

**Meeting:** Well-Being Strategic Partnership Board

**Date:** 10 June 2010

**Report Title:** Impact of the Recession

**Report of:** Susan Otit, Acting Joint Director of Public Health

### **Purpose**

The purpose of this paper is to raise with members the known impact of the recession on the well-being of the population and to share the on going work from the Enterprise Theme Board and other partners of the actions being taken to address the adverse impacts of the recession.

### **Summary**

The report sets out the findings of the latest update from the Enterprise Theme Board of their 'Response to the recession and tackling worklessness action plan' and describes the impact the recession has on the well being of the population.

The effects of the recession in Haringey will continue to be felt even as the economy improves people will need time and support to deal with debts, find work and secure relevant benefit entitlements. In previous recessions it has taken up to five years before unemployment has fallen to its pre recession level.<sup>1</sup>

The evidence in the report shows that recession does have an impact on the well being of individuals and communities and that partner organisations across Haringey have worked hard collectively to reduce this 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.

### **For more information contact:**

Susan Otit

<sup>1</sup> Economic and Social Research Council, September 09

## 1. Background

Recession is defined as two consecutive quarters of falling real gross domestic product (GDP). Gross Domestic Product (GDP) is the market value of goods and services produced by an economy.<sup>ii</sup>

The first changes in the UK labour market that signalled the onset of the recession were in quarter 2 2008.<sup>ii</sup> Data from the Office of National Statistics shows the UK economy pulled out of recession in the last quarter of 2009 when the Gross Domestic Product rose by 0.1 per cent.<sup>iii</sup>

The Enterprise Board led on partners' plans in response to the recession and tackling worklessness and an action plan was developed in spring 2009. The Enterprise Board receives regular progress reports against the plan.

## 2. Current position

The following data and information has been taken from a report presented to the Enterprise Theme Board in February 2010. Analysis of their recession dashboard (January) shows that worklessness and revenue collection remain the most critical groups of indicators. Over the nine months since the first dashboard, the group of indicators concerning housing have shown improvement, both in terms of the decline in mortgage and landlord repossession orders, but also in the recovering housing market.

### 2.1 Worklessness

#### Highlights

- The employment rate in Haringey continues to show a trend of decline. The latest figure of 62.3% is 7.5% lower than the ten year peak of 69.8% in March 2007. The employment rates for London and England are consistently higher and not displaying substantial trends of decline.
- The unemployment rate of 10.4% in Haringey is the highest rate since March 2005. The year-on-year increase has been 1.7%, with London and England figures following a similar trend, albeit tracking at a lower rate.
- The JSA claim rate for Haringey reached its lowest of 4% in May 2008; the rate has since risen significantly to 6.3% at December 2009. Despite this upward long trend, recent short trends have shown a small decrease in the claim rate. London and England figures following a similar trend, albeit tracking at a lower rate.

#### Actions

<sup>ii</sup> ONS - [http://www.statistics.gov.uk/downloads/theme\\_labour/impact-of-recession-on-LM.pdf](http://www.statistics.gov.uk/downloads/theme_labour/impact-of-recession-on-LM.pdf)

<sup>iii</sup> DirectGov- [https://www.direct.gov.uk/en/NI1/Newsroom/DG\\_184544](https://www.direct.gov.uk/en/NI1/Newsroom/DG_184544)

- Delivery of the Haringey Guarantee continues, with a target of 218 people into sustained employment in 2009/10.
- £1.4m of DWP funding secured through the Future Jobs Fund, which will help fund 221 new posts across several strategic partners. These jobs will last a minimum of 6 months.
- Over £2m of funding from the LDA to deliver the North London Pledge 2, with a target of 400 jobs by March 2011 (across the boroughs of Haringey, Enfield or Waltham Forest).
- The Families Into Work pilot project now has 59 families formally engaged on the programme with 11 sustainable employment outcomes to date and a new School Gates Project in collaboration with Job Centre Plus will deliver
- The Council in partnership with Homes for Haringey has a target of 70 apprenticeship places by March 2011 these positions will be created in the Council, as part of the Building Schools for the Future programme and through the Decent Homes programme. Opportunities will be across a range of job types. To date there are 62 apprenticeships in place.

