

# **North Wiltshire Economic Assessment** **December 2008**

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### **Document 2**

Summary Economic Assessment and Economic Slowdown Report GWE Business West Research

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## **Foreword**

During the current difficult economic times, the District Council is facing the huge challenge of helping local communities and businesses in what is likely to be a fairly severe recession.

This report demonstrates that although some businesses are undoubtedly suffering, there are still many that have diversified to enable them to compete more effectively in the market and are continuing to thrive. The economic diversity of North Wiltshire leaves its businesses and economy less vulnerable than other areas in the UK.

North Wiltshire District Council already provides a comprehensive range of impartial advice and support and proposes to build upon this to provide additional help. These measures are designed to help encourage enterprise in the business community in the face of an unprecedented economic crisis.

The District Council is announcing a series of measures to assist businesses in North Wiltshire. This includes provision of additional grant funding for new and existing businesses, in particular to help them to market themselves more effectively. Details of rate relief available to businesses will be advertised more widely as will information on help available from the District Council and partner organisations, and there will be a series of credit crunch seminars for businesses in each of the main towns in early 2009.

When the transition to the new Wiltshire  Council has taken place on the 1<sup>st</sup> April 2009, the new authority will continue to work with businesses to ensure that their needs are met in what is likely to be another challenging year.



Councillor Dick Tonge  
Leader of North Wiltshire DC

Councillor Vivian Vines  
Portfolio Holder

## **1. Introduction**

- 1.1** The global economy is facing unprecedented challenges which have resulted in tighter credit conditions and rising costs for businesses. This means that there are difficult times ahead for the local economy. It is important that national government, regional bodies, councils and business support organisations listen to and work with businesses to help steer the economy through this challenging period.
  
- 1.2** This report describes the events that have lead to current economic problems, gives an overview of the North Wiltshire economy and is backed up by economic statistics and an economist's analysis of the data. Business support services currently provided by North Wiltshire District Council are outlined in Section 6. Section 7 shows what services are being provided by other organisations and, in particular, those services that would be helpful to businesses experiencing difficulties in the current economic climate.

## **2. The Global Credit Crunch**

- 2.1** A credit crunch can be defined as “a severe shortage of money or credit”. The start of the recent phenomenon became apparent in August 2007 but the problems actually started much earlier. A downturn in the housing market of the United States, high-risk practices in lending and borrowing, and excessive individual and corporate debt levels have caused multiple adverse effects on the world economy.
- 2.2** The crisis began with the bursting of the United States housing bubble and high default rates on “subprime” and adjustable mortgage rates (ARM), beginning in approximately 2005–2006. For a number of years prior to that, declining lending standards, an increase in loan incentives, and a long-term trend of rising housing prices had encouraged borrowers to take on difficult mortgages in the belief they would be able to quickly refinance at more favorable terms. However, once interest rates began to rise and housing prices started to drop, refinancing became more difficult. Defaults and foreclosure activity increased dramatically as easy initial terms expired, home prices failed to go up as anticipated, and ARM interest rates reset at higher levels. Foreclosures accelerated in the United States in late 2006 and triggered a global financial crisis through 2007 and 2008.
- 2.3** Major banks and other financial institutions around the world have reported losses and liquidity concerns has driven central banks around the world to take action to provide funds to member banks, to encourage lending to worthy borrowers and to restore faith in the markets.
- 2.4** In October 2008, Iceland’s prime minister confirmed that the country’s major banks had agreed to sell their foreign assets and decrease activity abroad to secure a rescue deal for its ailing financial system. This affected more than 120 public bodies and private investors in the UK that had money in Icelandic banks.

