
The Impact of the Credit Crunch in Wiltshire

Extracts from a
Report to the
Wiltshire Assembly

Executive Summary,
Actions and Proposals

George Bright, March 2009

The Credit Crunch in Wiltshire

Executive Summary

Introduction

This report was commissioned to gather evidence about the impact of 'the credit crunch' in Wiltshire, to gain insights from the people of Wiltshire into their experience and their ideas on measures that might help and to propose actions for the Wiltshire Assembly to consider.

The Impacts

The Context

By the end of 2008 the UK economy was officially in recession. The major reduction in the availability of credit – 'the credit crunch' – hit the commercial and residential property markets in late 2007 and early 2008. Employment in the construction and financial services sectors fell. Reductions in demand spread as consumer and business confidence fell rapidly, hitting the manufacturing and retail sectors and other parts of the economy in the second half of 2008.

The Wiltshire Economy is showing resilience in the face of the UK recession.

At the start of the credit crunch, Wiltshire's economy was strong, if showing some signs of 'overheating' – employers were finding it difficult to recruit appropriately qualified staff; there was a lack of offices, industrial units and employment land for expansion and new investment.

Wiltshire has a lot of employment in small businesses and the public services which reduce its vulnerability to major job losses but there has been a considerable increase in unemployment nonetheless. In January 2009 the JSA claimant count was 5,250, having stood at 2,890 in June 2008. The January figure is 1.9% of the working population, compared with 2.5% across the South West and 3.4% for the UK as a whole.

The main increases in unemployment have been in Trowbridge, Salisbury and Chippenham but there have been high percentage increases in areas with significant out-commuting such as Wootton Bassett, Tidworth, Tisbury, Mere and Pewsey.

Job vacancies unfilled at JobcentrePlus had fallen from 1,615 in January 2008 to 1,244 by January 2009.

The Business View

Business confidence has fallen with almost two-thirds expecting turnover and profits to be down in 2009, over half experiencing worsening cash flow and one-third expecting to have reduce their staffing levels.

There have been job loss announcements by important businesses in Wiltshire but larger ones in the surrounding counties, that impact also on Wiltshire residents.

Business voices were very concerned by the speed with which turnover and order books had been hit by the downturn. There was strong condemnation of alarmist national media coverage of the credit crunch and a belief that this had contributed to the speed and depth of the recession. However, there are some important Wiltshire businesses that are strong and continuing to do well.

A fascinating insight was the belief that the 'credit crunch' was bound to happen. It was seen as a much needed correction to economic growth based on unsustainable levels of borrowing and consumption. Other features highlighted were:

- The lack of experience of recession in current managers
- Greater creativity by businesses to avoid redundancies by other approaches to saving pay costs, whilst retaining the skills needed
- The difficulty experienced by smaller businesses in complying with the complexities of employment law with adverse effects for their employees
- A view that the banks had swung from providing credit too easily to now being very risk averse with negative effects on even well run businesses with good track records
- A view that Government initiatives to help business had not yet had any real impact and criticism of the 2% VAT cut
- Strong criticism of the planning process especially in West Wiltshire
- Concern about the 'street scene' in market towns.

There were many sound suggestions for actions that might be taken to help and a positive sense in some parts of the county that the local economy could turn around reasonably quickly

The Public Services

They are a source of strong employment with 27% of jobs in Wiltshire in this sector. However, these services were being hit by a combination of reducing income, falling capital receipts, increased costs and increased demand. With the exception of the Probation Services, employment levels are reasonably stable at present. Resources are tight and these services need to plan for reductions in public spending within the next two years.

The Voluntary Sector, Partnerships and Community Areas

There was little evidence of significant impacts at this stage, except on advice services, but voluntary agencies did expect to see increased demands on their services coupled with reduced income. The main issues that arose were:

- Concerns about the potential lack of employment opportunities for young people
- The need to develop and promote volunteering
- The need to focus more on the concept of sustainability in all aspect of policy
- As with the business sector a concern for the 'street scene' in town centres
- The need for a clear route to advice and help for those who need it.

The Views of Wiltshire Residents

A major survey of Wiltshire people provided some valuable insights into how they felt and were dealing with the impact of the recession:

- There was a high level of concern about the economic situation; pessimism about the ability of Wiltshire to cope and worries for rural communities and the agriculture industry. Much of this anxiety was at variance with the evidence of impacts so far.
- There was strong support for action by Wiltshire Council and for most of the measures suggested. 77% of respondents had reined in their spending in some way but around a quarter indicated real concerns about debt, the potential loss of employment and other problems.

The Social Impacts

Compared with what is happening elsewhere in the UK, Wiltshire is showing resilience to the potential social damage that can be caused by recession at this stage:

- All recorded crime was down in the last quarter of 2008, compared with the previous quarter to September 2008 and the last quarter in 2007. Offences such as theft, criminal damage, house burglary, domestic incidents and fraud all declined. The only increase was in shoplifting offences, particularly in Chippenham and Trowbridge.
- There was no significant increase in housing problems overall, although Salisbury saw an increase in mortgage repossession claims.

There is evidence of increased levels of problems and pressures, however. The four Wiltshire Citizen's Advice Bureaux have seen an increase of 11% in the social issues being raised with them by clients. The major areas of difficulty are to do with debts and benefits. However, the largest increase in problems is to do with the need for employment advice. Housing associations have seen greater demands for debt advice. Council have had increased demands for Housing Benefit Advice. There are reports of increased levels of relationship problems. However, Wiltshire is not yet seeing major social problems as a result of the recession.

The Response

A Framework for Action

In considering how the people, businesses and communities of Wiltshire should respond, it is important to recognise that there are no straightforward solutions. We do not have locally the resources to solve all of the problems. However, there is much that can be done by more effective working in a common cause to use scarce resources more productively. The focus should be on assisting those who may be 'casualties' of the recession, whilst building for a future with SUSTAINABILITY at its heart.

