

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 11th February update.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- **Teesside University** are in talks with **Bio Energy Investments** over a link up with their BioReGen project which has undertaken an energy crop planting programme including land around the Tees Barrage with the view to commercialisation.
- **Wynyard Park Limited** has received reserved outline planning application to transform more than 350 acres at Wynyard, which will provide 3m sq.ft of office space, industrial and warehouse facilities.
- Teesside firms have shared in at least £150m worth of contracts linked to offshore wind farm development. Amongst the most significant are **TAG Energy Solutions** who were also recently awarded a £1.5m grant to develop an automated facility at Haverton Hill, Stockton.
- Thornaby based engineering specialists **K Home International** has secured £1.5m in orders that could create up to 50 new jobs, with 6 staff already recruited.
- Norway based **Yara International** has purchased US based **Terra Industries** for \$1.4bn to create a global leader in the fertiliser sector. The move is seen as positive for Billingham based **Growhow** who were previously operated as a 50-50 joint venture by the two companies.
- Stockton based engineering firm **Aker Solutions** have secured a £115m green energy contract to provide design, supply, installation and commissioning a new 50MW biomass renewable energy plant in Fife.
- **Impetus** with partners **O2N** are working up plans to open a gasification/energy from waste power plant on the former ICI Process Plant in Billingham. A planning application is expected in March 2010 for the development which will create 30 new full time jobs when fully operational in late 2011.
- Stockton sign company **N Sign** have enjoyed success with a new product designed to protect the base of street lighting columns from strimmers and grass cutters. Eight of eleven Councils approached to date have placed orders with the company expecting to create 4 new posts should sales continue to grow.

Negative

- **UPDATE: Teesside Cast Products (TCP)** closed with the loss of 1,600 jobs. The **Corus** run facility is to be mothballed. Hopes remain that the site could be swiftly reopened if a credible buyer is found.

SERVICE SECTOR/RETAIL

Positive

- Software development firm **Nicander** has relocated to larger premises within Wynyard Park to a new 2,500sq.ft. unit. The company which employs 9 people has increased its workforce by 50% since 2008.
- **Henderson Insurance Brokers** have invested £2m in new premises at Stockton's Westland Way Business Park, relocating its Tees Valley and Yorkshire Office along with 30 staff from Ripon.
- **Sofaitalia.co.uk**, a web based business has opened the first of a planned network of 15 furniture stores nationwide, on Portrack Lane, the company has invested more than £250,000 in a 10,000sq.ft. store.
- Billingham based financial advisors **Carterbar** have been chosen by the Financial Services Authority (FSA) to help and advise local steelworkers hit by the Corus closure.

- Thornaby based training provider **Cablecom** is relocating its head office to the Westlands Way business park. The new larger premises will allow an increase in staff at the company which currently employs 12 full time staff with up to 35 assessors and trainers working on a project basis.
- **Cornerstone Business Solutions** collected the Best New Business Award Tees Valley 2009 for the Service Category and was also named as the overall winner.
- **Swiftcover**, part of AXA, are currently dealing with the processing of a new AXA car insurance product that was recently launched. This is likely to create about 10 new jobs each month as interest in the product increases.
- In February plans to re-launch **The Globe** as one of the largest entertainment and performance venues in the North East were approved by Stockton Council.
- In February plans have been given the go ahead to expand **Tesco** supermarket at Ingleby Barwick. The development will create 100 new full and part time jobs, and the company will be contributing £1.3m towards highway improvements.
- As a result of a group travel road show, HMS Belfast, which was attended by the Tourism team in November, a group of 25 people have booked a visit to the area using local accommodation, coach hire, restaurants and attractions.

Negative

- **Ethel Austin** is to close its Stockton branch – 2 full time staff and 8 part time staff will be made redundant. However, its Billingham Queensway branch, which opened last year, will remain unaffected.
- **More 4 Less**, situated in the Castlegate Centre has ceased trading. 2 full time members of staff have been made redundant.

ECONOMIC INDICATORS

- The retail sector suffered its worst January in the last 15 years, the poor start to 2010 followed the strongest December in 8 years dampening hopes of a strong retail recovery (ATCM Jan 2010).
- The latest Purchasing Managers index (PMI) report shows that the North East has started 2010 on a firmer footing, with business activity expanding for the seventh month in a row, beating the UK average.

GENERAL INDICATORS

Numbers on JSA	Jan 09	Dec 09	Jan 10	% WA pop	Change in Month	%	Change in year	%
Stockton	5,537	6,796	7,116	5.9	320	4.7	1,579	28.5
Tees Valley	21,766	26,393	27,692	6.4	1,299	4.9	5,926	27.2
NE	75,658	85,625	90,769	5.7	5,144	6.0	15,111	
GB	1,243,064	1,513,921	1,597,855	4.3	83,934	5.5	354,791	35.5

- The total number of JSA claimants within the Tees Valley continues to rise, with an increase of 1299 claimants on JSA in January
- There was an increase of 4.7% in Stockton of JSA claimants since December. The North East increased by 6%. Nationally, the total number of JSA claimants has increased by 5.5%

New Claims to JSA	Jan 09	Dec 09	Jan 10	Change in month	%	Change in year	%
Stockton	1,285	1,165	1,565	400	34.3	280	21.7
Tees Valley	4,305	4,385	5,610	1,225	27.9	1,305	30.3
NE	16,790	15,800	20,910	5,110	32.3	4,120	24.5
GB	290,785	281,890	351,585	69,695	24.7	60,800	20.9

- The total number of new JSA Claimants has risen considerably in Stockton, Tees Valley the North East and Great Britain. This is largely due to seasonal staff being made redundant following temporary employment over the Christmas period

