

REPORT OF THE DEPUTY CHIEF EXECUTIVE/ DIRECTOR OF CORPORATE SERVICES

Economic Update

1. Executive Summary

1.1 This report provides the latest update to members on the impact of the current recession on Wirral's economy, as requested by Cabinet on 19th March 09.

1.2 Members are asked to:

- i.) Note the contents of this update report.

2. Key Indicators

2.1. Labour market data

As highlighted in previous reports, it is important to note the limitations of many official data sources. For example, data may not be available at the Wirral district level or lower. Furthermore, much of the data has a significant time lag – thereby not accurately reflecting more recent economic conditions.

Finally, wherever possible, this report only uses data that has been updated since the previous Cabinet report (23rd April 2009). Notwithstanding that, the following is a summary of key indicators:

- **Employment rate** - Latest data for September 08¹ indicates that Wirral's overall Employment Rate has decreased by 3.1% points from its December 2007 position of 71.4% to 68.3%.
- **Worklessness** - The proportion of Wirral's working age population claiming Job Seekers Allowance (JSA) in March 2009 has gone up to 5.2% (9,520)

¹ Source: ONS Annual Population Survey

from the February rate of 5.1%. This compares with a regional rate of 4.5% (191,145) and an England rate of 4.0% (1,272,858) for March.

However, Wirral's JSA rate has gone up at a slower rate over the last month - 0.1% points when compared to a regional and national increase of 0.2 % points.

Looking back over the past 12 months, Wirral has seen a 1.7% point (3,070) increase from March 2008, which is less than the both the regional and national increase which stand at 1.9% points and 1.8% points respectively.

Table 1 below provides details of the performance for the 6 local authority areas across Greater Merseyside and it can be seen that following Sefton, Wirral has had the smallest increase since March 2008, compared to Halton who have had the largest increase at 2.7 % points for the same period.

Table 1

Jobseekers Allowance Claimant Count						
	March 2008		March 2009		Variance	
	No	%	No	%	No	% point increase
Halton	2,423	3.2	4,418	5.9	+ 1,995	+ 2.7
Knowlsey	3,938	4.2	6,164	6.6	+ 2,226	+ 2.4
Liverpool	15,248	5.4	20,652	7.3	+ 5,404	+ 1.9
Sefton	5,172	3.2	7,862	4.8	+ 2,690	+ 1.6
St Helens	3,355	3.1	5,517	5.1	+ 2,162	+ 2.0
Wirral	6,450	3.5	9,520	5.2	+ 3,070	+ 1.7
North West	112,122	2.6	191,145	4.5	+ 79,023	+1.9
England	700,433	2.2	1,272,858	4.0	+ 572,023	+ 1.8

Source: Nomis - JSA Claimant Count (March 2008 to March 2009)

JSA Claimants by age

Table 2 examines Wirral's JSA rate by age. The largest increase can be seen within the 25-49 cohort, with an increase of 54% from March 2008.

Table 2

Wirral Jobseekers Allowance Claimant Count by Age				
	March 2008	March 2009	Variance	% Change
18 - 24	2,145	3,100	+ 955	45%
25 - 49	3,220	4,960	+ 1740	54%
50+	960	1,345	+ 385	40%

Source: ONS JSA Claimant Count by Age and Duration (March 2008 to March 2009)

- **Job Density** – latest data from 2006 indicates that Wirral's job density is 6.8.² This means that there are 68 jobs for every 100 working age people. This is an increase from the previous year's rate (2005) which was 6.1
- **Redundancies** – Bromborough based chemical plant Croda International have recently announced the closure of the Wirral site with the loss of 115 jobs. Officers continue to investigate whether the situation can be resolved in a favourable manner for Wirral employment opportunities and the current employees.
- **Merseyside information Service (MIS)** are collating a range of evidence of direct and indirect impact of the recession. This will be available through accessing a website link currently being developed. Members will be notified when this is launched at a later date.

