

WIRRAL LOCAL STRATEGIC PARTNERSHIP – EXECUTIVE BOARD**WEDNESDAY 8TH JULY 2009****REPORT OF THE DEPUTY CHIEF EXECUTIVE / DIRECTOR OF CORPORATE SERVICES****ECONOMIC UPDATE - RESPONSE TO THE CURRENT ECONOMIC CONDITIONS****1. EXECUTIVE SUMMARY**

- 1.1 This report outlines the impact of the global economic conditions on Wirral's economy and identifies the steps taken by the Council and its partners to assist businesses affected by the current economic challenges. The LSP Executive Board is asked to support the actions taken and comment on the strategy to support Wirral's economy through the difficult times ahead.
- 1.2 The LSP Executive Board are also asked to endorse a method for collating partners' actions that are contributing to minimising the impact of the recession on Wirral residents.
- 1.3 This report sets out those actions that have occurred or actions that have been taken since the last LSP Executive Board report of the 9th June 2009.

2. CURRENT AREAS OF WORK

- 2.1 The key element of responding to the recession is good intelligence. On behalf of the Merseyside local authorities, The Mersey Partnership is commissioning a City Region Economic Assessment to evaluate the effects of the credit crunch and economic downturn on the city region economy, and the prospects for recovery and growth. The study will help assess the risk to businesses, communities and individuals of the current downturn, and prioritise investment in preventative action. The Merseyside information Service (MIS) is developing an online recession tracker which will offer key data sets for monitoring the impact across several areas such as unemployment and crime.
- 2.2 Locally, Wirral Officers are continuing to measure the local impact. Where possible, key data is being produced to inform the investment decisions Wirral Council and local partners and to aid the design of appropriate interventions. This data is updated monthly to support Officers in managing key programmes of activity. Key data is attached at Appendix A to this report.

The Council and its partners continue to meet to gather intelligence and develop responses to support Wirral residents and businesses in the current situation.

The Council recently held the first of a series of strategic partner meetings to ensure a co-ordinated and comprehensive response to the current economic climate.



Strong partnership working at an operational level is being supported and developed by the WEDS partnership which is receiving regular updates on the downturn and partners share organisational intelligence and policy updates. Officers are also participating in Merseyside meetings to look at the effects of the recession, and agree some co-ordinated responses.

3. LATEST ACTIONS TAKEN SINCE PREVIOUS REPORT (9th JUNE 2009)

3.1 In order to support Wirral businesses through difficult time, every effort is being made to ensure companies can easily access the national support available. This includes:

- Invest Wirral working with Business Link to ensure that information is cascaded through and online business forums networks and Wirral Investment Network (WIN) which represents the Business and Professional Sector
- Setting up an online local business support/events calendar using a mixture of Working Wirral and European Regional Development Fund (ERDF) support which further promotes key support services.
- Introducing new financial support programmes and ensuring existing measure have enough flexibility to provide maximum benefit.
- Development of a Wirral Apprenticeship programme
- Extensive programme of advice and financial support to businesses

Wirral Council currently operate a number of programmes of activity that have been adapted to the current financial conditions. These include:

Key infrastructure

3.2 The Council continue to support the delivery of several key economic infrastructure projects. In line with national policy, every effort is being made to focus and bring forward key infrastructure projects across the Borough to create employment opportunities and having a positive effect on the economy. Council officers continue to work with the private sector in accessing key external funding to support and where necessary, provide gap funding to key schemes and projects. The Council is ensuring that it works with Regional partners such as the North West Development Agency to maximise funding.

Business Support

3.3 Monthly meetings continue between the Council and business leaders. In addition - as partners are aware from previous reports - a structured package of support to businesses has been developed. These have now been publicised to businesses. There has been a high level of interest from businesses and a number of grants have recently been awarded.

Employment Support

3.4 Providing co-ordinated redundancy support: Key partners (Wirral Council, Jobcentre Plus and the Learning and Skills Council) continue to co-ordinate activity through the Wirral Economic Development and Skills (WEDS) Partnership.



4. NEW INTERVENTIONS

- 4.1 The Council and its partners are currently in discussion as to the best ways to support Wirral residents and businesses in the current situation in addition to current activities. The interventions outlined below detail the opportunities are planned:

Apprenticeships

Executive Board members will be aware from a previous report that a Wirral Apprenticeship Programme has been developed in response to the current economic climate. This 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.

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.

The Apprenticeship Programme has now moved into the early stages of delivery, with branding agreed and marketing to businesses taking place through the Business Networks.