### **3. The UK Credit Crunch**

- 3.1** In August 2007 UK sub-prime lenders began to withdraw mortgages or put up the cost of borrowing for homeowners with poor credit histories. It has become increasingly difficult to obtain a mortgage with large deposits having to be found.
- 3.2** In October 2007 emergency financial support was granted to Northern Rock, a bank that had relied heavily on the markets rather than savers deposits to fund its mortgage lending.
- 3.3** In April 2008 the number of new mortgages approved had decreased by 44%, the lowest monthly number since records began in 1999. The first annual fall in house prices for 12 years was also recorded. In August 2008 the Nationwide revealed that UK house prices had fallen by 10.5 % in the last year. In an effort to kick start the housing market; the treasury announced a one year rise in stamp duty exemption.
- 3.4** More than 850 UK companies went into administration between January and March 2008, which is a rise of 54% on the previous year. Retail and construction firms were the hardest hit. The Royal Institution of Chartered Surveyors (RICS) construction market survey for the third quarter of 2008 shows 38% more surveyors reporting a decline in activity, the highest increase since the survey began in 1994. A decline was reported in both home and commercial building. At current levels of activity, well under 100,000 will be built in the coming year. This is well below the Government target of 240,000 homes to be built each year up until 2016.
- 3.5** House building companies have been badly hit with Persimmon making 3% of its 5,500 strong workforce redundant. Other firms announcing redundancies include Taylor Wimpey, Bellway, Crest Nicholson and Barretts. Building has stopped on many new sites until market conditions improve.
- 3.6** In September 2008 the Office for National Statistics revealed that manufacturing output in the UK fell by 0.2% between June and July raising the fear of recession. Also in September, the mortgage lender Bradford and Bingley was nationalised.
- 3.7** On 8<sup>th</sup> October 2008, the Treasury announced that the Bank of England would extend and widen its facilities for banks to stabilise the financial system and make available £50 billion to a number of banks should they need to repair their balance sheets. The Government has also committed to help banks refinance short and medium term debt, and is prepared to guarantee this to a tune of £250 billion.

- 3.8** Despite the Prime Minister saying that he will insist that bank credit is available for small businesses, ministers have failed to extract a concrete commitment from banks to provide this.
- 3.9** A package of measures to help small firms weather the current financial storm was announced by the Government on 21<sup>st</sup> October 2008. Skills Secretary John Denham promised that £350 million would be given to smaller businesses to help put their staff through short courses aimed at increasing productivity.
- 3.10** High streets endured a seventh consecutive month of falling sales in October and expected the hard times to continue. Supermarkets enjoyed a modest sales growth, according to the CBI. Motor traders continued to experience difficult trading conditions with 87% of firms reporting a fall in sales marking the fourth month of heavy decline.
- 3.11** On the 6<sup>th</sup> November the Bank of England made a shock one-and-a-half percentage point cut in UK interest rates to 3% and on the 4<sup>th</sup> December rates were cut by a further one percentage point to 2% - the lowest level since 1951.
- 3.12** In a Pre-Budget Report published on 24<sup>th</sup> November 2008, the Chancellor set out his actions for supporting people through the difficult times of the current global financial crisis. Help for business included:
- The introduction of a small business finance scheme to support up to £1 billion of bank lending, a separate £1 billion guarantee facility to support bank lending to small exporters, a £50 million fund to convert business debt into equity and a £25 million regional loan transition fund.
  - A new HMRC Business Payment Support Service to allow businesses in temporary financial difficulty to pay their HMRC tax bills on a timetable they can afford
  - More generous tax relief for businesses now making losses and modification of a number of planned tax reforms including deferral of the increase in small companies' rate of corporation tax.
  - A package of reforms to the taxation of foreign profits.
- 3.13** On 26<sup>th</sup> November it was announced that two major retailers Woolworths and MFI had gone into administration. By December no buyer has been found and store closure sales commenced.

## **4. North Wiltshire Economy Overview**

- 4.1** It would appear that, although the economy is slowing and businesses are beginning to feel the pinch, anecdotal evidence suggests that some North Wiltshire businesses are still doing well. Whether this continues remains to be seen as the country moves closer to recession.
- 4.2** The Council's economic regeneration team has noticed that there has been a marked drop in business enquiries received over the past few months. This is backed up by statistics from the Wiltshire database of vacant land and property which shows a steady decrease in companies looking for premises since June 2008.
- 4.3** There has also been a drop in applications for the Business Start up Scheme with only one grant being approved since last April. There are however, now six applications in the pipeline and Business Link reports an increase in start up enquiries.
- 4.4** Whilst North Wiltshire has a shortage of employment land available, especially in Chippenham, it is becoming increasingly difficult for commercial and residential sites to be developed due to a substantial drop in land values. Many residential, commercial and planning development agents in the district have laid off staff. Housing sales continue to fall and one Wiltshire housing company is predicting that prices will fall by another 15% over the next 18 months.
- 4.5** A number of major house builders have withdrawn from construction sites as a result of the failing housing market. This has adversely affected the affordable housing targets for next year. The government has made additional funding available to try to increase the availability of housing supply. To date there does not seem to be an increase in the number of applicants registered on the Council's housing waiting list.
- 4.6** On a positive note, bed and breakfast establishments in North Wiltshire, especially the smaller ones, have reported increased trade in the last few months. This could indicate that people are taking short breaks in the UK rather than longer holidays or trips abroad.
- 4.7** Another positive indication is that despite the current economic situation, two companies that operate locally and nationally (Kestrel Court Managed Workspace and Forward Space) are interested in developing managed business space in Chippenham. They both report that even in times of economic downturn, there is still a need for this type of unit and they have not noticed any reduction in demand; their research shows that there is need in Chippenham.