² Source: ONS Job Density 2006

2.2. Additional evidence

- **Debt and Financial exclusion**

Feedback from voluntary sector organisations demonstrates a substantial increase in service users. Wirral Advice Network indicates significantly increased demand for debt advice over the last year, with Wirral CAB reporting that 25% increase on the same time last year. The CAB have recently accessed government resources to enable additional opening hours for debt advice, in response to the increased demand.

- **Council Benefits** (Housing & Council Tax Benefits plus Local Housing Allowance) - Over the past months it has become increasingly evident that the economic downturn is directly impacting upon Benefits service delivery locally. This is consistent with the national picture as authorities identify a trend of consistently increasing live caseloads, 'footfall' and general workload. For Wirral, in the past twelve month period the caseload has increased by some 2072 claims, and continues to rise. The rate of change is considerably more noticeable from January 09 onwards.

Workload is equally increasing and DWP have recognised this through a single, additional payment to all authorities to supplement administration costs. 'Work on the shelf' is evident of this as it currently stands at an all time high despite recent recruitment of several new staff bringing the establishment up to capacity.

Access through Customer Service access channels (One Stop Shops and Call Centre) is increasing, with more and more people enquiring about potential benefit entitlement and making use of self help channels through use of the Council's Benefits Calculator. Anecdotal evidence suggests that those who face job losses have lost their jobs or are working reduced hours, together with people whose capital returns are reduced and those returning from abroad are amongst those who are making claims or enquiries about potential entitlement to help with housing costs.

- **Impact on Businesses** –

- **Business Rates** (National Non Domestic Rates)

A significant impact has been felt over the last 12 months in respect of Wirral's business rate collection. For example, figures for end of financial year March 2009 indicate that the collection rate had dropped from 97.7% (2007/08) to 93.4%. Although collections are ongoing for these arrears, it is clear that businesses have found it harder to meet their liabilities this year.

The economic recession has had an effect on the collection rate, however there have been other factors involved. In 2008-09 the Government raised the empty property levels to 100% and this added approximately £4m to the total to be collected (an additional 7%). This has proved to be extremely unpopular and has proved difficult to collect, exacerbated by the economic situation and the increased difficulty in disposing of empty property. During 2008-09 the Valuation Office Agency completed an exercise that added 18 new port assessments to Wirral's Rating List - this represented a further £1m to be collected for the year and members requested a temporary delay in collection in respect of these sites.

The government sets the annual increase in October of the preceding year and this year it is 5%. By the time the bills were issued in mid March, inflation had reduced significantly and the increase caused considerable unease within the business community. On 31st March, the government announced measures that would be enacted to allow business to basically offset 60% of this years increase over the next two years, on the assumption that next years increase would reflect the much lower inflation rate being seen. We await regulation but this is likely to be in July 2009 when the authority will invite business to apply for this deferral but until then businesses have to pay the current instalments as due.

More than 11,100 businesses in the North West have deferred VAT and other taxes worth £188m from November to the end of March. Under the "Time to Pay" scheme, HM Revenue and Customs agrees businesses can delay VAT,

Corporation Tax and other taxes to help them with short term cash flow difficulties. Wirral figures indicate total cases of 430, with a total value of £6M.

3. Wirral Responses

- 3.1. Wirral partners continue to take forward a co-ordinated and coherent response to the economic situation. The underlying principle of responses is based on good economic intelligence and policy, with an understanding of business fundamentals and long term strengths. There is a need to maintain a long-term focus on skills, innovation and regeneration and it is important to keep a longer term strategy ready for when recovery starts.
- 3.2. The Council and its partners are currently in discussion as to the best ways to support Wirral residents and businesses in the current situation. Monthly meetings continue between the Council and business leaders. In addition - as members are aware from previous reports - a structured package of support to businesses is being developed. There has already been significant demand for this programme and details are currently being finalised.
- 3.3. Feedback from Invest Wirral indicates some positive business developments over recent months, including:
 - Truss UK: Following the closure of Tomcat UK, a small company was recently formed by two of its redundant staff. Invest Wirral worked closely with the company throughout its setting up period in late 2008, and has since continued to work in assisting its establishment.
 - Lees Lloyd Whitley Solicitors continue to strengthen its headquarters in Wirral by transferring staff and operations from its Liverpool office to Bromborough. This was in addition to a previous relocation during late 2008 of its Birkenhead office.

