

## 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 17th December update.

### EMPLOYMENT AND BUSINESS

#### ENGINEERING/MANUFACTURING/CHEMICAL

##### Positive

- **Tees Alliance Group (TAG)** the Oil & Gas specialist has been awarded a £1.5m grant for a production facility for wind turbine infrastructure at Haverton Hill. 50 permanent direct jobs will be created, increasing to 200 when sub-contractors and suppliers are included.
- Billingham based, **Avecia**, has been taken over by a US pharmaceutical giant in a move that will safeguard 500 jobs on Teesside. The company plans to construct a new storage, dispensary and processing area to support its manufacturing facilities.
- **UPDATE:** A UK based subsidiary of KP Chemical Corporation, an affiliate of the Lotte Group based in Korea has bought the assets of **Artenius** UK. In addition to safeguarding the existing 41 jobs, it is hoped an up to 132 new jobs will be created.
- **UPDATE: CORUS** has extended the operation of Teesside Cast Products by up to a month. Corus has also reversed their decision to close the South Bank Coke ovens and will keep production going for three years, safeguarding up to 150 jobs.

#### SERVICE SECTOR/RETAIL

##### Positive

- **Durham Tees Valley Airport** has announced Thomson Airways new flights to key holiday destinations next winter. Despite this Peel Holdings has confirmed the potential loss of 32 jobs and reduced hours for other staff.
- **Arc**, has celebrated a record-breaking Christmas audience. The popular venue recorded its most successful December since opening in 2003.
- National household and Garden Centre chain, **The Range**, is to occupy part of the former Big W site on Portrack Lane. The new superstore, is due to open on 16th April, with 75 new jobs created.

##### Negative

- Thornfield Ventures Limited went into administration in early January 2009. Lloyds Bank has appointed Hammerson as asset managers for the company's portfolio, which includes Thornaby Town Centre. Trading will not be affected and the Centre is open for business as usual.
- Wellington Square Shopping Centre owners have reported the closure of 3 retail units – Au Naturale, Card Factory, and Waremart, with the loss of 21 jobs. Wellington Square owners worked closely with other businesses to try and offer employment to those affected in the closures.

### ECONOMIC INDICATORS

#### GENERAL INDICATORS

Numbers on JSA	Dec 08	Nov 09	Dec 09	% WA pop	Change in Month	%	Change in year	%
Stockton	4,838	6,685	6,796	5.7	111	1.7	1,958	40.5
Tees Valley	19,707	25,963	26,207	6.4	421	1.7	6,643	33.9
NE	67,579	84,642	85,625	5.4	983	1.2	18,046	26.7
GB	1,117,512	1,516,907	1,513,921	4.1	-2986	-0.2	396,046	35.5

- The total number of JSA claimants within the Tees Valley has increased 430 from November, with a 33.9% increase from 12 months previous.
- There was an increase of 1.7% in Stockton of JSA claimants since November. The North East only increased by 1.2%. Nationally, the total number of JSA claimants has reduced by 0.2%.

New Claims to JSA	Dec 08	Nov 09	Dec 09	Change in month	%	Change in year	%
Stockton	1,200	1,550	1,165	-385	-24.8	-35	-2.9
Tees Valley	4,455	5,635	4,385	-1,250	-22.2	-70	-1.6
NE	16,760	21,385	15,800	-5,585	-26.1	-960	-5.7
GB	288,190	377,290	281,890	-95,400	-25.3	-6,300	-2.2

- The total number of new JSA claimants has significantly reduced across Stockton, Tees Valley, North East and Great Britain since November, with a decrease of 24.8% in Stockton.
- The biggest decrease was across the North East, with a decrease in new JSA Claims of 26.1%.

Vacancies Notified	Dec-08	Nov-09	Dec-09	Change in month	%	Change in year	%
Stockton	755	1,374	771	-603	43.8	16	
Tees Valley	2,761	4,722	2,769	-1,953	41.3	8	
NE%	13,308	17,960	10,836	-7,124	42.1	-2472	
GB%	237,386	374,380	262,546	111,834	29.8	25,160	

- There were **771** vacancies notified to the three Jobcentre Plus offices across Stockton in December 2009, **603 less** than the previous month (this is largely due to vacancies being advertised in November in view of Xmas period), including **123** in Admin & Secretarial activities, **155** in Sales & Customer Services, **151** in Elementary Occupations, **37** in Process, Plant & Machine operatives, **110** in Personal Service Occupations, **40** in Skilled Trade and **40** in Managerial and Senior positions.

Unfilled Vacancies	May-09	Jun-09	Jul-09	Aug09	Sep-09	Oct-09	Nov-09	Dec-09
No's on JSA	6,211	6,247	6,286	6,627	6,657	6700	6,685	6,796
Vacancies Unfilled	520	570	476	603	624	596	853	573
Jobseekers per vacancy	11.9	11	13.2	11	10.7	11.2	7.8	11.8

- Stockton had **573** unfilled vacancies in December 2009, including **32** in managerial positions, **21** plant operative and driving vacancies, **161** Sales & Customers Service Opportunities, **103** Associate Professional and Technical Occupations.

