

## **ECONOMIC CLIMATE UPDATE REPORT**

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

### **EMPLOYMENT AND BUSINESS**

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

##### **Positive**

- **Sahaviriya Steel Industries (SSI UK)** is creating a 1,000 jobs. SSI is now recruiting for a variety of positions at the former Teesside Cast Products site in Redcar. Over 30 different disciplines from plant managers and engineers to production operators and IT support staff have been advertised via Jobcentre Plus and the SSI website. The closing date for vacancies is 12th September. In Stockton one-to-one support is available through Tees Achieve to complete the online application. A4E are also delivering a short course to help the unemployed set up email accounts and then take them through the application process. In addition the Communities Fund lead providers will be working with their existing customers. The former Corus plant will restart on December 8<sup>th</sup>.
- Engineering firm **Darchem** in Stillington has achieved a £20m order from aircraft giant Boeing to supply thermal blankets, creating 100 jobs.
- **Pickering Lifts**, the UK's oldest and largest lift maker based in Stockton wants to double its £25m turnover within five years after relaunching with a new management team.
- **Jacobs** of Stockton, a technical, professional and construction services firm have been recognised alongside eleven North East companies in the first ever Top 100 Apprenticeship Employers list, supported by the National Apprenticeship Service and City & Guilds.
- Update - Car parts manufacturer **Nifco UK's** revenues have grown from £22m to £28.5m last year and it expects to double sales within the next three years as it moves into a new base on Durham Lane in the first quarter of 2012, which will be the largest new-build facility to be built in the Tees Valley region for 16 years. The firm is also rebuilding its workforce following the recession with the headcount rising from 175 to 215 last year.
- Planning permission has been granted for a new facility in Billingham which would be capable of generating electricity for up to 50,000 homes in the North East by converting household and commercial waste into electricity. **Air Products** is one of the largest advanced gasification projects planned for the UK and would create 500 – 700 jobs during a three year construction period, as well as up to 50 permanent jobs. Subject to financing and securing permission from the Environment Agency it is expected works will commence next year with commercial operations beginning in 2014.
- Following **px Groups** (Teesdale) acquisition of Billingham-based Simpson Coulson Ltd to increase their reach into energy and process projects in the Middle East (reported last month) they have won a contract in the Middle East for a £30m development in Dubai and an aluminium smelter in Abu Dhabi.
- **Tees Alliance Group** at Haverton Hill has now begun manufacturing wind turbine foundations. A sector which is expected to grow significantly in the region over the next 10 years.

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

##### **Positive**

- The final office unit in Thornaby Town Centre has been let to **Inkfish** a web design company and **Invest** a recruitment company.
- **Parcelforce Worldwide** has started its Christmas seasonal recruitment online.
- **Queensway Dental Clinic** in Billingham Town Centre has gained the prestigious Denplan Excel Accreditation award in recognition that its practices exceed standards and requirements.
- **Rock 'n Rose** a thriving jewellery business currently trading from Durham Tees Valley Business Centre in Stockton have employed an apprentice and hope to take on more staff in the future. The business achieved the Young Entrepreneur gong at Teesside's Best New Business Awards earlier this year and have benefitted from features in high profile magazines such as Grazia, Vogue, Now

and Heat. Several celebrities wear the products designed and produced by two sisters from Hartburn.

- **Crutes** Law Firm, which has offices in Stockton has benefitted from a turnover rise of 3.7% for the financial year 10/11.
- **Elite Services** in Stockton have been awarded Quality in Tourism's highest possible accolade, a four star gold rating, for their serviced apartments in Yarm and Thornaby.
- **Northgate Public Services**, a company that trains Council staff, is creating 25 jobs at its offices at Wynyard Business Park after winning a contract to administer the Government's Blue Badge scheme to help disabled drivers.
- Continuity Services Business **Onyx**, based on Portrack Business Park has forged a joint venture with office provider MWB which will turn the Teesside firm into the biggest capacity disaster recovery business in the UK. The 17 year old firm which employs 115 people has experienced strong growth in the last five years.
- A couple have created an organic gourmet sandwich business **yummm.org** which uses local suppliers from their home in Wynyard after moving to Teesside from Reading.
- **Wynyard Hall** Hotel has been shortlisted in the Small Hotel of the Year category for this year's North East England Tourism Awards.
- Haulage firm **Prestons of Potto** which has a base in Stockton, are launching a collaboration with four other hauliers to form **Harelquin Logistics**, aiming to win large contracts with manufacturers and retailers.
- **Alpha Graphics** (Preston Industrial Estate) has purchased Falcon press (Portrack), a digital and litho printer, bringing together two of Teesside's most respected printers with a combine experience of over 60 years in the design, print and marketing industry.
- All 5 retailers from the **Enterprise Arcade** have successfully relocated into new units. Tracy's Chocs Away has opened on Silver Street, whilst Hobbies R Uz (modelling shop) and Embellish (hair accessories) have moved into the Shambles. The 2 other retailers have relocated to units outside of the Borough
- In Stockton Town Centre **Dawson & Sanderson** have invested in a prime position in the centre of Stockton High Street, **Danny the Barbers** has opened on Norton Road, and two new nightclubs have opened **Obsession** on Prince Regents Street and **Lazers** on Bridge Road. **Tiki Tiki Bar** is also set to open on Rialto Court at the waterfront on 24 September. **Nutty's Butties & Cakes** is opening soon on Finkle Street and **Flavours Coffee Shop** is relocating from the edge of centre to Wellington Street. **Minotaur Games** is opening on 3 September in the Labryinth (High Street) and **The Chat project** which supports people suffering from mental health issues has opened on Yarm Lane and **ASDA** have opened in the former Netto unit. **Gift Fuzion** are moving into Wellington Square and the **Castlegate** has let 3 more units – a fish pedicure firm, legal advice firm and CEX computer games & accessories and is now 100% occupied.
- Four new licensees have been granted at **Stockton Business Centre**; Barkess and Co (Accountancy firm), PB Bradley Solicitor, Sterling Training Services and Catalytic Technologies (paint manufacturers). Occupancy is at 78% and staff are working with a number of potential new occupants.

