

# **Economic Development and Cultural Services Overview & Scrutiny Panel**

Date: **Monday 9<sup>th</sup> February 2009**

Time: **14.00pm**

Venue: **Edwards Room, County Hall, Norwich**

**Persons attending the meeting are requested to turn off mobile phones.**

## **Membership**

Mrs J Chamberlin  
Mr B Collins  
Mr S Dunn  
Mr R Goreham  
Mrs B Hacker  
Mr J Joyce

Mr C Lloyd Owen  
Mr G Nobbs  
Mrs T Paines  
Mr A Pond  
Mrs S Rice

## **Non-Voting Cabinet Member**

Mr J Gretton  
Mr B Iles

Cultural Services  
Economic Development

## **Non-Voting Deputy Cabinet Member**

Miss E Collishaw

Economic Development

**For further details and general enquiries about this Agenda  
please contact the Committee Officer:  
Catherine Wilkinson on 01603 223230  
or [catherine.wilkinson@norfolk.gov.uk](mailto:catherine.wilkinson@norfolk.gov.uk)**

# A g e n d a

## 1 To receive apologies and details of any substitute members attending.

## 2 Members to Declare any Interests

Please indicate whether the interest is a personal one only or one which is prejudicial. A declaration of a personal interest should indicate the nature of the interest and the agenda item to which it relates. In the case of a personal interest, the member may speak and vote on the matter. Please note that if you are exempt from declaring a personal interest because it arises solely from your position on a body to which you were nominated by the County Council or a body exercising functions of a public nature (e.g. another local authority), you need only declare your interest if and when you intend to speak on a matter.

If a prejudicial interest is declared, the member should withdraw from the room whilst the matter is discussed unless members of the public are allowed to make representations, give evidence or answer questions about the matter, in which case you may attend the meeting for that purpose. You must immediately leave the room when you have finished or the meeting decides you have finished, if earlier.

**These declarations apply to all those members present, whether the member is part of the meeting, attending to speak as a local member on an item or simply observing the meeting from the public seating area.**

## 3 Public Question Time

15 minutes for questions from members of the public of which due notice has been given.

Please note that all questions must be received by the Committee Officer by 5.00pm on **Wednesday 4 February**. Please submit your questions(s) to the person names on the front of this agenda. For guidance on submitting public questions, please view the Council Constitution, Appendix 10, Council Procedure Rules at [www.norfolk.gov.uk/reviewpanelquestions](http://www.norfolk.gov.uk/reviewpanelquestions).

## 4 Local Member Issues/Member Questions

15 minutes for local members to raise issues of concern of which due notice has been given.

Please note that all questions must be received by the Committee Officer by 5.00pm **Wednesday 4 February**. Please submit your question(s) to the person named on the front of this agenda.

## Items for Scrutiny

### 5. Cabinet Report – State of the Economy

(Page 1)

This report invites Members to consider and debate the Council's response to the emerging effects of the economic downturn on the Norfolk economy, along with possible actions. This will inform whether further investigation work is required, progress on which will be reported to Cabinet for the April 2009 meeting.

### 6. Presentations:

- The current position by Chris Starkie, Chief Executive of Shaping Norfolk's Future and Mike Burrows, Acting Chairman.

### 7. Question and Answer Session:

The following have been invited to contribute from their perspective to the discussion:

- Rob Hetherington, Job Centre Plus, representing the employment perspective.
- David Stutchbury, Clydesdale Bank, representing the banking perspective.
- David Martin, Business Link East, representing the small business perspective.
- Chris Starkie and Mike Burrows, Shaping Norfolk's Future.
- Ann Martin, Finance Director, Norwich International Airport.

### Group Meetings

<b>Conservative</b>	<b>1.00pm</b>	<b>Room 530</b>
<b>Labour</b>	<b>1.00pm</b>	<b>Room 504</b>
<b>Liberal Democrats</b>	<b>1.00pm</b>	<b>Room 532</b>

**Chris Walton**  
**Head of Democratic Services**  
County Hall  
Martineau Lane  
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Date Agenda Published: 30 January 2009



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## **Economic Development and Cultural Services Review Panel**

**Minutes of the Meeting held on Thursday 15 January 2009**

### **Present:**

Mrs J R M Chamberlin (Chairman)

Mr J R Baskerville  
Mr B J E Collins  
Mr S Dunn  
Mr R F Goreham  
Mrs B M Hacker

Mr J M Joyce  
Mr C Lloyd Owen  
Mr G Nobbs  
Mrs T I Paines  
Mr A Pond

### **Cabinet Members Present:**

Mr J R Gretton                      Cultural Services  
Mr B J M Iles                        Economic Development

### **Deputy Cabinet Member Present:**

Miss E Collishaw                      Economic Development

### **1            Apologies and Substitutions**

1.1            Apologies were received from Mrs S Rice (Mr J Baskerville substituting).

### **2            Minutes**

2.1            The minutes of the meeting held on 18 November 2008 were agreed as a correct record and signed by the Chairman.

2.2            A query was raised relating to anonymity within minutes. The Director of Corporate Resources and Cultural Services noted that a paper reviewing minute style had been taken to the Group Leaders, and would be discussed within Groups.

2.3            It was noted that in paragraph 17.4 of the November 2008 minutes, Mr R Goreham had been incorrectly identified as Mr R Goreman. This error was noted.

2.4            An update was given relating to the Stone Curlews in Thetford, noting that it was hoped that a second site could be used. An issue relating to downy backed beetles was also highlighted.

2.5            Clarity regarding the name of the Panel was requested. The Chairman clarified that all meetings previously called 'Review Panels' had been renamed as 'Overview and Scrutiny Panels'. Scrutiny would still be carried out by these

groups, and it was noted that Scrutiny Committees had a different function.

- 2.6 The Deputy Cabinet Member for Economic Development highlighted the item relating to European Funding within the Member Briefing. The Chairman noted that the Briefing was excellent and informative.

### **3 Declarations of Interest**

- 3.1 No interests were declared.

### **4 Matters of Urgent Business**

- 4.1 There were no matters of urgent business.

### **5 Public Question Time**

- 5.1 There were no public questions.

