

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 11th June update.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- Stockton based scrap metal merchant **TJ Thomson & Son** who currently employ 69 staff plan to expand the business in response to the Government's car scrappage scheme.
- The Billingham chemical division of **Johnson Matthey** saw sales growth of 11% for the year 2008/09.
- Preston Farm based Engineering services firm **Costain Oil & Gas** has received assistance from Tees Valley regeneration to secure a £1.1m grant offer against the creation of 110 Tees Valley jobs.
- **UPDATE:** The **Wolviston Group** has secured contracts worth several million pounds to work on London 2012 contracts and the construction of a new stadium for Brighton & Hove Albion.
- **UPDATE:** Further to the earlier announcement that **Dow Chemicals** would shed 5,000 jobs and close 20 plants worldwide, Texan company, **Third Coast Chemicals**, is in negotiations to buy their Wilton plant, which employs 200 people at its Wilton, Billingham, Seal Sands and Middlesbrough sites.

Negative

- **UPDATE:** Job Centre Plus is working with Local Authorities and partner agencies to support **Corus** workers at the Teesside Cast Products plant in Redcar. The jobs of 1920 people are at risk of which 228 are Stockton residents. An additional 428 redundancies have also been announced at other plants across Tees Valley - 150 at Redcar, 156 at Hartlepool, 113 at Skinningrove and 9 at Darlington
- **PD Ports** announced preparations to shed one fifth of its Teesside workforce, with a possible 120 redundancies as a contingency in response to the uncertain future over Corus.

SERVICE SECTOR/RETAIL

Positive

- Yarm based **Diana Kaye Florist** has opened an outlet in Newcastle's Fenwick department store, with long term plans to roll out across the North East.
- The **Prestige Group** operated by Stockton based entrepreneur Raj Singh is to begin a new £7.5m care home development in Ingleby Barwick, creating up to 60 jobs.
- **Advanced Vehicle Leasing (AVL)** based at Urray Nook near Stockton saw its market share increase by 10% in the first quarter of 2009.
- **UPDATE: Morrison's** is to make 62 workers redundant at its Stockton depot rather than the originally anticipated 83. Consultation with staff is currently ongoing.
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Negative

- **UPDATE:** The British arm of **O'Briens Sandwich Bars** has been placed into administration; the company had previously discussed opening a unit in Stockton's Wellington Square.

ECONOMIC INDICATORS

GENERAL INDICATORS

- Occupancy levels at Stockton Business Centre have risen by 3% to 78% from the June report. Centre Management are currently in talks with 2 businesses looking to relocate to the centre.

Numbers on JSA	May-08	Apr-09	May-09	% WA pop	Change in Month	%	Change in year	%
Stockton	3,620	6,208	6,211	5.2	3	0.0	2,588	71.5
Tees Valley	15,367	23,985	24,519	5.8	534	2.2	8,618	56.1
NE%	49,786	85,437	85,597	5.4	160	0.2	35,651	71.6
GB%	807,191	1,510,759	1,516,921	4.1	6,162	0.4	703,568	87.2

- Job Seekers Allowance (JSA) figures for May 2009 increased by 3 claimants in Stockton, which still represents 5.2% of the working age population, as reported for April 2009. The total in the Borough now stands at 6,211 on the JSA register.
- The total number of JSA claimants within the Tees Valley continues to rise, increasing from 23,985 in April 2009 to 24,519 in May 2009. This represents an increase in month of 534 JSA claimants against a previous monthly figure increase of 172 in April 2009. However over the last 3 months the month to month increase in the number of claimants has slowed from a peak of over 2,000 in January.

New Claims to JSA	May-08	Apr-09	May-09	Change in month	%	Change in year	%
Stockton	847	1,322	1,412	90	6.8	475	56.1
Tees Valley	3,178	4,490	5,170	680	15.1	1,312	41.3
NE%	11,088	16,705	18,377	1,672	10.0	5,617	50.7
GB%	185,775	311,697	355,479	43,782	14.0	125,922	67.8

- The number of new claims to JSA for May 2009 was 1,412, which is an increase of 90 from the previous month.

Vacancies Notified	May-08	Apr-09	May-09	Change in month	%	Change in year	%
Stockton	1,350	1,114	1,056	-58	-5.2	-294	-21.8
Tees Valley	4,645	3,974	3,378	-596	-15.0	-1,267	-27.3
NE%	17,330	13,734	15,500	1,766	12.9	-1,830	-10.6
GB%	341,317	237,590	274,445	36,855	15.5	-66,872	-19.6

- 1,056 Job vacancies were notified to 3 Jobcentre Plus offices in Stockton in May 2009. These included 368 Customer Service, Retail and Sales related posts, 160 Public service and other Government and Admin associated posts, 62 in Health and Childcare and 90 in Administrative positions.
- There were 547 unfilled vacancies in May 2009, compared to 633 in the previous month.
- North East exports have fallen for the second successive quarter. Data from HM Revenue and Customs showed the region exported £2.31bn of goods in the first three months, a 9.7% decline on the previous quarter and the lowest volume since the second quarter of 2007.

