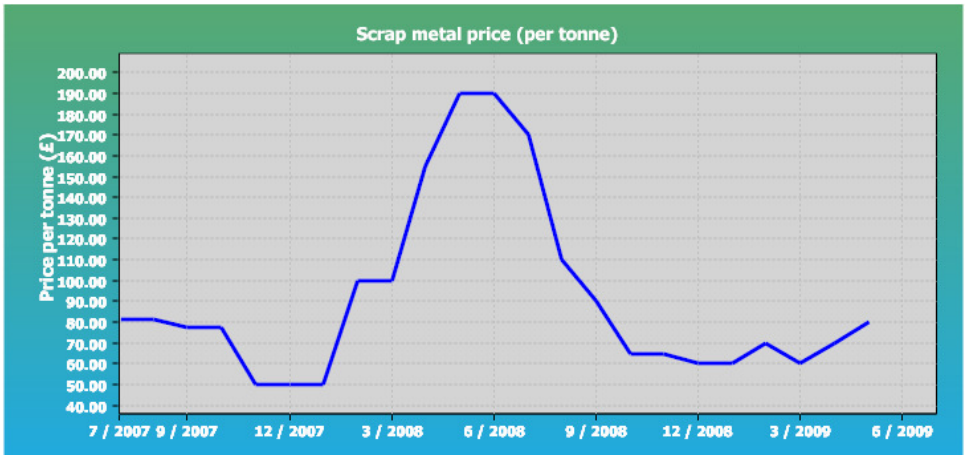


4.3 Fuel costs

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

4.4 Recycling

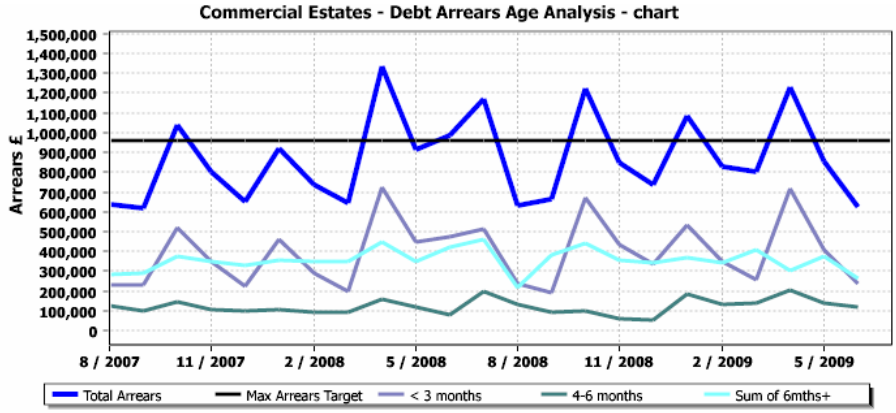
While the market for scrap and metal has almost collapsed, the Council has some protection in a fixed price contract. However, there must be uncertainty in the long term situation given the price comparisons between June 2008 and June 2009, which has seen the price per tonne more than halve.



Changes in the price of card are not currently a concern.

4.5 Commercial Estate arrears

The city is currently holding up well but there are signs of market downturn in particular commercial locations. In June 2009, the arrears as a percentage of total rent roll (£12,895,000) stand at 4.8%. The level of commercial estate debts are within reasonable limits and lower than for the same period last year.

