

**Elevate East Lancashire  
Market Trends Report 4  
April 2009  
Review 1<sup>st</sup> July 2009**

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## Housing Market and Economic Trends in Pennine Lancashire

This is one of a series of monitoring reports which are intended to track significant changes and trends within the housing market and the economy of Pennine Lancashire. The report builds on recent Housing Market Trends reports produced by Elevate, and has been supplemented with economic data gathered from national and local sources, which are intended to inform partner organisations and stakeholders.

Global economic conditions have changed dramatically in the last year. Nationally, the effect was first felt in Greater London and other cities with higher levels of financial services, construction and retail. However, the ripple effect is now being seen within the sub region. Pennine Lancashire presents a mixed picture with success stories amongst some sectors particularly within aerospace as well as some failures, with a number of business closures, redundancies and falls in demand for sales

Redundancy payments mean that not all people who lose their job fall into arrears immediately. But the longer people are out of a job, the more likely they are to be unable to meet payments. The weak economy can hit household income, even when they remain in employment as many will face a reduction in overtime or shifts. There will also be cases where people lose their job and have to accept a new position on a lower salary. On the other hand, some households in employment particularly those with tracker mortgages may benefit from lower interest rates.

As we experience the economic downturn and job losses, levels of total entrepreneurial activity (TEA) seems high as more people look towards self employment. This is evidently seen within the LEGI programme as increasing numbers of enquiries are made for new start businesses. Survival for new and old businesses is imperative and Pennine Lancashire needs to provide a platform for these businesses to operate successful.

The previous report highlighted the continuing fall in house sales and prices (except Rossendale), rising mortgage possession claims, lower consumer and business confidence levels, tight lending and borrowing from financial institutions as well fast rising unemployment claimant rates across Pennine Lancashire. This report presents a more diverse picture of events taking place within Pennine Lancashire.

## Key Messages for PLLACE

- All is not doom and gloom – stories of success are evident within Pennine Lancashire, including the aerospace sector, technologically advanced manufacturing with new contracts and increases in business enquiries and entrepreneurial activity.
- Some manufacturing companies particularly the aerospace sector have benefited from the weak pound sterling which has helped minimise job loss impact within Pennine Lancashire.
- The weak pound may also attract foreign holiday makers into the UK which may be a good opportunity to promote Pennine Lancashire branding on an international platform.
- House sales volumes have fallen to lowest levels for Pennine Lancashire districts since Q3 2007 (sharpest fall seen in Burnley). Slightly better news this quarter as Rossendale continues to show growth in house prices with Burnley and Pendle district showing rises in latest quarter.
- Mortgage availability and approval levels are scarce particularly for first time buyers and people on low incomes. Increased levels of deposit (even up to 30%) are required with high interest rates and arrangements fees. This significantly affects the chances for new buyers to enter the market.
- The numbers of homes on Estate Agents books have fallen over the last year as vendors turn to the rental market, opting to let their properties instead of selling them during the current climate. This has driven rent levels down in certain areas. Nationally, recent reports suggest that Estate Agents have seen increased buyer activity in January and February 2009 but this has not yet been converted to house sales.
- Latest Q4 mortgage possession claims figures have fallen in Pennine Lancashire from previous quarter. Going forward however, figures are expected to rise as more people become unemployed and redundancy pay outs are used up. Government has introduced/revised policies to help tackle rising repossessions but this has yet to have any impact on the ground.
- The Investment Observatory highlights (see page 14) many construction activities/investments within Pennine Lancashire. There is a need to ensure that locally based construction firms are able to compete for local contracts to help sustain future employment opportunities within the local economy.
- JSA Claimant figures continue to rise within Pennine Lancashire with figures above national average and redundancies predominantly seen across the manufacturing and retail sectors. Ratio of number to jobs and JSA claimants is particularly high in Burnley, Rossendale and Pendle. Rossendale has experienced a rapid rise in JSA claimants in recent months.
- As the economy is already in recession and is forecast to contract further over the first half of this year, unemployment is set to rise further, with an inevitable impact on household's ability to service debt. For households who remain in employment, there may be significant benefits to borrowers from lower interest rates.
- Anecdotal reports suggest loan sharks operating within deprived areas across Pennine Lancashire. In Burnley, Calico housing have begun a door-to-door campaign to warn residents not to fall into debt spirals.

## HOUSING

### Forecasts and Predictions for the Housing Market

The table below highlights predictions made by financial institutions and market intelligence organisations on the future housing market. These predictions are short term outlooks and no attempts have been made to look at the medium/long term housing market due to the great levels of uncertainty.

**Figure 1.1 Housing Market Predictions (House Price Changes)**

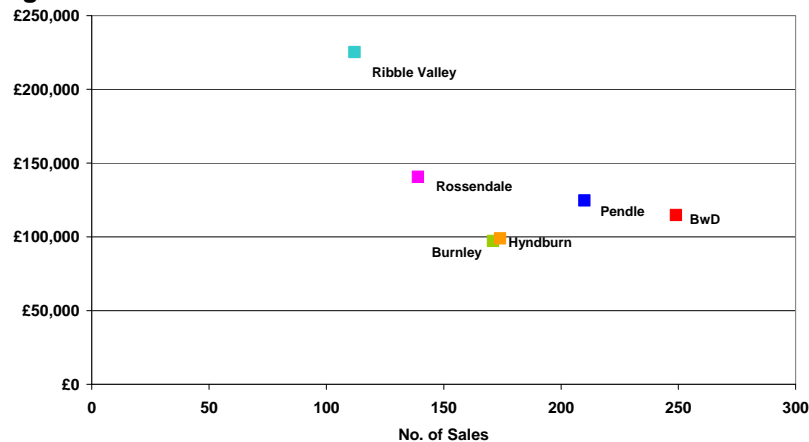
Source website	Date prediction made	Amount predicted	Region	Time Period	Notes
<a href="#">National Housing Federation</a>	Jul-08	+25%	UK	2008-2013	National Housing Federation predicts that the average house price in England will rise by 25 per cent over the next five years to reach £274,700, despite fears of a housing market crash.
<a href="#">brightsale.co.uk</a>	Aug-08	0%	UK	2008-2009	New research from BrightSale suggests that prices do not have much further to fall to bring them back to long-term equilibrium
<a href="#">Lloyds TSB</a>	Jul-08	-5%	UK	2009	Lloyds predict a further 5% fall for 2009 on top of their 10-15% fall prediction for 2008.
<a href="#">UK Government</a>	May-08	-5% to -10%	UK	2008	Caroline Flint, the former Housing minister, inadvertently revealed that house price could fall up to 10% this year "at best".
<a href="#">London School of Economics</a>	Jan-08	-20%	UK	2008-2009	John Van Reenen, expected prices to fall 20% before bouncing back but he doesn't state a time period for this prediction.
<a href="#">Morgan Stanley</a>	Mar-08	-20%	UK	2008-2009	David Miles, chief UK economist at Morgan Stanley predicts that house prices will fall by up to 20% over the next two years.
<a href="#">Nationwide</a>	Sep-08	-25%	UK	2008-2010	Nationwide CEO Graham Beale expects a 25% decline between 2008-2010 in UK housing market before any signs of a recovery.
<a href="#">Deloitte</a>	Jul-08	-33%	UK	2008-2010	Deloitte now expect UK house prices to fall by about a third by the end of 2010 with severe adverse effects on household spending and investment.
<a href="#">Housepricecrash.co.uk</a>	Sep-08	-40% to -50%	UK	2007-2011	New forecast set at Sep 08. Given historical reference, global bank failures, credit restrictions and economic recession.

