

Economic Resilience Action Plan

The City of Edinburgh Council

16 October 2008

1 Purpose of report

- 1.1 This report provides a plan of action to address the economic challenges facing the Council, The City of Edinburgh, and the wider region, as a result of the changing economic conditions described in the report at item 5(b) of the Council's Policy and Strategy Committee on 30 September 2008. It sets out an initial response to the Liberal Democrat/SNP motion at that meeting which proposed the formation of a cross party working group to lead Edinburgh through the present difficulties in global financial markets.

2 Summary

- 2.1 The global economy is experiencing financial challenges on a scale unprecedented in the post World War II era. Key factors contributing to this have been the collapse of credit expansion, prompted by the sub prime mortgage crisis in the USA, inflationary pressure on food and energy prices; and, a fall in property, land and other asset values.
- 2.2 The report presented as item 5(b) to the Policy and Strategy Committee on 30 September set out an analysis of the potential impact of these developments on the Council's services and operations. The Committee also discussed the implications for Edinburgh of the proposed takeover of HBoS by Lloyds TSB and the likely repercussions of efforts by governments, in the US, UK and elsewhere, to mitigate the impacts of a loss of trust and confidence in financial markets and the banking system.
- 2.3 This report offers an initial strategy that will be further developed to incorporate the views of elected members, other Council departments, partner organisations and indicative costings.

3 Main report

- 3.1 The potential impacts of current economic conditions on the Council and the city can be categorised under a number of broad headings:

- Falling property, land and assets values impacting on the Council's capital receipts programme;
- Inflationary price rises affecting the Council's fuel costs and food bills;
- Economic slowdown, potential business failures and job losses, placing pressures on social and welfare services;
- Sector specific challenges, impacting on key industries within the City region such as financial services, property and tourism. These include:
 - the current liquidity issues in the global banking system;
 - completed properties which developers are finding increasingly difficult to sell in a tightening mortgage market;
 - parcels of land which have become uneconomic to develop;
 - the potential impact of Edinburgh's festivals and other leisure providers of a prolonged downturn in the travel industry;
- Lack of credit availability leading to the scaling back, delay or cancellation of major capital investments in the City.

3.2 The table at Appendix 1 considers these issues and identifies potential preventative, mitigating and remedial actions that could be taken to help the Council, the City and key business sectors to chart a route successfully through the difficult circumstances being experienced in the global economy. Elected members are invited to comment on the outline plan and to identify any additional actions that might be needed to help the Council deal with the challenges the city is facing.

3.3 These contributions will be added to the next draft of the action plan prior to discussion and further consideration by the cross-party working group.

4 Financial Implications

4.1 At this stage it is not possible to provide detailed costs for all the actions that may be needed to mitigate the impact of the financial crisis affecting the global economy. However, indicative costings will be provided with the next draft of the action plan.

5 Recommendations

- 5.1 Council is invited to support the proposed formation of a cross-party working group to address the economic challenges facing the city, as a result of the current financial crisis, and to note the opportunity to contribute to and shape the action plans being drawn up, as shown at appendix 1, to address these.



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Appendices 1

Contact/tel/Email

Wards affected

Single Outcome
Agreement

Background
Papers

Economic Resilience Action Plan - Appendix 1

	Action	Timescale	First Steps	Led by
1.0: Combat effects of inflation on fuel, energy and food costs to achieving savings of at least 10%				
1.1	Implement energy saving programme across Council buildings (switch off campaign)	Commence immediately	Set targets. Design campaign.	CP2 & Comms
1.2	Work with energy Action Scotland and provide Energy Efficiency Training for staff	Early 2009	Identify staff	CP2
1.3	Accelerate building insulation programmes for all Council properties	Next 3 financial years	Reconfigure existing programmes	CP2
1.4	Audit and replace inefficient boiler systems in Council buildings	Next 3 financial years	Reconfigure existing programmes	CP2
1.5	Target food waste reduction across Council catering services	Immediately	Undertake audit	Corporate Services
1.6	Review tendered catering supply services	Next financial year	Scope out potential new tender	Corporate Services
1.7	Develop food preparation and budgeting programmes for at risk communities/ groups	Pilot programme Q4	Develop programme with FE Colleges/ Comm Ed	Economic Development (Regeneration & Skills)
1.8	Develop energy efficiency/ waste reduction programmes for SMEs	Pilot programme Q4	Develop programme with Energy Action Scotland	Economic Development (Business Gateway)
1.9	Rationalise Council's Corporate Property estate to achieve savings in running costs	Commission review by December 2008	Commence Asset Management review in Q4	CP2

