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Report

Subject : Salisbury District Current Economic Climate

Report to : The Cabinet

Date : Wednesday 28 January 2009

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Cabinet Member for Economic Development & Tourism: Councillor Peter Edge

1. Introduction

1.1 This report provides a brief overview of the current local economic situation in the Salisbury district and proposes a range of actions that the new Wiltshire Council is recommended to take to support local residents and businesses.

2. The wider context

2.1 Economies worldwide have been severely affected by the 'credit crunch'. Governments have nationalised banks and shares have risen and fallen with news of failures, takeovers and bail-outs. Consumer confidence has been shaken by falling house prices and fears for job security. Towards the end of 2008 the economies of the world's major industrial countries were shrinking and the International Monetary Fund (IMF) has forecast that this decline will continue through 2009.

2.2 In November 2008 the Bank of England reduced Bank Rate by 1.5% in an attempt at reducing the affect of the world economic downturn on the UK. Further cuts of 1% and 0.5% were made in December and January 2009 respectively. Whilst the international and national situations do not present encouraging reading, it does at least set the local economic situation in clear context.

3. Local economic climate

Employment

3.1 In line with national trends, the number of people in Salisbury claiming Job Seekers Allowance has increased from 462 people in December 2007 to 953 in December 2008. This is still below the south west average. There is no particular event or issue which has contributed to this rise, for example many people will have been working on short term contracts which have now ended. The figures for November 2008 show that the number of vacancies is relatively low, standing at about 250 – half that of the same time last year.

Proposed redundancies

3.2 There are two relatively large scale business closures planned in the Salisbury area. In April 2008 Mahle at High Post announced its intention to close in late 2009 with the loss of 440 jobs. This is due to production moving to their main operation at Telford and all staff have been offered relocation although it is unlikely that they will accept. In October 2008, Imerys (calcium carbonate quarry) in Salisbury announced their proposed closure (possibly 17 job losses) due to rising energy costs and declining demand. This followed their closure of other sites in Devon and Cornwall in 2006. They have opened new sites in India and Brazil over the last year.



Awarded in:
Housing Services
Waste and Recycling Services



- 3.3 The Wilton based UK Army Headquarters Land Command is due to close in the next few years. The numbers of any potential redundancies for civilian or military staff remain unknown. Elsewhere the proposed closure of the Salisbury tax office has been widely reported, which could affect some 20 jobs. Similarly the creation of a single council for Wiltshire will result in a number of redundancies of ex Salisbury District Council employees sometime between April and September 2009. In addition, the Salisbury branch of Woolworths closed in January 2009, along with all other UK stores, with the loss of 43 jobs.

Tourism

- 3.4 The local tourism economy is generally quieter than this time last year, which mirrors the national picture. The strength of Sterling has seen a reduction in visitors from the US. The strength of the Euro has attracted more European tourists and makes it more expensive for UK residents to visit countries in the European Community (EC).

Property / Housing

- 3.5 In common with elsewhere in the UK developers have slowed progress on construction on existing sites for example at Old Sarum and Archers Gate, Amesbury and, in line with the national situation, have halted construction on new sites. The immediate impact is that some of the new affordable housing units will now not be delivered until the market conditions begin to improve. However, the council is working with its partner Registered Social Landlords who are continuing to acquire either land or newly constructed homes to continue the delivery of more affordable homes.
- 3.6 It is understood there has been a slowdown in the take up of commercial property locally, with lower levels of enquiries, mirroring the situation elsewhere in the UK. This has happened since late summer, coinciding with the height of the banking crisis, which is likely to have knocked business confidence.

4. Research on the impact of the economic downturn

- 4.1 The Wiltshire Assembly, through the Wiltshire Strategic Economic Partnership (WSEP), has commissioned research into the impact of the economic downturn across Wiltshire's communities. This is being carried out by GWE and will cover social as well as economic impacts. It will identify indicators of economic downturn as well as actions to help alleviate the effects. As such this report's recommendations will be of vital importance to the Wiltshire Council in its planning of its services to residents and businesses. An interim draft report was published at the end of December. Salisbury District Council has contributed to the cost of this work.
- 4.2 The report establishes three impact scenarios:
- A 'Base' scenario which makes predictions on the basis that the national economic trends which occurred in the Quarter of June 2008 to September 2008 persisted for a year (from June 2008 to June 2009). National (Claimant) unemployment rises from 800,000 in June 2008 to 1,250,000 in June 2009, a 55% increase.
 - A 'Higher-Pace' scenario which sees unemployment nationally rising far more substantially before and following the Christmas 2008 period; unemployment nationally rises from 800,000 in June 2008 to 1,700,000 in June 2009, a 110% increase.
 - A 'Lower-Pace' Scenario which sees national unemployment increasing at half the rate which occurred from June 2008 to September 2008; unemployment rises from 800,000 in June 2008 to 1,025,000 in June 2009, a 28% increase.
- 4.3 Using the 'Base' scenario the report provides a detailed analysis of the impact of the economic downturn on Wiltshire communities. It clearly forecasts that the Salisbury District, Salisbury Community Area, Salisbury City and the Salisbury urban and rural areas will be particularly badly affected. Of Wiltshire's 20 Community Areas Salisbury's workplace economy will be the hardest hit in terms of the volume of jobs lost (500). Similarly of Wiltshire's urban areas, Salisbury will have the most job losses at an estimated 428 compared to 286 in Trowbridge and 229 in Chippenham. In terms of job losses by key skill type it is predicted that the greatest number of unskilled jobs to be lost in Wiltshire's Community Areas, urban areas and rural areas will be in the Salisbury Community Area, Salisbury City and the Salisbury rural area respectively.