### **6 Local Member Issues/Member Questions**

- 6.1 There were no Local Member issues/Member questions.

### **7 Cabinet Member Feedback on Previous Review Panel Comments**

- 7.1 The Cabinet Member for Cultural Services gave feedback on the 'Making Libraries a Safe and Welcoming Place' report, and noted that the Library Service had accepted the recommendations because they reflected current practice.

- 7.2 The Cabinet Member gave feedback on each recommendation as summarised below:

1. **Attendants:** This would need to be financially assessed, however RFID book issuing freed up staff for other duties. The use of badges or special clothing would be discussed with UNISON.
2. **Fragmented working:** This would be investigated further.
3. **Symbols to clarify the rules:** Public information had been revised and was being displayed on plasma screens. Ongoing review would be undertaken.
4. **New Code of Conduct and 5. Guiding Principle:** Many were already in place, and all had been accepted except permanent bans.
6. **'Front Office Roles':** This was noted as good practice, and many Managers had risen from within the service and were based in libraries. The Head of Libraries made regular visits to libraries within geographical groupings.
7. **Branch Libraries night opening:** This was under review.
8. **CCTV:** Security was reviewed by the Forum Trust Board, and tenants

meetings.

**9. Layout Review:** This had been done, and was under constant review.

**10. Method of recording complaints:** Internal reporting was in place. Cultural Services received more compliments than complaints, and received half of all County Council compliments in 2007.

7.3 The Cabinet Member thanked the Working Group for their interesting and useful report, and noted his full confidence in the Four Star Library Service in Norfolk.

7.4 A request was made for the Cabinet Member's notes in paper format. It was noted that the minutes would provide this.

7.5 Concerns were raised relating to the concept of using visual signage within the rules, for example a line through a beef burger, and that the signage should be more generic. In reply, it was noted that the rules would clarify 'no hot food', although cold food is permitted.

7.6 It was noted that evidence to support the claims relating to unacceptable behaviour would have been useful and that it was hoped a follow-up would be made in six months.

## Items for Overview

### **8 Contribution of Cultural Services to Health and Well-being**

8.1 The annexed report (8) was presented by the Head of Arts. It provided an outline of the contribution that Cultural Services made to Health and Well-being.

8.2 During the discussion, the following points were raised:

- It was noted that Health and Well-being was becoming more important, and it was good to see that the Norfolk Arts Forum and Norfolk County Council generally were leading the way. It was noted that an overview of the subject across the County Council would be useful. The Head of Arts noted that there is a Corporate Health and Well-being group in place, and agreed to take this to the group and report back to the Panel.
- It was noted that this was a heartening report, and also noted that an exhibition at Ancient House was shortly to begin. The 'Fit Together' Nordic Walking scheme was clarified as being walking with long poles.
- A query was raised regarding the uptake of the 'book prescription' service. In reply, it was noted that this seemed to be working very well, with positive feedback. It was also noted that due to patient confidentiality, it was very difficult to measure the success of this scheme, however the use of certain books known to be regularly prescribed could be monitored.

8.3 The Review Panel **NOTED** the contents of the report.

## 9 King's Lynn Heritage and Cultural Asset Buildings Review

9.1 The annexed report (9) was presented by the County Archivist. It detailed the recent review of the buildings assets within King's Lynn, relating to heritage and culture. The Director of Corporate Resources and Cultural Services noted that a group had been set up to investigate implementation of elements of the review. They would then make recommendations and seek funding.

9.2 During the discussion, the following points were raised:

- It was noted that the Panel should await the outcome of the feasibility study and then a report could be brought back.
- An indication of the value of the archives at King's Lynn was requested. It was noted that the King's Lynn archives went back to the 13<sup>th</sup> Century and were recognised as one of the finest municipal archives in the country, if not Europe. They were housed in the Town Hall where the storage facilities did not fully meet the standard, BS 5454, and where there was the threat of flooding. Air conditioning systems had been upgraded, however during a recent hot summer they were not up to standard. The building was not Disability Discrimination Act compliant, and the searchroom facilities were not up to the necessary standards of security. The preferred option was to upgrade the Town Hall with the necessary safety measures and enhancements.
- A question was asked regarding how local Members were being kept informed of progress. In reply, it was stated that a regular report was being submitted to the Records Committee.
- It was highlighted that a Norfolk-wide review of building suitability would be useful. A paper showing the archive 'hotspots' in Norfolk was requested.
- It was noted that Thetford had recently deposited their archives in the Archive Centre in Norwich. This had greatly improved access and storage. It was also noted that Great Yarmouth had deposited their Borough Archives at The Archive Centre, although a small amount of records remained within the Borough Council offices. Complementary items were held in the Time and Tide Museum. A Norfolk Record Office (NRO) Archivist acted as Great Yarmouth Borough Archivist. It was noted that King's Lynn opted to keep their records and staff from Norwich were sent there on a weekly basis to service the archives, with the NRO's Principal Archivist acting as Borough Archivist.
- It was noted that there were other historical collections within Norfolk including libraries holding early editions of books. Therefore the buildings that these were housed in should be reviewed.
- The Chairman noted that it would be useful for the Panel to make a visit to King's Lynn to see the buildings after the feasibility report had been

received.

- 9.3 The Review Panel **NOTED** the contents of the report and **AGREED** that the Officer Group should proceed with the feasibility study, and a progress report would be brought to a future meeting.

## **10 Cultural Services Budget Monitoring Report**

- 10.1 The annexed report (10) was presented by the Finance and Business Support Manager. It provided a budget monitoring update for the Cultural Services Department, including the latest projected outturn for the 2008/9 Revenue Budget, the 2008/9 Capital Programme and forecasts of Provisions and Reserves at 31 March 2009.

