

OVERVIEW AND SCRUTINY COMMITTEE

REPORT TO: Overview and Scrutiny Committee **DATE:** 1st July 2010

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PART I

FOR INFORMATION

UNEMPLOYMENT AND RESPONSE TO THE ECONOMIC DOWNTURN

1 Purpose of Report

This report provides an update on the Council's response to the economic downturn. The main focus of the report relates to the employment support provided for the unemployed.

2 Recommendation

The Economic Development and Inclusion unit is endeavouring to maintain support for all services in the current economic climate despite the threat of budget cuts. Full details are enclosed and attached to this Report. However, we welcome advice and input from the Committee on the following key points:

- A How best we maximise resources to support the existing unemployed?
- B How we increase resources to cope with the expected uplift in unemployment and whether any funds are likely to be diverted from elsewhere (expecting none or very limited from Central Government)?
- C Consider the implications for society as a whole and the specific implications for community cohesion as the economic climate deteriorate.

3 Report

Introduction

At the start of the recession the Council was one of the few authorities in the country that established an economic task force in response to the "credit crunch" and the consequential economic downturn. This was made up of Directors of the Council and Chaired by the Chief Executive. The terms of reference for the group were to assess trends in the town and to respond in a proportionate and co-ordinated manner. A number of key data sets were monitored which included:

- Unemployment
- Housing
- Benefits demand
- Debt
- Impact on businesses

Economic Development and Inclusion response to unemployment

- 3.1 A key priority of the response was to mitigate the wider consequential impacts of the credit crunch by increasing support for the unemployed. In Slough we have provided support to the unemployed by working in partnership with Job Centre Plus who has the primary statutory responsibility for the unemployed. In addition, we secured funding from the LSP Performance Reward Grant to set up the Steps2Employment programme and secured money from GOSE for an Exemplar project focused on supporting 18 to 24 year olds and Black and Minority Ethnic communities. We were also successful in securing funding from the Department of Work and Pensions Future Jobs Fund for 18 to 24 year olds as part of a Berkshire wide bid. We successfully recruited 10 young people aged between 18 to 24 year olds for a six month period. We had bid to extend this to another 10 young people but this has been discontinued by the new coalition government.
- 3.2 We have continued to support lone parents and this previously short term funded post has now been mainstreamed. A work placement officer is in the process of being recruited to enable more opportunities for placements both within Slough Borough Council but also to encourage other employers to place more local people. This would include undergraduates, newly qualified graduates, long term unemployed, returners to work, people previously on incapacity benefit returning to work and lone parents and summer placements. As the largest employer in the town we are seeking to set an example to other employers so that they too will recruit more local people.
- 3.3 We have also continued to provide accredited Information, Advice and Guidance (IAG) for the unemployed and low skilled. A contract to provide the new Adult Careers IAG has been secured for a further 3 years from VT who is prime contractor. A recent Matrix Assessment Inspection of our provision was highly regarded and a number of elements of our provision were assessed as being exemplary.

Highlights of the key strengths of our service are detailed below. The numbers and letters in brackets refer to the relevant elements and criteria in the Matrix Standard.

- All staff interviewed from the senior manager to those delivering the service demonstrated a very thorough understanding of the local context in which services are delivered. Staff were able to quote both formal statistics on levels of unemployment, child poverty, demographics, as well as anecdotal evidence. They were also able to describe in detail how this 'local intelligence' is used to identify areas of need; plan useful and appropriate interventions; and evaluate effectiveness and impact (5a and 8a and d).
- As identified at the last Review, relationships with clients are particularly strong. Evidence from focus groups demonstrated that the Employment & Enterprise Group is reaching the target client groups and successfully engaging them in

services by investing in a wide range of outreach activities and 'taking services to clients'. Clients report consistently high satisfaction levels. Clients report that they feel they have moved on substantially as a direct result of the IAG services received. Clients also express tremendous gratitude to individual advisors. A significant number of clients access the services because they have been recommended by previous and existing service users (1c & d).

- There is a substantial investment in staff support and development. Management practice is governed by Slough Borough Council's personnel policies and practices – these include regular (monthly) one to one supervision sessions and a formal twice yearly performance appraisal process. All staff confirmed that these practices were implemented. Additionally staff described how they are fully involved in target setting and the design of new initiatives, and how they had access to and had engaged with a comprehensive range of development opportunities including qualifications and short courses. This results in high levels of competence, job satisfaction and staff retention (6B, e & f and 5c).
- Relationships with partners are also a key strength of the Employment & Enterprise Group. All partners interviewed by the Assessor spoke highly of the Group, reporting regular and effective communications. Partners also described how the Group had worked with them to ensure that services which could have become competitive were, through careful joint planning, complementary. One partner commented that the Group was significantly more successful at engaging employers than their own organisation (5g).
- Also significant is the work of the Employment & Enterprise Manager in re-establishing the local IAG Officers Group – a useful forum for all advisors in Slough, regardless of employer, to come together to share best practice and hear from invited speakers in order to keep up to date with changes and developments. All of the Group's IAG staff attend this forum and described how doing so contributed to their knowledge and understanding (6b).

3.4 Slough's unemployment, as measured by Job Seeker Allowance benefit claimants, has continued to fall each month for the last 5 months.