Source: [www.housepricecrash.co.uk](http://www.housepricecrash.co.uk)

## House Prices and Sales Q4 2008

Latest Q4 data shows that house sales volume continue to fall across all the PL districts. This is particularly evident in the more affluent and expensive parts of Pennine Lancashire. Number of sales is reflective of the total houses within each district.

**Figure: 1.2 District level - House Sales/Price**

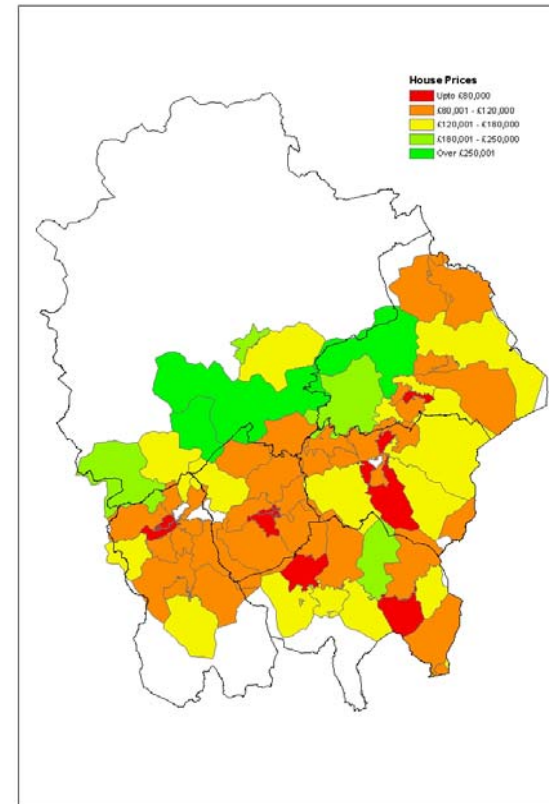


Source: BBC Land Registry

Latest Q4 2008 (Oct-Dec) **district** data shows that prices continue to fall across BwD, Hyndburn and Ribble Valley which reflects the regional and national picture. However, Burnley and Pendle have shown an increase in the latest quarter and Rossendale continues to show continued rise in house prices. Again, price increases in these districts could well be due to more expensive properties being sold in the area with smaller volumes of sales creating higher priced *mean averages*. Although sales have been weak, the turnaround in enquiries indicates that some level of buyer interest is returning to the market. This can partly be explained by recent cuts in the base rate and the fall in house prices seen over the last year. These drops have boosted affordability and buyer interest but forecasts suggest this activity will not be sustained. Land prices have dropped which may prove to be a useful time for strategic site assembly.

Figure 1.3 shows house prices at postcode sector. At a more localised level, there are pockets which also fall within the Elevate HMR boundary with prices well below district average figures for Pennine Lancashire.

**Figure 1.3 House Prices by Postcode Sector**



Source: Land Registry

Figure 1.4 shows house sales within ADF areas. As expected, areas with higher than average house prices have had very few sales. This is now also visible in a few of the very low priced inner town, terraced dominated areas in Burnley, Hyndburn and Blackburn where previously sales volumes were higher due to lower prices.

Figure 1.4 looks at the changes in sales volumes and prices between Q4 2007 and Q4 2008. Volumes of sales have dropped by more than 60% across all ADF areas. Piccadilly (Burnley), Brierfield (Pendle) and Springhill & Scaithcliffe (Hyndburn) have seen over 35% decrease in house prices between both periods. Daneshouse, Dukebar and Stoneyholme ADF (Burnley) has seen a +25% increase as well as South West Burnley (+6%). The extremely low number of sales which took place in Daneshouse ADF (-98% decrease) indicate how low volume high value sales can reflect higher average house price figures in an area.

**Figure 1.4 Mean house price averages and sales by ADF**

ADF	Q4 2007 (Oct-Dec)		Q4 2008 (Oct-Dec)		Change	
	Average Price	Sales	Average Price	Sales	Average Price	Sales
Brierfield	£109,699	53	£71,273	11	-35%	-79%
Burnley Wood & Healey Wood	£62,449	62	£53,268	14	-15%	-77%
Central Darwen	£84,803	105	£74,077	29	-13%	-72%
Church & West Accrington	£91,242	47	£86,333	15	-5%	-68%
Clayton & Enfield	£93,073	33	£87,620	20	-6%	-39%
Colne	£96,459	126	£94,180	46	-2%	-63%
Daneshouse, Dukebar & Stoneyholme	£56,470	67	£70,333	3	25%	-96%
Inner North West	£104,775	46	£73,550	10	-30%	-78%
Inner South East	£82,102	75	£78,263	19	-5%	-75%
Nelson	£82,999	193	£79,282	57	-4%	-70%
Oswaldtwistle	£99,758	67	£84,775	18	-15%	-73%
Padiham	£80,061	33	£77,723	11	-3%	-67%
Piccadilly	£69,582	33	£35,038	4	-50%	-88%
Bacup & Stacksteads	£104,941	67	£87,084	25	-17%	-63%
South West Burnley	£53,787	46	£57,182	11	6%	-76%
Springhill & Scaithcliffe	£78,175	42	£49,955	11	-36%	-74%
Peel & Barnfield	£87,754	77	£75,188	25	-14%	-68%