- 10.2 During the discussion, the following points were raised:

- In response to a question on utility costs that included oil prices, it was confirmed that these are regularly reviewed and any reductions taken into account within budget forecasts.
- The income figure within the Adult Education budget was queried, and in reply it was noted that this was a rare occasion where the income was greater than the expenditure because it was received in advance. This would be spent as planned, and a break even position would eventually show.
- The slippage of the Wymondham Library budget related to unrepresented invoices.
- The expenditure of £14,000 relating to the Norfolk Guidance Services came from grants. This expenditure would increase nearer the year end. Further detail relating to the Guidance Services was requested, and it was suggested a further report be presented at the next meeting. A brief overview of the Guidance Service was given, detailing that it offered careers guidance to adults.
- The figures within the Archaeology revenue were queried. It was clarified that the £10,000 was district income for planning applications. It was also noted that the Norfolk Archaeology Unit had become part of NPS, and therefore did not appear in the report.
- An overview of the 'Art of Living' gallery was given, highlighting that it was a new gallery at the Castle Museum, displaying domestic arts from the Medieval period to the 1960's. Costumes and paintings were on display.

- 10.3 The Review Panel **NOTED** the contents of the report.

## **11 Service and Budget Planning 2009 - 2012**

- 11.1 The annexed report (11) was presented by the European and Performance Manager and the Finance and Business Support Manager. It provided Members



with information about the proposals for service planning for the Cultural Services Department, and the Economic Development Unit for the period 2009 – 2012.

11.2 During the discussion, the following points were raised:

- Relating to the Economic Development budget, it was noted that there had been no changes since the November meeting. It was noted that the cost neutral changes had been separated, and those costs that the department had no jurisdiction over had been removed.
- A Bill in the Queen's Speech requiring development of an Economic Assessment was highlighted and Members asked where the money for this would come from? In reply, it was noted that the service was aware of this, and had made some budget provision, although the full requirements were not yet known. This would become clearer over the following months (there may be government funds to assist).
- With reference to school admissions, it was noted that the aspiration was for free museum entry for school parties and it was hoped that funding could be found.
- It was noted that the reserves had been identified as a source to make provision to cover savings, however this was a fallback position and alternative savings would be found if necessary. There was no intention to restrict service, and it was hoped that the reserves would not need to be used.
- It was noted that the Adult Education expenditure budget was high, and some savings could be made.
- A question was asked why Adult Education basic price inflation was shown as a minus figure, unlike other services. It was explained that in calculating the budget, it was necessary to apply inflation to both income and expenditure and that the figure shown summarised non-pay and income inflation together. As Adult Education income is much higher compared to other services this accounted for the difference in the presentation.

11.3 The Review Panel **NOTED** the contents of the report, and recommended that Norfolk County Council continued to provide free school admissions to its museums and not cut the current funding of £46,000.

## 12 **Economic Development Budget Monitoring Report 2008/9**

12.1 The annexed report (12) was presented by the European and Performance Manager. The report provided information about the Economic Development Unit's revenue and capital budgets.

12.2 The European and Performance Manager noted the following comments in relation to the report:

- In relation to Table 1 on page 76, item 3 the 'EDU (Economic Development Unit) contribution to the Operating Plan projects', this related to grant payments to projects, which would receive their second 50% of funding in January. A better indication of the year-end position could therefore be given in March.
- In relation to Table 2 on page 77, the work on the Nar Ouse project had commenced, and a claim from the Borough Council of King's Lynn and West Norfolk was expected. In relation to the Breckland roundabout, work would commence in late 2009. In relation to the ring-fenced money for a Great Yarmouth project, a revised bid had been submitted.

12.3 During the discussion, the following points were raised:

- A member recognised the work that Norfolk County Council had put into the Thetford Business Park, and noted that the area was short on industrial sites.
- Queries were raised in relation to the ring-fenced Great Yarmouth money, relating to the figures shown. The cost of the site was questioned and in reply it was clarified that the original bid was £30,000 and that this had been increased. Additional funds to support these negotiations might have come from the Industrial Sites Unallocated Funds. It was noted that this was a piece of land in a strategically significant location.
- It was noted that the Thetford and King's Lynn project funds would not be spent by the end of the financial year due to the partnership issues outlined in the report, so these would carry over. It was noted that funding for capital works is not restricted to any one year.

12.4 The Review Panel **NOTED** the contents of the report.

## Items for Scrutiny

### 13 Outline Programme for Scrutiny

13.1 The Chairman asked members to speak with scrutiny leads to get the list updated. It was noted that the next scrutiny meeting would be 17<sup>th</sup> February.

13.2 During the discussion, the following points were raised:

- It was suggested that the significant job losses in Norfolk needed to be informally addressed at the next meeting and it was noted that a new Head of Service (Fiona McDiarmid) had been appointed within Economic Development, so further information and work would be forthcoming.
- Members noted that Breckland Council were holding drop in sessions relating to debt counselling, accounts and budgeting and other current issues. This was an excellent initiative, and a question was asked as to whether the County Council would do anything similar? In reply, it was

noted that Shaping Norfolk's Future would be holding a conference.

- It was suggested that a good avenue to explore would be the use of unoccupied sites, for expansion, education and other activities; there was a need to enhance opportunities.
- It was suggested that it would be useful to look at credit availability to small businesses, especially because some were becoming economically unviable due to credit cuts.
- It was noted that tourism was a key area in Norfolk. It was also noted that there was a need to look at training, development and skills for manufacturing and agriculture. In reply, members were advised that the EDU would come up with a proposal for areas to scrutinise, with Fiona McDiarmid, following feedback on the report on the County Council's response to the economic downturn that was going to Cabinet on 26 January 2009.
- It was suggested that the new Chief Executive of Norwich Airport could be invited to a future meeting to report on future development, which could have a positive impact on businesses. The Panel agreed that this could be useful.
- It was noted that some businesses may be struggling due to the Authority's credit terms. Paul Adams replied that this was being looked into corporately, with steps being taken to try to identify those smaller suppliers who could be paid more urgently. The EDU was in contact with districts and other partners, such as JobCentre Plus, in relation to what was being done to help businesses, and weekly updates were being sent to EEDA at the request of the East of England Minister.
- It was proposed by Mr Joyce, and seconded by Mr Nobbs and **AGREED** that an additional meeting of the Panel would be called on 9 February 2009 to discuss the response to the current economic climate. It was agreed that representatives from business in Norfolk would be invited to attend.

## **14 Norfolk County Council's Contribution to Tourism in Norfolk**

14.1 The annexed report (14) was presented by the European and Performance Manager, the Norfolk Tourism Project Officer, and an Elected Member. The report identified both current and future support to this important sector. An additional appendix was circulated to the Panel.

