

WEST CHESHIRE TOGETHER LSP REPORT

Report title	The Response to the Recession in West Cheshire
Description	The recession has impacted on communities in West Cheshire in a number of ways. It is essential that a co-ordinated and coherent response to the recession is adopted by partners mitigate the effects of the recession in the borough.
Document purpose	<p>The report examines the background to the recession and in particular how it has affected the borough. A set of economic forecasts are presented, together with an Action Plan for the Partnership to agree.</p> <p>The Action Plan is around six key themes:</p> <ul style="list-style-type: none"> • Increasing Business Sustainability • Safer Communities • Better Health • Providing Housing Support • Supporting Residents • Preparing for Recovery
Circulation list	West Cheshire Together
Decision/Action required	<p>That the Partnership;</p> <ul style="list-style-type: none"> • Note the report • Provide any comments and observations, especially on the Action Plan and how activity can be further co-ordinated • Agree to receive quarterly update reports on the Recession Action Plan
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Publication date	30 th September 2009

Target audience	All stakeholders across Cheshire West and Chester
Cross reference	Comprehensive Area Assessment

Report narrative:

1. Purpose of Report

Cheshire West and Cheshire Council and partners have been taking action to help local residents and businesses that might be struggling to cope with the impact of the global recession.

This report gives the background to current work on the recession, including how the recession is affecting both the borough and the neighbouring area. It also considers a set of economic forecasts, and the actions and initiatives that have been undertaken by the council and partner agencies to ensure that help and support is available to any residents who are struggling during this time

The council and partners aim to mitigate the effects of the recession in the borough, through seeking to maintain prosperity and continuing to work with disadvantaged areas to ensure that investment and employment opportunities are created.

2. Overview

The recession in Britain and across the world was a direct result of the credit crunch that began in August 2007 and which worsened dramatically into a global financial crisis in the autumn of 2008. The shock to the world's financial system started with toxic debts in the American sub-prime market, which then spread to the UK; the difficulties experienced by Northern Rock being a precursor to events in the banking sector.

The British economy was officially declared to be in a recession in January 2009, when the Office for National Statistics announced that the preliminary estimate of gross domestic product (GDP) – a standard measure of the total value of a country's output of goods and services – showed a fall of 1.5 per cent in the last three months of 2008 after a 0.6 per cent drop in the previous quarter.

The National Institute of Economic and Social Research (NIESR) has stated the economy is now stagnating rather than continuing to contract at a sharp pace. According to NIESR's estimates, in the three months to June 2009, the British economy was around 5.5 per cent below its peak in March 2008.

In its April 2009 budget, the government forecast that the economy would shrink by 3.5 per cent in 2009, which would be the biggest fall in national output since 1945. But growth is expected to return in 2010, with the economy predicted to expand by 1.25 per cent.

Other forecasters are less confident. The average of independent forecasts suggests a contraction in 2009 of 3.7 per cent; the Organisation for Economic Co-operation and Development described Britain as being in 'a sharp recession' with output set to contract by 4.7 per cent in 2009 and with zero growth in 2010.

NIESR's quarterly forecast published in late July sees GDP falling 4.3 per cent in 2009 before growing one per cent in 2010 and 1.8 per cent in 2011. But GDP per head is predicted to take until March 2014 to return to its level in the first quarter of 2008, when the recession began.

The view that the recovery in output will be slow is widely shared among economists in both Britain and the United States. The expectation is of a 'tick-shaped' recovery: a short, rapid rebound, but then a much slower haul for most of the rest of the recovery. This is because of the need to work off the excesses in the financial markets and the housing markets out of which the crisis and the recession emerged.

Informed commentators broadly agree that the banking and financial sector have been stabilised as a result of co-ordinated actions by world governments, however the full impact of the financial shocks are still working their way through the UK economy.

3. The West Cheshire Picture

The council has drawn up an economic dashboard to monitor key areas in the recession. This dashboard is updated monthly and recent highlighted areas are indicated below.

Commercial risk

The proportion of Cheshire West & Chester businesses with a high commercial risk rating declined between December 2008 and May 2009, both within the local authority (from 32.9% to 30.8%) and the Cheshire & Warrington sub-region (from 36.1% to 30.7%).¹ This may reflect an improvement in business fortunes.

