

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:

- UK officially in longest recession since records began (UK GDP in decline since 2008 Q2. 0.4% decline in GDP in 3rd quarter of 2009)
- The number of people in the UK now unemployed is 2.46 million.
- The number of people claiming Job Seekers Allowance (JSA) nationally stands at 1.58 million. The JSA claimant count rate is 4.2% of the working age population.

2.2 In North Lincolnshire:

- The number of people seeking JSA in October 2009 was 4,830, which represents an increase of 0.1% (3 claimants) on September 2009. JSA claimants account for 5.0% of the working age population.
- The age profile for those claiming JSA for North Lincolnshire is:
 - Under age 18 years - 25
 - Age 18-24 years - 1,580
 - Age 25-49 years - 2,430
 - Age 50+ years - 770

- 2.3 The number of advertised vacancies in October 2009 increased by 68% on September 2009. This is also an increase of 16% in the number of vacancies in the same month last year.

- 2.4 Recent job losses at Corus are not yet reflected in the number of JSA claimants. These are likely to be reflected in the New Year figures.

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. This included the economic development team's participation in an event held at Corus in November to provide assistance to those affected by the recent job losses.

- 2.5 The council is continuing to work with Yorkshire Forward on a two-year programme to support local ambition and aspiration in response to the economic downturn. A final application will be submitted late 2009 with a view to commencing programme activities in April 2010.

- 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. This now has funding approved by Yorkshire Forward.

On Thursday 24 September a "Meet the Buyer" event was held in North Lincolnshire. Organised by Business Link Yorkshire, many Humber businesses attended to find out how to bid for work with a range of public sector bodies including the council. The council have also held a similar seminar for 30 local businesses, in October, informing them how to bid for work with the council. A further event was held in November.

- 2.7 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).

We are continuing to work with partners to identify job creation opportunities that are eligible for FJF support. An expression of interest exercise has enabled voluntary and community sector partners to put forward potential jobs for FJF support and we are currently checking their eligibility with Job Centre Plus.

A similar exercise has been run across the council to establish Job outlines for potential FJF opportunities. These are also being checked for eligibility. It is hoped that contracts will be finalised shortly and the first new jobs will be created in January 2010.

- 2.8 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 over the next 9-12 months. Currently, 4 applications have been made by local businesses for this scheme. This number is expected to increase once the scheme is advertised.

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.

- 2.9 Building work began on the Pods development in October 2009. The development will create 150 jobs, boosting the local economy. The complex is expected to be completed in Spring 2011.

Significant investment (£2m) will also be used to rejuvenate Central Park as further investment in the Urban Renaissance project.

- 2.10 In the last 18 months the overall benefits caseload has increased by 12.47%. It is increasing at a faster rate for working age people than for pensioners as shown below. In the last month from 15 September 2009 to 15 October 2009 the total increase has been 41 claimants.

	Working age	Pensioners	All
Cases at 15.3.08	6339	8004	14,343
Cases at 15.10.09	7917	8215	16,132
Increase Nos	1578	211	1789
Increase %	24.89	2.63	12.47

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 October 2009 the year to date figure is 24.44 days. Similarly the time taken to process changes remains good at 12.08 days at the end of October compared to 14.7 at the end of August. We continue to monitor these figures on a weekly basis to ensure tight control on performance.

- 2.11 The workload has increased considerably in the customer services team particularly relating to benefits. The number of telephone calls in the period April 2009 to September 2009 increased by over 2000 (15.8%) compared to the same period in 2008. Similarly, the amount of incoming post has increased by a third. This, coupled to major changes in legislation affecting benefit (disregard of child benefit for income purposes and increase on capital limit for pensioners - effective from 2nd November), have also impacted on workload.

The increased time taken to deal with enquiries caused by upgraded IT system, means performance in answering telephone calls has fallen.

Benefits staff, including two additional, temporary Telephone/Clerical officers in the customer services team, have undergone intensive training to give long-term productivity benefits.

2.12 The newly appointed Recession Co-ordinator is currently undertaking an intelligence gathering exercise to identify local services available to help residents during current economic climate and to identify any gaps in service provision. This information will be used by the Recession Working Group to identify possible partnerships and synergies, which can be facilitated or strengthened to avoid duplication of service provision by the council and local organisations.

2.13 Recession Working Group membership has been reviewed and now includes North Lincolnshire Homes and voluntary/ community sector (VANL) representatives.

Free car parking in Scunthorpe Town Centre is being financed by the Recession Group to give a boost to local businesses during the current economic climate. Parking will be free for the five Sundays leading up to Christmas.

2.14 Recession advice available to residents via North Lincolnshire Council has been better signposted with a prominent link now present on the council's homepage. Extra information, and possible improvement in organisation of current information, is also being looked at.

2.15 Consultation is to take place with North Lincolnshire businesses through an online survey to determine recession impacts locally and gauge feedback on the effectiveness of currently available business assistance and business events.

2.16 A LSP event was held on 1 October with local stakeholders. Part of this event involved asking participants for feedback on possible action to alleviate recession impacts locally. The Recession Co-ordinator is currently processing this information.

2.17 The free swimming initiative currently enables children and over 60's to participate in leisure during current economic climate. Also, collation and publication of directory of free leisure services in North Lincolnshire will provide local residents with further leisure options during recession.

2.18 Local businesses have the option to defer three percent of their 2009/10 business rates over the next two years. There have been 217 successful applicants and £368,954 has been deferred.

2.19 Currently 1676 businesses receive small business rate relief. This is up from 1460 in 2006.

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