

RECESSION EFFECTS ON COPELAND - QUARTERLY UPDATE

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WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS

This report provides an update on a small basket of indicators which highlight the ongoing impact of the recession on Copeland as an area and the Council as an organisation. It allows the Council to ensure that as far as possible its actions continue to best help to fight the impact of the recession locally to benefit the economic and general well being of its residents and communities.

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

(eg Key Decision, Policy recommendation for Full Council, at request of Council,etc.)

The information keeps the Executive informed of trends in order to inform its decision making. The report specifically picks up impact over the past three months during which the government announced the high level results of its comprehensive spending review and published its Local Growth White Paper. Council service have used regular updates and information to be responsive to the continuing private sector recession impact effects and the need to monitor the additional impact of the recession on the public sector quarterly over the next year relates to the borough's economic reliance on public sector resources and contracts.

RECOMMENDATION:

The Executive is asked

- a) to note the report; and
- b) take this context into account when taking decisions that could help to offset the ongoing private sector recession impact on Copeland and the early public sector cuts impact.

1. INTRODUCTION

- 1.1 This updates the Executive Report of September 2010. This report focuses on a small number of indicators where data is more frequently

made available than some of the established published sources used for the last report which will not have changed since September.

2. NATIONAL VIEW

- 2.1 As previously reported, the IMF think that the UK growth prospects have got notably worse with the forecast for 2010 reduced from 1.3% to 1.2%, with the Budget being the most likely reason The Bank of England has waned that the outlook for the UK economy remains uncertain. The Bank Governor has said the recovery was likely to continue but highlights rising raw material prices, energy bills and next year's VAT rises as keeping inflation high and the government cuts being likely to trigger a slowdown in construction which has been a key driver in recent economic growth. The UK Consumer Prices Index (CPI) inflation rate rose to 3.2% in October, linked to higher fuel prices.
- 2.2 UK retail sales rose in October 2010 ending two months of official figure declines. However compared with October 2009 sales were down 0.1%. UK interest rates have been hed at 0.5% for the 20th consecutive month.

3. UNEMPLOYMENT

- 3.1 One of the most significant data updates relates to unemployment which received the most direct effect in a recession. The Copeland total and percentage rate has stabilised over the last 12 months, with our formal claimant rate rising in Copeland during September and October 2010.
- 3.2 Recent information released by NOMIS (official labour market statistics) for October 2010 indicates the total number of job seekers allowance claimants in Copeland are 1,433. These figures are slightly lower to that of six months ago where total Copeland JSA claimants in April 2010 were recorded at 1,527. The figures below indicate how the numbers of JSA customers have fluctuated in the Whitehaven and Cleator Moor areas over the last 6 months.

	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>
Whitehaven	881	874	853	813	859	817
Cleator Moor	419	397	404	393	389	388

- 3.3 The Job Centre ratio of claimants to live unfilled vacancies in the month to 8 October 2010 in Cumbria was 3.67 compared to the British average of 4.22. The ratio varies significantly between districts from Copeland (12.04) to Barrow (7.19). When we last reported in the Summer Cumbria was 3.4, nationally it was 4.8 and 7.27 in Copeland. Copeland has a significantly higher vacancy rate in Cumbria, nearly four times above the

County and three times above the National average. However, the figure for Copeland is distorted by agencies such as Capita dealing with 75% of Sellafield vacancies and just notifying JobCentrePlus on the harder to fill occupations. Also, as a general rule, the Jobcentre only receive details of about a third of all vacancies.

- 3.4 We do not have an update on the May 2010 NEET statistics for Copeland that highlight that 97 of our young people are not in education, employment or training. The current rate is 6.18%. Our hot spots for high numbers of young people in this position are Distington, Harbour, Sandwith, Mirehouse, Frizington, Egremont North and Cleator Moor South.
- 3.5 Copeland ranks 61st nationally (out of 406) on unemployment levels which brings us within the 15% highest jobless LA areas. Recent and anticipated announcements on public sector resources may worsen this position within the next six months. Whilst our unemployment may appear relatively stable over the last year recent public sector related contracts and jobs have reduced in Copeland and hence our job seekers are facing up to an 80% increase in the numbers of people applying for local jobs.