Claimant unemployment

Cheshire West & Chester's claimant unemployment rate has risen significantly, from 1.9% in July 2008 to 3.7% a year later and may not yet have peaked. The authority's overall claimant rate remains below the NW and UK averages (4.7% and 4.2% respectively). The same is also true of the rates for four of Cheshire West & Chester's Area Partnership Boards (APBs), with the only exception being Ellesmere Port APB (4.8%, up from 4.6% in June).

Within specific age groups, the greatest cause for concern is the claimant unemployment rate for people aged 19-24 (7.8% in July 2009, compared to 3.8%

¹ Source: Experian/ Business Link North West. (Data provided by Experian, but subjected to further analysis by Business Link North West.)

one year before and 7.1% one month before). This is below the equivalent figures for the North West (9.3%) and the UK (8.1%), but still much higher than amongst 25-49 year-olds (3.6%), 16-18s (3.0%) and those aged 50+ (2.1%). The latter rate (i.e. for people aged 50+) also compares unfavourably to the UK average (1.8%).

Job gains and losses

Intelligence gathered by the Cheshire & Warrington local authorities and their partners suggests that around 530 jobs have been created in Cheshire West & Chester between the start of 2008 and the end of July 2009 (with nearly 400 of these being due to the opening of new retail outlets). However, the same evidence suggests around 780 jobs were lost (600 of them in the financial services sector). This evidence is largely based on newspaper reports and therefore excludes many job gains and losses, particularly those involving smaller firms. Hence it may be unrepresentative of overall employment change and ought to be treated with some caution. Nevertheless, it is consistent with other evidence - for example, the claimant unemployment data reported above – about the recession resulting in a substantial net decline in local employment. The most significant changes over the last three months (June to August) are:

- A new Tesco Home Plus store opening at Chester Retail Park, creating 200 jobs.
- The relocation of Lloyds Banking Group's personal loans product team to London, resulting in the loss of up to 265 jobs (mainly in Chester) by the end of 2011.

Young people who are NEET²

The latest (July 2009) data suggest that 6.3% of Cheshire West & Chester's 16-18 year-olds are "NEET" (not in education, employment or training). Compared with the 2008/09 year outturn (5.4%), this current percentage is relatively high. The recession may well be a key factor in this increased economic disengagement of young people.

Residential property market

House prices in Cheshire West & Chester fell in the twelve months to July 2008. This was the first year-on-year decline since 1997. Since then, the annual rate of decrease has grown (reaching -14.2% in the year to April 2009), before falling back slightly (to -13.8% in May and -13.2% in June). This trend broadly mirrors that seen in the North West and England & Wales (where the rate of decline also peaked in the first four months of 2009). However, house prices fell less sharply in Cheshire West & Chester than they did at regional or national (England & Wales) level.

² Source: Connexions Cheshire & Warrington.

³ Final sales volume figures are not yet available for later months.

⁴ These benefits include Carer's Allowance, Disability Living Allowance, Employment and Support Allowance, Incapacity Benefit, Income Support, Jobseeker's Allowance, Pension Credit, Severe Disablement Allowance and Widow's Benefit.

⁵ Source: DWP Benefits (WPLS) data, ONS, NOMIS. Crown Copyright.

The volume of residential property sales grew 63% from a low point in January (131) to reach 214 by April 2009, but remains 39% below its level in April 2008 (352).³

This recent evidence also suggests that the local housing market (like England & Wales as a whole) was significantly affected by the recession, but that the situation may now be stabilising.

Benefit caseloads

There was a significant increase (8.9%) in Cheshire West & Chester's total Housing Benefit and Council Tax Benefit caseload over the twelve month period ending in July 2009. The total caseload has also increased in each of the last three consecutive months, with month-on-month rises of 1.2% in May, 0.6% in June and 1.4% in July. The recession may well be a key contributor to this continuing increase in the level of social hardship.