**Figure 1.5 House Sales by Postcode Sector**

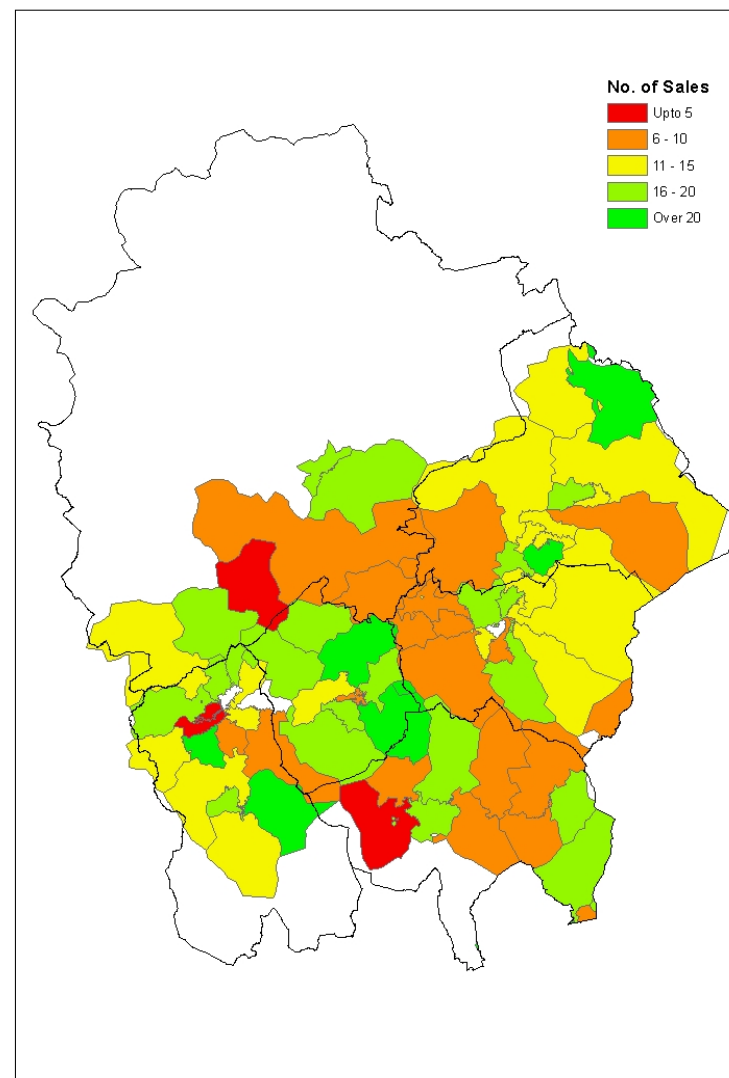


Figure: 1.6 House Price Time Series

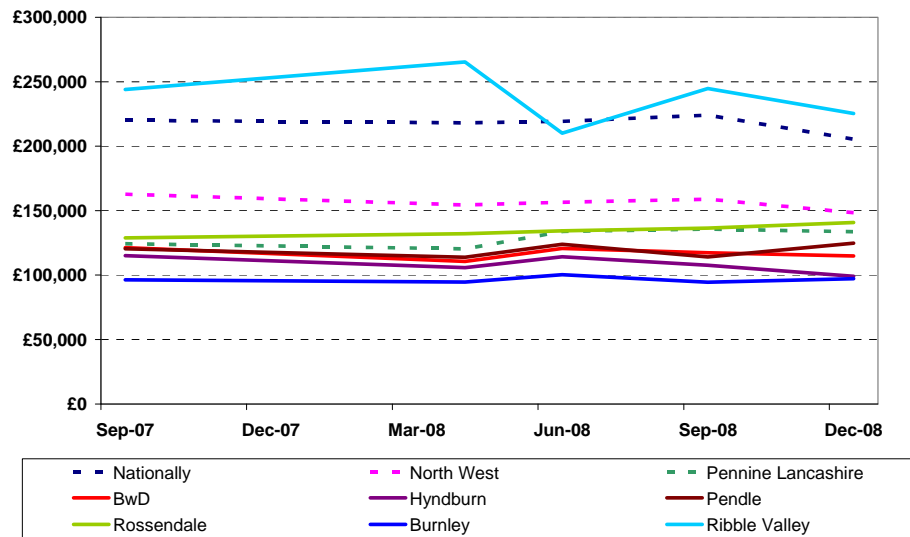
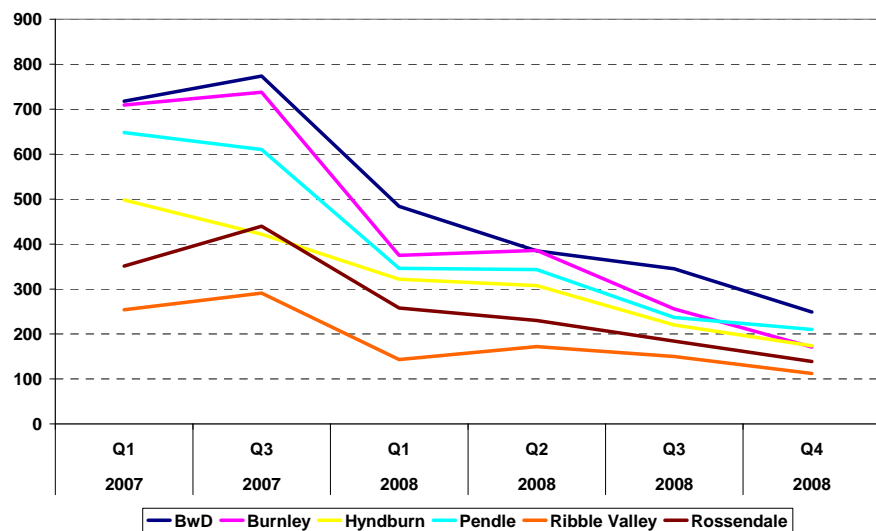


Figure 1.7 House Sales Time Series



Source: BBC Land Registry

## Buy to Let/ Renting

The number of homes for sale through Estate Agents has fallen over the last year as vendors turn to the rental market. This is seen as a temporary speculative measure until house prices stabilise and begin to increase in the future. As more people are unable to obtain mortgage finance, renting is the favoured option. This sees an increase in both the supply and demand in the private rented sector which will continue to be an important part of Pennine Lancashire's housing market in the future.

However, supply still appears to outstrip demand for buy to let properties which is driving rent levels down in certain areas within Pennine Lancashire.

## Availability of Mortgages - MOSAIC Mortgage Comparator

Using Mosaic data and [www.moneysupermarket.com](http://www.moneysupermarket.com) (market comparison website) a search was performed to see the availability of mortgages for **first time buyers** within Pennine Lancashire districts and the pathfinder areas. Dominant mosaic group and type were used for household income levels and to identify the types of people living in these areas. House price data is a snapshot taken as at the end of Q2 2008 from the CLG live tables. Search run as at 10/2/2009

Figure 1.8 illustrates how obtaining a mortgage is particularly hard in the current climate. Only 2 products were available for the district analysis and 6 for the pathfinder on the day of the search. This is reflective of average property values at pathfinder and district levels. This can also vary as lenders continue to change their criteria and their LTV (loan to value) rate. Although Bank of England base rates have been dropped to 0.5%, it is near impossible for first time buyers to get a decent mortgage rate with continued reluctance from banks to lend to each other (dependant on the LIBOR rate). Mortgages tend to be fixed for longer periods than past offerings in the market as well as demands for significantly larger deposits which are well above yearly gross household income for the average family. Financial correction is taking place where a home is only bought by those who have the necessary means.

**Figure 1.8 Mortgages Key Facts table**

	<b>Pathfinder</b>	<b>Pennine Lancs District Average</b>
<b>Property Type</b>	Terrace	Terrace
<b>Median average property value</b>	£76,000	£113,788
<b>Average Household Income</b>	£13,499	£24,999
<b>Mosaic Code</b>	D24	D
<b>Minimum deposit</b>	£7,600	£34,011
<b>Value of deposit</b>	10%	30%
<b>Number of Years</b>	25	25
<b>Number of Products</b>	<b>6</b>	<b>2</b>
<b>Lowest Rate</b>	5.69% then 3%	7.09% then 6%
<b>Monthly Payment</b>	£434	£579
<b>Institution</b>	C&G (Direct) Online Excl.	Platform Funding Limited
<b>Mortgage Type</b>	Fixed for 5 years	Fixed for 2 years
<b>Highest Rate</b>	6.49% then 3%	7.09% then 6%
<b>Monthly Payments</b>	£461	£579
<b>Institution</b>	Cheltenham & Gloucester	Platform Funding Limited
<b>Mortgage Type</b>	Fixed for 5 years	Fixed for 3 years

## REPOSSESSIONS

The number of people falling behind with their mortgages is expected to jump in 2009, with the Council of Mortgage Lenders (CML) estimating that over 500,000 will fall at least three months behind in their payments - double the number in 2008.

