

## ECONOMIC CLIMATE UPDATE REPORT

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 March update.

### EMPLOYMENT AND BUSINESS

#### ENGINEERING/MANUFACTURING/CHEMICAL

##### Positive

- Billingham based specialist lifting engineer **Mammoet** announced a second, six-figure Olympics contract win.
- Billingham based **Cambridge Research Biochemicals** announced plans for a £100,000 expansion to increase production of drugs for medical research around the world.
- **SITA UK's** £70m green energy from waste plant at Haverton Hill will go live in April, creating 24 jobs.
- Preston Farm based waste disposal company **Cleveland Biotech** predict profit increases on a current turnover of £1.5 million as new environmental legislation increases responsibility on industry to achieve sustainability.
- Marine electricals firm **Imtech Marine** has combined its workforce in Billingham and Newcastle merging the operations at its new site in Monkton, Hebburn. This is a cost saving exercise, no job losses were announced.
- **N Sign** has expanded into new premises, investing £400,000 at its new Stockton site, the former Portrack Conservative Club, converting it into new 10,000 sq ft premises which houses all company operations, further expansion and recruitment are expected.
- **Darchem Engineering Ltd** has received board approval for extension to its Stillington factory and is in the process of tendering the contract.
- **UPDATE: SABIC's** Wilton Polyethylene plant, which has created 120 jobs will come on stream in April. The neighbouring Cracker plant will restart after an eight week maintenance break.

##### Negative

- Chemical firm **Elementis Plc** has said it is reviewing the future of its Eaglescliffe plant; just over 100 jobs are under threat.
- **UPDATE: Tyne Tees Rigs (TTR)** the Consortium formed by Cleveland Bridge and McNulty Offshore was officially notified on the 24<sup>th</sup> March of **SeaDragon Offshore's (SDO)** decision not place the work on the SeaDragon project in the Tees Valley.
- **UPDATE: Invista** confirmed that redundancy notices would be issued after 14<sup>th</sup> April to staff at its Wilton site, as previously reported 300 staff are under threat with a phased reduction in staff through to December 2009.
- **UPDATE: Dow**, which employs 230 locally, will make 29 redundant across its Middlesbrough and Billingham sites, which currently employ 88 and 25 staff respectively.

#### SERVICE SECTOR/RETAIL

##### Positive

- **Back 2 Front Animations** a Stockton Business Centre tenant featured on the BBC website highlighting its increased levels of business as clients look for more cost effective options outside the London area.

- ICT service provider the **Qnet Group** based at Portrack Lane have re-branded as the **Agile Group**, also announcing a 5 year expansion plan, creating around 100 new jobs.
- **Home Bargains** new outlet opening as part of the regeneration of Thornaby Town centre has employed 40 new staff.
- Billingham based shop fitters **Ashbrook Construction Services** have expanded into new 1,500sq ft premises on Belasis Hall Industrial Estate.
- Cafe chain **O'Brien's** has unveiled plans to create 100 jobs in the North East by opening nine franchises; they are currently in talks over a Wellington Square site in Stockton.
- **Toys Direct**, currently occupying 4 warehouses at Stokesley; have purchased a building on Teesside Ind. Est., consolidating the company onto one site, with additional space for expansion. Currently employs 7 with 10 jobs to be created.
- **UPDATE:** The **Go Outdoors** store located on Portrack Lane opened for business on the 26th March creating 40 jobs.

### Negative

- Administrators have failed to secure a buyer for the **Principles** clothing chain; the company currently maintains a presence in the area as a concession inside Teesside Park store **Outfit**. Administrators Deloitte state the remaining 172 concessions, would stay open "for the time being" after announcing the immediate closure of 66 stores.

