

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 5th November update.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- Stockton-based engineering company, **Aker Solutions**, recently revealed it was close to signing a major new contract. The company, which employs 600 staff, is also currently recruiting another 50, which will be based at its Teesside and Warrington offices.
- **R&A Kay Inspection Services** in Stockton, has achieved its five year targets in 18 months and is taking on 15 new members of staff, taking the number of inspectors employed by them to 65.
- **Darchem Engineering**, suppliers to the aerospace, defence and nuclear industries, is expanding its Stillington facilities, with the possibility of new jobs.

Negative

- **UPDATE: CORUS** announced on 4th December the mothballing of its Teesside Cast Products site at the end of January, with the loss of 1,700 jobs. Stockton Council, the other Tees Valley Local Authorities and partners have developed a comprehensive package of support for those affected, e.g. on-site facility with employment, information, advice and guidance experts.
- **UPDATE: Petroplus**, has confirmed that it will not re-start its refinery. The North Tees site will continue to operate as a terminal and storage facility, but its expected that up to 75 jobs lost, although many are expected to be voluntary redundancies. The job losses will affect the Marketing facility in Teesdale, as well as the refinery, at this stage it's not clear what the split in job losses will be.
- **The Biofuels Corporation**, Seal Sands, has entered administration, with 75 jobs lost.

SERVICE SECTOR/RETAIL

Positive

- Stockton based dot.com developer, **Visualsoft** is to recruit 10 more staff to its e-commerce development team, increasing its workforce to a total of 51.
- National communication network services company, **Map Group**, has moved into new premises on Westland Way Business Park, Stockton. Map has acquired the recently completed George Stephenson Court, which will house between 50-60 staff.
- **Benfield Motors** has opened a brand new van dealership in Thornaby, creating 13 new jobs.
- **The Hambleton Group**, based at Teesside Industrial Estate, has tripled its caravan storage capacity. The move is expected to see the storage arm of business increase its current annual turnover of £1.18m by 40% over the next two years.
- Alliance & Leicester owners, **Santander**, have announced they are to move 100 staff from Leicestershire to their Geoban site in Stockton.
- **Fantastic Nail Bar** and **Scallamooch** (independent retailer) opened new retail outlets on Stockton High Street during November. Scallamooch will be employing 2 staff from pre-existing outlets.
- **Wellington Square Shopping Centre** has opened 2 new units during November - **Tradex** (a home-store franchise), and employing 3 staff from existing outlets. **Blue Star** fashion store with outlets across the Tees Valley.
- **Castlegate Shopping Centre** has reported that although footfall numbers are lower than the same period in 2008, the Centre is reporting a significant increase in numbers since September 2009.

Negative

- Book chain **Borders**, which has a branch at Teesside Park has gone into administration. It is unclear at this stage how many jobs will be affected.

ECONOMIC INDICATORS

GENERAL INDICATORS

Numbers on JSA	Oct-08	Sep-09	Oct-09	% WA pop	Change in Month	%	Change in year	%
Stockton	4,286	6,657	6,700	5.6	43	0.6	2,414	56.3
Tees Valley	17,407	25,485	25,828	6.2	343	1.3	8,421	48.4
NE%	57,341	85,076	85,231	5.3	155	0.2	27,890	48.6
GB%	939,900	1,548,678	1,529,821	4.1	-18,857	-1.2	589,921	62.8

- The total number of JSA claimants within the Tees Valley shows an increase of 343 from September 2009, with a 48.4% increase from 12 months previous.
- There is an increase of 0.6% in Stockton, for total numbers of JSA claimants since September.

New Claims to JSA	Oct-08	Sep-09	Oct-09	Change in month	%	Change in year	%
Stockton	1,187	1,386	1,394	8	0.6	207	17.4
Tees Valley	4,263	5,057	5,086	29	0.6	823	19.3
NE	15,717	17,746	18,350	604	3.4	2,633	16.8
GB	256,631	322,459	325,597	3,138	1	68,966	26.9

- The total number of new JSA claimants has increased very slightly from the previous month (29 across the Tees Valley). The biggest % increase on new JSA claims was across the North East, which has seen a rise of 3.4%.
- Stockton has seen a similar % increase to that seen across the Tees Valley (0.6%), with an increase of just 8 new claims in October.