A Menu of Actions

Research, analysis of 'good practice' and the ideas and insights of those consulted suggest a 20 point plan of actions that should be considered for implementation and prioritisation. They are summarised as:

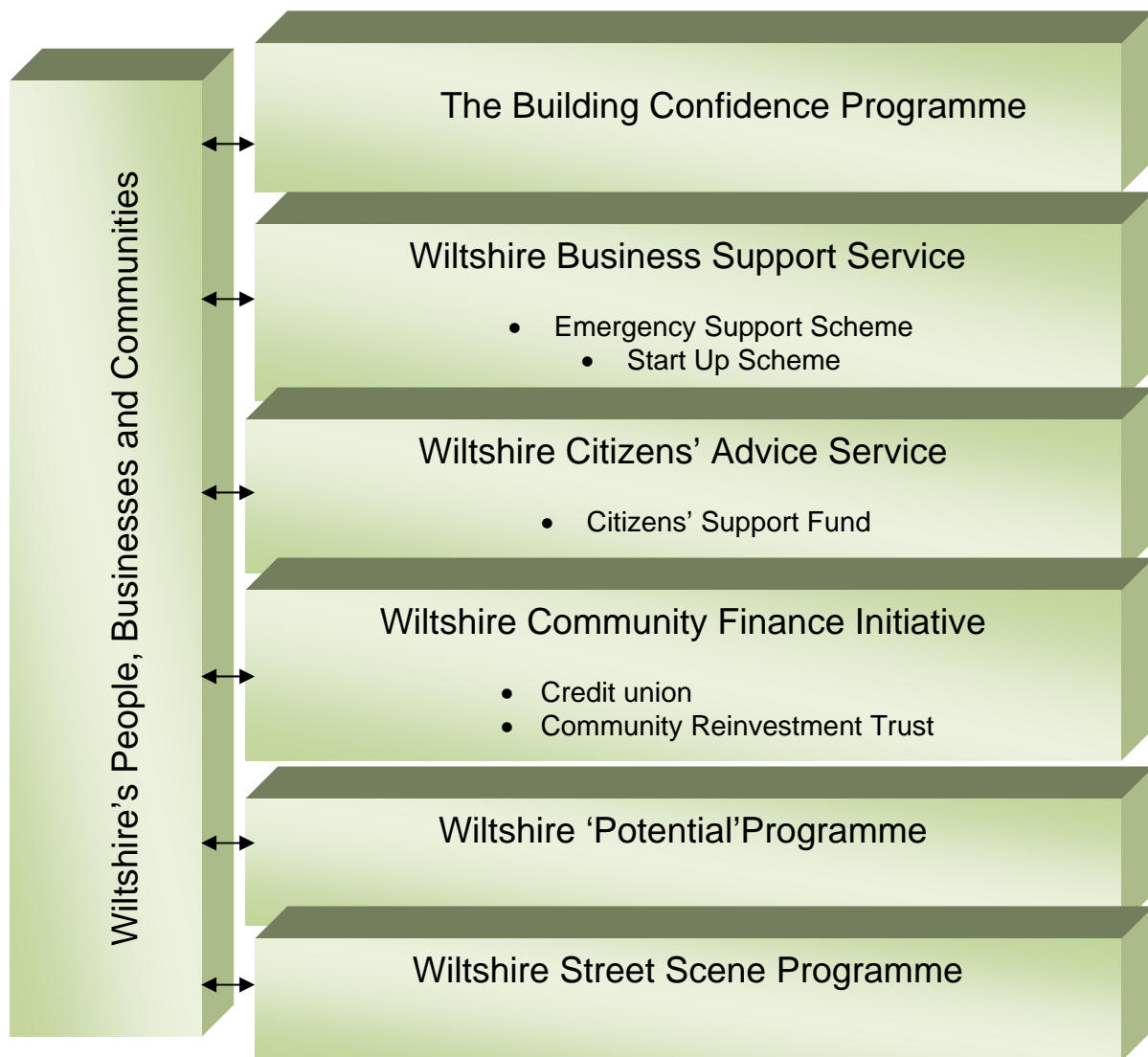
- 1 Support the cash flow of smaller businesses and voluntary sector organisations
- 2 Provide emergency support for small and micro businesses
- 3 Work to reduce business's costs
- 4 Help Wiltshire's small businesses to gain new contracts
- 5 Help Wiltshire's businesses to access national and regional support measures
- 6 Create a new source of finance for micro businesses and start-ups
- 7 Ensure easy access to information on available retail, office and industrial property
- 8 Support recovery by a rounded assistance package for new start-up businesses
- 9 Speed up the processing of business development planning applications
- 10 Promote potential economic growth sectors such as tourism and the food and drink industry
- 11 Fast-track new investment opportunities
- 12 Sustain the retail 'street scene' in Wiltshire's market towns
- 13 Provide new opportunities for Wiltshire's people to develop their skills
- 14 Strengthen emergency support for individuals and families
- 15 Help households to increase their income and manage their debts
- 16 Develop a strong, well supported Wiltshire Credit Union
- 17 Help households with fuel costs and energy conservation
- 18 Support voluntary services as personal and family problems increase
- 19 Review the impact of 'One Council' services on vulnerable households
- 20 Build confidence in Wiltshire, working with the local media

Proposals for the Wiltshire Assembly

Some of the actions in the menu above can be undertaken by particular organisations. However, others require significant partnership working. The proposals for the Wiltshire Assembly attempt to:

- Build confidence - to reduce fear, worry and negativity and support a recovery process
- Prevent unnecessary business failures amongst Wiltshire's vital micro businesses by investing in greater support for them
- Help individuals and families by increasing their awareness of where to get help, their access to it and the capacity of advice services to respond
- Build for the future by:
 - developing stronger, local, community based sources of credit and investment
 - providing new opportunities to develop the potential of young people and use the experience and skills of adults
 - maintaining and breathing new life into town centres.

A set of initiatives are proposed as the building blocks of the Wiltshire Assembly's response to the recession. The details are set out in the main report.



Chapter 10

A Menu of Actions

The options for action set out below have been generated by GWE's research, 'good practice' recommendations from across the country and also from ideas generated by those who have participated in the project to date. They are grouped under the main headings of Business and the Economy and then Social Impacts for ease of reference but there linkages across those categories.

Many of these actions can be undertaken by individual organisations and can be overseen by the Wiltshire Strategic Economic Partnership (WSEP) and the Resilient Communities Partnership (RCP). They will require prioritisation in the use of public resources both to consider the relative potential benefits of different measures but also the opportunity cost of investing in one measure as opposed to another. Many actions can also be supported at Community Area level. Set out in Chapter 12 is an approach to create an agenda for local Area Boards in relation to the 'credit crunch' impacts in their area.

A number of initiatives have been identified below in **green** as proposals for consideration by the Wiltshire Assembly where they involve significant developments, cross-partnership working and require investment to be successful. The details of those proposals are expanded upon in Chapter 11.

BUSINESS and the ECONOMY: POTENTIAL ACTIONS

1 Support the Cash Flow of Smaller Business and Voluntary Sector Organisations

Issue: The major effect of the credit crunch on businesses is pressure on cash flow and a shortage of working capital. A lack of cash can cause profitable businesses to close. Larger companies are able to use their strong purchasing positions to insulate their cash position to some degree – that is far less easy for small and micro businesses. A similar pressure on cash exists for some organisations in the voluntary sector.

Many public sector organisations operate with positive cash balances. Interest rates are now so low that there is little loss of interest if payments to suppliers are paid quickly.