### 2.1.2 Revenue collection

#### Highlights

- The collection rate of 97.4% for NNDR in November 2009 is lower than the previous month and lower than the same period in 2008, however proactive actions such as extended instalments in February and March should result in an increased rate towards the end of the year.
- The collection rate of 92.49% for Council Tax in November 2009 is lower than previous months, however this relates to technical problems. The current collection rate is slightly lower than for the same period in 2008.
- The number of Housing and Council Tax benefits claims has increased by 4.8% since October 2008 to a total of 39,657 in October 2009.
- There number of Council Tax summonses and reminders issued in November 2009 has increased by 4.4% and 2.5% respectively compared to the same period in 2008.
- Planning Application fees and cases are down year-on-year to December 2009 compared to 2008. However, the figures do not include the Tottenham Hotspur application.
- The number of Building Control cases is down year-on-year to December 2009 compared to 2008, but the amount of fees received is up.

#### Actions

- The NNDR team are proactively speaking to businesses where appropriate about opportunities such as Small Business Rate Relief and extended payment periods of 12 months instead of 10.
- The Council Tax team are also being proactive through 'direct mailing' that encourages residents to contact the Council and make mutual arrangements rather than to avoid paying.
- Corporate Resources in collaboration with Corporate Policy are to run a Benefits take-up campaign, encouraging residents who are eligible

for benefits (e.g. Housing and/or Council Tax benefit) or tax reliefs, to take advantage of such opportunities.

### 2.1.3 Other actions in responding to the recession

- Haringey Guarantee has set up an “Employment Zone” to help local business understand the benefit of staff training
- The Council will endeavour to pay invoices within 10 working days for services purchased from SMEs.
- Corporate Procurement are hosting a Meet the Buyer event to provide local SMEs with the opportunity to bid for over £20m worth of public and private contracts. This is supported by two ABG funded projects to train small businesses to effectively compete for public contracts including the Olympic Compete For programme.
- Direct business engagement in the boroughs Town Centres to support and promote the centres as visitor and shopping destinations.
- Significant levels of capital funding has been secured for the borough through the Growth Area Fund and the Homes and Community Agency to deliver our major regeneration sites at Haringey Heartlands and Tottenham Hale.
- Developing a Credit Union service to tackle financial exclusion in the borough and support vulnerable residents through safe and affordable credit.

The critical groups indicators represent challenges to the borough’s residents and businesses, however they are challenges faced nationally as well. Haringey Council and its partners have responded to central government policy initiatives in relation to the recession, but also developed and delivered local initiatives.

Nationally there are signs of improvement however it is increasingly expected that the full impacts of the recession on employment are still to manifest itself, with the expected squeeze in public finances following the coalition governments’ recent announcements.

## **3. Impact on well-being**

Recession can affect individuals and communities in a variety of ways.

### 3.1 Physical Health

Research has repeatedly shown a higher prevalence of ill health in those who are unemployed.<sup>i</sup> It has, however, been shown that physical health does not necessarily decline with an unemployment spell as studies failed to find an increase in physical ill-health in people who were unemployed for up to 18 months.<sup>ii</sup> It is thought that the impact will vary greatly from person to person according to their particular circumstances, capabilities and pre-existing health.

### 3.2 Mental Health

Cross-sectional and longitudinal studies have consistently found poorer psychological health in unemployed compared with employed people.<sup>iii</sup> A number of studies in the UK and elsewhere have identified a correlation between unemployment and depression and physical illnesses.<sup>iv</sup> A publication by the World Health Organisation shows that unemployment negatively affects mental health not only among those people who are made redundant, but also among those who have never worked and prospects of getting employed are diminished, with pronounced elevations in depression, self-harm and suicide. Adverse effects of unemployment may be apparent before actual job loss - anxiety about job insecurity increases levels of depression and anxiety in addition to elevating heart disease risk, and job insecurity appears to act as a chronic stressor with cumulative effects building over time.<sup>v</sup>

Nettleton and Burrows in 1998 showed that mental health problems in adverse economic conditions translate to increased use of GP consultations and of the use of mental health services, as well as a growth in contact rates with non-statutory support and advice services.<sup>vi</sup> It is difficult to measure the impact the recession has had on our local services, however our IAPT service (Improving Access to Psychological Therapies) has experienced an increase in its referral rate over the last year, from a rate of 200 per month to now over 350 per month.

