

TELFORD & WREKIN COUNCIL

CABINET – 23 FEBRUARY 2009

IMPACT OF THE ECONOMIC DOWNTURN

REPORT OF THE HEAD OF ECONOMIC DEVELOPMENT

1. PURPOSE

- 1.1 To provide an update on the impact of the recession on the Borough economy, and to outline economic support measures in place and being developed to mitigate that impact.

2. RECOMMENDATIONS

- 2.1 **To note the impact of the current recession on the Borough economy, and economic support measures in place and being developed to mitigate that impact;**
- 2.2 **To endorse revision of the Borough Economic Strategy to deliver a successful and sustainable economy in the medium and long term.**

3. PREVIOUS MINUTES

- 3.1 Transforming Telford 8 Month Monitoring Report, 26th January 2009

4. THE ECONOMIC DOWNTURN

- 4.1 The UK economy is now officially in recession. The Bank of England Agents' last summary of business conditions (December 2008) reported shrinking demand; reduced retail sales; falls in output in manufacturing, construction and business services; a slowing of export orders; and an easing of input and output price inflation. Significant redundancies are being reported nationally (for example 2,500 jobs at Corus), with the car industry and its supply chain particularly badly affected. With daily reporting on the effects of the recession and successive Government responses, the challenge is to understand how Telford and Wrekin's economy is being affected.

5. IMPACT OF THE DOWNTURN ON THE BOROUGH ECONOMY

- 5.1 Latest available unemployment figures (for January 2009) are appended. Unemployment rose from 3,490 to 3,694 compared to December, an increase of 474, with an overall increase of 1,816 over a 12 month period to reach its highest level since August 1996.
- 5.2 Overall unemployment (3.9%) remains below the regional average (4.5%) but the gap is closing. It is now significantly higher than national average (3.4%) in part reflecting the poor performance of the region as a

whole. This is having a disproportionate impact on some Wards, for example Woodside (8.4%), Malinslee (7.4%) and Cuckoo Oak (6.5%) where unemployment is rapidly rising. There is also a disproportionate impact on male unemployment (5.7%) , but female unemployment (2%) is likely to show a rise in future months as the retail sector suffers in the post Christmas period. Redundancies, short time working and temporary lay offs are increasing, particularly in the manufacturing sector. Although specific data is not available for redundancies amongst agency workers, many firms are cancelling agency contracts as a first step. These account for up to 20% of the workforce in many medium and large manufacturing firms.

- 5.3 There are positive indicators. The level of long term unemployment (over 12 months) at 4.8% of claimants is well below both the regional (10.7%) and national (8.4%) figures indicating that we are successful at progressing people back into work after they are made redundant (although with increasing numbers seeking work, the number of long term unemployed is likely to rise). The level of notified vacancies in November was also higher than for same period last year. Wage levels (£449.60 per week for residents in November) are above the regional average and many businesses (for example Makita) are still performing strongly in the market place.
- 5.4 However, further major redundancies are anticipated in the coming months and short time working and temporary lay offs are increasing – particularly in the automotive supply chain. The overall outlook for the Borough economy remains a cause for concern.

6. ECONOMIC SUPPORT MEASURES TO MITIGATE THE IMPACT OF THE DOWNTURN ON THE BOROUGH ECONOMY

The Council and its partners are undertaking a number of economic support measures to provide additional help to businesses and those experiencing or facing redundancy, to protect the Borough economy during the recession, and ensure the economic wellbeing of residents.

6.1 'Credit Crunch' response

- 6.1.1 The measures outlined below are part of, and complement, a wider response to the 'credit crunch' and downturns in the economy and housing market. Measures include:
- The establishment of a town centre information and advice shop at the Library – although focussed on residents rather than businesses, this will provide information on business and enterprise support, and referrals where appropriate
 - Supporting the Citizens Advice Bureau, Fairshare Credit Union, and the Department of Work and Pensions to provide debt advice
 - Measures being considered to support the housing market, including establishing a partnership housing delivery vehicle.

6.2 Immediate economic support

- 6.2.1 *Delivering key economy infrastructure projects.* Every effort is being made to focus and bring forward these projects to boost business

confidence, and to provide construction and longer term job opportunities

- Telford Town Centre has been identified as one of 21 Impact 'Impact Investment Locations' in the Regional Funding Advice proposal being developed for submission to government. This will support the £17m Council investment in the Southwater redevelopment which will lever private sector investment into the Town Centre delivering a package of up to £250m
- Lakeside and Telford Technology Park employment sites are being developed to deliver high technology start up and grow on opportunities through Transforming Telford (TT) and the Wolverhampton/Telford Technology Corridor (WTTC)
- Proposals for new Polymer and Building Technologies, and ICT Centres of Excellence are being developed to the feasibility stage through TT and WTTC.

These complement wider infrastructure investments that will have economic benefits including the Campus Telford and Wrekin programme; Telford Sports Enterprise and Learning Community (TSLEC); the Borough Towns initiative; Rail Freight; World Heritage Site; and regeneration of the New Town estates. There is very strong support for this approach from the business community.

