

## **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 30th September update.

### **EMPLOYMENT AND BUSINESS**

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

##### **Positive**

- **Francis Brown Ltd** of Church Road, has signed a contract to build sub-sea vehicle launch and recovery systems for a project in Brazil.
- **Teesside Gas & Liquids Processing (TGLP)** located at Seal Sands has won a deal to process gas from Breagh field. Investment will be in the range of £55m for the onshore elements of the project.
- Wynyard-based **Glamal Engineering** has secured a contract with an unnamed client to supply custom made pipes and flanges to two UK sites.
- **Exwold Technology** has secured a £250,000 investment from UK Steel Enterprise. The investment will be used on new technology and a new stock control system.
- **K-Home Engineering** of Thornaby, engineering design operation has picked up considerably and hopes to grow staff from 200 to 300.
- Cars parts manufacturer **Nifco UK**, based on Yarm Lane, has received two prestigious awards at the 2010 Plastic Industries Awards.
- Billingham-based, engineering information management specialist, **Pearson-Harper**, is aiming to double its turnover and grow its workforce, after winning a £6.25m contract in Austria.

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

##### **Positive**

- **Ultralight Outdoor Gear** is expanding and has taken a lease on a larger unit at Wynyard Park.
- **MaSters Training Centre** has been launched in Thornaby. The project, which is aimed at young people, who are excluded from mainstream education, has received a £750 'start-up' grant from Stockton Borough Council in addition to £3,500 funding from UK Steel Enterprise.
- **Studio 21** has opened in Yarm, which will focus on a new form of pilates-based exercise. It is hoped that in the next 6 months the studio will be developed further.
- Portrack-based **Onyx** has secured a £250,000 investment via the North East Technology Fund, to support its growth and development.
- Home accessories company **Pins and Ribbons**, up until now has been an internet-based operation, has opened a shop on Station Road in Eaglescliffe.
- **The Hamper Merchant**, has opened up in Regency Mall, off Stockton High Street. The business has created two new jobs and will offer fine food, drink and special gifts.
- **The Smile Spa**, a dentistry practice on Yarm Road, Stockton has been shortlisted for five awards in the Private Dentistry Awards 2010.
- A number of companies have recently taken a unit in **Stockton Business Centre**, these include 'We do PPI claims' who will be providing financial services, 'Parlour Furniture' manufacturers of bespoke furniture, 'Localrus' a web site design company and 'Pickering Print' a printing company.
- **Simon Bailes Peugeot Car dealership** on Stockton Riverside, has announced a £900,000 investment on its site, which will create more showroom space and new jobs next year.
- **Debenhams** in Stockton have refuted claims the store is about to close and confirmed they are continuing to trade well and intend to do so for many years to come.

## Negative

- **Update:** the takeover of **Barclaycard's** Teesdale-based Contact Centre, is now complete. Global customer services provider Firstsource will take over operations of the site, which employs 700 staff. Management of the company have confirmed that some jobs would be sent abroad.
- A number of small units have closed in and around **Stockton Town Centre**, these include **Gigi's Takeaway, Tibisti Takeaway** and **G Wilkinson Design Corporation**.
- **Update: McDonalds** have confirmed that the closure of its restaurant on Stockton High Street is as a result of a national strategy to review the location of its Town Centre sites in response to a change in trading patterns.

## **ECONOMIC INDICATORS**

- Based on current NNDR figures, there are 136 vacant properties (20.86% of total properties), in a defined area around the core of Stockton Town Centre. This is different to a study by the Local Data Company, that shows the vacancy rate to be at 27.27%, however, the methodology to collect this data is inconsistent and also takes into consideration wider locations such as Teesdale.
- According to the latest MarKit PMI survey (a monthly survey to selected companies, to provide an advance indication of what is happening in the Private Sector economy), the North-East was the only English region to report an increase in employment in August.
- According to the UK Business Barometer, an online business survey benchmarking key issues for small business, suggests that Stockton is one of the top three fastest-growing places in the country for new businesses.

