

ECONOMIC CLIMATE UPDATE REPORT

This report summarises the positive and negative economic changes that have taken place in the Borough during June 2011.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- **Francis Brown** has become one of the only fabricators serving the energy sector to achieve an ISO 3834 quality assurance for welding. The Stockton Company is targeting circa 70% growth on its current £5m turnover within the next 3 - 5 years.
- **Elite Services** a chauffeuring and services apartments firm in Stockton has launched a new initiative to enable business executives to work in style whilst on the move in vehicles suitably equipped to function as a mobile office.
- **Muddybums**; a website which sells biking accessories and clothing, alongside in-depth knowledge on biking routes has been re-launched from Billingham.
- Electrical contractors **Power Tech** are on target to boost annual revenues to £350,000 after winning work in the construction and engineering sectors. Recently the business took on its first direct full-time member of staff.
- **px Group** on Teesdale has acquired Billingham-based Simpson Coulson Ltd to increase their reach into energy and process projects in the Middle East.
- **Caterpillar** is planning to double production levels and employ more workers at its plants in Stockton (Preston Farm), Peterlee and Skinningrove after orders have recovered following the recession.
- Electrical engineering firm, **Resilient Power Solutions** in Billingham has been awarded £100,000 investment via the Finance For Business North East Growth Fund, and hopes to increase revenues by 50% (to at least £1.2m) within 12 months.
- **Blu Sparx** a sole trader previously working from home, is now leasing a unit in the Business Centre to run an electrical contracting business.
- **TAG Energy Solutions** has invested £8 million in new manufacturing equipment to support its offshore wind tubular production facility. Recruitment is underway for 100 jobs and a further 300 positions could be required.
- Billingham based **Able UK** is moving ahead with a £400m development plan for a Marine Energy Park on the Humber.
- Louise Moore, founder of Stockton based **Innov8 Disposal** has been named the Face of North East Entrepreneurship 2011. The firm recycles IT equipment and works with Teesside University.
- **Trygg Pharma** (a Norwegian company) is due to buy a pharmaceuticals facility which closed 3 years ago at Seal Sands for £14m. Trygg Pharma intend to use the plant to produce Omega 3 products and will initially employ 25 staff.

SERVICE SECTOR/RETAIL

Positive

- **Temp-Team** a Newcastle based recruitment firm has moved out of its Redcar site into a larger unit at Preston Farm Business Centres after doubling its sales and increasing its staff last year.
- **Grosvenor Casino** is due to open at Chandler's Wharf in September 2011 and is currently advertising 100 vacancies
- **Churchill's Recruitment (RBS)** is continuing to look for inbound sales advisors for their office on Teesdale
- **CHAT** project (New Horizons) a Community Mental Health Organisation is moving into Yarm Lane
- **Borges** has bought The Green Bushes (a derelict public house) on Yarm Lane in order to expand their function room facilities. It is understood that the upper floor will be used as a dance studio.
- The Castlegate Centre have announced plans to redevelop **Spencer Market Hall** early next year and are currently undertaking a full refurbishment of the car park.

- **Simon Bailes** has won the Guild of Gold Lion Dealers accolade for meeting high standards in sales service and customer satisfaction. The Guild recognises the top 35 dealerships in the UK.
- **Makro** has invested £2.2 million in its Stockton store. Extra space for fresh food has led to 8 new jobs.
- **Card King** and the **George Hardwick Foundation** opened in May 2011 in Wellington Square. **Aleeza's** Indian Restaurant has opened on Prince Regent Street, a Photo Studio, **Star Makeovers** has opened on Bridge Road whilst the men's fashion retailer **Tin Pan Alley** is relocating and expanding within Stockton High Street.

Negative

- **Life and Style** (formerly Ethel Austin) has announced it is in administration.

ECONOMIC INDICATORS

Due to the timing of Cabinet, no further update on employment figures is available. The next release is mid-July.

Numbers of claimants	May 2010	April 2011	May 2011	% WA pop	Change in Month	%	Change in year	%
Stockton	6,180	6,634	6,491	5.2	-143	-2.2	311	3.6
Tees Valley	24,728	26,470	26,146	6.2	-324	-1.2	1,418	4
NE	80,105	84,610	83,317	4.9	-1,293	-1.5	3,212	1.7
GB	1,447,035	1,461,644	1,446,269	3.7	-15,375	-1.0	-766	-3.3

- First time in 7 months the total numbers of claimants has decreased in Stockton (-2.2%). This has been mirrored across Great Britain, with claimants down 1% in May.