- It was 3,553 in January and is now 3,295 (4.2%). Of these 2,170 have been unemployed for 6 months or less which represents 65.5% of all those claiming benefit. This compares favourably with the South East and the UK as a whole who have 62% and 60.6% respectively.
- So even though unemployment overall in Slough is marginally higher, long term unemployment is lower. There are just 440 people who have been unemployed for over 12 months. This represents 13.3% of our total unemployed which again is lower than the South East 16.8% and the UK 17.5%. This suggests early intervention may be contributing to minimising the risk of longer term and more damaging structural unemployment.
- Chalvey has the highest level of JSA benefit claimants at 395 and Langley St. Marys the lowest at 135. However, overall unemployment is still considerably higher than the 2,260 in January of 2009.

- A particular concern had been the increased unemployment levels of 18 to 24 year olds. In Slough we have continued to see a reduction in unemployment amongst this group in recent months. However, there is concern that many newly qualified Slough graduates are unemployed or doing jobs that do not reflect their ability. In May there were 765 18 to 24 year olds claiming JSA benefit the lowest since February of 2009. This represents just 23.1 of our total unemployed which is lower than the South East's 25.8% and the UK's 27.7%. A Graduate Network is being established to support new graduates into employment.

- 3.5 There is a growing concern over the steady increase of ESA and Incapacity Benefit claimants which was 4,800 in November 2009 and is the most recent data available. Plans to reassess such claimants may result in at least 50% being reassessed and not entitled to claim ESA. In this regard we are working with partners to see how we could develop services further to support this group and implement the concept of a work health trainer which is a unique initiative developed jointly with the PCT, TVU and Dynamic Training. This approach could deliver significant potential improvements in job and health prospects and could save taxpayers many millions of pounds. Initial case study reviews of 50 such individuals show a very positive response towards job related outcomes.
- 3.6 Unemployment, as defined by JSA claimants, does not fully reflect the total unemployed cohort and there are many people who cannot claim benefit or choose not to. It is estimated that true unemployment is around 8%. The support provided by Slough Borough Council does not distinguish between benefit claimants and other unemployed as both groups have a need to secure employment. Some early intervention with those newly unemployed helps to ensure that they do not get to the point of having to claim benefit.
- 3.7 Job Centre vacancies have increased from 289 in January to 512 which is encouraging. However, that still represents JSA claimants to vacancies ratio of 6.5. Vacancy levels have not increased significantly and are at similar level to that of a year ago. These vacancies are largely lower order jobs and do not reflect the full spectrum of job vacancies in the market. Anecdotal evidence suggests that some companies in telecommunications and R&D are recruiting. On the horizon it is thought that Sainsbury will provide an additional 400 new jobs.
- 3.8 There is considerable concern about the impact of forecast public sector jobs on the local economy. The Wexham and Heatherwood Trust have already announced significant job losses. Slough has around 10% less public sector jobs than the South East or the UK as a whole and this may provide some protection but the public sector across the board are expected to bear the brunt of the new coalition governments proposed cuts. This is likely to have an affect on economic growth and private sector jobs in the short term.
- 3.9 There has been a slowing down of inward investment and indeed a contraction of companies over the last few years and this represents the biggest challenge since the recession of the 1990's. Inward investment policy and activity since the mid 90's has largely been reactive partly due to the considerable growth of the economy and a tight labour market where it was difficult to justify spending significant council taxpayer's money. However, a more proactive approach is currently recommended to ensure we are able to maintain the number of jobs for the economically active

population we have and to deliver the sustainable prosperity sought in the Slough Community Strategy vision.

- 3.10 The town centre in common with most other town centres is suffering from declining revenues and in some cases footfall. An inevitable increase in voids has resulted and a clear strategy will need to be developed to retain the vitality of the town centre. This is partly due to the credit crunch but it is also due to an increasing trend to purchase online and all the forecasts suggest that this trend will continue. The move to Reading of Yell and the impending consolidation of O2 into its new Bath Road Headquarters will have an additional affect on footfall and revenues for town centre retailers.

4 Summary

The UK, and indeed the Slough economy, faces the most difficult period for many decades. Whilst unemployment has not increased to the levels feared a year ago commentators are suggesting that proposed new cuts in the public sector will mean that a double dip recession is almost inevitable. Support for the unemployed is limited to current resources and opportunities to provide additional support using grant funding in a very tight funding environment are limited. We will continue to influence Job Centre Plus as best we can and utilise all of the resources available. If unemployment increases again it will have the consequential impacts of increased indebtedness, housing repossessions, increased benefits claimants and a considerable impact on the prosperity of our most disadvantaged communities. Increasing the availability of jobs and improving job prospects in a very difficult climate should continue to be a priority of this Council. This is a key consideration if we are to prevent relative short term unemployment from becoming long term structural unemployment with all of the negative societal impacts that will have. Community Cohesion in Slough has been good for many years largely due to the high levels of employment. This could be at risk if the impacts are not mitigated and appropriate support not provided.

5 Appendices

Appendix 1-	Claimant Count
Appendix 2a - 2g	-Data by Occupation
Appendix 3a - 3f	-Data by Qualifications