

REPORT TO: Employment, Learning and Skills Policy and Performance Board

DATE: 7th July 2009.

REPORTING OFFICER: Strategic Director of Environment

SUBJECT: Economic Climate

WARD(S): Borough-wide

1. PURPOSE OF REPORT

1.1 To provide an update on the economic impacts of the present economic climate.

2. RECOMMENDED: That

2.1 The Board considers the economic impact that the recession is having on Halton.

3. SUPPORTING INFORMATION

3.1 Halton Borough Council and its partners have been working hard for many years to reduce unemployment in the Borough. Key elements in reducing unemployment include improving skills, promoting enterprise, reclaiming derelict sites, environmental and infrastructure improvements and facilitating private sector investment. Appendix 1 details the reductions in unemployment over time. However, in the present economic climate unemployment has been clearly increasing.

Date	Halton	Halton (%)	NW(%)	GB (%)
Jul 2008	2,446	3.2	2.7	2.3
Oct 2008	2,706	3.6	3.0	2.6
Jan 2009	3,912	5.2	3.9	3.4
Apr 2009	4,474	5.9	4.6	4.1

Source: ONS claimant count with rates and proportions

Note:% is a proportion of resident working age people

3.2 With the April rate in Halton now standing at 5.9%, this represents an 80% increase since April 2008. The Halton increase is not much different to the rest of the country with the North West increase c77% and GB increase c86%. In Halton male unemployment during that time rose 83% and female by 68%. More statistical analysis is found in Appendix 2.

- 3.3 Colleagues in Jobcentre Plus (JCP) report that few HR1's (notification of redundancies) are coming forward. Many lay-offs have been from companies employing less than 20 people who aren't obliged to complete a HR1 and the analysis shows that all sectors are being affected. JCP is presently recruiting nationally and Halton will receive an additional 35 staff. Changes to procedures mean that more 'day one' unemployment provision has been put in place (rather than the traditional six month wait for support).
- 3.4 Business Link is the gateway to many of the national programmes that have been put in place. A big element of its work at this time is to promote what is available and as such it has attended a number of business events in Halton over past months. A new business intelligence team has been created to monitor what is happening in the region and to try and identify companies that are in trouble at an early stage. Business Link has undertaken to organise a number of briefing sessions -
- Company health checks
 - Workshop on asset management and maximising the return on commercial property (in partnership with RICS)
 - Access to finance workshops (explaining how to access new government initiatives)
 - Finance for the third sector (possibly in partnership with Unity Trust Bank)
- 3.5 The Learning and Skills Council has started to commission a range of new initiatives both nationally and locally. Nationally, it has made available £83m to the FE sector for new initiatives of which Riverside College has £320,000. It has also introduced new flexibilities to its Train to Gain contracts to enable them to be more flexible. Locally a new response to redundancy programme has been launched that can help people under the threat of redundancy or those recently made redundant. However, this has to be seen within the context of the LSC nationally being over committed and seeking to make reductions across the board, most recently in adult apprenticeships. The LSC has agreed to fund and organise the next business breakfast briefing and is presently identifying dates with the Heath Business and Technical park
- 3.6 In terms of Council activity the number of property enquiries remains low. During 2007-08 there were 304 enquiries but in 2008-09 this fell to 193 and the trend continues into this year being c40% down. That said, enquiries from potential business start ups have increased from 77 in quarter 3 (08-09) to 144 in quarter 4. The quality of enquiries has risen noticeably. Interest from local businesses in the new apprenticeship programme continues to be strong with 9 more placements since 1st April and another 9 companies signed up to take people. The Council has delivered two major events – a business breakfast briefing and a Real Help Now event for local people. A recession special of the business publication Halton today has been produced and the website updated to make sure all new initiatives are recorded. Progress has been made on the opening of an Enterprise Zone at the Heath Business and Technical Park and this will open in quarter 2. Small Business Rate Relief has been promoted to businesses and in local press. A partnership group has been formed to share intelligence and organise activities including HBC,

Halton Chamber, LSC, JCP and Business Link. Work is underway on delivery of a number of workshops on issues such as debt recovery and working with banks and the resources needed for the delivery of a shop local campaign have been identified. An Enterprise Fair will take place at Halton Lea on 3rd September to promote self employment which will particularly promote enterprise to the 50+.

