

## 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 May update.

### EMPLOYMENT AND BUSINESS

#### **ENGINEERING/MANUFACTURING/CHEMICAL**

##### Positive

- **Caterpillar**, manufacturers of building and construction machinery, on Preston Farm Industrial Estate has almost doubled the number of workers on the site to 220 since the beginning of the year. This is as a result of in a larger machine previously produced in a USA plant now being produced in the UK.
- **Hertel Technical Services**, formerly known as McGill Services, the only supplier of modular accommodation facilities to the UK Navy, has moved to a 160,000sq ft manufacturing facility at the former Visqueen factory on Yarm Road, Stockton, creating a total of 40 new jobs.
- **MB Tech** based at Boathouse Lane, Stockton, is looking to expand into new premises within 12 months, having grown its workforce from 3 to 28 in the last 3 years. The fabrication company supplies materials to the London Olympic Stadium contract.
- **Glamal Engineering** based at Wynyard Park has secured a multi million pound contract with energy company, Exxon Mobil.
- Motor Retailer **RMB Automotive**, with branches in Stockton at Bowesfield and near Yarm, is setting up for expansion and new acquisitions, following a successful year in 2009 and a positive company forecast for 2010.

##### Negative

- **ROK PHE Ltd**, a construction company based on Preston Farm, Stockton has made a total of 32 redundancies.
- **Johnson Matthey** has announced it will commence consultation with the 50 employees concerned regarding the future of its **Vertec** business, which is based at Haverton Hill. The consultation period will start immediately and will involve 50 employees. Johnson Matthey employs around 700 employees locally and the other business units, which include Tracerco, Davy Process Technology and Johnson Matthey Catalysts, are unaffected by this announcement.

#### **SERVICE SECTOR/RETAIL**

##### Positive

- **Quicks**, a car retailer, is opening a new business in a vacant car showroom on Portrack Lane.
- **Cornerstone Business Solutions** has recently expanded into new offices on Preston Farm Industrial Estate and employed an additional 2 staff.
- **The Parcel Shop** is due to open up in The Shambles, on Stockton High Street. The outlet will provide a 'drop-off' point for people wanting to send out parcels.
- Baby wear retailer, **Polly Anna's**, has opened in The Shambles, and will also sell a range of ancillary equipment.
- **Turbo Connect**, who are based at Stockton Business Centre and have received a start-up grant from the SBC grant scheme and **Cornerstone Business Solutions** of Preston Farm are through to the final of a regional competition, 'If we can, You can', which embraces entrepreneurial excellence in the region.
- **Total Fitness gym**, situated on Middlesbrough Road in Stockton, has invested £150,000 on a Combined Heat and Power plant, to create its own heat and electricity. It expects to make savings of 45% on energy bills within the next two years.
- The move into The Shambles has so far proved a major success for Stockton's **Tourist Information Centre**, with footfall figures showing an increase of 95% in April 2010 (1612) against April 2009 (828).

- **Tyre Exchange Super Sites** has invested £750k into new premises at Preston Farm, Stockton. The expansion, in addition to its existing 3 sites, will create 5 new jobs and will act as the companies new headquarters.

### Negative

- **Garlands call centres**, have made a total of 1,158 redundancies, although they do not have a base in Stockton, 127 residents of the Borough have been affected by the redundancies. See Council responses below for more information.
- **Newcastle Building Society** has announced plans to close its branch in Yarm in September 2010. It's one of four branches across the North East to close, with 5 redundancies expected.

## **ECONOMIC INDICATORS**

### **GENERAL INDICATORS**

Numbers on JSA	Apr 09	Mar 10	Apr 10	% WA pop	Change in Month	%	Change in year	%
Stockton	6,208	6,692	6,405	5.3	-287	-4.2	197	3.17
Tees Valley	23,985	26,268	25,452	6.3	-816	-3.10	1,467	6.11
NE	85,437	86,448	83,227	5.2	-3,221	-3.72	-2,210	-2.59
GB	1,510,759	1,558,194	1,512,278	4.1	-45,916	-2.9	1,519	0.1

- The total number of people on JSA continues to drop for the third consecutive month, with the largest % reduction once again seen in Stockton (287 less claimants than last month).
- Across the North East, there is a 2.59% reduction in claimants from the same period last year

New Claims to JSA	Apr 09	Mar 10	Apr 10	Change in month	%	Change in year	%
Stockton	1,315	1,125	1,115	-10	-0.88	-200	-15.2
Tees Valley	4,460	4,280	4,090	-190	-4.43	-370	-8.29
NE	16,705	15,155	14,540	-615	-4.05	-2,165	-12.96
GB	311,695	283,950	261,695	-22,255	-7.83	-50,000	-16.04

- The number of new JSA claimants has reduced across all geographical areas, although Stockton has seen the smallest reduction with a 0.88% reduction.
- Encouragingly, there is now a considerable reduction in the number of new JSA claimants from April 2009, with a 15.2% reduction in Stockton.

