

BABERGH DISTRICT COUNCIL

FROM: Director of Corporate Services

REPORT NUMBER: K124

TO: COUNCIL

DATE OF MEETING: 19 October 2010

THE STATE OF THE DISTRICT REPORT 2010/11

1. PURPOSE OF REPORT

- 1.1 The Council carries out an annual State of the District Debate as part of its strategic planning and financial strategy framework. The issues and outcomes identified in the course of the debate are considered and developed further by the Strategic and Financial Planning Task Group as part of the strategic and financial planning process. The outcomes will also be used to inform the refresh of the Medium Term Action Plans and Delivery plan for 2011/12.

2. RECOMMENDATION TO COUNCIL

- 2.1 That the issues and outcomes identified in the course of the debate be considered and developed further by the Strategic and Financial Planning Task Group as part of the strategic and financial planning process and used to inform the refresh and review of the Council's Medium Action Term Plans and Delivery Plan for 2011/12.

3. FINANCIAL IMPLICATIONS

- 3.1 The Council has a £1.4m savings and efficiencies requirement for 2011/12. This is a very significant amount in relation to the Council's budget. It is highly likely that the required savings for 2011/12 will require continued fundamental changes that will make an appreciable impact on service delivery and staff numbers.
- 3.2 The Council is therefore facing a huge challenge and the debate needs to take into account the significant budgetary pressures faced by this Council and across local government for 2011/12 onwards, particularly following the clarification provided by the Comprehensive Spending review announcements later this month. The deficit reduction programme is anticipated will result in Babergh needing to generate approximately £3m of savings over the next 3 years which represents around 25% of the Council's General Fund Budget for 2010/11 (it also needs to be seen in the context of the Council, in previous years, of consistently exceeding Government efficiency targets and keeping Council Tax levels to amongst the lowest in Suffolk and in the lowest 20% nationally). This stricture has the potential to limit options for new developmental work and the delivery of existing services.
- 3.3 Financial implications will be considered as part of the ongoing strategic and financial planning process.

4. **RISK MANAGEMENT**

4.1 This report is most closely linked with the Council’s Significant Business Risk No. 4: political and managerial leadership, and No. 10: local response to national issues. Key risks are set out below:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
<p>There are serious challenges facing the Council and its communities that require strong political and managerial leadership. These challenges must be identified, actions determined to deal with these and resources allocated.</p>	<p>Significant</p>	<p>Critical</p>	<ul style="list-style-type: none"> • The State of the District Debate to agree the challenges • A comprehensive strategic and financial planning process that prioritises and allocates resources to the challenges • Medium Term Action Plans that set out the actions and targets and outcomes to deal with the challenges
<p>The Council does not sufficiently consider the impact of the economic downturn or does not take appropriate actions</p>	<p>Low</p>	<p>Critical</p>	

5. **EQUALITY AND DIVERSITY IMPACT**

5.1 There are no specific equality and diversity implications relating to the State of the District Debate. However any resultant changes in service provision would need to consider the impact on service users and residents through a robust equality impact assessment process.

6. **KEY INFORMATION**

Background and Context

6.1 The State of the District Debate focuses on the issues and profound challenges facing the district. This year these include the continuing legacy of the credit crunch, the implications of public sector retrenchment in Suffolk and the impact of the coalition government’s policies to address the national budget deficit on our individual customers and communities. In doing so it will consider a range of data and information about what is happening in the district.