This has resulted in a wide range of apprenticeship opportunities have shown an interest in the programme, with the majority from local SMEs who have never accessed the apprenticeship system before.

Latest feedback at the end of June indicates that:

- 150 Employers have expressed an interest in hosting an apprenticeship

The process continues across July and August and further information will be brought back to Executive Board members at a future meeting.

Future Jobs Fund

In the recent Budget, the Government announced that it would be introducing a major new Future 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. Wirral is currently working with City Region partners to develop a proposal, and further detail on Wirral's approach has been agreed by Wirral Cabinet in a separate report to elected members on 25th June. The City Region proposal has also been considered by City Region partners and the first phase bid was submitted on 30th June.

5. CONCLUSIONS

- 5.1 Wirral partners are taking forward a co-ordinated and coherent response to the economic situation. The Council is co-ordinating a regular meetings with partners to respond to the recession with key partners from the LSP.

Furthermore regular feedback from partners will be collated to inform the partnership. Partners are asked to collate and report details relating to their area of expertise. This will inform board reports with the details of the continuing



work to minimise the impact of the recession on Wirral residents. Appendix B sets out the questions that should be completed and returned by partner organisations

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.

6. RECOMMENDATIONS

- 6.1 Executive Board members are asked to note this latest report on Wirral's response to the current economic conditions

- 6.2 Executive Board members are asked to endorse the request for partners to complete and return reports that relate to their activity to minimise the impact of the current economic recession. Following this board meeting the Partnership Team will make contact with partners to make arrangements for its future completion and return.

Jim Wilkie
Deputy Chief Executive/Director of Corporate Services

This report was prepared by Rosemary Boylan and John Highton who can be contacted on 0151 691 8037 and 0151 691 8522 respectively



Appendix A

KEY ECONOMIC INDICATORS**Labour market data**

It is important to note the limitations of many official data sources. For example, data may not be available at the Wirral level or lower. Furthermore, much of the data has a significant time lag – thereby not accurately reflecting more recent worsening conditions. Finally, where possible, this report only uses data that has been updated since the previous report. 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%. This rate compares with a North West rate of 72.1% and the national rate of 74.5%.

Worklessness

Wirral's Job Seekers Allowance claimant rate has seen a significant increase in the last month; from 5.3% in April 09 to 5.6% in May 09. This represents 10,321 people now claiming JSA in Wirral.

In the corresponding period Wirral's rate has increased faster than both the regional and national rates, which remained the same at 4.6% and 4.1% respectively.

Wirral and Sefton have had the highest increases (0.3% points) of Merseyside districts in the last month. However even after this month's sharp increase, Wirral is the 3rd lowest of Merseyside authorities behind Liverpool (7.5%), Knowsley (6.8%) and Halton (5.9%).

Job Density

Latest data from 2006 indicates that Wirral's job density is 6.8. 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.

Planning Applications

The number of applications in Wirral fell steadily during the second half of 2008, with a particularly sharp fall in November and December 2008. Since then, applications have begun to increase, with a steady rise between February and April 2009.

Benefits (Housing & Council Tax Benefits plus Local Housing Allowance)

The increase in benefits claimants continues having risen in two months from 39,098 claims to 39,375. There is a noticeable increase in owner occupier claims that are of working age and not in receipt of Job Seekers Allowance which may be reflective of reduced income households rather than increased jobless. This is reflected in numbers through Customer Service access channels (One Stop Shops and Call Centres).