Vacancies Notified	Jan 09	Dec 09	Jan 10	Change in month	%	Change in year	%
Stockton	528	771	790	19	2.46	262	49.6
Tees Valley	1,820	2,769	3,049	280	10.1	1,229	67.5
NE%	7,911	10,836	10,978	142	1.31	3,067	38.7
GB%	118,637	262,546	222,171	-40,375	-15.3	103,534	87.2

- There were **790** vacancies notified to the three Jobcentre Plus offices across Stockton in **January 2010**, **19 more** than the previous month including **113** in Admin & Secretarial activities, **179** in Sales & Customer Services, **102** in Elementary Occupations, **95** in Process, Plant & Machine operatives, **98** in Personal Service Occupations, **54** in Skilled Trade and **20** in Managerial and Senior positions.
- Tees Valley has seen a 67.5% increase in vacancies notified in the past 12 months. This increase is largely seen in Banking, Finance and Public Administration sectors, in particular in the Middlesbrough and Hartlepool areas.

Unfilled Vacancies	Jun-09	Jul-09	Aug09	Sep-09	Oct-09	Nov-09	Dec-09	Jan 10
No's on JSA	6,247	6,286	6,627	6,657	6700	6,685	6,796	7,116
Vacancies Unfilled	570	476	603	624	596	853	573	414
Jobseekers per vacancy	11	13.2	11	10.7	11.2	7.8	11.8	17.1

- Stockton had **414** unfilled vacancies in **January 2010**, including **11** in managerial positions, **27** plant operative and driving vacancies, **104** Sales & Customers Service Opportunities, **66** Associate Professional and Technical Occupations.

ECONOMIC SUPPORT MEASURES

SUPPORT FOR BUSINESS

- Stockton Business Centre has seen an increase in occupancy figures to 80% from a relevantly static figure of 77% over previous months.
- Working in partnership with the North East 14-19 Commission, One North East has approved the £1.5m Progression Challenge Fund. The fund is designed to help those under the age of 25 who have achieved a Level 3 Qualification (A levels and their equivalents) but are finding it difficult to gain employment or progress to the type of work they desire. Colleges were invited to apply, with Hartlepool Further Education providing the partnership between Tees Valley FE colleges.
- More than £1 million has been announced to help individuals start their own business and companies identify new markets as part of the Tees Valley Industrial Programme. Current business support products are being enhanced through this additional support which will allow higher intervention rates to be introduced and more relaxed criteria to be applied.
- The data below provides a breakdown of the support provided by Business Enterprise North East (BENE) during Quarters 2 and 3 2009/10.

	Q2	Q3
Pre Start The number of individuals that are investigating starting up a business that have been assisted by BENE in the period	345	344
Start Up Number of new businesses that have been established within the Quarter, and have had some pre-start assistance	33	8
Businesses Assisted The number of businesses assisted during the period (including assisted start-ups)	344	506
Skills The number of businesses that have had an intervention by a BENE skills broker in the specified period	118	112
Survivals Assisted Start-ups surviving 12 months - Number of businesses that BENE have assisted, that are still operating after 12 months	40	39

HOUSING AND DEVELOPMENT

KEY STATISTICS

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

Monthly Housing Benefit Workload Dec 2008/Jan 2009 – 15216 November 2009 - 10552* Dec 2009 /Jan 2010 - 15,569	Applications on the Council's Housing Register (including transfers) January 2009 – 4117 December 2009 – 2991 January 2010 – 3135
Number of households accepted as homeless by the Housing Options Service January 2009 - 35 December 2009 - 1 January 2010 – 2	Number of housing options customers seeking assistance with mortgage/rent arrears January 2009 - 26 December 2009 - 20 January 2010 - 21
Number of approaches to the Housing Options service January 2009 – 274 December 2009 - 146 January 2010 - 309	
Number of House Sales in the borough (source: land registry) October 2008 - 182 September 2009 - 192 October 2009 - 173	Average monthly House Prices in the borough (source: land registry) January 2009 - £121,513 November 2009 - £ 114,636 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 January 2010.

<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 to December 2009 (Q3)	71	64
January 2010	16	11
Total	239	171

STOCKTON BOROUGH COUNCIL RESPONSES

- A package of support is being rolled out to workers facing redundancy from Corus Teesside Cast products site. The Corus Response Group is leading help for 1,600 TCP workers and those in the plants supply chain affected by the closure. The response group package includes a dedicated resource centre on site at TCP, access to latest job vacancies, one to one advice, skills analysis and advice on self employment. Initial sessions have seen 1,000 workers attending appointments to access support services.
- The event held on 16th February at Hardwick Community Centre to support people in dealing with the current economic climate was well attended by both support organisations and residents. Event evaluation forms were completed, with 100% agreeing that the event was well organised and the information useful.
- The Job Seekers event held on 9th February in Stockton Library was well attended by 112 people, with 11 stallholders on the day.
- A Future Jobs Fund recruitment event was held on 12th February, which 16 employers attended, and 30 young people were appointed on the day. Another recruitment event is being held on 1st March. Of the 181 vacancies 87 young people have started into work as of 25.2.10. A further 40 young people have confirmed start dates for March.
- Stockton Borough Council officers carried out 22 business engagement visits in January and February 2010. There has been a steady number of general business enquiries, both phone and internet, with a total of 104 enquiries received and responded to in the same period.
- The enterprise culture project has engaged over 2100 young people (14-19) in enterprise activities in 2009/2010. Over 40 of those young people have engaged in intensive business start-up activities thus far creating 4 young person led enterprises in Stockton secondary schools.
- 281 residents were engaged through the Enterprise Gateways during October – December 2009; 19 of these attended the Enterprise Gateways workshops in December, and 113 are now receiving intensive support to explore self employment opportunities