

NORTH LINCOLNSHIRE COUNCIL

CABINET

NORTH LINCOLNSHIRE – ECONOMIC SITUATION

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The report is to update cabinet on the current economic situation in North Lincolnshire.
- 1.2 The report will update the cabinet on work being undertaken to support individuals and businesses through the economic downturn.

2. BACKGROUND INFORMATION

2.1 Nationally:

- The number of people in the UK now unemployed is 2.47 million.
- The number of people claiming Job Seekers Allowance (JSA) nationally stands at 1.57 million, which is an increase of 49% on the same period last year, and a 100% increase on the same period two years ago. The JSA claimant count rate is 4.1% of the working age population.

2.2 In North Lincolnshire:

- The number of people seeking JSA in December 2009 was 4,983, which represents an increase of 2.0% (100 claimants) on November 2009. JSA claimants account for 5.2% of the working age population.
- The age profile for those claiming JSA for North Lincolnshire is:
 - Under age 18 years - 63
 - Age 18-24 years – 1,620
 - Age 25-49 years - 2,490
 - Age 50+ years - 810

2.3 The number of unfilled vacancies in December 2009 decreased by 26.4% on November 2009. This is an increase of 11.8% in the number of unfilled vacancies in the same month last year though.

2.4 Recent job losses at Corus may be starting to be reflected in the number of JSA claimants. The modest increases in JSA claimants may be due in part to redundancy pay and early retirement.

The economic development team continues to work closely with partners to ensure that a seamless approach is taken to assist both the businesses and individuals whose jobs are at risk.

2.5 The council is continuing to work with Yorkshire Forward on the development of a two year programme to support local ambition and aspiration in response to the economic downturn. Scoping activities are underway with a view to finalising the final funding application in February with programme activities starting in 2010/11.

2.6 The council is continuing to support businesses in the current economic climate including supporting existing businesses and individuals through the North Lincolnshire Employability Programme.

The Skills and Workforce Plan is underway and due for completion at the end of the financial year. The consultants delivering this will be running a workshop session at the Employment, Enterprise and Skills Sub Group of the Economic Development Board at the end of the month.

The creation of an Employability Programme Team has been approved by the Corporate Services Cabinet Member. Recruitment is imminent and the jobs will go out to advert within a month.

2.7 The council and partners are continuing to support businesses in the current economic climate. A number of business support events have been held including two 'selling to the council' events that 59 businesses attended; Speed Networking with 28 attendees and a Business Breakfast in partnership with Yorkshire Forward that 28 businesses attended.

Further events are planned including more 'selling to the council' events. January saw the launch of the North Lincolnshire Business Network. The network will enable local businesses to meet regularly and promote trade opportunities between each other so they can win more local work. The network is a partnership between the council, Business Link and the North Lincolnshire Strategic Partnership.

2.8 Consultation is currently taking place with North Lincolnshire businesses via an online survey to determine the most effective way to communicate and specific areas of help needed locally.

2.9 The council has been successful in securing funding from the Future Jobs Fund (FJF) as part of a consortium bid with the other three Local Authorities in the sub-region and a range of voluntary sector partners through the Federation of Local Development Agencies (FOLDA).

The first 20 job vacancies will be logged at with Jobcentre Plus in the January - March period. There are 5 council jobs and 15 in the voluntary and community sector in this first round. The council and

its bid partners will be submitting a further bid at the end of January to fund additional council and voluntary sector jobs and create further opportunities for young people and those living in unemployment hotspot wards.

- 2.10 The council has been working with UK Steel Enterprise, a subsidiary of Corus, who has now made £20,000 available for the provision of small grants to individuals moving into self-employment and starting up new businesses in North Lincolnshire. Currently, nine grants, totalling £8875, have been given to local businesses via this scheme.

Grants are available up to a maximum of £1,000, though average grants will be £500. Business Link Yorkshire's New Enterprise advisors will provide support to all applicants, pre and post application.

- 2.11 The North Lincolnshire Business Network was be launched on 28 January. The network aims to increase trade amongst North Lincolnshire Businesses by providing a forum for them to network with each other. The launch event was held at the Kingsway Centre, Scunthorpe, and included a keynote address by Mark Perl, a renowned speaker on the benefits of business networking and how to be an effective networker.

- 2.12 The Kickstart Housing Delivery Programme has provided over £1.6m to mitigate the effects of the recession on local housing development. The programme is supporting two developments, Foxs Fold, Barton (Redrow Homes Ltd) and Lakeside, Scunthorpe (Galiford Try). As a result of these successful bids work will re-start on these developments in early 2010 with first completions expected towards the end of 2010.

- 2.13 Since April 2008 the overall benefits caseload has increased by 13.28%. It is increasing at a faster rate for working age people than for pensioners as shown below. In the autumn it was felt that the increase in claims was beginning to tail off but this is not now the case as in the last month from November 2009 to December 2009, there has been an increase of 104 claimants. Some of this increase is likely to be attributed to the change in legislation regarding child benefit income for which a detailed take up campaign was undertaken.

