

Bracknell Forest
Economic and Skills
Development Partnership

Economic Indicators
October 2009

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Introduction

The United Kingdom, alongside the majority of developed and developing economies, is facing a period of immense global economic challenges. Economic development extends across a continuum from local areas, the town centre and borough wide, to sub regional and regional dimensions. It encompasses social, economic and physical regeneration, promoting commercial and business interests and attracting inward investment and after care. It builds on synergies across a number of key Council, sub regional and regional strategies including development, education, sustainability, housing and transport. This commentary has been produced by the Chief Executive's Office of Bracknell Forest Council on behalf of the Bracknell Forest Partnership Economic and Skills Development Partnership. The commentary provides a synopsis of the current economic climate within Borough, drawing on information provided by our partners and NOMIS. Berkshire Economic Strategy Board also produces a monthly report which provides an overview of the economic situation across Berkshire. This report encompasses some of the information contained in BESB's report for the purposes of comparison. All information contained in this report is the most up-to-date available at the time of publication and it should be noted that some of the data sets may not change month on month.

Summary of Economic Conditions in the South East

According to the latest Purchasing Managers Index (PMI) Survey, business activity in the South East increased in July for the first time since June 2008. There was an increase in new orders for the first time since April 2008. Largely anecdotal evidence from businesses and business representative organisations bears this out, with a slight improvement in business conditions in the region in August. However, some firms are still experiencing falling output, orders and profit margins.

The latest Federation of Small Businesses (FSB) Snap Poll Survey (August 2009) shows that 41% of small businesses in the South East have seen a decrease in trade in the past two months. This is similar to the previous survey (42% in June) but significantly lower than in late 2008 and early 2009. Rural businesses in the region performed slightly better on average than urban businesses, with a higher proportion reporting increases in trade (27% compared to 22%).¹

Bracknell Summary

Bracknell has seen only a slight rise in the numbers of those claiming job seekers allowance this month. In fact, from June 2009 the rises have continued to be slower than at the start of the year. However, we must remain cautious as recovery is likely to remain slow through to the end of the year and in the start of 2010. The number of unfilled job centre plus vacancies has shown no change from last month.

Encouragingly, the number of NEET's has shown a decline this month as we see more people moving into education. However, as reported below, the decline is not as great as hoped indicating that there are still a great number of 16-24 year olds who are NEET. Reports out this week paint a bleak picture for this group who are danger of becoming the biggest victims of the recession.

¹ SEEDA Economic Review

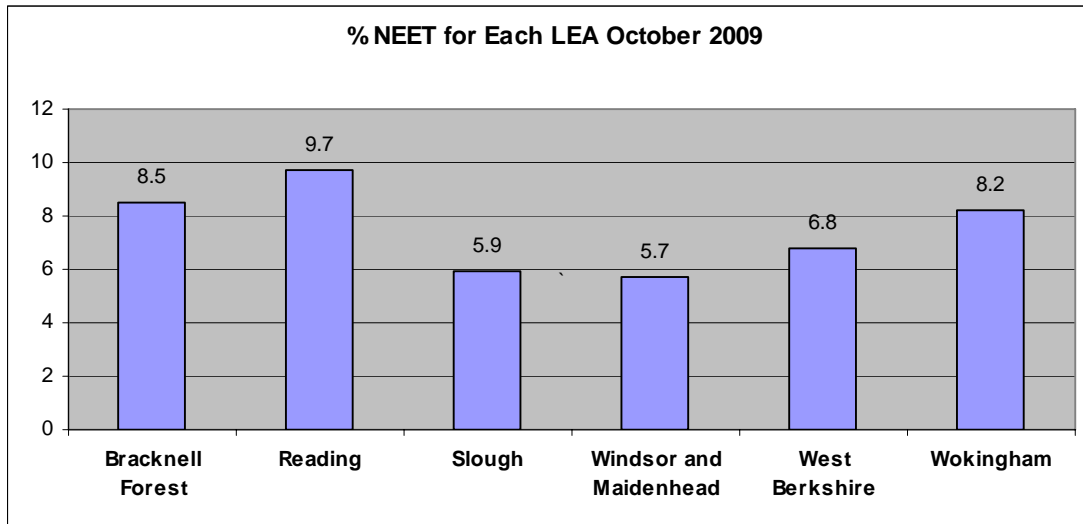
1.0 NEET Statistics

In the UK, youth unemployment rate has reached a record high of almost 20 per as the jobless total continues to increase, albeit at a slower pace.

The number of people out of work has increased by 30,000 between July and September to just under two and a half million and youth unemployment has also continued to rise, with the number of 16 to 24-year-olds up by 15,000 to 943,000, giving a rate of 19.8 per cent, a record high.

Ministers have said that most of the increase in 16 to 24-year-old unemployment was accounted for by a 14,000 rise in the number of full-time students who say they are looking for work.²

1.1 NEET for each LEA October 2009



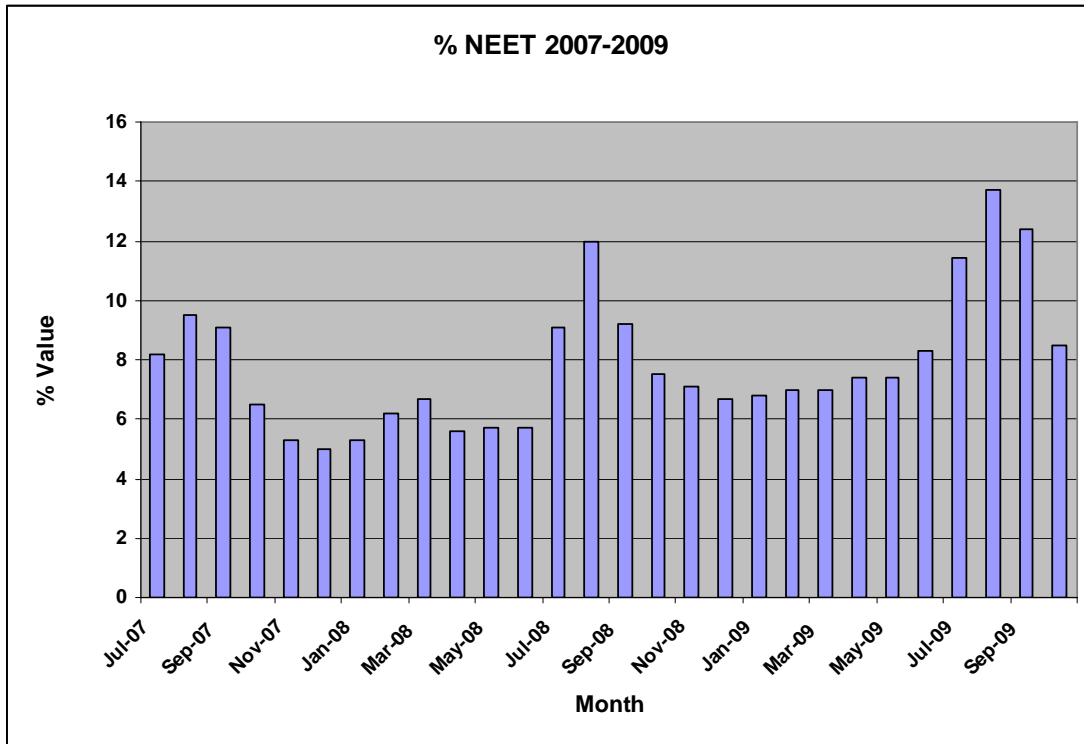
The NEET figure has shown a decline this month but not as far as we would have hoped. Only Wokingham and Bracknell have showed a reduction in NEET whilst all other areas have increased.

