

ECONOMIC CLIMATE UPDATE REPORT

This report summarises the positive and negative economic changes that have taken place in the Borough during January 2012.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- Callum Miller of **Turbo Connect**, Portrack Lane, who refurbish and remanufacture turbos for all makes of cars, is a winner of the Evening Gazette Business Accelerators competition. He will get free mentoring from judges and an extensive advertising package from the Gazette.
- Stockton fabrication and engineering specialist **Francis Brown**, Church Road, has completed a two-year refurbishment of a giant 120 tonne fire tube boiler for **Lucite International** at Billingham.
- A management buy-out deal at **Chemoxy International** processing facilities at Middlesbrough and Billingham secures the employment of more than 80 people split across the two sites. The new owners now aim to expand staff numbers by between 5% and 10% over the year.
- **TAG Energy Solutions** at Billingham has been awarded a contract to deliver 4 number foundation piles for international marine construction company Saipem.
- John Evans, facility manager from **Caterpillar's** factory in Stockton has said his factory would this year take on 14 new apprentices, compared to just four last year.

Negative

- **Petroplus**, Europe's largest independent oil refiner, has filed for bankruptcy. The administrator has stated that the immediate priority is to continue to operate the **Seal Sands** storage site and the marketing office on Teesdale while the financial position is clarified and restructuring options are explored. There are 60 people employed over both locations.
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SERVICE SECTOR/RETAIL

Positive

- From the initial success of the Enterprise arcade, **Hobbies R Uz** have relocated to larger premises in Silver Street.
- **Euphoria** boutiques have set up as a concession within **Review** in Silver Court
- The occupancy at **Stockton Business Centre** at the end of January 2012 is 80%. Three new businesses have recently moved in: Consoli Limited (computer software development), Nash Russell (employment law and HR support) and The Search Engine Optimisation Company (website design and optimisation services).
- Family-owned **Collectables** has opened a 20,000 sq ft **Sleeping Giant** store on Portrack Lane. The move brings the group's retail furniture operation to four stores, all on Portrack Lane.
- Wynyard accountancy firm **Evolution** has made seven key personnel appointments as it prepares for another year of growth.
- THE British Heart Foundation (BHF) is setting up **Furniture & Electrical** on Stockton High Street and is looking for unwanted goods for the new site, due to open at 144 High Street on Tuesday, February 7.
- Stockton based warehouse and distribution company **InBond Ltd** have been awarded a 12 month contract for the supply of A4 paper to South Tees NHS Trust and North Tees & Hartlepool NHS Trust.
- **Compass Royston**, Bowesfield Industrial Estate, have fitted 128 of its coaches with a Navstar tracking system marketed by Wardair Direct Ltd of Gateshead. These units will enable the company to reduce costs and optimise service.
- Stockton based Ecommerce agency, **Visualsoft**, is to appoint a number of new positions after a surge of continued growth in recent months. This is to be for new roles, including positions in its development and online marketing teams.

- Stockton-based **Additional Lengths**, manufacturer and supplier of hair extensions and accessories, has secured a deal with the makers of Dancing on Ice to work with the show's celebrity hairdresser Paul Haskell.

Negative

- Peacocks** and **Bonmarché** have both been put into administration. The future of the stores in Castlegate shopping centre has not yet been advised. However the **Bonmarché** store in Billingham is to close mid/late February with the loss of 8 jobs.
- Update: Gift retailer **Past Times** has gone into administration and confirmed 507 staff were made redundant before the move. The outlet in Wellington Square closed early January with the loss of 5 jobs.

ECONOMIC INDICATORS

Number of claimants	December 2010	November 2011	December 2011	% WA pop	Change in month	%	Change in year	%
Stockton-on-Tees	6,223	6,588	6,786	5.4	198	3.0	563	9.0
Tees Valley	25,090	26,649	27,312	6.4	663	2.5	2,222	8.9
North East	79,409	87,826	89,374	5.3	1,548	1.8	9,965	12.5
Great Britain	1,368,310	1,499,383	1,509,736	3.9	10,353	0.7	141,426	10.3

- In the last month the number of claimants has increased in Stockton (3%) above that of Great Britain (0.7%). At the same time the North East saw an increase (1.8%). Over the 12 month period, the change in year % for Stockton and the Tees Valley are virtually identical with both being significantly better than GB and the North East for the same period. The number of seasonal staff who had contracts ending in December would have had an impact as would those IB claimants who have transferred to JSA as part of the IB Reassessment process (where they have failed the Work Capability Test).

