

BROMLEY ECONOMIC PARTNERSHIP

Meeting:	Economic Partnership
Date:	7 th December 2009
Subject:	Economic Recession Overview and Activity
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1 Recommendation

The Economic Partnership is asked to:

- 1.1 Note the local economic indicators and the activities undertaken during 2009 as set out in the report.
- 1.2 Identify other potential indicators of recession and economic activity the Partnership could monitor.
- 1.3 Identify potential activities which the Council and partners may consider to support businesses and the community in 2010/11.

2. Background

- 2.1 Bromley together with London, national and international economies has seen a significant downturn following the financial crisis in September 2008. London was forecast to see some of the highest levels of unemployment and business closures, however, it has seen lower levels than many other parts of the Country.
- 2.2 The Council and partners have kept under review the impact on the local area and services. Demand for many services has increased and income from planning, parking and land charges have fallen considerably. The Business Competitiveness Sub-Group, in particular, identified a range of activities that the Council and partners could undertake to support local business and employment. These include:

- 1) Bromley Means Business leaflet

Quick reference leaflet explaining measures in place to support business in the downturn, with contact details of key agencies. Mailed

out to over 7000 business rates payers, distributed via Council outlets such as libraries and at business events and partner organisations.

2) Boost Your Business Events

Drop in events encompassing short training seminars, an exhibition of business support agencies and opportunities for networking. Boost Your Business events ranged from a borough wide event in central Bromley – attracting over 150 businesses to 5 smaller local events, attracting an average of 50 businesses each. Businesses were encouraged to use these occasions as a means to find out about support available, make contacts at support agencies and other local businesses, as well as learn from expert speakers on issues related to business survival and growth.

3) Promotion of Small Businesses Rate Relief

Promotion of small business rate relief has continued throughout this period through mailings and contact with Town Centre Managers. From April 2009 all new occupiers of commercial premises who are likely to be eligible have been sent the application form and explanatory notes automatically. Nearly 100% of the borough's eligible businesses are now claiming this benefit.

4) Encouraging SME/local procurement

The Council has taken measures to encourage local businesses into the public sector supply chain. This includes hosting and co-hosting information and training events – such as a recent Supply Bromley event, attended by around 130 businesses, and an evening in May which highlighted the Compete For system for Olympic procurement.

The Council has also been looking at certain of its contracts to see whether these can be broken up into smaller, more SME-friendly packages. The first example of this was the Unplanned Maintenance Contract – a single contract of over £1m which was broken down into several trade-based contracting opportunities. An open evening hosted by the Council to inform businesses of these opportunities was oversubscribed, with nearly 200 people from over 140 businesses attending.

5) Enterprise Expo

To encourage and support those interested in starting in business, in spite of the tough economic times, the Council – in partnership with Business Link, Business Focus amongst others – hosted an Enterprise Expo, linked to Global Entrepreneurship Week. This one-day drop in event was designed to help local residents find out about what is involved in starting a business. The Expo included short seminars,

advice surgery sessions and an exhibition of relevant support organisations. 90 people attended on the day.

6) Introduction of e-bulletin to businesses

A bi-monthly email bulletin, launched in January 2009, the e-bulletin is an increasingly important channel to get messages about business support initiatives, events, training etc to local businesses. Initially sent out to around 1,200 business emails, but the subscriber list has now grown to over 2,500 businesses.

3. Key Indicators

3.1 Unfortunately, there is a limited range of data/indicators available at, or below, the borough level. The key data available comprises:

- Town Centres Vacancies
- Business Rates Vacancies
- Unemployment figures
- Business enquiries
- Usage of business and consumer advice pages on the Council's website
- Business link data

3.2 Analysis of this data shows that in common with its neighbouring boroughs in South London, Bromley has been suffering the effects of the recession. Nowhere is this more obvious than on the borough's high streets – all town centres are experiencing high levels of vacant premises. Bromley and Beckenham town centres have both seen steep increases in vacancy rates, with both now standing at 9% of shops in their primary retail zones (in early 2008 these were respectively 1.7% and 6.5%). Orpington has seen relatively stable but high vacancy rates at around 12% during the past 2 years.

3.3 However, the trend for increased empty commercial property extends beyond the high street – as demonstrated by the Business Rates data. This shows that the number of empty properties (including retail premises) across the borough increased by nearly 20% during the past year – from 857 vacancies in November 2008 to 1042 in October this year.

3.4 The effect of the recession on the borough's residents can be measured through the Job Seekers Allowance claimant figures which show, in common with neighbouring boroughs, a steep increase in the number of people out of work since the beginning of the crisis. Bromley's unemployment rate now stands at 3.4% (Oct 2009) up from 1.6% in January 2008. This means that over 3,200 extra people are now claiming JSA.

- 3.5 Some parts of the borough which had hitherto seen almost no unemployment have seen very significant rises – albeit from a low base (e.g. Chelsfield & Pratts Bottom Ward has seen an increase from 0.9% to 2.1% - representing more than 100 extra claimants). However, the borough has not suffered as severely as some other South London boroughs, and still remains in the lower half of the table for unemployment, well below the London average of 4.5%. One hopeful sign is that Bromley has seen unemployment stabilise in recent months – with the rate remaining at 3.4% for three months in a row.
- 3.6 The needs of both residents and businesses in the recession can also be measured by a willingness to make contact with the Council and other agencies to ask for help. For example the Council's business enquiry service (operated by the Local Economy & Regeneration Division) has seen a 55% increase in the average number of enquiries per month, between 2008 and 2009.
- 3.7 Overall there has been a 40% increase in the number of households presenting with difficulties affording their mortgage or rental payments. This trend is reflected in a steep increase in number of visits to the parts of the Council's website presenting advice on housing and benefits. For example the main page on Council Tax and Housing Benefit saw an increase in visits of over 50% during Jan to Oct 2009, compared with the same period in 2008.
- 3.8 Although the trend is less pronounced, visits to the Business section of the website also increased. Pages about Business Rates, Business Support & Finance, Council Tenders & Contracts and Business Networking Opportunities have all been more popular in 2009 than in the previous year, suggesting that business owners are looking for sources of support, along with ways to save money and win new business.
- 3.9 Business Link in London also reports an increase of over 50% in the number of Bromley businesses intensively assisted by their advisers, (comparing the year to March 2009 and the year to September 2009). In part this increased awareness and interest in Business Link services will be due to the increased number of partnership events with Business Link present (such as Boost Your Business events) taking place in the borough.
- 3.10 A survey of over 3,300 businesses across London by Business Link shows there are some causes for optimism – the percentage of Bromley businesses either significantly or extremely affected by the recession has decreased from 44% in July to 28% in October. Bromley businesses also appear to be more optimistic than their counterparts across London – with 78% saying they were more than mildly optimistic about prospects for the next 12 months, in comparison with 74% for London businesses as a whole.

3.11 With the national economy expected to move out of recession in Quarter 3 growth is still anticipated to be slow in 2010 and 2011. However, unemployment is expected to remain high for the next 12-18 months. This unemployment lag is well evidenced from previous recessions.

3.12 Selected indicators of recession are set out in Appendix 1.

4. Activity planned January-March 2010

4.1 There are already plans in the first quarter of 2010 (Qtr 4 2009/10) to continue support to businesses and local residents, however the Partnership is invited to discuss the range and extent of support which might be considered for 2010/11.

4.2 Planned activity includes:

- Expansion of Lewisham Plus Credit Union to the whole Borough
- Boost Your Business Event March 2010
- Updated A-Z services for Business together with information on 2009/10 activities delivered with Business Rates
- Continue E-bulletin to business.