¹ Source: ONS Annual Population Survey

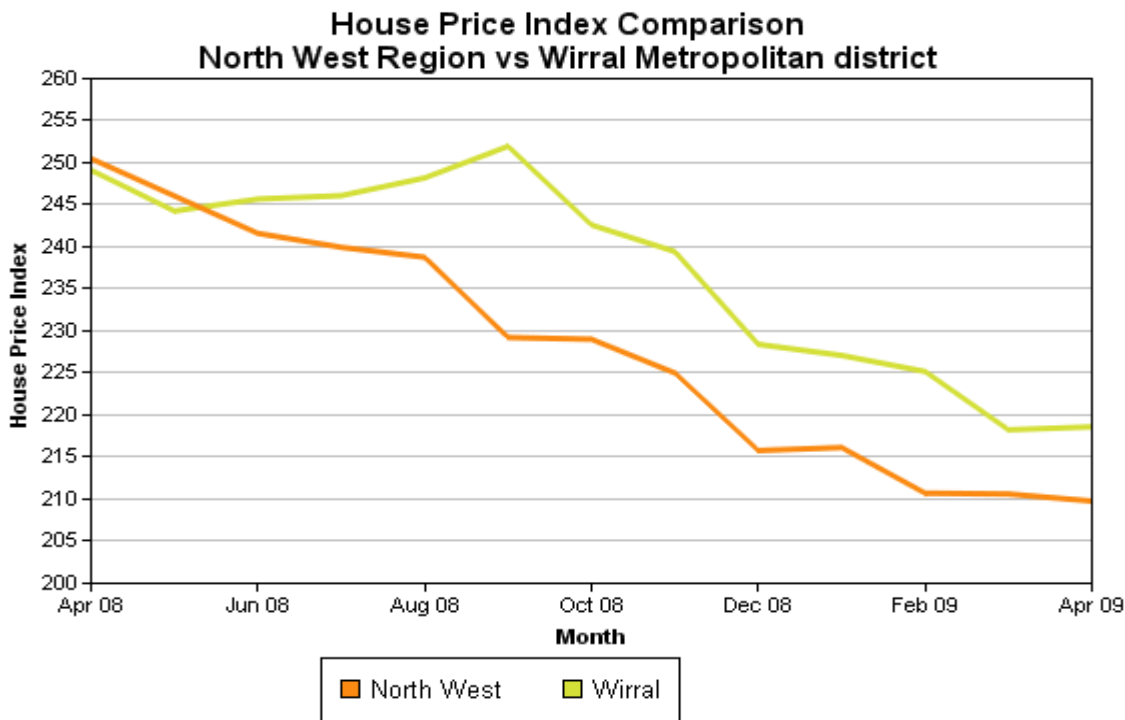


Business Rates (National Non Domestic Rates) & **Council Tax**

The impact continues to be felt with year on year collection at 31st May 2009 showing a 3% downturn which is similar to that seen over the previous year. The factors affecting this are not just recession elated and it is harder to split its causes to that as well as the changes to empty rate and the specialist port occupier issues that Wirral and a small number of other authorities have. Council Tax collection from domestic charge payers remains at previous year’s rates which is nationally well above average and shows thus far no decline although it continues to be carefully monitored.

House Prices

Data from the Land Registry shows an overall fall in house prices in Wirral between April 2008 and April 2009. However the fall in Wirral prices has been significantly less than the reduction for the North West. In addition, prices in Wirral appear to be levelling out in recent weeks.



Source: The Land Registry House Price Index (HPI) captures changes in the value of residential properties. The HPI is published by Land Registry using sales data collected on all residential housing transactions, whether for cash or with a mortgage, in England and Wales

Feedback from businesses

Businesses are still indicating an overall reduction in demand for goods and services, with lower consumer demand cascading through supply chains. Cash and finance are the most urgent concerns. In relation to staffing, there is some evidence that businesses are reluctant to let skilled and committed staff go but are faced with reduced demand impacts.



Impact of Third Sector

Wirral CAB is reporting a significant increase in contact from Wirral residents seeking support for a variety of reasons. Debt rose by 21% and Benefit advice by 17% respectively when comparing 2007/08 to 2008/2009.

The VCAW & WVCSN conference evaluation reported an increase of the affects on the sector due to the recession.

Impact on Young People

Feedback from Greater Merseyside Connexions² highlights that the recession is likely to impact on post-16 retention in education and training. Some young people experiencing financial difficulty themselves or as members of families experiencing financial difficulty are likely may drop out of education or training joining the NEET group.

Retail has been one of the sectors most affected in the early stages of the current recession. The other sectors that have been most effected are construction and financial services.

The LSC 2006 Greater Merseyside Skills Assessment identified that 56% of young people aged 16 to 19 who were working were employed in the retail and hospitality and catering sectors. The high percentage is partly accounted for by sixth formers and college students working in these sectors, which offer part-time employment opportunities less likely to conflict with school or college attendance.

Consumer spending is widely reported in the media to be down, and this will reduce the availability of part-time work in these industries for young people.

