

## 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 June update.

### EMPLOYMENT AND BUSINESS

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

- Stockton Borough Council have given approval to German energy company **RWE**, who own **nPower**, to build an onshore pipeline across Seal Sands and under the River Tees to PX Limited's gas processing plant in Port Clarence.
- **UPDATE: The INEOS Bio project**, planned for Seal Sands, has moved a step closer following the receipt of a £7.3m grant from the Department of Energy. The plant is due be commissioned in 2012, creating 350 construction jobs and 40 permanent skilled roles.
- Thornaby based **Cleveland Cascades** has received £150,000 of investment from NEL Fund Managers, to extend its operations.

#### Negative

- **Leisure Engineering Projects Limited** based at Teesside Industrial Estate, has gone into administration, with the loss of 16 jobs.

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

#### Positive

- **Firstsource**, a leading global outsourcing company, is to open an office in Middlesbrough, which will create 500 new jobs. Firstsource are also the preferred bidder, to take over some of the services at Barclaycard on Teesdale. These negotiations are completely separate from the Middlesbrough move.
- **PD Ports** of Teesport has seen container traffic rise by 22% in the first quarter of 2010, compared with same period in 2009.
- **Diana Kaye Florist** of Yarm, has been crowned UK Retail Florist of the year, beating off competition from more than 10,000 shops.
- **Court Homemakers** of Portrack Lane has created 2 new jobs, following the buy-out of the company, by 3 of its employees.
- National footwear retailer **Faith Shoes Group**, has gone into administration. It has concessions in Debenhams in Stockton, although it has been confirmed there will be no job losses.
- Yarm-based **Advanced Vehicle Leasing** has recorded a 27% growth, after increasing its sales team from 6 to 9.
- **BT** have announced plans to provide superfast broadband, which will benefit homes and businesses in Ingleby Barwick.
- Work has commenced on the **River Tees Barrage, White Water Course**, the multi-million pound investment to enhance the facilities, is due to be completed late 2010.
- **UPDATE:** Preston Farm based beer and fuel data collection company **Brulines**, has made its second acquisition in recent weeks, which means it now monitors sales for most of the UK's petrol stations.
- **Cornerstone Business Solutions** founder Chris Petty is one of the winners of the 'If we can, you can' challenge, and has been named as the Tees Valley's face of entrepreneurship for 2011.
- **Vancouver Airport Services** has reached agreement with **Peel Airports Limited** to acquire 65% share of the business, which includes **Durham Tees Valley Airport** as one of its assets. Peel Airports will retain a 75% ownership of DTVA, (65% of which is owned by Vancouver Airport Services), with the remaining 25% retained in the ownership of the six Local Authorities.

## Negative

- **BemroseBooth**, a leading print firm based on Teesside Industrial Estate, is heading into administration, which could effect up to 100 jobs. Staff at their sister sites in Hull (28) and Derby (160) were made redundant last week.

## ECONOMIC INDICATORS

- According to research from Lloyds TSB Commercial, the majority of SME's in the North East are missing out on lucrative overseas trade by not exporting their goods and services. The research confirms that 69% of the regions SME's don't export.
- The Manpower Recruitment Outlook Survey, based on responses from over 2,100 UK employers, shows that North East employers are looking to take on staff at a faster rate than those in the rest of the country.

## GENERAL INDICATORS

Numbers on JSA	May 2009	Apr 2010	May 2010	% WA pop	Change in Month	%	Change in year	%
Stockton	6,211	6,405	6,180	5.1	-225	-3.5	-31	-0.5
Tees Valley	24,344	25,452	24,728	6.1	-724	-2.8	384	1.5
NE	85,597	83,227	80,105	5.0	-3,122	-3.7	-5,492	-6.4
GB	1,516,921	1,512,278	1,447,035	3.9	-65,243	-4.3	-69,886	-4.6

- The total number of people on JSA continued to drop for the fourth consecutive month in Stockton, with a reduction of 225 claimants in the past month.
- Across the North East, there was a 6.4% reduction in claimants from the same period last year, nationally the total claimant count is down 4.6%.

New Claims to JSA	May 2009	Apr 2010	May 2010	Change in month	%	Change in year	%
Stockton	1,410	1,115	1,330	215	19.3	-80	-5.7
Tees Valley	5,135	4,090	5,135	1,045	25.5	0	0
NE	18,375	14,540	17,900	3,360	23.1	-475	-2.6
GB	355,480	261,695	314,455	52,760	20.1	-41,025	-11.5

- Although the number of new JSA claimants has increased in the past month, the smallest of which was seen in Stockton (19.3%).
- The number of new JSA claimants for May 2010 was 5,135 across the Tees Valley, exactly the same as the figure in May 2009

Vacancies Notified	May 2009	April 2010	May 2010	Change in month	%	Change in year	%
Stockton	1,041	907	1,238	331	36.4	197	18.9
Tees Valley	3,378	3,352	5,356	2,004	59.7	1,978	58.5
NE	15,500	13,633	18,696	5,063	37.1	3,196	20.6
GB	274,445	297,741	383,011	85,270	28.6	108,566	39.5

- There were **1,238** vacancies notified in Stockton in **May 2010**, **331 more** than the previous month including **347** in Public Administration, Health & Education, **568** in Banking, Finance & Insurance, **120** in Distribution, Hotels & Restaurants, **84** Construction jobs and **34** Manufacturing jobs.

