

HILLINGDON'S RESPONSE TO THE ECONOMIC DOWNTURN

Cabinet Member	Councillor Raymond Puddifoot
Cabinet Portfolio	Leader of the Council
Officer Contact	Kevin Byrne, Deputy Chief Executive's Office
Papers with report	None

HEADLINE INFORMATION

Purpose of report	To provide Cabinet with an update report on the impact of the economic situation and the actions taken with our partners to mitigate the impact of the recession on residents and local businesses and organisations.
Contribution to our plans and strategies	This report pulls together action from across the council and with Hillingdon Partners, and supports delivery of the Sustainable Community Strategy and the Council Plan - <i>Fast Forward to 2010</i> .
Financial Cost	None directly attributable to this report. The Council and its' partners have identified and secured a number of funding streams over the next few years, totalling £1,572k, to support Hillingdon residents and businesses during the current economic downturn. These measures are detailed in the report.
Relevant Policy Overview Committee	All
Ward(s) affected	All

RECOMMENDATIONS

That Cabinet notes the progress and action plan established through our strategic partnership, Hillingdon Partners, to monitor the impact of the recession and action to support residents and businesses.

INFORMATION

Reasons for recommendations

An update report was requested by Council in January 2009. The recession continues to impact on residents and business and Hillingdon has led action to mitigate these impacts. It remains a priority to provide a strategic lead to respond to these important challenges.

Alternative options considered / risk management

Not to provide a strategic lead and leave partners and services to respond as best they can. This was dismissed as it would increase the risk that support for residents and businesses would not be joined up or consistent, nor would it provide a forum to hear of the impacts directly with key partners in business and voluntary sectors and to develop an overall action plan.

Comments of Policy Overview Committee(s)

None at this stage.

Supporting Information

1. Council Motion

In January 2009, Council agreed a Motion in relation to the impacts from the global financial crisis, which noted the actions already being taken to support residents and businesses in Hillingdon by the Council and its partners. The Motion read:

That this Council notes that the current financial crisis is already having a dramatic effect on many residents of Hillingdon including traders, retailers and especially those who rely on interest from their already taxed savings.

The Council recognises its role in the prosperity of the community as both a large employer and buyer of local goods and services.

Council further notes the following action already taken by the Leader and Cabinet and calls for an update report to be given at the June Cabinet meeting:

- *Freezing Council Tax for the next two years*
- *Aiming to keep fees and charges at an affordable level*
- *Working with Partners to identify where joint co-operation can provide additional support to the local community*
- *Creation of an emergency advice and support fund to be match funded and used in conjunction with the voluntary sector*
- *Providing assistance and guidance to those who need help with the payment of Council Tax, business rates or rents*
- *Processing the payment of invoices at a faster rate*
- *Buying locally wherever possible*

The Council also calls upon the Chief Executive to write to the appropriate Government Minister registering the concern of the Council, to the proposed housing rent increase of over 6% and the cuts in Hillingdon Housing funds should this increase not be passed on to tenants.

2. Monitoring the impact of recession

The work in responding to the economic downturn continues apace across the Hillingdon Partners. Detailed actions are set out at 3 below. Headline indicators show that the number of JSA claimants in Hillingdon increased by 103% between April 2008 and April 2009. In West London as a whole the increase over a year has been 70%. Other neighbouring areas such as Herts and Bucks have seen rises of 130-150%. In Hillingdon the percentage of working age residents in receipt of JSA is 3.5%, below the London average of 4.1%.

The rise in unemployment is leading to increased demand for benefits and homelessness applications. New claims for benefits in 2008/09 were 20% higher than in the previous year.

There was a 4% increase in homelessness applications in 2008/9, and a similar level of increase in homeless acceptances and admissions to temporary accommodation. There has not yet been a significant impact on demand on the housing needs service in Hillingdon. We are monitoring the situation carefully, as an increase may still be expected if households are evicted from rented accommodation or default on their mortgages. There are currently 7,700 people on the housing register. This does not represent an increase when compared to 2007/8.

