

Minutes of a Meeting of the Economic Development Overview and Scrutiny Committee held on 17th March 2009.

Present: Councillor Mick Jones (Chair
Anne Forwood (Vice Chair)
Michael Doody
Eithne Goode
Pat Henry
John Ross
Philip Morris-Jones
Ian Smith
Mick Stanley

Officers: David Hill, Economic Strategy Adviser, Environment and Economy Directorate.
John Scouller, Head of Skills, Tourism and Economy, Environment and Economy Directorate.
Roy Shearing, Principal Business Support Officer, Environment and Economy Directorate.
Paul Williams, Scrutiny Officer, Performance and Development Directorate.
John Wright, Committee Manager, Performance and Development Directorate.

1. General

(1) Apologies

Apologies for absence were received from Councillors Gordon Collett, Richard Hyde and Chris Saint

(2) Members' Disclosure of Personal and Prejudicial Interests.

None

(3) Minutes of the meeting held on 5 January 2009 and Note of the Itinerant meeting held on 17 February 2009

Resolved that the Minutes of the meeting held on 5 January 2009 and note of the Itinerant meeting held on 17 February 2009 be agreed as a correct record and signed by the Chair.

Matters Arising

(1) Minute 3 Update on Current Economic Situation - Bullet Point (3)

Members requested that a briefing note be circulated on the number of enquiries received each month from businesses seeking to relocate into the County

(2) Minute 3 Update on Current Economic Situation - Bullet Point (4)

Members sought assurance that the issue of reduction of business rate was being raised with government and were informed that advice had been provided to the business community who were lobbying government about the issue.

(3) Itinerant meeting held on 17 February 2009

Members gave feedback from the visit to four sites undertaken on 17th February. Members felt the visit had been very informative and worthwhile. The following points were made

- The Camp Hill Opportunities Centre was not an inspiring venue and needed refurbishment, refurbishment was planned
- The regeneration of Camp Hill was needed to create employment opportunities
- The Opportunities Centre was much appreciated. 186 young people currently attended the centre each week
- 23 new businesses had been established in Camp Hill in the last year
- There was a need for local companies to employ local people

Members were of the opinion that such visits should become a regular feature of the work of the Committee and should cover other areas of the County.

2. Public Question Time

None

3. Update on the Current Economic Situation

The Committee received an update on the present economic situation within the County. The committee received presentations from David Hill Economic Strategy Advisor and from Dianne Williams from Coventry and Warwickshire Chamber of Commerce.

David Hill informed the Committee of:

- How the current recession compared to those in the 1980s and 1990s
- The factors which were continuing to drive the recession
- Steps, such as quantitative easing, being taken to reduce the impact of the recession
- The impact of the recession on various sectors within the economy
- The reasons why the West Midlands region was likely to be more badly hit by the recession than other areas
- Forecasts of possible business closure
- Forecasts of unemployment levels
- Variations in unemployment levels across the County

Dianne Williams informed the Committee that

- The recession hit the service sector first and the effects on the manufacturing sector followed at a later date
- Businesses were reporting a drop in orders and in cash flow
- 87% of manufacturers and 81% of service businesses were now stating that they were operating below capacity
- Businesses were hanging on to cash
- Within supply chains those at the lower end were struggling to get cash
- Businesses were reluctant to make staff redundant. Many felt that if they were to do so they would be unlikely to replace them when the economy picked up again. Some businesses were offering staff reduced working hours in order to retain them.
- There had been a rise in requests from businesses for support on human resource issues.
- There was a continuing issue of access to finance. Banks were less willing to lend though in some cases businesses were not doing themselves any favours by failing to present information to the banks in appropriate formats.

Members discussed the issues arising from the presentations and the following comments were made;

- Many businesses are still trading well through the internet
- Whilst some members felt business rates should be totally suspended the Committee was informed that there was little demand for such a move amongst businesses who saw the rates as one overhead amongst others
- It has been too easy to get credit in recent years
- The change in the exchange rate between the pound and the Euro has been detrimental to many businesses though some businesses who concentrate on export were doing well.
- Business is having to be innovative to respond to the challenges of the recession
- The recession will mean that those businesses that had only been kept going in the economic boom would struggle to keep in business
- Increasing globalisation of economies has meant that unlike the past the recession has hit all economies rather than the economies one or two countries.

Resolved that

- (1) The content of the presentations be noted; and
- (2) Dianne Williams from Coventry and Warwickshire Chamber of Commerce be invited to give presentations to future meetings of the Committee on the effect of the recession on the business community within Warwickshire

4. Quarter 3 Directorate Report Card 2009/09

The Committee considered the report of the Strategic Director Environment and Economy on an analysis of the Environment and Economy Directorate's performance at the Quarter 3 Point for 2008/09. The report detailed on performance against the key performance indicators as set out in the Directorate Report Card.

The Committee was informed that due to the current economic situation performance against a number of the indicators was likely to drop when the figures were next reported to the Committee

Resolved that the report be noted.

5. Future Work Programme and Forward Plan Items relevant to the work of this Committee.

(a) Provisional Items for Future Meetings

The Committee noted the list of provisional items for future meetings

(b) Forward Plan

The Committee noted the forward plan items relevant to the work of this Committee.

6. Any other Business

None

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Chair of the Committee

The Committee rose at 4.00 p.m.