**4.8** The following North Wiltshire businesses have reported that they are still doing well:

- Railston, a shop fitting and display company based in Wootton Bassett reports that so far it has not been negatively affected by the current economic climate. The reason for this would appear to be that customers, who are mainly retailers at the lower end of the market, are still doing well as shoppers decide to cut their outgoings and change their shopping habits.
- Energy lighting manufacturer Danlers is expanding its Chippenham base and has bought the whole of the Tyak Business Centre on Bumpers Farm Industrial Estate. The company needs more development and production space which will mean employing more staff.
- Chippenham based window business DL Windows is thriving despite the housing crisis. The company has just opened a construction department which is proving to be a great success even in these difficult times. It seems that instead of moving, people are making improvements to their homes.
- Corsham Print has increased the amount spent on marketing which has been very effective and the business is thriving.
- Fascia Graphics in Chippenham is expanding and will be creating 8 new jobs.
- Whitehall Garden Centre in Lacock is applying for planning permission to expand and if it goes ahead will be employing an additional 75 staff.

**4.9** Job Losses reported are as follows:

- Faccenda Ltd, the UK's largest chicken processing company, closed its factory in Sutton Benger in September 2008 making 450 staff redundant. The business had been hit hard by the increasing costs of wheat and fuel and decided to close the factory and invest more in the remaining business to make it more competitive in the future.
- Dyson has reported that 64 jobs will go from its research and development team at the Malmesbury factory. This is despite the fact that it remains a profitable company and came seventh out of 250 in a Times list of biggest sales for mid market companies.
- Avent Engineering Ltd, a civil engineering business in Chippenham, has recently announced that it has gone into liquidation.
- Atwell Martin estate agents will be closing its office in Calne as a result of the state of the housing market.

- Chemring Energetics Ltd in Corsham has announced that 19 jobs will go following restructuring.
- HM Revenue and Customs is closing its Chippenham office with a loss of 50 jobs
- Avon Automotive in Chippenham is making 20 staff redundant due to the economic downturn.
- Easy's Taxis in Chippenham had announced in August that it would be closing making 30 staff redundant in September. However, former staff have set up their own company which is being run from Forest Gate in Pewsham.
- Dolby Systems has said that it is considering shutting the manufacturing arm of its Wootton Bassett plant in Wiltshire. The firm said that after a review of its operations it found it did not need so much manufacturing work in the current economic climate. The Wootton Bassett plant has about 170 workers. A total of 70 jobs would be affected if the closure goes ahead.