<b>Unfilled Vacancies</b>	Oct-09	Nov-09	Dec-09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
No's on JSA	6700	6,685	6,796	7,116	6,973	6,692	6,405	6,180
Vacancies Unfilled	596	853	573	414	440	645	670	766
Jobseekers per vacancy	11.2	7.8	11.8	17.1	15.8	10.3	9.6	8.1

- Stockton had **766** unfilled vacancies in **May 2010**, including **19** in managerial positions, **63** plant operative and driving vacancies, **249** Personal Service occupations, **98** Associate Professional & Technical Occupations and **49** Skilled Trades.

## **ECONOMIC SUPPORT MEASURES**

### **SUPPORT FOR BUSINESS**

- Google, Enterprise UK, the Department for Business Innovation & Skills and e-skills UK have launched a campaign called Getting British Business Online. The campaign aims to help 100,000 small businesses and entrepreneurs create their first website and attract new customers online by the end of 2010.
- Business Link is hosting a series of fully funded workshops, which encourages companies to release the full potential within its workforce. Courses are scheduled across the North East, with an event set for 3 August at The Wynyard Rooms

### **SUPPORT FOR PEOPLE**

- The two Contact Centre recruitment fairs held in Hartlepool & Middlesbrough were attended by 284 and 499 people respectively, with 11 employers and 4 training providers present. The number of job outcomes is not known at this stage.
- Job Centre Plus Summer Job Fair was held in Stockton Parish Church Hall on 25 June. A total of 448 people attended the event, with 13 employers and employment agencies present, offering a wide range of employment opportunities. The number of job outcomes is not known at this stage.
- To date, over 250 employees of Corus have attended Business Link presentations on support available to help become self employed. 94 have attended one-to-one interviews with an advisor to progress a business idea, with 34 people attending one of more pre-start workshops.

## **HOUSING AND DEVELOPMENT**

- The Homes and Communities Agency's monthly housing market bulletin states that nationally house prices have begun to level out and some lenders are predicting that house prices will be flat for 2010 as a whole. Locally, the average house price has increased over recent months however it remains lower than the Autumn 2007 high of almost £139,000.

### **KEY STATISTICS**

<b>Monthly Housing Benefit Workload</b>	<b>Applications on the Council's Housing Register (including transfers)</b>
May 2009 – 9,003	May 2009 – 2,902
April 2010 – 7,507 (reflects reduced numbers during to Easter holidays)	April 2010 – 3,665
May 2010 – 9,947	May 2010 – 3,788

<p><b>Number of households accepted as homeless by the Housing Options Service</b></p> <p>May 2009 – 24</p> <p>April 2010 – 5 May 2010 – 1</p> <p>Homeless acceptances have reduced significantly in 2010 in comparison to 2009. This reflects the continuing preventative work taking place and as can be seen below, approaches to the service remain similar to previous years.</p>	<p><b>Number of housing options customers seeking assistance with mortgage/rent arrears</b></p> <p>May 2009 – 25</p> <p>April 2010 – 39 May 2010 - 38</p>
<p><b>Number of approaches to the Housing Options service</b></p> <p>May 2009 – 242</p> <p>April 2010 – 275 May 2010 - 243</p>	
<p><b>Number of House Sales in the borough (source: land registry)</b></p> <p>March 2009 - 128</p> <p>February 2010 – 152 March 2010 - 182</p>	<p><b>Average monthly House Prices in the borough (source: land registry)</b></p> <p>May 2009 - £113,229</p> <p>April 2010 - £122,121 May 2010 - £122,534</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 2010 (Q4)	69	48
April to June 2010 (Q1 to 21.6.10)	69	45
<b>Total</b>	<b>361</b>	<b>253</b>

## FURTHER INFORMATION

### **STOCKTON BOROUGH COUNCIL RESPONSES**

- The Tourist Information Centre in The Shambles monthly visitor numbers for May are up 115% from corresponding month last year.
- Stockton Borough Council is working with Business & Enterprise North East (BENE) to support small businesses overcome barriers in expanding a business, such as VAT thresholds, impact of turnover, taking on first employees and the ability to access contracts. An employee from BENE Link will be seconded full time to deliver the scheme. The project is funded through Stockton Council's Communities Fund and the European Regional Development Fund.