More generally, the proportion of Cheshire West & Chester working-age residents claiming any working-age benefit⁴ has risen to its highest level in the last decade and stood at 14.3% as at February 2009, up from 12.7% one year beforehand. There has been a similarly sharp increase in the working-age benefit claimant rate in the North West (now 19.1%) and Great Britain (now 15.7%).⁵

4. Economic forecasts

The Council and its partners are developing their understanding of the local economy. This is supplemented by the sub-regional work, which is shared across the broader Cheshire economic area.

A series of economic forecasts have been produced to aid policy development and intervention over the coming months:

- Cheshire West & Chester will see its economic output (GVA) fall by 3.8% in 2009 (after 0.6% growth in 2008) and by 1.1% in 2010, before positive growth (of 1.6%) returns in 2011.
- NW England and the UK will also experience significant falls in GVA in 2009 (3.0% and 3.2% respectively), followed by a smaller contraction (just over half a percent in each case) in 2010. In other words, the recession is expected to be a little more severe in Cheshire West & Chester than in the region or UK as a whole.
- Employment in the authority will drop in four consecutive years: by 0.4% in 2008, 2.1% in 2009, 1.5% in 2010 and 0.3% in 2011, with significant growth resuming only in 2013. The length and magnitude of this decline in employment is broadly similar to that expected for the NW and the UK.
- Employment will fall particularly sharply in the former Districts of Ellesmere

Port & Neston (by 1.2% a year during 2008-12) and Vale Royal (1.5% a year over this period), with Ellesmere Port & Neston continuing to see a net decline in jobs (0.4% a year) even in the longer term (2012-20).

- During 2008-12, employment in three sectors - Banking and Finance, Chemicals and Retailing - will fall by over 500. Chemicals and Motor Vehicles will each see a net reduction of over 1,000 jobs over the whole forecast period (2006-20), while the number of jobs in Professional Services and Health & Social Work will each increase by over 1,000.
- Between 2006 and 2020, there will be a further decline (locally, regionally and nationally) in the number of low-skill and skilled trade jobs, and continued growth in the number of professional, personal service and sales/ customer service jobs. The number of administrative/ clerical jobs is also expected to fall.
- Over the same period, growth in local labour demand (employment) will outpace growth in local labour supply. The gap will have to be filled by increasing net inward migration or commuting, or by initiatives to encourage economically inactive local residents to re-enter the labour market.

5. Partnership Action Plan

The Council and partners have set up a series of six key themes that will guide work on the recession. The attached Action Plan (**see Appendix A below**) outlines the tasks and performance measures that will work to combat the recession under each theme.

The key themes are as follows:

- Increasing Business Sustainability
- Safer Communities
- Better Health
- Providing Housing Support
- Supporting Residents
- Preparing for Recovery

6. Recommendations

That the 'West Cheshire Together' LSP;

- 1. Note the report,**
- 2. Provide any comments and observations, especially on the Action**

Plan and how activity can be further co-ordinated,

- 3. Agree to receive quarterly update reports on the Recession Action Plan.**

APPENDIX A

Theme 1 – Increasing Business Sustainability				
Ref	Outcomes	Task	Lead Organisation	Measure
1	Improved cash flow	<p>Ensure that 10 day turnaround time for small local businesses is implemented</p> <p>Encourage use of small business rate relief team</p> <p>Enable use of local suppliers for public contracts</p>	Cheshire West and Chester Council	<p>Ensure Creditors and paid within agreed trading terms, whilst the definitions are agreed and the data gathered and agreed.</p> <p>2500 businesses in receipt of relief in 2009</p> <p>Complete by March 2010. Set baseline level from 2010 for spend with local suppliers.</p> <p>(Analysis of 2008/09 shows approx 32% of total CWAC spend was placed with local suppliers although this is not verifiable)</p>