## **5. The Economists View – Executive Summary**

- 5.1** The purpose of this Summary Economic Assessment is to provide the evidence base to support economic development strategy targets, to help offset the impact of the economic slowdown instigated by the credit crunch in North Wiltshire. A full copy of the report produced GWE Business West Research is available with this report.
- 5.2** North Wiltshire's £1.7 billion workplace GVA (gross value added) is generated by total workplace employment of around 56,400 (5,900 of whom are self-employed), equivalent to an estimated £30,384 per worker head. North Wiltshire's GVA per head is approximately 102% of Wiltshire County Council performance and 98% of South West regional performance. It is 96% of national performance.
- 5.3** The top output sector is manufacturing (with almost double the output of the next biggest contributing sectors - wholesale and retail, hotels and restaurants and business services and finance).
- 5.4** North Wiltshire's output is generated by 6,066 employing ('business') units. The average business unit in North Wiltshire has average GVA output of £260,000.
- 5.5** Due to commuting patterns, North Wiltshire's residents produce far more output than occurs in North Wiltshire's workplaces. In fact, North Wiltshire has a daily net out-commute of somewhere around 8,800 workers. When trends within the individual broad industrial sectors are scrutinised, energy and water, business services and finance and transport and communications stand out as being the main sectors where there is evidence of imbalance. It is apparent that the large numbers of North Wiltshire residents who make their living outside the district's boundaries are often commuting to what appear to be relatively high added value (and often relatively well paid) sectors, mostly in service industries. The North Wiltshire resident economy is hugely dependent upon its surrounding external economies.
- 5.6** With a relatively high proportion of larger manufacturers, North Wiltshire remains heavily dependent on manufacturing, at least for output and employment generation, but has yet to develop its business services sector. It is not the case that North Wiltshire has not developed the volumes of businesses in business services, it is more the case that it has yet to grow these businesses to match their national counterparts.
- 5.7** North Wiltshire also has yet to develop a distribution sector (wholesale and retail), and a hotels and restaurants sector which is commensurate with its population. This is somewhat understandable for wholesale and retail due to the presence of large centres nearby. However, for hotels and restaurants, and as

part of a County where tourism is crucial, this is perhaps less understandable. Other employment weaknesses exist in lower employment representation in financial intermediation, health and social work and other community, social / personal services.

- 5.8** Relative to other areas, earnings in North Wiltshire are higher than the South West average but have the advantage of being lower than the South East average. North Wiltshire's resident earnings are far higher than workplace earnings and suggest that the many residents who commute out each day are commuting out to relatively higher paid jobs than exist in North Wiltshire itself (as highlighted earlier).
- 5.9** Agriculture, hunting and forestry (almost twice as much employment as nationally) and manufacturing (one third more employment than nationally) are North Wiltshire's key areas of employment over-representation than when compared nationally. There is particularly strong evidence of industrial specialisation and clustering in North Wiltshire in the manufacture of electrical appliances, electronic components and other electrical equipment and the production and preserving of poultry and meat and production of related products. There is also evidence of clustering / specialisation in: other manufacturing sectors (plastics, concrete products, printing and general mechanical engineering); freight transport by road; software consultancy and supply and other computer related activities; other business activities including business and management consultancy activities; agriculture; other service activities including hairdressing and other beauty treatment; adult and other education; general construction of buildings and civil engineering works; and machinery wholesale and car sales.
- 5.10** From 2007 to 2014, structural changes in North Wiltshire will require professionals in sectors such as business services, the public sector (including health and education), transport and distribution (including wholesale and retail) and community / personal services. These demands will give rise to occupational demand increases for such positions as skilled managers, skilled carers, skilled scientists and engineers, skilled health workers, skilled drivers and skilled sales / customer services.
- 5.11** Employment and turnover size band profiles of businesses in North Wiltshire show that, as with Wiltshire, the District has a slightly lower proportion of larger businesses than nationally and regionally. There are significant benefits (sometimes called 'catalytic' benefits / impacts) for an economy in having a greater proportion of larger companies in its business profile. For example, larger businesses often provide leadership in the business community and drive quality and innovation in their local supply chains. They also tend to train more, pay more, export more, innovate more, and pay more attention to quality. North Wiltshire's business size profile means that it will derive fewer of these benefits, a serious economic disadvantage. However, a lower dependency on larger organisations, such as in North Wiltshire, means greater flexibility, a feature likely to be of benefit through the credit crunch.
- 5.12** North Wiltshire not only has a higher start up rate than the benchmark areas but, for those businesses that do start (or already exist), a higher proportion of them

are surviving than across Wiltshire, regionally and nationally. North Wiltshire's business stock has grown by 28% over the last 10 years or so, higher than Wiltshire (24%) and very significantly higher than nationally and regionally (20% and 18% respectively).