Proposals:

- 1.1 The Wiltshire Public Service Board (WPSB) member organisations and other public sector agencies should pay suppliers promptly, in accordance with the terms of the supply and, if possible, earlier for smaller business and the voluntary sector with a target of 10 working days.
- 1.2 WPSB members should secure agreements from their large (Tier 1) suppliers to put in place similar practices for the onward payment of their Tier 2 and Tier 3 suppliers. When contracts are let or renewed they should stipulate these requirements contractually.

2 Provide Emergency Support for Small and Micro Businesses

Issue: The owners of small businesses are often unaware of the potential help available to them. Many business owners have never had to manage their business in a downturn before. There is no financial support to help them access specialist professional expertise when it is most critically and urgently needed. It is important to minimise unnecessary casualties of the recession, if possible,

especially where the businesses are potentially viable and sustainable with the right guidance and action.

Proposal: The Wiltshire Assembly should support the Wiltshire Strategic Economic Partnership (WSEP) and its key partners to:

- 2.1 Establish a Wiltshire Business Support Service with a single telephone point of contact
- 2.2 Create a new 'Emergency Support Scheme' for small and micro businesses, who urgently need specialist professional advice to ensure the future of their business
- 2.3 Promote the support service and the new fund with 'Don't lose your business' campaign (or similar).

3 Work to Reduce Business's Costs

Issue: To survive the recession when their income is reducing, business owners have to review all of their costs. If public sector organisations can avoid increased charges and even reduce them – every little will help and would be assisted by a low inflation, even deflation, in many costs. Whilst decisions have been taken for 2009-10 financial year, planning should begin early to achieve this for 2010-11. If there are opportunities to make changes mid-year, those should also be sought.

Proposals: Wiltshire Council should:

- 3.1 Market existing business rate reliefs to business - small businesses may be eligible for rate relief, hardship relief and/or rural business relief. Research suggests that approximately one-third of eligible businesses have not taken up their entitlement – they should do now. (N.B. Wiltshire Council is already taking action on this.)
- 3.2 Review Business Rate credit control procedures and introduce payment plans, as a stage before bailiff actions, to support businesses, where possible and appropriate.
- 3.3 Review Business Rate policies and introduce improved and consistent policies for small business rate relief, hardship relief and rural business relief for 2010-11.
- 3.4 Lobby MPs on behalf of Wiltshire businesses regarding the Treasury's proposed business rates increase of 5% due to start in April 2009 and re increases in 2010-11.
- 3.5 Examine the scope for rent relief or rent holidays on Council-owned units for viable businesses.
- 3.6 Seek to maintain fees and charges at their current levels and reduce them, if possible, when preparing the budget for 2010-11.

4 Help Wiltshire's Small Businesses to Gain New Contracts

Issue: Wiltshire businesses need to combat the recession by gaining new business. The public sector can help by ensuring that opportunities are well advertised and that unnecessary barriers to success in competitive tendering are removed. Issues of sustainability should also be considered strongly in the setting of purchasing criteria. Private sector businesses could also support this approach.

Proposals:

- 4.1 All WPSB members should place tenders for contracts with them on the 'Buy Wiltshire' website. The facility should be promoted to larger Wiltshire private sector businesses also.
- 4.2 The 'Buy Wiltshire' website should be improved and marketed strongly to increase the awareness of its potential and the opportunities available to Wiltshire businesses.
- 4.3 WPSB members should review their purchasing criteria to introduce sustainability criteria into purchasing decisions that reduce carbon emissions, traffic congestion etc.
- 4.4 WPSB members should review their procurement processes to ensure that they are proportionate and do not act as a barrier to bidding by small businesses.

- 4.5 WPSB members should assess the potential impact of 'contract concentration' on the local business community and supply chain, as part of their purchasing strategies. (N.B. 'Contract concentration' is where contracts that were previously let in smaller volumes to a number of suppliers are brought together into one much larger contract – the aim is naturally to try and achieve better prices by offering the successful supplier greater volumes and so achieve economies of scale; it also reduces transaction volumes and costs. A common effect is to squeeze out smaller, local suppliers in favour of larger national or multinational companies.)
- 4.6 They should support the creation of 'purchasing consortia' to assist the resilience and diversity of their supply chain. (N.B. A response to the dangers of 'contract concentration' is where small suppliers join together in a consortium, on a geographical or sectoral basis, to provide a large organisation with a single 'supplier' but sourced by a number of smaller partners.)
- 4.7 Where very large contracts are let, identify the successful supplier firms and promote sub-contracting opportunities through the 'Buy Wiltshire' website.
- 4.8 Increase the current 14% of Council procurement budget spent with SMEs and extend that local procurement emphasis to WPSB partners.

5 Help Wiltshire Businesses to Access National and Regional Support Measures

Issue: Many small businesses are unaware of potential sources of funding and other assistance available to them. If they are aware they are often discouraged from applying by the bureaucracy and complexity of the application process.

Proposals: Through the Wiltshire Business Support Service proposed in 2.1 above:

- 5.1 Assist Wiltshire businesses to take advantage of Government support set out at www.businesslink.gov.uk/realhelp/finance. The key measures to support SMEs (Small and Medium Sized Enterprises) include:
 - A Working Capital Scheme for short term bank lending to companies with a turnover of up to £500m
 - An Enterprise Finance Guarantee Scheme (the Loan Guarantee Fund, available through high street banks,) securing additional bank loans to small firms with a turnover of up to £25m (will enable firms to take out loans to convert existing overdrafts into loans to enable businesses to free up their current overdraft facilities)
 - A £75m Capital for Enterprise Fund (£50m from Government augmented by £25m from the banks) to invest in small businesses which are struggling to get equity. The Fund will provide long-term capital to businesses which have exhausted traditional forms of finance.
- 5.2 Assist Wiltshire businesses to access the South West Regional Development Agency's (SWRDA's) support measures. These include:
 - A new Business Loan Fund for ambitious firms with viable business plans which are unable get support from commercial banks or private investors. Loans of up to £250,000 will be available early 2009.
 - A Grant for Research and Development over 3 years. Businesses can apply for between £5,000 and £500,000 depending on the type of project.
 - Loans of up to £50,000 from Community Finance Initiatives (CFI).
 - Support and finance for land-based businesses (EU-funded) is also available through the Rural Development Programme for England, administered by SWRDA and the Rural Enterprise Gateway.
- 5.3 Market the opportunities strongly locally in Wiltshire.

6 Create A New Source of Finance for Micro Businesses and Start Ups

Issue: A lack of access to reasonably priced credit is a barrier to some people who are looking to start up a business and to micro businesses that are looking to expand and grow. The mainstream banks are now refusing loans and overdraft facilities to business propositions that have some risk but also potential. Some businesses have resorted to obtaining very expensive credit from secondary finance institutions that has increase the risks to their business substantially. Whilst the major banks may ease their stance somewhat over time, there is a strong view that Wiltshire should be seeking to establish some alternative sources of finance, as exist in other parts of the UK and the South West.