4 Business

- 4.1 Tourism has reached record levels this year with the main website for Cumbria taking nearly £3 million in business. Accommodation bookings through Golakes.co.uk have seen high numbers in October. Cumbria Tourism have recorded a 16% increase on tourism figures from last year. West Cumbria Tourism Partnership website has remained consistent levels of interest and bookings over the past two years. Copeland has fewer serviced accommodation than other districts. Copeland's annual occupancy rate has only dipped slightly at 51.5% as has the average length of stay. Almost half of visitors to Copeland were accommodated by caravan / camping. The borough has significant business tourism, accounting for 32% of bed nights in 2009 (last figures available).
- 4.2 Retail: Shop vacancy levels have remained consistent in our towns. The empty shops initiative will put in new images to reduce the visual impact for this year.
- 4.3 The Council and its partners have been working with local business to assist their sustainability and where needed have put in place support to assist redundant staff and companies needing to downsize. There has not been a significant increase in this workload in the past three months.

5. HOUSING

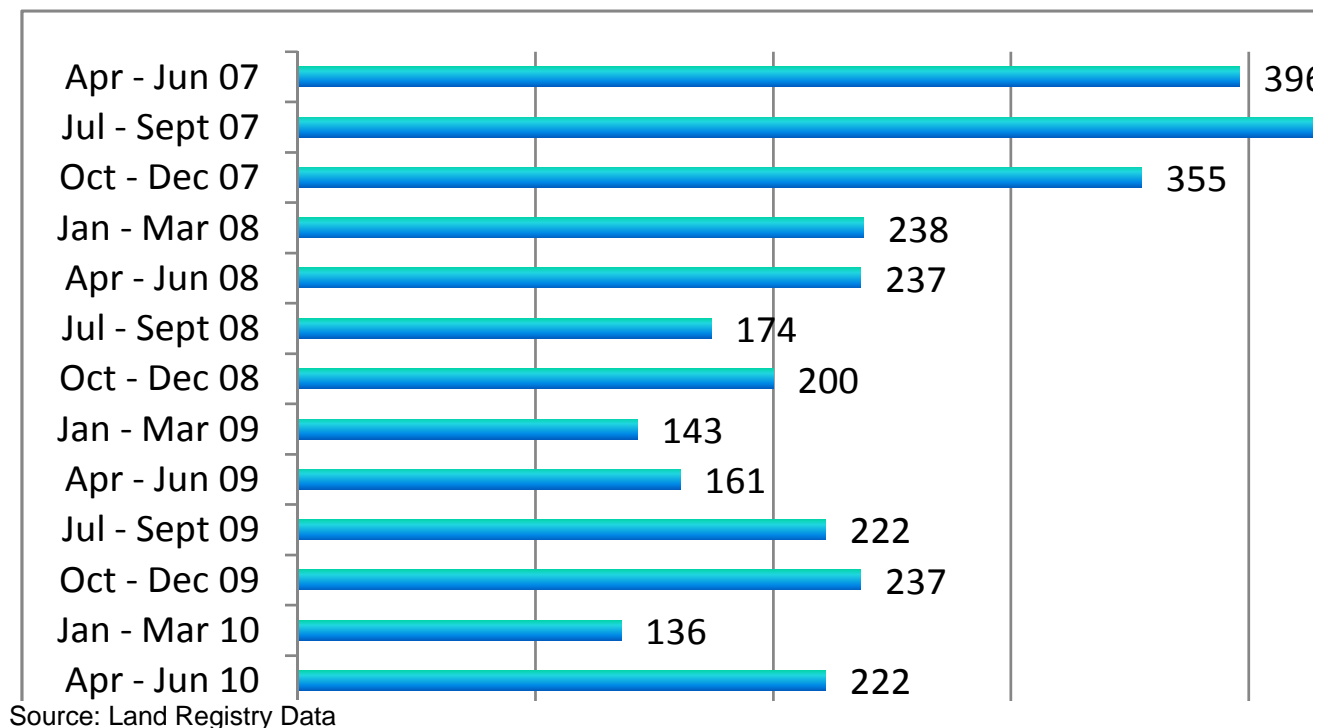
5.1 House Sales

House sales provide an indication of the level of activity in the housing market. Nationally housing prices continue to be dragged lower by a shortage of buyers. Mortgage lending continues to be subdued where total mortgage lending in the UK in October 2010, £12.4bn, was the lowest October figure since 2000.

House Sales for Copeland Borough by Quarter 2007 - 2010

- 5.2 In September we reported a record low quarter of housing sales from January to March 2010. The sales for April to June in 2010 are approaching similar levels to two years ago, ie before the recession and may be picking up deferred payments from the previous quarter.

Graph: House Sales – Copeland 2007 – 2010 by Quarter



5.3 House Prices

Official house prices increased in September. The Land Registry, which records every property sale, says prices rose by 0.4% taking the value of an average home to £130,762. Prices are 1.78% higher than a year ago but still 9.6% below the market peak in Cumbria in May 2008.

5.4 Housing Approvals and Completions