14.2 During the discussion, the following points were raised:

- The statement that Norfolk was in the top five tourist destinations was queried and it was clarified that this should read that Norfolk was in the top five counties. The context of the top five was questioned, and it was suggested that more could be done to attract people, or local visitors. It was suggested that it was unclear as to why Norfolk was in the top five. It

was agreed that additional information would be circulated relating to measurements and indicators. It was also noted that there was no reference to churches or cathedrals and the Norfolk Tourism Project Officer gave a brief overview of the work Norfolk Tourism does in this area.

- When asked what more could be done to assist the tourism sector, it was noted that this sort of development activity was included in the draft tourism strategy and action plan for Norfolk, which would be delivered by a range of partners. The action plan included the development of a short breaks product for Norwich, as well as identifying actions to attract low season visitors.
- It was noted that Norfolk rated very highly in terms of visitor activity (expenditure, number staying and day trips).
- It was noted that the work of Norfolk Tourism, the established public/private sector partnership, is supported by many active partners who contribute a range of projects including improving PR, a range of marketing activities including promotion of year round activities, and sector skills training. The East of England Development Agency (EEDA) funding might be cut, affecting East of England tourism.
- It was noted that there had been a decrease in the NCC Economic Development Unit contributions over the previous three years from £114,050 to £77,500, however the figures relating to visitor expenditure in Norfolk were increasing. In reply, it was highlighted that page 89 of the agenda detailed the funding sources of Norfolk Tourism and the County Council's contribution had not been increased for a number of years although other local authority contributions had. It was confirmed that the development of the tourism strategy and action plan would help the County Council to assess its contribution to the sector based on an assessment of needs and delivery.

14.3 The Review Panel **NOTED** the report.

The meeting concluded at 12.15pm.

Attached: Appendix to Report 14.

#### CHAIRMAN



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## **State of the Economy**

Report by the Director of Environment, Transport and Development

### **Summary**

This report invites Members to consider and debate the Council's response to the emerging effects of the economic downturn on the Norfolk economy, along with possible actions. This will inform whether further investigation work is required, progress on which will be reported to Cabinet for the April 2009 meeting.

## **1. Background**

- 1.1. Following a request from Cabinet, a report was presented to the 26 January meeting that outlined the current economic crisis, together with the County Council's response and a selection of possible additional activities. This report is attached at Appendix A.
- 1.2. Cabinet noted the contents of the report and asked Chief Officers to investigate the actions identified further, and to report progress to Cabinet for the April 2009 meeting.
- 1.3. At the recent Overview and Scrutiny Panel meeting on 15 January, members raised a number of issues around the County council's response which were reported to Cabinet on 26 Jan 2009 verbally including:
  - The availability of credit to businesses
  - The impact of the downturn on jobs
  - Availability of Government funding for skills development
  - How does Norwich Airport's development plans link to the economy?
  - How are SME's managing the impact?
  - Ease of access to government loans?
  - Can elements of the capital work programme be brought forward?
  - Can NCC concentrate purchasing with Norfolk companies?
  - Can we look at alternative uses for employment sites that are closing?

## **2 Overview and Scrutiny Panel Meeting**

- 2.1 This report provides Overview and Scrutiny Panel the opportunity to discuss and debate the attached report and to consider whether there is any further investigation work required. There is the opportunity for the Panel to feed in any further views or recommendations as part of the progress report in April to Cabinet.

- 2.2 A number of key partners will be attendance at the meeting, each of whom represents a selection of those organisations that have a critical role in the future of Norfolk's economy (see list of invitees on the agenda papers). Members may wish to invite partners to address Panel about their respective positions on the current crisis and explore possible actions that they may be able to undertake

### **3 Resource Implications**

3.1 **Finance** : None at this stage

3.2 **Staff** : None at this stage

3.3 **Property** : None

3.4 **IT** : None

### **4 Other Implications**

4.1 **Legal implications** : None

4.2 **Human Rights** : None

4.3 **Equality Impact Assessment (EqIA)** : This report is not making proposals which have a direct impact on equality of access or outcome.

4.4 **Communications** : None

### **5 Section 17 – Crime and Disorder Act**

5.1 As set out in the report at Appendix A.

### **6 Conclusion**

6.1 The County Council is already undertaking a broad range of activities across departments in response to the global economic downturn. It is clear, however, that as the impact of economic recession deepens, there will be pressure for all local authorities to respond more positively through local initiatives to assist residents and businesses in weathering the storm, and this report aims to generate debate and discussions on how the Council can respond to this

### **Action Required**

- (i) Members are invited to discuss and debate the attached report, and highlight any issues for the April 2009 Cabinet meeting.

### **Background Papers**

State of the Economy – report to Cabinet 26 January 2009 (attached as an appendix to this report)

## Officer Contact

If you have any questions about matters contained in this paper please get in touch with:

<b>Name</b>	<b>Telephone Number</b>	<b>Email address</b>
David Dukes	01603 223142	david.dukes@norfolk.gov.uk



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## **State of the Economy**

Report by the Director of Environment, Transport and Development

### **Summary**

This report outlines the emerging effects of the economic downturn on the Norfolk economy. The County Council, working with partners, has already responded to this in a number of ways. This report is an opportunity for the Cabinet to consider the Council's response to date and whether there is further action we should be taking at this stage.

### **1. Background**

- 1.1 The "credit crunch" has led to what most believe to be a serious global recession. This will have a major impact on individuals and families (whether in work, retired or on benefits), businesses of all sizes and sectors, and on whole communities.
- 1.2 The effect is being seen in the UK through rising unemployment (caused by company downsizing or closure – including the loss of major national names such as MFI and Woolworth), spiralling debts, decreased access to money and credit, falling housing prices, increased repossessions, falling retail sales and dwindling pensions and savings.
- 1.3 Although the crisis has resulted in unprecedented interventions from national governments, with financial commitments of staggering proportions, local authorities also have a role: to be at the centre of helping people, businesses and other groups through tough economic times - both in terms of supporting and stimulating the economy and in providing a safety net for people in need.
- 1.4 At the national level, the Chancellor's Pre-Budget Report in November set out five main ways of delivering help for people, organisations and businesses by:
  - **ensuring financial stability**, with further action to meet the global economic challenges;
  - **supporting business**, through an immediate support package and reforms that continue to promote the long-term competitiveness of the UK;
  - **helping people** and ensuring fairness, by providing support for low and middle income households, helping homeowners, tackling child poverty, supporting employment, and delivering security for all in retirement;



- **improving public services**, by locking in investment alongside public service reform, while ensuring the economy is supported in the short term and public finances remain sound in the medium term; and
- **delivering on environmental goals**, such as climate change and the need for greater energy efficiency, while supporting low carbon growth.