- 5.13** Nationally and regionally North Wiltshire's Claimant Count is at its highest level for ten years (almost 1,000 claimants in September 2008). Since the same month in 2007, unemployment claimant volumes in North Wiltshire have risen by approximately one third (34%). The start of the rise in unemployment, in North Wiltshire at least, commenced at the end of last year / beginning of this year; unemployment claimant volumes in North Wiltshire have risen by exactly one half since the low of December 2007. North Wiltshire's growth in claimant volumes has been spread, for the most part, across most occupational groups though it is noticeable that, with the exception of managers and senior officials, the occupations in North Wiltshire experiencing the largest volumes of losses are all lower-skilled. Unemployment growth rate analysis shows that more skilled positions in North Wiltshire have also seen rapid unemployment growth since the December 2007 low. As with occupations, the impact of the economic downturn has been felt across most industries in North Wiltshire.
- 5.14** The broad business services and finance sector is vulnerable to restructure in the face of the restructuring of the smaller finance sector to which it is closely and (at times) intrinsically related. This may not be a bad thing (for the short to medium term at least). With the current economic slowdown impacting most heavily upon the high street and business services and finance, it is suggested that the North Wiltshire economy is somewhat less vulnerable than surrounding business services and retail-based economies.
- 5.15** The evidence suggests that, over the 12 months to September 2008, the credit crunch had begun to have an impact on North Wiltshire unemployment. However, the findings also suggest that this impact is not, as yet, a significant one. It is proposed here that the real 'bite' from the credit crunch is most likely to be felt in the New Year (i.e. early 2009) when the combined impact of several factors have taken their toll: reduced business investment through 2008, reduced consumer spending in the second half of the year (particularly over Christmas), and revised business plans for 2009. It remains far too early to tell, at present, the likely success of recent, current and proposed UK Government macroeconomic actions implemented, and being implemented, to combat the slowdown / recession.
- 5.16** Employing a basic modelling technique, based on national recent trends in unemployment by usual occupation, it is possible to generate a series of projected economic impact tables for North Wiltshire. The analysis shows that, if the recent economic trends of the last quarter persisted for an entire year then North Wiltshire's workplaces:
- would lose around 800 of their 55,100 jobs over the course of the year, equivalent to a 1.5% decrease in employment.
  - would lose around £28 million of their £1,771 million workplace output, a 1.6% decrease;

- would lose larger volumes of process, plant and machine operatives, skilled trades occupations and elementary occupations;
- would lose larger volumes of jobs in public administration, education and health, distribution, hotels and restaurants and manufacturing

North Wiltshire's resident economy:

- would lose around 1,300 of their 67,800 jobs, equivalent to a 1.9% decrease in employment;
- would lose around £71 million of output, a 1.6% decrease;
- would lose larger volumes of job losses for process, plant and machine operatives, sales and customer service occupations and skilled trades occupations;
- would lose larger volumes of job losses in agriculture, manufacturing and energy and water.
- would see claimant unemployment rise to around 2,500 by the end of 2009 from 1,000 or so at present.

## **5. North Wiltshire District Council Business Support**

**6.1** The Economic Regeneration Strategy 2005 – 2009 guides the economic regeneration activities of North Wiltshire District Council. Business support activities currently being provided are as follows:

- The Council works in partnership with the Wiltshire Investment Group (part of the Wiltshire Strategic Economic Partnership) to deliver the Investment Strategy which has been developed to raise the profile of the county as an excellent location for business. Its remit is also to encourage the expansion and investment of businesses already located in the county as well as encouraging relocations for the rest of the UK and abroad.
- Searches of a database of available land and property in the county are carried out for businesses wishing to relocate to new sites and premises.
- The District Council owns and manages 30 small industrial units for small businesses in Malmesbury and Chippenham. These are available on favourable terms. In November 2008, there were two units at the Bumpers Enterprise Centre in Chippenham available and discussions are taking place with companies wishing to occupy them.
- Liaison with Development Control officers on business planning applications on behalf of businesses and support for applications where appropriate.
- The Business Start up Scheme provides grants of up to £1,000 to new businesses for setting up costs. Businesses must be taking on at least one employee and business premises. £4,600 remains available until the end of March 2009.
- The New Business Competition is run in conjunction with the Wessex Association of Chambers of Commerce in each of the six main North Wiltshire towns in October and November. A winner is chosen from each town and receives prize money of £1,000 each. From these an overall winner is chosen and receives a further prize of £2,000. As well as the prize money, businesses taking part get publicity, an opportunity to join the Chamber of Commerce and free business advice.
- Funding searches are carried out for businesses wishing to invest in new products and services or to expand.
- Advice is given to businesses on environmental issues.