Vacancies Notified	Apr 09	Mar 10	Apr 10	Change in month	%	Change in year	%
Stockton	1,090	951	907	-44	-4.6	-183	-16.78
Tees Valley	3,974	3,526	3,352	-174	-4.9	-622	-15.63
NE	13,734	14,513	13,633	-880	-6.06	-101	-0.73
GB	237,590	300,294	297,741	-2,553	-0.85	60,151	25.31

- There were 907 vacancies notified in Stockton in **April 2010**, **44** less than the previous month including **108** in Public Admin, Education & Health, **492** in Banking & Finance, **136** in Distribution, Hotels & Restaurants, **29** Construction jobs and **36** Manufacturing jobs.

Unfilled Vacancies	Sep-09	Oct-09	Nov-09	Dec-09	Jan 10	Feb 10	Mar 10	Apr 10
No's on JSA	6,657	6700	6,685	6,796	7,116	6,973	6,692	6,405
Vacancies Unfilled	624	596	853	573	414	440	645	670
Jobseekers per vacancy	10.7	11.2	7.8	11.8	17.1	15.8	10.3	9.6

- Stockton had **670** unfilled vacancies in **April 2010**, including **44** in managerial positions, **50** plant operative and driving vacancies, **249** Sales & Customers Service Opportunities, **91** Associate Professional & Technical Occupations and **36** Skilled Trades.

## **ECONOMIC SUPPORT MEASURES**

### **SUPPORT FOR BUSINESS**

- As part of the Townscape Heritage Initiative (THI), Stockton Borough Council is hoping to secure a grant of £1.78m via the Heritage Lottery Fund Townscape Heritage Initiative. If successful the work will follow on from SHiP, restoring the historic buildings within elements of Stockton Town Centre.
- Companies specialising in the environment and water sectors are being invited to explore opportunities worldwide at a special event organised by UK Trade & Investment (UKTI). Experts from around the world will be taking part in the UKTI International Environment & Water Clinic at St James' Park, Newcastle on June 25 when delegates will be able to find out about the opportunities and planned activities to help promote UK firms.
- As of the end of April 2010, £366,181 of the additional funding for grants to businesses made available through the Tees Valley Industrial Programme (TVIP) has been awarded to 94 new and existing businesses across the Tees Valley. 25 of these businesses are Stockton-based companies who have received a total of £82,557.

## **HOUSING AND DEVELOPMENT**

### **KEY STATISTICS**

<p><b>Monthly Housing Benefit Workload</b></p> <p>May 2009 – 9,003            April 2010 – 7,507 (reflects reduced numbers during to Easter holidays)            May 2010 – not available until July report as some cases currently remain open</p>	<p><b>Applications on the Council's Housing Register (including transfers)</b></p> <p>May 2009 – 2,902            April 2010 – 3,665            May 2010 – 3,788</p>
<p><b>Number of households accepted as homeless by the Housing Options Service</b></p> <p>March 2010 – 8            April 2010 – 5            May 2010 – not available until July report as some cases currently remain open</p>	<p><b>Number of housing options customers seeking assistance with mortgage/rent arrears</b></p> <p>May 2009 – 25            April 2010 – 39            May 2010 - 38</p>
<p><b>Number of approaches to the Housing Options service</b></p> <p>May 2009 – 242            April 2010 – 275            May 2010 – 243</p>	
<p><b>Number of House Sales in the borough (source: land registry)</b></p> <p>February 2009 - 94            January 2010 – 112            February 2010 – 147</p>	<p><b>Average monthly House Prices in the borough (source: land registry)</b></p> <p>April 2009 - £113,703            March 2010 - £118,575            April 2010 - £121,480</p>

- 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.

<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 to March 2009 (Q4)	69	48
April and May 2010 (Q1 to 26.5.10)	42	26
<b>Total</b>	<b>334</b>	<b>234</b>

## **FURTHER INFORMATION**

### **APPROACHES TO STOCKTON DISTRICT ADVICE AND INFORMATION SERVICE**

- There has been a significant increase in all enquiries received by the service. Key statistics for 2007/08 – 2009/10 are shown below, with an overall increase in enquiries of 44%, and debt advice seeing the largest increase at 67%.

<b>General</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>Annual change in 2009/10</b>
Welfare Benefits	7092	7644	9813	+28%
Debt	7191	8205	13710	+67%
Employment	1287	1647	2243	+36%
Housing	1193	2516	3127	+24%
Family	576	672	764	+14%
<b>All Enquiries</b>	<b>19836</b>	<b>23365</b>	<b>33620</b>	<b>+44%</b>

## **STOCKTON BOROUGH COUNCIL RESPONSES**

- The Markets 700th Celebration, was a success, receiving positive feedback and articles in the local press. Wellington Square saw an increase in footfall of 22% during the week of events, compared to the previous week.
- Infinity Bridge has won a prestigious RIBA Award 2010 at the regional heats. This award is added to a glowing list of accolades, which includes winning the Robert Stephenson Award at the Institute of Civil Engineers honours.
- Stockton Business Centre is currently operating with an occupancy rate of 82%. Discussions are currently ongoing with three existing companies looking at taking larger units, and three potential new tenants.
- In response to the Garlands Call Centre closures a letter has been sent on behalf of all the Councils to all former employees giving detail of 2 recruitment fairs have been arranged in the Tees Valley. These will provide access to many employers who are currently looking to recruit contact centre staff in the region. The events are scheduled for Thursday 3 June, Hartlepool Historic Quay, 9.30-4.30pm and Wednesday 9 June, Middlesbrough Football Club, 1-4 pm