1.5 The LGA has identified the potential headline impact of the economic downturn on County Councils as follows:

- an increase in demand for elderly care
- increased demand for state school places, as parents pull their children out of private schools they can no longer afford
- reduced income from deals with developers, including reduced s106 contributions.
- increased risks associated with investments

1.6 In addition, it is also predicted that there will be increased pressure on free school meals. From a Norfolk perspective, it is still too early to assess the real impact in relation to the above points, however, we will monitor the situation locally over the coming months.

## **2. Impact of the Current Economic Climate**

2.1 In summary, the impacts of the slowdown continue to be visible in the region with a sustained volume of public announcements of significant redundancies (or redundancy risks) occurring each week. This reflects falling business confidence as well as accelerating decline in business activity and new orders. This is further reinforced by the news that (nationally) business start-up rates are 34% down on the 2006 rate and failures are 26% higher. (A more detailed analysis of the regional impact is contained in Appendix 1).

2.2 The Norfolk Chamber of Commerce has reported that more firms are asking for assistance. The main issue is availability of bank finance. An EDP/Larking Gowen survey (in December) reported that 78% of surveyed local businesses have either maintained or increased staffing levels in the last 12 months and 77% expect to retain the same size workforce next year. Although 30% have seen profits fall in the last year, 39% have seen them increase. Yet, looking ahead, half of the respondents expect profits to fall in 2009, but nonetheless expect to get through the crisis.

2.3 However, an even more recent British Chambers of Commerce report - which included input from small and medium-size firms in Norfolk - shows that 43% expect to freeze their staffs' wages this year and 34% said they expect to make redundancies. Business leaders believe the outlook in the East of England has worsened considerably in a matter of weeks. The survey shows that businesses are facing difficult times with cashflow, payments terms being extended and overdrafts being reduced.

- 2.4 Between July and December 2008, there have been 3235 notified redundancies in Norfolk, although there will be at least 2-300 more to add since the end of the year.
- 2.5 In previous downturns, the UK has experienced reduced consumer demand, lower output and rising unemployment – however, this has never been to such depth and at the same time coinciding with a collapse of the world’s financial markets.
- 2.6 The County Council has recently undertaken three Business Briefings as part of the statutory Business Rates Consultation Process. The key conclusion to be drawn is that most businesses, to some extent are struggling with increased financial burdens, reduced cashflow and more stringent lending. However, for many businesses, including those in our key sectors, there is reason for balanced optimism, for example:
- The financial industries went through a turbulent time last year as part of the “natural” cycle that the insurance sector tends to display. The industry appears in good shape to meet the challenges of the future
  - Engineering businesses – especially those with export markets – are benefiting from the weak pound and seem to be performing well with full order books.
  - Much of the tourism sector experienced a good summer despite the weather, with a lengthy extension thanks to the warm autumn. With the weak pound and strong overseas currencies, the tourism sector is expected to do well in 2009, with higher levels of home-based tourists as well as those from overseas.
  - The retail sector – particularly the larger independents – have had a reasonable Christmas and could benefit from the expected growth of in-bound visitors.
- 2.7 In terms of finance and cashflow, the Government’s recently announced loan guarantee scheme has been welcomed by business organisations. The idea of deferral of business rates was also raised in our consultations and this is something we can promote through the feedback of local economic intelligence to Government.

### **3. Current Approach to Economic Development and Response to Economic Downturn**

#### **Current Approach**

- 3.1 We need to do all we can to ensure that the economic downturn does not hold back our major improvement agenda for Norfolk. It is vital we do not lose sight of the longer-term view and continue to pursue the actions that will help position the County’s economy to quickly respond when conditions allow. Developing the Norfolk economy is at the heart of the County Council’s three Strategic Ambitions, which emphasises its

growing commitment to economic development. This is further underlined through the corporate objective: "to lead a strategic approach to the development of the Norfolk economy". As a lead partner in Shaping Norfolk's Future (SNF) - the long-term public-private economic partnership – the County Council takes a thematic, sectoral and geographic approach to promoting a sustainable economy, for example...

- The County Council has long recognised the importance of supporting our growth sectors – those that will make a real difference to the economy and those that are more likely to withstand the pressures placed on them during economic downturns.
- Working closely with the business community in Norfolk on specific initiatives and campaigns has resulted in positive outcomes for the county - as evidenced by the successful petition that has finally seen a date agreed to start work on dualling the last section of the A11.
- Through strategic leadership and co-ordination - for example on specific projects which are vital to Norfolk's economy and tackle areas of deprivation – Eastport and InteGreat in Gt Yarmouth and NORA in King's Lynn.
- Attracting external investment - last year we calculated that for every £1 spent on economic development we levered in £35 - at least £77.15m in total.
- Promoting and nurturing specific sectoral growth - for example through the enterprise 'hubs' - EPIC for creative media, Hethel for high performance engineering and Norwich Research Park Enterprise (NRPE) for health and life sciences.
- Supporting businesses and helping them to grow - this includes targeted training for the visitor economy services; support for businesses losing their post office function; a new website up and running to deliver information to engineers of the future.
- Through Investing in Communities we are working to reduce deprivation and social exclusion in the most deprived areas, targeting those with the greatest problems and adding value to the existing programmes of local authorities and other public agencies.
- Building relationships with key businesses and working with partners to monitor trends, opportunities and threats.
- Developing a new campaign to promote Norfolk and raise the county's profile so that it is in a better position to attract and retain investment.
- Investing in the skills of its workforce – for example within the NORSE Group, NCS has a workforce of over 5000 and over 48% have accessed additional learning – far greater than that achieved by most businesses

- 3.2 The recent Comprehensive Performance Assessment (CPA) reported that the County Council is contributing positively to the local economy. With its partners it has a track record of creating jobs (over 5,000 in the last five years), whilst promoting a shift away from employment in lower value occupations towards higher value ones.