### General Indicators

- JSA figures for February 2009 show a total of 6,072 JSA claimants in Stockton, which represents 5.1% of the working age population, an increase of 0.5% from Jan 2009 with 535 more claimants on the JSA register. This is 2253 more than a year ago, but a lower increase than the 699 increase in Jan 2009. Stockton has the lowest JSA level in Tees Valley, along with Darlington, at 5.1%, lower than Tees Valley average of 5.7%.
- In Feb 09 there were 1,922 new claims to JSA. There was a 32.63% increase in new JSA claims in Stockton from Dec to Feb, compared to the same period in 2008. The NE average for the same period was 44.09%.
- The total number of Employment & Support Allowance (ESA) claims in Dec (most recent locally collected data) is 164, and this is made up of 133 claims to the new ESA, and 31 new claims to transitionally protected IB. This compares to 98 new claims to IB in the same period in 2007.
- Job vacancies notified to 3 Jobcentre Plus offices in Stockton for Feb 2009 was 1,555, an increase of 300% on the 523 from January 2009, and 71% of the figure of 1,811 from Feb 2008. Local Employment Partnerships accounted for 235 of these vacancies. The vacancies include almost 700 in financial and business services, notified by Barclaycard and Churchill call centres, over 150 in Health care, including vacancies notified from Mencap and Stockton Brooklea for carers, and 200 Public Services posts, mainly from JCP.
- There were 788 unfilled vacancies, of which 129 were LEP vacancies. The vacancies unfilled across Stockton, Billingham and Thornaby include 60 Teaching professional posts, 120 in health or childcare, 80 in customer service and 144 in retail or sales related.
- The JSA register may, in part, have increased due to recent welfare reforms that require lone parents with children aged 12 and over to register as unemployed. The clients who were affected by these changes may not have taken full advantage of the services available through JCP specialist advisers or accessed work immediately, due to the unique barriers they have.
- The total number of JSA claimants within the Tees Valley has continually risen over the past 8 months, increasing from 21,612 in January 2009 to 23,324 in February 2009.
- 4523 job vacancies were notified to JCP across Tees Valley.
- The NNDR collection rate is showing a small decrease, 95.54% up to February 2009 compared with 97.16% at February 2008.

## OTHER ECONOMIC INFORMATION

### Support for Business

- Businesses can access Government's 'Solutions for Business' one-stop shop which will provide assistance with accessing finance, innovation, research and development, training and skills, overseas trade, and tips on running a greener business. As part of this initiative, the new Manufacturing Advisory Service (MAS) was launched in March 2009 to deliver efficiency and energy savings.
- Awareness raising of finance and funds available to businesses has resulted in One North East and its business support partners receiving 3,500 calls and a 20 percent increase to hits on the website.
- A bid to launch more than 300 start-up businesses in the North East has been given almost £600,000 via Single Programme and ERDF contributions, to extend the Prince's Trust, and the Enterprising Young People Initiative.
- A Retention and Restructure Conference organised by nebusiness.co.uk and Newcastle business advisers Weightman Associates, will be held on 21st May at Newcastle Falcons Rugby Club.
- A workshop initiative organised by HSBC and UK Trade & Investment (UKTI) was held in Gateshead on 3rd April to provide training events and additional trade assistance for businesses looking to enhance their export business.
- North East companies will benefit from £724,000 from the European Union. The 'Graduates for Business' programme (managed by Entrust and delivered in partnership with the University of Teesside) will assist SMEs access high level graduate knowledge and expertise.
- Government will be bringing forward regulations to enable businesses to defer payment of 60% of the increase in their 2009-10 business rate bills until 2010-11 and 2011-12, this will benefit approx 3,800 ratepayers in Borough area. Any new costs for local government associated with this change will be funded by the Government.
- £2.4m regional funding is available for 'Innovation Vouchers' to encourage collaboration between SMEs and academic and engineering institutions, to purchase support services and improve their competitiveness and efficiency.

### Support for People

- Credit Crunch events designed to help people with debt issues are planned for 30th April at the Golden Eagle Hotel, Thornaby, and Billingham in June, following on from the event held in Stockton which received positive feedback from partner organisations and attendees.
- The Improvement and Development Agency for local government (IDeA) is working closely with the Department for Work and Pensions (DWP) and Communities and Local Government to develop a series of 'How to...' guides to help practitioners who have a role in tackling worklessness and meeting local employment outcomes.
- One North East have continued their 'Real Help for Businesses and People Now' media campaign through the launch of a new website [www.realhelpnortheast.co.uk](http://www.realhelpnortheast.co.uk) – an on-line entry point to signpost people and businesses to the help available in the North East.
- The Financial Services Authority (FSA) have launched a high-quality, tailored, money guidance service entitled 'Money Made Clear' to give people the tools, knowledge and confidence to make the most of their money, both now and in the future. The service is being piloted in the North East and North West of England for a year. The service is available online at [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk) over the phone or through face to face advisors.