Proposal: The Wiltshire Assembly should instigate a project group to help small businesses get better access to finance through a Community Development Finance Initiative. This would consider the options available but specifically the potential for creating a Wiltshire Community Reinvestment Trust which could provide finance for small businesses, social enterprises and charities.

7 Ensure Easy Access to Available Property Information

Issue: Potential new business 'start-ups' and larger investors need current and accessible information on potential property and employment land that might be available. Property agents and developers need trend information on enquiries to identify types of demand and gaps in available workspace.

Proposal: The 'Invest in Wiltshire' website holds a commercial property database. Ensure that it is kept up-to-date and is able to support actions re town centre street scene initiatives.

8 Support Economic Recovery with a rounded Assistance Package for new 'Start – Up' Businesses

Issue: The economic recovery needs people to establish new businesses. When individuals are made redundant, an option for them is to start their own business, often using some of the redundancy payment they have received. A focus on creating businesses that are sustainable in terms of the business skills of the owner(s), the financial model for the business and the product/services and operations of the business demand stronger approaches to support.

Proposal: The Wiltshire Assembly should ensure that the proposed new Wiltshire Business Support Service is able to provide a strengthened support for new business start-ups by offering a complete support package:

- easy access to the provision of advice and guidance and training
- easy access to property information
- the creation of a new start-up grant scheme, with a particular emphasis on 'sustainable' businesses
- the provision of ongoing support, networking and mentoring support.

9 Speed Up the Processing of Business Development Planning Applications

Issue: To support the process of economic recovery it is vital that potential new businesses and business investment are not delayed or lost because of unnecessary difficulties in the processing of planning applications. There has been criticism of the current planning process, especially in West Wiltshire. Strong representations have been made that £millions of major development investment in the area had been lost because of a lack of priority, urgency and professionalism in the planning process. There was a perception of a negative approach to 'business applications' - a sense that

the planning process was about how an application might be refused, rather than supported and improved so that it could be approved. At the same time, it is clear that planning applications are not always correctly completed and that essential information is not always quickly provided when requested.

Response: Wiltshire Council is establishing a new planning process and teams, as part of the creation of the unified Council. The Service Director is fully aware of these criticisms and is working to address them. The plans to create a process that will deal centrally with major planning applications are welcome.

Proposals:

- 9.1 That a strong liaison mechanism is set up between Economic Partnership Managers and the Planning Department in the new Council, so that issues in the processing of planning applications can be addressed quickly. Economic Partnership Managers can carry out a critical liaison role between planners and applicants.
- 9.2 That pre-application meetings between potential applicants and planning officers are given priority as a part of the process, so that applicants are given clear guidance on the potential acceptability of an application and the issues that need to be addressed to assist the application.
- 9.3 S106 agreements should be negotiated to support the main requirements of local planning policy re affordable housing and other contributions. However, there needs to be an assessment of the affordability of the whole proposal and an avoidance of excessive minor conditions.

10 Promote Potential Economic Growth Sectors such as Tourism and the Food and Drink Industry

Issue: There are sectors of the economy that can perform well in the current climate and sustain economic activity. Tourism is worth £726 million of 'external' money to the Wiltshire economy (South West Tourism, 2006) and has a high multiplier effect. The weakening of the pound against the euro supports UK tourism. Wiltshire must seek to increase its share of a potential growth market. Food and Drink should be a key growth and priority sector, alongside tourism, as rising import prices, cheaper exports and the fact that food is a staple product support its potential for growth and profitability.

Proposals:

- 10.1 Invest in tourism and support the continued development of the new Wiltshire Destination Management Partnership and the 'Visit Wiltshire' brand. Enhance and maintain the Wiltshire Public Product, through further investment and development where possible.
- 10.2 Ongoing promotion and support of local food and drink companies to help boost tourism and the local economy.

11 Fast-Track New Investment Opportunities

Issue: The recession means that there is less economic activity. The construction industry was one of the first hit by the economic downturn, followed by suppliers of building materials and others in that supply chain. There are a range of investment projects that are at various stages of development but there is the potential to move forward some activity quickly if barriers can be overcome. Leverage of even a small number of projects can start to build confidence as well as providing an economic stimulus.

Proposals:

Wiltshire Council should:

- 11.1 Identify the barriers in any 'stalled' development projects and agree urgent actions to address them.
- 11.2 Associated with the above, raise again with Government the scope for local authorities to provide short-term support to development projects.
- 11.3 Press the case with Government, SWRDA, First Great Western and other for improved more sustainable rail services for Wiltshire.
- 11.4 Apply to the Housing and Communities Agency for funding to purchase or fund the building of social housing in order to both stimulate construction activity and reduce the housing waiting list.
- 11.5 Support the allocation of pockets of Council owned land for community enterprises, allotments and similar small scale ventures.

12 Sustain the Retail 'Street Scene'

Issue: The retail sector has suffered due to the reduction in consumer spending. Wiltshire has many market towns where there are increased numbers of empty shops. Retailers are concerned about the impact on remaining shops and the potential difficulty of re-letting; the police are concerned about the potential for increased levels of litter, graffiti and damage; individuals and communities are concerned about the potential for depressing town centres.

Proposal: The Wiltshire Assembly should support a programme whereby actions should be instigated by town and parish councils, with the support of the Community Area Boards, Community Area Partnerships and the local Chambers of Commerce to improve town centre 'street scenes':

- 12.1 Ensure the active use of vacant retail space across Wiltshire to sustain the street scene, encourage 'footfall' and future re-letting. Ideas being considered locally and nationally include use for new credit union branches, the recreation of local markets; displays by local artists; use by schools/college students for displays; use by public services for information campaigns and consultation activities etc.
- 12.2 Prevent decay and damage. If active use is not possible, display attractive posters. Ensure that there is a rapid response to graffiti, minor damage, excessive litter and so on and encourage communities to take more responsibility.
- 12.3 All parties should operate flexibly and speedily in relation to 'appropriate' planning applications for change of use within the planning rules.

13 Provide New Opportunities for Wiltshire's People to Develop their Skills

Issue: The major impact on Wiltshire residents is loss of employment. A major concern is the loss of opportunities for young people to obtain their first job upon leaving, school, college or university – with the danger of creating a 'lost' generation – those who, when jobs become more available again are competing with a new round of fresh 'leavers', having lost 1 or 2 years of potential experience and growth. There are also older adults who want to use their skills profitably and many people who need education and training, especially in lifestyle and sustainability skills that will be critical in the years to come.