- The development of local supply chains and local purchasing is encouraged. This has been done by the production of local produce directories for each of the towns and by having a North Wiltshire Food Festival which showcased local producers at various events taking place over a week in 2006 & 2007.
- The Visit Wiltshire Tourism Partnership has been recently set up to increase the visibility of Wiltshire as a tourism destination, increase the value of tourism and engage all tourism businesses within the county. Part of the role of the partnership is to provide advice to new and existing tourism businesses.
- The District Council will continue to work with businesses, Jobcentre Plus and other organisations when a company closure is announced, to ensure that any staff being made redundant are given information and support to find alternative employment.

## **6. Provision of Business Support by Other Organisations**

**7.1** There are many organisations providing a range of business support services. Those listed below are providing a service that is likely to be of particular help to businesses at this time.

### **7.2 South West Regional Development Agency (SWRDA)**

The SWRDA is a business led organisation created by Government to improve the economic performance of the South West of England. It directly invests to help shape the regions future economy.

In light of the recent changing economic circumstances, it has produced a paper (entitled A Joint Response to Changing Economic Circumstances) to stimulate discussion with partners in the region on the steps to be taken to help businesses through this difficult period. The SWRDA will be working with partners (including local authorities) over the coming months.

SWRDA has re-focused its support strategies for business for 2009 and has developed 'First Steps: Action for Recovery' to outline plans and intentions. The document includes details of initiatives and enhancements such as:

- Establishing a Business Loan Fund
- Providing focused support to help businesses to survive and thrive
- Coordinating the response to large companies in difficulty
- Preparing for economic recovery

### **7.3 Wiltshire Strategic Economic Partnership (WSEP)**

WESP promotes the economic wellbeing of Wiltshire. Members are drawn from a range of private, voluntary and public sector organisations. Its partners are responsible for taking forward areas of work to develop and improve the Wiltshire economy. The partnership is responsible for overseeing the delivery of the Economic and Enterprise block of the Wiltshire Local Area Agreement.

WSEP is carrying out research into the impact of the credit crunch on Wiltshire's businesses and its town centres. Proposals will then be made as to how partners could help to alleviate the problems identified.

### **7.4 Business Link**

Business Link is primarily funded by the Department for Business Enterprise and Reform (BERR) and is supported by a number of other government agencies. Delivery of the service is the responsibility of the South West Regional Development Agency (SWRDA).

It provides information advice and support needed to start and run a business. It has a range of resources that can help organisations take steps to protect themselves and prepare for adverse business conditions. The business health check toolkit can help to identify areas where performance and businesses chance of survival could be improved. It also produces guides on how to manage cash flow and debt recovery. It has interactive tools which can help with issues such as avoiding insolvency. Advice is also provided on making the business more efficient in a time when capital is tight.

The Government has recently set out how it plans to simplify publicly funded business support under the 'Solutions for Business' initiative. Business Link will be the main route to access support through a single portfolio of 30 new and existing products and services.

Business Link has recently carried out a survey of local businesses and reports that 15% say they have not yet been affected by the economic slowdown. 12 % have been severely affected whilst the remainder have experienced some impact. More than 60% are looking at new marketing opportunities, 40% are reviewing their products and services and 30% are evaluating their customer base.

There is evidence that firms are seeing the value of training employees to improve their competitiveness.

## **7.5 Federation for Small Businesses (FSB)**

The FSB is the largest campaigning pressure group promoting and protecting the interests of the self-employed and the owners of small firms. Membership benefits include free banking, fee free overdraft facilities, business loans and other finance to meet the needs of small businesses.

In light of the recent economic downturn, the FSB has introduced an additional service. A financial helpline has been set up for its members to access if they are struggling to resolve financial issues.

A recent snap poll carried out by the FSB had over 6,000 respondents and showed that:

- 80% of businesses have seen costs increase in the last year;
- 46% have seen a decline in trade;
- 51% reported slower payment of bills; and
- 40% of respondents had seen the cost of borrowing rise.

## **7.6 Wessex Association of Chambers of Commerce (WACC)**

WACC is a membership organisation that represents the business community and facilitates contracts between businesses in the region through the network of the Chamber movement.

