

RECESSION EFFECTS ON COPELAND

EXECUTIVE MEMBER: Councillor Cath Giel
LEAD OFFICER: Fergus McMorrow Acting Chief Executive Officer
REPORT AUTHOR: Ron Black /Fergus McMorrow

Summary and Recommendation:

This report advises the Executive of the impact the recession is having on Copeland using a number of key indicators.

Recommendations

The Executive are asked to note the report:

1. INTRODUCTION

- 1.1 This is not a thorough examination of the impact because some of the key indicator data sets from established published sources do not yet include the information relating 2008/2009 when the recession started to take effect. The information provided below gives an indication for working purposes.

2. UNEMPLOYMENT

- 2.1 One of the most significant current releases is unemployment which has the most direct effect in a recession. Although the numbers and percentage rate is rising, our relative position is improving, as shown by the following 'league table' rankings:-

	Nos	%	Position (out of 406 in GB)
May 2008	1043	2.4	103
May 2009	1425	3.3	230

With 1 being the worst, Copeland has improved from being on the edge of the worst quartile to a position in the third quartile.

- 2.2 The numbers claiming unemployment benefit have increased, but the percentage increase is the lowest in Cumbria and much less than the National and Regional figures:-

	Copeland	North West	GB
May 08-09	+ 36.6%	+76.8%	+88.1%

The long term figures are also increasing but at a lower rate:-

July08-Jan09	+4.5%	+7.2%	+8.2%
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- 2.3 The ratio of claimants to vacancies in Cumbria was 4.87 compared to the British average of 6.97. The ratio varies significantly between districts from Copeland (10.63) and Carlisle (9.96) to Eden (1.73) and South Lakeland (1.82). 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.

3. NATIONAL VIEW: FINDINGS BY THE LGA

- 3.1 The growth in claimant count unemployment rate has varied across England and Wales. The biggest increases have been recorded in the West Midlands, South Wales and Yorkshire, but also in towns across the south (like Swindon and Harlow) and the East Midlands (Corby and Wellingborough).
- 3.2 Different parts of the workforce have been hardest hit in different areas. Unemployment amongst people in skilled trades has grown notably in the North West and areas where engineering is a significant employer (in the West Midlands, Darlington and South Tyneside, for example).
- 3.3 Unemployment growth has been greatest in absolute terms for people looking for less skilled work, and particularly in older industrial areas. But unemployment amongst managers has also grown, and this has been most marked in the commuter belt around London. Unemployment amongst professionals has grown least in absolute terms but significantly in percentage terms, with the highest increases recorded in a range of London boroughs. Different places are experiencing the recession differently, which argues for tailored measures to address specific local effects.

4. LOCAL AUTHORITY CHANGES

- 4.1 This section examines how unemployment has changed over the past year at local authority district level. It uses statistics on the number of people claiming Job Seekers Allowance (JSA) as a proportion of resident population of working age. As explained below, this is not the only measure of unemployment, but is more timely and more reliable than the main alternative at the district level. The tables and the maps show the percentage point changes in the unemployment rate over the last year. **Copeland is the 7th least affected District in the Country.**

Table 1: Changes in claimant count unemployment, April 2008-2009

<i>Biggest changes</i>	<i>% point change</i>	<i>Smallest changes</i>	<i>% point change</i>
Blaenau Gwent	3.79	Derbyshire Dales	1.11
Cannock Chase	3.70	Merton	1.10
Swindon	3.68	Craven	1.09
Corby	3.61	Rutland	1.08
Redditch	3.46	Guildford	1.06
Walsall	3.38	Allerdale	1.03
Kingston upon Hull	3.33	West Dorset	1.02
Merthyr Tydfil	3.24	Barrow-in-Furness	0.93
Sandwell	3.06	Kensington/Chelsea	0.93
Tamworth	3.06	Camden	0.91
Sunderland	3.02	Ribble Valley	0.89
Rotherham	2.94	Winchester	0.89
Stoke-on-Trent	2.90	Westminster	0.89
Wellingborough	2.87	Copeland	0.86
Bridgend	2.85	Cambridge	0.83
Rhondda, Cynon, Taff	2.82	West Somerset	0.83
Harlow	2.82	City of London	0.83
Barnsley	2.78	Eden	0.81
North Lincolnshire	2.77	South Lakeland	0.75
Gloucester	2.77	Ceredigion	0.62
<i>Based on statistics supplied by NOMIS. Crown Copyright.</i>			

