

The effects of the Economic Downturn – risks, issues and responses

Directorate/ Department	Risk or Issue	Response (Current or Planned)	National Indicator	Corporate Strategy Theme
Corporate wide				
Corporate Procurement	<ul style="list-style-type: none"> Reduced number of suppliers may reduce competition increasing costs of contracts. 	<ul style="list-style-type: none"> Small and Medium Enterprise event. 		A Thriving City An Effective Organisation
Local Government Pension Scheme	<ul style="list-style-type: none"> Increase in the value of the employer's contributions to the LGPS due to falling returns and future recession. At a rough estimate, a 1% increase is upwards of £700k pa so there may be some substantial costs to meet at a time when government funding and council tax income are both under pressure. 	<ul style="list-style-type: none"> The next valuation is as at 31 March 2010 and will set the Council's contribution rate for 3 years from 1 April 2011. The Scheme's actuary has recently issued an interim valuation which suggests that contributions may need to increase by 1 - 2% per annum for each of those 3 years. 		
Resources				
Corporate Finance	<ul style="list-style-type: none"> Reduction in interest on cash balances due to fall in level of interest rates 	<ul style="list-style-type: none"> Partially offset as interest rates paid on borrowing should also fall Sensitivity analysis carried out to determine the effect on treasury management budget Longer term investments in 08/09 when interest rates were higher will partially offset increase in budget. 		An Effective Organisation

York Customer Centre	<ul style="list-style-type: none"> • Increase in number of benefits claims which impacts on processing times and resource level. • Increased work leading to decrease in level of benefits overpayments recovered which causes a deterioration in collection targets and impacts on budgets and could affect level of subsidy from DWP having significant impact on the budget • Increase in volume of incoming customer calls which impacts on response times with a knock-on effect to processing. • Increase in overall incoming work and potential for degradation of service levels. • More fraud entering the benefits and revenues systems as customers behaviour may change. • Salary budget pressure through additional spend on staff or agency work. 	<ul style="list-style-type: none"> • Monitoring performance. • Expansion of Mittel system to allow better monitoring of call levels. • Review staffing levels, subject to funding and budgets. • Review of overpayments processing and reporting. • Review benefits take-up work. • Review use of existing resources e.g. use CSR 'down-time' to do proactive debt recovery work 	181, 180, 14 & Customer First	An Inclusive City An Effective Organisation
National Non-Domestic Rates	<ul style="list-style-type: none"> • Reduction in collection of Council Tax and National Non-Domestic Rates will affect overall budget. • Potential reputational risk to York as a visitor destination associated with the appearance of empty shops and business properties. • A significant decrease in collection of council tax will reduce any surplus available on the 	<ul style="list-style-type: none"> • Change in legislation means that NNDR are no longer payable on empty business properties below a certain size (which doesn't stop them being empty, but at least assists the owner of the premises). 		A Thriving City

	collection fund. This has a direct impact on the council's budget and the determination of the tax level for the following year.			
Insurance	<ul style="list-style-type: none"> • Increase in the number of compensation claims pursued against the Authority by both members of the public and employees. 	<ul style="list-style-type: none"> • Check claims database to identify repeat claimants. • Rigorous investigation of circumstances of the claim and prompt collation of relevant documentation. • Raise awareness of fraud indicators. • Continuation of various inspection regimes throughout the directorates. 		An Effective Organisation
City Strategy				
Waste PFI Project	<ul style="list-style-type: none"> • PFI funding may become unavailable. Bidders are finding it difficult to secure the loans required to fund the investment, due to the current economic climate. 	<ul style="list-style-type: none"> • Look into alternative ways of funding the project. 		A Sustainable City
Economic Development	<ul style="list-style-type: none"> • Effects to city's tourist and leisure industry and a loss of income to the council. 	<ul style="list-style-type: none"> • Improve marketing of York as a visitor destination especially in view of the declining £ (as suggested by the York Business Forum). • Ideas suggested to help support the evening economy include incentive packages for residents (residents festival) and subsidised bus fares. • Implement the City Centre Area Action Plan. 		A Thriving City

Car Parking	<ul style="list-style-type: none"> • Fewer journeys made by car resulting in a shortfall in car parking income 	<ul style="list-style-type: none"> • Dispose of parking spaces. • Reduce charges to increase use. 		
York training Centre	<ul style="list-style-type: none"> • Learners cannot complete their apprenticeships, because local businesses are unable to offer them, and this could lead to a lower skills base within the city. 	<ul style="list-style-type: none"> • Encourage businesses to take advantage of 'thin' qualifications approved by LSC if can't complete full apprenticeship. • Expand CYC apprenticeship scheme. • Increase support for local businesses (enterprise fund). 		A Learning City
Transport Planning	<ul style="list-style-type: none"> • Delayed or cancelled development in the city due to developers being unable to secure capital and a decline in the sale of completed developments. • Reduced ability for the private sector to contribute to projects as partners • Lower S106 contribution for implementing mitigation measures. • Government funding decreases through Statutory Spending Assessment or other grants as it targets funding to other areas. • Reduced bus patronage due to fewer people travelling to work, this could mean that bus operators increase their fares or cut services. 	<ul style="list-style-type: none"> • Keep bus services under review to adapt to changing circumstances. • Increase support for bus services. • Assist operators to remain in business to ensure sufficient competition. • Redefine projects • Make more of 'in-kind' contributions. • Re-launch campaign to change behaviour and promote more bus travel as a cost-saving option 		A Thriving City
Property Services	<ul style="list-style-type: none"> • Reduction in capital receipts potentially causing a delay to the capital programme 	<ul style="list-style-type: none"> • Delay the sale of properties/sites until more favourable markets exist 		An Effective Organisation

