

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 6th August update.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- An £85k investment in new machinery has helped Thornaby based fabrication specialist **Protherm (UK) Ltd** win £600k of new business creating 5 jobs, via efficiency savings.
- Stockton's **Thorncroft Drinks** has started its new contract for the Duchy Originals range of drinks owned by the Prince of Wales. The firm has plans to expand into the Japanese and Gulf Markets.
- Stockton based engineering firm the **Cordell Group** has moved to expand into the Middle East after exceeding its target of increasing turnover from £27m to £30m in 2008, with a stream of blue chip contracts helping it to hit almost £40m in 2008.
- Billingham's **ABB Engineering Services** has signed a five-year £5m contract with Centrica Storage Limited (CSL). ABB, which employs 300 workers in Tees Valley, will be responsible for the asset integrity and inspection of North Sea gas production and storage sites.
- Stockton logistics firm **Stiller Group** has invested £300,000 on in its tanker fleet which serves Teesside's Growhow UK site.
- **UPDATE:** It has emerged that a number of offers have been received for the **Petroplus** facility, and that several parties are carrying out due diligence, but no deal is expected to take place until towards the end of the year. The full workforce is expected to remain employed for the foreseeable future.
- **UPDATE:** The workers at Redcar's **Teesside Cast Products** plant have had the threat of redundancy staved off for a further 2 months as the plant has secured fresh orders to the end of September 2009.

Negative

- **UPDATE:** Hopes of saving the **Artenius** plant in Wilton have been rocked as the appointed administrators stated that they intend to mothball the complex as a search for a buyer continues. This will impact upon the remaining 105 workers, as a further 58 have been made redundant, leaving just 49 workers on site following the previous loss of 137 jobs.
- **UPDATE:** **Croda International**, the speciality chemicals company, which announced it was pulling out of its Wilton site with the loss of 200 jobs earlier in the year announced a 14% fall in profits in the first half of 2009. The Wilton facility, despite a poor first quarter performance, moved back into profit in June. However the company states that it will achieve a net saving of £5m per annum from 2010 as a result of its closure.
- **UPDATE:** The closure of the Eaglescliffe chromium plant in July has cost its owners **Elementis** a one off charge of £27.7m to shut the plant, this contributed to the overall pre tax loss of £30.2m for the first six months of 2009. Pre tax profits excluding exceptional items were £2.2m down from £26.8m in the corresponding period of 2008.

SERVICE SECTOR/RETAIL

Positive

- Stockton based telecoms firm **Advanced Communications UK** has announced a 10% increase in earnings with turnover climbing to £650,000. The company employs 5 people and subcontracts work to 32 freelance contractors.
- Car dealership **Jennings** is regaining momentum lost during a difficult 2008 with new car sales up 12% and used car sales up 17% in 2009. Jennings operates from six locations including Yarm Road, Stockton.
- **KFC** has opened a new restaurant in Thornaby creating more than 30 jobs. The new restaurant at The Pavilion Shopping Centre opened in August.
- **Milligan's Café** has recruited for 20 new posts at its forthcoming new premises within Stockton's Castlegate Shopping Centre.

Negative

- Stockton's **Swallow Hotel** closed with the loss of 70 jobs on the 4th August after the collapse of owners Brentwood Hotels. A further 8 hotels across the country were also affected. Liquidators, Smith and Williamson, will look to secure a future for the firm's assets.

ECONOMIC INDICATORS

GENERAL INDICATORS

- The total number of JSA claimants in Tees Valley rose again from 24,556 in June to 24,579 in July 2009.

Numbers on JSA	Jul-08	Jun-09	Jul-09	% WA pop	Change in Month	%	Change in year	%
Stockton	3,787	6,247	6,286	5.3	39	0.6	2,460	65.0
Tees Valley	15,802	24,556	24,579	6	23	0.1	8,754	55.4
NE%	50,689	84,484	85,038	5.3	554	0.7	33,795	66.7
GB%	843,888	1,504,117	1,521,709	4.1	17,592	1.2	660,229	78.2

- The number of people receiving JSA in Stockton rose by 39, the largest increase in the Tees Valley, bringing the overall percentage of Working Age Stockton residents to 5.3%, matching the performance to the North East Regional figure, but still less than the Tees Valley figure of 6%

New Claims to JSA	Jul-08	Jun-09	Jul-09	Change in month	%	Change in year	%
Stockton	1,059	1,252	1,421	169	6.8	475	56.1
Tees Valley	4,025	4,483	5,004	521	15.1	1,312	41.3
NE%	14,014	15,204	17,470	2,266	10.0	5,617	50.7
GB%	233,911	296,409	333,075	36,666	14.0	125,922	67.8

- Although there was another increase in the number of new claims this month, the number leaving the register also increased by 150, (to 1,349) representing a consistent 95% of the number of people joining the register as new claims

Vacancies Notified	Jul-08	Jun-09	Jul-09	Change in month	%	Change in year	%
Stockton	1,518	1,003	763	-240	-23.9	-755	-49.7
Tees Valley	4,238	3,274	2,992	-282	-8.6	-1,246	-29.4
NE%	15,439	13,339	11,762	-1,577	-11.8	-3,677	-23.8
GB%	316,569	253,363	266,020	12,657	5.0	-50,549	-16.0

- Stockton's 3 Jobcentre Plus offices reported 763 vacancies notified, a reduction of 240 on the previous month, but these still included over 200 Customer service or sales related occupations and 66 Administrative or secretarial posts.
- In July, there were 476 unfilled vacancies, notified through Jobcentre Plus. 85 of Stockton's unfilled vacancies were in healthcare and associated occupations, along with nearly 200 Sales and customer service posts. The number of unfilled vacancies reported shows a consistent regular reduction of almost 100 on the previous 3 months.
- The 476 live unfilled vacancies reported, on the given count date, are actively available to jobseekers, and, based on July's figure of 6,286 on the JSA register, equates to one vacancy for 13 Job Seekers.