Employment without training is subject to considerable churn, this could be reduced if we work with young people and employers to encourage “stickability”. In the past if young people became NEET part way through the year they could easily gain temporary work before joining a course the following September. With very few temporary jobs and limited flexible starts those who drop out have a greater risk of remaining NEET until the next September start date.³

Council officers have outlined the need for planning to reflect data gathered on young people’s intentions (intended destination survey) eg more construction, hairdressing and motor vehicle, more level 2 and below FE provision, greater range of 6th form options (vocational), more apprenticeship opportunities, better e2e / foundation learning tier options and establishing “bridging” provision to link employment and study. As historically this area has not seen high unemployment an infrastructure does not exist to support high numbers of NEET as it would in other parts of the country – little opportunity to access additional funding. This explains the comparatively poor performance of areas with a similar profile to BF during the current recession. Areas that have always had low employment opportunities have remained fairly steady. There is also the need to reduce drop out, but this can be affected by a wide range of broader issues such as money, family issues and inappropriate course choices.

² Independent, 11 November 2009

³ Note prepared for the Audit Commission by BFC, Social Care and Learning, September 2009



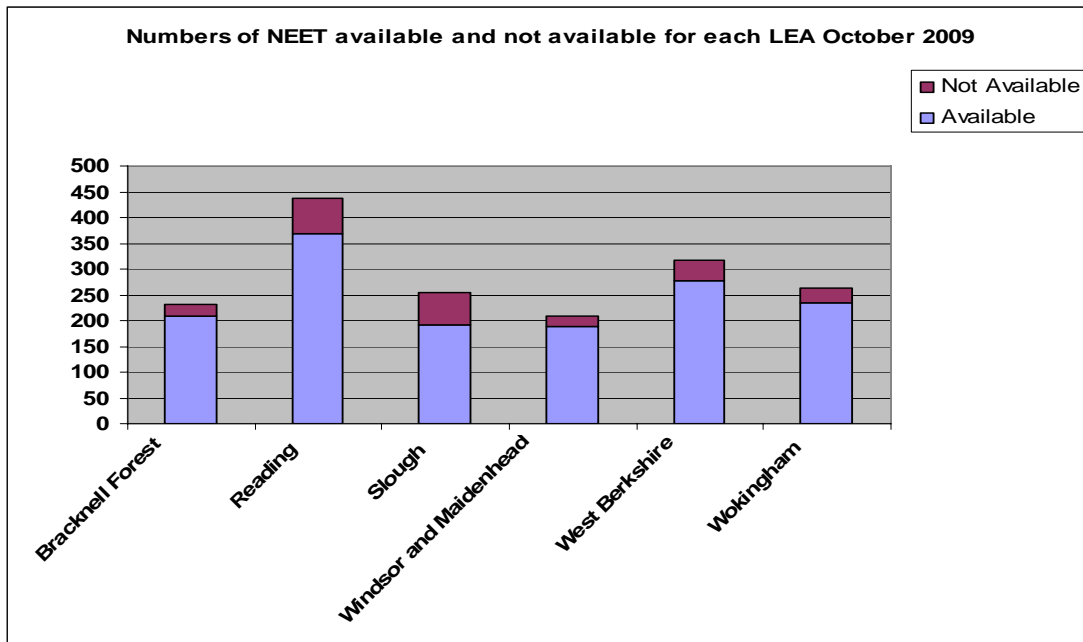
The table above gives us a good overview of the NEET figures for the past few years and we can see that the trends are similar for each year with lowest NEETs around January and highest NEETs around August and September. However, we can also see that from 2007 the actual percentage of NEETs increases year on year.

1.2 In Learning for each LEA October 2009



The "in learning" figure is all those in education, employment with training, or government supported training. This is different to EET as it excludes employment without training. Again it is a 16-18 figure based around the whole cohort. From the graph above we can see that Bracknell falls far behind its other unitary neighbours.

1.3 NEET available and not available October 2009



This chart shows the numbers of young people who are available in the labour market (looking for work) and those who are not available (pregnant, sick, full-time parent, never available to work) within the 16-18 group that makes up the target. The key figure here is the number of available for work as this is the group we can move into education, employment or training and in relation to the other authorities, Bracknell's gap between those not available and those available is marginally smaller meaning that there is a greater proportion of those that could be moved into education and employment.