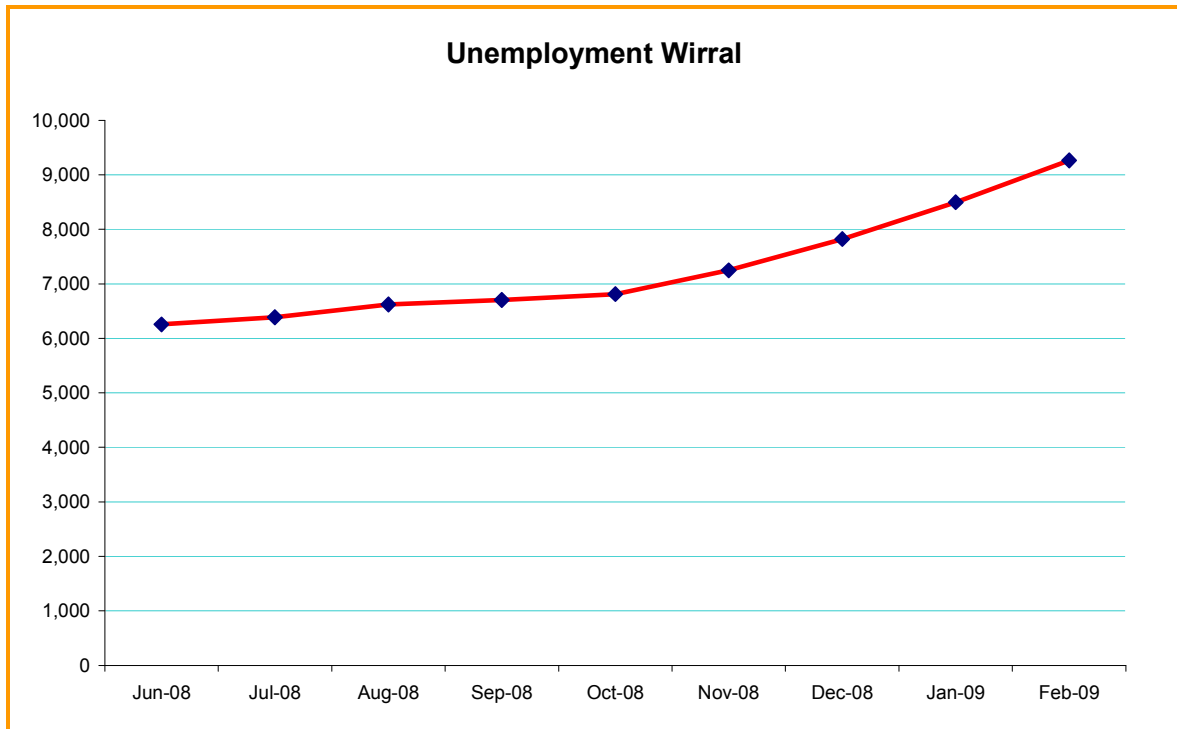
A reduction in the availability of work in these sectors is likely to impact on retention and increase the likelihood that some school and college students will for financial reasons drop out of education and into the NEET group while seeking employment. These should add to the NEET 'churn' rather than the 'inactive' or 'unavailable' NEET.

Youth Unemployment

The Connexions report highlights the impact of youth unemployment. The chart below shows the rise in the number of unemployed working age claimants in Wirral from June 08 to February 09. The number of unemployed has been rising more steeply since October 08.

² *'The Impact of the Recession on the Employment Prospects of the Young People of Wirral'* (April 2009) Carolyne Kershaw: Great Merseyside Connexions Service.





Greater Merseyside Connexions, using Office of National Statistics data

Only 75 claimants under 18 were recorded as unemployed in February 2009, but 1,040 claimants under 19 were recorded, a rise from 720 in June 2008.



Appendix B

Wirral Local Strategic Partnership

Economic Update - response to the current economic conditions

Collation of key issues and activity undertaken by partners

Please return completed templates to John Highton at johnhighton@wirral.gov.uk on or before the following dates:

- Monday 3rd August 2009
- Monday 14th September 2009
- Monday 26th October 2009
- Monday 21st December 2009
- Monday 1st February 2010
- Monday 15th March 2010

(please put 'no update from previous report' if that is the case)

Completed by: Person/date/contact details	
Question	Update
<p>1) Please supply to the LSP any systematically collated data for your organisations area of work which relates to the impacts of the current economic recession</p>	
<p>2) Please supply any further information of the impact of the recession e.g. <i>anecdotal evidence, feedback from clients or front line staff;</i></p>	



Question	Update
<p>3) Examples of how you are responding to the current economic climate e.g. <i>if you are restructuring how you deliver services, or increasing service availability, or additional resources in response to increased demand etc.</i></p>	
<p>4) What issues do you see in the future (from – and - to) and how are you planning to meet that challenge? e.g. <i>changes in legislation, budget reviews, new service commissioning rounds, funding changes</i></p>	
<p>5) Are you aware of any other issues related to the recession that the LSP should be made aware of?</p> <p>What are they?</p>	

Please return completed templates to John Highton at johnhighton@wirral.gov.uk or if you require any support or advice on completing the template contact John on 0151 691 8522.

To discuss aspects or issues related to the current economic recession that need to inform the LSP please contact Rose Boylan on 0151 691 8037 or email rosemaryboylan@wirral.gov.uk