New Claimants	May 2010	April 2011	May 2011	Change in month	%	Change in year	%
Stockton	1,330	1,495	975	-520	-34.8	-355	-26.7
Tees Valley	5,135	5,680	4,085	-1,595	-28.1	-1,050	-20.4
NE	17,900	20,330	13,715	-6,615	-32.5	-4,185	-23.3
GB	314,455	354,265	245,915	-108,350	-30.6	-68,540	-21.7

- Significant decrease in new JSA claimants in Stockton (-34.8%) and across Great Britain (30.6%)

Numbers on JSA (18-24 years)	May 2010	April 2011	May 2011	Change in Month	%	Change in year	%
Stockton (18-24 years)	1,800	2,065	2010	-55	-2.7	120	6.7
Total JSA Claimants	6,180	6,634	6,491	-143	-2.2	229	3.7
% (18-24)	29.1	31.1	31.0	n/a	0.1	n/a	0.9

- In Stockton the number of JSA claimants (aged 18-24) has decreased in May 2011 by 2.7%.

Vacancies Notified	May 2010	April 2011	May 2011	Change in month	%	Change in year	%
Stockton	1,238	1,199	763	-436	-36.4	-475	-38.4
Tees Valley	5,356	4,129	2,576	-1,553	-37.7	-1,553	-29
NE	18,696	17,327	10,828	-6,499	-37.5	-6499	-34.7
GB	383,011	370,714	247,038	-123,676	-33.4	-135,973	-35.5

- There were **763** vacancies notified in Stockton in **May 2011**, 436 less than in **April 2011**, including **64** in Public Administration, Health & Education, **407** in Banking, Finance & Insurance, **103** in Distribution, Hotels & Restaurants, **78** Construction jobs and **29** Manufacturing jobs.

Unfilled Vacancies	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	May 2011
No's on JSA	6158	6,151	6,223	6,543	6,596	6,608	6,634	6,491
Vacancies Unfilled	936	826	681	545	743	611	740	732
Jobseekers per vacancy	6.6	7.4	9.13	12.0	8.9	10.8	9.0	8.9

- Stockton had 732 unfilled vacancies in **May 2011**, **262** in Public Administration, Health & Education, **283** in Banking, Finance & Insurance, **62** in Distribution, Hotels & Restaurants, **52** Construction jobs and **20** Manufacturing jobs.

SUPPORT FOR PEOPLE

- The Hambleton Group has launched an **Apprenticeship Programme**. The Thornaby based firm plans to take on 14 new trainees in a variety of roles across their divisions spanning jobs in business admin, hospitality, photography and caravan servicing.
- The Skills Funding Agency has selected a number of providers for delivery of **ESF funded skills provision** in the North East. These providers will offer a range of training and employment support to unemployed people and to people facing redundancy. The ESF provision that the Skills Funding Agency is funding is divided into:
 - (i) Support for the Unemployed and Apprenticeship Support to Employers
 - (ii) Skills Support for Redundancy
- DWP have announced a new **Innovation Fund** to help address youth unemployment. £30m will be allocated over 3 years for social investment projects to support the most disadvantaged young people aged 14 and over in order to improve their employment prospects.
- DWP have also announced the ESF Family Provision which aims to move family members closer to the labour market, so that they can enter employment or take advantage of employment focused support. The Invitation to Tender is expected in late June / early July.
- The Five Lamps Organisation has been awarded the contract from DWP to operate the loan fund element of the **New Enterprise Allowance Scheme**. In addition they are a member of North East Enterprise Agencies Ltd (NEEAL), which has been successful in obtaining the mentoring contract for the same project. The scheme will assist unemployed people (who have been claiming Jobseeker's Allowance for more than six months and are in Assisted Areas) to start a business. There will be a weekly allowance and access to loans of up to £1,000 to help with start-up costs. Support from a mentor will also be available.
- Job Centre Plus have been awarded a new **Flexible Support Fund** (£1.8m) and are currently consulting with Local Authorities and other Partners on how best to use the fund.

SUPPORT FOR BUSINESSES

- In the second round of the **Regional Growth Fund (RGF)**, Tees Valley Unlimited has supported projects, packages and programme proposals worth £156m of RGF, which will lever in an additional £1.742bn of private sector investment creating 5,667 direct jobs and 4,333 indirect jobs as well as safeguarding a further 3,987 jobs across the Tees Valley. Within this, 5 individual applications from Stockton companies have been supported worth £5.495m RGF, which will represent private capital investment of £37.175m. In Stockton this has the potential to create 254 new jobs and safeguard a further 186.
- North East firms whose headquarters are in the North East are being offered the opportunity to break into the market in Dubai. The 'Dragon's Den style' competition to visit the Gulf state in September can enter at www.nebusiness.co.uk/dubai
- Teesside's most inspirational and successful women in business are encouraged to enter the WIN (Women into the Network) Awards, a major accolade that could open doors for businesses of any sector, size or turnover with categories that are suitable for both emerging start-ups and established firms. Email: info@womenintothetnetwork.co.uk
- TAS Engineering Consultants (Stockton) and CPD Ltd (Redcar) hosted a free industry forum event on July 1 to discuss new developments and innovations and demonstrate the ability of the process sector supply chain to support the industry.

