



Meeting: Haringey Strategic Partnership

Date: 27 April 2009

Report Title: Macro-Economic Issues and Responses to the Recession in Haringey

Report of: Karen Galey, Head of Economic Regeneration, Haringey Council

Purpose

To provide an update the HSP partners on actions agreed at previous HSP meetings and latest information.

Summary

The economy is forecast to recover in the next 5-10 years but the landscape after recovery is likely to be very different. As the Government's economic forecasts in the Pre Budget Report are highly unlikely to be achieved, there will be an even bigger hole in the public finances. As a consequence, we'll be increasingly asked to do more with less. This will present opportunities and challenges, and the HSP needs to be geared up to respond. In doing so the HSP needs to identify priorities and provide the necessary investments.

Legal/Financial Implications

N/A.

Recommendations

To note the progress made to date.

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Background

THE RECESSION

A recession is defined as two consecutive quarters of economic contraction – recent UK figures state GDP output fell 0.6% and 1.6% in the last two quarters respectively and therefore the economy officially went into recession. Since the 1950's, majority of recessions have officially lasted nine months (three quarters). However, the two most recent recessions have officially lasted over a year (five quarters in each case).

STATISTICS

National unemployment trends show the following:

- UK unemployment – 2.03m, UP 421k over the year
- UK vacancies – 482k, DOWN 203k over the year (lowest since comparable records began in 2001)
- London unemployment – 294k, UP 33k over the year – 9% of national increase (showing resilience)

What is of most importance to us is what is happening in Haringey.

- The JSA claim rate has increased to 8,466 – over 2,140 more claimants than in May 2008.
- This is the 8th lowest increase in London, but still a significant and substantial increase – all London boroughs have experienced an increase in the claimant count since May 2008.
- JSA claim levels are still historically low, especially compared to the 20,000+ residents who were claiming the equivalent of JSA at the time of the last recession in 1992.
- At March 2009, over two-thirds of claimants are in Tottenham, but in the last year there has been a proportionally a bigger increase in Hornsey and Wood Green (+38% compared to +27% in Tottenham).
- In the context of the equality and diversity agenda there is negligible gender inequality, but markedly higher rate of increases in new claimants amongst white people (+24% compared to +12% in the BAME communities) and those aged over 25 (+32% compared to +18% amongst the under 24s).

Between October 2007 and October 2008, there has been a near 100% increase in new claims for housing and/or council tax benefit, a 27% increase in number of insolvency or liquidation write-offs, and increased rates of vacant retail units on our high streets (although Haringey remains slightly lower than the average for England).

ONGOING WORK

Our existing partnership programmes, such as the Haringey Guarantee are still delivering, but will come under increased pressure. Additional support for employment seekers is to come from government. This is a £1.3bn package of measure including halting Job Centre Plus closures and offering incentives to employers to take on unemployed people. Services are also being developed to better meet the needs of recently unemployed people, tackling

recent nationwide redundancies. This recession will highlight the rapidly changing skill demands in the economy and our support interventions must respond to this, but also not lose focus on those who are furthest from the labour market.

Our business community is struggling to access finance. We have met with the banks and they want to convey this message - they are “open for business”. However, they are more risk averse and want to lend where it is a viable option and to support valuable activities in the borough. Again the government have developed measures to support business during this time, coinciding with the launch of ‘Solutions for Business’ – the product of the business support simplification agenda. The government has agreed to underwrite £1.3bn of commercial loans to businesses as part of the enterprise finance guarantee scheme. We continue to promote the availability of these schemes within the business community.

There is a massive commitment by central government to invest in infrastructure and in particular in house building. With this investment will come contracts for construction firms and through them, employment opportunities. This is a huge opportunity for the borough to provide employment and skills development for local residents through apprenticeships and direct labour organisations in this potential construction boom. Already, in 2006, Haringey has adopted the Supplementary Planning Guidance Employment Code of Practice and Employment Training Protocol. This is Haringey’s commitment to taking advantage of the employment opportunities for local people through our significant regeneration projects.

The borough’s major development sites at Tottenham Hale and Haringey Heartlands are integral to achieving our London Plan housing target of 6,800 homes by 2016/17. This is in addition to the Decent Homes (for Haringey), improving the quality of our social housing stock, and the £211m Building Schools for the Future programme to build 12 new schools. This is on top of our ongoing and future planned infrastructure and public realm improvements and the development of a green industries centre at Marsh Lane.

NEW APPROACHES

Tackling this recession calls for new approaches and we have already begun to explore viable options. These are approaches that are community driven to reinstate trust that has been lost in large organisations and in the private sector. Approaches that deliver greater social return on investment, giving residents and businesses greater control and ownership of their circumstances and that create new opportunities that are no longer viable in this changed economy. Already we have considered: Financial Services, New models of housing provision, a Green New Deal, Credit Unions, Co-operatives and Local Energy Generation and Supply, Flexible and tailored business support, Self Employment and Volunteering. An update on this activity is attached as appendix 1.