### Negative

- The **Jane Norman** concession in Debenhams has closed, after the chain went into administration.

## ECONOMIC INDICATORS

New figures released on 17<sup>th</sup> August 2011.

Number of claimants	July 2010	June 2011	July 2011	% WA pop	Change in month	%	Change in year	%
Stockton-on-Tees	5,995	6,469	6,467	5.2	-2.0	0.0	472	7.9
Tees Valley	24,308	26,000	26,418	6.1	418.0	1.6	2,110	8.7
North East	77,867	82,225	84,975	4.9	2,750.0	3.3	7,108	9.1
Great Britain	1,383,990	1,434,373	1,481,158	3.7	46,785.0	3.3	97,168	7.0

- The number of claimants has stayed the same in Stockton (0%), in comparison to a rise in claimants in the Tees Valley, North East and Great Britain.

New claimants	July 2010	June 2011	July 2011	Change in month	%	Change in year	%
Stockton-on-Tees	1,330	1,215	1,610	395	32.5	280	21.1
Tees Valley	4,965	4,610	5,990	1,380	29.9	1,025	20.6
North East	16,885	15,215	20,690	5,475	36.0	3,805	22.5
Great Britain	302,550	267,240	378,485	111,245	41.6	75,935	25.1

- The number of new claimants in Stockton last month has continued to increase this month, although to a lesser extent than in the North East and Great Britain.

Numbers on JSA (18-24 years)	July 2010	June 2011	July 2011	Change in month	%	Change in year	%
Stockton (18-24 years)	1,785	1,985	2,100	115	5.8	315	17.6
Total JSA Claimants	5,995	6,469	6,467	-2	0.0	472	7.9
% (18-24)	30	31	32	1	3.3	2	2.0

- The number of JSA claimants (aged 18-24) in Stockton has increased in July 2011.

Vacancies Notified	July 2010	June 2011	July 2011	Change in month	%	Change in year	%
Stockton-on-Tees	1,329	1,119	1,303	184	16.4	-26	-2.0
Tees Valley	4,980	3,505	4,254	749	21.4	-726	-14.6
North East	17,579	15,551	18,077	2,526	16.2	498	2.8
Great Britain	322,902	302,859	384,258	81,399	26.9	61,356	19.0

- There were **1,303** vacancies notified in Stockton in July 2011, **184** more than in June 2011, including **673** in Banking, Finance and Insurance, **117** in Other Services, **164** in Public Administration, Education & Health, **75** in Construction, **208** in Distribution Hotels and Restaurants, **25** in Manufacturing, **1** in Energy and Water and **11** in Agriculture and Fishing.

Unfilled Vacancies	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
No's on JSA	6,223	6,543	6,596	6,608	6,634	6,491	6,469	6,467
Vacancies unfilled	681	545	743	611	740	732	901	838
Jobseekers per vacancy	9.1	12.0	8.9	10.8	9.0	8.9	7.2	7.7

- The number of unfilled vacancies in July in Stockton has decreased this month.

It has been reported nationally that one million young people (16-24 year olds) are **NEET's** (Not in Education, Employment or Training), an 18% increase, which according to the Institute for Public Policy Research think-tank is the biggest annual rise since records began in 2000. The North West has the highest figures and has seen the largest increase in 19 to 24 year old NEETs. In contrast, however the North East is the region with the least number of NEETs in the 19 – 24 year old age bracket (50,000), although there has been a 14% increase since last year. However despite the press

using the term NEETs it should be noted that the figures that have been quoted are actually JSA claimant count for 16 – 24 year olds.

