

ENTERPRISE, EMPLOYMENT & MAJOR PROJECTS CABINET MEMBER MEETING

Agenda Item 42

Brighton & Hove City Council

Subject:	Supporting Business Through The Current Economic Climate		
Date of Meeting:	9 December 2008		
Report of:	Director of Cultural Services		
Contact Officer:	Name:	Adam Bates	Tel: 292600
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Key Decision:	No		
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 To consider the impact of wider economic changes on business in the City and review the actions that the Authority is taking in response.
- 1.2 This activity relates to the Corporate Priority of 'Protecting the environment while growing the economy'.

2. RECOMMENDATIONS:

- 2.1 Note the effects on business in the City and the work underway
- 2.2 Agree to the Actions outlined in section 3.8 of this report
- 2.3 Request a review of this activity to be brought to a Cabinet Member Meeting in the spring of 2009.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 Members across all parties have been openly concerned by the effects of the current economic climate on businesses in the City.
- 3.2 It remains difficult to predict the scale of the economic crisis at a local level and the extent to which it will result in further unemployment and business failure into the future.
- 3.3 However there are already a number of national indicators which give cause for concern and include:
 - Rising unemployment reached 1.82m at the end of September
 - Announcement of significant job losses by major organisations

- Share price falls
 - House price falls of 2.8% in the last year.
 - Declining retail sales
 - Rising cost of sales including energy costs
 - Repossessions rising by 3% in the third quarter to end of September.
- 3.4 In addition to these indicators it is also worth noting that the pound has weakened against most currencies which should help our competitiveness in export markets and also interest rates have been dropping more recently.
- 3.5 The outcome of all of these is that some businesses are undoubtedly struggling and for some the prospects do not look good. Company liquidations in England Wales increased by 25% in the period July-September compared to last year. Even local indicators give cause for concern including information that Hotel Revpar (revenue per available room) has fallen by 6.5% since January compared to last year.
- 3.6 In October the Leader and Cabinet Member Enterprise agreed to work towards identifying a number of initiatives that the Authority could take to mitigate the impact on local business to help improve the chances of Brighton & Hove businesses overcoming this climate.
- 3.7 Cabinet/TMT also considered a report at their meeting of 5th November which considered the wider impacts of the economic climate on the City and the Council beyond those simply affecting business.
- 3.8 As a result of decisiveness by the authority a number of actions are proposed as follows:
- 3.8.1 Establish an Economy Task Force, chaired by the Leader and involving organisations that can support actions to improve the situation such as JobCentre Plus, SEEDA, Brighton & Hove Chamber of Commerce, Brighton & Hove Business Forum and the Federation of Small Businesses.
 - 3.8.2 The Leader, Cabinet Member, Chief Executive and Economic Partnership to jointly write to the major banks requesting their co-operation in supporting flexible lending arrangements that try to ensure businesses which can survive the economic climate are given every opportunity to do so.
 - 3.8.3 The Council, as landlord, to offer monthly rent payments to small business on a case by case basis.
 - 3.8.4 The Council to work towards payment of invoices from local business in 10 days rather than the current 30 day terms.
 - 3.8.5 The Council to offer small businesses the opportunity to pay business rates in 12 annual instalments, on a case by case basis, as opposed to 10.
 - 3.8.6 Run a 'Buy Local' campaign urging local people to support local business in this difficult trading climate and which acknowledges the increased targets that the authority has set for itself to increase local procurement.
 - 3.8.7 To fund additional business support clinics and sectoral business advice sessions working through the Brighton & Hove Chamber of Commerce and Business Link.

