

**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 1.61 million, which is an increase of 75% on the same period last year.
- 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 August 2009 was 4,938 which represents a decrease of 1.6% (80 claimants) on June 2009. JSA claimants account for 5.2% of the working age population (60.1%).
- The age profile for those claiming JSA for North Lincolnshire is:
  - Under age 18 years - 35
  - Age 18-24 years - 1,580
  - Age 25-49 years - 2,520
  - Age 50+ years - 790

2.3 The number of advertised vacancies in August 2009 increased by 22% on July 2009.

2.4 Recent months have seen a number of large-scale redundancy announcements that are not yet reflected in the number of JSA claimants. This is likely to be felt in October and November 2009.

The economic development team is working closely with all 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 has put together a directory of useful contacts for local residents who may be feeling the effects of the recession. The Recession Survival Guide provides a range of sources of information on topics such as personal finance, employment and housing.

The guide was launched at the beginning of September and is available at all council facilities, as well as at a number of our partners' venues across North Lincolnshire and online. The information included within the Recession Survival Guide will also be published in Direct Magazine.

- 2.6 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 starting programme activities in April 2010.

- 2.7 The council is also supporting existing businesses and individuals through the North Lincolnshire Employability Programme, which is currently with Yorkshire Forward awaiting approval.

Expenditure on preliminary work has been approved by Yorkshire Forward and commenced in July 2009. This has been used to support employer attendance at the "Your Future Exhibition" on 25<sup>th</sup> September 2009, promoting job and training opportunities to people in North Lincolnshire. It will also be used to develop a Skills and Workforce Plan.

- 2.8 The council has been successful in securing funding from the Future Jobs Fund (FJF) as part of a consortium bid with the other three councils in the sub-region and a range of voluntary sector partners. In North Lincolnshire, £195,000 funding has been approved to create 30 new jobs by October 2010.

We are working with partners to identify job creation opportunities that are eligible for FJF support. All jobs created through the FJF must be for a minimum of 25 hours per week for a period six months at minimum wage or above and must provide community benefit.

- 2.9 The council is continuing to support businesses in the current economic climate.

We are continuing to run events through the North Lincolnshire Business Forum. The last event was held on 11 September 2009. Linked to the start of the Tour of Britain and launch of the Clipper Round the World Yacht Race 2009/10, the subject of the event was 'Healthy People – Healthy Businesses'. Speakers included Sir Robin Knox-Johnston, the first man to sail single-handed, non-stop around

the world. Over 80 people attended the event and feedback was extremely positive. The next event will take place in January 2010.

A successful Speed Networking Event was also held on 10 September 2009, which attracted 17 businesses.

- 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 over the next 9-12 months.

Grants will be made available up to a maximum of £1,000, though average grants will be £500. Particular emphasis will be given to those areas where redundancies have taken place or are proposed. Business Link Yorkshire's New Enterprise advisors will provide support to all applicants, pre and post application.

- 2.11 Building work will soon begin on the multi-million pound Pods development. This will bring a number of construction jobs to the area with knock-on benefits for the rest of the local economy.

- 2.12 The Humber Bridge Board published a notice of its intention to increase tolls for crossing the bridge in August 2008. North Lincolnshire, along with the other Humber area local authorities and businesses, officially objected to the rise and a public inquiry was held in March 2009. The Minister of State for Transport, Sadiq Khan MP, announced his decision to refuse a toll increase on 30 July. The full year boost to the regional economy of this tolls freeze is estimated to be around £2m. As a result of the campaign the last tolls increase was back in April 2006. This is good news for individuals and businesses in North Lincolnshire.

- 2.13 Following the high-profile campaign to abolish the tolls or reduce them to £1, Sadiq Khan MP has agreed to meet a cross-party regional delegation to discuss the issue. This is due to be held on 26 October.

- 2.14 In the last 17 months the overall benefits caseload has increased by 12.44% but that for working age is increasing at a faster rate than for pensioners as shown below. However the rate of increase appears to be slowing down. In the last month from 15 July 2009 to 15 August 2009 the total increase has been just 17 claimants, compared to an increase of 137 between May and June.

	<b>Working age</b>	<b>Pensioners</b>	<b>All</b>
Cases at 15.3.08	6339	8004	14,343
Cases at 15.8.09	7904	8224	16128
Increase Nos	1565	220	1785
<b>Increase %</b>	<b>24.68</b>	<b>2.74</b>	<b>12.44</b>

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 they are increasing these will reduce the amount of fraud and error in the system. Recent results for 2008/9 show that our performance in this area compares favourably to other councils.

Despite the increase in workload, performance in benefits has overall remained consistently good. In 2008-9 the average time for processing new claims was 24.41 days and at the end of August 2009 the year to date figure is better at 23.24 days. Similarly the time taken to process changes remains good at 14.7 days at the end of August. We continue to monitor these figures on a weekly basis to ensure tight control on performance.

- 2.15 The workload has increased considerably in the customer services team particularly relating to benefits. The number of telephone calls continues to be higher than last year. Similarly, an increase in post coming in has meant that the number of benefit documents indexed has also increased.

As previously reported in April 2009, the DWP has recognised that the recession is causing additional work for benefit services across the country and has made extra grant available so that councils are better able to ensure that people are receiving their correct entitlement as soon as possible. The council's share of this was an additional £114,615. This was increased by a further £76,401 which like the previous amount is a one off, one-year payment specifically to fund increases in workload in benefits due to the recession.

This funding has been used to pay for additional resources in the assessment section and also for two additional temporary Telephone/Clerical officers in the customer services team. Some of the funding is also being spent on the provision of an externally provided extensive training course for new benefits staff so that they become effective as soon as possible.

We are also using the extra funding to increase the amount available for Discretionary Housing Payments. This is a discretionary payment for existing benefit claimants who are experiencing hardship in meeting their housing costs.

### **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 could carry on working in the same way it did before the economic downturn.

#### 4. **ANALYSIS OF OPTIONS**

- 4.1 By continuing to support businesses and individuals the council can help mitigate some of the effects of the recession.

#### 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.

Staffing implications with new projects or programmes will be addressed in separate reports to Corporate Services Cabinet Member.

##### 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.

#### 8. **RECOMMENDATIONS**

- 8.1 Cabinet notes the report.
- 8.2 Cabinet agrees that the council continue to provide support for local businesses and individuals effected 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**