

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 July update.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- Norton-based **Katmex** and its 60 employees have been saved by its Managing Director buying the company from its Japanese parent company, who opted to pull out of its UK operations.
- **UPDATE: PD Ports** have announced plans to expand its container handling facility. Once complete it will create 50 new jobs directly in the terminal and a further 200 to support the supply chain.
- A mechanical engineer, Joydip Sanyal, from **ABB**, based in Norton has been named Young Ambassador of the Year for the chemical industry.
- **UPDATE: Nifco**, based on Yarm Road, Stockton, has announced plans to build a second factory. The company will invest £8m, at an unnamed location in the Borough. Once complete the new factory will create 40 jobs and convert 50 contract staff into full time employment.
- **Air products** have announced plans for a multi-million pound renewable energy plant, which could create up to 700 jobs during construction. The scheme is proposed at the Reclamation Pond site near Billingham.
- Food Manufacturer, **KP Foods** of Durham Lane Industrial Estate, currently employ a total of 752 people, and are looking to recruit a further 10 employees in the next month. In addition to this the company is looking to expand, with a £3m investment on site infrastructure, over next 2 years.

Negative

- **UPDATE:** a consortium of interested buyers for Teesside Cast Products has terminated discussions with **Corus** to purchase the site.

SERVICE SECTOR/RETAIL

Positive

- **Maple Residential Care Home** in Stockton, is currently under construction and is incorporating a number of sustainable environmental features, which will make it one of the most eco-friendly buildings, of its type in the North of England. The building is set to open in Autumn 2010, creating up to 50 jobs.
- **PC World & Currys** have merged their two stores at Teesside Retail Park, Stockton, into a new Megastore, creating 25 new jobs.
- **'Who Ray!'** an alternative gift shop stocking Doctor Who, Star Wars and other TV memorabilia has opened a store on Silver Street in Stockton, initially creating 1 new job.
- Environmental biotechnology company, **Cbio**, based at Preston Farm, has pioneered a new form of cleaning product, securing celebrity endorsement and a major supermarket deal.
- **M Media & Design** of Preston Farm Industrial Estate, has won a £25k contract to design literature and marketing material for the Hybrid International Highland Games Festival.
- **UPDATE:** the immediate future of 33 workers at **Bemrose Booth** of Thornaby has been safeguarded after the print firm were bought out of administration by print and document management firm, Paragon.
- Stockton Bus depot company, **Stagecoach**, located on Church Road, Stockton, has reduced energy consumption by a fifth over the year, in response to the UK's Carbon Reduction Commitment.

- An online trading store, **Stockton Toys & Gifts**, is due to open a store in The Shambles, with the aim of encouraging children and families to play traditional board games, rather than computer games. The company sources returned stock and sells them at a discount of up to 30%.
- The **Farmers Market**, held on 29 May, in Wellington Square, Stockton, led to a footfall increase of 21% on the previous weekend (22.5.10 = 17,739 / 29.5.10 = 21,480). The private operator of the Farmers Market has recently proposed a programme for 2011 covering 6 markets annually instead of 4.

Negative

- Fancy dress retailer, **Scallamooch**, situated on Stockton High Street, has ceased trading.

ECONOMIC INDICATORS

- The North East Economy is continuing to emerge from recession but there are still some “worrying signs” according to the latest report from the North East Chamber of Commerce (NECC). Although their latest barometer report shows a slow growth in revenues, it highlights that manufacturers suffered a slide in exports.
- Implications for public sector employment are now starting to become reality in the North East, with recent Government announcements of the abolishment of Regional Development Agencies, Regional Government Offices (One North East and GO-NE), proposals to abolish Primary Care Trusts / Strategic Health Authorities, and the potential Local Authority reductions across the Tees Valley.

GENERAL INDICATORS

Numbers on JSA	June 2009	May 2010	June 2010	% WA pop	Change in Month	%	Change in year	%
Stockton	6,247	6,180	6,022	5.0	-158	-2.6	-225	-3.6
Tees Valley	24,385	24,728	24,633	6.1	-95	-0.4	248	1.0
NE	84,484	80,105	78,253	4.9	-1,852	-2.3	-6,231	-7.4
GB	1,504,117	1,447,035	1,388,761	3.8	-58,274	-4.0	-115,356	-7.6

- The total number of people on JSA continued to drop for the fifth consecutive month in Stockton, with a reduction of 158 claimants in the past month.
- Across the North East, there was a 7.4% reduction in claimants from the same period last year, nationally the total claimant count is down 7.6%.