4.4 There is a similar situation in terms of workplace output which is predicted to decline in Salisbury Community Area and Salisbury City by £17 million (Trowbridge £15 million; Chippenham £11 million) and £16 million (Trowbridge £11 million; Chippenham £9 million) respectively.

4.5 A copy of the interim draft report is provided in appendix A

5. Council support to help people and businesses during the 'credit crunch'

5.1 Salisbury District Council already provides many services which may be of benefit to local people and businesses through the economic downturn, for example:

For businesses:

- Small Business Rate Relief
- Rate Relief for Businesses in Rural Areas
- Charities and Discretionary relief (from rates on non-domestic property)

For householders:

- Home energy efficiency (in association with Wiltshire Energy Advice Service) – grants, advice and practical help to improve home energy efficiency (such as grants for loft and wall insulation)
- Housing solutions – eg housing benefits; low cost home ownership schemes; sheltered housing schemes; council housing; support for the homeless
- Mortgage Rescue scheme – in partnership with Knightstone Housing Association to identify vulnerable households at risk of homelessness as a result of their lender taking action to repossess their home;
- Money Advice - working with Alabare to deliver Money Advice for people at risk of losing their home through housing debt (rent arrears or mortgage debt).
- Court desk – contracting with Will Rolt solicitor to provide people at risk of having their home repossessed due to housing debt with emergency advice and support at Salisbury County Court.
- Equity Loan scheme - the council is working with the Homes and Community Agency which has agreed to provide funding to Persimmon (Old Sarum) and Bloors (Archers Gate) for 41 Homebuy Direct properties (Homebuy Direct is an equity loan product which will offer buyers an equity loan of up to 30% of the purchase price. This equity loan being co-funded by the Government and the developer).

For residents in general:

- Free swimming during school holidays for under 16's
- Free events such as Christmas lights switch-on, music in the parks etc

5.2 This is by no means an exhaustive list, and there will be many other existing council services that could be proactively promoted to help ensure that local businesses and residents are aware of them and are making the best use of what is available.

5.3 The Society of Local Authority Chief Executives (SOLACE) has published a paper outlining the possible actions that local authorities and others can take to support local families, businesses and communities in the face of the economic downturn. These include:

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| • pay suppliers on time, if not early | • procure locally |
| • provide/publicise advice and support for businesses, i.e. through Business Link | • encourage take up of small business rate relief and consider full rate relief in areas where there are no alternative employers |
| • encourage housing benefit take up | • introduce support measures for people facing eviction |
| • adopt a policy of no evictions for rent arrears | • provide support for debit counselling, i.e. through CAB and others |
| • extend time to pay council tax and rent | • be ready for the upturn |

5.4 From April 2009 the services currently provided by Salisbury District Council will be delivered by the unitary Wiltshire Council. It is essential that this new council continues to support residents and businesses through these troubled times.

6 Recommendations

6.1 Cabinet is asked to recommend to the Implementation Executive that Wiltshire Council, in its role as community leader:

- a) Continues to provide the support and help to local residents and businesses that is currently provided by Salisbury District Council;
- b) Works across the county with the WSEP and more locally with the South Wiltshire Economic Partnership (SWEP) to support the local business community;
- c) Develops a long-term economic strategy to ensure that the ongoing future prosperity and competitiveness of the Salisbury and south Wiltshire economy;
- d) Implements the SOLACE recommendations;
- e) Critically examines its capital programme to see how it can best be used to stimulate the local economy and protect jobs;
- f) Investigates how it can help homeowners keep their homes and provide advice on housing generally;
- g) Provides assistance to those local organisations, such as the Credit Union, which work to help individuals and families overcome financial difficulties;
- h) Examines regeneration activities such as the Salisbury Vision and, where appropriate, works to bring forward projects for early delivery; and
- i) Reviews the council's tourism marketing plan to target the domestic and European markets.

7.0 Implications

Financial	None
Legal	None
ICT	None
Human Rights	None
Personnel	None
Community Safety	None
Environmental	None
Communications	This report has been discussed with the communications team
Council priorities	Economic Development; Value for money and use of resources
Wards affected	All district wards