

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 3rd September update.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- Stockton fabrication specialist **MB Tech** has won several contracts that are expected to boost turnover to £3.5m next year. The contracts include work on a baggage tunnel at Heathrow Airport and walkways for the London 2012 Olympic Stadium.
- Stockton based Construction Company **Arngrove Construction Services** has taken on new business and staff after being bought from administration six months ago. The company has employed 4 skilled workers taking its employees to 51 in total.
- Stockton building services firm **LJJ** has stated that public sector spending will push the company towards its 2009/10 turnover target of £30m. This follows successful contract wins in the education, health, prison and defence sectors.
- Stockton based consultants **Five Bar Gate** has won a high profile contract to help shape future government policy on bio fuels by undertaking a detailed marketing review of the industry.
- Billingham based **Tees Alliance Group (TAG)** has won a contract to build prototype and full scale wave platforms for Norwegian renewable energy firm Langlee Wave Power. If the project is developed and enters full production it hoped that this may lead to the creation of between 100 and 150 new jobs.
- **UPDATE: Nifco UK Ltd** the Stockton based plastics company report that an increase in workload partly attributed to the Government's Car Scrapping Scheme has had a positive impact on their business, with the factory now operating 24 hours a day, 7 days a week. With three full shifts per day, Nifco has begun re-employing many of the staff that were made redundant at the beginning of the economic downturn.

Negative

- **UPDATE:** Billingham-based renewable energy company **AAG Swepco** has gone into administration, with the entire workforce of 53 employees being made redundant, together with a further 80 contractors.

SERVICE SECTOR/RETAIL

Positive

- Yarm based financial services firm **A&A Solutions** is looking to triple the size of its business following a successful first two years in business. The company has ambitions to grow from a turnover of £150,000 to £500,000 within the next 12 months, and create jobs for 6 people.
- As part of the Thornaby Town Centre redevelopment, **Lidl** supermarket opened on the 3rd September creating 7 new jobs.
- Chevrolet dealer, **Sherwoods**, who operate a Stockton showroom has reported a 60% increase in orders for its premium range of cars.
- **Azuri**, a fashion accessories chain, has now opened in Stockton's Wellington Square creating 5 new jobs.
- **Card Factory** have opened a second store in Stockton Town Centre in the Wellington Square shopping precinct creating 8 new jobs with a further 6 temporary Christmas staff to be recruited shortly.
- **B&M Bargains** will be moving in to the previous Woolworth's unit in Stockton High Street, and creating 40 jobs.

Negative

- **UPDATE: Barclaycard** - As part of a restructuring approximately 10 staff that have been put on 3 months' notice. During that period alternative jobs will be sought for them within the company. Stockton Council has informed them of the Rapid Response Team support if required.

ECONOMIC INDICATORS

GENERAL INDICATORS

- The total number of JSA claimants within the Tees Valley shows the highest increase this month since February 2009, with an increase of **787** new JSA claimants against a previous monthly increase of **39** in July 2009.

Numbers on JSA	Aug-08	Jul-09	Aug-09	% WA pop	Change in Month	%	Change in year	%
Stockton	4,024	6,286	6,627	5.6	341	5.4	2,262	56.2
Tees Valley	16,478	24,399	25,186	6.2	787	3.2	8,708	52.8
NE%	53,434	85,038	85,372	5.3	334	0.4	31,604	59.1
GB%	894,678	1,521,709	1,548,678	4.1	26,969	1.8	627,031	70.1

- Stockton shows the largest increase of JSA claimants across Tees Valley from **6,286** in July to **6,627** in August, an additional **341** in month.

New Claims to JSA	Aug-08	Jul-09	Aug-09	Change in month	%	Change in year	%
Stockton	1,312	1,421	1,730	309	21.7	418	31.9
Tees Valley	4,839	5,004	5,984	980	19.6	1,145	23.7
NE	17,499	17,470	21,111	3,641	20.8	3,612	20.6
GB	297,536	333,075	400,712	67,637	20.3	103,176	34.7

- Stockton had **603** unfilled vacancies in August 2009, including **50** in construction, plant operative and driving vacancies, **52** functional managers, (**50** in Thornaby), **180** in sales and customer service related positions, and **130** in health and social care.

Vacancies Notified	Aug-08	Jul-09	Aug-09	Change in month	%	Change in year	%
Stockton	1,518	763	1,263	500	65.53	-255	-16.8
Tees Valley	4,238	2,992	4,302	1,310	43.78	64	1.5
NE%	15,439	11,762	17,484	5,722	48.65	2,045	13.2
GB%	316,569	266,020	341,538	75,518	28.39	24,969	7.9

- There were **1,263** vacancies notified to the three Jobcentre Plus offices across Stockton in August 2009, **500** more than the previous month. 320 of the vacancies are in Sales and customer service, **90** in administrative roles, **200** in health, child and social care, **11** in Information and Technology, **53** functional managers, **60** in electrical and construction, and **180** in machinist, plant operatives and vehicle trades.