New Claims to JSA	June 2009	May 2010	June 2010	Change in month	%	Change in year	%
Stockton	1,250	1,330	1,240	-90	-6.8	-10	-0.8
Tees Valley	4,445	5,135	4,945	-190	-3.7	500	11.2
NE	15,205	17,900	15,105	-2,795	-15.6	-100	-0.6
GB	296,410	314,455	251,520	-62,935	-20.0	-44,890	-15.1

- The number of new claimants has reduced across all areas, nationally by 20%.
- The number of new JSA claimants for June 2010 increased by 11.2% across the Tees Valley, from same period a year ago, which is in contrast to a -15.1% decrease seen nationally

Vacancies Notified	June 2009	May 2010	June 2010	Change in month	%	Change in year	%
Stockton	876	1,238	844	-394	-31.8	-32	-3.6
Tees Valley	3,274	5,356	3,744	-1,612	-30.1	470	14.3
NE	13,339	18,696	14,994	-3,702	-19.8	1,655	12.4
GB	253,363	383,011	328,988	-54,023	-14.1	75,625	29.8

- There were **844** vacancies notified in Stockton in **June 2010**, **394 less** than the previous month including **168** in Public Administration, Health & Education, **476** in Banking, Finance & Insurance, **104** in Distribution, Hotels & Restaurants, **11** Construction jobs and **49** Manufacturing jobs.

Unfilled Vacancies	Nov-09	Dec-09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 2010
No's on JSA	6,685	6,796	7,116	6,973	6,692	6,405	6,180	6,022
Vacancies Unfilled	853	573	414	440	645	670	766	564
Jobseekers per vacancy	7.8	11.8	17.1	15.8	10.3	9.6	8.1	10.6

- Stockton had **564** unfilled vacancies in June **2010**, including **15** in managerial positions, **63** plant operative and driving vacancies, **90** Personal Service occupations, **77** Associate Professional & Technical Occupations and **62** Skilled Trades.

ECONOMIC SUPPORT MEASURES

HOUSING AND DEVELOPMENT

- Tristar Homes** is planning a huge investment programme, after tenants overwhelmingly voted in favour of the proposed transfer of council housing, to a new style Tristar Homes Housing Association. Tristar will own and manage approximately 10,500 properties, as part of the group structure with Housing Hartlepool, with a £140m worth of work planned over the next five years. Tristar hosted a Contractor Open Day on 26th July, which was attended by Stockton Borough Council Business Development Team, and local businesses to find out about the work packages available.

KEY STATISTICS

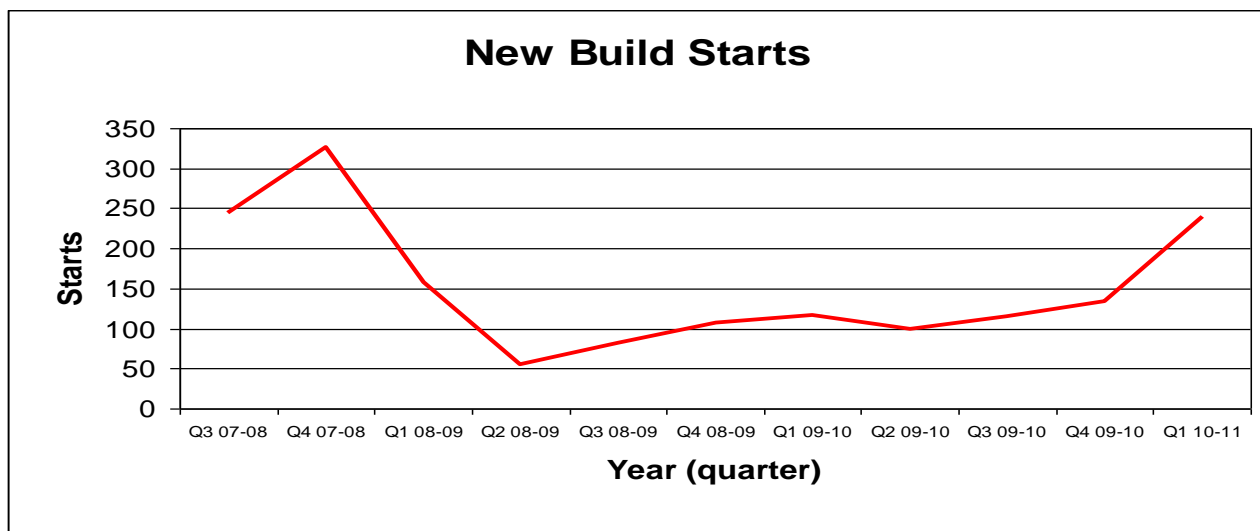
<p>Monthly Housing Benefit Workload</p> <p>June 2009 – 7,142</p> <p>May 2010 – 9,947</p> <p>June 2010 – 8,541</p>	<p>Applications on the Council's Housing Register (including transfers)</p> <p>June 2009 – 2,702</p> <p>May 2010 – 3,788</p> <p>June 2010 – 3,646</p>
<p>Number of households accepted as homeless by the Housing Options Service</p> <p>June 2009 - 0</p> <p>May 2010 – 1</p> <p>June 2010 - 4</p>	<p>Number of housing options customers seeking assistance with mortgage/rent arrears</p> <p>June 2009 - 21</p> <p>May 2010 – 38</p> <p>June 2010 - 32</p> <p>Although this has reduced since March it remains 50% higher in June 10 than in June 09.</p>

