Meeting: **Haringey Strategic Partnership**

Date: **5 November 2009**

Report Title: **Update on Haringey's Response to the Recession**

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Purpose

The purpose of this report is to update the strategic partnership on the key indicators of the recession in Haringey and the development of an action plan to respond to the recession in the borough.

Summary

The latest Position

The report sets out the findings of the latest update of the recession (the fourth update) and the development of an action plan to respond to the recession in the borough. Analysis of the latest update of the recession dashboard (October) shows that two stand out indicators, which help tell the narrative of the impact of the recession in Haringey, to be the JSA claim rate and average house prices. Both indicators are available on a monthly basis and with comparison data at local, regional and national levels; they are both datasets that will respond quickly to economic conditions.

JSA Claim rates

The long trends for JSA claim rates in the borough show that historically, claim rates in Haringey have been 2-2.5% higher than the average for London and England. This is understandable in the context of the levels of deprivation experienced in the north east of the borough and in particular the Northumberland Park and White Hart Lane wards. Over a quarter of the super output areas in the borough are within the 10% most deprived nationally. Latterly, as the economic downturn lead to recession, all trends for JSA claim rates have pointed up. However, the figures for Haringey have been less severe relative to London and England. Increasing by 36% since May 2008, compared to 42% in London and 47% across England. The increase in the number of JSA claimants is also amongst the lowest in London, although the absolute number of claimants in the borough remains amongst the highest in the capital.

The borough's internal trends are also of interest, showing that whilst the JSA claim rate in the Tottenham parliamentary constituency have increased by 50% since May 2008, the rate in the Hornsey and Wood Green constituency

has increased by 70% for the same period. It is important to note that despite the higher increase in claim rates overall the absolute number of claimants in Tottenham (5,886) remains higher than in Hornsey and Wood Green (4,004). This information is indicative of how this recession has impacted upon professional sectors and in particular the financial services sector, where we know through commuter patterns that there are many residents from the Muswell Hill and Crouch End neighbourhoods working in the square mile.

Average House Prices

Based upon Land Registry data, all local, regional and national trends show growth in average house prices up until early spring 2008, when they peaked and began to shrink at around the same rate that they rose. For Haringey the market peaked at just under £367,000 in March 2008, for London and England they peaked in February 2008 at £356,000 and £184,000 respectively. The decline in the market continued until late winter 2009, where figures appear to have bottomed out and in Haringey's case, tentatively grow again. These dates correspond with, in the first instance the fallout of the Northern Rock collapse and its ultimate impact upon the availability of mortgages and repossessions, and secondly the slight recovery is timed with the fiscal stimulus packages being agreed across the G20 nations, recovering confidence within the markets and talk of increased lending in the mortgage market.

Overall Haringey average house prices are consistent with the London average, for much of the downturn the average price was higher than London, but August 2009 figures are slightly below the London average. Average house prices for England are consistently over £100,000 less than in London. Looking at Haringey's performance, tells us that a) housing stock in Haringey is still (on average) in demand and b) that the net result of transactions in the borough has not been erratic enough during the recession to suggest anything other than relative stability.

Other indicators

In addition to the JSA claim rate and average house prices, there are other indicators that have been monitored on the recession dashboard, which give an insight into the state of the borough. Many of these indicators are updated annually or quarterly and therefore don't portray the latest picture, but by the next update they will become increasingly informative. They include:

- The ILO unemployment rate (model based) – 9.7% for the period April 2008 to March 2009, which is an increase from 9% in the previous period and still higher than London (7.4%) and England (6.2%).
- Eligibility for Free School Meals – for the year 2009/10, 31% of the primary school roll and 35% of the secondary school roll have been assessed as eligible for free school meals. The most up to date comparative data provided, shows the London averages for 2008 to be 24.3% (Secondary) and 22.5% (Primary).
- County court records show that between Q3 2008 and Q2 2009, 3.6 in every 1,000 households have been handed down a court order in relation to mortgage repossessions and 12.8 in relation to landlord

repossessions of privately rented homes. in the case of mortgage repossessions, Haringey is lower than the London and England averages at 3.9 and 4 per 1,000 households respectively. For Landlord repossessions, Haringey is almost twice as high as the London average (7.4) and almost three times as high as the England average (4.3).

- Construction industry figures, available until October 2008, show that whilst the price of steelwork and the general cost of building has increased, the rate of increase is slowing. In London at the end of 2008, the cost of building index was 28 points higher at 206 compared to 178 nationally.
- During the same period, the value of new orders for contractors has declined rapidly from over £50bn nationally in 2007 to less than £42bn in 2008. The largest declines in orders were in the private housing and private commercial sectors – both falling by around 50% during 2008. This decline is despite an increased demand for infrastructure projects and both private and social rented sector housing. In London the value of new orders fell from £9bn in 2007 to £8.7bn in 2008, with housing and private commercial again the weakest performing sectors.

Conclusions

From the available data we can draw the conclusion that the residents and the economy of Haringey have not suffered any more adversity than the rest of London or England, as a result of the recession, perhaps even showing a degree of resilience. Nationally there are signs of improvement despite the continuing contraction of GDP. However there are two notes of caution, firstly in many cases the latest data is not available and therefore we are not seeing the complete picture. Secondly it is increasingly expected that the full impacts of the recession on employment will not be known until after the next government Spending Review and the general election next spring.

Next Steps

The analysis presented above helps agencies within the strategic partnership understand the impact of the recession in the borough, but it is how we use this analysis to respond to the recession that is important. An action plan is required that demonstrates clear links with the findings of the above analysis. This work has already begun.

The credit crunch 10pt plan was published in January 2009 and we have met or are meeting all 10 objectives. An action plan has been drafted, expanding from the original 10 actions to a total of 20 actions, this has formed the basis of presentations to area assemblies. This action plan should be consolidated into a formal partnership approach with ownership, resources, timescales assigned to addressing the analysis of the recession indicators. This would enable us to better plan and target use of resources on the projects that are making the biggest impact.

Legal/Financial Implications

There are no direct legal and financial implications arising.

Recommendations The board are asked to note the contents of this report and to the work going forward to improve and refine the recession dashboard and the recession action plan.
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Appendices

Appendix A – Recession Dashboard
Appendix B – Draft Action Plan