4.2 Employment and Jobs

- 4.2.1 The Employment Census data (ABI) relates to 2007 and the 2008 figures will not be available until later this year. However the Council continues to be very successful in delivering its long term job creation targets. In 2002 the Council set a target of helping to create 5,000 new jobs over the ten years to 2012. When introduced this target was considered unrealistic by many as it was significantly higher than previous annual targets. Our Comprehensive Performance Assessment Inspectors in 2003 described the target as 'aspirational'. Up to the end of March 2009 we had succeeded in reaching a total of 4,306 new jobs created in the Borough putting us ahead of the target.
- 4.2.2 The latest VAT registrations indicating the formation of enterprises over the 2007 period show Copeland in a favourable position. The number of registrations (290) outnumbered deregistrations (95) by 195, increasing the total stock to 2025. This is particularly encouraging as the Borough has always had a low stock of enterprises due to the dominance of large employers in the area:-

	Copeland	North West	GB
VAT Reg (% of stock)	14.3%	10.6%	10.2%
VAT Dereg (% of stock)	4.7%	7.5%	7.3%

4.2.3 The Annual Earnings Survey also shows Copeland with higher than average earnings ay for full time employees:-

Gross Weekly Pay	£635	£450	£479
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5. HOUSING

5.1 House Sales

5.1.1 House sales provide an indication of the level of activity in the housing market. The table below shows the number of sales for England, North West, Cumbria and Cumbria districts between 2004 and 2008. A dramatic drop in sales can be seen at all geographical levels between 2007 and 2008 which shows that no housing market areas are immune from the credit crunch, although the decrease in Copeland is less than the national and regional figures.

Table: Housing Market: Property Sales 2006-2008

	2006	2007	2008	% difference (2007 - 2008)
England	1,223,129	1,190,311	609840	-48.8%
North West	158,242	156,647	78726	-49.7%
Cumbria	11,584	11,636	6054	-48.0%
<u>Cumbria Districts</u>				
Allerdale	2,036	2,007	1006	-49.9%
Barrow-in-Furness	1,914	1,927	936	-51.4%
Carlisle	2,652	2,730	1285	-52.9%
Copeland	1,476	1,541	847	-45.0%
Eden	985	1,043	564	-45.9%
South Lakeland	2,521	2,388	1416	-40.7%

Source: Land Registry Data from CLG website

5.1.2 Total sales for quarter 1 of 2009 show another decrease in activity with 142 sales recorded for Copeland. This is the lowest number of sales recorded for a quarter between 1996 and 2009 for the Copeland borough. Similarly, total sales for Cumbria were recorded at 921; this again is the lowest figure for Cumbria sales between 1996 and 2009.

5.1.3 A significant drop in the number of sales was experienced across all property types. Comparing the final quarter of 2007 with the same period

in 2008, the largest house price decrease was for detached properties (25.2%), semi-detached house prices decreased by 5.2%, terraced properties by 7.2% and flats/apartments by 14.6%. In terms of the total numbers of sales by property type, comparing the final quarter of 2007 with the same period in 2008, the number of flats/apartments decreased by the greatest (78.4%), detached property sales fell by 47.1%, semi-detached properties by 34.5% and terraced properties by 54.4%.

5.2 House Prices

5.2.1 The table below provides detailed median house price data for England, the North West, Cumbria and Cumbria Districts by quarter from Q1 of 2008 to Q1 of 2009.

5.2.2 The table shows the decrease in median house prices over the year period where Copeland's median house price fell from £110, 000 to £96,825 between Q4 of 2008 and Q1 of 2009.