## ECONOMIC SUPPORT MEASURES

### SUPPORT FOR BUSINESS

- The National Apprenticeship Service has launched a new grant to encourage employers to recruit apprentices. Grants of £2,500 are being offered to take on an unemployed young person. Until 31st March companies can claim the funding from the National Apprenticeship Services for 16-17 year olds.
- Business & Enterprise North East (BENE) has held a series of free interactive training events in January at venues across the North East to help businesses compile winning bids for public sector contracts.
- BENE has launched its Regional Start-Up Capital Finance Grant scheme, which will assist small and medium sized businesses up to a year old to purchase capital equipment, to aid business growth and survival. The scheme is funded the ERDF 2007-2013 and One North East's Single Programme. Support is restricted to a minimum grant of £1,000 and maximum of £3,000, at a support rate of 50% of the eligible expenditure.
- Stockton Borough Council has issued less reminders/court summons for businesses in Business Rates arrears in the period April-December 2009 than the previous year. The number of Business Rates hardship cases has increased from 5 in 08/09 to 13 in 09/10 to date.

- A new £125m Venture Capital fund has been established with investments from the European Investment Bank, European Regional Development Fund and One North East (ONE). Six new funds have been launched in, managed by five different fund management companies. The funds are targeted at start-ups and growing companies and will invest from £5,000 to £1.25m per business from 2010 to 2014.

## SUPPORT FOR PEOPLE

- Between April 2009 to December 2009, the Communities Fund Providers have engaged with 1,175 people, resulting in 229 people finding work.
- As of 29th January 175 of the 181 jobs have been advertised with Job Centre Plus, and to date 39 young people have started work. Council Officers continue to work closely with employers to provide advice and support to ensure a quick start date from interviews held.

## HOUSING AND DEVELOPMENT

- Stockton Borough Council Cabinet voted in favour of the plans to transform Parkfield, Mill Lane and Swainby Road. The housing regeneration proposals will now go out to consultation.
- £1,964,000 from the Homes and Communities Agency has been secured to help build 28 socially rented homes in North Stockton and 12 socially rented homes in Billingham. Both schemes are expected to start on site in this financial year.
- The Council is working pro-actively with its partners to increase the availability of affordable housing in Stockton. Since April 2009, 54 affordable homes for rent and 76 homes for low-cost homeownership have been built in the Borough.
- In December 2009 planning permission was secured for housing development on the former Visqueen site. The permissions include a total of 47 affordable housing units for social rent and low cost home ownership.

## KEY STATISTICS

- Due to the office closure over Christmas Housing Benefits statistics have been measured over 2 months (December and January).

<p><b>Monthly Housing Benefit Workload</b></p> <p>Dec 2008/Jan 2009 – 15216</p> <p>November 2009 - 10552*</p> <p>Dec 2009 /Jan 2010 - 15569</p>	<p><b>Applications on the Council's Housing Register (including transfers)</b></p> <p>December 2008 – 4231</p> <p>November 2009 – 2923</p> <p>December 2009 – 2991</p>
<p><b>Number of households accepted as homeless by the Housing Options Service</b></p> <p>December 2008 - 47</p> <p>November 2009 - 2</p> <p>December 2009 - 1</p>	<p><b>Number of housing options customers seeking assistance with mortgage/rent arrears</b></p> <p>December 2008 - 21</p> <p>November 2009 - 34</p> <p>December 2009 - 20</p>
<p><b>Number of approaches to the Housing Options service</b></p> <p>December 2008 - 156</p> <p>November 2009 - 230</p> <p>December 2009 - 146</p>	

<b>Number of House Sales in the borough (source: land registry)</b>	<b>Average monthly House Prices in the borough (source: land registry)</b>
October 2008 - 182	December 2008 - £122,922
September 2009 - 192	November 2009 - £114,636
October 2009 - 173	December 2009 - £117,019

\* 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 December 2009.

<b><u>Month / Quarter</u></b>	<b><u>Applications</u></b>	<b><u>Approvals</u></b>
April to June 2009 (Q1)	41	25
July to September 2009 (Q2)	111	71
October to December 2009 (Q3)	71	64
<b>Total</b>	<b>223</b>	<b>160</b>

## **STOCKTON BOROUGH COUNCIL RESPONSES**

- The Council will be signing up to the 'Federation of Small Businesses (FSB) Small Business Engagement Accord', which will be a pledge to support the principles it sets out, when consulting and engaging with small businesses. The Head of Regeneration and Economic Development, and the Cabinet Member for Regeneration & Transport will be acting as 'Business Engagement Champions', with the role of ensuring that the views of the local business community are considered at every stage, of any consultation exercise.
- A job seekers event is being held at Stockton Library on Tuesday 9th February (10.00 am - 11.30 am). Representatives from employment organisations will be there including advisors from Cabin, Connexions, Five Lamps, Job Centre Plus, Nextstep, Learning Links Europe and the Community Steps Programme. The event is aimed at people seeking their first job, as well as those seeking a career change.
- Stockton Borough Council officers carried out 30 Business Engagement visits in November & December 2009. There has been a steady number of general business enquiries, both phone and internet, with a total of 94 enquiries received and responded to in the same period.
- In December 2009 it was announced that the Building Schools for the Future Wave 6 Outline Business Case had received formal approval from Partnerships for Schools, and the 75 week procurement process could now commence.
- An event to support people in dealing with the current economic climate will be held in Hardwick Community Centre on 16th February (11.30 am – 2.30 pm). Representatives from Tees Achieve, Energy Saving Trust, Credit Union, PCT, Stockton District Advice and Information Services, Library Services, Communities Fund provider have been invited.

## **OTHER RESPONSES**

- The NHS has announced it is to pump £500,000 into the New Academy planned for Stockton. NHS Stockton is the proposed lead sponsor for the new North Stockton Academy, which would replace Blakeston & Norton Schools.