2.0 Labour and Employment Statistics

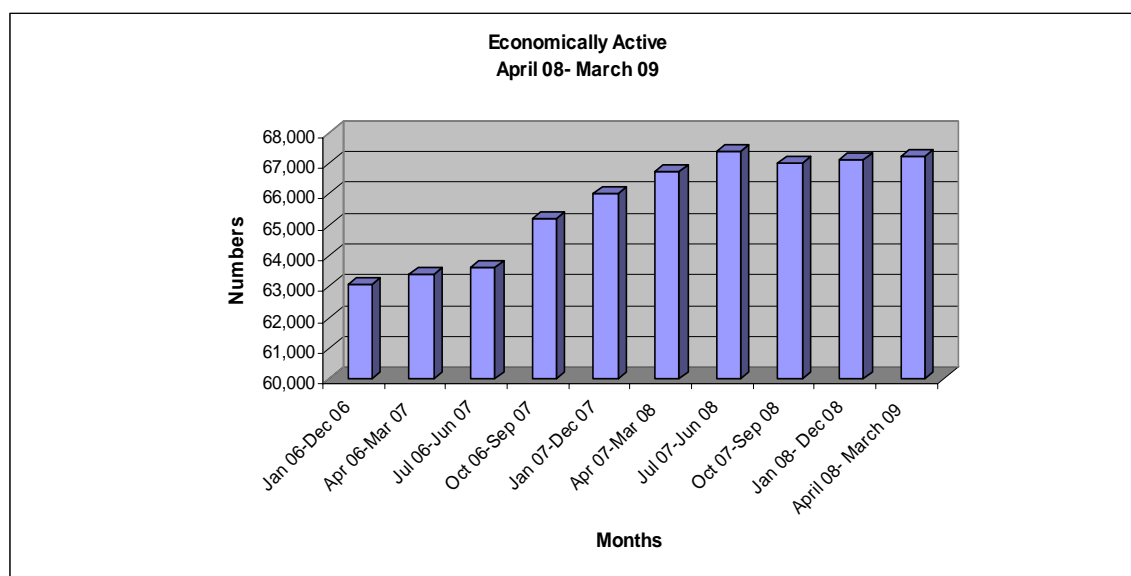
Unemployment in the UK is now 2.46 million, with the jobless rate at 7.8%, slightly lower than last month when it hit the highest level since mid-1995. The employment rate for people of working age was 72.5% for the three months to October 2009. There was a small rise in people in employment, up 6,000, the first quarterly increase since May-July 2008. While some economists believe there are signs the UK economy is growing again, others forecast unemployment will still reach a figure of three million in 2010.⁴

The officially favoured measure of unemployment, comparing consecutive quarters, still shows an increase of about 30,000 on the headline number, but even this is much lower than in previous months. At 7.8 per cent of the workforce, the unemployment rate is unchanged. However, any optimism about the labour market or the economy more generally was tempered yesterday by the Governor of the Bank of England, Mervyn King, who issued a stern warning that the country had "only just started" the "long hard path" back to normal economic conditions.

Similarly, were it not for a rising trend of people taking-part time and temporary jobs while seeking permanent positions – now totalling 1.4 million – the unemployment numbers would probably be close to the three million figure forecast by many economists. Youth unemployment stands at almost one million, and some 1.1 million people have been without a job for more than six months.

The disparity between a generally sluggish economy and improving unemployment figures is probably explained by the fact that many people are now willing to accept the kind of work that would previously have been considered unacceptable. Even so, many economists expect further waves of redundancies next year as tax hikes, public spending cuts and, eventually, rising interest rates take their toll on spending an investment.⁵