	<p>and increasing costs of looking after vacant properties.</p> <ul style="list-style-type: none"> The large commercial portfolio is under pressure as businesses struggle. They either go out of business or seek to negotiate lower rental figures/defer rent payments. 	<ul style="list-style-type: none"> Alternative funding source is required to fund the capital programme - could be prudential borrowing which will lead to increase in treasury management budget or it could be an increased demand on revenue. Reduce the capital programme. Reduce revenue funding. Raise awareness of external funding and working in partnership for funding. 		
Building Control & Land Charges	<ul style="list-style-type: none"> Decline in income from land charges and building control due to a slump in the housing market, slow down in construction industry and a reduced number of home extensions etc. 	<ul style="list-style-type: none"> Review staffing levels to reflect reduction in activity/workload. Review working practices. Introduce new mobile working technology within BC Create revised charging structure within LC 		An Effective Organisation
Neighbourhood Services				
Trading Standards	<ul style="list-style-type: none"> Retailers suffering reduced profit margins possibly precipitating reduced quality in food hygiene and increased risk of failure to meet compliance regulations. 	<ul style="list-style-type: none"> Council to support and educate businesses. Provide help with practical solutions and coaching especially for small and medium sized enterprises – ensuring that they can remain in business and contributing to the local economy. 		A Thriving City
Licensing & Regulatory	<ul style="list-style-type: none"> Discretionary fees may be set too high, however, lowering them will result in reduced income to the council. 	<ul style="list-style-type: none"> Reduce rents/manage bad debts for businesses. 		A Thriving City

		<ul style="list-style-type: none"> • Look for deals for businesses. • Relook at our impact on business. 		
Environmental Enforcement	<ul style="list-style-type: none"> • Increase in illegal disposal of domestic and commercial waste by individuals and businesses avoiding payment for legitimate disposal. 	<ul style="list-style-type: none"> • Monitor use of household waste recycling centres. • Identify fly tipping hotspots. • Liaise with Commercial Waste on cancelled contracts. • Increase monitoring of duty of care requirements within high risk businesses. 	196	A Safer City
Safer York	<ul style="list-style-type: none"> • Increase in rate of acquisitive crime, distraction burglary, rogue trading, black economy and associated criminality. • There is an associated risk of increased chance of eviction for council tenants – increased demand on services to re-house, loss of rent revenue and higher demand for benefits. 	<ul style="list-style-type: none"> • Links to the Police's National Intelligence Model • Intelligence led approach - targeting of CYC time and resources according to where risk has been identified and according to profiling of problem areas/people. • New laws allowing Trading Standards to ask the courts to seize assets if rogue traders cannot prove they've been obtained legitimately ploughs money back into the work of the team and acts as a deterrent. 		A Safer City
Environmental Protection Unit	<ul style="list-style-type: none"> • Displacement of anti social behaviour, such as noise nuisance, typically associated with drinking in the city centre is occurring increasingly in estates as a result of more people choosing to socialise at home. Latest crime and ASB statistics for noise show Westfield is now closely followed by Clifton 	<ul style="list-style-type: none"> • Enhanced use of out of hours enforcement service and intelligence led deployment of resources to those areas of need 		

	and Heworth wards and that Guildhall and Micklegate wards have decreased.			
Commercial Waste	<ul style="list-style-type: none"> Reduced projected income for commercial waste due to a decline in the commercial sector. 	<ul style="list-style-type: none"> Increase marketing and offer competitive prices for multiple lifts Improve the web site to allow for on-line ordering. Work being done as part of the easy@york programme. If the customer base continues to fall then reduce capacity and operational costs. 		An Effective Organisation
Recycling	<ul style="list-style-type: none"> Shortfall in income some of which is attributed to adverse trading conditions. No information on recycled waste income levels as yet, although it is certain there will be an impact. 	<ul style="list-style-type: none"> The contract with Yorwaste protects the authority against the risk of movement in material prices for the next three years. 		An Effective Organisation
Chief Executives				
Equality & Inclusion	<ul style="list-style-type: none"> There is a danger to the socioeconomic integration, and well-being of vulnerable groups in the city, because of un/under-employment. This is due to the nature of employment that people from vulnerable groups are likely to be in, namely – unskilled, low-paid, part-time, and weekend, evening jobs – all of which are likely to be the first to be cut during a recession. 	<ul style="list-style-type: none"> We require research and statistics to determine the position and therefore be able to manage future trends. This task can only be undertaken at LSP level with the Inclusive City Forum, Safer York and Healthy York partnerships in particular. Contribution to contingency plans of other services. Assist the putting in place of a Community Cohesion strategy at a city level. 		An Inclusive City
Legal Services	<ul style="list-style-type: none"> Fewer property transactions overall therefore 	<ul style="list-style-type: none"> We have created two additional posts in the 		An Effective