The Council and Citizens Advice Bureaux are also seeing increases in demand for advice and information.

At present there are approximately 222 empty business units across Hillingdon's town centre district areas, which is 2.9% of the total. Of these empty units the majority have been vacant for less than three months.

The Council is maintaining a dashboard of economic and other indicators, a tool which has been adopted by a number of other authorities. The latest edition is attached to this report.

3. Actions taken

In December 2008 the Leader of the Council pledged that the Council would do all it could to offer practical help and support to make life just a little easier for residents and businesses in Hillingdon. Residents and businesses were asked to get in touch if they were having problems paying Council tax or business rates.

a) Freeze on Council Tax and charges for key services.

The Council's Budget for 09/10 agreed a Council Tax freeze for all residents for two years. The Budget also froze charges for key services used by residents including:

- Library service charges
- Swimming and leisure centre admissions and charges
- Adult education course fees
- Careline charges
- Use of arts service venues
- Allotments charges
- Home care charges
- Early years centres nursery fees
- Parking charges for Hillingdon First cardholders

The *Hillingdon First* card, now being delivered to residents, will embed the Council's support for residents by providing preferential rates on parking and sports and leisure facilities in the borough, access to libraries and the council's civic amenities sites. In addition, over 350 outlets will offer discounts to card holders.

b) Working with Partners to identify where joint co-operation can provide additional support to the local community.

The Council is leading on regular discussions at the Hillingdon Partners Executive to ensure that as much information as possible on the impacts of the recession is assembled and used to inform responses.

In addition a 'credit crunch' Group comprised of officers and partners is meeting regularly to drive activity in response to the downturn and ensure that the Council and partners are able to do everything possible to support residents and businesses.

The Group, along with Hillingdon Partners Executive, is maintaining an overview of indicators of the impacts of recession using data from across the partnership. This 'Economic Impacts Dashboard' has been adopted as best practice by several West London authorities.

c) Creation of an emergency advice and support fund to be match funded and used in conjunction with the voluntary sector.

The Council has also taken a proactive approach to tackling the impact of the downturn in the economy on local residents in partnership with the voluntary sector, and has created a fund worth £75k in each of the next two years in order to support this work.

Hillingdon Community Trust, which provides grant support for projects and organisations in the south of the borough, has agreed to match-fund the Council's advice and information fund in 09/10.

d) Providing assistance and guidance to those who need help with the payment of Council tax, business rates or rents

The Council website has a 'beat the crunch' section headed up with the Leader's pledge of support to residents and businesses, which amongst other things encouraged residents and businesses who might be having difficulty paying their council tax and business rates this year to contact the council so we can help with planning payments.

The Council reviewed its recovery policies and processes in November 2008, and continues to keep them under review. A number of changes were introduced to provide help alongside the flexibility already in place for cases of genuine hardship:

- Extending payment arrangements to March (collection over 12 instead of 10 months). Longer repayment periods may also be offered in exceptional circumstances.
- Direct debits can already be made on any of 4 days in the month.
- Cash payments may now be made on any day on the month, where accounts have been subject to recovery action. Previously these payments were due on 1st of each month.

- Recovery action will be suspended if there is a sudden loss of income, supported by evidence.
- All recovery communications include information on benefit entitlement.

The Council's Revenues section has set up two dedicated phone lines for Citizens Advice Bureaux advisers to contact the Council to provide a direct link on behalf of clients with Council Tax queries.

Most leases of council owned-business premises provide for rent to be collected on a monthly-basis and have been collected on this basis for some years, ahead of market practice. Where leases state that rent is to be paid on a quarterly or other basis (these are generally older leases), the Council will collect rent on a monthly basis wherever businesses request it.