Previous Q3 2008 data showed increases in mortgage possession claims across BwD, Pendle and Rossendale areas but new claims figures for Q4 2008 shows reductions across Pennine Lancashire districts. This may suggest lenders willingness to work with borrowers as greater negative equity is placed on some mortgages. The data also shows the number of possession orders was much higher in 2008 than they were in 2007 especially in Pendle. Figure 1.10 illustrates 2008 showing the highest

number of mortgage possession claims since the last recession within the sub region.

Latest statistics show that Landlord possession claims continue to increase in BwD and Burnley as was previously reported in Q3 figures. No figures were available for Pendle which also showed a rise in landlord possession claims in previous quarter. These figures may also suggest that people are struggling to make payments on their rents across Pennine Lancs. Failure to make payment increases the risk of people's home being repossessed.

NOTE: Ribble Valley figures may be incorporated within neighbouring districts with the absence of a court for the district. Claim figures are not the same as a court order and these may be resolved; they are usually the first stage to obtaining a repossession order.

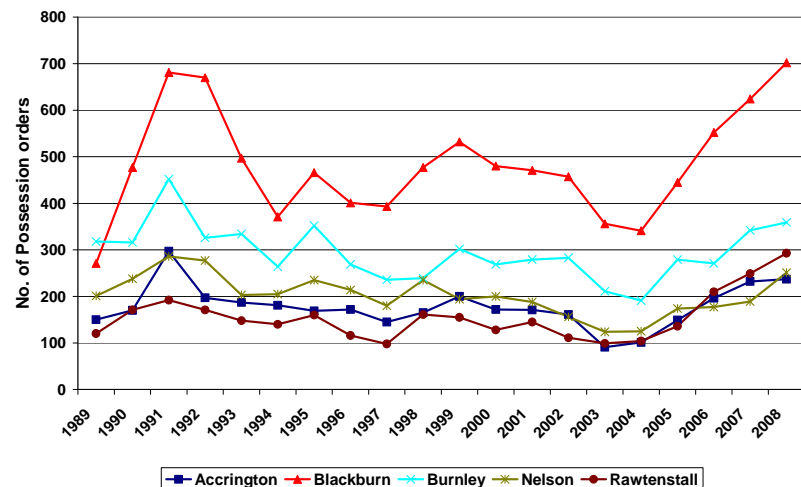
**Figure: 1.9 Mortgage and Landlord possessions claims**

	Mortgage possession Claims issued				Landlord possession claims issued			
	2008 Q4		2008 Q1-4		2008 Q4		2008 Q1-4	
	Total	% change since 2007 Q4	Total	% change since 2007 Q1-4	Total	% change since 2007 Q4	Total	% change since 2007 Q1-4
<b>Accrington</b>	44	-20%	237	2%	24	-20%	141	-17%
<b>Blackburn</b>	124	-19%	702	13%	112	4%	439	5%
<b>Burnley</b>	63	-29%	359	5%	52	18%	240	12%
<b>Nelson</b>	48	-6%	251	33%	19	-	94	12%
<b>Rawtenstall</b>	42	-28%	293	18%	35	-5%	166	-19%
<b>Cumbria &amp; Lancashire</b>	884	-27%	5129	6%	872	1%	3707	9%
<b>North West</b>	3962	-28%	23068	7%	4737	-3%	2010	4
<b>England &amp; Wales</b>	27250	14%	114296	19%	27344	-1%	1122	94

Source: Ministry of Justice



**Figure 1.10 Time series on Mortgage Possession orders**



New/revised schemes introduced by Government to help address repossession include:

- **Support for Mortgage Interest (SMI)** can be paid to people on income support, income-based jobseeker's allowance, income-related employment, support allowance and pension credit if they are experiencing problems with the interest payments on their mortgage.
- **Mortgage Rescue Scheme (MRS)** is targeted at the most vulnerable households on incomes of less than £60,000 a year who would be entitled to be re-housed under homelessness legislation. These vulnerable groups would be people who are elderly, disabled or those with children. Households will be able to apply to their local authority for two options which are either to sell a share of their home to a housing association, enabling their monthly mortgage payments to be significantly reduced, or they can sell the entire home to a housing association and remain in the property as tenants paying a subsidised rent. However, there are a number of issues/criterion with MRS which need to be met. These include:
  1. RSL's are not willing to commit to buy a home which needs significant costs to improve and bring into their legal decency standards;

2. In this area, any properties below £125,000 only qualify;
  3. Tenants who have affordability issues in paying rent will not qualify by the RSL;
  4. Individuals have to meet certain criteria i.e. a single person living in a three bedroom house will not qualify and will be asked to downsize.
- **Homeowner Mortgage Support Scheme** It will be available in spring 2009. This scheme is aimed to help reduce monthly mortgage payments for a fixed time and on properties up to the value of £400,000.
  - **Local Authority Mortgages** - Government guarantee mortgages option being considered by CLG with further discussion yet to take place.

## Construction Employment Sector

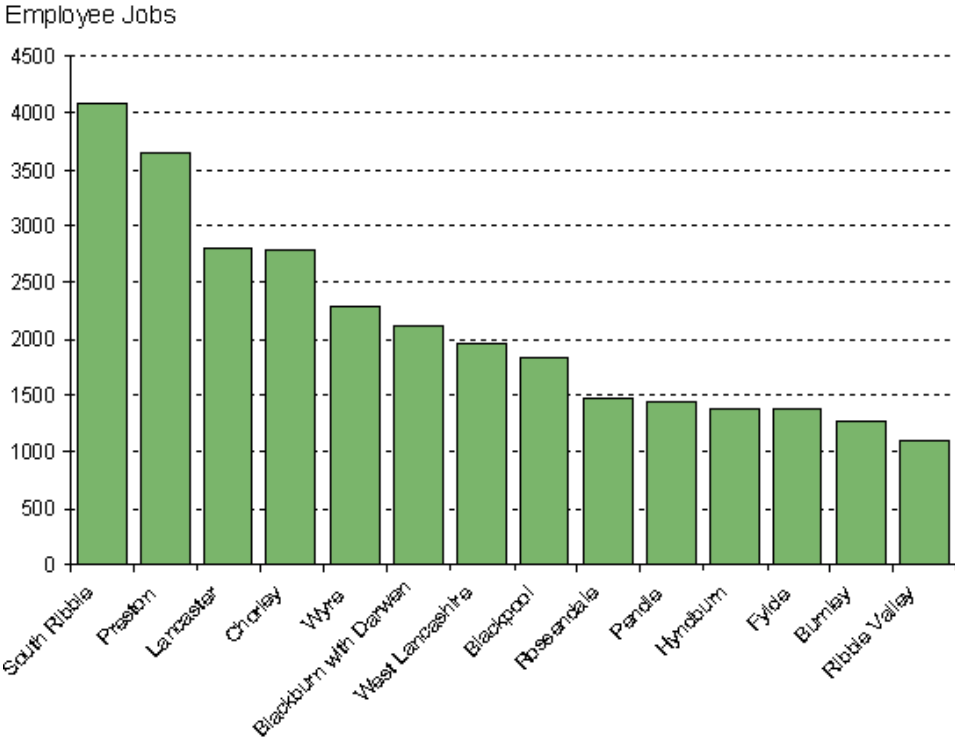
Construction activity is largely investment led and in the short-term is sensitive to interest rates, levels of public expenditure on capital projects and business cycle. Over the longer term population and economic growth primarily determine construction activity. The activities of construction have strong multiplier or knock-on effects elsewhere in the economy: it has been estimated that for every £100 spent on construction, a further £50-£100 are spent in other business sectors.