Proposals:

There are many actions that need to be undertaken in Wiltshire that can be summarised as follows:

- 13.1 Emergency response - SWRDA Wiltshire Area Taskforce and the JobcentrePlus Rapid Response Service (which offers support to every employer with 20 or more redundancies and in local communities who have been disproportionately affected by multiple smaller scale redundancies) need to be supported by WSEP members and others, as required.
- 13.2 Skills programmes for the unemployed - the projected increase in unemployment in Wiltshire means that some 3,500-4,000 people may have the opportunity to improve their skills. Work in partnership with LSC and JobcentrePlus to devise local initiatives to retrain and upskill. Support local colleges and training providers to deliver those new programmes.
- 13.3 With the backing of the Wiltshire Assembly provide new opportunities for developing the potential of Wiltshire's young people. The Council is one of the largest employers in Wiltshire. It should be supported to create a new, small Council team dedicated specifically to managing and overseeing new apprenticeship, internship, entry to employment, work placement and volunteering opportunities. It should explore external funding from LSC and others to support the initiative. Link with WPSB and private sector re apprenticeship and internship opportunities. Link with the voluntary sector re volunteering.
- 13.4 Community learning - the Council, College and the voluntary sector should offer more courses targeted at helping residents to lead sustainable lifestyles and developing the skills to do so. Campaigns should encourage cycling, walking, car sharing, public transport, recycling and neighbourliness and support/implement energy advice schemes and benefits education. ESF funding should be explored to take such programmes to the more deprived areas of Wiltshire as identified through the Council's Mosaic system. (N.B. Mosaic is a system that analyses population households in various ways using nationally available data. It can support the targeting of activity to appropriate groups.)
- 13.5 Develop financial literacy, debt awareness, business startup and allied programmes for use in schools and other education settings.
- 13.6 Seek ESF funding support to cover any gaps which exist in helping cover the cost of childcare or other barriers, such as public transport.
- 13.7 Consider new initiatives with private sector partners to improve the opportunities for job matching and volunteer matching.

SOCIAL IMPACTS: POTENTIAL ACTIONS

14 Strengthen Emergency Support for Individuals and Families

Issue: The numbers of people who need help and advice to tackle the difficulties caused for them by the recession are increasing rapidly. Existing services are already under strain. Investment is needed to ensure that residents are made aware of the assistance available to them, can access that help easily, are properly assessed and referred to those who can best help them.

Proposals:

The Wiltshire Assembly should support measures to strengthen current arrangements to create a high profile, high quality, accessible Wiltshire Citizens' Advice Service:

- 14.1 Build awareness of the need for individuals and families to seek advice early through strong message campaigns such as 'Don't Drown in Debt', 'Don't Lose your Home' and so on.
- 14.2 Improve access to quality assured, independent advice and help by promoting an independent voluntary sector service as the 'first contact point - 'the place to go, the phone to ring, the website to access' – create brand awareness of a service for residents that, in principle, is analogous to Businesslink for the business sector.
- 14.3 Invest in the capacity of that service to provide advice as demand increases.
- 14.4 Increase the capacity of that service to refer people on to other sources of support in the voluntary and statutory sectors, as their needs require.

15 Help Households to Increase their Income and Manage their Debts

Issue: The major issue caused by the recession is loss of employment and/or loss of income that has a severe effect on the finances of household with high levels of personal debt and expenditure. Those people are the main initial 'casualties' who increase their vulnerability by turning to 'doorstep lenders' and other forms of expensive credit, which increase the likelihood of creditor actions leading potentially to bankruptcy, repossessions/evictions and related problems.

Proposals: A number of different but related actions include:

- 15.1 Campaign to increase the take-up of benefit entitlements from a wide range of sources including Wiltshire Council, the Department of Work and Pensions (DWP), Her Majesty's Revenue and Customs (HMRC).
- 15.2 Launch a major anti-debt programme with the advice service in 15 above, Wiltshire Money, education services and the media. This will involve work to highlight the problems caused by excessive debt, the provision of advice and assistance to those in need, together with financial literacy programmes for young people and adults.
- 15.3 Raise awareness of and provide access to new Government schemes to assist people in difficulty e.g. the Mortgage Rescue Scheme.

16 Develop a strong, well supported Wiltshire Credit Union

Issue: In support of the activities in 16 above, it is critical to provide an alternative form of credit that is offered ethically, locally and linked to debt advice and guidance services. There are a number of routes for people seeking such finance at present – Wiltshire Money Line through Community First, which has made 224 loans in 2 ^{1/2} years; four credit unions with 21 outlets around the county – they have been run on a district basis by volunteers and have currently 1,100 members. In response to the recession, District Councils have provided funding and other support to the credit unions. They have been discussing merger to strengthen their activities.

Proposals: The Wiltshire Assembly should grasp the problem of debt for many of Wiltshire's people and seek to achieve a 'step change' in the provision of a strong, locally based form of alternative credit for those who are excluded from 'mainstream' financial services. It should aspire to create a credit union that over time can build the reputation and presence of those that operate in metropolitan areas and countries such as Ireland. This will require investment of finance and expertise to support the four existing credit unions to become a single credit union for Wiltshire. This Wiltshire Credit Union should sustain a strong local presence but have the scale and expertise to offer well developed savings and loans services to residents. It should also be promoted to staff and customers by Assembly members.

17 Help Households with Fuel Costs and Energy Conservation

Issue: Fuel costs are a major part of many household budgets. They have increased rapidly over the past 9 months. People need help to manage those costs now and in the future. In the interests of sustainability, energy consumption needs to be reduced by conservation and other measures.

Proposal:

- 17.1 Campaign about the level of fuel tariffs, especially for older and vulnerable people; increase awareness of the tariff savings available; and support switching as appropriate.
- 17.2 Campaign about the energy conservation schemes and assistance available from the Council and voluntary sector
- 17.3 Provide an emergency fund to enable the poorest to get help from Council energy schemes without having to make a contribution.

18 Support relevant Voluntary Services as Personal and Family Problems Increase

Issue: At this early stage of the recession there is little evidence in Wiltshire of some of the social impacts that are being seen elsewhere in the country and have been seen in previous recessions. It would be imprudent to assume those impacts will not be seen within the next 12 months. Voluntary sector agencies will then come under considerable pressure to expand their capacity, without necessarily having the resources to do so.

Proposal:

- 18.1 Invest in relevant voluntary sector agencies as demand increases for counselling and domestic violence, mental health and allied problems increase. The main agencies whose resources may not be able to cope include Relate, Splitz, and Victim Support.
- 18.2 Monitor the needs for support of older people in rural areas

19 Review the Impact of 'One' Council Services on Vulnerable Households

Issue: The new Wiltshire Council, together with those agencies that deliver its services, will have many different contacts with Wiltshire residents, particularly those who are in vulnerable households. It will need to consider those interactions and how they are best managed to avoid unintended consequences.