Vacancies Notified	Oct-08	Sep-09	Oct-09	Change in month	%	Change in year	%
Stockton	1,326	1,047	1,145	98	9.3	-181	-13.6
Tees Valley	4,464	3,960	3,394	-566	-14.3	-1,070	-23.9
NE%	19,238	14,806	15,525	719	4.8	-3,713	-19.3
GB%	366,690	292,845	347,934	55,091	18.8	-18,754	-5.1

- There were **1,145** vacancies notified to the three Jobcentre Plus offices across Stockton in October 2009, **98** more than the previous month, including **496** in General Business activities, **123** in Retail Trade, **79** in Health & Social Care, **58** in Public Administration, **41** in Hotel & Restaurants, **184** in Post and Telecommunications.

Date	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug09	Sep-09	Oct-09
No's on JSA	6,155	6,208	6,211	6,247	6,286	6,627	6,657	6700
Vacancies Unfilled	398	585	520	570	476	603	624	596
Jobseekers per vacancy	15.5	10.6	11.9	11	13.2	11	10.7	11.2

- Stockton had **596** unfilled vacancies in October 2009, including **48** in construction, plant operative and driving vacancies, **52** functional managers, **184** in sales and customer service related positions, and **114** in health and social care.

- The number of young people in Stockton who are classed as NEET (not in education, employment or training) remains the same at 645 from the same point in 2008. However, the proportion of resident NEET has changed – 16 to 18 year olds has increased from 9.5% to 9.6% (compared to the Tees Valley average of 9.7%), and 'not known' reduced from 6.0% to 3.0%. In November, 125 young people became NEET – the highest number (48) leaving further education, and 98 young people entered further education, or employment and training. 18 year olds make up the highest proportion of NEET at 53% (344).

REGIONAL/NATIONAL INDICATORS

- According to a new poll from the independent campaign 'Keep Britain Working', North East workers buck the national trend and feel better about job prospects now than they did a month ago.
- Recent national figures from the family court guardian, CAFCASS, revealed that courts saw a 47.2% jump in the number of children taken out of violent homes and into care in the second quarter of 2009, compared to the same period last year. Stockton has seen an increase in the number of Looked After Children, although nowhere near the levels reported nationally.
- Business & Enterprise North East (BENE), which delivers the region's Business Link service, has landed a further £1.48m investment from the European Regional Development Fund via One NorthEast. The cash will expand work by Business Link in the region to provide more advice to small firms and those looking to start their own business. The aim of the entrepreneurship project is to deliver tailored support to companies and individuals looking to start up in business.

ECONOMIC SUPPORT MEASURES

SUPPORT FOR BUSINESS

- During Global Entrepreneurship Week in November the Enterprise Gateways workshops were launched on Stockton High Street, with 80 residents recruited for the first workshops in December. Future workshops will be held monthly across the 3 Gateways (Stockton, Thornaby and Billingham).
- The new 'north-south' link from Durham Tees Valley Airport, has been welcomed by the business travel sector. Eastern Airways is offering a twice-a-day weekday service to Southampton.
- Stockton Council has been successful in being awarded £52,631 in the second round of the 'Empty Shops Revival Fund' from DCLG, which will be used to improve the look and feel of the Borough's town centres by reviving empty spaces left vacant by shops hit by the financial downturn.
- The latest update from Business & Enterprise North East (BENE) highlights that the general business support measures are consistent from the previous quarter. 'Pre-start assistance' has remained steady with 345 interventions compared to 344 the previous quarter, however, this is an increase of 60 from the same period last year. This trend is mirrored across the other measures, with 'start-up' support and 'skills interventions', considerably up from same period last year. The only contradiction is 'Businesses Assisted', which is down from the previous year.

SUPPORT FOR PEOPLE

- Young apprentices who were displaced as part of job losses previously announced at Corus, could be helped by a new campaign 'Apprentices For the Upturn', which is a major drive to find firms from the process industry willing to take on young people. The campaign was launched by TTE Training Group (Middlesbrough), who are part of the Sub Regional Work Based Learning Network, and supported by a grant from the National Apprenticeship Service Hardship Fund.
- Through the Communities Fund Stockton Borough Council and partners continue to promote and secure sustainable employment for the most disadvantaged and to help support the 'hardest to reach and hardest to help' move closer to the labour market. Between April 2009 to September 2009, the Communities Fund Providers have engaged with 865 people, resulting in 161 people finding work.