	<p>Legal Service might not achieve income targets.</p> <ul style="list-style-type: none"> An increase in demand for social services teams, housing & litigation, and a downturn in work on planning. This will increase the workload for an already stretched social services team, and reduce the income obtained from planning transactions. 	<p>social services team to cope with the increased workload</p> <ul style="list-style-type: none"> The planning team will focus less on development work and more on enforcement issues and other areas of work. 		Organisation
Learning, Culture & Children's Services				
Learning City Partnership	<ul style="list-style-type: none"> Increase in 16-18 not in education, employment and training (NEET) particularly amongst apprenticeships and in construction where is a number of redundancies. Negative impact on work experience placements for 14-19 year olds particularly amongst sole traders who may not have enough work to support a short two week placement. 	<ul style="list-style-type: none"> Work with providers and agencies to collect intelligence Look at ways to continue support and training. The regional has substantial public funding to support those facing or made redundant via Job Centre Plus and Learning & Skills Council. Engage employers (sector by sector) to continue to upskill in the city. 	81, 117, 163, 165	A Learning City
Early Years	<ul style="list-style-type: none"> Bad debts impacting on sustainability of childcare provision as there is less demand and therefore less provision for childcare. Inability to offer sufficient and sustainable childcare Increase in number of enquiries to 2 year old pathfinder as people lose their jobs. 	<ul style="list-style-type: none"> Proactive monitoring Promote take up of child tax credits Salary payback schemes Debt management Marketing & Communications Asking all early education providers how this is effecting them. This info will be available mid Feb and form part of the sufficiency 		A Learning City

		assessment refresh.		
		<ul style="list-style-type: none"> • Info already provided to Department of Children Schools and Families (DCSF) who are urgently looking at ways of addressing sustainability due to the economic downturn 		
Housing and Adult Social Services				
Social Services	<ul style="list-style-type: none"> • Increase domestic violence and effects on health . • Increased demand for debt counselling and insolvency services, placing pressure on organisations such as CAB and York Credit Union and third sector organisations who are ill equipped to meet rising demand (and are at least partially grant funded by CYC – increased demand for council support therefore) associated increased risk of CYC having to write of bad debts 	<ul style="list-style-type: none"> • Family intervention services • Develop a corporate debt strategy. • Introduce a single point of contact for debt and benefits advice (or ensuring that all customer reception points that deal with debt are equally well informed across the range of council services). • Provision of debt advice sessions in communities (Kingsway West project). • Provide new council tenants with a financial health check and ensure they are claiming all they are entitled to. 		A Healthy City A Thriving City
Housing	<ul style="list-style-type: none"> • Private housing development almost at a standstill – delays in delivering more affordable homes and unlikely to meet year one and two LAA NI . • New housing developments do not complete because Government funding for housing frequently requires match funding from private sector or capital receipts which may not be available. 	<ul style="list-style-type: none"> • Work with housing associations and developers to bring forward building of the affordable homes schemes. • Looking to increase numbers of affordable homes where possible (including looking at intermediate housing market). • Golden Triangle Partnership mortgage rescue scheme. 	155, 156	A Sustainable City A Thriving City

	<ul style="list-style-type: none"> • Increase demand on social housing, increase waiting lists due to less development due to stagnation in the building industry • Reduced turnover of existing affordable housing which means longer waiting lists, this impacts on the ability to reduce households in temporary accommodation. • Significant rise in number of mortgage repossessions, leading to homeless presentations and statutory duty to house. • Rent arrears will increase due to tenants losing their jobs and becoming more reliant on benefits. 	<ul style="list-style-type: none"> • Initiatives to make better use of existing council housing stock. (e.g. supporting a downsizing scheme to release six family houses). • Review strategy on income management. • Develop joint approach on debt management. • Earlier intervention – Future Prospects to inform when tenants are made redundant so that we can be more proactive. • Use of mobile technology. • Mortgage rescue. • Housing options approach to housing advice. • Develop availability of private rented sector. • Work with partner agencies to provide debt and benefit advice, legal advice and support to vulnerable customers. • Support mortgage rescue (local). • Potential for housing associations/council to purchase land for land banks. • Council building Programme/ partners with private building. 		
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