KNOWSLEY RESILIENCE MONITOR 2015 | ISSUE 1

A quarterly analysis of social and economic conditions affecting the resilience and wellbeing of Knowsley residents

This report is based on data covering the October 2014 to January 2015 period.

Produced by Policy, Impact and Intelligence (PII)   Contact: 0151 443 3067
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Key messages

There has been some financial relief for residents as shown by falls in our local cost of living indicators since summer 2014. Prices at the pump have fallen by an average of 19 pence per litre over the last three months and working residents are seeing their average weekly earnings increase, though at a far slower rate than that seen nationally. However, the rate of unemployment in the Borough has increased over the past quarter, despite record levels of employment at the national level. Though lower prices of goods will ease the pressure on hard-pressed families, the benefits of the national economic recovery are not effectively materialising in the Borough.

Economic overview
The economy has slowed down in Quarter 4 (Oct-Dec) of 2014 with growth of 0.5%. The Bank of England has continued to hold interest rates at 0.5% with a rise not now expected until 2016. A six year low level of unemployment at 5.8% would normally place pressure on the Bank of England to potentially raise interest rates, but a 15 year low level of inflation at 0.5%, and low earnings growth is counteracting this pressure.

More on page 5-6

Local prices
The last three months have seen local falls in the cost of our sample basket of branded goods and fuel prices, though our sample basket of budget goods have increased in price.

More on page 7

Residents’ views: family finances, happiness and community cohesion
The latest results from our Tracker Survey show that levels of overall happiness amongst Knowsley residents continue to improve. Fewer residents are struggling financially, falling from 28% in autumn 2013 to 21% this autumn.

More on pages 8-9
Key messages

The Labour Market - employment, wages and unemployment
The proportion of residents in employment has fallen over the last three months to 65.9% while the proportion of unemployed residents has increased to 9.3%. This is in contrast to a national trend of falling unemployment and record levels of employment. More on page 10-12

Out of work benefits
Universal Credit (UC) was introduced during the summer, which will replace a number of ‘in-work’ and ‘out-of-work’ benefits including JSA. Claims were initially restricted to single, unemployed people without children. As at December, 920 people have claimed Universal Credit in the Borough, 320 of who are in employment.

The JSA rate in Knowsley has fallen to 2.8%, however if we combine ‘not in employment’ UC claimants (who would previously be claiming JSA) with those claiming JSA, the December claimant rate increases to 3.4%. This means that the overall claimant rate is not decreasing as fast as the JSA statistics suggest. However, combined UC (unemployed) and JSA claims have fallen from 3,362 in September, to 3,199 in December 2014, a decrease of -5%. More on pages 13-16

Housing
The housing market in Knowsley continues to show some positive signs of activity with a higher volume of sales for all dwelling types except detached houses in 2014 compared to 2013, and a high proportion of house sales achieving their asking price. However the average house price in Knowsley has fallen below £100,000 in the last quarter, continuing a downward trend since June 2014. More on pages 17-19
**Economic overview**

**Gross Domestic Product (GDP)** represents the level of growth in the economy. The economy has slowed down in the last quarter with GDP growth of 0.5% in the fourth quarter of 2014, which is down from 0.7% in the previous quarter. In the year between Q4 2013 and Q4 2014, the economy grew by 2.7%, the fastest pace since 2007. Despite this, the Markit/CIPS Purchasing Managers’ Index suggests that growth in three of the biggest sectors of the economy has stalled. The services sector has slowed to its slowest rate in 19-months, whilst activity in the construction sector grew at its slowest pace for 17 months, and the manufacturing sector at its slowest for three months.

**Interest Rates** represent the price of borrowing money. The Bank of England sets the base rate, raising it to stem inflation, and lowering it to stimulate borrowing and spending. It currently remains at 0.5%. Experts predict that the interest rate is now unlikely to rise until 2016.

Interest rates have a major impact on mortgage repayments. The illustration to the right estimates the potential impact of interest rate rises on a Knowsley resident who is an owner occupier with a mortgage (35% of all households) based on the average price of a 3 bedroom house in Knowsley with a 10% deposit and mortgage term of 25 years.

**Earnings** represent the price of labour. The average weekly earnings in Knowsley is £380 (2013 finalised ASHE measure). Excluding bonuses, national weekly earnings grew by 1.8% (AWE measure) compared to a year earlier in November 2014. This is up from 1.4% the previous month and means earnings have now outstripped inflation for two consecutive months. In Knowsley, the Annual Survey of Hours and Earnings shows that resident wages increased by 0.6% between 2012 and 2013.