- Liverpool based steel stockholders Merseyside Metals was assisted in a full relocation to a newly refurbished factory in Birkenhead in January 2009.
 - Pharmaceutical business, Pharmapac, recently introduced a new production line to its operation in Bidston. It also obtained significant central government funding and now has a staff of around 300.
 - **Wirral Business Form/Online Network:** Invest Wirral launched a new online network open for local based businesses – www.businesswirral.com – it currently has over 500 members from with a range of industry cluster groups. The network enables the facilitation of information exchange, news and events updates, and opportunities for communications amongst members.
- 3.4. Wirral Council continues to provide co-ordinated redundancy support alongside key partners (Jobcentre Plus and the Learning and Skills Council) through the Wirral Economic Development and Skills (WEDS) Partnership.
- 3.5. JCP have recently announced an enhanced package of support to both newly unemployed people and those reaching 6 months unemployed. Further details of the new support will be announced at an event on 13th May, but broadly, from April 2009, JCP enhanced support will include:
- increased funding for customers facing redundancy through the Rapid Response Service;
 - For customers as they become unemployed: access to one off cash help to improve immediate job prospects; access to help updating job search skills; new specialist support for professionals or executive jobs; additional funding to support disabled people overcome barriers to gain or remain in employment; access to LSC funded work focused training to help people move into a new job.

The Council continues to ensure that additional activities commissioned through Working Wirral are used to complement mainstream provision, helping to improve local people's skills and employment prospects.

3.6. **Apprenticeships - Wirral Apprenticeship Programme**

Developed in response to the current economic climate, the Wirral Apprenticeship Programme will fund the salaries of 100 apprenticeship places so that employers can afford to take on new apprentices. Apprentices will be supported at National Minimum Wage rate and will be guaranteed a minimum 2 year employment contract. They will therefore gain sustainable employment with a good income and will achieve accredited qualifications in preparation for an upturn in the market

The programme has been designed to target Wirral's most 'hard to reach' residents and will reach businesses who have never taken on an apprentice before.

- 3.7. **The Future Jobs Fund** - In the recent Budget, the Government announced that it would be introducing a major new Jobs Fund, aiming to create 150,000 jobs between October 2009 and April 2011. The initiative aims to provide help for young people and those who face significant disadvantages in the labour market, particularly in areas of high unemployment.

Further details are expected on the criteria for bids and on the actual bidding process in May 2009, with an initial set of bids expected later in the summer. Discussions with City Region partners are taking place to consider a co-ordinated bid, enabling a link to priority areas of the CES and MAA, and demonstrating the additionality of City Region working. An event is being held on the 7th May and officers will update members of the detail once it is known.

4. **Financial Implications**

- 4.1. There are no implications arising as a direct result of this report.

5. **Staffing Implications**

- 5.1. There are no staffing implications arising as a direct result of this report.

6. **Equal Opportunities Information**

- 6.1. All of the activity outlined in this report promotes equal opportunities.

7. Community Safety Implications

7.1. None as a result of this report

8. Local Agenda 21 Implications

8.1. None as a result of this report

9. Planning Implications

9.1. There are no planning implications arising as a direct result of this report

10. Anti-Poverty Implications

10.1. None as a result of this result

11. Human Rights Implications

11.1 None as a result of this result

12. Social Inclusion Implications

12.1. None as a result of this report

13. Local Member Support Implications

13.1. None as a direct result of this report

RECOMMENDATION

Members are asked to:

- i.) Note the contents of this update report.

J. WILKIE

Deputy Chief Executive/ Director of Corporate Services

This report was prepared by Rose Boylan who can be contacted on 691 8037.