2.1 Economically active (April 08- March 2009)⁶



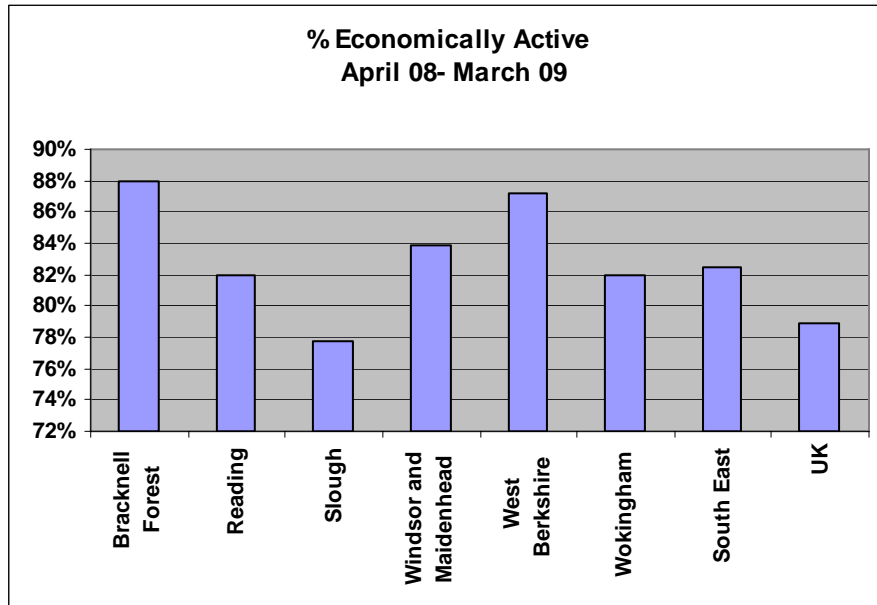
⁴ BBC News 11 November 2009

⁵ Independent 12 November 2009

⁶ ONS annual population survey

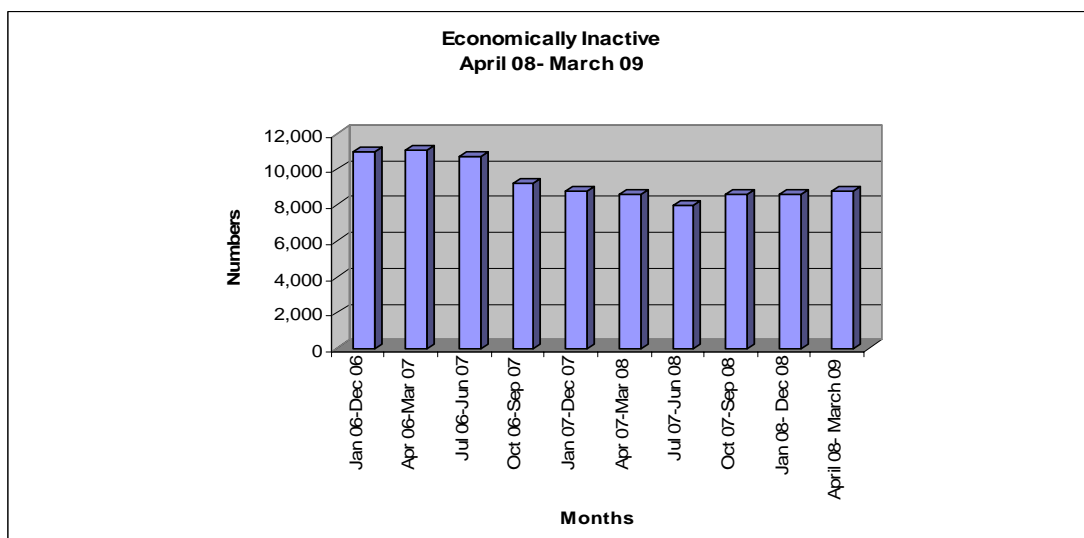
Comparative data

| Bracknell Forest | Reading | Slough | Windsor and Maidenhead | West Berkshire | Wokingham | South East | UK |
|------------------|---------|--------|------------------------|----------------|-----------|------------|-------|
| 88.0% | 82.0% | 77.8% | 83.9% | 87.2% | 82.0% | 82.5% | 78.9% |



The comparative data shows Bracknell Forest having a higher percentage of its population as being economically active.

2.2 Economically inactive (April 08- March 09)⁷

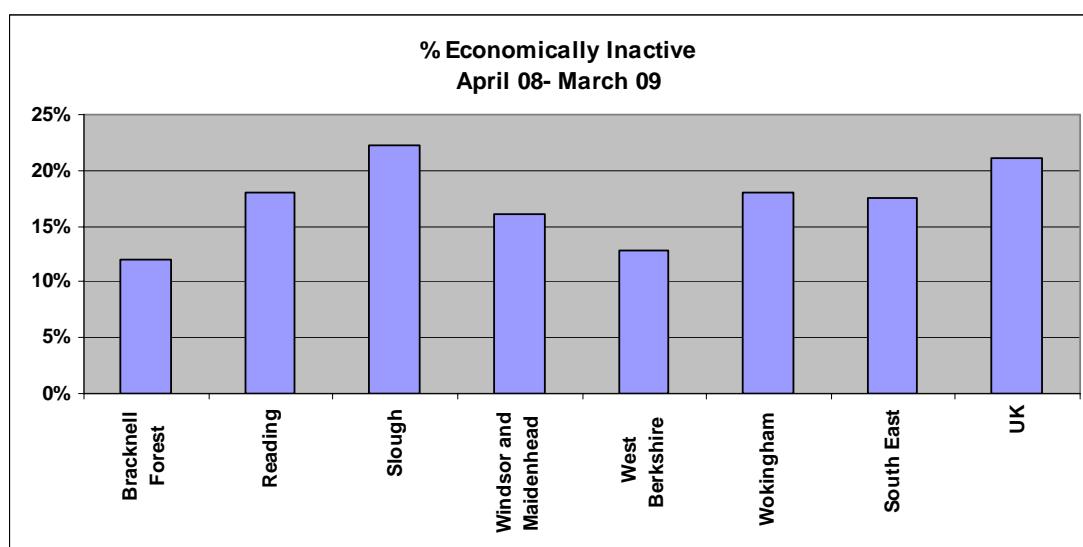


⁷ ONS annual population survey

The above table shows the level of economically inactive has risen showing the growing trend of unemployment across the borough. Whilst these figures are still relatively out of date, we would expect to see the bars rising month on month.

Comparative data

| Bracknell Forest | Reading | Slough | Windsor and Maidenhead | West Berkshire | Wokingham | South East | UK |
|------------------|---------|--------|------------------------|----------------|-----------|------------|-------|
| 12.0% | 18.0% | 22.2% | 16.1% | 12.8% | 18.0% | 17.5% | 21.1% |



Similarly, as for the economically active data, the percentage of economically inactive people is lower than comparative areas, the South East and nationally, signifying that Bracknell is in a stronger position to manage through the recession.

2.3 Business Activity

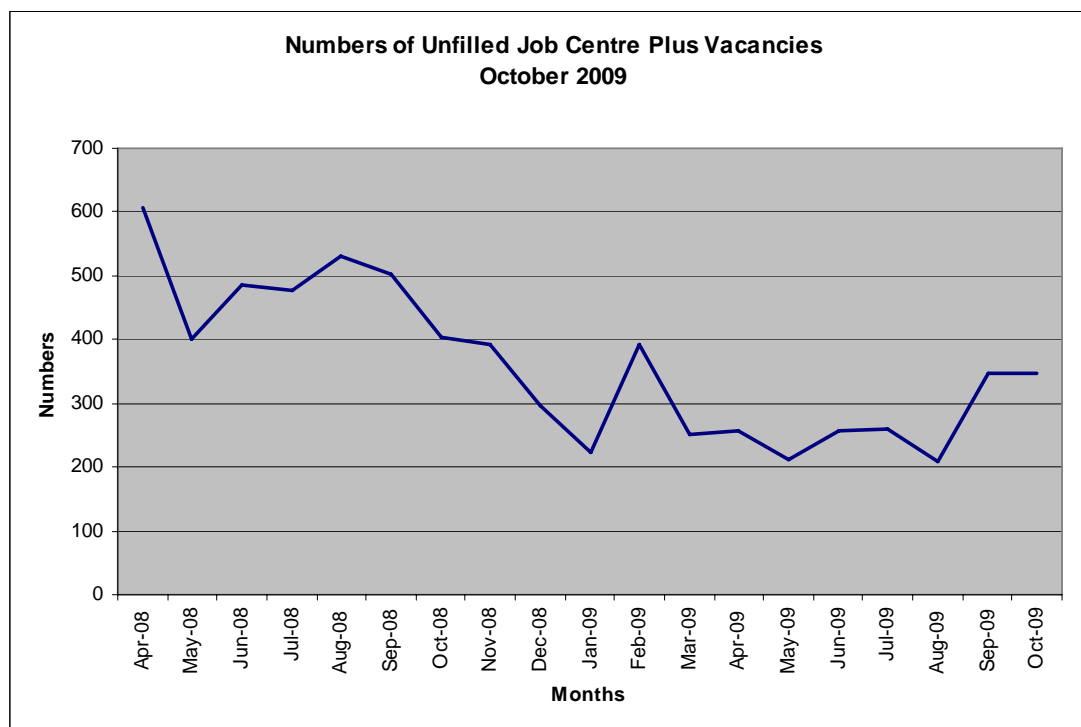
Statistics released by the Federation of Small Businesses (FSB) revealed traders are beginning to enjoy an improved outlook after reaching a low point at the end of last year. A rising number of firms are now experiencing an increase in trade, with 23 per cent noticing a rise compared with 16 per cent in February. By the end of last year, 40 per cent of small businesses had highlighted the cost of finance as a big problem – that number is now just 25 per cent, indicating that SMEs are seeing a very gradual easing. According to FSB data, 68 per cent of business owners are looking to act on a rise in confidence and say they plan to grow in the next six months, with firms hoping to invest in new products, more staff and marketing.⁸ However, the major issue that still remains is the lack of available finance from the banks which affect small and medium enterprises. If this trend continues, this will ultimately continue to slow the effects of recovery.