There has to date been no new HCA investment into affordable and social homes in 2010/11. The Ehen Court scheme is now at the top of the list of projects waiting approval and is anticipating a start date in January 2011. Ehen Court will provide 22 x 2 bed housing for the over 55s in Egremont.

6. NATIONAL POLICY CHANGES

- 6.1 The Executive received a report on the Comprehensive Spending Review. The Local Growth White Paper has been published in October 2010 following the announcement of the CSR. Implications and consultations on policies contained within this are being released. The New Homes Bonus will be discussed at the Strategic Housing Panel in December and the Social Housing proposals in January 2011.
- 6.2 The council through its Cumbria and Britain's Energy Coast participation will be looking at the formation of the Cumbria LEP (Local Enterprise Partnership) and any bids affecting Copeland into the Regional Growth Fund.

7. EFFECT ON COUNCIL SERVICES

- 7.1 The recession, depending on its severity and duration, will impact upon the Council's own resources, both in terms of income generation from fees and charges, rates of Council Tax collection and in expenditure, in areas such as benefit claims. These areas are subject to routine monitoring and will be reported through the quarterly monitoring processes if the actual position differs to the budget.
- 7.2 In the three months September to November 2010, the council's workload re housing benefit for residents of working age has stabilised in comparison to the previous quarter when we reported a 2% step increase from June, 2010.
- 7.4 Crime figures continue to be low for Copeland with improvement through downward trends in anti social behaviour and burglary of dwellings incidents (8.1% and 6.9% respectively). However, all crime has increased by 3.9% since April 2010 with notable increases as follows:
 - Shoplifting up by 6.9%
 - Theft in a dwelling up by 42.9%
 - Criminal damage up by 7.5%

8. COUNCIL ASSISTANCE

Our Suppliers

- 8.1 In terms of payment of invoices, the Council is responding to central government's encouragement to pay suppliers promptly and in terms of the national indicator regarding the % of invoices paid within 30 days of the date of the invoice, Copeland's performance for the 7 months to 31 October 2010 was 96.37% which is an improvement on our annual performance for 2009/10 of 95.7%.
- 8.2 The Procurement team continues to use the Chest, the website where Copeland and all the Cumbrian councils advertise their tenders, to encourage local supply chain tenders.

