

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 9th July update.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- **MGT Power**, a £500m Tees Renewable Energy Project at Teesport which will deliver the UK's largest biomass power station, and could create up to 750 jobs.
- Billingham corrosion engineering firm **Global Anodes UK** has completed its first contract in China following a trade visit to the country, and will supply several new build projects. These efforts at expanding business overseas have earned the technical director the 'New Exporter' title at the North East Exporters Awards 2009.
- **UPDATE** work has begun on a major military project to build two Royal Navy Aircraft Carriers, a project previously under threat due to rising costs. Billingham based **McGill Services** has won a £23m contract for modular cabins and wet spaces for the carriers, as well as a £4m order for furniture.
- **AAA Precision** – a small engineering company has taken a 2,000 sq ft workshop on Cowpen Bewley Industrial Estate supported by a Grant for Business Investment (GBI) grant of £25,000, and has secured several small orders which it hopes to build upon. Tees Valley Regeneration has assisted the company to locate premises, secure the grant, and has engaged BENE to support with training and marketing grants.
- **UPDATE** - Planning application submitted by **Gaia Power** for a major biomass power station at Billingham. If successful the project could create up to 500 jobs, and around £200m of investment.

Negative

- **Dow Chemicals** has announced that it will shut its Ethylene Oxide (EO) and Glycol production facilities at Wilton in January 2010 this has cast uncertainty over the 55 jobs the plant sustains.
- 125 jobs are set to be lost in Tees Valley after chemical company, **Croda**, announced it is to close its Wilton operation as a direct result of the closure of Dows EO facility. The Wilton staff, which include research and development, finance administration and sales operatives, have been given the option of taking voluntary redundancy or if possible relocating to other Croda sites.
- Wilton's **Artenius** plastics has been put into administration with the loss of 137 jobs after its Spanish owners, **Le Seda De Barcelona**, reported a large pre tax loss. The firm has now agreed to work with administrators to try and sell the site as a going concern, which would protect a remaining 105 workers.
- **UPDATE** Workers at **Petroplus** oil refinery have entered into talks with the company's owners who had previously stated that they were looking to sell or convert the plant for storage.
- **UPDATE** Political unrest in Iran has delayed the arrival at Billingham Haverton Hill Shipyard of an oil rig construction contract secured by **Tees Alliance Group (TAG)** which is hoped will create 1,000 jobs.
- **UPDATE** Eaglescliffe chromium plant operated by Elementis has now closed with the loss of 138 jobs.
- **UPDATE** Corus has revealed that it is now speaking to other interested parties about the under threat Teesside Cast Products (TCP) site. There is however no imminent rescue deal in place.

SERVICE SECTOR/RETAIL

Positive

- Stockton monitoring equipment firm **Brulines** delivered an upbeat trading update, with the group seeing profits rise by almost 20%.
- Stockton's Zoe Walton has been named one of the UK's top achievers after overcoming life threatening injuries to run two successful companies including Yarm letting agency **Old Mill Apartments** and **Clickhere**, a management and training division of the Tanfield Group.
- Billingham based **Nicholson's Transport** has added 175 customers to its books helping to grow turnover from £3.6m to £4.5m during the year ending 31st May 2009.
- Following **Lloyds Banking Group's** decision to cut 2,100 jobs nationally. The group which employs 300 in Tees Valley said the planned redundancies would have minimal impact locally.
- **Yarm Traditional Sweets** is a new retail presence on Yarm High Street.
- Thornaby Town centre has seen another new tenant, **Subway**, opening in July.
- Flooring Firm, **Allied Carpets**, has been put into administration, putting about 1,100 jobs nationally under threat, including staff at their Stockton store. However administrators for the firm stated that they had immediately sold 51 stores including the Stockton outlet to a new firm **Allied Carpets Retail Limited**.
- Louise Bell of Ingleby Barwick was named Tees Champion in this year's Entrepreneurs Forum campaign 'If We Can You Can'. She has national franchising plans for her business, **Healthy Glow**, a mobile spray tanning business.
- **Grainger Games** opened its third store in the Borough in Billingham Town Centre on 22nd July following store openings in Stockton and Thornaby.
- **Leveys Home**, a DIY decorating store, has opened on Stockton High Street creating 5 new jobs.
- **UPDATE:** Internet and mail order firm **Toys Direct** has completed its move to a 46,000 sq ft warehouse on Thornaby's Teesside Industrial Estate from its former base in Stokesley creating 10 new jobs.