Proposal:

Develop over time a 'whole Council' approach to the management of debts due from vulnerable households.

20 Build Confidence in Wiltshire, working with the local media

Issue: The local business community has emphasised the importance of sentiment. Economists confirm its importance in affecting the way individuals made economic decisions. Social psychologists have studied the increased levels of anxiety, fear and stress caused by a recession and continued negative reporting. The people of Wiltshire have demonstrated their concerns and fears about this recession. It will benefit everyone if there is a sense that we do not have to be 'victims' of forces we cannot control – that we can take positive action in the face of problems.

Proposals: The Wiltshire Assembly should lead a campaign to build confidence. A significant effort is needed by all parties to alter the way in which the recession is considered and reported. There are problems as a result of this major economic adjustment and those problems cause real hardship to individuals and families. However, there are reasons for optimism about the ability of Wiltshire to weather the worst of the recession. The economy will improve and grow again. There is an opportunity to create a healthier, more sustainable future. The more positive Wiltshire residents are about those things, the more quickly will the local economy improve.

The local media will be critical in helping to build confidence in the local economy and the work and actions of the Assembly and the Council. They can promote good news and successes, run 'buy local' campaigns and information campaigns and support many of the actions proposed in various ways.

Chapter 11

Proposals for the Wiltshire Assembly

Introduction

This chapter presents a set of potential proposals for debate and exploration by the Assembly. It takes key issues and ideas that have emerged from the impact study that require a partnership response and investment to deliver practical actions successfully. It creates a set of building blocks that, in addition to steps taken by individual organisations, combine to provide a strong, local response to the impacts of the credit crunch in Wiltshire.

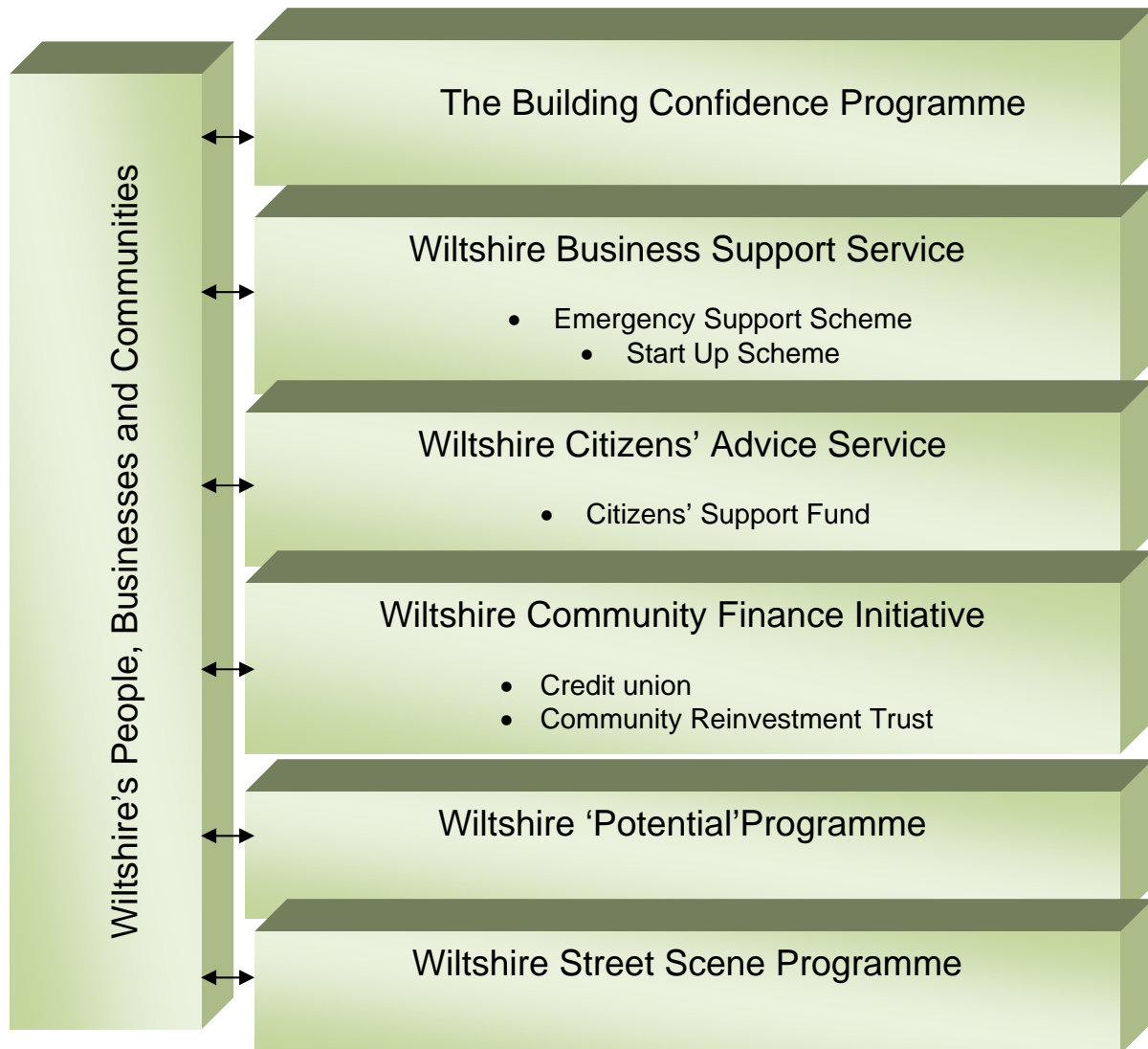
The proposals are challenging in that:

- They do require new ways of thinking, coming together and working together by different organisations
- They do require investment of time, energy and money to put in place
- They do require real commitment and support, if they are to be successful.

They seek to address some key insights from the impact study that are important to Wiltshire and its residents, businesses and communities:

- Build confidence to reduce fear, worry and negativity and support a recovery process
- Try to prevent unnecessary business failures amongst Wiltshire's vital micro businesses by investing in greater support for them
- Helping individuals and families by increasing their awareness of where to get help, their access to it and the capacity of advice services to respond
- Build for the future by:
 - developing stronger, local, community based sources of credit and investment
 - providing new opportunities to develop the talent of young people and use the skills and experience of adults
 - maintaining and breathing new life into town centres.

The schematic below outlines the building blocks of the proposals. The descriptions that follow provide some detail about the proposals.



The Building Blocks

A The Building Confidence Programme

Aim: To change the tenor of the language about the credit crunch in Wiltshire to one that:

- is concerned about the problems but optimistic about our ability to overcome them and sees them as an opportunity to build a better society out of adversity
- does not scare and alarm unnecessarily but educates and provides a balanced perspective
- helps people to become aware of the assistance available to them
- celebrates the successes of local businesses and local people and community action as they meet the challenges
- highlights good news as recovery starts
- seeks to improve the lives of residents and to support sustainable activities and lifestyles.

