

## ECONOMIC CLIMATE UPDATE REPORT

### EMPLOYMENT AND BUSINESS

Following the report to Cabinet in December 2008 a regular update of the local economic climate was requested to be reported to each Cabinet meeting. The following is a summary of the economic changes that have taken place since that report.

#### Economy

- Figures released by Experian, show businesses in the North-East are failing faster than anywhere else in the UK. Over the previous 9 months, 365 businesses in the region have closed, 43 per cent more than in the same period last year, double the national average of 22 per cent.

#### Engineering/Manufacturing/Chemical

- Chemical company **Lucite**, which employs around 300 people at its manufacturing base in Billingham and research operation at Wilton, is to be bought by chemical giant **Mitsubishi Rayon**.
- The Management Buy-out of **Evonic Degussa** is complete; the Seal Sands based company is now named Fine Organics, of the 180 personnel currently on site it is envisaged that 130 jobs will be safeguarded.
- **British Polythene Industries (BPI)**, on Yarm Road in Stockton, is to close with the loss of over 160 jobs phased over a 12-month period. Christmas shut down from 22<sup>nd</sup> Dec; phase 1 will take effect from 09/01/09 with a loss of 63 jobs; phase 2 in April, 15 job losses; 15 in July; 25-30 in Sept; 25-30 in Dec 09.
- **Caterpillar** has announced plans to make around an additional 60 staff redundant in its Building Construction Products division in Stockton.
- The parent company of **The Furniture Factory** in Thornaby has called in administrators. All 130 workers at the plant have been sent home on reduced pay, redundancies are yet to be announced.
- **Inbond Logistics**, Eaglescliffe are to make 38 redundant in December and January.
- Thornaby Manufacturer **Stainton Metal Company** has been bought by **Valmont Industries Inc** in a deal that will safe guard 150 jobs.

#### Service Sector/Retail

- **Woolworths** retail division, which has stores in prime locations within Stockton High Street and Portrack Lane will close on 30th December. 160 jobs will be lost.
- **MFI** has entered into administration as a result of falling demand for its goods resulting from the property market slump, the Stockton branch closed on the 10<sup>th</sup> December. 11 jobs lost.
- A photo processing chain with a Stockton High Street branch went into administration in early December. **Klick Photopoint** owner **Bowie Castlebank Group** is to shed 272 jobs nationwide.
- **Knowles**, based at Preston Farm is to move to larger premises as it increases its team of legal and technical experts from 14 to 23.
- **Newsquest North-East**, publisher of the Northern Echo has announced 17 proposed redundancies via the closure of 5 district offices including their Stockton office.
- Billingham based **Carterbar** a firm of financial advisors have recorded impressive growth which has seen turnover double to £860,000 in the last 12 months.

- Beer monitoring company **Brulines** has made its fourth acquisition in two years. The Stockton company, which employees 210, staff bought Dunfermline based business **Vianet**.
- **Reflex Vehicle Solutions** which saw sales increase by 115% last year and 40% this year came 21<sup>st</sup> in the Sunday Times Fast Track 100 list of Britain's fastest growing private companies. The company, which is on course to boost turnover from £16.1m to £25m this year, currently employs 84 staff at its Stockton Headquarters, and has doubled its office space.

**Further information:-**

- Job Centre Plus has appointed a dedicated Redundancy Support Officer.
- On 15th January 2009 Job Centre Plus are hosting a recruitment fair in Thornaby Town Centre, with the intention of the new shops (Wilkinsons, New Look, KFC) recruiting local people (preferably currently unemployed into work).
- Business Link is currently seeking tender submissions to operate a series of business support workshops that will commence in January 2009.
- Train to Gain are expanding their training support for private sector SMEs employing up to 250 people offering support to increase their productivity. Starting from January 2009, all Level 2 programmes that lead to full qualifications will be fully funded for all learners. Level 3 qualifications will be fully funded for those aged 18-25 with co funding available for over 25s.
- Current occupancy rate of the Stockton Business Centre is 81%, leaving notification has been given by six businesses including the Mexicana Cocina Café business, with discussions being held with two existing companies looking to relocate to the centre.
- JSA figures for November 2008 show 4,492 claimants in Stockton, which represents 3.8% of the working age population. This is 206 more claimants than in October 2008 and 1,060 more than a year ago. The gap between the rate for Stockton and Great Britain has so far remained fairly constant at around 1% point. 180 of the new JSA claimants last month were men.
- Vacancies notified to JCP for November 2008 for Stockton, Billingham and Thornaby total 1,388, this is an increase from Sept (1200) but has not recovered yet from the peak in June 2008 (2361).
- Procurement Payment Period – The Council's current Procurement Strategy includes a commitment to maximise benefits with Local Small Medium Enterprises and other organisations within the legal parameters set out in the Public Contracts Regulations 2006. The new strategy and action plan, currently under development, will attempt to expand this area further, however it will require all officers involved in devolved procurement to adhere to the principles. The Corporate Procurement Unit offers advice and guidance about how these objectives can be met whilst still meeting our legal obligations.

## **HOUSING AND DEVELOPMENT**

On 15th December the Homes and Communities Agency announced pump priming of more than £400m nationally into the housing market through its HomeBuy Direct scheme, giving a boost to developers and first time buyers, which should be available from early in 2009. A separate briefing note will be issued shortly to all Members detailing the schemes in Stockton, application process and eligibility criteria.

The updates below indicate key annual statistics from Housing Services, and the movement in those figures compared to the same period in 2007 (unless otherwise indicated)

### **Housing Benefit Workload**

November 2007 - 8090  
November 2008 – 8620

### **Applications on the Council's Housing Register**

April 2007 - 3187  
November 2008 – 3998

The December Cabinet report a figure of 5108 was quoted (September 2008). However, in November 2008 a data cleansing exercise was carried out prior to the introduction of choice-based lettings - a new way of allocating property. (Tenants who had been on the list for a long time were contacted to find out if they wanted to stay on it.)

### **Homelessness Acceptances**

November 2007 – 27  
November 2008 – 92

### **Mortgage/Arrears/Homelessness Advice**

November 2007 – 4  
November 2008 – 7

### **Approaches to Housing Options**

November 2007 - 192  
November 2008 – 215

### **Average House Prices (land registry)**

October 2007 – £138,247  
October 2008 - £132,115

### **House Sale Volumes (land registry)**

August 2007 - 501  
August 2008 - 152

## **STOCKTON DISTRICT ADVICE AND INFORMATION SERVICE**

There has been a significant increase in all enquiries that have been received by the Service, and indicated below are the key statistics compared to the same period in 2007 (July to December).

### **Actual/Threatened Homelessness**

The biggest increase is in Threatened Homelessness, i.e. where the process of repossession has started rather than Actual Homelessness, with an increase of 200% (74 in 07/08, 222 in 08/09).

**Debt**

There has been a 10% increase in the total number of debt enquiries, with a 58% increase in mortgage arrears enquiries, and a 35% increase in rent arrears.

**Employment Enquiries**

There has been a 94% increase in new enquiries regarding dismissal and redundancy, and a 45% increase in all new enquiries.

**Relationship / Family Enquiries**

Overall, new Family/Relationship enquiries have been increased by 24%, the number of new enquiries regarding divorce/separation has increased by 79%. Enquiries relating to domestic violence have numerically gone up by a small number (from 3 to 8), and equates to a 166% increase.