- 6.2 This year's State of the District Debate uses the same format and approach as for last year. The key outcomes will be a consideration of the current strategic priorities in the context of the Babergh environment in 2010 and moving forward to 2011.
- 6.3 The purpose of the debate is to determine whether the priorities and outcomes set out in the Strategic Plan 2008-18 and associated 3 year Medium Term Action Plans remain the right ones for this area, whether there are any additional (perhaps more pressing) issues that need to be incorporated , whether there are any that should be deleted or that have been sufficiently dealt with to the desired outcome, and where the Council's focus should lie as we move through a prolonged period of public sector austerity.
- 6.4 In 2007/08 the Council developed a ten year Strategic Plan to run from 2008. This set out the issues facing its stakeholders and area and allowed the Council to develop priorities, outcomes and actions to deal with these.
- 6.5 The Plan was developed following extensive district-wide consultation, analysis of demographic information and performance data, and the involvement of a number of focus groups that encompassed Babergh's diverse communities.
- 6.6 The following key themes emerged from this process and formed the basis for the Council's corporate priorities:
- A greener and cleaner Babergh
 - Quality homes local people can afford
 - A safer and healthier Babergh
 - A strong and sustainable community
 - Vibrant places and communities.
- 6.7 A total of 28 outcomes were identified supporting these priorities and Medium Term Action Plans are in place to deliver these.
- 6.8 The economic and social environment has not changed significantly in the year since the last State of the District Debate. It is therefore important to note that a number of the key themes from last year's debate are still relevant this year.
- 6.9 Last year's debate concluded that "this is the developmental stage of the current economic recession in the Babergh area. All of the evidence from activity statistics around benefit claimants and other complementary measures support the supposition that the impact of the recession in 2010/11 will be focused on the wider community through the fall out from a period of zero economic growth and the longer term impacts of long term unemployment".
- 6.10 The debate concluded that the key areas for focus were:
- debt advice,
 - protecting the vulnerable,
 - community safety and employment actions.

Continuing impact of the recession

- 6.11 In 2010 the Audit Commission produced a follow up report *Surviving the Crunch* which examined how council finances and services have been affected by the recession. The report concluded that “The country moved back into positive gross domestic product (GDP) growth in the fourth quarter of 2009. Official statistics show that the contraction of the economy, and the first stage of the recession, may be over. But the future path of the economy remains uncertain, and the effects of the downturn, on councils and public finances more widely, will continue to be felt for some time”
- 6.12 It also provided the following assessment of the impact of the recession for local authorities:
- The financial impact of the recession has been manageable for most councils up to January 2010.
 - Some councils – often districts – have been hit hard by falling local income.
 - The future for local government finances is challenging, although there is little clarity about the size of any public spending cuts.
 - Councils should be responding now to minimise the impact on frontline services.
 - Public sector job cuts could damage local economies.

Changes in the Suffolk environment

- 6.13 Last year’s debate was carried out whilst there was uncertainty over the future of Local Government Review (LGR). LGR has now been stopped leaving a clear space for the development of a new approach to service structure and delivery.
- 6.14 Except Ipswich, all of Suffolk’s borough and district councils have paired up using “preferred partner” status to investigate the benefits of a more strategic and sustainable approach to joint working and service transformation.
- 6.15 Building upon a successful track record of collaboration Babergh is working with Mid Suffolk District Council on the integration of staff and services and the creation of one single district council.
- 6.16 A Shared Revenue Partnership is being implemented between Babergh, Ipswich and Mid Suffolk Councils which involves these authorities merging their revenues and benefits operations.

The coalition government’s programme.

- 6.17 The coalition government has committed to cutting the national budget deficit through an austerity programme which will include large cuts in public expenditure allied to a range of fiscal controls and revenue raising programmes.

- 6.18 To provide focus to the work of government departments a range of draft structural reform plans have been developed to make government departments accountable for implementing the reforms which are designed to take power away from Whitehall and put it into the hands of people and communities. The plans also link into the overall localism agenda and the Big Society programme.
- 6.19 Through the interim budget and other statements the government has announced a range of spending cuts that could mean a 25% real term cut by 2015 for local government.
- 6.20 The detailed breakdown of proposed budget reduction is due to be announced in late October 2010 when the next Comprehensive Spending Review is completed.
- 6.21 The potential impact of the budget cuts is difficult to gauge and is likely to be cumulative over the period of the spending review (2011/12-2014/2015). Some factors which may have an affect in Babergh include:
- The loss of public sector jobs in the district and wider travel to work area (i.e. Colchester, Ipswich, Bury etc).
 - The impact of public cuts on the local private sector and the local supply chain.
 - The dimensions of unemployment in the district (i.e. trends/make up and demographic of future claimants).
 - Secondary impacts (e.g. on housing market activity, health, education and training etc), linked to the proportion of homeowners in the area who work in the public sector, and unemployment and pay trends.