New Claimants	December 2010	November 2011	December 2011	Change in month	%	Change in year	%
Stockton-on-Tees	1,205	1,175	1,235	60	5.1	30	2.5
Tees Valley	4,865	4,040	4,355	315	7.8	-510	-10.5
North East	16,170	14,530	14,145	-385	-2.6	-2,025	-12.5
Great Britain	282,545	272,820	265,100	-7,720	-2.8	-17,445	-6.2

- The increase in the number of new claimants in Stockton over the last month reflects the local trend. However, at the same time regional and national numbers reduced. This is likely due to seasonal staff claiming benefit at the cessation of their contracts. For example, nearly 20% of new claimants were from sales occupations and over 100 were from construction based trades.

Numbers on JSA (18-24 years)	December 2010	November 2011	December 2011	Change in month	%	Change in year	%
Stockton (18-24 years)	1,890	2,230	2,235	5	0.2	345	18.3
Total JSA Claimants	6,223	6,588	6,786	198	3.0	563	9.0
% (18-24)	30	34	33	-1	-2.7	3	2.0

- There has been a marginal increase in the number of JSA claimants aged 18-24 in Stockton (0.2%) during the last month.

Vacancies Notified	December 2010	November 2011	December 2011	Change in month	%	Change in year	%
Stockton-on-Tees	790	1,129	1,044	-85	-7.5	254	32.2
Tees Valley	2,721	3,417	3,053	-364	-10.7	332	12.2
North East	12,133	14,660	12,531	-2,129	-14.5	398	3.3
Great Britain	266,393	368,162	316,437	-51,725	-14.0	50,044	18.8

- There were **1,044** vacancies notified in Stockton in December 2011, **85** less than in November 2011, including **745** in Banking, Finance and Insurance, **65** in Distribution Hotels and Restaurants, **104** in Public Administration, Education & Health, **24** in Other Services, **32** in Manufacturing, **45** in

Construction and 2 in Energy and Water. Compared to December 2010 there has been a significant increase in the number of vacancies notified with 254 extra vacancies. There were more vacancies notified in this period than in the previous 12 months to December 2010 (78) at a time which is traditionally quiet at Jobcentre plus.

Unfilled Vacancies	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
No's on JSA	6,491	6,469	6,467	6,634	6,687	6,621	6,588	6,786
Vacancies unfilled	732	901	838	923	935	630	741	713
Jobseekers per vacancy	8.9	7.2	7.7	7.2	7.2	10.5	8.9	9.5

- The number of unfilled vacancies in Stockton decreased in December; leading to an overall increase in the number of Jobseekers per vacancy compared to the previous month.

SUPPORT FOR BUSINESSES


- A new Government backed scheme to provide grants of up to £500,000 designed to support SMEs considering investment in new capital assets and creating new employment is to be distributed by RBS, NatWest and HSBC to SMEs with a turnover of less than £25 million (Less than £50 million at HSBC). The grants will be made alongside loan funding arrangements.
- Up to £5m is available for innovative research and development projects, through a competition to be run by the **Technology Strategy Board**. The grant funding is to support business-led feasibility and collaborative R&D projects that will lead to the development and commercialisation of innovative approaches to sustainable manufacturing for the process industry. The competition opens on February 27, 2012
- The Government has announced that plug-in car grants are to be extended to vans. The **plug in van grant** will be available to both public and business buyers across the UK, and will provide a point of purchase discount of 20%, up to a maximum of **£8,000** for the purchase of new low emission vans.
- With the abolition of the RDA's the **Manufacturing Advisory Service** has now transferred to the Department for Business, Innovation and Skills ('BIS'). The formal launch of the transfer took place on 3rd January 2012. It will continue to provide a range of support mechanisms, ranging from events and consultancy, to referrals and help with supply chain, for the manufacturing business sector.
- Businesses in the region have been invited to bid for a portion of a £5.6 million Government Growing Places Fund, through **Tees Valley Unlimited**, to address key obstacles that have stalled development - infrastructure or site constraints or perhaps a lack of available buildings or assets which when addressed will help generate growth. Proposals had to be submitted by 27th January 2012, with successful applicants to be announced by the end of March 2012.
- The search has begun to find the cream of North East's entrepreneurial talent with the launch of the 2012 Entrepreneur Of The Year Awards. It celebrates the achievements of individuals who have demonstrated dynamism, flair and resilience while building successful businesses that have their chief operations in the UK and have been incorporated for 2 years as of January 1 2012. Further information can be obtained from Ernst & Young
- The Big Society Investment Fund is investing £3.1 million in projects to: help the long-term unemployed set up their own businesses; a community energy project; and the creation of the first ever social stock exchange.
 - Franchising Works, helping long-term unemployed people to set up their own franchise business in the Manchester area; are considering opening another hub in the North East later this year. The fund, however is also accessible to communities and organisations nationally; <http://www.franchisingworks.org/>
 - Community Generation Fund, run by Finance South East, is an initiative to create community owned social enterprises within deprived communities which offer affordable, green energy and reinvest profits in the neighbourhood; This fund is open to all communities and organisations nationally; <http://www.financesoutheast.com/>
 - The Social Stock Exchange is to set up the world's first stock exchange for social enterprises. Although located in London it is open to those in England and those