Haringey Community Health Services has a Healthy Communities Programme with various work streams to support people to get into work and to support those in work. The programme receives financial support from the Enterprise Theme Board and supports their action plan with a long-term approach, committed to working with local people and communities to develop learning and skills around health in order to establish employment pathways within the health sector, and to support individuals facing barriers to work that may include illness or disability.

### Working for Health

For at least a generation, unemployment in Haringey has exceeded national and regional averages. The “Working for Health” project is funded by the Area Based Grant and provides employment support services in GP practices particularly targeting those on incapacity benefit in the most deprived neighbourhoods. Employment advisers provide one-to-one support to patients to help them improve their skills, access training and voluntary work experience and to gain employment. The project aims to reduce the number of people in the target areas who are claiming Incapacity Benefit and/or other benefits as a result of poor health. The project has demonstrated innovation by taking referrals from a range of health services of patients who would not otherwise have access to employment support, in particular from the Physiotherapy Service and the Community Mental Health teams. The service is now firmly embedded in the new neighbourhood health centres.

**Table 1. Client output from April 2009<sup>iv</sup>**

<b>Activity Profiles</b>	<b>Quarter ending:</b>			
	<b>Jun-09</b>	<b>Sep-09</b>	<b>Dec-09</b>	<b>Mar-10</b>
<b>Registrations</b>	10	20	20	20
Cumulative	10	30	50	70
<b>Job entries</b>	3	6	7	4
Cumulative	3	8	13	20
<b>Sustained Jobs</b>	4	3	6	7
Cumulative	4	7	13	20

<b>Activity Actuals</b>	<b>Quarter ending:</b>			
	<b>Jun-09</b>	<b>Sep-09</b>	<b>Dec-09</b>	<b>Mar-10</b>
<b>Registrations</b>	10	20	20	
Cumulative	10	30	50	
<b>Job entries</b>	4	8	8	
Cumulative	4	12	20	
<b>Sustained Jobs</b>	4	4	7	
Cumulative	4	7	15	

Approximately 7 of the above sustained jobs have been in the local NHS.

#### Employment Support Service for IAPT

Employment Advisers from the Working for Health team are attached to each of the IAPT teams in Haringey to support the IAPT service in achieving its benefit reduction targets (a measure of recovery). Last year the programme secured £100k match funding from the Department of Health through the London IAPT team. This has enabled them to extend the service to the West of the borough, which has felt the impact of the recession more than the East, as many of the residents there are working in the sectors most affected by this recession.

This funding also enabled them to provide a retention service, working with GPs, employers and employees on statutory sick pay to support them in retaining their employment and returning to work as quickly as possible with appropriate support mechanisms in place. NHS Commissioning Support for London have been so impressed with the quality of the service in Haringey that they are proposing to use the service as a vehicle for evaluating the impact of employment support services in primary care in partnership with the Sainsbury Centre for Mental Health and the Institute of Psychiatry.

<sup>iv</sup> Activity profiles are targets agreed through the contract and actuals are what the service has achieved.

### Condition Management Programme

In 2007 the Programme expanded its support to unemployed patients through the successful piloting of a Conditions Management Programme addressing the needs of individuals claiming Incapacity Benefit who require support to return to work. Patients suffering with mild to moderate mental health problems, back or neck pain and cardio-respiratory conditions have all benefited from this service which links to other PCT services and includes pain control and life style change advice. The service has continued to offer valuable support and is now being accessed by all the Haringey Guarantee providers, Reed in Partnership (the local Pathways to Work provider) and is currently being rolled out in Waltham Forest, funded through the North London Pledge (London Development Agency).

### Working for Health – Pathways

The “Working for Health – Pathways” project will be delivering four 10-week training and development programmes over the next eighteen months designed to help 60 local residents move closer to the labour market and into work or training with the NHS. The project will target lone parents, particularly those from BME groups, and those living in low income households, prioritising residents in the wards with the highest levels of worklessness.

### 3.3 Lifestyle

Several studies have found higher rates of smoking, alcohol use and poorer diet among unemployed people, although the evidence is not consistent, as personal circumstances and beliefs greatly influence people’s lifestyle choices. <sup>vii,viii,ix</sup>

### 3.4 Communities/wider determinants of health

3.4.1 The Local Government Association carried out a survey last year looking at the impact of the current economic slow down on local authorities. The respondents were chief executives and Council Leaders. These were the key finding;<sup>x</sup>.

