

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 November update.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- **Johnson Matthey** of Billingham has reported record performance in its latest half year results and expects this to continue in the second half of the year.
- **Interserve Project Services** of Ross Road Stockton have been announced as runners up in the annual project of the year awards from the Civil Engineering Contractors Association (North East).
- **Update: Katmex** of Norton are continuing to over achieve its growth targets this year and are cautiously optimistic about achieving a level of 100 employees once again.
- **TAS Engineering** of Norton Road is working with recruitment company, Tech Consult UK, as it seeks to double its workforce through an expansion plan.
- **Update: Turbo Connect** is looking to expand its business and is relocating to a unit within the Portrack Lane area. It is hope this move will create new jobs, but this is yet to be confirmed.
- **Update:** 400 jobs are to be created at **TAG Energy Solutions** in Billingham, due to the £20m production scheme linked to the off shore wind energy sector.

Negative

- **Update:** national building firm, **ROK**, has notified Job Centre Plus of redundancies. In Stockton, 36 jobs have been lost from a total workforce of 57 people, further redundancies are likely.

SERVICE SECTOR/RETAIL

Positive

- Digital technology specialists, **AES** of Billingham, are celebrating 18 years of business and are looking to expand in the near future and recruiting two new members of staff.
- Through contact with commercial agents we are aware of a three potential companies who are each interested in taking a unit in and around **Stockton High Street**.
- **Churchills Insurance** are about to embark on a recruitment drive. Between January and June 2011, the company will employ between 10-20 people per month. SBC is working with JCP to organise some pre-employment courses for individuals.
- **Onyx**, based on Portrack Lane, has continued its expansion, by opening a new facility in Glasgow. This is due to a third of the Group's clients being based North of the Border.
- Planning permission has been granted for a 400,000 square foot warehouse building on Fleck Way at Teesside Industrial Estate, Thornaby. The development company, **Buildings for Business**, has also been granted permission for new roundabout access into the estate from the A174.

Negative

- **Pearson Advertising & Recruitment Ltd**, which has offices at Preston Farm Business Park, has entered administration with the loss of 39 jobs. However, on a more positive note, a management buy-out has secured the digital arm of the business which will re-employ 8 of the existing staff.
- **GE Capital Plant Hire** of Billingham has entered administration with the loss of 4 jobs.
- Up to 400 staff at **Barclaycard's** Thornaby office are facing redundancy, with some jobs being transferred to the Philippines. More than 600 staff were transferred to Firstsource, when the

company took over operations at the site earlier this year. Around a third of the jobs could be retained at the Thornaby site, with another option being possible re-deployment at a new contact centre being opened by First Source at Fountains Court, Middlesbrough.

ECONOMIC INDICATORS

The economic indicators statistics will be tabled at Cabinet as statistics will not be released until 15.12.10.

SUPPORT FOR PEOPLE

- The Government has announced plans to give extra help to unemployed people who want to start their own business through the New Enterprise Allowance. The Allowance will be available to Jobseeker Allowance (JSA) customers who have been claiming JSA for more than 6 months. Individuals will get access to a business mentor, who will provide support and guidance, as they develop their business idea. Once this has been achieved, financial support will consist of a weekly allowance, broadly equivalent to their JSA payments for 3 months, then a further 3 months at half the rate. In addition to this, they may also be able to gain access to a loan of up-to £1,000 to help with their start-up costs.

SUPPORT FOR BUSINESSES

- The data below provides a breakdown of the support provided by Business Enterprise North East (BENE) during Quarter 2 2010/11.

	Q4 2009	Q1 2010	Q2 2010
Pre Start The number of individuals that are investigating starting up a business that have been assisted by BENE in the period	454	430	514
Start Up Number of new businesses that have been established within the Quarter, and have had some pre-start assistance	32	29	14
Businesses Assisted The number of businesses assisted during the period (including assisted start-ups)	554	408	481
Skills The number of businesses that have had an intervention by a BENE skills broker in the specified period	142	162	158
Survivals Assisted Start-ups surviving 12 months - Number of businesses that BENE have assisted, that are still operating after 12 months	36	118	116

- Tees Valley Unlimited held the first of a series of roadshow events in the Tees Valley, at Wynyard Park, with regards to the Local Enterprise Partnership and more specifically the Regional Growth Fund. The event was attended by more than 50 local businesses, with further information and events planned for the coming months.

ECONOMIC SUPPORT MEASURES

HOUSING AND DEVELOPMENT

KEY STATISTICS

Monthly Housing Benefit Workload November 2009 – 10,552 August 2010 – 10,447 September 2010 – 8,180 October 2010 – 8,743 November 2010 - 10,825	Applications on the Council's Housing Register (including transfers) November 2009 – 2,923 August 2010 – 3,956 September 2010 – 4,076 October 2010 – 4,117 November 2010 – 4,181
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<p>Number of households accepted as homeless by the Housing Options Service</p> <p>November 2009 - 2</p> <p>August 2010 – 0 September 2010 – 0 October 2010 – 6 November 2010 - 5</p>	<p>Number of housing options customers seeking assistance with mortgage/rent arrears</p> <p>November 2009 - 34</p> <p>August 2010 – 42 September 2010 – 47 October 2010 – 47 November 2010 – 24*</p>
<p>Number of approaches to the Housing Options service</p> <p>November 2009 - 230</p> <p>August 2010 - 277 September 2010 – 323 October 2010 – 250 November 2010 – 231*</p>	
<p>Number of House Sales in the borough (source: land registry)</p> <p>August 2009 – 168</p> <p>May 2010 – 157 June 2010 – 246 July 2010 – 207 August 2010 - 187</p>	<p>Average monthly House Prices in the borough (source: land registry)</p> <p>October 2009 – £115,444</p> <p>July 2010 - £117,538 August 2010 - £115,950 September 2010 - £116,724 October 2010 - £114,515</p>

- * Reductions in November are due to the change in the way the service is provided (noted in November's report) and due to seasonal variations. The months before Christmas are traditionally quieter as residents give less attention to seeking housing advice.

STOCKTON BOROUGH COUNCIL RESPONSES

- An initiative to allow test trading for aspiring businesses in Stockton is about to commence. Stockton Enterprise Arcade will be operating in 147 High Street, Stockton (former Burtons store), with shop fitters converting the shell into five individual units. It is hoped the unit will be open before Xmas and trade for a period of 6 months. SBC is currently working with local Business Support Agencies including Five Lamps, Inbiz and Enterprise Made Simple, to help identify start-up businesses who may benefit from the development.
- Stockton Enterprise Week was held across the Borough between 15-19 November. Approximately 150 people attended a series of events offering advice and support in starting their own business.
- Stockton Business Centre is currently operating with an occupancy rate of 84%. Discussions are currently ongoing with two existing tenants, that are each looking to expand into a larger unit, and six potential new tenants.