

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 October update.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- **Darchem Engineering** of Stillington has welcomed news that the contracts for two new aircraft carriers will continue and are expected to run until 2014.
- Billingham-based **Pearson Harper** has won a £6.25m contract, initially for 3 years, with oil & gas company, Chevron. The contract will initially create 20 jobs, taking the workforce to 55.
- **Lucite International** has announced its new £20m chemical plant will be located in Billingham. The site, which will create up to 24 new jobs, has been supported through a £250,000 grant from One North East.
- **PD Ports** has won the Supply Chain Partnership Award at the annual International Freight Weekly awards, highlighting their port-centric strategy.
- **Harvest Energy** has taken over the former Biofuels Corporation plant at Seal Sands and announced a ten-year deal to stay on Teesside. Of the 38 staff made redundant in November last year, 16 have now been re-instated.
- **Stainton Metal** of Teesside Industrial Estate has won a contract for two of the largest street lighting Private Finance Initiative (PFI) contracts in the country, worth more than £8m each.
- Billingham-based **Mammoet (UK)** has won a third Olympic contract. The specialist lifting engineers has started work on the Aquatic Centre, where it will provide two, 500 tonne cranes, used to put in roof trusses.

Negative

- **Spectrum Access**, Scaffolding Erectors and hirers based on Portrack Grange Road has been placed into administration. 31 staff have been made redundant and the company is working with Job Centre Plus to offer support.
- **Update:** national building company, **ROK**, based at Preston Farm, have entered into administration. At this stage, it is unclear the exact number of jobs at risk, however, it is expected to be in the region of 90.

SERVICE SECTOR/RETAIL

Positive

- Car Wash and valeting business, **Bespoke Valet and Detailing**, based at David Lloyd Health & Fitness club, who have received a start up grant from Stockton Borough Council, have invested in a system that saves up to 2.5 million litres of water a year.
- Online Directory company, **Touch Local**, is expanding its business directory call centre operation at Preston Farm creating 100 new jobs, after winning a series of contracts and £151,000 funding from One NorthEast.
- A number of units have been let on a temporary basis in **Wellington Square** to sell seasonal products in the run-up to the festive period.
- Sign-maker company, **N-Sign**, based on Maritime Road has signed a deal with leading retailer, Lakeland, to supply its latest environmental invention, which is manufactured out of recycled materials.
- **Driver**, a global construction consultancy, has expanded its operations by opening an office in Yarm.

- **Update: The Maple Care home**, based in Ragworth, is set to open after creating 50 jobs. It is hoped that many of the jobs will be filled by those who have benefited from the services provided through Stockton Council's Communities Fund.

ECONOMIC INDICATORS

GENERAL INDICATORS

Numbers on JSA	October 2009	September 2010	October 2010	% WA pop	Change in Month	%	Change in year	%
Stockton	6,700	6,137	6,158	4.9	21	0.34	-542	-8.8
Tees Valley	25,635	24,538	24,624	5.8	86	0.35	-1,011	-3.9
NE	85,231	78,909	78,760	4.7	-149	-0.18	-6,471	-7.6
GB	1,529,821	1,381,106	1,359,282	3.5	-21,824	-1.58	-170,539	-11.1

- The total number of people on JSA increased for the third month in a row, although the levels are very low, with Stockton seeing a 0.34% increase in October.
- The number of claimants continues to decrease on a national level, by a further 1.58% in October.

New Claims to JSA	October 2009	September 2010	October 2010	Change in month	%	Change in year	%
Stockton	1,395	1,290	1,660	370	28.6	265	18.9
Tees Valley	5,040	5,170	6,275	1,105	21.3	1,235	24.5
NE	18,350	17,390	21,280	3,890	22.4	2,930	15.9
GB	325,595	303,070	383,125	80,055	26.4	57,530	17.6

- The number of new JSA claimants has considerably increased across all areas in the past month, with the largest increase seen in Stockton (28.6%).
- The UK has seen a 17.6% increase in the number of new JSA claimants since the same period last year.