Table: Median House Prices by Quarter (from Q1 2008)

	2008				2009	
	Q1	Q2	Q3	Q4	Q1 ⁶	% difference Q4 2008 - Q1 2009
England	175,000	176,000	175,000	165,000	159,995	-3.03%
North West	129,500	130,500	130,000	125,000	120,000	-4.00%
Cumbria	137,750	145,000	145,000	140,000	130,000	-7.14%
Cumbria Districts						
Allerdale	129,500	135,000	145,000	138,000	130,000	-5.80%
Barrow-in-Furness	94,750	107,000	100,000	88,000	85,000	-3.41%
Carlisle	122,500	125,000	124,999	123,250	113,000	-8.32%
Copeland	103,500	104,500	120,000	110,000	96,825	-11.98%
Eden	205,000	190,000	170,000	190,000	160,000	-15.79%
South Lakeland	212,500	215,000	220,000	203,000	180,000	-11.33%

Source: Land registry data from CLG website

5.3 Housing Approvals and Completions

- 5.3.1 Over the last year the housing industry has slowed down in line with the rest of the Country. In 2007/08 177 new dwellings were completed but in 2008/09 this fell to 132, a reduction of 25%. A significant proportion of these were on small sites with hardly any completions by the larger developers in Whitehaven, Egremont and Millom. However the number of approvals granted has remained at the same level with 270 net approvals in 08/09 compared to 287 in 07/08.

5.4 Housing Summary

- 5.4.1 It is apparent that the housing market in Copeland has not been immune from the effects of the 'Credit Crunch' and recession, with the area experiencing decreasing house prices and dramatic drops in the number of sales and completions of new housing on the ground. The cause of the market change has primarily stemmed from the decreasing availability of credit, as a result of global economic conditions.
- 5.4.2 Due to the tightening of available credit for mortgage lenders, the credit crunch has meant a reduction in the amount of credit available to home movers and first-time buyers. The lack of liquidity in the market has led to stricter requirements for credit i.e. higher deposits which have made it particularly difficult for first-time buyers. The effect on the first-time buyer market is evident in Copeland with the reduction in the number of sales of traditional first-time buyer properties.

6. EFFECT ON COUNCIL SERVICES

- 6.1 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.
- 6.2 The possible impacts of the recession were considered when the annual budget was set and is reflected in areas such as provision of support for an additional housing benefits officer, reduced income targets in areas such as land charges and not increasing car parking fees of Council car parks.
- 6.3 An overview review of key areas is showing that rates of Council Tax collection for the quarter to 30th June are slightly below target by 0.31%,

- 6.4 The Council is required to measure its performance against a number of National Indicators, in common with other authorities. As well as these statutory indicators, the Council monitors progress against some local indicators. The economic downturn may affect performance and throughput in some service areas. Therefore these performance indicators could show where the recession is impacting in Copeland. The indicators that the Council is going to be monitoring in particular for signs of recession include numbers of planning applications, homelessness issues, CTB entitlement, time taken to process Housing Benefit/Council Tax Benefit, anti-social behaviour and crime issues.

7. COUNCIL ASSISTANCE

- 7.1 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 first quarter was 97.03% which is an improvement on our annual performance for 2008/09 of 94.49%.

7.2 Housing

- 7.2.1 The Housing Options Team is able to advise on a series of options to prevent people from becoming homeless, or to help them find a new home. These include:
- Help with people experiencing landlord problems;
 - Housing Benefit and other benefit issues;
 - Providing access to mediation for families suffering problems;
 - Administering the Government's Mortgage Rescue Scheme and advice with other mortgage problems;
 - Access to bonds to help find private lets working in conjunction with our partner DIGS;
 - Providing advice or signposting to others to give advice on complex debt problems;
 - Along with our HB Department administering Discretionary Housing Payments;

- Homeless prevention fund to prevent homelessness, this gives staff the ability to use their own flexibility to work with a customer to prevent homelessness;
- Help victims of Domestic Violence;
- Work with other agencies dealing with young people to help educate them on the issues of homelessness.

7.2.2 The Council encouraged Barratt Homes to apply to the Homes and Communities Agency for Kick Start funding on a stalled site in Frizington, which they have applied for.