The latest available statistics on construction employment levels are for 2007 and therefore predate the economic slowdown that took effect in 2008. The figures do however show that reduced employment levels were already beginning to be recorded in the sector. With 29,600 employees across Lancashire county in 2007, employment levels remain relatively high but are well below the 2004 figure of 36,200, early signs of the housing market slowdown.

The construction industry is fundamentally a mobile one with both companies and employees working across local authority and sub-regional boundaries as they follow new projects. Some of the companies operating in construction projects within Pennine Lancashire are nationally based. These companies work temporarily in the sub region on major building or civil engineering contracts. Pennine Lancashire has many examples of larger and medium-sized construction employers which include Barnfield Construction, the Hurstwood Group, CDM Structures Ltd, RE Buildings and B&E Boys which can benefit the local economy if contracts were awarded locally. The

investment observatory (figure 2.4) highlights some major developments taking place in Pennine Lancashire with most of these contracts being awarded outside the Lancashire footprint with local construction workers not benefiting. Partners need to ensure local companies and people are included within new construction investment projects.

**Figure 1.8 Construction Industry Employment by District 2007**



Source: Lancashire Profiles

## ECONOMY

Official figures released in February showed Consumer Prices Index (CPI) inflation fell slightly in January to 3%, from 3.1% in December. CPI inflation has now fallen for four months in a row from a high of 5.2% in September. Retail Prices Index (RPI) inflation, which includes mortgage costs and is often used in pay negotiations, fell to 0.1% from December's 0.9%. The drop in RPI may lead to pressure on employers to limit pay rises. Lack of credit continues to be felt across businesses as they struggle to manage their working capital. The Bank of England Credit survey for Q4 2008 revealed that in the three months to mid-December, a net balance of lenders reported that they had reduced the availability of credit to households and corporates.

Aerospace sector is performing relatively well in the current climate and as well as some manufacturing companies benefiting from the weak sterling currency. Some local businesses particularly retail and some low value manufacturing continue to suffer. Banks continue to be reluctant to lend money due to their own shortage as people are not saving due to low interest rates. Some businesses are struggling to get the package of support from banks and are increasingly asked to be *factoring*. Factoring is a financial transaction whereby a business sells its accounts receivable (i.e. invoices) at a discount. Factoring is a method used by a firm to obtain cash when the available cash balance held by the firm is insufficient to meet current obligations and accommodate its other cash needs.

Pennine Lancashire local authorities continue to support local business enterprises with measures being taken to support business platforms.

### **Pennine Lancashire Business Survival 2001- 2008**

The Survival Tool shows the number of enterprises that have started in an area by year and the percentage that have survived year on year. The Survival Tool allows the user to look at survival rates for areas and sectors by size range.

The data suggests that survival rates in Pennine Lancashire are now in line with the national average where in the past, Burnley and Rossendale have been lagging behind the national figure. Ribblesdale continues to show strong grounds for business performance over the years with above average survival rates. Pennine Lancashire with a weaker economy concentrated within low value manufacturing may see fewer job loss impacts in the short term, but this is expected to scale across other sectors. The recession could make the road to recovery even longer without a diverse business base and a shortage of high skills employee base or entrepreneurship within Pennine Lancashire. This problem will be more apparent in some districts than others.

**NOTE:** The data in the BETA Model for an area can increase because of the net of new starts, new branches and closures, but it can also increase because there is an improvement in the source file, i.e. greater coverage. It is important therefore to take a relative view of these changes and not simply assume a direct percentage increase for the area.

**Figure 2.1 Survival Tables for Pennine Lancashire by District 2001-08**

Location: Blackburn with Darwen; Sector: All; Employee Size Range: Total;								
Year to April	2001	2002	2003	2004	2005	2006	2007	2008
Starts by Year	492	365	818	593	1,012	891	945	903
Survivors within 1 year	85%	86%	97%	88%	92%	85%	88%	
Survivors within 2 year	77%	84%	83%	77%	75%	68%		
Survivors within 3 year	74%	69%	75%	66%	62%			
Survivors within 4 year	63%	57%	60%	58%				
Survivors within 5 year	55%	49%	53%					
Survivors within 6 year	46%	41%						
Survivors within 7 year	41%							

Location: Burnley; Sector: All; Employee Size Range: Total;								
Year to April	2001	2002	2003	2004	2005	2006	2007	2008
Starts by Year	286	266	498	378	707	548	605	536
Survivors within 1 year	81%	89%	97%	86%	93%	84%	89%	
Survivors within 2 year	72%	86%	82%	71%	74%	70%		
Survivors within 3 year	70%	76%	72%	62%	63%			
Survivors within 4 year	62%	62%	61%	52%				
Survivors within 5 year	52%	53%	52%					
Survivors within 6 year	44%	44%						
Survivors within 7 year	38%							

Location: Hyndburn; Sector: All; Employee Size Range: Total;								
Year to April	2001	2002	2003	2004	2005	2006	2007	2008
Starts by Year	280	211	468	326	625	491	510	543
Survivors within 1 year	86%	84%	98%	90%	92%	85%	89%	
Survivors within 2 year	76%	80%	85%	77%	74%	70%		
Survivors within 3 year	74%	63%	75%	66%	62%			
Survivors within 4 year	63%	52%	62%	57%				
Survivors within 5 year	55%	45%	56%					
Survivors within 6 year	48%	40%						
Survivors within 7 year	45%							

Location: Pendle; Sector: All; Employee Size Range: Total;								
Year to April	2001	2002	2003	2004	2005	2006	2007	2008
Starts by Year	326	245	539	355	655	514	521	581
Survivors within 1 year	85%	84%	97%	89%	91%	86%	89%	
Survivors within 2 year	76%	81%	84%	76%	76%	72%		
Survivors within 3 year	75%	65%	75%	70%	64%			
Survivors within 4 year	64%	53%	60%	63%				
Survivors within 5 year	56%	48%	53%					
Survivors within 6 year	51%	45%						
Survivors within 7 year	45%							

Location: Ribble Valley; Sector: All; Employee Size Range: Total;								
Year to April	2001	2002	2003	2004	2005	2006	2007	2008
Starts by Year	194	181	458	241	466	366	389	347
Survivors within 1 year	87%	88%	98%	94%	95%	90%	92%	
Survivors within 2 year	78%	85%	90%	88%	81%	74%		
Survivors within 3 year	76%	72%	82%	78%	68%			
Survivors within 4 year	67%	61%	70%	69%				
Survivors within 5 year	59%	57%	62%					
Survivors within 6 year	53%	53%						
Survivors within 7 year	51%							