State of the District Profile

- 6.22 This section of the report provides an analysis of key economic and social factors and reviews significant changes in Babergh during the past year.

Population and demographics

- 6.23 Babergh has a population density of 143 per hectare (the 3rd lowest in Suffolk). The estimated resident population of Babergh using the latest data available (mid-2009) shows a very small annual decrease (0.23%) on the previous year to 85,800. Babergh has the slowest population growth over time of any area in Suffolk (less than 5 % growth 2001-2009).
- 6.24 Babergh has a 3.5% Black and Minority Ethnic (BME) resident population. Although the proportion of many BME groups remains lower in Babergh than other parts of Suffolk (most notably Ipswich), communities in the district are gradually becoming more diverse.

- 6.25 The profile and distribution of the increasingly elderly population in Suffolk will impact on the demand for health, social care and other local public services and has significant implications for the way these services are structured and provided. The number of over-85s living in Babergh is predicted to rise by 136% (to 4,500 residents) between 2001 and 2021. The rate of growth in the very elderly population is the largest anywhere in Suffolk.
- 6.26 There is a tendency for many young adults to move out of the area altogether seeking higher education, higher paid employment and sometimes, housing opportunities. The lack of affordable housing for young people and first time buyers is a key area of concern in Babergh. The continued loss of young people from the area could lead to skills shortages in the future and affect the local economy.

Housing

- 6.27 Suffolk has delivered a high number of house completions in 2008-9 despite the effects of the recession. House prices in Suffolk have fallen over the last 18 months in line with national UK trends; in January 2010 the average house price in Suffolk was £150,048.
- 6.28 Looking at the house price to income ratio, Babergh is the least affordable area in Suffolk with a ratio of 8.75.
- 6.29 The Babergh percentage of households on the local authority waiting list stands at 4.1 % compared to 5.6 % for the whole of Suffolk.

Economy and workforce

- 6.30 Babergh has a small local economy, less than half the size of the average for Britain. Unemployment is relatively low, but many of the jobs in Babergh are less skilled and low waged. 72.4% of workers are employed in the service sector (this includes 17.6 % employed in public administration, education and health), 17.6% in manufacturing and 5.4% in construction. There is a manufacturing base in the south of the area with large employers located in or around market towns (i.e. Philips Avent (Glemsford) and Delphi (Sudbury), and a larger proportion working in the agriculture sector than the Suffolk average.
- 6.31 An increasingly critical factor to good economic performance is the growth of the 'knowledge' economy. This economy is characterised by increasing levels of innovation, technology, creativity and entrepreneurship and is driven by a more educated and skilled workforce. Suffolk has historically had a lower than average proportion of its jobs in knowledge-driven sectors. However, a review undertaken in 2008 indicated that whilst the county as a whole is catching up with other parts of the UK, knowledge driven sectors actually contracted by over 4% in Babergh between 1998 and 2004. If this pattern were to continue it could contribute to future economic stagnation.