It provides a range of services and benefits to its members including local business information, networking events, lobbying and representation on behalf of members, opportunities for inter trading, business clinics and training courses. A recent conference has focused on issues that are likely to affect businesses at this time of economic uncertainty and plans for support for Wiltshire businesses in the future.

A recent survey of 300 businesses shows that about half of businesses were remaining optimistic about the economic outlook. Domestic deliveries and orders have slowed down but those exporting reported an increase in these areas. Cash flow is a major issue for some businesses and some are still experiencing difficulties in recruiting the right type of staff.

## 7.7 Community First

Community First is a charity that works at the forefront of community development to help improve the quality of life and economic well being of people and local communities throughout Wiltshire and Swindon.

- **Business Grants & Loans Fund** - Community First provides help for rural businesses in Wiltshire with the Business Grants and Loans Fund. This is aimed at businesses that are independently owned and operated or are community enterprises.

The Fund provides a combination of grant and low interest loan of between £500 and £10,000. Applicants are also offered the free business advice.

- **Village Shops** - Community First supports independent and village retailers throughout Wiltshire. Independent retailers are finding it increasingly difficult to maintain their shop services in the face of increasing trading pressures from larger grocery chains and economic variables. Business support and advice is provided to help retailers improve and sustain the viability of their shops.

Community First and Wiltshire County Council are using data collected to identify which communities may be at risk from a loss of shops and post office services and to find solutions to replace, replicate or facilitate lost services.

## 7.8 The Rural Development Programme for England (RDPE)

The Rural Development Programme for England (RDPE) is a seven year programme (2007-2013), which is worth £3.9 billion overall, jointly funded by the EU as part of the Common Agricultural Policy, and national Government. It aims to support and promote sustainable farming, forestry and food sectors, and also brings wider benefits for the rural economy, the environment and communities.

The South West Regional Implementation Plan sets out where funds will be spent. This is primarily in skills development, social enterprise, business support, supply chain development, resource management, sustainable rural tourism, biodiversity and landscape, and community led development.

## **7.9 The South West Manufacturing Advisory Service (SWMAS)**

SWMAS run a technology and innovation programme aimed at helping companies improve their manufacturing productivity and competitiveness. The project consists of project management and technical support to assist in helping introduce new processes, equipment, products and materials.

## **7.10 Knowledge Transfer Partnership**

This is one of the UK's leading programmes, helping businesses to improve their competitiveness and productivity through the better use of knowledge, technology and skills.

Knowledge Transfer Partnerships involve the forming of a partnership between a company and an academic institute enabling the company to access skills and expertise to help them develop.

## **7.11 GWE Business West Ltd**

GWE Business West Ltd is a leading membership and economic development organisation delivering an extensive range of services to businesses including innovation workshops, specialist business advice clinics, training and development and a business mentoring service. Mentors with practical knowledge and skills work closely with businesses to provide a range of advice and support.

## **7.12 Buy Wiltshire**

“Buy Wiltshire” is a website designed to support the development of Wiltshire businesses and to encourage local trading. Businesses using this website have the opportunity to:

- Register in a free Local Business Directory
- Search for new customers and suppliers
- Find out about local business and partnership opportunities
- Access up-to-date information on local authority contracts and tenders
- Stay in touch with the latest local business news and events

The site is currently being updated and developed.

### **7.13 Learning & Skills Council (LSC)**

The LSC is a public body that aims to improve the skills and competitiveness of young people and adults. Its new Train to Gain initiative is a comprehensive service designed to help businesses get the training that they need to succeed. It can help improve competitiveness and productivity by ensuring that staff have the right skills to do the best job.

### **7.14 Business Debtline**

Business Debtline is the national telephone helpline for the self-employed and small businesses with debt problems in England, Scotland and Wales. The service, which has been running since 1992, is free, confidential and independent. It is part of the Money Advice Trust, which is supported by British banks along with the Department for Business, Enterprise and Regulatory Reform. The number of people calling for advice has more than doubled in the last 12 months.

### **7.15 R3**

The Association of Business Recovery Professionals is the leading professional association for insolvency, business recovery and turnaround specialists in the UK. Known by its brand name R3, it promotes best practice for professionals working with financially troubled businesses. The South West Regional Chairman has offered a free hour of impartial and specialist advice to company directors.