NOTE: September 2010 vacancies statistics are not available, therefore monthly comparisons are against August 2010

Vacancies Notified	October 2009	August 2010	October 2010	Change in month	%	Change in year	%
Stockton	1,114	1,189	1,432	243	20.4	318	28.5
Tees Valley	3,394	4,659	5,571	912	19.5	2,177	64.14
NE	15,525	18,761	23,708	4,947	26.3	8,183	52.7
GB	347,936	383,344	476,743	93,399	24.3	128,807	37

- There were **1,432** vacancies notified in Stockton in **October 2010**, **243 more** than in August 2010 including **276** in Public Administration, Health & Education, **775** in Banking, Finance & Insurance, **228** in Distribution, Hotels & Restaurants, **23** Construction jobs and **47** Manufacturing jobs.
- The increase in vacancies in October is largely attributable to the high number of seasonal vacancies advertised.

Unfilled Vacancies	Feb 10	Mar 10	Apr 10	May 10	June 10	July 10	August 10	October 10
No's on JSA	6,973	6,692	6,405	6,180	6,022	5,995	6,087	6158
Vacancies Unfilled	440	645	670	766	564	856	658	936
Jobseekers per vacancy	15.8	10.3	9.6	8.1	10.6	7.0	9.3	6.6

- Stockton had **936** unfilled vacancies in **October 2010**, **165** in Public Administration, Health & Education, **500** in Banking, Finance & Insurance, **158** in Distribution, Hotels & Restaurants, **9** Construction jobs and **34** Manufacturing jobs.

SUPPORT FOR PEOPLE

- A drop in event organised by Stockton Riverside College is being held in their Stockton High Street shop on 17 November between 10 am and 2 pm, and is aimed at supporting people getting back into work.

SUPPORT FOR BUSINESSES

- Business & Enterprise North East (BE-NE) has announced plans for a major re-structure, which could result in the loss of 135 jobs (a third of its total workforce). The announcement is pre-empting an anticipated reduction in the size and resources to some of the services operated by BENE, particularly Business Link.
- In addition to this BENE have also announced changes to support offered to 'pre-start' customers, with support now only available to those identified as having 'significant growth potential'. Businesses that cannot demonstrate significant growth potential will be able to apply for funding for 'start-up support' once they have started trading.

ECONOMIC SUPPORT MEASURES

HOUSING AND DEVELOPMENT

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. Housing Options restricted its service during part of October due to the increasing demands on it from residents, which has led to a decreased number of approaches in October. As from 15 November it has changed the way it provides its service (which will be reviewed after four weeks) to deal with the increase in service. A general walk in service operates from 8:30am – 1pm. New and current clients that require "temporary accommodation tonight" are seen between 1pm and 4pm (3.30pm on Fridays). Customers that do not require accommodation that night their full details will be taken and they will be either offered an appointment or given the options to return the following morning.

Monthly Housing Benefit Workload October 2009 – 7,697 September 2010 – 8,180 October 2010 – 8,743	Applications on the Council's Housing Register (including transfers) October 2009 – 2,789 September 2010 – 4,076 October 2010 – 4,117
Number of households accepted as homeless by the Housing Options Service October 2009 - 3 September 2010 – 0 October 2010 - 6	Number of housing options customers seeking assistance with mortgage/rent arrears October 2009 - 41 September 2010 – 47 October 2010 - 47
Number of approaches to the Housing Options service October 2009 - 273 September 2010 – 323 October 2010 – 250 (Housing Options has restricted its service during the month of October due to the demands on it which has led to a decreased number of approaches in October)	

Number of House Sales in the borough (source: land registry)	Average monthly House Prices in the borough (source: land registry)
July 2009 – 187	September 2009 – £114,870
June 2010 – 247	August 2010 - £116,075
July 2010 - 203	September 2010 - £116,879

- The table below reflects the overall number of applications and approvals to live in Stockton-on-Tees to Time2Buy, HomeBuy Direct, First Time Buyers Initiative, and NewBuild HomeBuy.

<u>Month / Quarter</u>	<u>Applications</u>	<u>Approvals</u>
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)	43	23
October to December 2010 (Q3 to 9.11.10)	11	5

STOCKTON BOROUGH COUNCIL RESPONSES

- Tees Valley Local Enterprise Partnership (LEP) has been granted approval by Central Government: one of 24 proposals from across the UK, it is the only North-East bid approved at this stage, although go ahead has been given for the creation of a North East Enterprise Partnership.
- Global Enterprise Week in Stockton, taking place from 15-19 November, has a programme of 25 events, across 17 locations in the Borough. The December report will provide a full evaluation of these events.