

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 positive and negative economic changes that have taken place since the previous 5th February update.

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- Billingham-based pump manufacturer **Tomlinson Hall** has seen year-on-year growth of 7.5%-10% over four years increasing turnover to more than £3m.
- Billingham based Biochemical company **CRB** has won new orders and clients in recent months after revamping its business plan.
- One owner of Eaglescliffe based manufacturer the **Bottling Company** has purchased Sunderland based **Villa Drinks**.
- **Able UK** successfully secured the contract to recycle the French air craft carrier Le Clemenceau, now in position at Graythorp Dock, 200 jobs to be created.
- Billingham firm **Cotswold Manufacturing Limited** received the Manufacturing Award at the Best New business Awards 2008.
- **UPDATE: Corus** has sold its subsidiary **Teesside Cast Products**. Italian firm **Marcegaglia** will become a majority stakeholder in the Redcar plant alongside South Korean firm **Dongkuk**. About 2000 people are employed at the plant.
- **UPDATE: Nissan** have announced a further 20,000 redundancies worldwide however this announcement excludes the Sunderland plant, which has secured Nissan's new Qazana model expected to enter production in 2010.

Negative

- **SABIC** has temporarily shut down part of its cracker complex at Wilton following a drop in demand, no redundancies or major reductions in staff working hours are currently expected.
- Nearly 200 staff at the **Petroplus** oil refinery on Teesside are threatened after the Swiss-owned firm announced it was considering strategic options including sale, stating that the refinery requires substantial reinvestment.
- 160 contract workers at Seal Sands based **INEOS Nitriles** will not be kept on as work is shifted to its in house team of staff.
- **UPDATE: SeaDragon Offshore** plan to remove work on one of two drilling rigs from Haverton Hill shipyard to Singapore after previously agreeing a contract with **Tees Alliance Group (TAG)** for the work. It is hoped that some work can be salvaged on Teesside.

SERVICE SECTOR/RETAIL

Positive

- E-commerce specialist **Visualsoft** is to triple its staff as it forecast a £1.5m turnover this year, based at Preston Farm, around 10 staff will be recruited over six months.

- **Mandale Fine Furniture** of Portrack and the jobs of its eight staff have been saved after it was bought by giftware chain **Collectables**.
- **BrightHouse** are to open five new outlets in Tees Valley, stores are planned for Billingham and Thornaby.
- The £30m **EDS Data Centre** at Wynyard is due to be completed December 2009, 30-40 new jobs to be created.
- **Reuben Manor** a new £5m care home due to open June 2009 in Yarm are looking to recruit 100 staff.
- **UPDATE:** 20 jobs at the former garage chain **deVries** have been saved. The Stockton dealership has been sold to the **Benfield Motor Group**
- **UPDATE: Carterbar**, of Billingham, has taken over Hartlepool company **Retirement Options**; the move follows the purchase of similar companies in Sunderland, Tyneside and Durham over the past 12 months.

Negative

- **Stylo** the owner of **Barratts Shoes** and **Priceless Shoes** have put both chains into administration; nationally around 5,400 jobs are under threat, Priceless are located within Wellington Square.

General Indicators

- JSA figures for January 2009 show 5,537 claimants in Stockton, which represents 4.6% of the working age population. An increase of 0.5% or 699 more claimants on December 2008. This is 1,829 more than a year ago, (Jan 2008, 3708 3.1%) but Stockton is still lower than the rest of Tees Valley which is 4.8%.
- There were 1208 new claims to JSA in January 2009, 979 of which were men. There was a 50% increase in new JSA claims in the North East between November 2008 to January 2009, Stockton showed an increase of 49%, compared to the volumes of new claims for the same period 2007/2008
- Total numbers of people on all benefits in Stockton (most up to date figures to Aug 2008) is 20,020, an increase of 0.4% to 16.8% from Nov 2007, but compares with 19,660 in Aug 2007, and 20,250 in Aug 2006.
- The number of Incapacity benefit claims has generally been steadily decreasing across the District since 2003, but Stockton showed a slight increase of 50 people, from May to August 2008. This may be partly attributable to the closing of Remploy in Summer 2008
- There were 528 job vacancies notified to the Jobcentre Plus offices in Stockton in January 2009 compared with 938 in January 2008. Local Employment Partnerships accounted for 229 of these vacancies, offering employment opportunities to priority group customers.
- There were 394 unfilled vacancies for January 2009, 138 were LEP vacancies. The vacancies unfilled include over 200 in financial services across Stockton, Billingham and Thornaby, over 80 in retail and, 63 in Construction.
- The Primrose Hill Industrial Estate currently has 100% occupancy within its industrial and training units and a 94% occupancy rate within its Business Centre.

- The current occupancy rate of the Stockton Business Centre is 75% - a reduction of 2% from the February update. TJ's catering has moved into the vacant Café Unit and commenced trading on the 2nd February 2009.
- Company failures in the North East have increased by 98% in a year according to Deloitte. In 2008 there were 101 administrations compared to 51 in 2007.
- Experian report that there were 540 insolvencies in the region in 2008 a 61% increase on the previous year and a 77% rise in the last three months of the year on the same period in 2007.
- The NNDR collection rate is showing a small decrease, 95.54% up to January 2009 compared with 97.10% at January 2008. Council Tax collection shows a slight increase, 93.46% in January 2009 compared to 93.28% in January 2008.
- All of the companies short listed for the Tees Valley Company of the Year award announced 17th February are from Stockton Borough they are, injection moulding specialists Nifco UK, Reflex Vehicles Solutions, and diagnostics company Tracerco.