- 3.7 CAB has report a significant rise in its workload and will make a short presentation to the Board on the latest position.
- 3.8 The Future Jobs Fund (FJF) is a new government initiative aimed at getting 150,000 people into temporary (at least 6 months) work. Appendix 3 has a Department of Works and Pensions summary but in essence jobs must pay minimum wage and last at least 25 hours per week. People who go onto this voluntary programme will be officially employed so their unemployment claim ends. If they do not find permanent employment during the 6 months they will have to make a new claim for job seekers allowance. There will be a submission of bid by Knowsley MBC as the accountable body for the Liverpool City Employment Strategy (LCES) partnership. This bid will include placement programmes that cover the whole of the city region e.g. registered social landlords are working together on energy efficiency and decent homes, and local programmes that each local authority will manage. Present indications are that up to 3000 places will be bid for. There is some discussion in other local authorities and partners about using European Social Fund (ESF) to make such placements up to a year but Halton cannot access this funding. An example of this the work under way with universities to create a 200 place programme for graduates but as this would use Merseyside ring-fenced ESF, Halton residents will not be able to benefit.
- 3.9 The FJF is new and as such is subject to regular revision, so to an extent it is hard to pin down precisely what it can do. For example, since FJF has been announced it was clear that only people on job seekers allowance could access this funding until a very recent announcement said that it could be opened up to people on certain out of work benefits. Also, guidance recently issued said that people over 12 months unemployed could not access this provision as they will then be eligible for the Flexible New Deal that is being brought on line. However, Merseyside and Cheshire are in phase two of the Flexible New Deal roll out and are therefore over a year behind.
- 3.10 Within Halton a proforma has been made available through the LSP team to local partners and also distributed to council departments. Two briefing sessions have also been held. Progress on the shape of the Halton programme will be reported at the Board but potential projects that have come forward to date include – environmental & landscape, energy advice to businesses, waste recycling, debt advice, grounds workers, childrens centres, tourism and hospitality, digital inclusion ICT, health trainers.

4. POLICY IMPLICATIONS

- 4.1 The impacts of the recession cut across the full policy range of the council and the Strategic Partnership.

5. OTHER IMPLICATIONS

5.1 No other implications.

6. IMPLICATIONS FOR THE COUNCIL'S PRIORITIES.

6.1 Children and Young People in Halton.

The reduction in jobs and training within them is likely to mean that it will be more challenging in reducing the number of young people that are not in employment, education or training. This reinforces the importance of the new apprenticeship programme.

6.2 Employment Learning and Skills in Halton

The Local Area Agreement contains particular targets for reduction in worklessness in 25 of the Lower Super Output Areas. The most recent statistics show that good progress is being made, however there is a time lag with these and it is expected worklessness will actually rise in these locations.

6.3 A Healthy Halton.

It is taken that people in work are generally more active and often more healthy than those who are not. Indeed, there is clear evidence that the longer people are on incapacity benefits the more likely they are to develop mental health issues. The reduction in employment if long term, is thus likely to impact on the health of the borough.

6.4 A Safer Halton

No implications identified at this time

6.5 Halton's Urban Renewal

The reduction in enquiries is an indication of the reduced levels of investment and the depressed nature of the market. Fortunately Halton had a number of projects in the pipeline that are continuing to progress at this time including the Progressive Solutions building at the Heath Business and Technical Park and the Stadium Development in Widnes Town Centre. However, the recession and lack of enquiries will impact on the pipeline. The Strategic Partnership has recently released £160,000 of additional Working Neighbourhood Funds to the Urban Renewal SSP in order to bring forward additional small scale enterprise space which ties in very well with the enhanced levels of start up enquiries coming through.

7.0 RISK ANALYSIS

7.1 The most significant long term risk associated with the recession is associated with long term worklessness. When the recession ends there will be many people with good employment track records and experience that will be looking for jobs. These are likely to squeeze out the longer term unemployed in the jobs market and as such continued proactive emphasis and targeting on these groups is seen as essential.