How: By a concerted communications campaign run and sustained over the next 12 months.

It is fair to say that local, as opposed to national media, has been much more supportive generally in its reporting of the credit crunch. Some have already run 'buy local' campaigns and information articles about 'managing finance', 'healthy living' and so on. Others regularly feature local businesses. However, the key is what appears on the front page headlines and the billboards, the radio trailers and the news introductions to set the tone and help change the perceptions of the population.

The media can only support this approach if there is action and activity to report on that will be of interest to its audience. It is essential for success that Wiltshire Assembly partners 'sign-up' to make this communications campaign a priority. It is from the organisations and their members that stories, good news and information must come. Elsewhere in this report that are many ideas for campaigns that can be run that would provide plenty of material.

The campaign should be supported by a web presence that provides information, access for people and business to the support services available and scope for

Who: The Assembly should agree the establishment a 'campaign team' led by Wiltshire Council Communications Team that includes, representatives of the media, WACC and other committed partners to prepare the campaigns, link into networks and act as the channel for stories. The 'campaign team' should report to the Wiltshire Co-ordinating Group on its work.

B The Wiltshire Business Support Service

Aims:

To establish a service for businesses in Wiltshire that brings together the private and public sector to provide a local, personal service for Wiltshire businesses, in addition to the telephone helpline and websites that are available currently.

To equip that service with funding to create two new schemes to assist the retention and creation of sustainable micro businesses.

Who: It is suggested that the service is overseen by the new Wiltshire Council Economic Development Team. It will be delivered by Business Link, with the support of GWE Business West,

and promoted and supported by the Wessex Association of Chambers of Commerce (WACC). It will report to the Wiltshire Strategic Economic Partnership (WSEP).

How: There is a need to ensure that business awareness of the support that can be provided is increased substantially through better partnership working:

- WACC has a proven capability to promote services to the business community and can, through its chambers and members, provide venues for services to be delivered. It would benefit from increased membership. As the major private sector partner it will run a 'hotline' for the business community as a local Wiltshire access to this service and supplement the national Business Link offer.
- Business Link and GWE have a suite of services and is the gateway to a wide range of financial, innovation and other sources of expertise and help. It is active in Wiltshire but its profile needs to be strengthened and its knowledge of business needs in Wiltshire could be better shared.
- Wiltshire Council is creating a new Economic Development Team with a business-led approach to the way it operates. It is seeking to ensure that its staff are closely involved with the day-to-day business life of Wiltshire, so that future plans and strategies are well founded. It too can promote business support services and activities through its own channels and website. It should fund additional activity by Business Link in Wiltshire but expect clear feedback in the form of activity reporting and business intelligence.

The added value of better co-operative working should be increased by the creation of two schemes to support the small business sector in Wiltshire, which directly address two issues from the impact study:

B1 Wiltshire Emergency Business Support Scheme

Issue: A key task in the current downturn is to try and reduce the number of small businesses that close with a consequent range of losses and costs to the public purse, as well as damage to the individuals and families affected.

An insight from the business community is that there is a problem where small business owners do not access the expertise they need to enable their business to survive partly because of a fear of the cost. There is no current form of financial support available to address this.

Proposal: The Assembly considers the establishment of an 'Emergency Business Support Scheme' to assist rapid access to the use of specialist professional expertise in situations where a small or micro business is unable to afford the initial cost.

Criteria: An outline is offered here but the detail would need to be worked through by the members of the Wiltshire Business Support Service:

- The business would normally be a small micro business i.e. employing fewer than 10 FTE staff
- Access to the fund would be via a Business Link advisor who would have carried out a diagnostic assessment of the business and determined that professional help was needed and that affordability was an issue. The Advisor would normally be recommending the professionals to be selected from the Business Link approved list
- The fund would be managed by the Wiltshire Council Economic Development Team. There would be an expectation of a standard daily rate with a cap on the total amount of support per business

- There would be an expectation that the business was capable of being saved and that it should be saved i.e. that its business model was financially sustainable and that its products/services and markets supported a sustainable economy.

B2 Wiltshire 'Start-Up' Support Scheme

Issue: Part of the process of regeneration is the creation of new small businesses. When unemployment strikes one of the options for individuals is to start their own business. Some training to support start-ups is available from Business Link. There was a strong view from the business community of the need to ensure that:

- potential business owners understood the challenges of running their own business and had the capacity to do so
- greater assistance should be provided so that new businesses can develop a sustainable financial model for products or services that support a sustainable economy.

Proposal: the Assembly considers the establishment of a 'Wiltshire Start-Up Support Scheme' to assist the formation of new sustainable businesses in Wiltshire that provides a rounded package including the provision of advice and guidance, training, funding, property advice and ongoing mentoring, networking and support.

Criteria: an outline is offered but the detail would need to be worked through by the members of the Wiltshire Business Support Service:

- The business would normally be a small start-up with relatively low levels of capital
- Access to the fund would be via a Business Link advisor who would have carried out a diagnostic assessment of the business proposition and agreed that it should be supported. The applicant must do the Business Link start-up programme and any further training recommended by the Business Link advisor.
- The fund would be managed by the Wiltshire Council Economic Development Team. There would be a cap on the total amount of support per business
- There would be an expectation that the business had a business plan that was financially sustainable and that its products/services and markets supported a sustainable economy.

C The Wiltshire Citizens' Advice Service

Aims:

To build upon current arrangements to create a stronger support service for individuals and families in Wiltshire who are affected adversely by the credit crunch and economic downturn. As a single service it would be more easily promoted to Wiltshire residents, it would operate to common, high quality, accredited standards and act as a gateway to advice agencies, information sources and, if appropriate, other voluntary sector and statutory services.

To make funding available to the Service to assist it to respond flexibly to the needs of residents during the period of the downturn by the creation of a 'Citizens' Support Fund'.

Who:

It is suggested that the service works with the Wiltshire Council Community Services Department who would manage the fund.

The service would consist of the partners in the Wiltshire Advice Partnership:

- The four Citizens Advice Bureaux
- Sarsen Housing Association
- Alabare Christian Care Centre
- Will Rolt Solicitors
- Shearer & Co Solicitors
- Sylvester Mackett Solicitors
- Age Concern Wiltshire
- Age Concern Salisbury
- Action for Blind

How: The proposal is intended to increase awareness in Wiltshire of the support available and make it easier for residents in need to access the advice and support they need by:

- creating a single brand for advice support marketed by Wiltshire Council, the Advice Partnership, other partners and the media
- establishing a single telephone contact line with staff able to carry out first line advice and refer appropriately
- allocating finance to enable Wiltshire Council Community Services Department to respond flexibly to increase the capacity of the Advice Partnership to meet the needs of Wiltshire residents during the downturn. It may also support other key voluntary sector providers where there is evidence of the downturn stretching their capacity to respond adequately.