ECONOMIC INDICATORS

GENERAL INDICATORS

- The total number of JSA claimants within **the Tees Valley** again shows an increase, from **24,519** in May to **24,556** in June 2009.

Numbers on JSA	Jun-08	May-09	Jun-09	% WA pop	Change in Month	%	Change in year	%
Stockton	3,626	6,211	6,247	5.2	36	0.6	2,585	71.3
Tees Valley	15,167	24,519	24,556	6	37	0.2	9,352	61.7
NE%	49,290	85,597	84,484	5.4	-1,113	-1.3	36,307	73.7
GB%	809,957	1,516,921	1,504,117	4.1	-12,804	-0.8	706,964	87.3

- **In Stockton** there was an increase in the number of JSA claimants in June of **36** against a previous monthly figure increase of **3** in May 2009. This is the second month that has shown the lowest rise in numbers, since early in 2008.
- The overall % of the Working Age Stockton residents on JSA for June has remained at **5.2%** since March 2009. Stockton continues to perform well, compared with **6%** across Tees Valley and **5.4%** regionally. The National figure has remained at **4.1%**.

New Claims to JSA	Jun-08	May-09	Jun-09	Change in month	%	Change in year	%
Stockton	1,114	1,412	1,252	90	6.8	475	56.1
Tees Valley	4,092	5,170	4,483	680	15.1	1,312	41.3
NE%	14,930	18,377	15,204	1,672	10.0	5,617	50.7
GB%	249,315	355,479	296,409	43,782	14.0	125,922	67.8

- In June 1,199 people stopped claiming JSA in Stockton. This figure represents 96%, in comparison to the number of people joining it as new claims. This shows a steadily improving trend from the position in January, when people leaving the JSA represented only 45% of the number of people joining it as new claims.
- Stockton's 3 Job Centres were notified of **1,003** new vacancies, and these included nearly **350** sales or customer service related opportunities; **165** cleaning and personal service vacancies; **80** in health or childcare; and **70** in construction/electrical/welding/driving operative jobs

Vacancies Notified	Jun-08	May-09	Jun-09	Change in month	%	Change in year	%
Stockton	1,680	1,056	1,003	-58	-5.2	-294	-21.8
Tees Valley	5,268	3,378	3,274	-596	-15.0	-1,267	-27.3
NE%	20,596	15,500	13,339	1,766	12.9	-1,830	-10.6
GB%	415,627	274,445	253,363	36,855	15.5	-66,872	-19.6

- 570** of Stockton's vacancies remained unfilled in June, but this is a **51%** reduction on figures from 9 months ago. Some of the unfilled opportunities included **200** Sales and Customer service opportunities and **80** health and childcare occupations.
- The percentage of young people not in education, employment or training (NEET) has risen from **9.8%** in June 2008 to **10.6%** in June 2009. This represents an increase of 45 young people.
- Financial services firms are more upbeat than they have been for two years despite continuing falls in levels of business, income and profitability in the industry for the three months to June 2009 as reported by the CBI business group.
- The data below provides a breakdown of the support provided by Business Enterprise North East (BENE) during Quarters 1-4 2008/09, and Quarter 1 2009/10.

	Q1	Q2	Q3	Q4	Q1
	2008/09				2009/10
PRE START The number of individuals that are investigating starting up a business that have been assisted by BENE in the period.	261	285	294	324	344
START UP Number of new businesses that have been established within the Quarter, and have had some pre-start assistance.	14	11	29	34	30
BUSINESSES ASSISTED The number of businesses assisted during the period (including assisted start-ups).	472	426	545	563	377
SKILLS INTERVENTION The number of businesses that have had an intervention by a BENE skills broker in the specified period	86	85	81	121	172
SURVIVALS Assisted Start-ups surviving 12 months - Number of businesses that BENE have assisted, that are still operating after 12 months.	34	25	80	57	41

- The data below provides a quarterly breakdown of the approved planning applications with a business/economic related focus, e.g. offices, research and development, light/general industry, retail, distribution and servicing.