6.2.2 Providing enhanced business support. To complement existing business networking and aftercare support provided by Transforming Telford, every effort is being made to ensure companies can easily access the national support available. This includes:-

- Transforming Telford working with Business Link to ensure that information is cascaded through intermediaries and business networks
- Telford Business Partnership (TBP), which represents the Business and Professional Sector, setting up an online local business support/events calendar.
- Enterprise HQ (with financial support from the Council) will be opening on 12th February 2009. This will increase the range of support available for home based entrepreneurs
- Reducing the regulatory burden on local businesses by providing a more consistent, proportionate and fair approach through enhanced advice and support to achieve regulatory compliance

6.2.3 Providing co-ordinated redundancy support - Key partners (Transforming Telford, Jobcentre Plus and the Learning and Skills Council) co-ordinate activity through the Telford and Shropshire Recruitment and Redundancy Support Group. TT has increased its visit programme to the Top 100 Companies to understand the impact of the recession and is also increasing support through the HR Forum.

6.2.4 Procurement and supply chain support. The Council is taking the lead with Shropshire County Council and the Chamber of Commerce to encourage greater use of local firms by the local authorities.

6.2.5 Local-level support. The Council provides a number of community-based lifelong learning and development services across the Borough to help improve local people's skills and employment prospects:

- *Childcare* – the Council supports an extensive childcare network to enable parents to re-enter employment or improve their skills
- *Nextstep careers advice* – working with Jobcentre Plus to provide skills health checks and in-depth careers advice
- *Tackling worklessness* – the City Strategy initiative (a City region project concentrating on priority wards in relation to unemployment) had reduced unemployment in Donnington and Malinslee, complementing work across the most deprived Wards in the Borough
- *Training and re-skilling* – delivered across the Borough in partnership with TCAT and new College (much of which is free) and designed to offer a pathway from training into employment – with ‘credit crunch’ courses now introduced
- *Job Junctions* – drop in sessions in all three areas of the Borough helping with job search, c.v. writing and job applications; as well as careers, debt and business start up advice
- *Voluntary sector support* – supporting the sector to provide more training for the community and volunteers

6.3 Partner activity

6.3.1 These measures complement work being undertaken by partners including:

- *Jobcentre Plus (JCP)* - In addition to their core services , JCP has implemented a regional rapid response service and is able to offer extended help and support to employers and employees. This is now working well and being used locally by partners to support companies.
- *The Learning and Skills Council (LSC)* - the LSC works closely with JCP and to deliver an Integrated Employment and Skills programme under a West Midlands Pilot); the employer based Train to Gain programme has been extended to a pre employment programme
- *Business Link* - is providing individual business surgeries on a sessional basis at Transforming Telford’s offices; providing business clinics on a sectoral basis (commencing with creative and media, and tourism industries); and working with Council service areas (for example Trading Standards) to increase access to business support services
- *Shropshire Chamber of Commerce* - has launched a business portal for firms to advertise contracts to encourage development of local supply chains for goods and services.

6.3.2 Strong partnership working at an operational level is being supported and developed by Telford and Wrekin Partnership, the Employment and Skills Board, and a worklessness group

6.4 Economic support being developed

6.4.1 The Council and its partners are discussing a range of ‘Act Local’ economy measures to build on procurement and supply chain support underway to :

- link employment and training for residents to job opportunities arising from major projects – including a skills hub as part of the Town Centre proposals
- encourage further development of local supply chains

Further work is in development to promote Telford as an investment location based on availability of development land, environmental quality, accessibility, and strong business networks.

A Multi Area Agreement for employment and skills is currently being developed through the City Region, to take forward the City Strategy work.

6.5 Telford and Wrekin Economic Strategy

- 6.5.1 The measures outlined above will help support businesses and residents through the current recession, and ensure that the Borough economy is in a strong position to respond when an economic upturn occurs. The long term Economic Strategy, which will deliver a successful and sustainable economy, remains important. This Strategy is being reviewed and revised and will be launched at the State of the Borough Conference in October 2009.

7. EQUAL OPPORTUNITIES

- 7.1 The economic downturn is likely to have a disproportionate impact on those already disadvantaged in the labour market. The measures proposed, particularly those aimed at improving skills and employability for those out of work, will help to address this disadvantage. It will be important to obtain an accurate picture of who is experiencing or facing redundancy in the Borough in order to ensure that appropriate support is in place and to provide targeted support where need is identified. Appropriate monitoring arrangements are being put in place to enable this to happen. An Equality Impact Assessment of the Economic Strategy will be completed as the Strategy is developed to ensure that all communities of Telford & Wrekin will benefit from its delivery.

8.0 ENVIRONMENTAL IMPACT

- 8.1 There are no direct additional environmental impacts arising from this report.

9.0 LEGAL COMMENT

- 9.1 Legal Services are developing a briefing note for officers on the scope of “Act Local” initiatives to help ensure compliance with EU procurement rules.

10.0 LINKS WITH CORPORATE PRIORITIES

- 10.1 The measures outlined in this report will help to achieve the objectives set out in the ‘Strengthening the local economy and skills’ Priority Plan. The Plan’s targets are being revised through the Priority Plan refresh process in the light of the likely impact of the economic downturn.