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**Knowsley resident weekly earnings**

- **Annual growth**: 0.6%
- **Average weekly earnings**: £380

**Earnings**

- **Mortgage**: £104,296
- **Lender Rate**: 4.0%
- **Base Rate**: 0.5%
- **Monthly repayment**: £580

- **Base Rate**: 1.5%
  - **Monthly repayment**: £640

- **Base Rate**: 2.5%
  - **Monthly repayment**: £704
Economic overview

Unemployment is now at the lowest level for more than six years at 5.8% of the adult working population. A record 30.8 million people are in work and the number of people out of work in the UK fell by 58,000 to 1.91 million. However, the number of jobless 16 to 24-year-olds increased since summer 2014 to 764,000.

Combined Universal Credit (unemployed) and JSA claims in Knowsley have fallen by 5%, from 3,362 in September, to 3,199 in December 2014.

Inflation represents the price of goods and services. The rate of Consumer Price Index (CPI) Inflation has fallen to a 15 year low in December 2014, falling to 0.5% from 1% in November. The main contributions to the drop have been from cheaper motor fuel prices and stability in gas and electricity prices over the last 12 months.

In Knowsley the price of petrol and diesel has fallen by an average of 19 pence per litre in the last quarter. Lower fuel prices are driving falls in the prices of goods and services in Knowsley and the average combined price of our branded and budget baskets of food has fallen by 59 pence. More information is on page 7.
**Local prices**

Analysis of how prices of the main essentials are impacting on household finances. This section includes analysis of the increasing price of household essentials including food prices.

**Food Prices January 2015**  
(10 basic food items)
Prices show the total cost of a basket of 10 branded and equivalent ‘budget’ food items price-checked in Knowsley: Potatoes, Bread, Corn Flakes, Skimmed Milk, Fresh Chicken, Tinned Tuna, Apples, Eggs, Tea Bags, Butter.

**House Prices December 2014**  
(Based on sales)
Average Knowsley house prices are down by £5,984 (5.8%) in the last four months. Prices are around £14,151 below the regional average. Note, these figures are not comparable with the previous Resilience Monitor editions due to a change in the data source used.

**Fuel Prices January 2015**  
(Avg. within 10 miles of Huyton, per litre)
Prices at the pump fell for unleaded petrol and for diesel over the previous reporting quarter.

### Autumn 2014

<table>
<thead>
<tr>
<th>Local basket of goods (October 2014)</th>
<th>Winter 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branded goods: £16.06</td>
<td>Branded goods: £15.05</td>
</tr>
<tr>
<td>Budget goods: £10.62</td>
<td>Budget goods: £11.03</td>
</tr>
</tbody>
</table>

### Winter 2015

<table>
<thead>
<tr>
<th>Local basket of goods (January 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branded goods: £15.05</td>
</tr>
<tr>
<td>Budget goods: £11.03</td>
</tr>
</tbody>
</table>

### Average house price (Sales Sept 2014)

<table>
<thead>
<tr>
<th>Knowsley</th>
<th>£102,381</th>
</tr>
</thead>
<tbody>
<tr>
<td>England &amp; Wales</td>
<td>£177,235</td>
</tr>
</tbody>
</table>

### Average house price (Sales Dec 2014)

<table>
<thead>
<tr>
<th>Knowsley</th>
<th>£96,397</th>
</tr>
</thead>
<tbody>
<tr>
<td>England &amp; Wales</td>
<td>£177,766</td>
</tr>
</tbody>
</table>

### Per litre fuel prices (October 2014)  
Per litre fuel prices (January 2015)

<table>
<thead>
<tr>
<th>Unleaded</th>
<th>124.4p</th>
<th>103.7p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel</td>
<td>128.5p</td>
<td>110.7p</td>
</tr>
</tbody>
</table>
Residents’ views: family finances

This section describes some of the responses from Knowsley residents when asked about how well they are coping with day-to-day management of household finances (summer 2014 Tracker Survey).

There are now fewer residents who say that they are struggling financially, with 22% of respondents stating that they are struggling. This is a 7% point decrease when compared to the same quarter of 2013.

At the same time, the number of people who are doing well has almost doubled. 19% of residents reported they are doing well financially, compared to 11% in 2013.