8. EQUALITY AND DIVERSITY ISSUES

- 8.1 The recession is hitting many people right across the board. At present there is little evidence to suggest it is disproportionately impacting on particular groups. That said, due to the time lag there are some statistics that are not up to date. These will be monitored over time to identify if any patterns emerge.

9. LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT

- 9.1 None under the meaning of the Act.

Appendix 1

Reduction in Unemployment since 1993

Date	Halton	Halton (%)	NW(%)	GB (%)
Apr 1993	7,518	9.9	8.6	8.5
Apr 1994	7,099	9.5	7.8	7.7
Apr 1995	6,153	8.2	6.8	6.7
Apr 1996	5,741	7.7	6.4	6.2
Apr 1997	4,746	6.4	5.0	4.7
Apr 1998	4,151	5.6	4.2	3.8
Apr 1999	3,974	5.4	4.0	3.6
Apr 2000	3,405	4.6	3.5	3.1
Apr 2001	3,175	4.3	3.2	2.7
Apr 2002	3,057	4.1	3.0	2.7
Apr 2003	2,960	4.0	2.8	2.6
Apr 2004	2,280	3.0	2.5	2.4
Apr 2005	2,250	3.0	2.4	2.3
Apr 2006	2,683	3.6	2.8	2.6
Apr 2007	2,370	3.1	2.7	2.4
Apr 2008	2,486	3.3	2.6	2.2
Jul 2008	2,446	3.2	2.7	2.3
Oct 2008	2,706	3.6	3.0	2.6
Jan 2009	3,912	5.2	3.9	3.4
Apr 2009	4,474	5.9	4.6	4.1

Source: ONS claimant count with rates and proportions

Note: % is a proportion of resident working age people

Appendix 2

Unemployment Statistics

Total Job Seekers Allowance claimants (April 2009)

	Halton (numbers)	Halton (%)	North West (%)	Great Britain (%)
All people	4,474	5.9	4.6	4.1
Males	3,456	9.0	6.7	5.8
Females	1,018	2.7	2.3	2.2

Source: ONS claimant count with rates and proportions

Note:% is a proportion of resident working age people

The Jobseeker's Allowance (JSA) is payable to people under pensionable age who are available for, and actively seeking, work of at least 40 hours a week.

Job Seekers Allowance claimants by age and duration (April 2009)

	Halton (numbers)	Halton (%)	North West (%)	Great Britain (%)
By age of claimant				
Aged 18-24	1,510	33.9	32.0	29.5
Aged 25-49	2,355	52.7	53.6	54.3
Aged 50 and over	585	13.1	13.8	15.6
By duration of claim				
Up to 6 months	3,335	74.7	74.7	76.0
Over 6 up to 12 months	800	18.0	17.2	16.3
Over 12 months	325	7.3	8.1	7.7

Working-age client group - key benefit claimants (August 2008)

	Halton (numbers)	Halton (%)	North West (%)	Great Britain (%)
Total claimants	16,100	21.4	17.5	14.2
Job seekers	2,580	3.4	2.8	2.4
Incapacity benefits	8,330	11.1	9.2	7.0
Lone parents	2,230	3.0	2.2	2.0
Carers	1,270	1.7	1.3	1.1
Others on income related benefits	380	0.5	0.5	0.5
Disabled	1,060	1.4	1.2	1.0
Bereaved	240	0.3	0.3	0.3
Key out-of-work benefits [†]	13,530	18.0	14.8	11.9

Source: DWP benefit claimants - working age client group

[†]Key out-of-work benefits consists of the groups: job seekers, incapacity benefits, lone parents and others on income related benefits

local authority numbers %

Halton	4,474	5.9
Knowsley	6,255	6.7
Liverpool	21,056	7.4
Sefton	8,006	4.9
St Helens	5,670	5.2
Wirral	9,806	5.3

