

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Overview and Scrutiny Committee **DATE:** 17<sup>th</sup> January, 2012

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**WARD(S):** All

### **PART I** **FOR COMMENT AND CONSIDERATION**

#### **EFFECT OF THE ECONOMIC DOWNTURN ON SLOUGH**

##### 1. **Purpose of Report**

At the 7<sup>th</sup> June 2011 meeting of the Overview and Scrutiny Committee, Members requested an update at their January 2012 meeting of the effect of the economic downturn on the economy of Slough including employment.

##### 2. **Recommendation(s)/Proposed Action**

The Committee are requested to consider and comment upon the contents of this report, to note a discernable change since this was last scrutinised with particular reference to unemployment, economic activity and skills and to consider whether a further update is required during 2012.

##### 3. **Community Strategy Priorities**

- **Economy and Skills** – Slough Borough Council aims to improve prosperity levels of all its communities specifically through initiatives that grow Slough's economy, raise income levels and increase employment levels of the town. This report sets out how the current downturn either supports this priority or makes it difficult to achieve.

##### 4. **Other Implications**

###### (a) **Financial**

There are no financial implications of proposed action.

###### (b) **Risk Management**

This report is for information and comment only. It does not propose any action that has any associated risks attached to it.

###### (c) **Human Rights Act and Other Legal Implications**

There are no Human Rights act implications of this report

(d) Equalities Impact Assessment

There is no new or substantially revised policy, procedure or function being introduced in this report.

5. Supporting Information

5.1 **Unemployment** (see Appendix A: Unemployment data table)

- Unemployment is defined as those residents claiming job seekers allowance (JSA). A full table of data is attached as an appendix.
- In quarter 2 (September 2011) claimant count was 3.7%. This compares with 2.5% in the South East and 3.8% nationally.
- This represents 3,277 residents and has seen a decrease from the last update in June 2011 by 66.
- Compared to last year this time, quarter 2 - 2010, quarter 2 – 2011 is almost identical with 3,277 unemployed compared to 3,220 and 3.7%. This can be seen as a positive as it has not increased since last year whereas the national average has increased. However if you compare with South East and our immediate neighbours, this average has decreased from 3.5% - 2.5% a reduction of 10 percentage points.
- Of those claiming JSA 2,035 people had been unemployed up to six months down on the last report which was 2,350
- 495 people have been claiming JSA for more than 12 months. This represents an increase of over 100 claimants in this category from the last report.
- At the request of Members at the last meeting, another cohort being reported on is people who have claimed for more than five years. Data shows that this is not a great concern in Slough as there are only 5 claimants claiming for this length of time. However, in 2009 this cohort was 0. It could be that in reality the figure for people out of work for over 5 years is a lot higher but claimants are moved across from this category into other out of work benefits such as Employment Support Allowance or Income Support which do not show up as part of the unemployed total.
- The 18 to 24 year old cohort continued to grow this year but saw a drop in the qtr 2 figures at 695. The last report showed it at 770 in June 11. This has not been the highest this year, but is still very significant compared to other Berkshire Authorities. This cohort has been a concern more generally, for the nation as youth unemployment has been growing across the country.
- Of particular concern is the risk that unsupported 16 to 18 year olds become NEETs (Not in Education, Employment or Training). Our current figures show our NEET rate as being 4.9% - the lowest across Berkshire. The ethnic profile of NEETs indicates that in absolute number terms, most of them are likely to be of White British background (73) and Pakistani background (24).
- Benefit changes for Incapacity Benefit Claimants moving to Employment Support Allowance and Lone Parent Income support changes will impact on the Job Seekers Allowance register potentially showing an increase in Job Seekers.

## 5.2 Employment Support

- Slough Borough Council runs an Employment and Enterprise group which provides support to various unemployed communities with specific support for Lone Parents, new migrant communities, BME groups and young people. Many of these initiatives are funded through external grants which are due to end in 2012 and some in 2013. If further funds are not sought and this service contributes to the Council's budget saving costs then the employment support the Council provides to our communities will no longer be available. This could potentially result in higher rates of unemployment.
- The Local Economic Assessment and data analyses from it (see paragraph 5.7) has helped in determining key projects to support employment amongst the local community. The projects are:
  1. Apprenticeships
  2. Local employment for local people
  3. Business Enterprise Skills
  4. Work Experience, Work Placements and Internships.

All these projects will be led by the Council in partnership with key stakeholders and will work with local employers to enhance employment opportunities for local communities.

- The Department of Work and Pensions Work Programme contracts are now confirmed and A4E and Maximus are the successful providers who will be delivering employment support in Slough from July 2011 onwards. SBC is a sub contractor to A4e, delivering employment support to Lone Parents in particular, as part of this contract. Delivery for this will commence very soon.

## 5.3 Qualifications (see Appendix B: unemployment and skills charts)

- No Qualifications – Since 2004 Slough was doing very well in decreasing the number of people in Slough with 'no qualifications'. However, this number rose from 9,800 in 2009 to 10,600 in 2010.
- NVQ Level 2 - Slough has had mixed levels of performance over the last year. On NVQ Level 2, figures show that Slough has gone backwards in performance. Since 2004 until 2009, the figures were improving year on year. 2010 suddenly saw a decrease in number of people qualified to level 2. Our average is also below both South East and GB.
- NVQ Level 3 – Slough has seen an upward trend since 2004 and the number of residents qualified to Level 3 and above has been growing. However, we are still behind the South East and GB averages at this level.