- The Manufacturers Group EEF quarterly survey of members stated that company bosses in the North East are beginning to voice a growing optimism, despite falling output and the increasing number of job losses.
- Newcastle based Buyers Guide, a company that helps firms bid for lucrative public sector contracts, has seen its business increase rapidly as companies look to secure work during the recession.
- National research by the Local Government Association (LGA) shows that;
 - The number of 'elementary' and 'skilled' trade workers seeking JSA has risen by 77% over the last 12 months from 332,400 to 589,000.
 - The number of managers and professionals seeking JSA has risen 154% over the last 12 months from 46,700 to 118,700.

ECONOMIC SUPPORT MEASURES

SUPPORT FOR PEOPLE

- One NorthEast has developed "Talent Challenge", providing £1.4m to support people who have been made redundant from higher level/higher skilled occupations. The programme is initially a pilot running until September with a target of 300 clients.
- **UPDATE:** The LSC has successfully contracted with the 15 Further Education colleges in the North East (including all within the Tees Valley) to provide £6 million worth of extra support for people who have been registered on JSA for longer than 6 months.

SUPPORT FOR BUSINESS

- Business Enterprise North East operated a workshop on the 29th June in Stockton for social enterprises with seven in attendance, assessing the performance of existing products and services, and looking at how they contribute to the social objectives of the business. A further course was run for social enterprises on the 30th June reviewing the principles of Social return On investment (SROI).

HOUSING AND DEVELOPMENT

- Stockton Council will receive £57k from Government to administer a Local Authority Repossession and Eviction Fund, to offer households small loans, which will be expected to be paid back. In addition to helping homeowners struggling with their mortgage costs, this fund can be used to help tenants in the social or private rented sectors who – through no fault of their own – are struggling with their rental payments in the current climate and face eviction. The maximum loan will be £5000 with the majority anticipated to be between £1000 and £3000. The service, which will be administered by the Housing Options Service is expected to be operational in July.
- In June, national funding for additional legal help for families facing repossession of their home was announced. The funding is for court desks to offer free on-the-spot legal advice and representation for people facing repossessions or eviction in all parts of England was increased to £1.5 million.

KEY STATISTICS

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

Monthly Housing Benefit Workload	Applications on the Council's Housing Register (including transfers)
June 2008 – 5,966	June 2008 – 4684
May 2009 – 9,003	May 2009 – 2,902
June 2009 – tbc	June 2009 – tbc

<p>Number of households approaching the service on homeless grounds</p> <p>June 2008 - 55</p> <p>May 2009 – 48 June 2009 - tbc</p>	<p>Number of housing options customers seeking assistance with mortgage/rent arrears</p> <p>May 2008 - 22</p> <p>April 2009 – 23 May 2009 – 25</p>
<p>Number of approaches to the Housing Options service</p> <p>June 2008 - 233</p> <p>May 2009 – 242 June 2009 - tbc</p>	
<p>Number of House Sales in the borough (source: land registry)</p> <p>March 2008 – 224</p> <p>February 2009 - 91 March 2009 – 119</p>	<p>Average monthly House Prices in the borough (source: land registry)</p> <p>May 2008 – £136,634</p> <p>April 2009 – £112,256 May 2009 - £112,206</p>

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 data will be published at the beginning of July).

STOCKTON BOROUGH COUNCIL RESPONSES

- In recognition of the progress that the Borough has made in bringing financial inclusion to the forefront, SBC have been invited to present at the 'Now Lets Talk Money' Financial Inclusion Champions launch event for Durham and the Tees Valley on 8th July. The Financial Inclusion Champions Initiative is a Department Of Work and Pensions funded scheme to promote best practice in financial management, improved access to affordable credit and home insurance take up. The Borough's Financial Inclusion Forum works closely with Ross Hume, the Financial Inclusion Champion for Durham and Tees Valley. He is currently engaged in discussions with the banking industry to facilitate expert volunteer support from their staff to assist credit unions in this area. This is being pursued with banks locally and through a national group that he chairs of Financial Inclusion Champions and representatives from the industry.
- The latest in the series of 'Busting the Credit Crunch' Events held throughout the Borough by the Council and key partner agencies that focuses on giving advice and guidance to residents took place on the 29th June at the Billingham Forum. The event was attended by over 60 residents with a further 37 information packs distributed in Billingham town centre, a range of providers in attendance were able to identify numerous residents eligible for assistance.
- Stockton Council is helping local businesses, voluntary and community organisations make the most of opportunities to compete for the contracts it places. In partnership with Stockton Business Forum, the Council is introducing a new Business Registration Scheme. This will be a website-based database which Council officers can use to identify and contact local businesses when seeking quotations for a wide range of contract opportunities.' The scheme has been promoted within the Evening Gazette.
- Stockton Council has submitted its bid for the Future Jobs Fund and it is for 181 jobs.