	Number of claimants												
	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
Appleton	144	154	150	140	175	182	158	181	213	229	247	267	282
Beechwood	32	30	33	33	48	43	42	47	60	63	64	66	66
Birchfield	47	51	40	40	50	54	59	61	74	92	106	106	106
Broadheath	130	121	112	119	135	129	135	160	178	198	223	237	241
Daresbury	20	15	19	23	28	29	33	35	39	46	50	47	50
Ditton	131	132	131	130	147	147	169	195	233	264	269	283	271
Farnworth	55	52	53	64	62	75	73	82	96	113	121	128	133
Grange	188	186	201	197	212	211	218	232	251	266	272	293	297
Hale	16	16	18	19	20	15	19	27	34	28	33	35	33
Halton Brook	152	147	138	144	139	150	137	171	181	197	227	232	234
Halton Castle (Castlefields)	229	230	231	234	231	238	242	267	286	302	317	315	325
Halton Lea	194	172	159	164	173	180	184	229	255	277	291	296	312
Halton View	104	101	101	111	118	105	108	148	179	198	199	213	215
Heath	70	62	67	70	65	62	63	80	89	108	108	115	119
Hough Green	161	157	170	181	197	180	182	206	222	248	278	283	278
Kingsway	156	152	165	148	160	165	170	200	224	264	269	301	288
Mersey	147	154	167	169	183	187	193	216	255	269	304	332	330
Norton North	101	93	94	94	105	101	100	108	129	158	191	196	208
Norton South	172	161	172	161	175	188	201	209	242	273	289	305	300
Riverside	127	117	127	122	135	137	148	168	179	211	243	239	243
Windmill Hill	112	102	90	87	80	81	78	96	117	114	117	137	151
Halton	2,486	2,402	2,435	2,446	2,636	2,656	2,706	3,112	3,530	3,912	4,209	4,418	4,474

	Rate ¹ (% of working age residents)												
	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
	Appleton	3.8	4.0	3.9	3.7	4.6	4.8	4.1	4.7	5.6	6.0	6.5	7.0
Beechwood	1.2	1.1	1.2	1.2	1.8	1.6	1.6	1.8	2.3	2.4	2.4	2.5	2.5
Birchfield	1.2	1.3	1.0	1.0	1.2	1.3	1.5	1.5	1.8	2.3	2.6	2.6	2.6
Broadheath	3.4	3.1	2.9	3.1	3.5	3.3	3.5	4.1	4.6	5.1	5.8	6.1	6.2
Daresbury	0.7	0.5	0.7	0.8	1.0	1.0	1.2	1.2	1.4	1.6	1.8	1.7	1.8
Ditton	3.5	3.6	3.5	3.5	4.0	4.0	4.6	5.3	6.3	7.1	7.3	7.6	7.3
Farnworth	1.4	1.3	1.3	1.6	1.6	1.9	1.8	2.1	2.4	2.8	3.0	3.2	3.3
Grange	4.6	4.5	4.9	4.8	5.2	5.2	5.3	5.7	6.1	6.5	6.7	7.2	7.3
Hale	1.5	1.5	1.7	1.7	1.8	1.4	1.7	2.5	3.1	2.6	3.0	3.2	3.0
Halton Brook	3.8	3.7	3.5	3.6	3.5	3.8	3.5	4.3	4.6	5.0	5.7	5.9	5.9
Halton Castle (Castlefields)	5.9	6.0	6.0	6.1	6.0	6.2	6.3	6.9	7.4	7.8	8.2	8.2	8.4
Halton Lea	5.1	4.5	4.2	4.3	4.5	4.7	4.8	6.0	6.7	7.3	7.6	7.8	8.2
Halton View	2.5	2.4	2.4	2.6	2.8	2.5	2.6	3.5	4.3	4.7	4.7	5.1	5.1
Heath	2.0	1.8	1.9	2.0	1.9	1.8	1.8	2.3	2.6	3.1	3.1	3.3	3.4
Hough Green	3.7	3.6	3.9	4.2	4.6	4.2	4.2	4.8	5.2	5.8	6.5	6.6	6.5
Kingsway	4.0	3.9	4.2	3.8	4.1	4.2	4.3	5.1	5.7	6.7	6.9	7.7	7.3
Mersey	3.6	3.7	4.0	4.1	4.4	4.5	4.7	5.2	6.2	6.5	7.4	8.0	8.0
Norton North	2.2	2.0	2.0	2.0	2.3	2.2	2.2	2.4	2.8	3.4	4.2	4.3	4.5
Norton South	3.9	3.6	3.9	3.6	4.0	4.2	4.5	4.7	5.5	6.2	6.5	6.9	6.8
Riverside	4.1	3.7	4.1	3.9	4.3	4.4	4.7	5.4	5.7	6.7	7.8	7.6	7.8
Windmill Hill	7.9	7.2	6.4	6.1	5.6	5.7	5.5	6.8	8.3	8.1	8.3	9.7	10.7
Halton	3.3	3.2	3.2	3.2	3.5	3.5	3.6	4.1	4.7	5.2	5.6	5.9	5.9