There are still significant variations between responses from the four Partnership areas of Huyton, Kirkby, PWCKV* and Halewood. Huyton is the area with the lowest number of respondents stating that they were doing well (15%), compared to 27% of residents in PWCKV.

Kirkby continues to have the highest level of residents who have stated that they are struggling financially at 26%, whilst only 16% of respondents in PWCKV and Halewood stated they were struggling. The majority of respondents across all Partnership Areas stated that they are “getting by” financially.

*Prescot, Whiston, Cronton and Knowsley Village

How well are you managing financially these days?

<table>
<thead>
<tr>
<th>Doing well</th>
<th>Getting by</th>
<th>Struggling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2014</td>
<td>19%</td>
<td>61%</td>
</tr>
<tr>
<td>Q4 2013</td>
<td>11%</td>
<td>62%</td>
</tr>
</tbody>
</table>

Doing well Getting by Struggling

Halewood  
- Doing well: 21%
- Getting by: 63%
- Struggling: 16%

PWCKV  
- Doing well: 27%
- Getting by: 58%
- Struggling: 16%

Kirkby  
- Doing well: 17%
- Getting by: 57%
- Struggling: 26%

Huyton  
- Doing well: 15%
- Getting by: 65%
- Struggling: 19%
Residents’ views: happiness and community cohesion

The following charts relate to how happy residents feel, and perceived levels of tension within communities, based on responses in the quarterly Tracker Survey.

**Personal happiness**

Personal happiness is a good reflection of the measurement of general well-being. The majority of residents surveyed feel that they are generally happy, with key reasons being family, career and their communities. Data from the most recent 3 month period shows that 73% surveyed felt happy or very happy with their lives currently.

Whilst there has been an overall gradual reduction in reported happiness levels since winter 2010, a recent trend has emerged since autumn 2013 showing improving levels of happiness.

**Community cohesion**

The chart above represents the responses from residents who have been asked how much they agree or disagree that there is any tension between different groups in their community

The survey results show that around 28% of respondents perceive tension in their local area. There have been fluctuations in the proportion of people perceiving tension in their area, though the current level is slightly lower than that in winter 2010.
The number of residents that are employed (aged 16-64) has fallen in Knowsley since the last quarter, down to 62,300 residents. This means 65.9% of the working age population are in work. (Source: Annual Population Survey October 2013 - September 2014).

62,300

residents aged 16 to 64 are in work

since the last quarter

65.9%

of residents aged 16 to 64 are employed

since this time last year

The employment rate in Knowsley has increased by 2.1% points since Sept 2013 and now matches the Liverpool City Region rate. However it continues to lag behind the national rate by 6.5% points.
The Labour Market - Employment and wages

Around 41% of working residents work in lower skilled roles (SOC 6-9) such as caring, customer service, sales, machine operatives and elementary occupations. This is higher than the national figure of 34%. Knowsley has a lower proportion of residents (32%) employed in the highest paid jobs (SOC 1-3) compared to the national level of 45%.

Knowsley's lower skills-base is reflected in the average weekly earnings of its residents. A Knowsley resident earns approximately £380 per week, compared to a national average of £418 - a gap of £38/week.

There is a disparity between male and female earnings, with males earning £178/week (on average), more than females; though this is lower than the national gap between male and female earnings of £183/week.

Provisional figures for 2014 suggest that average earnings for Knowsley residents may have decreased to £377/week, despite a continued increase in national average earnings.
The number of unemployed residents (aged 16-64) has risen by 3.5% since the last quarter to 6,400. This represents 9.3% of economically active working age residents. (Annual Population Survey October 2013 - September 2014).

6,400 residents aged 16 to 64 are unemployed since the last quarter.

9.9% fall since this time last year.

9.3% of economically active residents aged 16 to 64 are unemployed.

Despite a fall in the level of unemployment in Knowsley over the last year, the unemployment rate has gone up in the last quarter and is still 0.8% points higher than it was in 2007.

Unemployment in Knowsley is now lower than the Liverpool City Region rate, but remains above the national rate of 6.6%. The gap with the national rate has increased in the last quarter to 2.7% points.
The Universal Credit (UC) regime has been operating in the Knowsley Jobcentres (Huyton and Kirkby), since July 2014.

UC is gradually replacing in work and ‘out-of-work’ benefits, (including JSA), within Knowsley, although UC claims have been initially restricted to single, unemployed people without children.