OTHER ECONOMIC INFORMATION

Support for Business

- A number of Tees Valley companies are attending the North East Regional Business Fair to be held 25 – 26 February in Newcastle, this 'Meet the Buyer' networking event will bring more than 150 national buyers to the region.
- The NECC is to hold a seminar on Banking 12th March 2009 to support local business. The seminar will cover to what extent recent policies have made a difference, and what further measures the NECC should call for on behalf of business.
- One North East have launched their 'Real Help for Businesses Now' media campaign to highlight business success, and to signpost companies to the support on offer. One North East is working with the LSC, Jobcentre Plus, Business Link and Government Office for the North East to coordinate this and ensure a consistent message goes out from these key agencies.
- A dedicated logistics training centre has been launched based at Middlesbrough College, Logistics Academy North East (LANE) will provide a single point of support for employers in the freight, logistics and transport sectors.
- One North East has launched a £2.4m grant scheme for large businesses entitled the Large Company Research and Development Grant.
- The Royal Bank of Scotland and HBOS groups have both unveiled £250m loan packages for North East SMEs as part of a wider £3bn national package funded by the European Investment Bank.
- Business Link North East has assisted 545 businesses in the third quarter of 2008/09 financial year, this demonstrates an upward trend with 472 assisted in Quarter 1 and 426 in Quarter 2.

- The Business Link 'Weather the Storm Event' held 19th February at Wynyard was attended by in excess of 50 businesses.
- The recent announcement of the closure of the BMI daily flight to Heathrow is likely to have an impact on Stockton's and the Tees Valley's economy. As a result, a paper has been prepared by JSU for Tees Valley Unlimited for lobbying Transport Select Committee. A summary of that submission is attached as Appendix 2.

Support for People

- The LSC have contracted with CfBT Education Trust to deliver the Nextstep service in the North East. Nextstep is able to work in partnership with Businesses, Jobcentre Plus, Business and Enterprise North East and other agencies to provide support to people facing redundancy.
- Due to the revaluation of the Euro an additional £6.9m of European Social Fund has become available which once matched becomes a total fund of £13.7m. This will help implement the regional Employment & Skills Response Plan by providing support specifically for those facing redundancy and those who have already been made redundant ensuring that people have access to the support they need to develop the skills and help them find new employment in local labour markets.

HOUSING AND DEVELOPMENT

- Funding for 14 additional affordable homes has been secured through the Homes and Communities National Affordable Housing Programme. Funding for 8 additional units for rent at College Gardens, Billingham and 6 additional units for rent at Hardwick Green, Stockton was secured.
- In February the Council's Housing Options service co-located with the Tristar Homes Allocations service to Stratford House in Stockton Town Centre. From here they will be able to deliver an enhanced housing options service that will incorporate the new Choice Based Lettings Scheme (from April 2009).

KEY STATISTICS

The statistics below show key data from the Housing Service and compares them with previous data.

Monthly Housing Benefit Workload

December 2007 - 4,501
 January 2008 - 7,271
 December 2008 - 5,909
 January 2009 - 9,307

There has been a 28% increase in Housing Benefit workload in January 2009 compared with January 2008. Benefit teams are currently working overtime and taking on experienced agency staff to help clear benefit claims. Temporary staff are also being recruited to train in claims processing.

Applications on the Council's Housing Register (including transfers)

November 2008 - 3,998
 December 2008 - 4,231
 January 2009 - 4,117

Further data cleansing exercise has led to decreasing number on the register. Choice based letting applications sent out however applicants have decided to remove themselves from the list rather than complete a new form.

Number of households approaching the service on homeless grounds

January 2008 - 48
 November 2008 - 93
 December 2008 - 75
 January 2009 – 106

Number of approaches to the Housing Options service

January 2008 - 186
 December 2008 - 153
 January 2009 - 272

January is traditionally a busier month for approaches however there was a 46% increase in January 2009 compared with January 2008. There has been some redistribution of workload to ensure frontline staff have additional capacity to deal with the increase in approaches.

Number of housing options customers seeking assistance with mortgage/rent arrears

January 2008 - 9
 November 2008 - 7
 December 2008 - 12
 January 2009 - 21

Number of House Sales in the borough (source: land registry)

September 2007 - 354
 October 2007 - 401
 September 2008 - 143
 October 2008 - 176

Average monthly House Prices in the borough (source: land registry)

November 2007 - £136,393
 December 2007 - £136,434
 November 2008 - £126,503
 December 2008 - £122,645

STOCKTON BOROUGH COUNCIL RESPONSES

- Additional support to encourage more enterprise in the Borough over the next three years is being funded from the Communities Fund and ERDF. The projects include encouraging an enterprise culture amongst young people, establishing Enterprise Gateways in the more disadvantaged areas and supporting small businesses to overcome barriers to growth. This forms part of a wider Tees Valley ERDF package of projects that has recently been announced in the press; however a formal approval letter for the ERDF has not yet been received from ONE but is expected imminently.
- An information bulletin detailing available support for business is being issued with all forthcoming Stockton Borough Council business rates bills.
- The “Busting the Credit Crunch”, event held at Stockton Parish Church saw Stockton Borough Council, Tristar Homes, Tees Credit Union and Stockton District Information and Advice Service give guidance to close to 100 residents.
- Stockton Renaissance held a ‘Credit Crunch’ workshop as part of its February meeting for attendees to discuss the localised impacts of the economic downturn upon Housing Issues, Major Development Projects, the Third Sector and Communities across the Borough. Forthcoming risks were discussed alongside possible intervention measures, joint working and positive actions already underway.