7.2.3 The Council's Home Renewal initiative started in April 2009. Home Renewal offers financial support to qualifying households to carry out works of improvement and repair to bring homes up to modern standards and to promote comfortable, healthy living. The Home Renewal scheme is aimed at homes which fall below the Home Renewal standard and are over 10 years old. Qualifying households are those on low incomes, older persons, families and first time buyers (as long as the property has been empty for 6 months on the completion date). In the first quarter of the scheme operating (01/04/09 to 30/06/09) 89 applications have been received.

7.3 Business

7.3.1 Two recent initiatives by the Council have been set up to help small businesses in West Cumbria. The Recession Hardship Fund will provide finance through WCDA and Business Link and is a pot of money earmarked to help Copeland businesses through the recession, it will also help to top up start-up businesses and support those trying to reduce their carbon emissions.

The Backing Business Fund is a new business support programme available for small and medium sized businesses (fewer than 250 employees) based in Allerdale and Copeland. The programme is for those who are looking to develop their business and offers an initial business review, identification of the assistance which would benefit your business, and a potential grant of up to £2,000 to help with costs such as equipment, marketing and training. There will also be help with identifying other possible sources of grant funding.

The government allows local authorities to keep some of the business rates it collects in, providing the money is in turn used to encourage local business growth.

8. CONCLUSIONS

- 8.1 For weeks now the talk has been of the recession ending and the possible start of a recovery. However the evidence continues to paint a mixed picture with good news stories interspersed with some less positive ones. Nevertheless, forecasts for the second quarter of 2009 are considerably more optimistic now than they were a few months ago so, even if the end of the recession is not quite as close as some commentators would have you believe, it does look as though the worst phase is over. The picture for Cumbria is similar with official unemployment rates falling for the second month in a row at the same time as some major job losses have been announced. However the major employers in the county including Sellafield, BAe, the public sector and Eddie Stobart have remained relatively unaffected by the downturn and continue to perform well. Likewise, Cumbria's tourism and agricultural industries continue to be relatively stable and productive.
- 8.2 Copeland has fared relatively well in the recession compared to most other areas in Great Britain. This is likely to be in part due to the high levels of investment we have attracted by delivering the Energy Coast Master Plan and working with Government through the West Cumbria Strategic Forum. These investments have focused on publicly supported sectors of employment particularly around the Nuclear Industry and public service sectors. In addition our public sector dominated economy will have felt the benefit of Government maintaining spending levels to fight the recession. We need to continue to try and accelerate the Energy Coast Delivery and be prepared to lobby hard for continuing investment. In particular we should seek government support to maintain spend levels at Sellafield into the future. The risk is that Copeland's major employers, which are largely supported by public sector spend, may be vulnerable when the economy begins to grow again nationally and Government look to switch spend into repayment of the public sector debts raised to fight recession.

9. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

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

10. IMPACT ON CORPORATE PLAN

- 10.1 This information will advise the priorities in Corporate and Service plans

List of Background Documents:

List of Consultees: Corporate Team, Cllr Cath Giel, Ron Black

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	This report will have an impact on this area but it will not be direct. Detailed impacts may arise once the information is considered when developing relevant plans and programmes
Impact on Sustainability	This report will have an impact on this area but it will not be direct. Detailed impacts may arise once the information is considered when developing relevant plans and programmes
Impact on Rural Proofing	This report will have an impact on this area but it will not be direct. Detailed impacts may arise once the information is considered when developing relevant plans and programmes
Health and Safety Implications	This report will have an impact on this area but it will not be direct. Detailed impacts may arise once the information is considered when developing relevant plans and programmes
Impact on Equality and Diversity Issues	This report will have an impact on this area but it will not be direct. Detailed impacts may arise once the information is considered when developing relevant plans and programmes.
Children and Young Persons Implications	This report will have an impact on this area but it will not be direct. Detailed impacts may arise once the

	information is considered when developing relevant plans and programmes
Human Rights Act Implications	This report will have an impact on this area but it will not be direct. Detailed impacts may arise once the information is considered when developing relevant plans and programmes
Monitoring Officer Comments	No comments. Report is for information only
S151 Officer Comments	The recession will impact upon areas of the Council's budget e.g. income from fees and charges, Council Tax collection rates etc and monitoring of these areas will continue during the year. The impact of the recession will need to be factored into budget planning for 2010/11+.

Please say if this report will require the making of a Key Decision NO