The Council is working with Hillingdon Chamber of Commerce to promote the take-up of Small Business Rate Relief, which is available to business with rateable value below £21,500. 1,000 small businesses that are eligible for SBRR, but have not yet applied, have been contacted to raise awareness and increase take-up.

e) Processing the payment of invoices at a faster rate

Some 230 local Small and Medium Enterprises have been identified by postcode, and payment terms for those businesses changed from 30 days to immediate to support local smaller businesses.

In addition, all invoices received from businesses in Hillingdon are also marked for immediate payment.

f) Buying locally wherever possible

A European Regional Development Fund bid has secured £295k to deliver a 3-year programme of supply chain support including Heathrow Meet the Buyer. Heathrow Area Supply Chains will specifically assist some 250 small and medium enterprises in Hillingdon, Ealing and Hounslow to access major local supply chains, including those at Heathrow Airport and in the public sector. 90% of business beneficiaries will come from London Boroughs of Hillingdon, Hounslow and Ealing. A delivery partner is being procured ready to start delivery in July 09. (June Cabinet Report: Heathrow Area Supply Chains refers).

Hillingdon is working with the Chamber of Commerce to contact business members and promote the opportunity of free advertisement listing in the Hillingdon Business Directory 2010-12.

g) Housing rent increase

The Chief Executive wrote to the Minister of State for Housing on 26th January 2009, following the Council meeting, to convey the Council's concerns about proposed housing rent increases in excess of 6%. In March, the Minister announced that the rent increases imposed by government would be halved from 6.2% to 3.1%. Changes to the guideline rent increase mean tenants will see their average rent increase in the coming year by around £2.50 rather than the proposed of £5 per week.

4. Further action taken

In the period since January, the Council has continued to work with partners both to monitor the growing impacts of the recession on both residents and businesses. The following is a snapshot of the current activity, in addition to the measures outlined above.

a) Support for residents

Hillingdon has secured substantial funding, on behalf of West London boroughs and strategic partners, from a successful London Development Agency/European Social Fund bid. The £900K funding will support some 800 people into training and employment opportunities within Heathrow and the wider hospitality/hotel sector. The Hillingdon bid was one of 32 projects recommended for funding from over 240 applications received London-wide.

Hillingdon Council has engaged a coordinator (via Hillingdon Training) to design and implement a project to bridge the gap between 'education and employment'. The Council has also changed the planning regulations to require contractors to consider the extent to which they can support apprenticeship training as part of each construction project.

The Council is also working to meet its commitment to London Councils to provide 45 apprenticeships by 2011.

The annual Heathrow Apprenticeship Fair at the Heathrow Academy was last held in February 2009. The Fair forms part of the local labour strategy and helps local young people find out more about apprenticeship opportunities provided by companies linked to Heathrow. Over 300 apprenticeship places were on offer.

Hillingdon is one of seven London boroughs to deliver the Fast Track Mortgage Rescue Scheme that offers financial support to people at risk of repossession following a change in personal circumstances.

Hillingdon has introduced the 'Workmates Scheme', as part of the West London Working City Strategy Pathfinder, which will provide a helping hand for working parents during the first 52 weeks of starting employment. Workmates is a free service which helps ensure people are receiving all available in-work support, and provides help finding childcare and opportunities to obtain qualifications and skills and other activities. The aim is to ensure that people finding jobs are able to keep them. Hillingdon is the first London council to implement such a scheme.

HMRC is piloting a scheme in 5 London Boroughs, including Hillingdon, aimed at encouraging more people into work by providing more help with childcare costs through the tax credit system. Up to 100 Hillingdon families will be able to receive payments to cover 100% of childcare costs with higher cost limits per child.

Hillingdon is in discussion with other West London Boroughs on how Hillingdon might benefit from the Future Jobs Fund and from a London Development Agency pilot to provide additional funding (£3m in total) for employability support for groups of people particularly disadvantaged within the labour market.

b) Uxbridge College and Brunel University

Uxbridge College is offering a wide package of learning and skills development with a focus on improving employability. The College is also offering some specific ways for people to survive the credit crunch. The College held an Open Day on 17 June at its Hayes Campus to provide

information about enhancing careers, working towards getting a new job or improving skills through full and part-time study.

