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| Report To: | Regeneration Committee | Date: | 29 October 2009 |
| Report By: | Corporate Director – Regeneration and Resources | Report No: | RC/09/10/05/SJ/JH |
| Contact Officer: | Head of Economic and Social Regeneration | Contact No: | 01475 715555 |
| Subject: | Inverclyde's Labour Market Performance - Update | | |

1.0 PURPOSE

- 1.1 The purpose of this report is to inform Committee of Inverclyde's current labour market position relative to its neighbouring authorities within the Clyde Valley Community Planning Partnership area.

2.0 SUMMARY

- 2.1 A meeting of the local authorities within the Clyde Valley Community Planning Partnership (CVCPP) was held on 10 September 2009.
- 2.2 An agenda item at this meeting included a presentation by Jobcentre Plus where headline statistics were presented in relation to the number of Jobseekers Allowance claimants; notified redundancies and notified vacancies.
- 2.3 The information presented by Jobcentre Plus suggested that the Inverclyde labour market appears to be more resilient to the effects of the recession, in relation to its neighbouring authorities. Recent evidence has indicated that the impact of the recession on Inverclyde's labour market, which has historically displayed an above-average JSA claimant rate, has been less severe, relative to other areas across the country. This report puts forward some suggestions as to why this may be the case.
- 2.4 In order to address this, an analysis has been undertaken of recent changes in the labour market over the last 12 months including:
- Change in JSA claimants;
 - JCP vacancies and the ratio of JSA claimants to JCP vacancies.
 - The impact of the recession to date
 - The next 12-28 months
- 2.5 The key messages arising from the analysis are as follows:
- Over the period August 2008 to August 2009, the number of JSA claimants in Inverclyde rose by 746, an increase of 35%. This rate of growth was the lowest of all local authority areas in the West of Scotland.

- In spite of this, the JSA claimant rate in Inverclyde – at 5.8% - is amongst the highest in the West of Scotland. JSA claimant rates are only higher in North Ayrshire (6.6%), Glasgow (6.2%) and West Dunbartonshire (6.0%).
- The increase in JSA claimants by age group has been lower than that across Scotland for all age groups. The largest increase in Inverclyde has been in the 25-49 age group where JSA claimants have increased by 38%.
- There are few differences between the previous occupation of those claiming JSA in Inverclyde and Scotland in 2009. Around three quarters of all JSA claimants were last employed in one of four occupations: elementary jobs; sales and customer service; process; plant and machine operatives and skilled trades.
- The largest percentage increase in terms of previous occupation in Scotland have been in professional, managerial and skilled trades occupations. In each of these areas, Inverclyde has experienced a lower rate of increase in JSA claimants than the rest of Scotland.
- The data on vacancies between August 2008 and August 2009 suggest that the number of notified vacancies in Inverclyde increased by 75% over the twelve months. Inverclyde was the only local authority area in the West of Scotland where this occurred. Across Scotland the total number of vacancies fell by 28% over the same period.
- The increase in notified vacancies in Inverclyde can be attributed to three main factors:
 1. A large increase in the number of sales and customer service vacancies from 40 in August 2008 to almost 200 hundred in August 2009. JCP have confirmed this is almost entirely due to the opening of a Swine Flu Call Centre in Greenock in late August 2009.
 2. A modest increase in the number of elementary occupation vacancies from around 100 in August 2008 to almost 150 in August 2009.
 3. Smaller increases in vacancies (around 20 or so jobs) in a number of occupational sectors including professional and technical, personal service and administrative and secretarial occupations. In each of these occupational groups the number of vacancies across Scotland fell.

2.6 It must be noted that if the effect of the opening of the Swine Flu Call Centre was removed from the vacancy figures, then the increase in notified vacancies would be significantly lower, at around 40 vacancies, or an increase in the region of 12%.

2.7 In August 2008, there were 6.9 JSA claimants in Inverclyde for every one job vacancy. At the time this was the highest of all Local Authorities in the West of Scotland. In direct contrast to the position in 2008, the ratio of JSA claimants to vacancies in Inverclyde was amongst the lowest in the West of Scotland in August 2009.

2.8 However, it is important to factor into these figures the impact of the opening of the Swine Flu Call Centre. If we remove the one off effect of the 150 additional vacancies then the ratio of jobseekers to vacancies increases to around 8.2, the fourth highest in the West of Scotland.

2.9 Whilst the recession has impacted on all sectors the most visible impacts have been in financial services, property and construction and the manufacturing sectors. The retail

sector has also been badly affected. The public sector has acted as a stabiliser with relatively few job losses. Indeed, economies that have larger shares of their economy in the public sector, 39% in Inverclyde against 30% across Scotland, are likely to have been less badly hit by the recession.

- 2.10 Economic commentators suggest the economy will move out of recession in 2010, however this does not take account of the likely public sector recession. However, there is a strong consensus that recovery will be slow and protracted with as many people becoming unemployed over the next 12 months as has been the case over the last 12 months.
- 2.11 The public sector, which has acted as a stabiliser in terms of jobs, may well contract from 2010 onwards. Almost 40% of all employment in Inverclyde is in the public sector. In the medium term, public sector employment is at significant risk of reduction.
- 2.12 Whilst some of the evidence presented may provide the basis of a 'good news story' in the short term, there remain some significant challenges about the medium to long term health of the Inverclyde economy and labour market.
- 2.13 Inverclyde has the fourth highest JSA claimant rate in West of Scotland and is amongst the ten highest local authority areas in Scotland. The impact of the recession in terms of job losses is not over and the underlying structure of the Inverclyde economy remains weak and over-reliant on the public sector to generate employment.

3.0 RECOMMENDATIONS

- 3.1 That Committee notes the current and anticipated labour market performance in Inverclyde and that efforts to address some of these issues are currently underway.

Stuart Jamieson
Head of Economic and Social Regeneration

4.0 BACKGROUND

- 4.1 The current global recession has led to increased unemployment and declining job numbers across Scotland with no area left unaffected. Inverclyde continues to face some key challenges around its socio-economic performance.
- 4.2 These key challenges are principally around high levels of worklessness; depopulation; a low wage, low skill economy and a small business base which does not adequately provide for the employment needs of the local labour market.
- 4.3 In response to these challenges, a number of initiatives are being implemented:
- Services delivered via Fairer Scotland Fund to address the key themes of Employability; Community Engagement; Alcohol & Drugs and Health Inequalities. (Headline figures to be provided)
 - The Integrated Employability Programme (CPP European bid)
 - Future Jobs Fund
 - Special Economic Interventions – Marketing & Property Support for Businesses; Support to Small Businesses to retain Apprentices and Support for Social Enterprise
- 4.4 The performance of these initiatives will continue to be reported to members via the Performance Reports and/or by update reports to the Regeneration Committee.

5.0 IMPLICATIONS

5.1 Finance:

Financial Implications – One off Costs

| Cost Centre | Budget Heading | Budget Year | Proposed Spend this Report | Virement From | Other Comments |
|-------------|----------------|-------------|----------------------------|---------------|----------------|
| n/a | n/a | n/a | n/a | n/a | n/a |

Financial Implications – Annually Recurring Costs/ (Savings)

| Cost Centre | Budget Heading | With Effect from | Annual Net Impact | Virement From (if Applicable) | Other Comments |
|-------------|----------------|------------------|-------------------|-------------------------------|----------------|
| n/a | n/a | n/a | n/a | n/a | n/a |

5.2 Personnel: None

5.3 Legal: None

5.4 Equalities: None

6.0 CONSULTATION

6.1 None

7.0 LIST OF BACKGROUND PAPERS

7.1 None