Planning Applications	Q1 08-09	Q2 08-09	Q3 08-09	Q4 08-09	TOTAL 08/09	Q1 09-10
Major	6	6	1	1	14	5
Minor	7	3	4	1	15	0
Other	0	0	1	1	2	0
TOTAL	13	9	6	3	31	5

- The table below reflects the number of applications and approvals that have been submitted to 'Time2Buy' in the Borough (Home Buy Direct, First Time Buyers Initiative, New Build Home Buy) since its commencement on 1.4.09.

Town Preference (Stockton)	Applications	Approvals	Currently living in the Borough	Applications	Approvals
April	13	10	April	11	8
May	10	8	May	9	7
June	18	6	June	19	7
July (up to 27/7/09)	16	10	July (up to 27/7/09)	12	9
TOTAL	57	34	TOTAL	51	31

ECONOMIC SUPPORT MEASURES

SUPPORT FOR BUSINESS

- The Lloyds Banking Group has committed itself to providing £300m of new lending to the regions highest performing companies this year - £160m more than last year.
- Small and Medium sized companies in the Tees Valley struggling with cash flow are being given access to a new £100m fund as part of a UK-wide lending offer by Yorkshire Bank. It is understood that more money may be made available if demand exists.

SUPPORT FOR PEOPLE

- Between April to June 2009, the Communities Fund has engaged with 379 people, with 64 of those moving into full time jobs, which includes: drivers; handymen; security; care assistants; joiners; plumbers; welders; catering assistants/bakers; asbestos operatives; scaffolders. It also includes 1 chef, 1 IT engineer, 1 radiography assistant, 1 rigger, 1 HR manager and 1 mobile crane operative.

HOUSING AND DEVELOPMENT

KEY STATISTICS

APPROACHES TO STOCKTON DISTRICT ADVICE AND INFORMATION SERVICE

General	Q1 (Apr-June) 2008/9	Q1 (Apr-June) 2009/2010	% Change
Welfare Benefits	1,450	2,327	+ 60%
Debt	1,748	3,198	+ 83%
Employment	297	517	+ 74%
Housing	340	680	+ 100%
Family	128	200	+ 56%
All Enquiries	4,589	7,956	+ 73%

STOCKTON BOROUGH COUNCIL RESPONSES

- There are financial assistance packages available via Stockton Council's Business Development Team to help new and existing businesses in the Borough.
 1. **Pre-Start-up Grant** - to promote and support entrepreneurship in the Borough, with additional Council funded support in the remainder of the Borough. Available to businesses that are in the process of starting up, to a maximum of £1,000.
 2. **Capital Grant** - for businesses which have been trading less than 3 years. Used to help buy capital items that are essential to grow the business. Funding from the Council is available for between £1,500 and £5000 on up to a 50/50 basis i.e. a business must match any grant award. The business must be creating at least one job (full time).
 3. **Capital Plus** - for businesses that have been trading for more than three years. Funding from the Council is available for between £1,500 and £5000 on up to a 50/50 basis, i.e. a business must match any grant award. The business must be creating more than one job, agree to be involved in any planned PR, should also register their business on the Forum web site, and where appropriate take part in the Green Business Network environmental initiatives.
- On Monday 3rd August, Stockton Council wrote to all Business Rate payers in the Borough with details of the Business Rates Deferral Scheme. On 31st March 2009, the Government announced proposals that would enable businesses to defer payment of a proportion of the increase in their rate bills between 2008/2009 and 2009/2010. The deferral scheme is designed to provide relief to ratepayers that were facing 5% inflation related increases in their bills and also those affected by the end of the 2005 transitional relief scheme. The scheme allows ratepayers to defer 60% of the increase in their 2009/2010 bill to future financial years. Details of the new Business Registration scheme for local companies via the Stockton Business Forum were included in the mail out.