11.0 FINANCIAL IMPLICATIONS

- 11.1 The economic support measures detailed in this report are part of a wider package of initiatives to be put in place by the authority to mitigate the local effects of the credit crunch and economic recession. £700k revenue funding has been allocated from one-off underspends and balances to fund this package of initiatives for 2008/09 and 2009/10.

12.0 WARD IMPLICATIONS

- 12.1 Borough-wide implications, since the measures aim to support all residents and businesses of Telford & Wrekin

End of Report

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Latest unemployment claimant count with rates January 2009

Total				
Date	Great Britain	W. Midlands	Telford and Wrekin	
	rate	rate	rate	number
Jan-08	2.2	3.0	2.1	2,148
Feb-08	2.3	3.0	2.2	2,195
Mar-08	2.2	3.0	2.1	2,169
Apr-08	2.2	3.0	2.2	2,229
May-08	2.2	3.0	2.2	2,250
Jun-08	2.2	3.0	2.2	2,285
Jul-08	2.3	3.1	2.3	2,365
Aug-08	2.4	3.3	2.5	2,497
Sep-08	2.5	3.4	2.6	2,608
Oct-08	2.6	3.4	2.7	2,705
Nov-08	2.8	3.7	3.0	3,042
Dec-08	3.0	4.0	3.5	3,490
Jan-09	3.4	4.5	3.9	3,964

Male				
Date	Great Britain	W. Midlands	Telford and Wrekin	
	rate	rate	rate	number
Jan-08	3.1	4.2	2.9	1,518
Feb-08	3.2	4.3	3.0	1,561
Mar-08	3.1	4.3	2.9	1,531
Apr-08	3.1	4.2	3.0	1,580
May-08	3.1	4.2	3.0	1,605
Jun-08	3.1	4.3	3.2	1,660
Jul-08	3.2	4.4	3.3	1,723
Aug-08	3.4	4.6	3.4	1,800
Sep-08	3.5	4.7	3.6	1,872
Oct-08	3.6	4.8	3.8	1,973
Nov-08	3.9	5.3	4.3	2,251
Dec-08	4.4	5.8	5.0	2,615
Jan-09	4.8	6.4	5.7	2,974

Female				
Date	Great Britain	W. Midlands	Telford and Wrekin	
	rate	rate	rate	number
Jan-08	1.2	1.6	1.3	630
Feb-08	1.3	1.7	1.3	634
Mar-08	1.2	1.7	1.3	638
Apr-08	1.2	1.7	1.3	649
May-08	1.2	1.6	1.3	645
Jun-08	1.2	1.7	1.3	625
Jul-08	1.3	1.7	1.3	642
Aug-08	1.4	1.9	1.4	697
Sep-08	1.4	1.9	1.5	736
Oct-08	1.5	1.9	1.5	732
Nov-08	1.5	2.0	1.6	791
Dec-08	1.6	2.1	1.8	875
Jan-09	1.8	2.3	2.0	990

% JSA Claimants out of work for more than a year December 2008

	Great Britain	W. Midlands	Telford and Wrekin	
	rate	rate	rate	number
Jan-08	14.0	18.6	9.8	210
Jan-09	8.4	10.7	4.8	190

Latest Ward unemployment January 2009

Ward	December 2008		January 2009		Change
	Number	Rate	Number	Rate	
Apley Castle	29	1.5	38	1.7	9
Arleston	61	3.2	81	4.1	20
Brookside	232	4.9	244	5.2	12
Church Aston and Lilleshall	20	1.1	28	1.6	8
College	86	4.6	96	5.0	10
Cuckoo Oak	204	5.8	223	6.5	19
Dawley Magna	260	4.3	302	5.1	42
Donnington	168	4.6	190	5.2	22
Dothill	45	2.6	47	3.0	2
Edgmond	15	0.7	21	1.0	6
Ercall	47	2.9	44	2.7	-3
Ercall Magna	20	1.2	29	1.7	9
Hadley and Leegomery	240	3.9	273	4.1	33
Haygate	82	5.2	90	4.9	8
Horsehay and Lightmoor	38	2.0	45	2.1	7
Ironbridge Gorge	37	2.2	46	2.8	9
Ketley and Oakengates	205	3.6	237	4.1	32
Lawley and Overdale	106	3.4	118	3.5	12
Madeley	125	3.8	141	4.3	16
Malinslee	238	6.5	268	7.4	30
Muxton	93	2.4	110	2.7	17
Newport East	33	1.9	42	2.5	9
Newport North	23	1.3	32	1.8	9
Newport South	31	1.9	38	2.6	7
Newport West	31	1.8	41	2.4	10
Park	32	2.1	38	2.7	6
Priorslee	70	1.6	79	1.6	9
Shawbirch	39	1.8	40	1.9	1
St Georges	124	3.6	141	3.9	17
The Nedge	263	4.2	292	4.7	29
Woodside	313	7.3	340	8.4	27
Wrockwardine	53	1.7	60	1.8	7
Wrockwardine Wood and Trench	127	3.0	150	3.6	23
Telford & Wrekin Total	3,490	3.5	3,964	3.9	474