### **County Council Response**

- 3.3 In the coming months of uncertainty around the economy, the County Council's aim is to continue to help create the right economic conditions so that Norfolk weathers the down-turn with as little pain as possible, and is well-positioned to respond quickly when conditions improve.

- 3.4 In response to the current economic downturn, the County Council has adjusted, or is reviewing some key service areas to assist those groups most vulnerable and at risk from the effects of the situation.

**a) Debt Advice** - The significant increase in debt cases has already resulted in the creation of a 'Rapid Action Team', chaired by the Head of Trading Standards. The task of this team is to identify the areas that the County Council, in its community leadership role, can influence or support to improve the level and quality of debt advice in Norfolk. A new, dedicated web-portal will be widely publicised, following its launch in January. In a straightforward and coherent fashion, it presents all of the help and support that is currently available, providing information for those with debt related problems as well as information and advice to help people avoid getting into debt, including family budgeting training delivered by Adult Education.

**b) Welfare Rights Advice** - The Welfare Rights Unit based at County Hall handles referrals from all social work teams and the joint visiting team (who deal with benefit checks and financial assessments). The unit maximises service user income and carries complex casework as well as training and supporting operational staff in welfare rights issues. The unit generated income in benefit entitlement of just under £1.2 million in the year January to December 2008, together with backdated benefit payments of £169,666.65. This represents some 405 Service Users for which the unit undertook complex casework. The unit has experienced a rapid rise in the number of referrals, a 21% increase year on year. Furthermore, there has been a sharp increase in Service Users presenting with multiple debt issues and those facing home repossessions. Given the increase in workload a new post for an additional Welfare Rights Officer has been approved. In addition to the work of the Welfare Rights Unit, partnership working with the Local pension Service generated a further £598,000 in benefit take up between April and September 2008 (6 months)

- c) **Norfolk Redundancy Network** - The County Council is a founding and active partner on the Norfolk Redundancy Network - a multi-agency group designed to ensure practical support is made available to employers and their staff who find themselves in a redundancy situation. The Network also shares intelligence to minimise avoidable closures and ensure that staff at risk of redundancy are given timely support and provides a single point of contact for employers for advice and support when faced with downsizing, restructuring or closure. The support available to businesses making people redundant is shown in Appendix 2.

The previous Response 2 Redundancy Programme (worth £1.1m) supported 565 individuals – 17% of all beneficiaries. A survey illustrated that the timely and targeted support was extremely important in helping people to find new employment. The Network will play a key role in ensuring all of the available support is delivered in a targeted and co-ordinated fashion. The recent emergence of further potential funding via the LSC places the Network in an ideal position to influence its application and to ensure there is no duplication.

- d) **Child Poverty** - Members will be aware of the current working group set up by the Cabinet Scrutiny Committee to:
- Establish what Norfolk County Council is currently doing to reduce child poverty in the county
  - Establish what progress has been made by the County Council with regard to child poverty and whether this approach has been successful
  - Determine what steps the County Council can take to reduce child poverty in the county

This is a timely piece of work that should have a considerable impact on this key issue and bring the work into sharper focus. An audit has identified that a number of existing County Council services have a positive impact in this area and the group will shortly recommend additional activity to help address the high incidence of child poverty in parts of the county.

- e) **Loansharks and Financial Inclusion** – Linked to bullet (a) above, the County Council, in partnership with Birmingham City Council, has a specialist team of Trading Standards Officers that identifies criminals who target vulnerable people and involve the provision of extortionate and illegal lending – using fear, violence and intimidation to enforce those debts. As part of this work, and following a successful bid to BERR, a Financial Inclusion Partnership Officer, employed by Birmingham City Council is now located in Norfolk County Council and covers Norfolk and Suffolk.

He has the task of helping victims and supporting the development and use of alternative forms of lending such as local credit unions. This work is expected to increase over the coming months.

- f) **Credit Unions** - Credit Unions are a very important mechanism to help tackle financial exclusion and there are a number of Credit Unions available for people to join. The Norfolk Credit Union (NCU) is open to all residents in the county and there also exist several neighbourhood based schemes, all of which the County Council could help to promote.

The County Council has specifically promoted the Wherry Dragon Credit Union (which covers all local government staff in the county) to employees via their payslips.

- g) **Payment of Invoices** - Payments performance to all suppliers has a target of payment within 30 days of receipt of invoice. The County Council is performing, on average, between 90-95% per month.

Within the current procedures, urgent payments can be made to pay suppliers which have severe financial difficulties. The average total of monthly payments to all suppliers is approximately £75m. To pay all suppliers within a shorter period than the current arrangements would require significant operational changes e.g. potential increase in staff to process invoices quicker, changes to each supplier record held in the payments system and changes in Departments to ensure invoices are passed to the payments section quicker than the current procedures.

- h) **Corporate Procurement** - The Corporate Procurement Unit (CPU) has always been supportive of the local business community and working alongside the Economic Development Unit and NPS has fully supported events such as the successful "Build Norfolk" event, which recently attracted over 300 businesses and through which an estimated £25m of business has been placed with registered local businesses. In addition excellent work has been undertaken with the Creative Industries and Business Link's "Broadband Roadshow" which provided the opportunity to tour the county and meet with local businesses and guide them where to look for opportunities to trade with the Council. Proposals are in place for a major "meet the buyer" event in the Spring 2009, that will bring together virtually all of the key buyers from the public sector. The aim will be to promote local business awareness of tendering opportunities in the public sector and also to provide assistance to enable them to be better equipped to bid for and win business.