⁸ Reading Evening Post 08.07.09

2.4 Business Rates

The business rates for October 2009 currently stand at 72.76% in comparison to last year's figure of 73.27%. The amount collected for this year is £41.00m compared to £40.00m last year.

2.5 Unfilled Job Centre Plus Vacancies



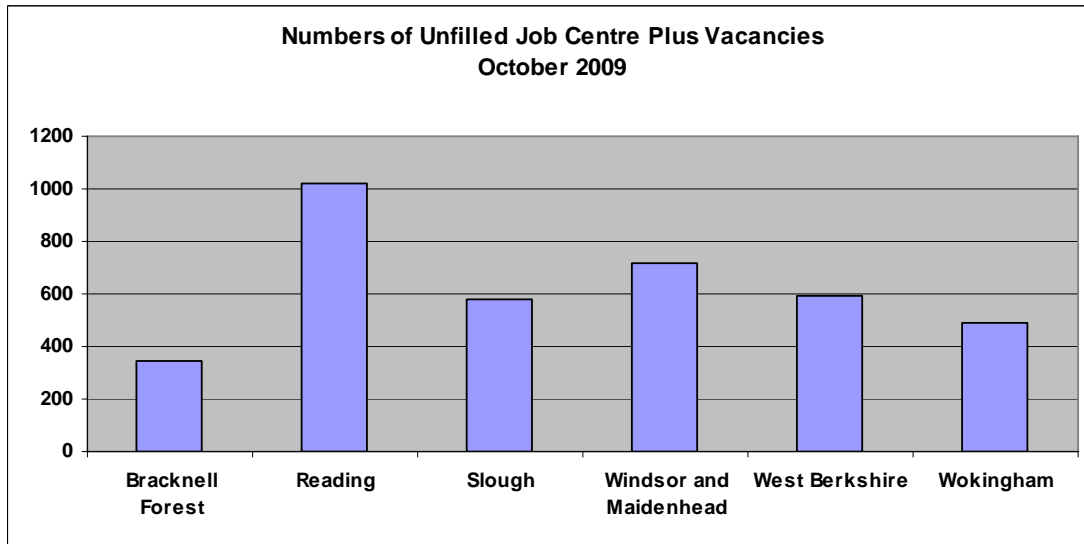
Comparative data

| Bracknell Forest | Reading | Slough | Windsor and Maidenhead | West Berkshire | Wokingham | South East ⁹ | UK ¹⁰ |
|------------------|---------|--------|------------------------|----------------|-----------|-------------------------|------------------|
| 346 | 1022 | 576 | 720 | 596 | 489 | 35,731 | 270,706 |

Since last month we can see that there has been a sharp increase in the numbers of unfilled job vacancies. It is not clear why this appears but indicates that less people appear to be taking up employment through the Job Centre route. It could also indicate, however, that there are an increasing number of jobs available although this would not fit with the past months trends.

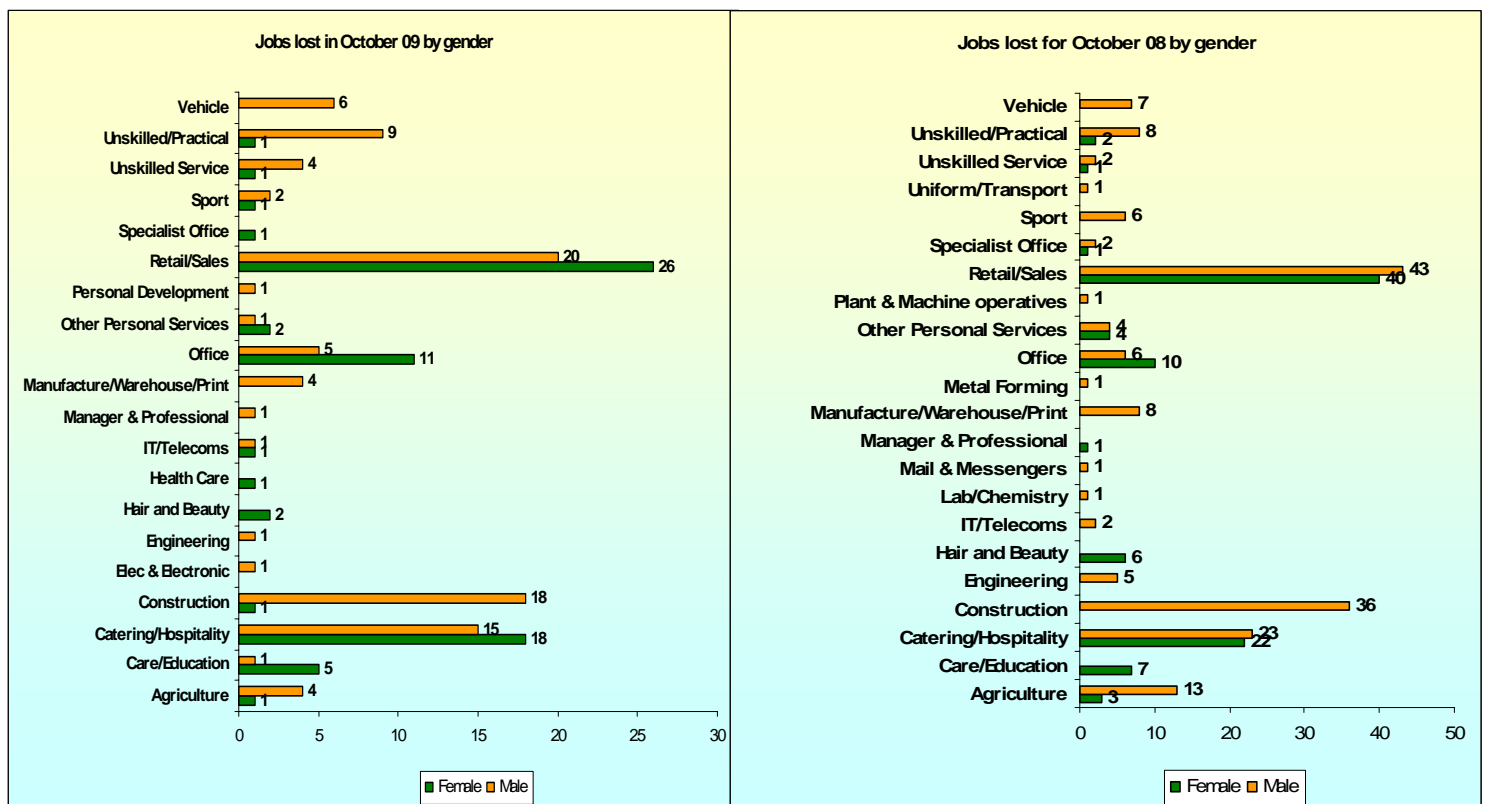
⁹ The South East figures have not been added to the graph as this would distort the size and render the other figures illegible