Further to this a recession taskforce is being established through the HSP and a recession dashboard that will monitor key indicators of the recession. The cross-cutting indicators basket of indicators on the dashboard is currently

being updated bi-monthly. Indicators have been selected across all the Community Strategy that consider, lifestyle changes, employment rates, business health, family poverty, mortgages and repossessions, crime and safety and economic regeneration.

Appendices

Update on activities.

APPENDIX 1 Tackling the Recession - Actions

Action	Action Holder (s)	Progress	Target date
<p>Taskforce/ Observatory Creating a high level taskforce to oversee the dynamics of the recession and anticipates trends</p>	Leader/ Niall Bolger	<p>19 February</p> <ul style="list-style-type: none"> ▪ Indicators established - agreed to include a column dashboard on the work of the HSP partners. The dashboard will be discussed at the HSP meeting on 26 February. ▪ Regarding crime, Personal Robbery and Domestic Violence. It was agreed to include some additional indicators related to the crime and community safety agenda. 	<p>16 April – second bi-monthly dashboard published.</p> <p>Letter sent to HSP partners inviting them to join recession task force.</p>
<p>Credit union Explore the possibility of establishing a credit union with an established union in another borough. The London Fire Brigade have a successful credit union.</p>	Ita O'Donovan/ Niall Bolger	<p>1 April</p> <p>We are in the process of refreshing a 2003 research piece on Credit Unions, in order to give an up to date appraisal of options and demand.</p>	<p>Final research report by end of May.</p>
<p>Apprenticeships London Councils has proposed a target of at least 2000 apprenticeship starts across London boroughs by 2012. The Dir UE and the Cabinet Member for Regeneration to establish a clear target for Haringey and report back to CAB 12 February</p>	Dir. UE / Cllr Amin	<p>1 April</p> <p>The Haringey Apprentice Delivery Steering Group has been established and endorsed by the leader of the council, and one of the groups' key priorities will be to oversee the council's commitment of trebling the number of apprenticeships it currently offers over the next two years. Currently in discussion with CoNEL to establish an apprenticeship delivery framework for Haringey.</p>	<p>The first meeting is scheduled to take place on Wednesday 20th May.</p>

<p>Payment for local businesses It was suggested that the Council could reduce payment terms to 10 working days for local businesses. 50% of payments are now paid within 10 working days. The Director of Corporate Resources to explore further.</p>	<p>Julie Parker</p>	<p>19 February: Officers are currently working on actions to introduce a new 10 days payment process in time for the new financial year April 09; it is intended to work towards achieving 75% of undisputed invoices been paid within 10 working days by December</p>	<p>April 2009</p>
<p>Local 'kitemark' To establish a 'kitemark' for local businesses who employ local residents. A celebratory event could be held for those who qualify. The Chief Executive, Director of Urban Environment and the Cabinet Members for Urban Environment and Regeneration & Enterprise agreed to look into this idea further.</p>	<p>Ita O'Donovan/ Stuart Young</p>	<p>1 April A proposal is currently being compiled, looking at a number of potential schemes, including aligning the Kitemark to the Greenest Borough strategy. Officers have been communicating with the Federation of Small Businesses to draw in experiences from their Keep It Local Campaign. Researching other local campaigns, such as Brighton's Buy It Local scheme, officers are considering ways of inverting the civic pride associated with shoppers in localisation campaigns to apply to employers. The emergence of trading associations across the borough could potentially provide a good lead in for this idea.</p>	<p>Meeting scheduled for mid-April</p>
<p>Support for Businesses Helping the business community by signposting them to all available support and advice and through a 'business breakfast' sponsored by the HSP.</p>	<p>Karen Galey/Mary Connolly</p>	<p>A Business Pack, outlining all council services has been designed, printed and distributed to over 8,000 businesses. Leaflet sent out with business rates letters outlining all available government support. Business Breakfast on 8 May for HSP partners to meet and discuss issues with local businesses.</p>	<p>Business Breakfast 8th May.</p>

<p>Voluntary Sector The Leader and ACE for PPP&C to meet with HAVCO to explore opportunities to develop volunteering, targeting skilled workers who have recently been made redundant.</p>	<p>Leader/ Sharon Kemp</p>	<p>19 February: Meeting organised by ACE PPP&C and Leader to meet CE HAVCO.</p>	<p>Meeting being arranged by Voluntary Sector Team.</p>
<p>Haringey Citizens Advice Bureau ACE PPP&C, and Cabinet Member for Community Cohesion to meet with CAB representatives to discuss opportunities for developing advice and support to residents.</p>	<p>Cllr Cooke/ Sharon Kemp</p>	<p>19 February: Meeting organised for Dir UE, ACE PPP&C to meet CE of CAB.</p>	
<p>Opportunity for home working The Cabinet Member for Enforcement & Safer Communities to liaise with the Director of Urban Environment on creating opportunities for residents to work from home; to look at previous related Council policies from the 1990's.</p>	<p>Cllr Canver</p>	<p>19 February: Cllr Canver to raise with Dir UE</p>	