At December 2014 920 people had made a claim and accepted the claimant commitment. Of the 920, 600 (65%) were not in employment. Figures will increase faster when the family restriction is removed in February.

14.2% of Knowsley’s 18,250 workless residents are currently claiming Job Seekers Allowance (JSA). At 2.8% of the working age population this is the lowest JSA claimant rate in the Borough since July 2004. However, this is largely due to new claims falling as universal credit is rolled out. Expected historic falls in JSA from here on are mainly monitoring the administrative process of phasing in UC for the wider population.
Out of Work Benefits: Job Seekers

If we combine “not in employment” universal credit claimants (who would ordinarily be claiming JSA) with those claiming JSA, the December claimant rates increases to 3.4%. This means that the overall claimant rate is not decreasing as fast as the JSA statistics suggest.

Combined UC (unemployed) and JSA claims have fallen from 3,362 in September, to 3,199 in December 2014, a change of -5%.

1,655 (63.7%) of the Borough’s 2,599 JSA claimants had been unemployed for less than one year, whilst 36.5% or 950 had been looking for work for over 12 months. The long term unemployment figures will continue to increase as short term claims close.

If UC (not in employment) claims are combined with the JSA claimant count, the proportion of claims under 6 months would increase to 57%; thereby reducing the proportion of people claiming for over 12 months to 30%

The chart to the right shows that approx. 58% of all claimants still on the caseload in December 2014 were aged 16-24, which is a higher proportion than seen amongst JSA claimants, but reflects the limited eligibility criteria in place at the moment.
Out of Work Benefits: Job Seekers

Over the course of the last four months, 2,543 residents have stopped claiming JSA, whilst an additional 1,843 new claims have been made, leaving a net decrease of 700 residents on the benefit. Each of the last four months has seen more closed claims than new claims. This mirrors the national trend which has also seen net decreases over the same period in line with falling levels of national unemployment. The Kirkby area has seen the biggest drop in JSA rate from 3.6% in September to 2.7% in December.
### Out of Work Benefits: change on previous quarter and year

<table>
<thead>
<tr>
<th>Source: NOMIS and DWP</th>
<th>Knowsley (December 2014)</th>
<th>Previous Quarter (September 2014)</th>
<th>Previous Year (December 2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSA Claimants (% of working age pop.)</td>
<td>2,599 (2.8%)</td>
<td>3,122 (3.3%)</td>
<td>4,586 (4.9%)</td>
</tr>
<tr>
<td>Male</td>
<td>1,512 (3.4%)</td>
<td>1,845 (4.2%)</td>
<td>2,893 (6.5%)</td>
</tr>
<tr>
<td>Female</td>
<td>1,087 (2.2%)</td>
<td>1,275 (2.6%)</td>
<td>1,693 (3.4%)</td>
</tr>
<tr>
<td>JSA Claimants aged 18-24 (% of all 18-24 yr olds)</td>
<td>530 (3.9%)</td>
<td>800 (5.8%)</td>
<td>1,350 (9.9%)</td>
</tr>
<tr>
<td>Male</td>
<td>310 (4.5%)</td>
<td>490 (7.2%)</td>
<td>860 (12.5%)</td>
</tr>
<tr>
<td>Female</td>
<td>225 (3.3%)</td>
<td>310 (4.4%)</td>
<td>495 (7.2%)</td>
</tr>
<tr>
<td>JSA - more than 1 year (% of all JSA claimants)</td>
<td>950 (36.6%)</td>
<td>1,110 (35.6%)</td>
<td>1,490 (32.5%)</td>
</tr>
<tr>
<td>Male</td>
<td>545 (36.0%)</td>
<td>655 (35.5%)</td>
<td>930 (32.1%)</td>
</tr>
<tr>
<td>Female</td>
<td>405 (37.3%)</td>
<td>455 (35.6%)</td>
<td>560 (33.1%)</td>
</tr>
<tr>
<td>Universal Credit claimants – not in employment (% of working age pop.)</td>
<td>600 (0.6%)</td>
<td>240 (0.25%)</td>
<td>N/A</td>
</tr>
<tr>
<td>Worklessness (inc. JSA, ESA, Carers, etc.)</td>
<td>18,250 (19.5%)</td>
<td>18,920 (20.2%)</td>
<td>19,800 (21.1%)</td>
</tr>
<tr>
<td>Male</td>
<td>8,780 (19.8%)</td>
<td>9,260 (20.8%)</td>
<td>9,890 (22.3%)</td>
</tr>
<tr>
<td>Female</td>
<td>9,460 (19.2%)</td>
<td>9,660 (19.6%)</td>
<td>9,900 (20.0%)</td>
</tr>
<tr>
<td>IB/ESA Claimants</td>
<td>11,670 (12.5%)</td>
<td>11,520 (12.3%)</td>
<td>11,550 (12.3%)</td>
</tr>
<tr>
<td>Male</td>
<td>6,000 (13.5%)</td>
<td>5,940 (13.4%)</td>
<td>6,060 (13.6%)</td>
</tr>
<tr>
<td>Female</td>
<td>5,670 (11.5%)</td>
<td>5,580 (11.3%)</td>
<td>5,490 (11.1%)</td>
</tr>
<tr>
<td>Lone Parent Claimants</td>
<td>2,300 (2.5%)</td>
<td>2,340 (2.5%)</td>
<td>2,410 (2.6%)</td>
</tr>
</tbody>
</table>
Housing Overview