¹⁰ The National figures have not been added to the graph as this would distort the size and render the other figures illegible



2.6 Jobs Lost (16-24 Years)

The jobs lost data for October 2009 shows that the highest proportion of jobs that have been lost per person are in the retail sector which is little surprise given that this is a national trend. As with the nature of the retail sector, more women have lost their jobs on this sector than in any other. As with the retail trends, those jobs that are predominantly male dominated show the greatest increase in male job losses, such as construction, manufacturing and unskilled/practical occupations. Similarly this is the same for women where jobs losses are greatest in the office, hair and beauty and care and education sectors.



3.0 Benefits and Claims

In the UK the number of people claiming unemployment benefit rose by 12,900 in October to 1.64 million - the highest total since April 1997. The increase is the smallest since April 2008 and is also far below the expected rise of 20,000.¹¹ However, working out just how many people are actually unemployed is a bit of a holy grail amongst employment experts.¹²

In the past, analysts have always looked at how many were signing on as an indication of the unemployment rate, but that measure has become more and more complicated. John Philpott from the Chartered Institute of Personnel and Development (CIPD) states that, "larger numbers don't sign on now or have been moved on to other benefits," he adds. "Therefore it's been increasingly suggested that we use the International Labour Organisation (ILO) results, which conform to the international definition of unemployment, which is anyone jobless who's actively looking and available for work in the two weeks before the survey is compiled."¹³

However, because ILO unemployment is based on a quarterly sample survey of about 53,000 households living at private addresses and seeks information on respondents' circumstances, it is subject to sampling errors.¹⁴

Officially, you are entitled to Jobseekers' Allowance if you have paid enough National Insurance (NI) contributions for six months. However, after six months, it usually becomes means-tested. Anyone who has savings in excess of £6,000 will get a lower payment, while those with savings over £16,000 will probably not qualify. Also, if the claimant's partner works more than 24 hours a week, the claimant is not eligible for JSA. Those who were self-employed before finding themselves out of work might not pay the same class of NI contributions as those in employment. That means they automatically go straight on means-tested JSA. Eligibility also hits people working part-time whose NI contributions fall short. Men aged between 60 to 64 may be better off claiming Pension Credit than JSA, the DWP suggests, so if they opt for Pension Credit but are still looking for work, they will not appear on the claimant count. JSA is not normally paid to 16 or 17-year-olds, apart from in exceptional circumstances, so the vast majority in this age group will also not appear in the figures.¹⁵

"It's important to remember that the Claimant Count is a welfare count and not strictly an unemployment count," argues John Philpott. He goes on to say that historical changes in the benefit rules show falls and rises in claimant unemployment created purely because of a change of government and there isn't really any foolproof measure of unemployment. However until we are able to confidently say that we have a reliable measure, what we have available to us currently still provides a good indicator.¹⁶