Date	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
No's on JSA	4,492	4,838	5,537	6,072	6,155	6,208	6,211	6,247	6,286
Unfilled Vacs	774	421	379	741	398	585	520	570	476
JSA per vacancy	5.8	11.5	14.6	8.2	15.5	10.6	11.9	11	13.2

- The increase in the JSA register is slowing slightly, showing lower increases in numbers for the fifth month in succession, and the numbers on other out of work benefits has also stayed fairly static. Data collected for other WA benefits, including the new Employment and Support Allowance show minimal alterations to the numbers of people claiming benefits as Lone Parents, or incapacitated.

Numbers claiming benefits	Feb-08	Nov-08	Feb-09	Change in quarter	%	Change in year	%
Incapacity inc Employment Support Allowance(ESA)	9,600	9,600	9,540	-60	-0.63	-60	-0.63
Lone parent	2,390	2,310	2,370	60	2.60	-20	-0.84
All Benefits	19,860	20,700	22,260	1,560	7.54	2,400	12.08

- The recession has hit North East corporate deal-makers, new figures reported by information services firm Experian have shown. The number of business sales fell from 43 to 26 in the first two quarters of 2009 the lowest figures in the UK.

ECONOMIC SUPPORT MEASURES

SUPPORT FOR BUSINESS

- Teesside University has been singled out in a new report by Universities UK for its work in helping businesses and individuals through the recession. Measures highlighted included halving invoice turnaround time, running future management master classes and offering generous bursaries to postgraduates and those new to higher education.
- Teesside University has agreed a deal with 5 Tees Valley FE colleges to help businesses during the recession, with training grants and extended graduate placement schemes. The new 'One Door Network' will provide a one stop shop for higher level training, innovation support, business mentoring, careers guidance and financial subsidies worth up to £10,000 each for firms looking to put staff through higher level training and £500 for individuals.

SUPPORT FOR PEOPLE

- Unemployed people in the North East are to receive extra assistance with a £7.7m pot of funding forming a 'Response to Redundancy' package. The money will help people by offering free, flexible training to improve skills, enabling people to move back into work more quickly. The fund shared between 11 colleges and training providers will see 5,000 people learn new skills with a target of 1,300 learners progressing into work.
- The table below reflects the number of applications submitted to Time2Buy and the number of cases approved (applicants could be applying for HomeBuy Direct, First Time Buyers Initiative, NewBuild HomeBuy or a number of these schemes).

	Applications to Buy in Stockton						Stockton Residents buying outside area	
	Total		From within Borough		From Outside Borough			
Month	No.	Approved	No.	Approved	No.	Approved	No.	Approved
May	10	8	8	7	2	1	1	0
June	18	6	16	4	2	2	3	3
July	27	11	23	10	4	1	0	1
Aug (18/08)	20	16	15	12	5	4	1	1
TOTAL	75	41	62	33	13	8	4	4

HOUSING AND DEVELOPMENT

UPDATE

- Funding for 4 additional units for social rent at Mandale Park has been secured by NomadE5. The dwellings, which are funded through the Homes and Communities Agency's National Affordable Housing Programme, will be complete by summer 2010.

KEY STATISTICS

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

Monthly Housing Benefit Workload July 2008 – 6,001 June 2009 – 7,142 July 2009 – 7,301	Applications on the Council's Housing Register (including transfers) July 2008 – 4,812 June 2009 – 2,702 July 2009 – 2,323
Number of households approaching the service on homeless grounds July 2008 – 67 June 2009 – 35 July 2009 – 25	Number of housing options customers seeking assistance with mortgage/rent arrears July 2009 – 23 June 2009 – 21 July 2009 – 33
Number of approaches to the Housing Options service July 2008 - 231 June 2009 – 230 July 2009 - 239	
Number of House Sales in the borough (source: land registry) April 2008 – 246 March 2009 – 119 April 2009 – 142	Average monthly House Prices in the borough (source: land registry) June 2008 – £137,185 May 2009 - £112,206 June 2009 - £110,128

FURTHER INFORMATION

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

- A free event organised by the Community Development Team 'On the House' was held on 19th August at Challoner Community Centre, Willey Flats, Yarm, to provide advice and information for people to manage their money, as well as general information on free events, and money saving ideas. There were representatives from, for example, Teesside Credit Union, Environmental Services (Energy Advice), Tristar Homes, Cleveland Police, Broadacres (general household repairs), Tourism, Tees Achieve. The event was a huge success with 75 residents attending. 37 of those have expressed an interest to receive

weekly fruit and vegetable bags, and home safety visits from the Fire Brigade have been signed up to.

- Stockton Council has stepped in to help wedding couples with their plans after the Swallow Hotel closed, and is offering the use of its marquee for a small fee to people who booked a reception at the Swallow Hotel. The Council is working in partnership to identify job vacancies as a result of any new or expanding business, for those who were made redundant as a result of the hotel closure.