- i) **Support for Individuals Considering Self-Employment** – The Economic Development Unit (with partners) provides financial support for a number of local schemes to promote self employment and business start-ups. These include an enhancement to the regional business start up scheme in North West Norfolk, where business start up rates have traditionally been very low, to promote the opportunities for self-employment at the grass roots level. The County Council is also a core funder and founder of the Norwich 4 Business scheme, which provides low interest loans to professionals facing redundancy who wish to start their own business. Business Link have reported that conventional lending to start-up companies is very difficult to access, which means alternative schemes such as Norwich4Business could become even more important. Led by Business Link, further initiatives are being planned (eg support for higher value, high growth start-ups) that will help deliver improvements in line with targets for NI 171 of the LAA.
- j) **Support for Employees** - Norfolk Support Line is a free confidential counselling and advisory service provided by the County Council in relation to its role as a major employer. NSL can provide help on many issues affecting an individual's psychological health including legal advice, money management and debt advice. The service is also available to employees' partners and dependants.

## 4. Potential Additional Actions

- 4.1 In addition to the above, there are several other areas of activity that the County Council could consider undertaking in responding to local circumstances – these include:
- 4.2 Short-term:
- Ensure all employment units and available workspace at the two Enterprise Hubs owned by the County Council is fully let through promotional initiatives, such as Launchpad.
  - Work with the Norfolk Business Support Alliance and Business Link East at ways of further improving collaboration of cross agency support to businesses in tackling the effects of the recession and to individuals thinking of starting a business, through supporting identified actions from the specially convened Enterprise East event and other emerging regional initiatives.
  - Ensure that the Planning and Development Control function is supportive of business needs – so that appropriate growth plans of existing businesses and sustainable new development proposals are encouraged.

- Anticipate the proposed new duty to conduct a local economic assessment to understand the economic profile of the locality, including the opportunities and threats presented by the current economic climate. Whilst formal data and evidence is important, informal intelligence and business perceptions are key.
- Develop plans for additional “meet the buyer” events in different parts of the county following the major event in the Spring.
- Help to promote and support further development needs of the Norfolk Credit Union (NCU) as well as other locally based schemes. The NCU is growing quickly, and projects to have over 3000 members by 2011, making it one of the largest in the region. In the next 2-3 years, due to the countywide coverage, it is expecting to host a number of government contracts focussing on deprived communities. These include the Gateway Savings Scheme, the Credit Union Current Account and the Growth Fund. NCU is developing a presence (in the form of Community Banks) across the whole of Norfolk and already has a presence in 8 towns. It will soon have a presence in several more communities with the aim of having a presence in over 30 by 2011. It is proposed to develop a clear action plan to support Credit Unions, including the promotion of their benefits to staff and residents in future Council publications – as well as through the local media.
- Explore whether it is possible and appropriate to bring forward additional property maintenance expenditure (general building repairs, redecoration, renewal of fences, resurfacing, re-roofing, re-wiring and plumbing repairs) within the capital programme as a way of boosting the local economy. We currently spend about £12.6m per annum on maintenance and minor works with over 350 local firms via 19,000 separate orders. The average order value is £667 so the impact would very local and very immediate.
- Give local suppliers a clear message that they should ensure invoices are submitted promptly and accurately and encourage them to approach the Council if they are experiencing difficulties as a result of the 30 day payment period.

#### 4.3 Longer-term:

- Acquire assets through negotiation and use of CPO powers to help unblock development schemes that are being constrained by land assembly issues.
- Support key actions aimed at restructuring of the labour force through developing the knowledge economy, as recommended by economic consultants SQW for the GNDP.

4.4 A joint meeting of the CSP Partnership Board and Management Group on the impact of the financial crisis was held on January 14. The Chair and Chief Executive of Shaping Norfolk's Future gave a presentation on the current state of the economy and actions being taken by central government and other local authorities to support businesses and individuals affected by the recession. Following a round-table



discussion, a number of areas for action were identified by the group. Shaping Norfolk's Future will now prepare a report for the next NCSP Management Group on March 10, with a series of possible actions for stakeholders across the county. Areas for action included:

- Marketing activity to increase confidence levels within Norfolk businesses and show the county as “open for business”.
- Raise skill levels through continued investment in education and training in preparation for the upturn.
- Coordinate and clarify support for individuals and businesses.
- Bring forward, where possible, public sector capital investment
- Joint lobbying to ensure Norfolk gets its fair share of funding from new initiatives.
- Supporting areas with the potential for growth such as green technology and tourism.

4.5 Other potential actions which the County Council could undertake in partnership might include:

- Lobby central government to allow deferment of business rates (possibly for those that rely on seasonal business).
- Work with Business Link to enable the recently announced £500 Voucher Scheme to be allowed to be used to undertake credit checks on potential customers to ensure payment for goods or services will be likely to occur.
- Publicise, with District Council colleagues, the high level of unclaimed Council Tax and Housing Benefits – currently estimated at £1.8bn.

## **5 Resource Implications**

5.1 **Finance:** None at this stage

5.2 **Staff:** None at this stage

5.3 **Property:** None

5.4 **IT:** None

## **6. Other Implications**

6.1 **Legal Implications:** None

6.2 **Human Rights:** None

6.3 **Equality Impact Assessment (EqIA):** This report is not making proposals which have a direct impact on equality of access or outcome. However, development and implementation of some identified potential activities will have an impact and may require an Equality Impact Assessment.

- 6.4 **Communications:** It is important that the Council shows it is aware and understands the impacts of the current recession on local people and businesses.

## **7. Section 17 – Crime and Disorder Act**

- 7.1 The impact of a severe economic downturn on community cohesion and crime and disorder issues, in particular, could be significant. Increases in acquisitive crime can be anticipated - although it should be stressed that most people do not turn to crime as a way of alleviating their circumstances - but some will. Nor will it be an issue restricted to those on low incomes or benefits as the stress associated with increased levels of unemployment, redundancy, house repossessions and inability to pay essential bills can affect people across the social strata.
- 7.2 Increased levels of debt can create significant tensions in the home, leading to arguments about money - a known trigger that can lead to domestic violence. The knock-on effect on family breakdown and children could create even more pressure on social housing and associated homelessness - particularly of lone males.
- 7.3 Without a job, young people may be more likely to drift towards offending anti-social behaviour. This is of particular concern regarding young people not in employment, education or training (NEET) and the potential impact of our recent good progress resulting from the focus of attention on this group.

## **8. Risk Implications/Assessment**

- 8.1 Given the current economic circumstances it is vital that the County Council, in partnership, provides the appropriate responses to the local situation.