internationally who may be interested in setting up social enterprises.
<http://www.socialstock.eu/home/>

SUPPORT FOR PEOPLE

- Caterpillar site in Stockton, are among those promoting the sector skills council **Semta** initiatives to provide advice, help and funding in a bid to get more young people into the workplace.
- In the period October to December 2011 the Communities Fund providers have engaged with 221 people, helping 257 into work (including 40 in excess of contract) with 78 people sustaining that employment for six months.
- Since the start of the Communities Fund (April 2009 to December 2011) the three providers have engaged with 3,491 people, helping 1,707 people into work of whom 730 have sustained that employment for six months
- The Communities Fund employability and skills contracts are now into the third and final year of delivery. As part of the exit strategy for this, on the 9th February 2012 Cabinet is to explore the need and potential opportunities for the Council to continue supporting employability services beyond March 2012. The focus of which will be targeted towards an intermediate labour market/ Future Jobs Fund style model for people aged 16-24 years of age to help address youth unemployment.

OTHER ECONOMIC NEWS

- Teesside manufacturers are bucking the gloomy national trend says **Engineering Employers Federation** (EEF), which represents around 100 manufacturers on Teesside, with several Teesside manufacturers reporting robust trading despite the challenging economy.
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HOUSING AND DEVELOPMENT

- PF Group, a company specialising in luxury eco-friendly homes, has been presented with a Commendation by the Royal Town Planning Institute (RTPI), for The Courtyard, a £3m development of cottage-styled sustainable homes at **Preston Farm**, in Eaglescliffe.
- Housing association ISOS has revealed it will be building 34 homes in a new phase of Stockton's Mandale Park scheme

KEY STATISTICS

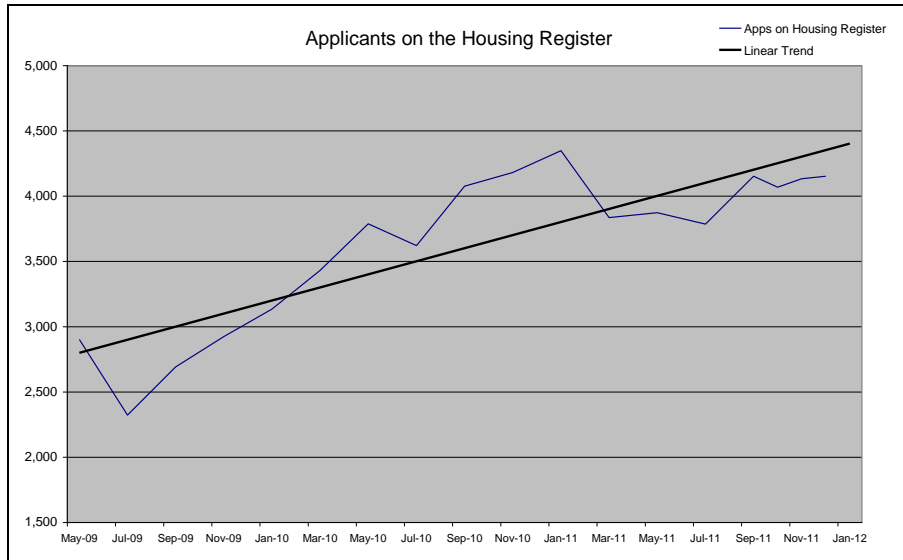
Housing Register/Homelessness

The number of applications on the Councils Housing Register continues to increase. This trend is anticipated to continue due to a combination of factors including; the current economic climate, increasing issues of affordability, welfare reform implications, a reduction in available housing stock and increased demand for the private rented sector.