1.10	Promotion of Active Transport (walking and cycling)	Marketing of Active Transport initiatives	Launch campaign in early spring 2009	Transport/ Corp Comms
1.11	Public Transport promotional campaign	Commence marketing activity in Q4	Develop joint campaign to promote Public Transport take up	Transport/ Bus companies
2.0: Combat the effects of economic slowdown, business failure and job losses				
2.1	Set up rapid redeployment teams to secure job and training opportunities for 1000 people per annum	Set up response teams by Q4	Secure agreed approach with key agencies	Economic Development (Regeneration & Skills/ Skills Development Scotland/ Job Centre Plus
2.2	Refocus Business Gateway service to help people who have lost jobs set up in business	Modify approach to Business Gateway service from Q4	Secure agreement with SE and other Councils	Economic Development (Enterprise & Innovation team)
2.3	Develop training bursaries for key skill shortage areas	Set up pilot programme Q1 2009	Liaison with Skills Development Scotland	Economic Development (Skills & Regeneration)
2.4	Establishing a new permanent development forum to facilitate regular engagement between senior Council officers, the development industry, agents and property groups	By Spring 2009	Discussions between the City of Edinburgh Council, Chamber of Commerce and Edinburgh Business Assembly to establish which groups should be involved	Planning
2.5	Preparing the business community to engage in the preparation of the new strategic and local development plans	From Spring 2009	Establish a permanent development forum	Economic Development
2.6	Reviewing the role of the EBA in relation to its communications with other organisations	End of 2009	Exploratory discussions to be held with EBA	Economic Development

2.7	Develop internal project management and support arrangements. Streamline the development management process with a focus on end to end delivery empowering planning officers to become “development facilitators”. Ensuring that a project manager/facilitator is involved in all relevant areas of planning applications.	By Spring 2009	Review development management charters so that all participants in the planning process are aware of ongoing changes and their implications	Planning
2.8	Using the development plan as a communication tool	By Spring 2009	Develop online development plans	Planning
2.9	Initiate discussions with developers and agents about how planning policies and practice should best be disseminated and presented	By Spring 2009	Investigate possibility of including regular updates in Capital Review	Planning
3.0 Sector Specific Challenges				
3.1	Stimulate new inward investment in key sectors	Develop campaign with SDI to attract new Financial Service sector investment Q4 2008	Agree campaign objectives and resources	Economic Development (Strategic Investment)
3.2	Stimulate growth of existing SMEs	Set up innovation programme to help companies diversify their services Q1 2009	Develop and test pilot programme	Economic Development (Enterprise & Innovation/ universities)
3.3	Review Section 75 agreements to ensure key developments can proceed quickly	Identify existing S75 commitments that may be constraining development	Secure revised S75 approvals	Planning

3.4	Mitigate reputational damage to City	Set up new campaign aimed at 100 high net worth investors in Q1 2009	Agree campaign with SDI	Economic Development (Strategic Investment)
4.0 Tackling the lack of credit availability				
4.1	Acquiring “unsellable” homes: The Council and its partners will consider purchasing homes that developers cannot currently sell for social, mid and market rent where value for money can be assured	Undertake audit in Q1 2009	Liaise with other agencies to develop acquisition strategy	SFC/ Economic Development/ CP2
4.2	Establish a City (Region) housing land bank: The Council and its housing association partners acquire sites from landowners to establish a public sector controlled land bank for housing development in the City	Undertake audit in Q1 2009	Liaise with other agencies to develop acquisition strategy	SFC/ City Development
4.3	Retain construction industry employment capacity: Establish a system of time limited secondments of senior professional managers to public sector property and other functions and establish a recruitment agency to direct redundant trade and unskilled staff into the Council and other public services	Undertake audit in Q1 2009	Liaise with key industry professionals to establish a database	Economic Development/ CP2

4.4	Secure increased government investment for affordable housing in the City: Secure developer and house-builder support to persuade Government to give Edinburgh greater priority in the national housing investment programme	Establish a stakeholder group and seek early meeting with the Scottish Government (Q4 2008)	Seek consensus on outcomes and targets	SFC
4.5	To stimulate new investment support of £100m	Q1 2009	<p>The development of a new working relationship with SDI focussing on key market opportunities for Edinburgh within and without the financial sector. Develop with SDI a new response to the promotion of opportunities for mergers and acquisitions.</p> <p>The development of a new innovation team to assist diversity in non key sector areas and outside the Pipeline for Growth.</p> <p>Reduce S75 requirements to stimulate further investment.</p> <p>Packaging of development land and then the tendering of development opportunities.</p>	<p>Investor Support Team/ SDI</p> <p>Innovation and Enterprise Team/ Universities / Science Triangle/ SDI</p> <p>Planning</p> <p>Investor Support Team/ SDI</p>