- 3.9 On the 19th November an initial meeting of the Economy Task Force was held where business organisations offered their support for the above initiatives and further joint actions were explored.
- 3.10 On the 20th November Cabinet agreed to allocate £142,000 towards local employment and business support initiatives. It is anticipated that these sums will fund the actions highlighted in 3.8. While final allocations are yet to be agreed, it is expected that the following sums will be made available for specific activities and the outputs they will generate are as follows:
- 3.10.1 £24,000 for Business Support which will generate around 500 business interventions through 1:1 business clinics, sector specific workshops, a professional service ‘speed networking’ event and other industry business support events.
 - 3.10.2 £15,000 for the ‘Buy Local’ campaign which will produce a ‘buy-local’ website, window stickers, radio advertising and a launch event. It is intended that we get at least 1000 residents to formally pledge and sign-up to buying locally and at least 100 businesses to directly support the scheme.
- 3.11 In addition the Council will ensure that all of this activity is co-ordinated with other Business Support and Trade Associations to include:
- 3.11.1 Ensuring the ‘Buy-Local’ campaign aligns with the Business Improvement District’s Christmas Advertising campaign.
 - 3.11.2 That the major Business Support organisations including Business Link and the Chamber and others work together on the provision of local business support.
 - 3.11.3 That we lever in any additional funding that regional organisations may be able to apply in support of a co-ordinated response to this economic situation.

4. CONSULTATION

- 4.1 Early consultation took place with key business organisations including the Chamber of Commerce, Business Link, Brighton & Hove Business Forum and SEEDA.
- 4.2 One of the proposals includes the formation of an Economy Task Group to continue to provide input and monitoring on this work and which includes the organisations named in 4.1 and the Federation of Small Businesses and JobCentre Plus.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

The proposed actions of revised payment terms to small and local businesses (outlined in paragraphs 3.8.3 to 3.8.5) will result in a small interest loss. With interest rates reducing and the Council’s significant cash balances the impact on cash flow will be negligible. An allocation of LABGI funding has been made to contribute to the ‘Buy Local’ campaign and the additional business support (outlined in paragraphs 3.8.6 and 3.8.7).

The impact of the wider economic changes will be kept under review by the Economy Task Force and reported back to members.

Finance Officer Consulted: Anne Silley

Date: 19/11/08

Legal Implications:

- 5.2 There are no generic legal implications arising from the actions proposed. As each particular proposal moves forward specific legal issues may arise (eg direct assistance to small businesses) that would need consideration on a case by case basis. Significant legal hurdles are not considered likely.

Layer Consulted: Jonathan Vernon-Hunt

Date: 19/11/08

Equalities Implications:

- 5.3 The action proposed is intended to support all local businesses that require extra help to continue to operate during this economic climate. These activities will be made available to all businesses that fall into this category equally. Attempts will be made to monitor impacts which may have a particular impact on businesses in relation to one of the equality strands e.g. from the BME community and monitoring will be strengthened.

Sustainability Implications:

- 5.4 Many of the actions proposed attempt to improve the viability of local businesses ensuring that they can continue to trade and employ local people. In addition specific actions including the 'Buy Local' campaign actively encourage consumption to be targeted locally which, through multipliers, can bring wider local benefits.

Crime & Disorder Implications:

- 5.5 None

Risk and Opportunity Management Implications:

- 5.6 Many of the impacts of the worsening economic situation may have a detrimental impact on LAA and Corporate Plan targets. The interventions proposed can mitigate against this risk. Additionally there is a continuing opportunity from lower interest rates and a weakening pound for local business to improve exports and reduce the costs of debt.

Corporate / Citywide Implications:

- 5.7 The actions proposed support the corporate priority of 'Protecting the Environment while Growing the Economy'

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 No alternative options to those proposed under 3.8 exist at this time.
- 6.2 Working with the Economy Task Force, further consideration will be given to other options which may come forward and which are likely to be influenced by this very fluid situation.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The economic situation is changing rapidly and is likely to become more severe. The actions are based upon early feedback from business representative organisations and known economic indicators.

SUPPORTING DOCUMENTATION

Appendices:

- 1. None

Documents In Members' Rooms

- 1. None

Background Documents

- 1. None