Appendix 3

Future Jobs Fund – DWP summary

The Future Jobs Fund is an exciting new initiative, backed by significant money, which will help to generate jobs for those in greatest need, particularly young people, and also in areas of high unemployment. It is an important part of the Government's commitment to delivering real help for young people and those who face barriers to employment, making sure people stay connected with the labour market and do not suffer the adverse effects of long-term unemployment.

What is the Future Jobs Fund?

In the Budget the Government announced that we would be introducing a major new Jobs Fund. This aims to create 150,000 jobs between October 2009 and April 2011 providing real help for young people and who face significant disadvantages in the labour market. The Future Jobs Fund builds on proposals made in the recently published Tackling Worklessness review led by Councillor Stephen Houghton. The Government is keen to work with Local Authorities and other partners to turn this important priority into a reality.

What makes a successful bid?

Ahead of the formal bidding process, it is important for us to let you know what sort of ideas we are looking for. We're keen to make a difference quickly and will be looking for successful bids to be delivering jobs by late autumn. We are currently developing the criteria for bids. In the meantime, as a guide, we expect that successful bids must:

- create additional jobs for long term unemployed people;
- benefit the local community; and
- create a significant proportion of jobs quickly.

The majority of jobs created must go to people aged 18-24 who are approaching 12 months on Jobseeker's Allowance. We are particularly interested in hearing from organisations in areas of high unemployment to understand how we can best create new jobs in these areas. The overall cost of each bid should not exceed £6,500 per job created (including any admin costs) but of course this can be supplemented by funding from other sources.

Beyond this we are likely to favour proposals that:

- demonstrate the potential to lead to sustainable employment;
- include proposals for training to develop an individual's skills;
- contribute to the creation of a significant number of new green jobs;
- provide value for money and / or include additional funding from other sources.

Who can bid?

We expect that the significant majority of bids will come from upper tier local authorities or sub-regional partnerships and will demonstrate that all partners within the area have been involved in developing the proposals, however we recognise that in some circumstances there may be a case for second tier local authorities to bid for funding for their areas. Bids will need to be in line with existing locally agreed work and skills strategies and show that they do not replicate or replace existing jobs. Other large organisations such as social enterprises and voluntary sector bodies will be able to bid as long as their proposals meet the criteria set out during the bidding process.

Who gets these new jobs?

The Future Jobs Fund has been set up to provide additional job opportunities to jobseekers and other people on out of work benefits who would otherwise be unable to find work by ensuring a significant number of people, particularly those aged 18 – 24 who have been unemployed for around 12 months, are able to take up these new jobs. As well as making a significant contribution to the Government's guarantee for young people, it will also provide much needed and valuable support to other people who have been out of work and on benefit for around a year, helping to ensure they do not lose touch with the labour market. This dual approach ensures that young and disadvantaged people do not lose touch with the labour market.

When do the jobs need to start?

We want to get this up running as soon as possible, with some jobs in place as early as October 2009.

When will there be further information?

We will give more details on the criteria for bids and on the actual bidding process in May 2009. We then expect to receive the initial set of bids later in the summer and we would look to announce the first successful bid in early autumn 2009.

How long does the funding last?

We expect funding to be awarded from this autumn on a rolling basis throughout the following 18 months at least until spring 2011. Each job created must last for a minimum of 6 months, and funding provided from the Future Job Fund will cover a 6-month period for each unemployed person taken on.