## **GENERAL INDICATORS**

<b>Numbers on JSA</b>	September 2009	August 2010	September 2010	% WA pop	Change in Month	%	Change in year	%
Stockton	6,657	6,087	6,137	4.9	50	0.8	-520	-7.8
Tees Valley	25,329	24,377	24,538	5.8	161	0.7	-791	-3.1
NE	85,076	78,514	78,909	4.7	395	0.5	-6,167	-7.2
GB	1,537,620	1,397,008	1,381,106	3.5	-15,902	-1.1	-156,514	-10.1

- The total number of people on JSA increased for the second month in a row. The largest increase across Tees Valley was seen in Stockton (0.8%)
- The number of claimants decreased on a national level by 1.1%.

<b>New Claims to JSA</b>	September 2009	August 2010	September 2010	Change in month	%	Change in year	%
Stockton	1,385	1,700	1,290	-410	-24.1	-95	-6.8
Tees Valley	5,035	6,200	5,170	-1,030	-16.6	135	2.7
NE	17,745	20,485	17,390	-3,095	-15.1	-355	-2.0
GB	322,460	379,540	303,070	-76,470	-20.1	-19,390	-6.0

- The number of new JSA claims has considerably decreased across all areas in the past month, with the largest reduction seen in Stockton (24.1%).
- The UK has seen a 6% decrease since the same period last year in the number of new JSA claimants.

**Important Note** - The Jobcentre vacancy data for September 2010 has been withdrawn. This is due to problems identified with the source data supplied by DWP, which they are currently investigating. The vacancies notified and unfilled vacancies section will therefore not be reported in this issue.

## SUPPORT FOR PEOPLE

- As of September 2010 the Communities Fund has engaged with 2,249 people. 643 people have secured employment - 155 have been in post for 6 months or more.

## SUPPORT FOR BUSINESSES

- New business set up outside London, the South East and East of England are eligible for a National Insurance holiday worth up to £5,000 for up to the first ten employees they hire in their first year of business. This means a maximum saving on their national insurance payments of up to £50,000. The scheme will run for three years. It is estimated that 400,000 new businesses will benefit by having a lower tax bill from employing new staff.
- Business Link North East is offering a series of fully-funded, innovative workshops; including Business Management, Networking Skills, Project Management, Marketing and Sales. The events are being delivered across a range of venues across the Tees Valley.
- Between 1 October 2010 and 30 September 2011, eligible Business ratepayers will receive small business rate relief at 100% on properties up to £6,000 (rather than 50%) and a tapering relief from 100% to 0% for properties up to £12,000 in rateable value for that period.

## ECONOMIC SUPPORT MEASURES

### HOUSING AND DEVELOPMENT

- Between July – September 2010 43 new affordable housing dwellings were completed.

### KEY STATISTICS

- The statistics below show key data from the Housing Service and Stockton District Advice and Information Service and compares them with previous data.

<b>Monthly Housing Benefit Workload</b>  September 2009 – 7,091  August 2010 – 10,447 September 2010 – 8,180	<b>Applications on the Council's Housing Register (including transfers)</b>  September 2009 – 2,692  August 2010 – 3,956 September 2010 – 4,076
<b>Number of households accepted as homeless by the Housing Options Service</b>  September 2009 - 4  August 2010 – 0 September 2010 - 0	<b>Number of housing options customers seeking assistance with mortgage/rent arrears</b>  September 2009 - 45  August 2010 – 42 September 2010 – 47
<b>Number of approaches to the Housing Options service</b>  September 2009 - 284  August 2010 - 277 September 2010 – 323	
<b>Number of House Sales in the borough (source: land registry)</b>  June 2009 – 219  May 2010 – 150 June 2010 - 239	<b>Average monthly House Prices in the borough (source: land registry)</b>  August 2009 – £112,899  July 2010 - £117,487 August 2010 - £115,425

