

## 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 14th May update.

### EMPLOYMENT AND BUSINESS

#### **ENGINEERING/MANUFACTURING/CHEMICAL**

##### Positive

- Industrial technology company **Tracerco** was named the North East Company of the Year. The Stockton firm is also expanding its global reach, investing £1m into regional service centres in Asia and Australia, and expanding its overseas operations by buying Belgian firm Process Vision Services.
- Billingham firm **Cambridge Research Biochemicals** has secured a key role in a 5 year research project that will bring together experts in scientific research from across Europe. The company will be eligible for EU support of around £172,000.
- A £200m renewable power station could create up to 500 jobs on Teesside. Yarm based **Gaia Power** aim to build the wood-burning power plant on the site of a former power station at the Billingham Reach Industrial Estate.
- Billingham-based **AAG Swepco**, who provides integrated renewable, engineering and facilities management services has won £600,000 of investment from Newcastle-based venture capitalists NEL Fund Managers.
- **R S Industrial Services**, engineering equipment suppliers in Billingham, has started the year with 2 new sales executives, 3 new vans and an online engineering supply shop is in development.
- Stockton firm **International Procurement Limited** have moved to 8,300 sq ft site at Portrack Industrial Estate, and have successfully secured a new distribution deal which will generate £500,000 in its first year.
- Stockton's **Wolviston Group** has purchased two businesses **TJ Hazel Engineering Ltd** and **Manning Recruitment Services** both of Stockton. Staff numbers have increased by 22 and come on the back of a string of contract wins.
- **MCE Group**, Stockton based engineering specialist, has completed a major project on behalf of Total for three offshore generators – project worth more than £1m.
- **Interior Services Group**, which delivers new build, refurbishment and fitout services, has taken 5,000 sq ft of space at Tees Valley Business Park, Wynyard.
- Home accessories business **Pins and Ribbons**, in Eaglescliffe, has signed-up 45 UK stockists since the start of April.

##### Negative

- **UPDATE: Petroplus** refinery at Seal Sands on temporary shut down. No comment has been issued by the company on how this affects the 200 workers at the site.
- **UPDATE:** Antonio Marcegaglia, who had bid to buy a controlling stake in **Corus**, had held talks with Redcar MP, Vera Baird, and indicated he was prepared to re-open discussions with Corus officials.

#### **SERVICE SECTOR/RETAIL**

##### Positive

- A new jewellery store, **Pea Pods**, is due to open on Norton High Street in June.

##### Negative

- **Morrison's** are to make up to 83 workers redundant at its Stockton depot. Staff are currently undergoing a consultation process.

- North East card chain, **Birthdays**, has entered into administration. Around 2,100 jobs nationally are in jeopardy. It is unknown if this will affect the Teesside Retail Park store.

## **ECONOMIC INDICATORS**

### **GENERAL INDICATORS**

- Stockton Business Centre Management is currently in talks with 4 businesses (2 to relocate, 2 acquiring additional space). Occupancy levels are currently at 75%.
- The number of jobs lost in the engineering and chemical sectors in the Tees Valley over the past six months has risen to 1,038.

Numbers on JSA	Apr-08	Mar-09	Apr-09	% WA pop	Change in Month	%	Change in year	%
Stockton	3,669	6,155	6,208	5.2	53	0.9	2,539	69.2
Tees Valley	15,512	23,813	23,985	5.8	172	0.7	8,473	54.6
NE%	50,284	84,344	85,437	5.4	1,093	1.3	35,153	69.9
GB%	810,417	1,478,196	1,510,759	4.1	32,563	2.2	700,342	86.4

- Job Seekers Allowance (JSA) figures for April 2009 increased by 53 claimants in Stockton, which still represents 5.2% of the working age population, as reported for March 2009. The total in the Borough now stands at 6,208 on the JSA register.
- The total number of JSA claimants within the Tees Valley continues to rise, increasing from 23,813 in March 2009 to 23,985 in April 2009. This represents an increase in month of 172 JSA claimants against a previous monthly figure increase of 469 in March 2009. Over the last 3 months the month to month increase in the number of claimants has reduced from a high of over 2,000 in January.

New Claims to JSA	Apr-08	Mar-09	Apr-09	Change in month	%	Change in year	%
Stockton	788	1,300	1,322	22	1.7	534	67.8
Tees Valley	3,105	4,749	4,490	-259	-5.5	1,385	44.6
NE%	10,895	17,599	16,705	-894	-5.1	5,810	53.3
GB%	183,017	336,234	311,697	-24,537	-7.3	128,680	70.3

- The number of new claims to JSA for March was 1,322 this is 22 more than the previous month.
- Working age benefits other than JSA, reported to November 2008 are as follows:

Numbers claiming benefits	Nov-07	Aug 08	Nov 08	Change in quarter	%	Change in year	%
Incapacity Benefit (IB) or Severe Disablement Allowance (SDA)	9,880	9,700	9,520	-180	-1.86	-360	-3.64
IB (Income Support)	4,160	4,120	4,080	-40	-0.97	-80	-1.92
Lone parent	2,710	2,670	2,680	10	0.37	-30	-1.11
Carers	380	400	410				
Others	230	240	260				

\* Figures under 500 are subject to high sampling variation and should be used with caution.

- Due to reporting problems with the new Employment and Support Allowance (ESA), it is not possible to provide statistics collated nationally for ESA, but the figures locally collected (by JCP for ESA) indicate that there were 179 new claims to ESA in March 2009, (and 8

transitionally protected claims to IB) compared to 187 claims to Incapacity Benefit in April 2008.