Location: Rossendale; Sector: All; Employee Size Range: Total;								
Year to April	2001	2002	2003	2004	2005	2006	2007	2008
Starts by Year	194	249	382	290	613	461	437	435
Survivors within 1 year	77%	86%	98%	87%	92%	89%	90%	
Survivors within 2 year	68%	84%	84%	73%	76%	67%		
Survivors within 3 year	65%	73%	76%	63%	64%			
Survivors within 4 year	55%	66%	62%	50%				
Survivors within 5 year	52%	59%	52%					
Survivors within 6 year	46%	51%						
Survivors within 7 year	40%							

Location: England; Sector: All; Employee Size Range: Total;								
Year to April	2001	2002	2003	2004	2005	2006	2007	2008
Starts by Year	174,912	188,067	332,163	229,292	444,380	324,409	323,201	295,050
Survivors within 1 year	85%	88%	98%	88%	93%	86%	89%	
Survivors within 2 year	76%	85%	84%	76%	76%	72%		
Survivors within 3 year	74%	71%	76%	65%	64%			
Survivors within 4 year	63%	63%	64%	56%				
Survivors within 5 year	57%	54%	55%					
Survivors within 6 year	49%	47%						
Survivors within 7 year	43%							

(Source: Business Survival Tool, Beta Model)

## Local Economic Growth Initiative (LEGI) Programme

The LEGI programme is covered with various schemes to help deliver entrepreneurial activity within deprived areas of Pennine Lancashire. Within the programme various projects are run which include the following:

- *Get Set* – delivers start-up support and ideas development with new businesses as well as providing one-to-one advice with accredited business advisors, workshops and access to finance.
- *Schools Out* – targeting children aged 14-30 with enterprise competitions, clubs and awards to try and encourage entrepreneurial activity from a young age.
- *Finance for Growth* - Support for the expansion and development of businesses, which may include grants to improve property and technology, and access to experts and workshops in specialist areas.
- *Women Mean Business* – With men in the UK still twice as likely to start a business as women, this project offers women all the support they need to pursue their ambition to start up. This includes personalised advice and the opportunity to meet other women who run their own businesses.
- *Eureka* - Offers specialist support for people and businesses that want to push the boundaries of innovation, creativity and technology.
- *Business Investment Deals* - Finance support to help start and grow businesses. This project deals with advice on loans, sourcing capital and tackling any finance problems, such as poor credit ratings.
- *Constructing the Future (CtF)* – Supporting apprenticeship schemes, environmentally-friendly business practices, supply chain development, business starts and construction opportunities.

## LEGI Outputs

The LEGI programme has been measuring key outputs to monitor the programme. These help measure the target set by the programme to be delivered by its 3 year and 10 year milestone. Figure 2.2 below shows outputs achieved so far:

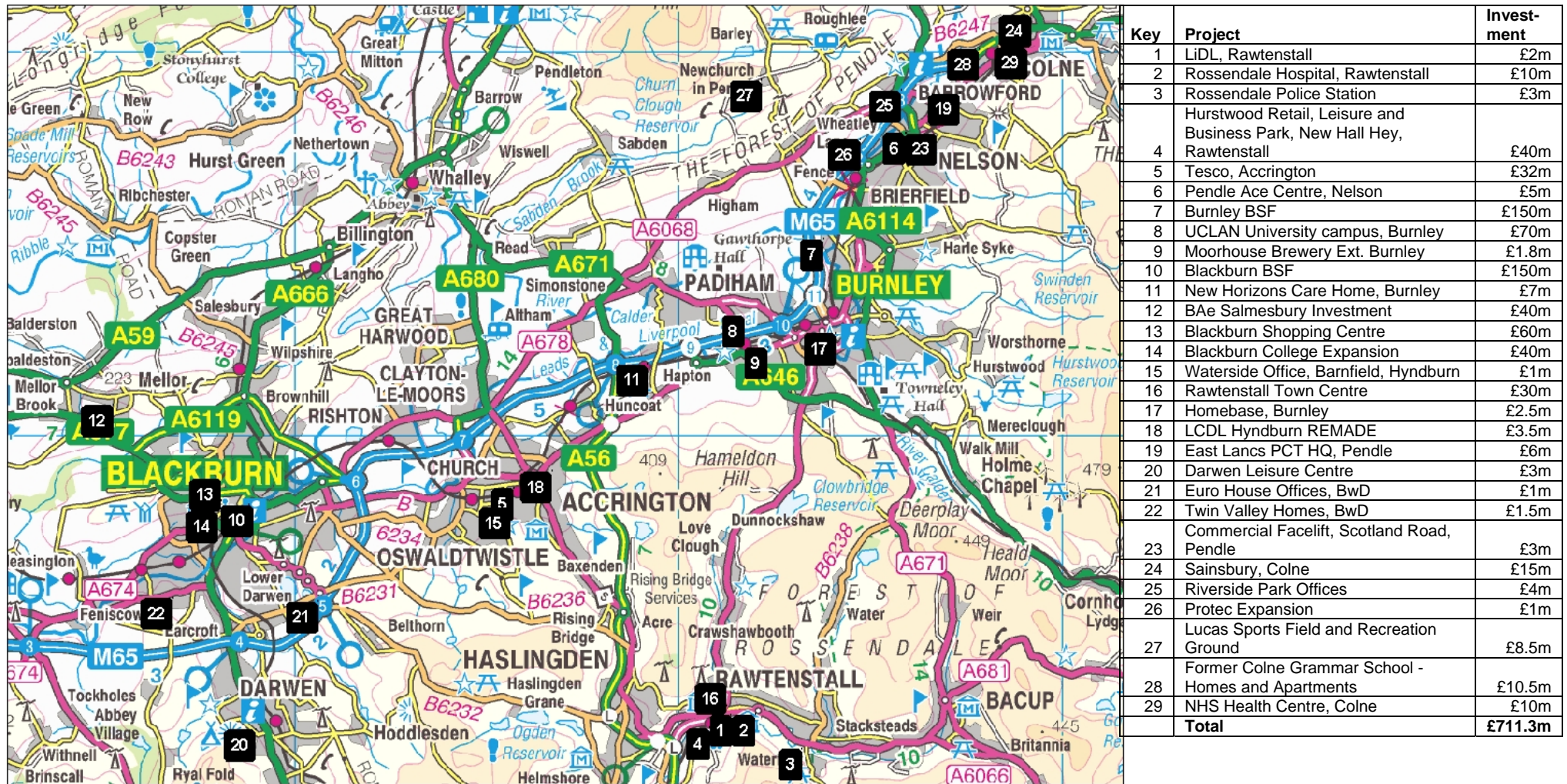
LEGI OUTPUTS	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Total (7 Quarters)
<b>New Business Start Up</b>	5	68	65	185	87	86	116	612
<b>Jobs Created</b>	10	102	121.5	385	156.5	220	204	1199
<b>Jobs Preserved</b>	0	20.5	31	621.5	61.5	83.5	82	900
<b>Private Sector Investment</b>	£6,300	£750,958	£1,063,398	£2,050,517	£948,045	£812,445	£1,118,668	£6,750,331

New business start-ups are encouraging and measuring survival rates within LEGI schemes would be useful measure for long term business sustainability. Jobs created are roughly 2:1 ratio for every new business start up. Private investment shows how much of their own monies the owner of the business places.