When analysing the claimant count for Stockton it is evident that the percentage of 18 – 24 year olds claiming JSA (11.6%) is twice that of the Borough average (5.2%). The largest increase in claimants within the 18-24 year old category within the last year has occurred within the 20-24 year age group.

<b>Stockton Claimant Count Age and Duration</b>	<b>July 2010</b>	<b>July 2011</b>
Aged under 17	0	0
Aged 17	15	15
Aged 18	215	245
Aged 19	300	340
Aged 20-24	1,270	1,515
<b>Total Aged 24 and under</b>	<b>1,800</b>	<b>2,120</b>

Figures for July 2011 across the Tees Valley show that Stockton has a comparative number of 17 year olds claiming benefits. However Stockton has the highest percentage of 18 year olds claiming benefits within the Tees Valley. Stockton is also above the Tees Valley average for the percentage of 19 and 20 – 24 year olds claiming, with only Hartlepool having a higher percentage of people in both these age categories and also Redcar and Cleveland in the 20-24 year old category. It is worth noting that whilst the percentage of claimants in the 19 and 20 – 24 year old categories has increased between July 2010 and July 2011 in Stockton, this trend has also been reflected across the Tees Valley.

<b>Claimant Count 16 - 24 year olds July 2011</b>	<b>Aged Under 17</b>		<b>Aged 17</b>		<b>Aged 18</b>		<b>Aged 19</b>		<b>Aged 20 - 24</b>	
	<b>no.</b>	<b>%</b>	<b>no.</b>	<b>%</b>	<b>no.</b>	<b>%</b>	<b>no.</b>	<b>%</b>	<b>no.</b>	<b>%</b>
Darlington	0	0.0	20	0.6	110	3.2	175	5.1	665	19.6
Hartlepool	0	0.0	0	0.0	135	3.3	230	5.6	985	23.9
Middlesbrough	5	0.0	15	0.2	240	3.4	345	5.0	1,615	23.1
Redcar and Cleveland	0	0.0	15	0.3	170	3.2	265	4.9	1,285	24.0
Stockton-on-Tees	0	0.0	15	0.2	245	3.8	340	5.3	1,515	23.5
Tees Valley	5	0.0	60	0.2	905	3.4	1,355	5.1	6,065	23.0

Source: NOMIS

NB. Data is rounded to the nearest 5.

## **SUPPORT FOR PEOPLE**

- **Communities Fund** - Between April and June 2011 the Communities Fund providers engaged with 280 people, helped 237 into work, and 138 had been in employment for six months. Since the start of the Communities Fund (April 2009 to June 2011) the three providers have engaged with 2,996 people, helping 1,274 people into work, of whom 539 have sustained that employment for six months.
- Four process industry employers, including **Lucite International in Billingham** which designs, develops and manufactures acrylic based products, have joined together to launch a new 21 month **adult apprenticeship scheme** aimed at former members of the Armed Forces to help them into the process industry. Eight trainees from the North East are involved in the scheme and are working towards nationally recognised accreditations.
- Jobcentre Plus are organising a **Stockton Christmas Jobsfair** for retailers in Stockton. The event will be held on 9<sup>th</sup> September between 10:00am and 3:00pm in the George Hardwick Foundation conference suite in Wellington Square. It is hoped there will be in the region of ten retailers attending with vacancies from other businesses also available on the day.

## **SUPPORT FOR BUSINESSES**

- The Borough's first **Town Centre Business Awards** will recognise shops and eateries within six different categories for their trading excellence. Entries will be considered in September, with the award ceremony being held on 30<sup>th</sup> September. The winners will each receive £250.
- **Teesside University** will be creating more than 420 jobs over the next three years in a £4.6m project to place graduates on internships with smaller businesses. The project split into two initiatives is jointly funded by the University and ERDF. The Graduates for Business initiative will enable 375 graduates to take up salaried internships with SMEs throughout the region over the next 3 years (125 per year) whilst the Knowledge Exchange Internships programme will place graduates into SMEs for 6 – 12 months to tackle specific business change projects. The project will also provide information, advice and guidance to help graduates find routes into work or to set up their own business in the region.
- From the 1<sup>st</sup> August the Government has eased regulations on small businesses raising equity finance to allow companies to access financing more cheaply and effectively. SMEs will be able to access up to £4.37m before a prospectus – a costly compliance procedure – is triggered. It is estimated these deregulatory measures will save UK SMEs £12m per year.
- The newly formed **China Networking Club** established by UKTI is providing a new opportunity for businesses in the region to better understand and target the opportunities the country offers. It also provides information about current international legislation and obligations, as well as available funding and support.