Uxbridge College's website includes a section on 'surviving the credit crunch', offering free English language and skills for life training to people employed in the hospitality, retail or health care sector working for a small or medium sized company. The 'Bridge the Gap' project provides essential business and personal skills including form filling, handling money and understanding English. Also on offer to all are hair care and beauty services and cheap restaurant quality meals served by trainee waiting staff.

The College has a free careers guidance service to help residents of all ages improve their careers prospects and obtain more qualifications. The service can help residents decide their options, provide advice on education or training, offer guidance on professional courses and support with job searches, CV writing and interview techniques.

The College is running a recruitment service for students known as Student Training & Employment Project (STEP). This allows employers to post their vacancies on college website and supports students to apply. The 'Accelerate Project', run in conjunction with Adult Education, has funding of £152k over 15 months to provide learning opportunities for 58 unemployed Hillingdon residents in the North of the borough (Northwood Hills, Ruislip Manor, Harefield). The College and Adult Education are also working to secure additional employability support for 100 college students through the Learning and Skills Council's Employability Pathways.

Brunel University has successfully bid to the Economic Challenge Investment Fund for a package of support for small businesses and unemployed graduates to be launched over the summer.

c) Support for business

In April, Council shop tenants were offered help if they were experiencing financial difficulties. Shop owners were encouraged to contact the Council for help including short-term shop rent subsidies.

The Council is working with Brunel University and Hillingdon Community Trust to offer people in the south of the borough advice and expertise to help them set up their own businesses. Training sessions are provided on networking, legal issues, finance and market research.

The Council and Uxbridge College set-up the Hayes Business Studios, located at Hayes Community Campus, to support business start-ups. 10 studios were built using LDA capital funding and council revenue funding. There are currently 4 tenants in occupancy with 2 more pending.

Business Link in London is offering a 'Rapid Response' service for businesses that need urgent advice on bankruptcy or redundancies and to individuals that are looking at starting a business. In 2008-09, Business Link supported 143 businesses in Hillingdon and dealt with 4,101 business enquiries.

Jobcentre Plus is also offering a co-ordinated 'Rapid Response' service to businesses and business receivers considering large-scale redundancies. This provides support to help employees facing redundancy obtain advice, find new jobs, apply for benefits, and look for training opportunities. There were 4,582 vacancies notified in West London in April 2009.

Whilst this follows the seasonal trend, it is still a 36.6% decrease in comparison to April 2008.

Learning Skills Council London West, Hillingdon Job Centre Plus, Hillingdon Council and West London Working are meeting monthly to discuss economic downturn impact on Hillingdon, share information on new initiatives and identify/address any gaps.

d) Inward investment

Think London - Inward Investment confirmed on 1st May that the new Canon Europe headquarters will be located in Stockley Park, near Heathrow. This is expected to create 250 jobs. The Spanish pharmaceutical firm Almirall have opened their new HQ at Stockley Park where 50 jobs will be located. 600 jobs (450 full-time) are expected to be created following approval for the new Riva properties 5-star Hotel at Heathrow.

e) Communications

A 'Beat the Crunch' section has been developed on the Council website (under Advice and Benefits, and through the front page) to provide a wide range of information for residents and businesses, including information about partner campaigns such as Age Concern Hillingdon's 'More Money in Your Pocket' campaign aimed at ensuring older people claim all their entitlements, and the Citizens Advice Bureaux telephone call-back service. Help for shop tenants and older people has also been publicised by the Communications Team. In addition a leaflet detailing sources of advice and support was prepared for use at Council Question Time in May.