- 6.32 The average gross earnings for employees *working in the area* are £408.70 per week (£21,334 per year). This is below the Suffolk average (£31.60 per week less in 2009) and well below the national average (£81.50 per week less). This compares with average gross earnings for employees *living in the area* of £489 per week. This is slightly higher than the Suffolk average but many of these residents commute outside of the district.
- 6.33 The issue for Babergh of a traditionally relatively low-skilled workforce, reinforced by low earnings levels remains for 2010.
- 6.34 Analysis of key out-of-work benefits data can give a good indication of the health of the local labour market and the impact of the recession. Key out-of-work benefits consist of job seekers allowance, incapacity benefits, lone parents and others on income related benefits. 8.5% of the resident working age population in Babergh are claiming one or more key out-of-work benefit compared to 10% in Suffolk and 13.4% nationally (May, 2009).
- 6.35 Between March 2008 and March 2009 there was a 172% increase in the number of people claiming Job Seekers Allowance (JSA) in Babergh. The current figure is 1,110 (2.2 % of the workforce).
- 6.36 Another measure is the key out of work benefits criteria (which includes JSA, ESA and incapacity benefits, lone parents and others on income related benefits). The current level for Babergh (February 2010) is 4,130 which equates to 8 % of the workforce. This compares to 10 % for the east of England and 12.9% nationally.
- 6.37 There are also pockets of higher claimant rates in certain areas (i.e. Hadleigh) and considering the size of the communities, the Sudbury area appears to have suffered the most as illustrated by an analysis of reported redundancies.

Crime and Disorder

- 6.38 The British Crime Survey found that in Suffolk as a whole, although overall crime stayed at the same level as last year, burglaries rose by 15%.
- 6.39 Violent crime and sex offences also increased year on year with vehicle crime, criminal damage and drugs offences falling significantly and overall crime remaining as low as it has for almost a decade (The crime survey found that offending is at its lowest national level since 1981, with recorded crime down 9%).
- 6.40 More than 5,000 of the 46,447 crimes recorded in the county were burglaries, which police believe appeared more prevalent due to a period of proactive operations, predominantly in Ipswich in June 2009, which led to an extra 400 crimes being recorded.

6.41 Total recorded crime in Babergh remained at the same level in 2009/10 as in 2008/9; but the number of detections fell by 24% or expressed another way the detection rate fell by 7.8%. Criminal damage (27%) and violence against the person (17%) remain the most significant contributors to overall recorded crime in Babergh.

6.42 There were some significant changes between 2008/9 and 2009/10:

- Criminal damage fell by 5% (down 59 offences from 1,183 to 1,124) (Suffolk figure - 8%).
- Violence against the person fell by 3% (down 21 offences from 751 to 730) (Suffolk figure + 7%).
- Sexual offences fell by 33% (down 19 offences from 57 to 38).
- Vehicle crime fell by 8% (down 38 offences from 498 to 460).
- Domestic burglary rose by 42% (up 47 offences from 113 to 160) (Suffolk Figure + 14%).

Health of the District

6.43 The key elements from the annual Eastern Region Public Health Observatory Health of the District report for Babergh are as follows:

- The health of people in Babergh is generally very good. All but one of the local health indicators is similar to or better than the England average.
- There are however some health inequalities within Babergh. Life expectancy for men living in the least deprived areas is over 3 years higher than for men living in the most deprived areas.
- Over the past ten years, the rates of death from all causes and rates of early death from heart disease and stroke and from cancer have fallen and have remained better than the England average. The improvement in deaths from all causes for men appears to be levelling off.
- Almost 1 child in 12 in Reception is classified as obese, similar to the England average. Although better than average, 1 school child in 3 does not spend at least 3 hours per week being physically active.
- It is estimated that less than 1 adult in 5 smokes, but smoking continues to cause almost 130 deaths each year.
- The incidence of malignant melanoma is higher than average, although there are fewer than 20 cases each year.
- Priorities for Babergh are to improve physical activity and healthy eating in children and adults, to tackle smoking related deaths and to increase awareness of the risks of excessive use of sun beds and exposure to the sun.