## **OTHER ECONOMIC NEWS**

- Tees Valley businesses have been urged to bid for contracts to supply the 2012 London Olympics and to log on to: [www.competefor.com](http://www.competefor.com)
- Research by Lloyds TSB has revealed that the number of firms in the North East and Cumbria reporting cash flow issues has dropped by 13% since the second half of 2010, and those affected by late customer payments has decreased by 18% in the same period. These figures are encouraging, particularly since most other regions across the UK actually reported an increase in cash flow problems.
- North East business leaders in this region have stated that the manufacturing sector in the region is growing despite the latest Markit survey which showed that the manufacturing industry in the UK shrank slightly in July and orders have fallen for 3 consecutive months. However the North East has seen the value of its exports rise to a record high this year with growth at twice the average UK rate. The value of exports in the first quarter of 2011 increased to £3.4bn, which took the total for the 12 months to the end of March to £12.78bn – nearly 30% higher than a year earlier and double the 17.7% national average.
- The Royal Institution of Chartered Surveyors have highlighted a rise in the level of unoccupied commercial property in the region, as fewer companies are looking for office space.

**HOUSING AND DEVELOPMENT****KEY STATISTICS**

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

<b>Monthly Housing Benefit Workload</b>  July 2010 – 8,694  April 2011 - 7,927 May 2011 – 8,801 June 2011 – 9046 July 2011 – 10224 The increase in July is mainly due to the implementation of a new system of automatic notifications of changes to tax credits from DWP/HMRC IT systems	<b>Applications on the Council’s Housing Register (including transfers)</b>  July 2010 - 3,621  April 2011 - 3,820 May 2011 – 3,873 June 2011 – 3,830 July 2011 – 3,786
<b>Number of households accepted as homeless by the Housing Options Service</b>  July 2010 - 2  April 11 - 4 May 2011 - 12 June 2011 – 3 July 2011 - 2	<b>Number of housing options customers seeking assistance with mortgage/rent arrears</b>  July 2010 - 56  April 2011 - 42 May 2011 – 39 June 2011 – 49 July 2011 - 36
<b>Number of approaches to the Housing Options service</b>  July 2010 - 246  April 2011 - 216* May 2011 - 209* June 2011 - 210 July 2011 - 205	<b>NEW – Mortgage Possession Claims Issued per 1,000 households</b>  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 Jan – March 2011 - 1.20 April – June 2011 - 1.14
<b>Number of House Sales in the borough (source: land registry)</b>  April 2010 - 159  December 2010 - 188 January 2011 - 109 February 2011 – 138 March 2011 – 177 April 2011 - 166	<b>Average monthly House Prices in the borough (source: land registry)</b>  June 2010 - £119,359  March 2011 - £115,000 April 2011 - £113,779 May 2011 - £112,702 June 2011 - £114,855 July 2011 - £112,071

**Stockton and District Advice and Information Service (SDAIS) statistics**

<b>General</b>	<b>2009/10 April 10 – June 10</b>	<b>2010/11 April 11 – June 11</b>
Welfare Benefits	2,049	2689
Debt	3,651	3986
Employment	549	655
Housing	709	651
Family	146	245
All Enquiries	7,970	9265

Next update: October 2011

**STOCKTON BOROUGH COUNCIL RESPONSES**

**Enterprise Zones Update** – The Treasury has approved a proposal for a multi-location Enterprise Zone across the Tees Valley. Encompassing 12 individual sites across the five Tees Valley boroughs, the Enterprise Zone will offer stimulating financial incentives to help attract real investment and growth and deliver significant job opportunities by 2015 and beyond. The Enterprise Zone is likely to attract 1,250 new businesses and generate over 40,000 jobs in the next 25 years. Businesses locating to Belasis Hall Technology Park, Queen’s Meadow in Hartlepool, South West Iron Masters in Middlesbrough and Kirkleatham before March 2015, will benefit from business rate discount worth up to £55,000 per business per annum for five years. The sites will have the advantage of simplified planning regimes to help attract and support the growth and development of small and medium enterprises. Income secured from the Government for these four sites will enable the provision of identical financial incentives at Northshore in Stockton, Oakesway in Hartlepool, Darlington Central Park and St Hilda’s in Middlesbrough. Additionally the Tees Valley is one of only a small number of areas across the country which can now offer large-scale occupiers enhanced capital allowances against the cost of their plant and machinery. Four sites at Wilton and PD Ports/South Bank Wharf both in Redcar and Cleveland, Port Estates in Hartlepool and the New Energy and Technology Park in Billingham can apply the benefit for capital investments made by March 2015.