- 90% of respondents had seen an increase in the number of people seeking welfare/debt advice over the previous six months, 86 per cent had had increased numbers of housing benefit applications, and 83 per cent had experienced increased demand for business support services.
- 74% of respondents reported that due to the downturn their authority had revised its overall budget position over the previous six months partly because of increased demand for services.
- 52% and 48% reported that the two most pressing challenges presented by the economic downturn as problems facing local businesses and unemployment respectively.
- 85% of respondents reported an increase in the number of empty properties in town centres over the previous six months.

### 3.4.2 Haringey’s Citizens Advice Bureau (CAB)

According to Haringey’s CAB the beginning of the recession in 2008 caused a substantial increase in demand for advice and this demand has continued to increase.

**Table 2. Haringey CAB activity 2008/09 – 2009/10**

Enquiry Category	08/09	09/10	% Increase
Benefits	4018	5476	36
Consumer	223	362	62
Debt	1991	3433	72
Employment	886	1302	47
Housing	1366	1816	33
Immigration	610	899	47
Legal	435	561	29
Other (including Finance, Tax, Utilities, relationship breakdown etc..)	1455	2213	52
<b>Total</b>	<b>10984</b>	<b>16062</b>	<b>46</b>

The biggest actual and percentage increases have been in benefits, debt, employment and housing. The first three of these categories are no doubt directly related to the recession and with the already high deprivation levels represent a substantial threat to the economic wellbeing of Haringey residents.

The Council has provided Haringey CAB with additional funding up to the end of June to provide additional sessions to cope with this increase in demand. Without this many Haringey residents would not have been able to access the advice they need. Nationally the government provided an extra £10 million to CAB's last year and this year they have provided an additional £5 million due to the recognition that the effects of the recession are continuing.

### 3.5 Deaths

Rising unemployment rates have been associated with increased rates of overall mortality, increased suicides and deaths from alcohol abuse. Higher death rates from ischemic heart disease have been observed in unemployed men. The increased death rate from heart disease appears to start two to three years after unemployment and continued for the next 10–15 years.<sup>xi</sup>

## 4. Conclusion

The evidence in the report shows that recession does have an impact on the well being of individuals and communities. Partner organisations across Haringey have worked hard collectively to reduce this impact.

Members of the Enterprise Theme Board and Haringey CAB have no doubt that the effects of the recession in Haringey will continue to be felt, even as the economy improves people will need time and support to deal with debts, find work and secure relevant benefit entitlements. In previous recessions it has taken up to five years before unemployment has fallen to its pre recession level.<sup>v</sup>

Haringey CAB are clear that by ensuring people can access the advice they need can increase benefit take up, ensure that residents are able to secure their financial, employment and consumer rights and therefore contribute

<sup>v</sup> Economic and Social Research Council, September 09



substantially to lessening the impact of the recession and supporting the local economy.

#### Acknowledgement

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Sue Day, Project Manager, Haringey CAB

Leo Atkins, Head of Healthy Communities Programme, Haringey Community Services

Patrick Jones, Business and Enterprise Officer, Haringey Council

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<sup>iii</sup> Smith R. Unemployment and health: a disaster and a challenge. Oxford: Oxford University Press. 1987. 90 (in Celia Shohet, INpho 38: The impact of the recession on health Eastern Region Public Health Observatory (erpho) November 2009)

<sup>iv</sup> Royal College of Nursing. The recession and mental health services. June 2009

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<sup>viii</sup> Mathers CD, Schofield DJ. The health consequences of unemployment: the evidence. *MJA*. 1998; 168: 178–182 (in Celia Shohet, INpho 38: The impact of the recession on health Eastern Region Public Health Observatory (erpho) November 2009)

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<sup>x</sup> Local Government Association. IDEA/LGA/Solace Survey of the Impact of the Economic Slowdown on Local Authorities 2009

<sup>xi</sup> Moser KA, Goldblatt PO, Fox AJ *et al.* Unemployment and mortality: comparison of the 1971 and 1981 longitudinal study census samples. *BMJ* 1987; 294: 85–90 (in Celia Shohet, INpho 38: The impact of the recession on health Eastern Region Public Health Observatory (erpho) November 2009)