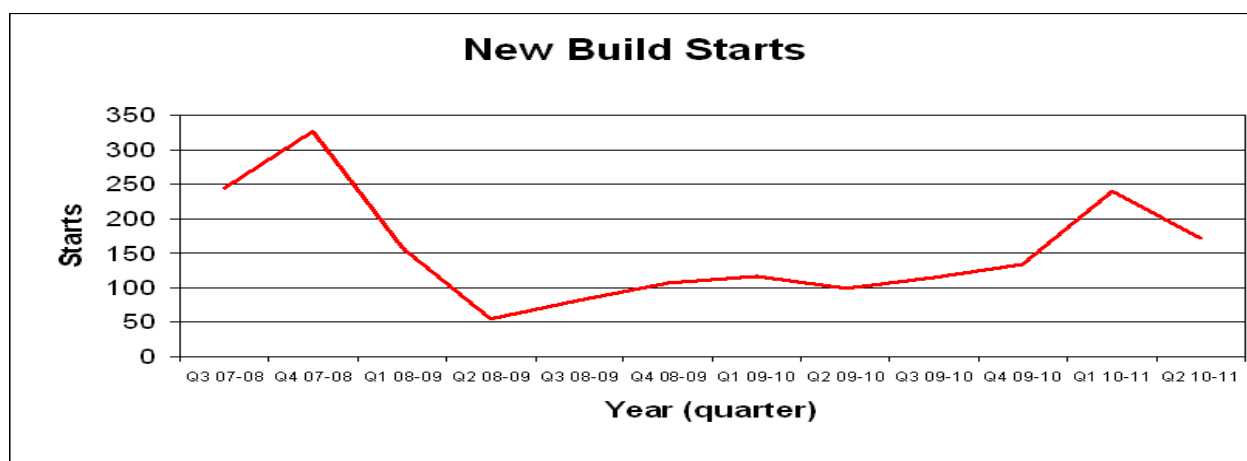
- The table below provides a breakdown of enquiries Stockton and District Advice and Information Service (SDAIS) statistics for Quarter 2 2010.

<b>General</b>	<b>2009/10 July 09 – September 09</b>	<b>2010/11 July 10 – September 10</b>
Welfare Benefits	2770	2101
Debt	3492	3501
Employment	595	530
Housing	835	682
Family	223	196
<b>All Enquiries</b>	<b>9052</b>	<b>7977</b>

- 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. The Rent to Buy scheme at Hardwick Green has now been fully allocated (11 properties), with 9 householders already moved into their new homes, and one more moving in at the end of October.

<b><u>Month / Quarter</u></b>	<b><u>Applications</u></b>	<b><u>Approvals</u></b>
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 to September 2010 (Q2 to 13.9.10)	43	23

- The table below reflects the patterns of new house build starts in Q2 2010. These were mainly at Broom Wood (Ingleby Barwick), Hardwick, Site Of Redbrook Primary School (Redbrook Avenue, Stockton-on-Tees), Thorn Tree Vale (Master Road,Thornaby). There were 172 new build completions compared to 239 in Q1.



## **STOCKTON BOROUGH COUNCIL RESPONSES**

- Footfall figures for Wellington Square Shopping Centre show an increase of 3% in September, in comparison to August 2010. Castlegate Centre footfall, decreased by 7.8% to 689,848, from corresponding period last year.
- Stockton Enterprise Week is scheduled for 15-21 November 2010, which will encompass a week full of enterprising activities. At the heart of it will be an Enterprise Information Centre in Stockton's Shambles Market, where anyone can drop in and seek business advice/guidance and find out information about the weeks events. The mobile Enterprise Gateway will visit various parts of the Borough, offering free workshops, in addition to this they will be open days at Business Centres in Billingham, Stockton and Thornaby. Organisations such as Tees Music Alliance and Digital City will also be present to showcase possible careers in the creative sector.

- Stockton Council is taking part in the first ever national Visit Our Schools and Colleges Week, which aims to encourage links between education and employers. Five Schools across the Borough are taking part and a number of local businesses (Grow How, IT solutions and training firm, Solumac, pharmaceutical manufacturer, Avecia/MSD, drawing and joinery company, Blue Aardvark, Tees Music Alliance, North East Process Industry Cluster and TFM Radio) will talk to the teachers and pupils about their work and how they can link together, to help young people reach their full potential.