¹¹ Finance Markets, 11 November 2009

¹² BBC Online, 12 November 2009

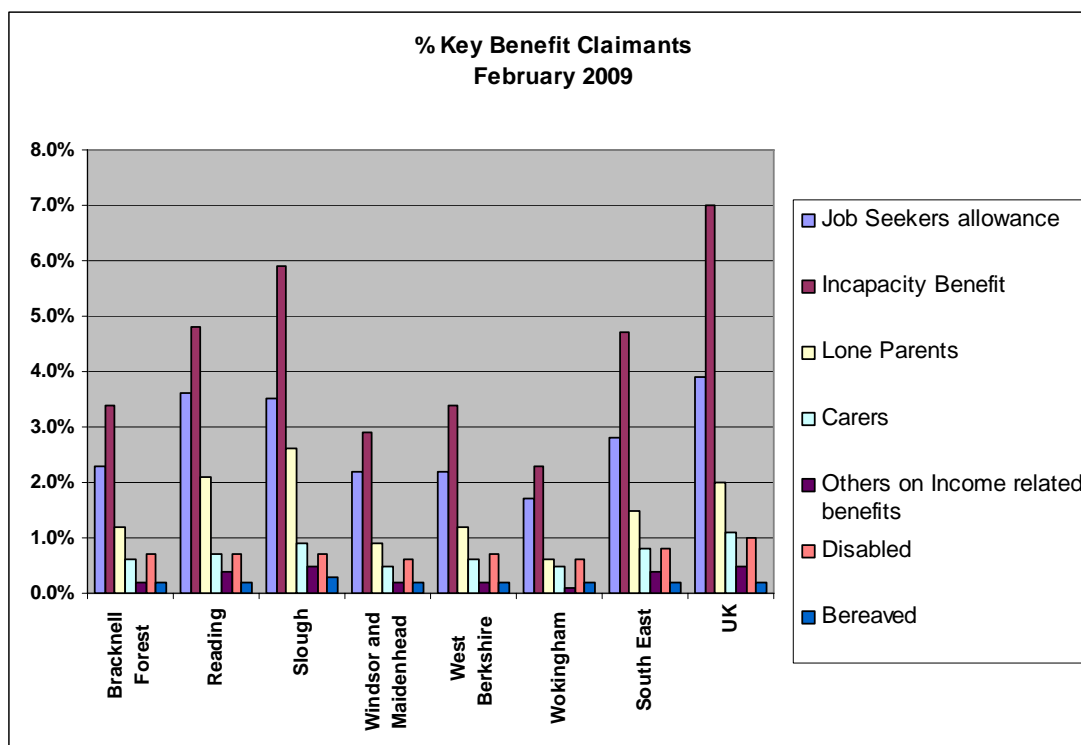
¹³ BBC Online, 12 November 2009

¹⁴ BBC Online, 12 November 2009

¹⁵ BBC Online, 12 November 2009

¹⁶ BBC Online, 12 November 2009

3.1 Key Benefit Claimants



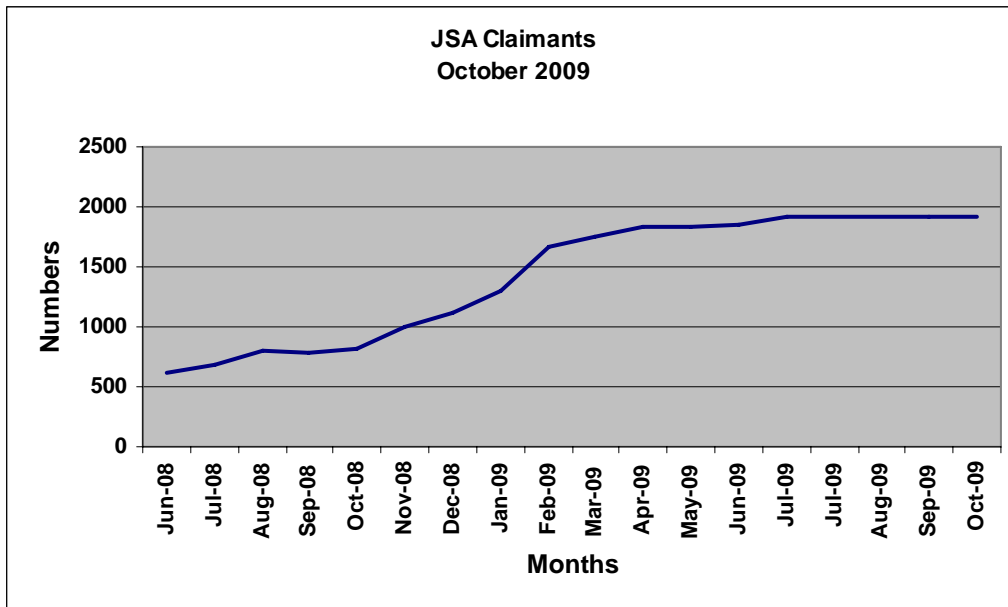
The graph above shows the key benefits claimants for each authority, the South East and UK. In all areas, the take up of incapacity benefit is still the highest followed by Job seekers allowance. Interestingly Bracknell, Slough and Reading show a higher proportion of people taking up lone parents' benefits than job seekers allowance, indicating a higher proportion of single parent families in these areas.

3.2 Job Seekers Allowance

From graph below, we can see that there has only been a marginal rise from last month in JSA claimants.

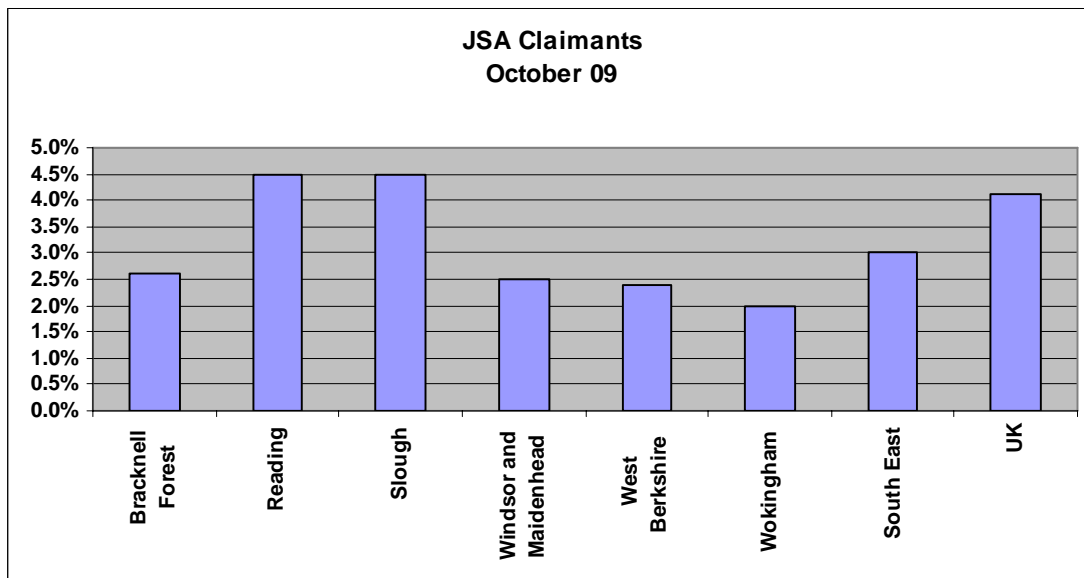
Oct 08 Nov 08 Dec 08 Jan 09 Feb 09 Mar 09 Apr 09 May 09 Jun 09 Jul 09 Aug 09 Sep 09 Oct 09