- Stockton Council has received 309 applications to date through the Future Jobs Fund, and achieved the first start wc 30.11.09. A further 10 offers have been made and efforts are being made to ensure these starts before Christmas.
- On 12th November Stockton Council was successful in securing £385,336 additional Working Neighbourhoods Fund up to 2010/11 to support the development of innovative ways to tackle worklessness for the most disadvantaged and deprived communities. The LGA are to consult Local Authorities regarding the future use of the Fund in support of the worklessness agenda.

HOUSING AND DEVELOPMENT

- An advertising campaign in the Tees Valley has been developed by the 5 Local Authorities and their partners to raise awareness of both Choice Based Lettings and the new Mortgage Rescue Advice Service. Adverts will appear in local newspapers and during December, January and February adverts will be broadcast on 2 local radio stations. This will complement a national advertising campaign to be run on mortgage rescue advice services.
- Funding has now been confirmed from the Government's 'Kickstart' programme for Bellway Homes to get its Kvaerner site back on track. £2,063,580 was secured to deliver 50 homes for social rent and market sale on the formal industrial site. Work has already started on site which is set to develop 220 dwellings overall. Housing Hartlepool has also secured funding to develop 21 homes for rent on the site.

KEY STATISTICS

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

<p>Monthly Housing Benefit Workload</p> <p>November 2008 - 8620</p> <p>October 2009 - 7697</p> <p>November 2009 - 10552*</p>	<p>Applications on the Council's Housing Register (including transfers)</p> <p>November 2008 - 3998</p> <p>October 2009 - 2789</p> <p>November 2009 - 2923</p>
<p>Number of households accepted as homeless by the Housing Options Service</p> <p>November 2008 - 35</p> <p>October 2009 - 3</p> <p>November 2009 - 2</p>	<p>Number of housing options customers seeking assistance with mortgage/rent arrears</p> <p>November 2008 - 25</p> <p>October 2009 - 41</p> <p>November 2009 - 34</p>
<p>Number of approaches to the Housing Options service</p> <p>November 2008 - 221</p> <p>October 2009 - 273</p> <p>November 2009 - 230</p>	
<p>Number of House Sales in the borough (source: land registry)</p> <p>August 2008 - 160</p> <p>July 2009 - 183</p> <p>August 2009 - 163</p>	<p>Average monthly House Prices in the borough (source: land registry)</p> <p>October 2008 - £129,096</p> <p>September 2009 - £113,824</p> <p>October 2009 - £114,207</p>

* Regulation changes in November 2009 mean that child benefit is disregarded as income in the assessment of housing and council tax benefit entitlement. This means that more people become eligible to claim. Reassessments have been carried out in November for everyone currently receiving benefit to take this change into account, and leaflets will shortly be distributed to schools in the Borough to encourage a wider take up.

- The table below reflects the overall number of applications and approvals to live in Stockton-on-Tees to Time2Buy, for HomeBuy Direct, First Time Buyers Initiative, and NewBuild HomeBuy to the end of November 2009.

<u>Month / Quarter</u>	<u>Applications</u>	<u>Approvals</u>
April to June 2009 (Q1)	41	25
July to September 2009 (Q2)	111	71
October	31	15
November	32	39
Total	215	150

STOCKTON BOROUGH COUNCIL RESPONSES

- Stockton Borough Council officers carried out 18 Business Engagement visits in October.
- There has been a steady number of general business enquiries, both phone and internet, with a total of 48 enquiries received and responded to.
- The £20m regeneration plans for Billingham Town Centre have been unveiled. Following public consultation the scheme is expected to be rolled out in phases from January 2010, with completion by 2012.
- The Open Technology Centre within Stockton Central Library hosted an event on 19th November 'Kickstart your own business'. The event was aimed at anyone who would like to know more about starting a business. Representatives from various organisations attended to offer advice on topics such as: employing staff, tax laws, funding and writing a business plan. The event was considered a success with nine attendees being given advice by all organisations within the 90 minute schedule.
- The Festafall event held on 29th to 31st October was a great success, with a total average spend per person visiting of over £21.00. Over 70% of those surveyed (total 211 questionnaires completed) visited retail locations in Stockton over the same period. ARC has stated that the event contributed to its growing cinema audience over the days of the festival, with a total of 357 bookings: 68% new customers to ARC, and 87.7% new to ARC cinema.