## **HOUSING AND DEVELOPMENT**

- In March 2009, Time2Buy, a Consortium made up of Stockton Council, Fabrick Housing Group, Housing Hartlepool and Endeavour Housing Association was successful in winning the contract to be the HomeBuy Agent for Tees Valley and County Durham for 2009-11. The Consortium will act as a first point of contact for residents wishing to get a foot on the property ladder, providing a one-stop shop on affordable homeownership options throughout the two sub-regions. Stockton Council will be undertaking the loan administering and dealing with all applicants. The Council is receiving income to cover salaries and running costs for current staff, thus reducing staffing costs for the Authority.
- In 2009-10 Stockton Council's Affordable Homeownership Team has responsibility for the allocation of £17m of Homes & Communities Agency funding to assist over 800 homes to be purchased by local people. A similar allocation is anticipated for 2010-11.
- According to the Nationwide, house prices nationally rose in March 2009 by 0.9% however it warns against concluding the housing market has turned, stating that it is far too soon to see this as evidence that of an improvement in the housing market.

## **KEY STATISTICS**

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

### **Monthly Housing Benefit Workload**

March 2008 - 6,689

January 2009 - 9,307

February 2009 - 8,579

March 2009 - 9,382

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

April 2008 - 4,408

January 2009 - 4,117

February 2009 - 4,079

March 2009 - 4,043

- Funding has been received from the DWP which will fund temporary staff to assist with the additional work. Recruitment has commenced, and in the meantime experienced agency staff and substantial overtime has been utilised.
- The number of callers to the benefits reception has increased by 25%.
- Continue to work with partners to promote benefit take up and the provision of financial and debt advice.
- A new "money matters" section has been added to the Council website providing useful signposting advice.
- 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.)
- In December 2008 the new choice-based lettings application form was introduced and sent to all applicants on the register requesting they complete and return it. This has led to a slight decrease since December, with some applicants opting to remove themselves from the register rather than complete the new form.

### **Number of households approaching the service on homeless grounds**

March 2008 - 42

January 2009 - 106

February 2009 - 60

March 2009 - 75

### **Number of approaches to the Housing Options service**

March 2008 - 179

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

March 2008 - 11

January 2009 - 272  
 February 2009 - 237  
 March 2009 – 290

January 2009 - 21  
 February 2009 - 35  
 March 2009 - 35

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

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

November 2007 - 391  
 December 2007 - 320

January 2008 - £135,022  
 February 2008 - £132,547

October 2008 - 176  
 November 2008 - 140  
 December 2008 - 156

December 2008 - £122,645  
 January 2009 - £121,681  
 February 2009 - £122,041

House sales rose in December 2008 however were over half the number less than in December 2007

House Prices increased in the borough for the first time since June 2008 by 0.3%.

**FURTHER INFORMATION**

**APPROACHES TO STOCKTON DISTRICT ADVICE AND INFORMATION SERVICE**

There has been a significant increase in all enquiries received by the service. Key statistics for April 2008 - March 2009 are shown below. Enquiries for housing have seen the largest increase (92%).

<b>Subject</b>	<b>Apr 07 - Mar 08</b>	<b>Apr 08 - Mar 09</b>	<b>Change</b>
Welfare Benefits	7092	7103	+0.2%
Debt	7191	7334	+2%
Employment	1287	1560	+21%
Housing	1193	2299	+92%
Relations/Family	576	632	+9%
Health	435	392	-9%

**STOCKTON BOROUGH COUNCIL RESPONSES**

- In partnership with the Emergency Planning Unit and Business Link, the Business Development Team is organising an event to engage with the companies at Teesside Industrial Estate. It is being held on the 27<sup>th</sup> April and Armstrong's World Industries have offered to host the event at their premises. The agenda will cover Business Continuity Planning and Business Health checks, as well as being an opportunity for the companies to network.
- Stockton Council's Training and Employment Service are offering the nationally recognised Skills for Life and Employability Skills course either on a full time or flexible basis to local people aged 18 and over who receive employment related benefits.
- Stockton Council's Environmental Projects Team have introduced The Stockton Eco-Driving Scheme a course designed to help local firms drive down fuel costs by as much as 15% helping both local business and their employees.
- The Leader, CEX and Chamber of Commerce met local businesses at the Stockton Business Forum on the 26th March.
- The Taxation Department has written to all business ratepayers to inform them of the Government's deferral scheme 2009/10. Businesses are also being encouraged to sign up to a business e-bulletin which will keep them up-to-date with support available.