### **7.16 Jobcentre Plus**

Jobcentre Plus has a Rapid Response Service that is offered to every employer with 20 or more redundancies and in local communities who have been disproportionately affected by multiple smaller scale redundancies. Jobcentre Plus will work with partners such as Regional Development Agencies and local authorities and skills agencies in England, Scotland and Wales to help employees facing redundancies.

### **7.17 European Social Fund**

The Government has announced that additional European Social Fund (ESF) money will be used to help people currently facing redundancy and those looking for work. ESF will help them retrain and develop their skills so they can quickly move back into sustainable employment. The funding will be administered by the Learning and Skills Council and Jobcentre Plus who will be working closely with local colleges and training providers to enable people to choose exactly what they need from a range of approved training providers. The money will be used to pay for anything from new skills or qualifications to get people ready for work, to on-the-job training in an entirely different field. The money will be carefully targeted to help, for example, people from sectors experiencing significant job losses and people who need support to move back to work.



## 8. Additional Support from NWDC

It is necessary in the current economic climate to help businesses cope with problems they are experiencing and to prepare for changes that may be ahead. Whilst there are plenty of initiatives already running to provide help as listed in Section 7, North Wiltshire District Council wants to introduce some additional support for businesses up to 31<sup>st</sup> March 2009. Actions that will be taken forward over the next 3 months are outlined the table below.

In the longer term, work will continue with partners including Business Link, to try to provide a service to meet the needs of businesses. Wiltshire Council's new economic development service will be based on the requirements of the businesses so should reflect what is needed during the economic downturn.

<b>ACTION</b>	<b>TIMESCALE/FUNDING</b>
1. Extend the Business Start up Scheme to include businesses in the first two years of trading and the introduction of more flexible criteria (inclusion of businesses working from home and not employing anyone).	Further funding has been allocated doubling the amount available for the next 3 months. Amendments will be made to application guidance notes.
2. Introduction of a new grant to enable businesses to market themselves more effectively.	Additional funding will be made available for this.
3. Ensure that businesses are aware of rate relief criteria currently available for businesses and in particular for village shops and post offices.	Information to be included in mail-out to businesses with business support details.
4. Send out details of business support that is available from the district council and partners to North Wiltshire businesses.	This will be carried out in December 2008 and updates will be available by email after that on a monthly basis to businesses that require additional information.
5. Seminars to be arranged in each of the five main towns (Calne, Chippenham, Corsham, Malmesbury and Wootton Bassett) for businesses on how to survive the credit crunch.	The Wessex Association of Chambers of Commerce has agreed to organise these on behalf of the district council. They will be taking place in early 2009.
6. GWE Business West Ltd currently runs a business mentoring scheme (see Section 7). It may be possible to extend this to include more businesses.	Wiltshire County Council is already investigating the possibility of extending the scheme. North Wiltshire officers will liaise with the County Council on this project.

### **Summary of Support Already Provided by the District Council**

The District already provides a range of business support services. Those which are likely to be particularly relevant to businesses in the current economic climate are summarised in the table below.

<b>SERVICE</b>	<b>COMMENT</b>
1. The District Council pays suppliers' accounts on or before the due date.	This will ensure that businesses cash flow is not affected by late payment.
2. Provision of a 'rapid response' service to companies that announce closure or major redundancies bringing together organisations that can help.	This has been done recently when Hygrade Ltd and Faccenda Ltd announced that they were closing making all staff redundant.
3. Promotion of Wiltshire as a business location for inward investment.	Attracting new businesses to the county will make the local economy more sustainable.
4. Carry out land and property searches to find sites and premises for businesses.	This may be for new businesses moving into the area or for those already here that may be looking to restructure as a result of the difficult trading climate.
5. Carry out funding searches.	Keep up to date with new funding streams and make businesses aware of what is available to them.
6. Encourage the use of local goods and services and inter- trading between companies.	This helps to strengthen the local economy.
7. Work with the Visit Wiltshire Tourism Partnership to encourage visitors to the district.	This will increase visitor spend contributing to the local economy.
8. Work with Business Link and other partner organisations to make sure that the needs of businesses are met and to find out where problems exist and to try and address them early.	Help businesses to survive in these challenging times.