Theme 1 – Increasing Business Sustainability				
Ref	Outcomes	Task	Lead Organisation	Measure
2	Better access to information and advice	<p>Develop a web based portal for all business and skills enquiries</p> <p>Undertake an economic summit with major business to address key recession issues</p> <p>Hold regular meetings with local business</p>	Cheshire West and Chester Council	<p>500 business enquiries processed per year</p> <p>80 businesses attending</p> <p>Monthly programme of meetings held from October 2009</p>
3	Improve prospects for new business growth	<p>Implement an inward investment campaign for government relocation project</p> <p>Provide a business grant scheme for start up business</p> <p>Develop enterprise cafes in council workspace for start up business</p> <p>Launch a business to business events programme to support business growth</p>	<p>Cheshire West and Chester Council</p> <p>Cheshire West and Chester Council</p>	<p>50 jobs created by march 2010</p> <p>30 businesses supported</p> <p>3 new cafés developed by February 2010</p>
4	Increase footfall and visitor spend in key centres	Review Charisma loyalty scheme outside of Chester	Cheshire West and Chester Council	1000 new cardholders per year

Theme 1 – Increasing Business Sustainability				
Ref	Outcomes	Task	Lead Organisation	Measure
		Coordinate the ‘Support the retailer scheme with Business Link		60 businesses advised

Theme 2 Safer Communities				
Ref	Outcome	Task	Lead Organisation	Measure
1	Prevention of fraud and extortionate lending	Media campaign against backstreet lenders and loan sharks Ensure residents are aware of loans and interest rates from high street lenders	Cheshire West and Chester Council (Trading standards)	
2	Improved safety of commercial premises	Roll out business crime initiative outside of Chester	Cheshire West and Chester Council	
3	Reduce level of Arson linked to business premises	Close work with community safety and fire brigade	Cheshire Fire and Rescue Service and Cheshire West and Chester Council	
4	Reduce levels of acquisitive crime	Joint working with all partner organisations within the Safer and Stronger Communities Partnership	Cheshire West and Chester Council, Cheshire Probation and Cheshire Police	NI 16 Serious acquisitive crime rate (which counts burglary, robbery of business property and personal property, vehicle theft and theft

Theme 2 Safer Communities				
Ref	Outcome	Task	Lead Organisation	Measure
				from vehicles) NI 30 Re-offending rate of prolific and priority offenders
5	Reduction in incidents of domestic violence		Cheshire Domestic Abuse Partnership Cheshire Police and Cheshire West and Chester Council	NI 32 Repeat incidents of domestic violence NI 20 Assault with injury crime rate

Theme 3 Better Health				
Ref	Outcome	Task	Lead Organisation	Measure
1	Residents able to heat homes more efficiently in winter	Promote energy efficiency Fuel poverty campaign	Cheshire West and Chester Council	NI 187 Tackling fuel poverty – people receiving income based benefits living homes with a low energy efficiency rating
2	Reduction in incidents of domestic violence		Cheshire Domestic Abuse Partnership	NI 32 Repeat incidents of domestic violence

Theme 3 Better Health				
Ref	Outcome	Task	Lead Organisation	Measure
3	Reduction in drug and alcohol abuse		NHS Western Cheshire	NI 39 Alcohol-harm related hospital admission rates NI 40 Drug users in effective treatment
4	Better leisure opportunities for residents	Target concessionary schemes for leisure use e.g. free swims Develop Smart Card concept for integrated leisure and travel use	Cheshire West and Chester Council Cheshire West and Chester Council	Cheshire West and Chester Council Cheshire West and Chester Council
5	Improved Mental Health and Well-being	Promote the Charter for Employers Positive about Mental Health. Work with the 2 Cheshire PCTs to promote Improved access to psychological therapies.	Cheshire West and Chester Council	16 employers will sign up to the charter by 03/10. To achieve national target of 56 individuals coming of benefits and returning to employment per year starting in 09/10.
6	Healthier Eating	Set up and run healthy eating campaign (in conjunction with Buy Local initiative)	Cheshire West and Chester Council	

Theme 4 Providing Housing Support				
Ref	Outcome	Task	Lead Organisation	Measure
1	Reduction in repossessions	<p>Deliver mortgage rescue scheme for home owners</p> <p>Fund two Court Desk Services</p> <p>Recruit a Mortgage Arrears Adviser</p> <p>Draw up protocol for social landlords regarding evictions</p>	Cheshire West and Chester Council	<p>Review operating procedures Oct 09 Develop Leaflet Oct 09</p> <p>Court Desk in Northwich and Chester funded 09/10</p> <p>In post Oct 09, increase the number of individuals prevented from becoming homeless due to mortgage repossession – total of 25 cases prevented per year</p> <p>Meeting with main RSLs Sep 09 Draft protocol Oct 09 Protocol in place Nov 09</p>