Housing

- 8.3 The Housing Options Team have noticed a sharp increase since September 2010 in the number of people requesting help. The past three months have seen a 200% increase in the number of requested appointments – this excludes emergencies. The table below highlights the acceptances of full duty for homeless applicants at the 2008/9 annual level in the first half of the year. These 55 full duty acceptances are from 111 applications and 108 decisions. 24 of these have been temporarily housed. The team have had a significant increase in requests for rent deposit support from the council, paid direct to the landlord. Since the start of the scheme in September 2009, 43 individuals have been assisted into private lets at a cost of £17,352. October 2010 has been the busiest month for rent deposit support with 9 individuals receiving support. This scheme is one of our direct homeless prevention activities. During the first six months of the year we had an average stay in B&B of 4.5 weeks and in other temporary accommodation of 9.5 weeks.

Homelessness acceptances of full housing duty	2007/08	2008/09	2009/10	2010/11 (Half year)
Nos	83	54	68	55

- 8.4 The Council's housing capital programme made a very substantial contribution towards improving private sector housing conditions and supporting the local economy in 2009/10 and is continuing this activity as the next table shows.

Copeland Borough Council Housing Capital Programme 2010/11 (In Year Budget Only)			
<i>Activity</i>	<i>Spent</i>	<i>Committed spending</i>	<i>Total combined spent and committed</i>
Disabled Facilities Grants	£402,873	£497,127	£900,000
Housing Renewal	£209,697	£200,303	£410,000
Totals	£612,570	£697,430	1,310,000

- 8.6 Expenditure on disabled facilities refers to the building works and services relating to installation of typically (but not exclusively) chairlifts, through-floor lifts and level access showers. These enable otherwise disabled people to remain living safely and with dignity in their own homes. Housing renewal refers to financial assistance for building works and services that remove the most serious statutory Housing Health & Safety hazards from homes in poor condition (Housing Act, 2004). Apart from making the homes of vulnerable people safe, weatherproof and warm, these activities are also an investment in the private sector stock from which this and future generations will benefit. They also support the economy, and mitigate the effects of the recession, by providing necessary and valuable employment for local building companies, heating and plumbing engineers, electricians and other trades.

Business

- 8.7 The Council commissioned projects to support new and existing businesses are performing well and assisting businesses with reducing income levels and needing to widen their market base. The projects use a range of funding levered against our Local Authority Business Growth Incentives (LABGI) scheme funding and Working Neighbourhood Fund (WNF).

a) 'Backing Business in Copeland'

This project delivered by WCDA to assist existing business trading over 2 years has been very successful and over met targets. Outputs below are Sept 2009 to October 2010 and are are:

	2009/10 (7 months)	2010/11 (8 months)
Business advised	56	52
Business reviews	52	50
Consultancy	15	18
Avg increased turnover	£43,000	£71,320

Increased jobs	1.5	5
Safeguarded jobs	6.5	3
Grants provided	35	34

b) Ways into Successful Enterprise

Core Copeland statistics since the project began in April 2009:

	July10	Oct10
Total People assisted	247	299
JSA Claimants assisted	153	165
IB People assisted	10	17
Age mix:		
under 25 years	10%	10%
over 50 years	15%	15%
aged 26 to 50 years	75%	75%

Areas of most activity: Cleator Moor, Millom, Beckermest, Egremont, Harbour, Mirehouse

c) Intensive start up project delivered by Cumbria Chamber of Commerce support statistics:

Year	Engagements	Supports	Business Starts
2009/10 (7 mths)	55	13	5
2010/11 (7 mths)	111	11	23

Worklessness

- 8.8 The September report highlighted mid year outcomes on worklessness activity. The future jobs fund scheme will complete in March 2011 and other activities are being considered by the work and skills partnership including the priorities for a Copeland Skills and Work Plan. A partnership apprenticeship scheme is being led by the Council to continue the work started by the future jobs fund initiative for young people particularly to address our high NEET rates in Whitehaven, Cleator Moor and Frizington.