## Investment Observatory

The observatory highlights the construction/investments taking place in Pennine Lancashire with an estimated value of £711.3 million. The information is collected through anecdotal evidence and plots current investment and construction activity. In the current climate it is important that local partners should look into current contractual commitments throughout the sub region where possible and try to influence and develop future procurement contracts which include local employment opportunities, including apprenticeships through the planning process.

**Figure 2.4 Investment/Construction Mapping**

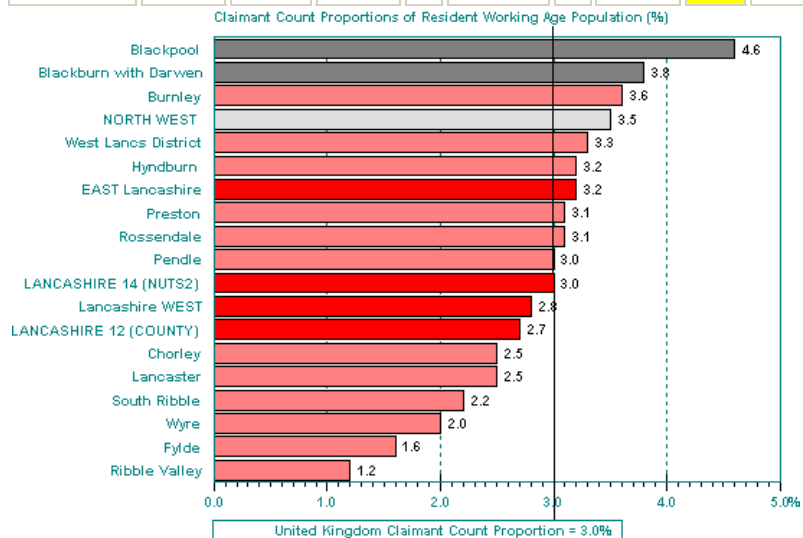


Source: Local Knowledge, Elevate media Clippings & Barbour ABI

# CLAIMANT COUNT AND JOB LOSSES / GAINS

Figure 3.1 JSA Claimant Count January 2009

	Males		Females		Total		Yearly Change		Monthly Change	
	No.	% of working age pop.	No.	%	No.	%	No.	%	No.	%
<i>BwD</i>	2,855	6.4	718	1.8	<b>3,573</b>	4.2	1,184	49.6	321	9.9
<i>Burnley</i>	1,638	6.0	532	2.0	<b>2,170</b>	4.1	773	55.3	233	12.0
<i>Hyndburn</i>	1,385	5.4	368	1.6	<b>1,753</b>	3.6	643	57.9	165	10.4
<i>Pendle</i>	1,373	4.8	438	1.7	<b>1,811</b>	3.3	784	76.3	164	10.0
<i>Ribble Valley</i>	322	1.8	116	0.7	<b>438</b>	1.3	194	79.5	31	7.6
<i>Rossendale</i>	1,131	5.2	338	1.7	<b>1,469</b>	3.5	745	102.9	197	15.5
<b><i>Pennine Lancashire</i></b>	<b>8,704</b>	<b>5.2</b>	<b>2,510</b>	<b>1.6</b>	<b>11,214</b>	<b>3.5</b>	<b>4,323</b>	<b>62.7</b>	<b>1,111</b>	<b>11.0</b>
<i>Lancashire NUTS-2</i>	22,219	4.8	6,524	1.6	<b>28,743</b>	3.3	10,032	53.6	2,661	10.2
<i>North West</i>	126,770	5.7	38,226	1.9	164,996	3.9	54,746	49.7	15,557	10.4
<i>Great Britain</i>	927,051	4.8	316,013	1.8	1,243,064	3.4	436,633	54.1	125,552	11.2



Pennine Lancashire witnessed a yearly change rate of 62.7% more JSA claimants which is well above the +54.4% increase recorded in the UK. Rossendale district (+102.9%, +745 persons) increased at almost double the rate of the increase in the UK over the year. Ribble Valley (+79.5%, +194 persons) and Pendle (+76.3%, +784 persons) saw higher claimant count proportions increase by more than 70% over the year. Hyndburn (+57.9%, +643 persons) and Burnley (+55.3%, +773 persons) also recorded greater yearly rates of increase in the claimant count than the +54.4% for the UK as a whole.

The high percentage increase in Ribble Valley, which has one of the lowest claimant count proportions and one of the lowest claimant count totals within the UK, is partly explained by the relatively low base number in the previous year. The rise does however show that the economic downturn is affecting all areas.

Some Pennine Lancashire districts experienced increases of more than the UK monthly rise of +11.2%. Rossendale experienced the greatest percentage monthly increase (+15.5%, +197 persons) and Burnley (+12.0%, +233). Despite the increases in Pendle (+10.0%, +164 persons), the figures are below the UK monthly percentage change, but nevertheless relatively large as they already had a large claimant count base number in the previous month.

Blackburn with Darwen recorded the greatest monthly numerical increase in the claimant count of +321 persons (+9.9%) followed by Burnley (+233 persons) from the previous month. Ribble Valley recorded the lowest numerical increase of +31 persons, a percentage change of +7.6%.

Assessment of the claimant count in future months will provide a clearer picture of the impact of the recession locally.

With rising JSA claimant counts and falls in notified job vacancies, more people are chasing fewer jobs. In Burnley, with 2170 total JSA claimants and 133 notified job vacancies, potentially there are on average more than 16 people chasing each job.

**Figure 3.2 Notified Vacancies**

Notified Vacancies	January 2007	January 2008	January 2009	Ratio – Vacancy Jan09 : JSA claimant
Blackburn with Darwen	773	516	734	1:5
Burnley	311	268	133	1:16
Hyndburn	288	322	227	1:8
Pendle	173	290	154	1:12
Ribble Valley	154	83	84	1:5
Rossendale	121	114	105	1:14
North West	23,864	27,040	17,099	1:10

Source: Nomis

Figure 3.3 shows the number of redundancies reported to the Job Centre for the North West for December 2008. The data suggests:

- Retail and manufacturing have been the heaviest hit industrial sectors;
- Major job losses were made in retail, particularly in Cumbria and Lancashire which could be due to Manchester providing a better and more specialised retail shopping offer;
- Manufacturing has seen particularly heavy losses in East and West Manchester followed by Lancashire & Cumbria. Lancashire and Cumbria holds a competitive advantage within manufacturing compared to Manchester. Lancashire has some specialised manufacturing companies who seem to be thriving under current climate whilst maintaining lower wage bills than same sector companies in Manchester.
- Manchester has seen losses within distribution and warehouse sector which may explain some of the losses seen in haulage jobs within Rossendale (see figure 3.3).