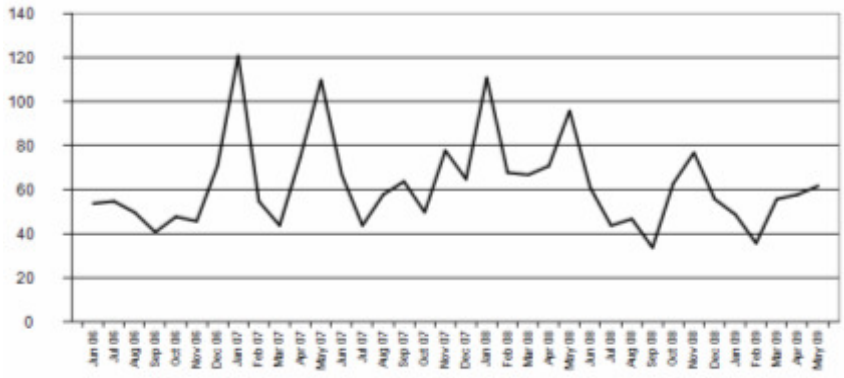


5. Wider impacts

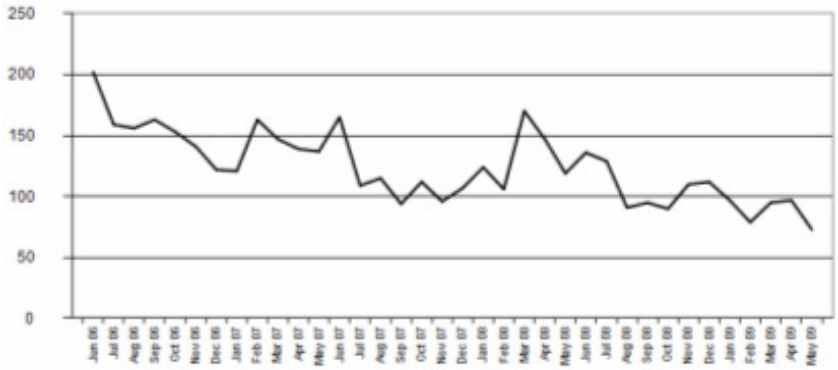
5.1 Community Safety

No intelligence to suggest the recession is having an impact on any other reported crime and disorder issue at this stage. Numbers of the main acquisitive offences (burglary, thefts from and of motor vehicles) are reducing with the increase in robberies since Feb 2009 attributed to the activity of a small number of prolific offenders whose behaviour is not influenced by the recession.

Dwelling burglary



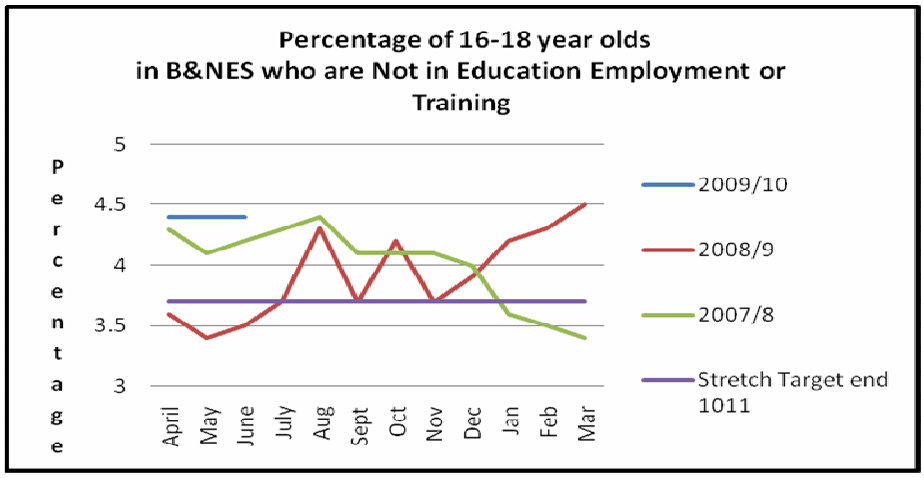
Vehicle Crime

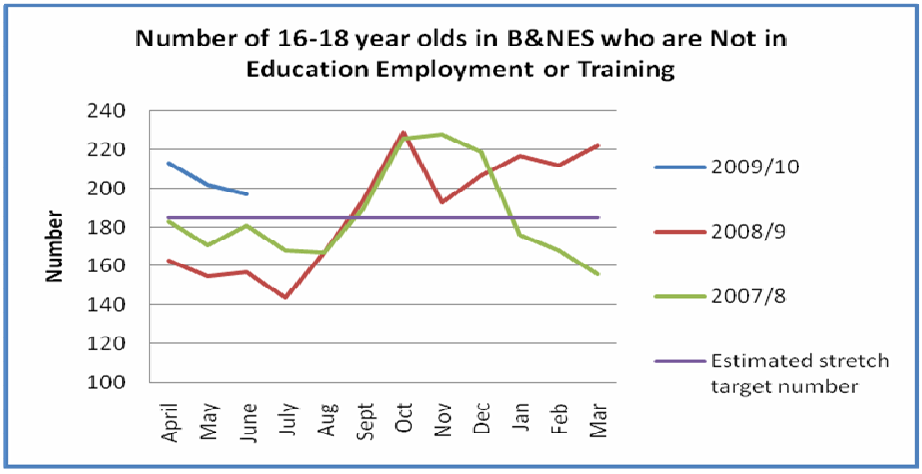


(Source: Data reproduced from Home Office "IQuanta" reporting; information is for performance purposes and does not represent official recorded crime)

5.2 Young People NEET

The monthly average percentage of 16-18 year olds who were NEET (not in education employment or training) for the period November 2008 to January 2009 was 3.9%. This met the interim stretch target. However, as the economic downturn has begun to impact on employment opportunities in the area, there has been a month on month increase (Jan 09 - 4.2%, Feb 09 - 4.3%, Mar 09 - 4.5%).





The number of employment opportunities including placements for apprenticeships, both with and without training, available to young people has decreased and so although the young people are not currently coming into the group in increased numbers they are staying in it for longer due to limited employment opportunities.

Extensive work is underway to support young people into EET and it is believed that the stretch target for November 2010 to January 2011 of 3.7% is still achievable with co-ordinated partnership effort.