Progress on the initiative could be reported to the Resilient Communities Partnership.

D The Wiltshire Community Finance Initiative

Preamble: The major consequence of the credit crunch is obvious – the supply of credit finance has been substantially curtailed. The major finance institutions are in crisis. It is to be hoped that government action to support those institutions will result in a return to sensible levels of lending in the near future. There is no doubt, however, that the criteria the banks will apply to borrowing requests will be much tighter than they were and that the cost of such borrowing will be higher.

There are already many people and small businesses owners who are unable to obtain finance from mainstream finance institutions – the financially excluded – that number will inevitably increase in the years to come. Many of them are forced into the hands of ‘doorstep lenders’, money shops and other providers of credit at extortionate rates, which in turn generates huge demand for assistance from the Citizen’s Advice Bureaux and others.

In Wiltshire there are four credit unions run by volunteers with support from a full-time worker from Community First. In recent times the District Councils and Housing Associations have provide additional funding to help the credit unions operate more effectively. There is an expanded partnership, called ‘Wiltshire Money’, that has recently been launched to address issues of financial exclusion. There appear to be no institutions that provide support to excluded small business or social enterprises in a substantial way, although there are some schemes with a more rural focus run by Community First.

Whilst strengthening the advice services offered to individuals and businesses can help in the short term, those services need other sources of credit to whom they can refer clients.

Aim: To create new local arrangements for the provision of credit as a major Assembly project. This will be a community based finance initiative that will provide savings and loan facilities to individuals, small businesses and social enterprises in an ethical and professional way. It will link to the advice services proposed earlier with whom education programmes can be run. It will provide opportunities for wealthy Wiltshire sponsors to invest in support of local people and businesses and could pilot 'business angel' and other forms of investment activity.

Proposals:

The Assembly considers the establishment of a group, led at the highest level, to:

D1 Wiltshire Credit Union

- 1.1 Support the moves already being taken to create a single Wiltshire Credit Union.
- 1.2 Examine rapidly credit unions in Ireland and other parts of the UK and use other 'best practice' from ABCUL (The Association of British Credit Unions Ltd.) to decide what investment is required urgently to enable the credit union to best meet the needs of Wiltshire residents.
- 1.3 Generate a much higher profile for the Wiltshire Credit Union, including the creation of town centre branches.
- 1.4 Promote the Credit Union to Assembly members for its staff and clients with a view to increasing substantially its user base.

D2 Community Reinvestment Trust

Research the potential development of a Wiltshire Community Reinvestment Trust, or similar entity, that would be set up to raise finance and make it available to support start-ups and developing small businesses, social enterprises and charities. This would have a separate legal identity from the credit union but could operate in partnership to generate cost effective scale and impact in the services they provide.

Once established the Community Reinvestment Trust would look to relevant Assembly members to promote its services as a potential investment vehicle for partners, their pensions funds and cash rich investors, who wish to support their local community.

This major and innovative proposal for Wiltshire will take time to research, plan and implement. It will require expertise in banking, FSA, legal and associated matters to be brought into the project group. Advice should be sought from the Community Development Finance Association (CDFA), the Wessex Reinvestment Trust and other similar Trusts that exist in various parts of the country.

E The Wiltshire 'Potential' Programme

Preamble: A theme from the impact work was a concern for the prospects of young people due to a loss of opportunities to secure employment due to the downturn. There were worries also about the possible loss of volunteers in the voluntary sector. The timing was also quite specific. Contributors feared:

- the lack of jobs for school and college leavers who may want employment from August/September 2009
- the lack of opportunities to gain experience for young people taking a 'gap year'

- the lack of jobs for graduates who will be returning home to Wiltshire after finishing their university courses in June 2009
- the lack of opportunities for adults to develop and employ their skills helping others.

Aims:

- 1 To create a range of opportunities for young people to develop their education and skills further, to gain experience that will support applications for employment in due course and to gain skills that help to promote sustainability.
- 2 To provide adults with the opportunities to use their skills and experience in helping others.

This is a proposal that could engage many members of the Assembly in creatively providing new opportunities.

Proposal: that the Assembly supports the development of a Wiltshire 'Potential' Programme that will develop and offer:

- new apprenticeship and entry to employment programmes(E2E) for 16-18 year olds
- internships for graduates who may want to gain experience in a particular sector and strengthen their CV prior to applying for a job
- volunteering opportunities in the voluntary sector.

The work of this programme could be overseen by the Employment and Skills Board of WSEP.

How:

By the creation of small team in the HR function of Wiltshire Council to develop and manage these new opportunities in collaboration with many others. This team would need to ensure:

- Close working with the Learning and Skills Council (LSC) and the Government's New Apprenticeship Service (NAS) to obtain government funding for the training delivery of apprenticeships and E2E. Note: the NAS is expected to deliver targets for increased levels of apprenticeships in the public services and should be very supportive of this proposal.
- Guidance from JobcentrePlus to ensure that the internship and volunteering offer did not conflict with benefit rules and also to raise awareness of those opportunities for unemployed adults.
- Strong links with:
 - the WPSB and private sector supply chain partners to encourage apprenticeship opportunities and internships across the public services
 - the private sector generally re internships
 - the voluntary sector and especially the Infrastructure Consortium re volunteering opportunities
 - the advice and guidance agencies – Connexions and Next Steps
 - websites that could provide a 'matching service' of opportunities with those looking for them such as the 'Do It' website.

Link to sustainability: there is a strong wish to see opportunities generated that will equip people with skills that will support the sustainability agenda.

F The Wiltshire Street Scene Programme

Aim: To involve the community in working together to sustain the town centre environments of our market towns and so:

- encourage residents to continue using their local town centres and support local retailers
- maintain or improve the quality of the town centres as places for potential new businesses to start building upon initiatives such as Chippenham's 'lick of paint' idea
- find productive uses for empty premises to support:
 - local credit union branches
 - new town markets for local trading
 - opportunities to bring public service and voluntary sector initiatives to town centres
 - artists, schools and colleges who wish to display their work
- ensure that the street scene is well maintained and graffiti, litter, minor vandalism is minimised.

How: By the Assembly supporting the allocation of resources to Community Area Boards to allocate to town and parish councils to work with their Community Area Partnerships and local Chambers of Commerce to manage this programme. This should be supported by some professional help at Wiltshire Council to share good practice and assist with any planning and other technical issues.

This proposal would engage the emerging Community Area Boards, town and parish councils and other Assembly partners in positive action in their localities. It would also inform the more strategic thinking that will be required about the future role of town centres in market towns and the businesses and services that are sustainable there.