Rural economy

6.44 A range of reports produced by the Commission for Rural Communities and the Rural Services Network have been used to identify key factors which have affected on many of Babergh's rural communities during the year. These include:

- Key concern about rural public transport frequency, convenience, fare levels and access to service information. Proposition that public transport does not meet the needs of rural communities and impacts on most vulnerable groups.
- The availability of affordable housing for local people, especially the effect of high rural house prices has created severe affordability problems, especially in the smallest settlements.
- Traditional barriers to gaining employment in rural areas have been reinforced by the recession– inadequate public transport, less training and guidance provision.
- A combination of low income and lack of transport causes some families to miss primary health care.
- For children and young people the impact is two-fold:
 - Expectation that they can access the internet to do their homework.
 - Use of mobile phones and social networking is an integral feature in young people’s lives. They have a sense of exclusion if they are not able to participate.
- Lack of broadband access and mobile phone coverage is a factor restricting the growth of rural enterprise. The need for rural business diversification for continuing competitiveness depends on the ability to communicate online.
- Money and debt problems are almost identical in urban and rural areas. However, less than 5% of the 500 face-to-face advisers operate in rural areas and none of the 50 local authorities prioritised by the Financial Services Authority’s Money Made Clear programme is rural.
- Coverage of rural areas is lower (including child protection support and health workers) because of time spent in travelling to appointments.

Conclusion

- 6.45 The current uncertainties around public sector funding (which should become clearer through the, now imminent Comprehensive Spending Review) provide a backdrop to the review of information and overall conclusions for this year’s debate. The focus for the Council’s priorities and associated actions has to be considered in this context with the consequent constraints on new developmental work and the necessity of delivering core Council functions.
- 6.46 In addition the overarching need to deliver efficiencies and the impact of change associated with the development of partnering arrangements will have an impact on aspects of Council services and performance.
- 6.47 The economic and social environment in Babergh is showing signs of improvement with a reducing trend in JSA and out of work benefit claimants. This is linked to a stabilisation in the local housing market and relatively unchanging overall population. This data concurs with the Audit Commission view of the stages of the current recession, namely that the first stage is over and that future economic growth is potentially promising if a little uncertain.

6.48 A number of the key factors identified in the 2009/10 State of the District Debate remain of key importance, particularly with regard to the provision and affordability of housing, debt advice (especially through CAB), protecting the vulnerable (especially benefit claimants and those affected through fuel poverty), community safety, employment, maintaining core services, the ageing population profile and skills and educational attainment.

6.49 This year's report also highlights the following additional areas of concern:

- The changing employment profile and subsequent effect on average gross earnings in the district
- Potential impact of cuts in public service funding for Babergh residents
- The effect of public sector unemployment on the economy of the area
- The impact of rural isolation on access to services and employment

6.50 The Council's 5 key strategic priorities are clearly focused on the main issues which have been identified through this review. However the range and scale of the supporting 28 outcomes and associated action plans will need to be considered and reviewed in the context of the current funding environment and the needs of Babergh communities, with the aim of reducing the focus on them and/or reducing the amount of resource allocated. In addition a number may now have key elements of the outcome completed to effective conclusion, and this will become clear through the review of the Medium Term Action Plans. Examples of outcomes to be reviewed include:

- Better traffic management, air quality, improved road infrastructure and more effective public transport
- Improved health and life expectancy for residents
- Access to public health care services
- Reduced levels of teenage pregnancies
- Safe travel on Babergh's roads
- Response to emergency situations

6.51 The conclusions from this debate will be used to inform the work of the Strategic and Financial Planning Task Group in developing the 2011/12 strategic and financial planning process.

6.52 This work will be supplemented by the current detailed review of the Medium Term Plans 2011-2014 and the Delivery Plan. This will measure achievement and progress against the outcomes in the Strategic Plan and provide an indication of any further requirements to modify or amend actions and outcomes.

7. **APPENDICES**

None

8. **BACKGROUND PAPERS REFERRED TO**

Strategic Plan for Babergh 2008-2018

British Crime Survey

Recorded Crime and Detections 2009/10 – Suffolk Constabulary

Babergh East Local Strategic Partnership Community Plan 2010-2020

Suffolk Trends 2009

The Rural Challenge, The Rural Coalition 2010,

State of the Countryside 2010, Commission for Rural Communities

The Rural Review of Public Services, Rural Services Network

Surviving the Crunch (Local Finances in the recession and beyond), Audit Commission 2010

Babergh Health Profile, Eastern Region Public Health Observatory

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