## 5.4 New Business

- There has been a mixed level of activity on SEGRO's trading estate with reference to Inward Investment. A number of new companies have arrived in Slough –
- SEGRO has signed a new contract with Infinity for a new data centre facility on the Trading Estate. Infinity has agreed a 25 year lease with SEGRO for the development, with completion due in 2012. It is worth noting however, data centres do not generate a large number of employment opportunities in proportion to the space let.

- Other companies include Tufnell's (parcel distribution), Cellic, Family Bargains and Henkel. It is unknown yet how many new job opportunities this will create.
- The new KFC Drive Thru on the trading estate is now complete and is currently recruiting.
- Selco Warehousing is now open on the trading estate and has created a number of jobs.
- HTC has moved into the Town Centre, purchasing a freehold building.
- The new Terminal 2, being completed in 2014 will see the creation of a number of jobs as well as supporting travel and the economy of Slough.

## **5.5 Slough Property Market**

- Slough has seen an improvement in occupational market activity over the past 15 months, with a number for larger lettings/freehold purchases boosting take-up figures.
- The two largest transactions – the 45,000 sq ft letting to Research in Motion (Blackberry) and the 66,285 sq ft freehold purchase by HTC – accounted for almost 50% of the total activity.
- The availability rate in Slough has consistently remained above the average for the Thames Valley over the past 10 years and the latest figure of 26% of built office stock is still some 30% higher than the average for the wider region.

## **5.6 Thames Valley Berkshire Local Enterprise Partnership (TVB LEP)**

- This Partnership has now been established and has set up an Executive, a Board and a number of priority sub groups. One Slough business is represented on the Board and further engagement with smaller business is now underway. LEPs are now being given greater powers and opportunities to access funding on behalf of their geographical coverage. This makes it even more important to ensure Slough priorities and concerns are communicated effectively to the LEP so that adequate focus is given to Slough.
- One of the priorities for TVB LEP is to improve Berkshire's infrastructure. The Western Rail access to Heathrow (WRAtH) project falls within this and is being led by Chief Executive Ruth Bagley. This is expected to bring huge economic benefits to the area and specifically to Slough. Currently a Public Interest Group is being set up, made up of agencies and business that will have a common economic interest. It will have a lobbying role to ensure a high profile for the project and to deliver key messages on benefits to stakeholders and business. The works on WRAtH will not commence until approximately 2014.
- Another key initiative being led by the TVB LEP is the Superfast Broadband project. The project aims to improve broadband across Berkshire representing key social and economic development opportunity for all of the Berkshire Unitaries. By securing a £1.43 million contribution to the programme across Berkshire we can expect an inward investment of £4.29 million from Government grant funding and communications provider investment.

## **5.7 East Berkshire Local Economic Assessment (LEA)**

- The East Berkshire Local Economic Assessment was completed in June 2011. It assessed the economy of Slough and highlighted gaps and challenges which were affecting economic growth. The data and intelligence from the assessment on various economic datasets is being used to inform our planning and priorities around Economic Development. The LEA is helping us to plan and focus our resources around growing the towns prosperity.

## **5.8 The Economic Development Plan (DRAFT)**

- This plan is currently being written and is informed by the Local Economic Assessment. It looks at how Slough can achieve its priority of raising prosperity. It sets out the objectives of
  1. Maintaining and growing the Slough economy
  2. Increase levels of economic activity
  3. Increase levels of income of residents
- In order for this to happen the Council will focus its efforts on the following themes, ensuring internal and external partners are contributing activity in a joint and coordinated manner;
  1. Skills, Employment and Apprenticeships
  2. Business Engagement and Start Ups
  3. Transport and Communications Infrastructure
  4. Inward Investment and Town Centre Regeneration

The plan will be finalised soon and distributed to partners

## **5.9 Business Views (mainly of Small and Medium Sized businesses)**

- Businesses have low levels of optimism about the economy. As well as being concerned about the increased price pressures of fuel, electricity and essential resources; as reported last time, businesses are experiencing stagnation. They do not feel there are many opportunities. They feel that the International, mainland European economies are affecting growth.
- Businesses do not expect much improvement in the near future; they are having to make a real effort to hold onto current business.

## **6. Conclusion**

- The Slough economy is sluggish and there is still much uncertainty and concern about real economic stability and growth.
- Unemployment has been rising. In the previous month we 'bucked the national trend' by seeing a decrease in unemployment rather than an increase. However, Slough still has higher unemployment than the South East and on a par with GB averages
- Unemployment of young people is a growing concern and will need to be monitored and appropriate resources allocated and action taken. However, this is very dependant on resources available from the Local Authority as well as support available externally.
- Level 2 skills saw a decline last year whereas progress was made in the previous 3 years.
- There are encouraging signs of new investment in a difficult economic climate

7. **Appendices Attached**

'A' Unemployment data table

'B' Unemployment and skills charts

8. **Background Papers**

'1' Data in this report has been taken from the Nomis website –  
[www.nomisweb.com](http://www.nomisweb.com)