Financial Implications

There are no financial implications arising directly as a result of this report - the implications of revenue forgone such as increased council tax is considered fully in budget reporting. The Council and its' partners have identified and secured a number of funding streams over a number of years, totalling £1,572k, to support Hillingdon residents and businesses during the current economic downturn, these include:

1. Setting a 0% increase on Council Tax for both 2009/10 and 2010/11, which has been incorporated in the budget setting process.
2. Agreeing to a 0% increase on charges for key services.
3. Creating an Emergency Advice and Support Fund of £75k for both 2009/10 and 2010/11, and securing £75k match funding from the Hillingdon Community Trust for 2009/10.
4. Securing a grant of £295k from the European Regional Development Fund to deliver a 3 year programme of supply chain support.
5. Secured £900k on behalf of West London Boroughs and Strategic Partners from the London Development Agency/European Social Fund to support people into training and employment opportunities within Heathrow and the wider hospitality/hotel sector.
6. Uxbridge College in partnership with Adult Education has funding available of £152k over a 15 month period to provide learning opportunities for unemployed Hillingdon residents.

EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendations?

The action plan is designed to respond to challenges of the recession and be of direct benefit to residents including those most affected and to support business where we can.

Consultation Carried Out or Required

The action plan has been compiled with partner organisations. It has also been discussed with the Hillingdon interfaith network and we are exploring ways of working with faith groups to help identify and support access to advice and information.

CORPORATE IMPLICATIONS

Corporate Finance

This report is concerned with the external impact of the economic downturn and recession on local residents, businesses and community organisations, and the additional funding that the Council and its partners have allocated to initiatives to support local people through the recession is set out in the financial implications section above. The recession also has financial and service impacts on the Council's own business, which are set out in other reports to Cabinet such as the monthly budget monitoring reports, and are therefore not considered in this report.

Legal

There are no specific legal implications arising from this report.

BACKGROUND PAPERS

None.



ECONOMIC IMPACTS DASHBOARD

The Dashboard gathers data from across the Council to track yearly and monthly changes and highlight potential impacts. All data is collected and monitored by the Corporate Performance & Improvement Team.

KEY POINTS:

- The number of JSA claims rose to 5,580 an increase of 2,829 (103%) between Apr 08-Apr 09. Jobcentre Plus notified of 1,188 redundancies between 5 Jan 09 and 6 Apr 09 affecting businesses in the borough.
- Council Tax and Business Rates collection is holding up compared to the same time last year.
- Housing and council tax benefit applications have risen by 28% comparing April 08/April 09. Rent collection rates and rental arrears continue to improve compared to 08.
- Community safety indicators remain broadly flat apart from anti-social behaviour, which has steadily risen over the 6-month period. Note, it is not possible to quantify impact from economic pressures.
- Numbers accessing Council leisure facilities remains strong despite falling below the profiled target.
- Planning applications increased by 25 in the month; this is slightly down compared with Apr 08 levels.
- Data from Hillingdon CABx shows an increase in people seeking advice on JSA, mortgage and secured loan arrears, redundancy and rent arrears.

Local Economy						
	Feb-08	Mar-08	Apr-08	Feb-09	Mar-09	Apr-09
JSA claims In LBH	2,871	2,855	2,751	4,904	5,330	5,580
Overall difference in JSA claims on the year (%)				71%	87%	103%
No. of business units empty for less than 3 months	-	-	-	-	-	186
No. of business units empty for more than 3 months	-	-	-	-	-	36
SUMMARY: JSA claims increased by 250 or 5% on the month and overall by 103% on the year to April 09. JSA claims in Hillingdon account for 3.5% of the working age population compared with 4.1 % for London and 4.1% for Great Britain. Jobcentre Plus has reported redundancies in Hillingdon across a range of sectors including retail, construction, transport manufacturing and warehousing. Approximately 222 or 2.9% of business units are empty across the boroughs town centre districts (includes retail and office premises). This indicator is taken from the council's National Non Domestic Rate (NDR) database.						