824 1002 1115 1308 1666 1745 1828 1829 1829 1909 1909 1915 1917



Comparative data

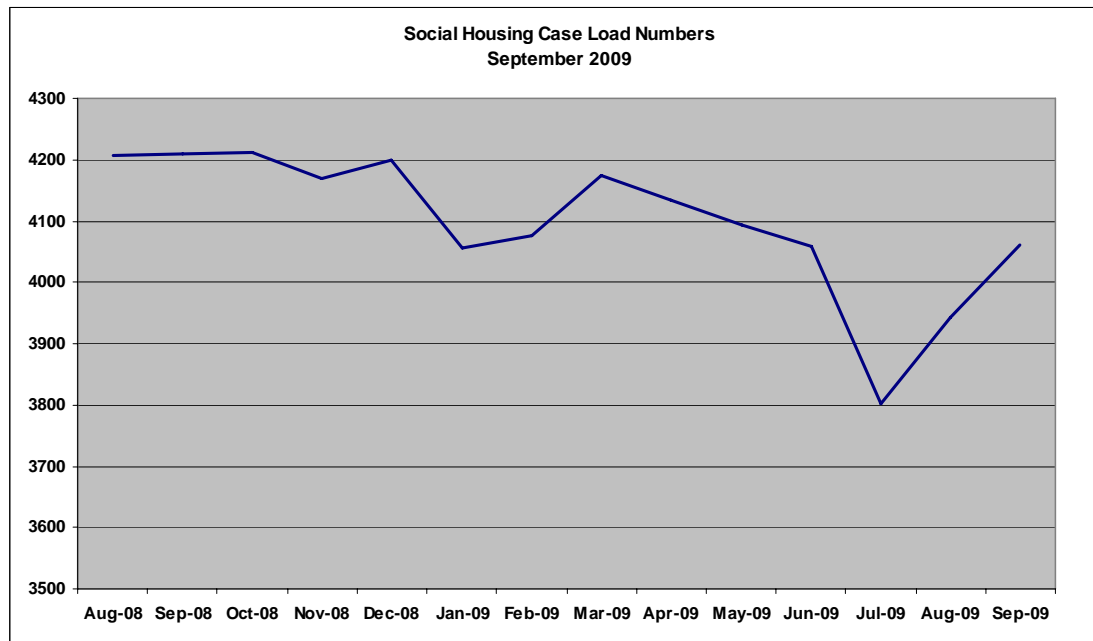
| Bracknell Forest | Reading | Slough | Windsor and Maidenhead | West Berkshire | Wokingham | South East | UK |
|------------------|---------|--------|------------------------|----------------|-----------|------------|------|
| 2.6% | 4.5% | 4.5% | 2.5% | 2.4% | 2.0% | 3.0% | 4.1% |



3.3 Numbers on Social Housing Waiting List

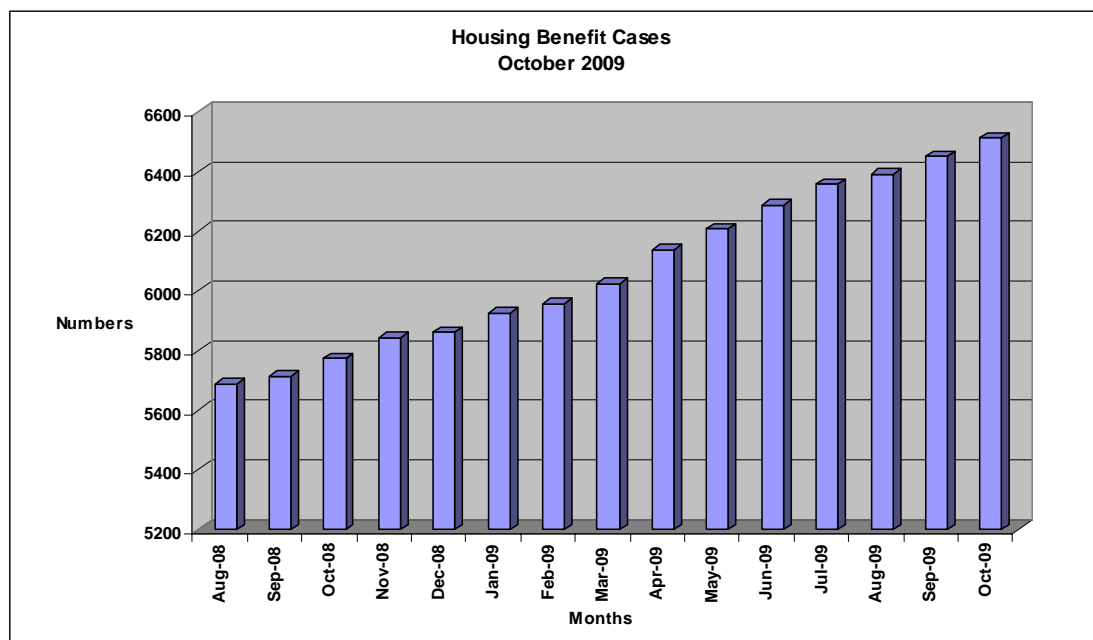
The table below shows the trends for the numbers of cases awaiting social housing provision. We can see that from April last year the trends appear to be fairly sporadic in nature. The number of cases peaked during the latter half of last year and then dropped sharply between December and January. It is difficult to determine why these results appear as they do but certainly a rise in cases could be

attributed to loss of homes through repossession. The comparative figures of this month compared to September 2008 are 4210 cases for last year and 4060 for this year.



3.4 Housing Benefit

The total number of benefits cases for October 2009 currently stands at 6512 in comparison to last years figure for October 2008 of 5774. Furthermore, we can see from the graph below that the numbers of cases through the financial year 2008-2009 has remained relatively stable with a marginal but steady rise for the first half of this year. We would expect the figures to keep rising as the year progresses. There has been no change from last month's figures.



3.5 Council Tax

The council tax collected for October 2009 stands at 66.37% or £34.95m in comparison to 66.71% for £33.76m for October 2008.

Appendix 1 Definitions

NEET

People Not in Education, Employment or Training.

Labour Supply

Labour supply consists of people, who are employed, as well as those people defined as unemployed or economically inactive, who can be considered to be potential labour supply.

Economically Active

People who are either in employment or unemployed.

Economically Inactive

Economically inactive are people who are neither in employment nor unemployed. This group includes, for example, all those who were looking after a home or retired.

Job Centre Plus Vacancies

The figures in the tables are based on the number of live unfilled vacancies handled by Jobcentre Plus. These are vacancies actively available to jobseekers on the count date and are derived as a by-product of administrative systems.

Job Seekers Allowance

JSA claimant count records the number of people claiming Jobseekers Allowance (JSA) and National Insurance credits at Jobcentre Plus local offices. People claiming JSA must declare that they are out of work, capable of, available for and actively seeking work during the week in which the claim is made.

The percentage figures express the number of claimants resident in an area as a percentage of the working age population resident in that area. Working age is defined as 16-64 for males and 16-59 for females.

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