**Figure 3.3 North West Redundancies December 2008**

NW LOSSES Dec 2008 (month)	Cheshire, Warrington & Halton	Cumbria & Lancashire	Greater Manchester Central	Greater Manchester East & West	Merseyside	Total
<b>Industry Sector</b>						
Construction		50	65	50		165
Distribution & Warehouse			400	249		649
Education						
Finance/Insurance			20			20
Food						
IT		21	30			51
Leisure / Travel						
Manufacturing	80	190	155	469	184	1038
Media	53	27		93	89	262
Public sector						
Retail	444	866	306	472	625	2753
Telecoms / Postal			30	50		80
Transport	23				20	43
Engineering				35		35
Other	138	28	41	220	33	460
<b>TOTAL</b>	<b>738</b>	<b>1182</b>	<b>1047</b>	<b>1638</b>	<b>951</b>	<b>5556</b>

Source: Job Centre Plus

Figure 3.4 shows media reported job gains and losses around Pennine Lancashire. The table overleaf presents news items taken from local newspaper articles and forms the best base for our soft intelligence. Previous market trends report highlighted over 1800 (approx.) jobs have been reported lost and 705 jobs gained between April – December 2008 across Pennine Lancashire. In the last 2 months, over 143 jobs have been lost in the sub region with 245 jobs gained. Figure 3.3 reports actual numbers of redundancies reported to Job centre plus offices within Pennine Lancashire. A largest loss is evident across the manufacturing and retail sectors.



Figure 3.4 Local Media sourced Gains and Losses

Job Losses/Gains in Pennine Lancashire (media announced)		
	Jan-09	Feb-09
Blackburn with Darwen	Mercers (-19), Thwaites (-56);	
Burnley	Originals Clothing (-5); Mark One (?); Thelma Gray Jewellers (?)	GKN (-56), Homebase (45) Hamildon Community College (-14)
Hyndburn	Sittel (200)	Fraser Eagle (-50) <i>The Best of Oswaltwistle Mills</i> (15)
Pendle		Cott Beverages (-26) Rolls Royce (-33)
Ribble Valley		Ultraframe (-70) Homebase (?)
Rosendale	Smith's Medical (-35)	
<b>Net Total</b>	<b>+85</b>	<b>-175</b>

Source: local Media articles

**Key**

**Red = Job losses announced**

**Green = New Jobs announced**

**Net total only calculates media confirmed job gains/losses**

**Figure 3.5 Redundancies by Jobcentre Plus Offices**  
**Snapshot provided as at 17 February 2009**

The table below highlights the number of redundancies taking place within Pennine Lancashire including forward notices. Hyndburn and Rossendale have experienced diverse sector job losses compared to the other PL districts. As illustrated in figure 3.2, the high job losses seen across a diverse range of sectors in Manchester has made an impact to Rossendale commuters. Manufacturing and retail have predominantly been hit and those in these sectors are usually within the low income brackets.

DISTRICT	JOB CENTRE PLUS OFFICE	Industry / Sector	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	TBC	Total	
BwD	Blackburn	Manufacturing			120	50				30	130		609	
		Retail		30			43							
	Darwen	Manufacturing				90		21		95				
Burnley	Burnley	Manufacturing	60				110						218	
		Retail					48							
Hyndburn	Accrington	Administration				30							237	
		Engineering				25								
		Manufacturing		80			40							
		Retail					22							
		Unknown					40							
Pendle	Colne	Manufacturing		50				70				0	292	
		Unknown										20		
	Nelson	Administration			120									292
		Manufacturing				11								
		Retail					21							
Ribble Valley	Clitheroe	Manufacturing			30								52	
		Retail					22							
Rossendale	Rawtenstall	Haulage				40							293	
		Joinery					60							
		Manufacturing			25	35	80							
		Other						35						
		Retail					18							
<b>PL Grand Total</b>			60	160	295	299	486	126	0	125	130	20	<b>1701</b>	

Source: Job Centre Plus

## POPULATION

(Source: Lancashire Profiles)

The impact of local factors on population change is readily apparent in a number of Lancashire MSOAs. The largest increase, of more than a third, was around the Fernhurst and Ewood South area on the outskirts of Blackburn near to Junction 4 of the M65. Its close proximity to the motorway has led to significant new housing (as well as industrial) development that has attracted relatively prosperous households. A similar impact can be seen in the Blackburn Higher Croft and Guide areas, Clayton-le-Moors, Altham and Huncoat North areas of Hyndburn. Well above-average population growth has also taken place in the Whalley, Billington and Langho area of Ribble Valley (+30%) where the availability of suitable properties, environmental attractions and accessibility have all been important considerations. Ribble Valley clearly emerges from this analysis as containing favoured residential locations, as does the Constablee, Goodshaw and Water areas of Rossendale.

At the other extreme of the population change, MSOAs around Rose Hill East and Burnley Wood recorded a significant decrease. In a number of adjacent areas – including Rose Grove South and Weavers' Triangle, and Daneshouse, Stoneyholme and Burnley Lane South. These are all areas known to rank poorly in terms of various measures of deprivation and fall within the Elevate intervention area. A clutch of rural MSOAs, particularly across Rossendale, also suffered from small population decreases, possibly reflecting a combination of strict development constraints (green belts), high house prices and structural socio-economic changes resulting from their popularity with high income commuters.

The dominant pattern is one of growth in many rural and suburban/dormitory areas partly offset by falling populations in many of the larger and older urban areas. However, the patchwork of changes also suggests more complexity at the local area level. There are still significant numbers of rural areas, including areas of apparent good geographical accessibility, where population numbers are falling or fairly static at best.

Local authority	MSOA	MSOA description	Total 2007	Change 2001-2007	
				No.	%
<b>Increases in Population</b>					
<i>BwD</i>	13	<i>Fernhurst and Ewood South</i>	7,606	2,065	37.3
<i>Ribble Valley</i>	7	<i>Whalley, Billington and Langho</i>	8,421	1,958	30.3
<i>Ribble Valley</i>	1	<i>Slaidburn, Bolton-by-Bowland, Waddington and Hurst Green</i>	7,827	1,043	15.4
<i>BwD</i>	11	<i>Higher Croft and Guide</i>	9,377	982	11.7
<i>Hyndburn</i>	2	<i>Clayton-le-Moors, Altham and Huncoat North</i>	12,196	1,244	11.4
<i>Rossendale</i>	1	<i>Constablee, Goodshaw and Water</i>	7,918	723	10
<b>Decreases in Population</b>					
<i>Pendle</i>	11	<i>Whitefield and Walverden</i>	7,456	-287	-3.7
<i>Burnley</i>	13	<i>Rose Hill West and Scott Park</i>	5,282	-208	-3.8
<i>BwD</i>	9	<i>Mill Hill and Ewood North</i>	9,601	-393	-3.9
<i>Pendle</i>	5	<i>Vivary Bridge</i>	5,724	-237	-4
<i>BwD</i>	6	<i>Lower Audley and Bank Top</i>	7,762	-337	-4.2
<i>BwD</i>	12	<i>Feniscliffe and Waterloo</i>	7,070	-312	-4.2
<i>Hyndburn</i>	3	<i>Rishton</i>	7,002	-327	-4.5
<i>BwD</i>	15	<i>Pot House and Marsh House Lane</i>	5,354	-338	-5.9
<i>Burnley</i>	3	<i>Daneshouse, Stoneyholme and Burnley Lane South</i>	8,583	-607	-6.6
<i>Burnley</i>	10	<i>Rose Grove South and Weavers' Triangle</i>	8,230	-591	-6.7
<i>BwD</i>	16	<i>Belgrave and Shorey Bank</i>	5,858	-424	-6.7
<i>Burnley</i>	12	<i>Rose Hill East and Burnley Wood</i>	4,792	-671	-12