Housing						
	Feb-08	Mar-08	Apr-08	Feb-09	Mar-09	Apr-09
Rent collected as proportion of rent due	97.5%	97.7%	97.8%	97.9%	98.2%	98.2%
LA tenants with more than 7 weeks rent arrears	6.0%	5.9%	5.3%	5.4%	5.4%	5.1%
New housing and CT benefit applications	785	892	918	992	1270	1178
No of people seeking housing advice	418	349	423	324	374	343
No of people making formal homelessness applications	46	52	40	67	85	46
No of empty residential properties	-	-	614	644	600	616
SUMMARY: Rent collection levels remain high, and the proportion of tenants with arrears above 7 weeks is lower than this time last year. New benefit applications have risen substantially during Mar and Apr 09 compared to the same time in 2008. The number of homelessness applications declined in Apr and appears to follow a seasonal trend.						

Planning & Development						
	Feb-08	Mar-08	Apr-08	Feb-09	Mar-09	Apr-09
Number of planning applications received	355	328	238	138	206	231
SUMMARY: The total number of planning applications has steadily increased over the last 3 months - with an additional 25 applications between Mar and Apr 09. Applications are slightly down compared to April 08.						

Community Safety						
	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
Hate crime levels (Harassment)	30	27	39	22	25	34
Domestic Violence Offences	166	161	152	127	166	172
Anti Social Behaviour (No of reported instances)	1,341	1,797	1,774	1,944	2,030	2,111
Community Tensions Risk Level	6	6	6	6	6	6
	Feb-08	Mar-08	Apr-08	Feb-09	Mar-09	Apr-09
Serious Acquisitive crime rate	629	529	440	597	600	573
SUMMARY: There is a slight rise in the incidence of hate crime and domestic violence. Community tensions risk remains low and acquisitive crime has slightly declined on the month. ASB has increased steadily over the 6-month period. Overall, caution should be exercised about drawing conclusions around the impact from the economic downturn.						

Leisure						
	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
People accessing leisure services	55,103	58,282	62,980	53,772	80,861	61,208
Monthly Profiled Target	57,022	47,080	77,384	60,321	75,026	75,917
SUMMARY: The numbers of people accessing leisure services fell against the profiled target in April.						

Revenue						
	Feb-08	Mar-08	Apr-08	Feb-09	Mar-09	Apr-09
Council Tax collection level	94.5%	96.3%	11.3%	95.4%	96.3%	12.6%
Business Rates collection level	98.7%	99.3%	11.2%	96.2%	99.3%	11.1%
SUMMARY: Council tax collection levels remain on target. Business rates collection showed a slight drop compared with last April.						

Council Contact Centre calls (volume)			
	Feb - Apr 08	Feb - Apr 09	Difference +/-
Housing benefits	16,369	17,215	5%
Actual homelessness	54	112	107%
Threatened homelessness	23	20	-13%
Domestic Violence	7	36	414%

CAB Enquiries (volume)			
	Feb - Apr 08	Feb - Apr 09	Difference +/-
Mortgage & Secured Loan Arrears	40	121	203%
Rent Arrears (local authority)	82	89	9%
Rent Arrears (Private Landlords)	26	37	42%
Council Tax Arrears	145	177	22%
Council Tax Benefit	175	269	54%
Housing Benefit	250	303	21%
Job Seekers Allowance	68	220	224%
Redundancy	40	74	85%
Threatened Homelessness	68	58	-15%
Actual Homelessness	11	19	73%
Domestic Violence Incidence	11	9	-18%
SUMMARY: CAB are dealing with increasing enquiries on a number of key areas; home loans, rent arrears, CT and housing benefit, JSA claims, redundancy and actual homelessness. Both CAB and contact centre figures show a drop in threatened homelessness enquiries. These enquiries are only a guide and may reflect a range of issues and concerns.			