## **9. Overview and Scrutiny Panel Comments**

- 9.1 This topic has not been formally considered by the Economic Development and Cultural Services Review Panel, although there was a discussion around related topics, many of which are contained within this report. The Review Panel is proposing to convene a meeting of key stakeholders, to examine our collective response to the crisis.
- 9.2 In November, Cabinet Scrutiny Committee considered a report that outlined the County Council services, activities and initiatives that have a direct or indirect impact on the support available for people in the current economic climate. It was thought that initiatives for the County Council to consider could include:

- extending credit to users of chargeable services
- accelerate the capital programme
- additional support for debt advice
- do more to support small businesses.

## **10. Alternative Options**

10.1 A number of options for how we respond are incorporated in the report.

## **11. Conclusion**

11.1 The County Council is already undertaking a broad range of activities across departments in response to the global economic downturn. It is clear, however, that as the impact of economic recession deepens, there will be pressure for all local authorities to respond more positively through local initiatives to assist residents and businesses in weathering the storm.

## **12. Recommendation**

Cabinet is recommended:

- (i) to note the contents of this report, consider the proposals in section 4 and request Chief Officers to investigate them further, and
- (ii) to receive a progress report for the April Cabinet.

## **Background Papers**

From Recession to Recovery: The Local Dimension – LGA, November 2008  
Regional Economic Reports - EEDA

## **Officer Contact**

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### Impact on the Regional Economy

- A recent report from the East of England Development Agency shows that business confidence remains fragile, but the East of England appears to be holding up better than many other regions. The impacts of the economic slowdown continue to be felt particularly strongly in manufacturing, construction and related industries, and in some “high street facing” financial services. Funding availability from banks and cash flow are causing significant concerns to businesses, and it is suggested that viable businesses could be lost simply through stricter credit controls imposed by banks, or more expensive/punitive lending, rather than through loss of customers or falls in sales. Also, the main concern for the retail sector is that the media focus on the economic slowdown is having a negative impact on consumer confidence, rather than consumers themselves not having the money to spend. Overall, there are considerable concerns about a continuing slowdown over the coming year, and despite significant financial intervention from government, it is widely felt that banks are not passing on this support to businesses.
- Output has reduced significantly in the last quarter with the East of England showing a larger reduction than the UK average. Similarly, orders for the export market have been much weaker than for the rest of the UK. Cashflow pressures have fared better than the rest of the UK, with margins being stronger. Reports from overseas-owned companies highlight concerns including falls in profits leading to a closure decision taken by parent company overseas; the strengthening US dollar increasing costs; lack of commercial property and market slowdown inhibiting relocation and expansion plans; challenges in transferring business loans from the parent country; headcount freeze to assist with driving down costs for clients; and doubtful future investment.
- Demand for commercial property nationally has fallen at its fastest pace in a decade. However, in the East of England falls in demand were less marked across all sectors. The amount of available floor space in the East of England increased at the fastest pace in the survey’s history, led by the retail sector. Reports from commercial agents suggest low demand for owner-occupier freehold purchases and office rents have now stabilised as there is limited stock availability.
- When comparing Q3 insolvency statistics this year with last year, only East Anglia and Northern Ireland experienced a decline in failures. There has been an anecdotal report from an insolvency company that banks are looking to take possession of businesses earlier. A survey by R3, the insolvency trade body, estimates dramatic rises in personal and corporate insolvencies in East Anglia over the next year and a half.

- While there has been a small rise in unemployment in the region in Q3, the labour market situation is stronger in the East of England than many other regions, with the East experiencing a smaller increase in the level of unemployment than London and the South East. The official seasonally adjusted unemployment rate for UK was 5.8% while it was 4.8% for the East of England. The increase in unemployment is accounted for by both redundancies and recruitment freezes that are leaving fewer opportunities for those entering the labour market for the first time or after an absence.
- There has been a notable increase in the number of notifications of people being at risk of redundancy in the East of England since April 2008. Advanced notification of large redundancies in November totalled 2,980 - over 255% higher than the same period last year and above the recent peak of 2,328 in September. 'Lower demand', 'transfer of work' and 'changes in methods' are the most common reasons given. Previously the risk of job losses has been concentrated in manufacturing and construction but in October scientific research accounted for over 1 in 3 jobs at risk. In November, the Insurance and Pension Funding sector was the hardest hit with over 650 jobs at risk. Norfolk and Essex accounted for around 60% of the notifications across the region.
- The region has experienced a significant annual fall in house prices - 11.2% between October 2007 and October 2008 - the third greatest decline behind the South West (11.5%) and Wales (12%). Repossessions have risen in England and Wales and Norwich has reportedly experienced one of the highest percentage rises nationally in recent months. The slowdown is having a negative impact on housing-related industries such as conveyancing, removal firms, estate agents, suppliers to house builders, garden centres and DIY.

## Appendix 2

### Redundancy Support Available for Businesses

Rapid Response Service (RRS) – This is the standard service provided nationally by Jobcentre Plus and is normally only brought in when a larger or medium sized business is proposing to make over 100 people redundant. The service supports the company over a 90 day period with tailored support for employees affected, using a fund that allows up to £2000 of assistance – depending on the impact of the closure, the skill levels of those affected, the location of the business and likelihood of alternative employment nearby.

Response 2 Redundancy (R2R) – is an ESF and EEDA funded service that is unique to the East of England. It is far less complex and more flexible and is available to much smaller businesses. Currently, £500 per employee is available but this may be increased to £1000. It has been shown to be a very valuable service to employees.

The Government has recently given guidance to Jobcentre Plus that the RRS can be extended to much smaller businesses.

In addition, there is a likelihood that a fund will also be delivered through the Learning and Skills Council to enable further support to be provided towards re-skilling of the workforce. The Norfolk Redundancy Network is seeking to ensure that this fund is delivered in collaboration with other services to avoid duplication.

Jobcentre Plus has agreed to provide intelligence of all impending redundancies to the Norfolk Redundancy Network members so that early contact can be made if appropriate.

Business Link East has also recently provided a survival guide for businesses and launched the Business Map to provide a comprehensive overview of all regional business support initiatives.