Both in Knowsley and across the UK, the challenges facing local authorities to supply suitable and affordable accommodation for the increasing population is a growing one. This section illustrates the current housing picture for the Borough.

House Prices

Between 2000 and 2014, house prices in Knowsley have risen by over 60% from an average price of £52,000 over £122,000.

Trends in the housing market have shown that the major increase occurred between 2003 and 2005 and the levels since then, although fluctuating slightly, have only fallen back below the £100,000 mark in the most recent quarter of 2014.

Terraced Houses
35% of Stock
2014 Sales = 375
(+83 compared to 2013)

Semi-Detached Houses
41% of Stock
2014 Sales = 550
(+60 compared to 2013)

Detached Houses
13% of Stock
2014 Sales = 207
(-14 compared to 2013)

Flats / Apartments
10% of Stock
2014 Sales = 90
(+22 compared to 2013)
Housing Sales

Knowsley has achieved a high percentage level of sales to asking price over the last three years reaching peaks of 95% in early 2012, meaning that almost all housing for sale sold at the requested price.

There has been a gradual trend towards an increase in the percentage of homes achieving asking price over the period from early 2011, indicating either potentially that asking prices are becoming more realistic, and/or that finance such as mortgage products are increasing the ability of buyers to offer asking prices to purchase.

Selling Times

Properties in Knowsley have consistently sold quicker (on average within 7 weeks) over the two year period when compared with the Merseyside average (9.74). The quantity of weeks to sell has remained consistent throughout the period from 2011 – 2013.

With the level of properties for sale on the market at a low level in early 2013, the relatively quick time taken to sell is most likely to be a result of a shortage of houses for sale rather than an increase in residents looking to purchase.
Rental Values

Rental values in Knowsley have stayed relatively static over the past few years with cost of social rent for a three bedroom property being £74.00 per week, with a similar property costing on average around £132.00 per week.

<table>
<thead>
<tr>
<th></th>
<th>1 Bed Property</th>
<th>2 Bed Property</th>
<th>3 Bed Property</th>
<th>4 Bed Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Association Rent</td>
<td>£ 58.30</td>
<td>£ 68.20</td>
<td>£ 74.00</td>
<td>N/A</td>
</tr>
<tr>
<td>Private - 30th Percentile</td>
<td>£ 86.00</td>
<td>£ 109.00</td>
<td>£ 121.00</td>
<td>£ 160.00</td>
</tr>
<tr>
<td>Private - 80th Median</td>
<td>£ 74.00</td>
<td>£ 92.00</td>
<td>£ 106.00</td>
<td>£ 147.00</td>
</tr>
<tr>
<td>Private - Median</td>
<td>£ 92.00</td>
<td>£ 115.00</td>
<td>£ 132.00</td>
<td>£ 184.00</td>
</tr>
<tr>
<td>Private - Upper Quartile</td>
<td>£ 103.00</td>
<td>£ 126.00</td>
<td>£ 150.00</td>
<td>£ 206.00</td>
</tr>
</tbody>
</table>

Social Rented Property Waiting List

The number of people on the housing waiting list in Knowsley reached its highest levels since 1998 in 2013 with 3,630 people waiting for homes, a 1,630 increase on 2012.

Affordable Rent

This shows that affordable rented levels in Knowsley would be around £90 per week for a two bedroom property, while in England this rises to £134 per week.