9 CONCLUSIONS

9.1 In summary, the highlights of the report are:

- The housing sector continues to be affected through lower house prices although the sales market does appear to be less deflated.
- A significant, up to 200%, increase in requests for advice, assistance and homeless prevention work from the Council. This has helped families and individuals to either stay in their homes or find other solutions to prevent becoming homeless.
- Unemployment has slightly increased in terms of numbers claiming JSA and we are now in the worst 15% area nationally for unemployed claimants. This is matched with a recent increase to give significantly higher than average jobs to claimants ratio than other Cumbrian areas. This has not significantly increased our benefit caseload as yet.
- The private sector has been helped by some of the measures the Council, the NWDA and the nuclear sector has funded to assist both new starts and existing businesses.
- Tourism remains a challenge in the West with Cumbria still a popular destination with families holidaying at home increasing visitor figures this year.
- The Council has maintained its ability to pay suppliers promptly whilst entering an uncertain time in terms of its own income generation. External funding has been severely reduced and small regeneration schemes have been put on hold.
- Crime figures which are low for the borough are beginning to see some small but potentially worrying increases in shoplifting, theft in a dwelling and criminal damage. All of these classic indicators expected when community income levels are affected by recession.

9.2 As previously reported, the overall impact of the recession on the Borough's formal stats is limited. However, when we specifically consider the issue of the individual or family within our communities a different picture is potentially simmering: More difficulty to access local jobs with more people chasing each local vacancy, increased levels of people seeking advice and assistance to address or avoid homelessness, an increase in small theft crimes. Any effects on town centres continues to be low as the product offer is low value and is matched by the generally low spend profile of our local residents in the towns. Impact to date has been related to the private sector response to the recession and we have expected our economy which is heavily reliant on public sector resources (especially through the nuclear industry) to be more buoyant over the past six months than other areas. We do know that 800 staff are or have worked voluntary notices at Sellafield. Evidence highlights that these are

mostly close to retirement age but we have yet to understand what impact this will have on our jobless and benefit claimant figures.

- 9.3 Positively, the council has been able to be flexible in supporting and delivering services and targeted initiatives to assist local people affected by the recession directly. Our LABGI resources have been used to deliver and commission services to assist local businesses. The worklessness partnership we lead has been more effective in working together to assist young people and people at threat of redundancy. The council's services have been able to meet the increase in demand from local residents, eg homelessness and benefit support to ensure residents are able to feel confident that they will be supported at a time of increased personal stress. Opportunities for new interventions are being considered and the council has been working with partners to develop an apprenticeship scheme to use the best practice from the future jobs fund and respond to the needs of both job seekers and local employers. It is anticipated that this will be launched in February for a delivery start in April 2011.
- 9.4 However, the CSR and policy consultations from the Government inform us of the rapidly changing situation which is threatening the public sector spend necessary to support our local economy. In our last recession report we set out the early quantifiable local impacts of recession related impacts as a result of the public sector response to addressing the national effect of addressing the global recession. These were over £2m including the loss of NWDA resource. The Government agreement to a Cumbria LEP (Local Enterprise Partnership) offers some certainty as does the governance and delivery review of Britain's Energy Coast West Cumbria where we have a strong private / public partnership already delivering.
- 9.5 The situation has not changed, the Council will need to continue to use all its influence to oppose any major reductions in local public sector spending programmes locally to protect our economy. Our regeneration aspirations remain key to enabling increased economic activity in our major settlements and to assist our smaller settlements to be sustainable. This is particularly relevant in the light of the Experian study which highlighted Copeland as a borough with a lower than average resilience to the public sector cuts. The service review process has required the council to look at the most efficient to maintain its existing improvements and recession actions including payment turnaround times, partnership activity and prevention work eg around homelessness.

10. WHAT ARE THE LEGAL, FINANCIAL AND HUMAN RESOURCES IMPLICATIONS?

10.1 There are no direct financial or human resource implications arising from this report.

11. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

11.1 The report provides an overview only. Projects and changes in service will be project managed and risks to service delivery and continuity within the existing council framework.

12. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

12.1 This is an update report to inform policy and decisions making by the Council. The outcome will be Council decisions more sensitive to the current economic circumstances.

List of Appendices None

List of Background Documents: Existing service statistics, Cumbria Observatory and national websites