<p>Number of approaches to the Housing Options service</p> <p>June 2009 - 230</p> <p>May 2010 – 243 June 2010 – 226</p> <p>Homelessness is affected by seasonal fluctuations and demand for the service is usually higher at the beginning of the year. This will account for the reduction in the last 3 months.</p>	
<p>Number of House Sales in the borough (source: land registry)</p> <p>April 2009 – 152</p> <p>March 2010 – 188 April 2009 – 152</p>	<p>Average monthly House Prices in the borough (source: land registry)</p> <p>June 2009 – £112,846</p> <p>May 2010 - £121,695 June 2010 – £119,081</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)	56	35
July 2010 (Q2 to 20.7.10)	11	1

- The table below reflects the patterns of new house build starts in the Borough since 2007/08. In Q1 2010/11 there were 239 new build starts, located mainly at Hardwick, Broom Wood (Ingleby Barwick), Mandale, Sun Street (Thornaby), and Ashmore House (Kvaerner site).



FURTHER INFORMATION

APPROACHES TO STOCKTON DISTRICT ADVICE AND INFORMATION SERVICE

- There has been a significant increase in all enquiries received by the service since 2007. Key statistics for Quarter 1 2010/11 are shown below, with an overall increase in most enquiries, and debt advice continuing to see the largest increase.

General	2009/10 April 09 – June 09	2010/11 April 10 – June 10
Welfare Benefits	2,329	2,049
Debt	3,199	3,651
Employment	518	549
Housing	682	709
Family	200	146
All Enquiries	7,956	7,970

STOCKTON BOROUGH COUNCIL RESPONSES

- The Council's Enterprise Culture project has 21 enterprise schemes either underway or in-development. This includes one individual who is in the process of setting up a new business.
- During the first year of the Communities Fund (April 2009 to March 2010), lead providers have engaged with 1641 people, of which 378 have secured employment, with 72 of them sustaining employment for 6 months (129 of those securing employment had been unemployed for longer than 2 years, and a further 32 for longer than 3 years). During Quarter 1 (April to May 2010) 249 people have been engaged, with 94 securing employment and 72 sustaining employment for 6 months.
- Leading on from Stockton Council successfully securing 181 employment places as part of the Future Jobs Fund (FJF), 5 of the young people have now moved on into full-time employment.
- Through the Communities Fund, and in partnership with Stockton District Advice and Information Service, 33 young people from the FJF programme will attend Money Management courses, and all those on the programme will be invited to job search sessions prior to the end of their contracts.
- Stockton Borough Council has been selected as the Regional Winner of the Enterprising Britain competition, thanks to its 'can do' attitude, particularly its commitment to encouraging young people in schools and from all backgrounds to consider self-employment as a viable career option for the future. The Borough was one of only four locations in the North East to be selected in the regional competition, and will go through to the National Final, with the winner being announced in October.