Vacancies Notified	Apr-08	Mar-09	Apr-09	Change in month	%	Change in year	%
Stockton	1,634	760	1,114	354	46.6	-520	-31.8
Tees Valley	4,476	2,845	3,974	1,129	39.7	-502	-11.2
NE%	17,016	12,254	13,734	1,480	12.1	-3,282	-19.3
GB%	346,063	234,568	237,590	3,022	1.3	-108,473	-31.3

- 1,114 Job vacancies were notified to 3 Jobcentre Plus offices in Stockton for April 2009. These included 350 Customer service, Business, Finance and Sales related posts, 160 Public service and other Government and Admin associated posts, 102 in Health and Childcare and 122 in Cleaning Occupations
- There were 633 unfilled vacancies in April 2009, compared to 469 in the previous month. 250 of these were in Customer service, Business, Finance and Sales related posts, 82 in Health and childcare, and 62 in Cleaning Occupations.

## **ECONOMIC SUPPORT MEASURES**

### **SUPPORT FOR PEOPLE**

- The North Star Housing Group (NSHG) aims to help first time buyers on to the property ladder through initiatives such as the Government's HomeBuy Direct Fund and by building more affordable homes.
- 3,000 more apprenticeships are to be created in England in the next two years, mainly for 16-18 year olds, under a new £11m Government scheme.
- Four colleges are to get extra Government funding to train people, unemployed for more than six months, to help them back into work. Middlesbrough, Stockton Riverside, Hartlepool and Darlington are among 13 in the North-East to have been given a share of £83m to offer high quality training places (75,000 nationally) to the long-term unemployed.
- The Learning & Skills Council has contracted with Working Links to develop sector routeways in the Tees Valley. Funding from the European Social Fund Co-financing will provide free training in forklift truck use, customer care, construction and information technology. This will be delivered by Stockton Riverside College and NETA at sites throughout Tees Valley.
- **UPDATE:** Teesside University is to extend its Graduates for Business scheme to another 30 SMEs in response to a worsening graduate jobs market.

## **HOUSING AND DEVELOPMENT**

### **UPDATE**

- In the May report the £400m announced in the Budget to kick start stalled private sector house building was referred to. The Homes and Communities Agency (HCA) has now released guidance on how to bid for this fund and has requested expressions of interest from private house builders, and a number of development private house builders with sites in the borough have registered an interest with the HCA. A shortlist is expected to be announced in late July 2009.
- The 5 Tees Valley Local Authorities have received £60,000 from the Department for Communities and Local Government to address the likely impact of the current economic climate on housing options and homelessness services. The proposal is to use this to fund on an advertising campaign raising awareness of advice available in the Tees Valley and to deliver some additional co-ordinated services.

## KEY STATISTICS

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

<b>Monthly Housing Benefit Workload</b>  May 2008 – 7,643 April 2009 - 7,337 May 2009 – 9,003  (April figure reflects reduced numbers during the Easter holidays)	<b>Applications on the Council's Housing Register (including transfers)</b>  May 2008 – 4,474 April 2009 – 3,127 May 2009 – 2,902
<b>Number of households approaching the service on homeless grounds</b>  May 2008 - 62 April 2009 – 62 May 2009 - 48	<b>Number of housing options customers seeking assistance with mortgage/rent arrears</b>  May 2008 - 22 April 2009 – 23 May 2009 - 25
<b>Number of approaches to the Housing Options service</b>  May 2008 - 198 April 2009 – 240 May 2009 - 242	
<b>Number of House Sales in the borough (source: land registry)</b>  February 2008 – 190 January 2009 – 83 February 2009 - 91	<b>Average monthly House Prices in the borough (source: land registry)</b>  April 2008 – £132,562 March 2009 - £115,291 April 2009 – £113,102

## FURTHER INFORMATION

### APPROACHES TO STOCKTON DISTRICT ADVICE AND INFORMATION SERVICE

Statistical breakdowns are compiled on a quarterly basis, and SDAIS have reported that there is no significant change from those up to end of March 2009 (next available date will be published at the beginning of July).

### **STOCKTON BOROUGH COUNCIL RESPONSES**

- To help support local businesses the new Contract Procedure Rules, introduced as part of the Council's new Sustainable Commissioning and Procurement Strategy, state that Officers include at least one local business located within the Tees Valley area when quotations from suitable third parties are required.
- The Stockton Business Forum Website is to be promoted as a business registration tool that can create closer links between Stockton Council and the local business community. Local businesses when registering to website will be included in a database that can be utilised by SBC officers for procurement purposes.

**FUTURE JOBS FUND**

- The Government has created a £1 billion Future Jobs Fund to which local authorities and other organisations can bid to create new jobs. This is a new approach to create jobs and provides hope for young people and jobseekers in deprived communities. The formal bidding process for access to this fund is now underway and proposals should be submitted by 30th June 2009. Government expects the majority of bids to be led by Local Authorities, and Stockton will be bidding in the first phase, with jobs expected to start in October 2009.

The preferred model is to target a minimum of 100 jobs to maximise opportunities, giving people choices and ultimately sustainable, quality employment, and to

- increase the timescale from the minimum period of 26 weeks to 52 weeks
- provide work for a minimum of 30 hours, and
- for Council opportunities, at a salary based on the entry level on Council pay scales, currently £6.22 per hour