	Working age	Pensioners	All
Cases at 15.3.08	6339	8004	14,343
Cases at 15.12.09	7989	8259	16248
Increase Nos	1650	255	1905
Increase %	26.02%	3.19%	13.28%

Two national Indicators, NI180 (Right benefits) and NI181 (right time) judge the performance of the benefits service. NI180 measures the numbers of changes in circumstance identified in the year, as increasing these will reduce the amount of fraud and error in the system.

Despite the increase in workload, performance in benefits has overall remained consistently in accordance with last year's out turn. In 2008-9 the average time for processing new claims was 24.41 days. At the end of December 2009 the year to date figure is 24.14 days. Similarly the time taken to process changes remains good at 12.29 days at the end of December. We continue to monitor these figures on a weekly basis to ensure tight control on performance.

2.14 The increase in workload is expected to continue into the next financial year. The DWP has recognised this and for 2010/11 they have provided an additional amount of administration grant in the sum of £98,880. This is ring fenced to benefits and solely for additional workload due to the recession. This additional funding will be used to extend the contracts of additional temporary staff until 31 March 2011.

2.15 **Small Business Rate Relief. (SBBR):** This was introduced by the Government to assist small businesses with payment of business rates.

Effective from 1 April 2005, this relief is available to ratepayers who occupy either one main property with a rateable value of less than £15,000 or one main property and other additional properties that have rateable values of less than £2,200 (total less than £15,000). The level of relief is a percentage based on a sliding scale. Once granted, there is no need to re-apply, but a ratepayer must inform the council if there is a change in circumstances.

Within North Lincolnshire there are 5,124 business properties and since the introduction of SBBR the numbers qualifying for this relief have steadily increased as follows:

1 April 2006	= 1460
1 December 2008	= 1610 approx
1 June 2009	= 1645 approx
1 December 2009	= 1676

SBBR is publicised at every opportunity including with all new bills, in direct magazine, in the press etc. The highest take up was in 2008 when we sent forms to ratepayers we identified as possible 'reliefees'.

The take up level of this relief accounts as percentage of total properties. within the council is 32.7%. A recent benchmark exercise showed that this compares well with other councils e.g. Harrogate 31.72%, Hambleton 30.59%, Darlington 28.7%.

- 2.16 The council's Recession Co-ordinator has completed a local mapping exercise outlining local recession impacts and service provision to deal with those impacts.

An information repository will be made available online to provide a "one-stop" reference point for members of the public to access leaflets/booklets etc outlining the help available to them via the council and partner organisations e.g. PCT. Booklets will include services provided by the Housing Advice Team and the Local Taxation and Benefits Team.

A booklet will be created and distributed alongside the DWP's "Find your way to work" booklet given to those facing redundancy or claiming JSA. This booklet will build on the previous Recession Survival Guide to provide a comprehensive resource outlining sources of help, guidance and activities for those struggling financially.

- 2.17 Funding has been provided by the Recession Working Group to provide a series of events to support local residents and businesses through the economic downturn.

Two events to support rural businesses during the economic downturn are planned. The first of these, The Pub is the Hub, is a workshop which aims to encourage pub owners, licensees and their local communities to work together to support, retain and locate local services where possible within the pub whilst often improving the viability of the business itself. The second, Rural Retail Support, will feature advice from the Rural Shops Alliance to help businesses increase trade and safeguard businesses / jobs. This workshop will help to encourage and facilitate the development and protection of viable local businesses.

3. OPTIONS FOR CONSIDERATION

- 3.1 The council can continue to direct resources into helping local businesses and individuals along with ensuring increasing demands on some services are managed.
- 3.2 The council can limit resources available to deal with the recession in view of assistance already given and the impact of this.

4. ANALYSIS OF OPTIONS

- 4.1 By continuing to support businesses and individuals the council can help mitigate further effects of the recession.
- 4.2 By limiting support, the council risks not alleviating recession impacts on businesses and residents to the potential detriment of the local economy and community.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Financial

In setting its budget in February, the council made provision for funding the effects of the recession. The financial implication of increased demand on services is being monitored.

All externally funded projects or programmes will be approved and agreed by the Service Director Finance prior to commencement.

5.2 Staffing

Staff from across the council are working in the Recession Group. Workloads in areas like benefits and council tax are being monitored.

5.3 Property

There are no property implications to this report.

5.4 Information Technology

There are no information technology implications to this report.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

6.1 None

7. OUTCOMES OF CONSULTATION

7.1 The council is constantly consulting with local businesses and support agencies. This had led to a number of offers of support and advice from the council and partners.

7.2 A review of existing support services to deal with recession impacts is currently underway and will be used to provide recommendations as appropriate.

8. RECOMMENDATIONS

8.1 Cabinet notes the report.

8.2 Cabinet agrees that the council continues to provide support for local businesses and individuals affected by the recession.

8.3 Cabinet agrees that further reports be brought.

CHIEF EXECUTIVE

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Background Papers used in the preparation of this report - Nil