OTHER ECONOMIC NEWS

- The latest CBI/Harvey Nash survey has identified that Teesside firms are going for growth by hiring highly skilled talent. Companies are increasing headcount, whilst Government organisations are scaling back on recruitment. Nearly a third of business surveyed (29%) stated they were preparing to hire permanent workers in the next 6 months.
- The latest Lloyds TSB Business report has identified that output growth in the region slowed to its lowest level for five months in May (53.5), due to a weaker performance by service sector companies. It March it had soared to a 16 month high of 59.8.
- The Northern Way, launched in 2004 to influence policy and improve the economic performance of the North has shut down due to a lack of funding after the Government abolished RDAs.

HOUSING AND DEVELOPMENT**KEY STATISTICS**

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

Monthly Housing Benefit Workload May 2010 – 9,947 February 2011 - 9,912 March 2011 - 12,048* April 2011 - 7,927** May 2011 – 8,801	Applications on the Council's Housing Register (including transfers) May 2010 - 3,788 February 2011 - 4,349 March 2011 - 3,836 April 2011 - 3,820 May 2011 – 3,873
Number of households accepted as homeless by the Housing Options Service May 2010 - 1 February 2011 - 6 March 2011 - 9 April 11 - 4 May 2011 – 12***	Number of housing options customers seeking assistance with mortgage/rent arrears May 2010 - 38 February 2011 - 53 March 2011 - 40 April 2011 - 42 May 2011 - 39
Number of approaches to the Housing Options service May 2010 - 243 February 2011 - 326 March 2011 - 292 April 2011 - 216 May 2011 - 209	NEW – Mortgage Possession Claims Issued per 1,000 households (refer to note below)**** October – December 2009 – 1.14 January – March 2010 - 1.33 April – June 2010 – 1.14 July – September 2010 - 1.14 October – December 2010 - 1.14
Number of House Sales in the borough (source: land registry) March 2010 - 195 December 2010 - 186 January 2011 - 109 February 2011 – 138 March 2011 - 169	Average monthly House Prices in the borough (source: land registry) April 2010 - £120,866 February 2011 - £114,485 March 2011 - £115,258 April 2011 - £114,369 May 2011 - £112,852

* Increase in March is predominantly due to tenants being notified of annual private sector rent increases around this time which can lead to changes in housing benefit entitlement and an increase in workload for the Benefit Service.

** Reduction in April likely to be due to the closure of the service due to 3 bank holidays in the month.

*** There was a higher than usual number of homelessness cases in May due to relationship breakdown.

**** In a recent report Homelessness Charity Shelter named Stockton as the worst area in the North East (NE) for possessions. Stockton does have the highest number of possession orders made in the NE (where the mortgage lender takes the homeowner to Court); however actual legal re-possession are lower (usually due to cases being resolved through the Housing Options service). This could potentially be due to Stockton having a higher proportion of home owners.

Stockton and District Advice and Information Service (SDAIS) statistics

General	2009/10 January 10 – March 10	2010/11 January 11 – March 11
Welfare Benefits	2351	2806
Debt	3552	3646
Employment	561	658
Housing	874	771
Family	162	268
All Enquiries	8376	9319

STOCKTON BOROUGH COUNCIL RESPONSES

- **Enterprise Zones** – The Tees Valley proposal was submitted to the Government on 28 June. Sites that have been put forward in Stockton for the business rate incentive scheme include Northshore for the digital sector and Belasis Hall Technology Park for the biotechnology related industries. Haverton Hill has been put forward for renewable energy production, alongside the New Energy and Technology Park (Reclamation Pond), Seal Sands and Lucite for petrochemical industries to benefit from Capital Allowances. In addition approval is being sought for six TIF areas which includes sites at Billingham North and Billingham South for petrochemicals industries and Billingham Reach and Port Clarence for renewal energy production. This incentive allows growth in business rates to fund current infrastructure improvements.
- **Billingham Forum** officially re-opened on 3 June following an £18.5m refurbishment. 15,000 people passed through its doors on its first weekend of opening. The refurbishment has created more than 40 jobs and will reinstate the Forum as one of the top leisure centres.