Date	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
No's on JSA	5,537	6,072	6,155	6,208	6,211	6,247	6,286	6,627
Vacancies Unfilled	379	741	398	585	520	570	476	603
Jobseekers per vacancy	14.6	8.2	15.5	10.6	11.9	11	13.2	11

Data Source: Nomis – 16th Sep 2009

- A report by manufacturing organisation EEF shows that the North East was amongst the worst performing regions in terms of output in the last three months. However the report also shows that companies in the region were among the most optimistic in the country, with improved cash flow and increased employment prospects beginning to take effect.

ECONOMIC SUPPORT MEASURES

SUPPORT FOR BUSINESS

- Tristar Homes in Stockton is urging more local business to tender for contracts after it revealed more than half of its £5.4m yearly budget is spent within the Tees Valley. Tristar will be developing a register of local suppliers, and the Regeneration and Economic Development Business Development team will work in partnership to ensure that the register of local suppliers is streamlined, and use of the existing Business Registration Scheme is maximised.
- In conjunction with the Evening Gazette, Wellington Square Shopping Centre successfully ran the 'ShopStart' scheme, which closed on 18th September. This gave an opportunity to start-up businesses, market traders and people recently made redundant to launch a new business in Wellington Square. The winner will be notified on 5th October. The winning package includes a shop unit fully inclusive of the first year's rent, rates, insurance and service charge.

SUPPORT FOR PEOPLE

- Talented individuals affected by the recession are being encouraged to take advantage of a unique service set up to help deal with the effects of the economic downturn. One NorthEast has initially approved funding of £1.4m to develop 'Talent Challenge', a project to be run by NRG to support 300. The initiative is aimed at people who have leadership, managerial and professional experience and expertise as well as those who are highly skilled technical staff (NVQ level 4 or above) within priority or growth sectors – such as process industries and manufacturing - who face the possibility of redundancy, have recently lost their job or have been put on short-time working. The project is aiming to ensure that their skills and experience are retained within the region.
- The North East Chamber of Commerce (NECC) has launched a new campaign entitled 'Five a Day' aimed at securing 400 apprenticeships for young people in the North East between now and Christmas.

HOUSING AND DEVELOPMENT

KEY STATISTICS

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

Monthly Housing Benefit Workload August 2008 – 7,431 July 2009 – 7,301 August 2009 – 8,749 (The service is currently recruiting 4 additional temporary benefit assistants to continue to respond to the increase in workload)	Applications on the Council's Housing Register (including transfers) August 2008 – 4,812 July 2009 – 2,323 August 2009 – 2,425
Number of households approaching the service on homeless grounds August 2008 - 46 July 2009 – 25 August 2009 - 7	Number of housing options customers seeking assistance with mortgage/rent arrears August 2009 - 27 July 2009 - 33 August 2009 - 28

Number of approaches to the Housing Options service August 2008 - 204 July 2009 – 239 August 2009 - 228	
Number of House Sales in the borough (source: land registry) May 2008 – 251 April 2009 – 152 May 2009 - 164	Average monthly House Prices in the borough (source: land registry) July 2008 – £136,902 June 2009 - £112,067 July 2009 - £113,347

- 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		No.	Approved
Month	No.	Approved	No.	Approved	No.	Approved	No.	Approved
June	18	6	16	4	2	2	3	3
July	27	11	23	10	4	1	0	1
Aug	35	31	27	25	8	6	2	1
Sep (16/09)	20	13	14	10	6	3	1	1
TOTAL	100	61	80	49	20	12	6	6

STOCKTON BOROUGH COUNCIL RESPONSES

- As part of our commitment to increasing the diversity of its workforce, the Council is holding a recruitment fair encouraging people from Black and minority ethnic groups, and people with disabilities living within Stockton, to find out about careers in Local Government. The event is taking place on the 14th October 2009 between 4-7 pm at the Arc, Stockton, and will enable people to:
 - Network with council staff and partner employers
 - Find out about the various routes of entry into employment
 - Find out about the wide range of careers within the council and partner organisations
 - Obtain advice and support on application forms and processes
- UPDATE:** SBC has received 307 applications from 242 companies for the Business Rate Deferral Scheme. The largest amount deferred is £21,970.50 with £4.91 being the smallest.