Theme 4 Providing Housing Support				
Ref	Outcome	Task	Lead Organisation	Measure
		Provide money management advice for residents		Recruit Money Adviser Oct 09
		Publicise services available to prevent homelessness due to mortgage and rent arrears to the public		Marketing campaign launched Spring 2010
2	Reduce homelessness	Provide enhanced housing options service for residents	Cheshire West and Chester Council	Recruit to EHO posts Oct 09
		Carry out Homelessness Review		Draft complete Sep 09 Consultation sep – Nov 09
		Develop Homelessness Strategy		Draft Dec 09 Adoption Feb
3	Improved access to private rented sector for residents	Set up Landlord Accreditation Scheme	Cheshire West and Chester Council	Referrals made to existing accredited properties. New CWaC Landlord Accreditation Scheme will be launched April 2010
		Promote Housing Solutions Service to Private Landlords	Cheshire West and Chester Council	Presentation at Landlords Forum Sept 09

Theme 4 Providing Housing Support				
Ref	Outcome	Task	Lead Organisation	Measure
		Promote Rent Bond Scheme, and ensure sustainable tenancies through credit union accounts and furniture vouchers	Cheshire West and Chester Council	Leaflets and Posters for rent bond scheme Oct 09 Set up credit union accounts Nov 09 Set up Furniture Voucher scheme Jan 10
4	Continue to facilitate the provision of affordable housing	Work with HCA and Registered Providers to enable rent and low cost home ownership Continue with S106 agreements	Cheshire West and Chester Council	Continuation of current arrangements

Theme 5 -Supporting Residents in the Borough				
Ref	Outcome	Task	Lead Organisation	Measure
1	Residents are aware of advice and support available	Set up and run media 'We're Bouncing Back' campaign	Cheshire West and Chester Council	
2	Help to residents facing immediate financial difficulties	Provision of a telephone-based welfare rights service Introduce welfare rights campaign to back up the 'Everyone Benefits' campaign Promote credit unions	Cheshire West and Chester Council Cheshire West and Chester Council Cheshire West and Chester Council	1200 people advised each quarter Report to Members December 2009

Theme 5 -Supporting Residents in the Borough				
Ref	Outcome	Task	Lead Organisation	Measure
3	Support to residents facing redundancy	Coordinate redundancy support through RAST	Cheshire West and Chester Council	200 individuals supported with advice
4	Better response to increased levels of demand for advice and assistance	Consider placement of welfare rights team within CAB to provide more comprehensive service	Cheshire West and Chester Council	Report to Members December 2009
		Work with CAB to ensure that timely independent advice is available	Cheshire West CAB	2,000 people per annum provided with full debt advice

Theme 6 Preparing for Recovery				
Ref	Outcome	Task	Lead Organisation	Measure
	Improve employment prospects of residents	Launch of Future Job Fund project Develop an Employment Charter to improve Local Employment Support residents to upskill to access local jobs being created	Cheshire West and Chester Council	750 jobs created 50 companies signed employment charter
	Delivery of Major Regeneration Programmes	Develop costed action plan for key town centre programmes	Cheshire West and Chester Council	
	Enhance Commercial Investment	Enhance use of empty shops using community and arts projects	Chester Renaissance / Cheshire West and Chester Council	
	Improvements on Cleaner and Greener Areas	Deliver a prioritised 'Blitz on the streets' for key centres.	Cheshire West and Chester Council	Invest £1m by March 2010

Theme 6 Preparing for Recovery				
Ref	Outcome	Task	Lead Organisation	Measure
		Undertake feasibility for Business Improvement Districts	Cheshire West and Chester Council	
		Implement prioritised public realm programme in areas suffering from lack of investment	Cheshire West and Chester Council	Complete investigation and prepare report by the end of October
		Set up a shop front improvement scheme in key areas		£30k invested in match funding for priority areas by end March 2010