

South Derbyshire Local Strategic Partnership

Report to the Board

Date of meeting: 25 March 2009

Agenda Item: 8

ECONOMIC DOWNTURN – REPORT AND RESPONSE

1.0 Recommendations

1.1 That the Board note the contents of the report and:

- That an event is staged for businesses outlining the assistance available to them.
- That a Jobs Fair is held promoting opportunities available with local employers.

2.0 Purpose of Report

2.1 To report on discussions of the LSP's Sustainable Development Group regarding the impact and response to the downturn for both individuals and businesses in South Derbyshire, noting that the impacts will not be purely economic. The downturn will undoubtedly be a key priority for the LSP in the coming year, with implications for all of the Theme Groups.

3.0 Detail

3.1 In December 2008, the Board supported a range of measures proposed by the Derbyshire Partnership Forum, which included promotion of schemes such as Source Derbyshire, the rapid payment of invoices and raising awareness of assistance such as small business rate relief.

3.2 Recent reports indicate that the impact and scale of the downturn is likely to be greater and more prolonged than anticipated in the early stages. Whilst South Derbyshire entered the downturn in a relatively strong position (unemployment was just 1.0% in January 2008), the effects are increasingly being felt in the District.

Impact of downturn

3.3 The current unemployment position is detailed in the Annex, highlighting the following trends:

- unemployment is at 2.3% (Claimant Count Jan 09), around 1% below regional and national averages; This represents 1,285 people, though there are significantly higher numbers (approx 4,000) on other welfare benefits.

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- a rapid increase in unemployment in South Derbyshire of 118.5% in 12 months (697 people); However, the District continues to have the second lowest unemployment in Derbyshire (after Derbyshire Dales).
- young unemployment (aged below 25) and long-term unemployment are below regional and national averages.
- persistent geographic variations across the District, with higher levels of unemployment in the Swadlincote urban area.
- high levels of growth (in Derbyshire) in unemployment in occupations including: machine operatives, skilled trades, managers and professionals.

3.4 Results from Derbyshire & Nottinghamshire Chamber of Commerce's Quarterly Economic Survey (December 2008) reveal that performances reported by businesses in the last three months are markedly lower and expectations for the next quarter are even more negative. The key messages include:

- in the manufacturing sector 51% and 60% report lower UK sales and orders respectively. Only a third of manufacturers have attempted to recruit and 35% are expecting to reduce their workforce.
- in the service sector 40% and 45% report lower UK sales and orders respectively. Only 35% of service businesses have attempted to recruit and 20% expect to reduce their workforces.
- only 4% of Derbyshire businesses thought that the economy would improve in 2009.

3.5 Discussions within the Sustainable Development Group have highlighted a range of issues, for example: Interlinkage with the fortunes of employers in Burton, Derby and other neighbouring settlements given the high levels of out-commuting amongst residents; Increasing competition for places on apprenticeships/graduate schemes and for those with barriers to accessing work; Variable impact of the downturn on businesses of different sizes/sectors; Limited opportunities for school leavers; Redundancies impacting on all parts of the workforce; Over 50s being made unemployed for the first time and likely to face particular challenges in re-entering the workforce; and, Growth in online recruitment in recent years and thus the importance of ability to access and use ICT.

3.6 Despite the downturn, jobs are becoming available, for example some 2,700 new vacancies were received by Jobcentre plus in January in Derbyshire. Opportunities continue to exist for individuals and businesses in the District, such as: The development of Donington to host Formula 1 Grand Prix; Enhanced prospects of some export-focused businesses given current exchange rates; Potential growth of domestic and in-bound tourism in The National Forest; Public investment such as the new

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leisure centre at Etwall and further developments at Rosliston Forestry Centre; and, Regeneration projects which will create short-term construction employment and build confidence in the longer term.

- 3.7 It is important to note that the downturn is also anticipated to impact upon a range of related services provided by both public and voluntary sector organisations, for example, greater demands on advice/support services such as debt counseling, credit unions, homelessness, worklessness, fuel poverty and welfare benefits. There is also potential for the growth of acquisitive and opportunistic crimes and domestic violence. The links between unemployment, poverty and ill health are well established, with consequent impacts on related services.

Downturn response

- 3.8 Numerous new initiatives are underway through agencies at the national, regional and local level, including advice, guidance and financial assistance. In the short term, a key priority is raising awareness amongst individuals and businesses of the support from which they could benefit. Early intervention can often increase the effectiveness of the assistance available, whether it is an individual struggling with mortgage arrears or a business seeing a downturn in sales.
- 3.9 South Derbyshire District Council, for example, has undertaken a range of actions with partners to assist businesses in the area and so safeguard employment. Last year a group of related businesses in the construction products sector were brought together to seek shared solutions to the challenging trading conditions. This resulted in the 'Construction Futures' event in October 2008 and, most recently, the 'In the Pipeline' tour of local manufacturing facilities for architects and other buyers in February. A series of business briefing events have also been well attended and have targeted enterprises in specific sectors to highlight the range of support available.
- 3.10 A number of joint promotional initiatives amongst partners are underway, including the following:
- local voluntary organisations are developing a joint leaflet outlining their services.
 - through the LSP's Healthier Communities Group, the Primary Care Trust is funding the delivery of citizen's advice (eg. debt advice) in primary care settings such as surgeries, which it hopes to extend further if the necessary funding can be secured.
 - an Economic Focus Group of key agencies from the public and voluntary sectors in South Derbyshire and East Staffordshire has been formed (reflecting the local economy) to work at a practical level -

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exchanging information, mapping and promoting available assistance and co-ordinating positive publicity.

3.11 The LSP's response to the downturn will be a consideration for the emerging Sustainable Community Strategy. Given the range of issues arising from the downturn, it will be a key issue for all of the Theme Groups in preparing their Action Plans for 2009-10.

4.0 Recommendation

4.1 It is recommended that Board Members note the contents of the report and:

- That an event is staged for businesses outlining the assistance available to them.
- That a Jobs Fair is held promoting opportunities available with local employers.

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ANNEX

Unemployment (Claimant Count)

		Jan 2008				Jan 2009	
Area	Male	Female	Total		Male	Female	Total
South Derbyshire	1.3% (398)	0.7% (190)	1.0% (588)		3.1% (931)	1.3% (354)	2.3% (1,285)
Derbyshire	2.5%	1.1%	1.8%		4.5%	1.6%	3.2%
Derby City	3.8%	1.4%	2.7%		5.9%	2.0%	4.1%
East Midlands	2.8%	1.2%	2.0%		4.7%	1.8%	3.3%
England	3.1%	1.2%	2.2%		4.8%	1.8%	3.4%

Area	All	Young			Long term (>1yr)
		<20	20-24	<25	
South Derbyshire	2.3% (1,285)	3.6% (170)	5.9% (245)	4.7% (415)	3.1% (40)
Derbyshire	3.2%	4.7%	7.6%	6.2%	5.9%
Derby City	4.1%	5.2%	6.7%	6.1%	6.6%
East Midlands	3.3%	4.1%	6.0%	5.2%	7.4%
England	3.4%	4.0%	6.3%	5.3%	8.5%

Source: ONS