The number of monthly approaches to the Housing Options service has decreased in November and December of 2011. This is likely to be due to seasonal variations (i.e. less people approach the service near to Christmas) and the change in the location of the service which has returned to 16 Church Road following a flood at Stratford House. These are also likely to be the reasons for the decrease in customers seeking assistance with mortgage/rent arrears; however the trend over the last 3 years has been of increase and the numbers in the final months of 2011 remained higher than in 2010. The number of households accepted as homeless by the Housing Options service is projected to increase in 2011/12. In 2010/11 it was 45 and this already stands at 54 at the end of quarter 3 this year.

Evidence

Number of approaches to the Housing Options service		Applications on the Council's Housing Register (including transfers)	
December 2010	141	December 2010	4,272
September 2011	250	September 2011	4,152
October 2011	230	October 2011	4,068
November 2011	176	November 2011	4,133
December 2011	110	December 2011	4,152
Number of households accepted as homeless by the Housing Options Service		Number of housing options customers seeking assistance with mortgage/rent arrears	
December 2010	5	December 2010	24
September 2011	8	September 2011	70
October 2011	8	October 2011	45
November 2011	11	November 2011	53
December 2011	2	December 2011	38



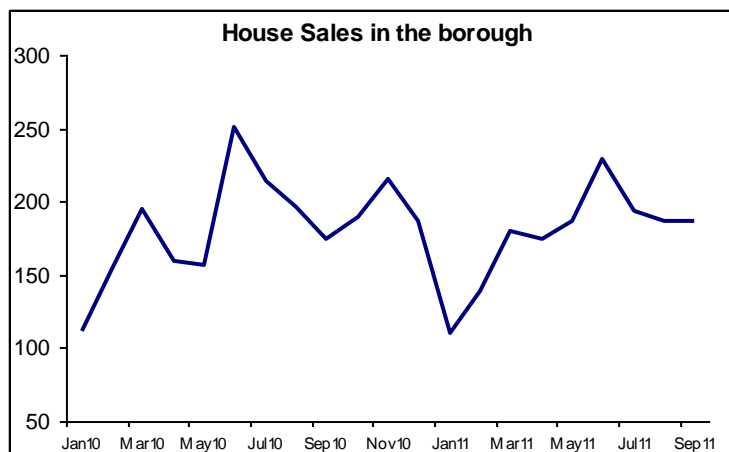
A positive and proactive approach is taken to homelessness; this includes services and initiatives developed to address other factors that have a detrimental effect on maintaining independence and sustaining accommodation.

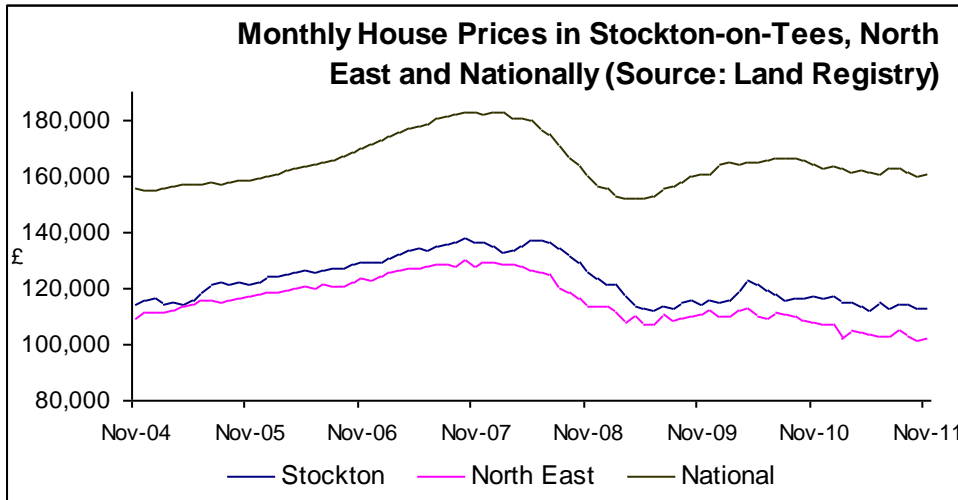
House Prices and Sales

Average house prices continue to be lower than the national average. The number of house sales in the borough remains around on average 180 per month. Economic conditions have affected the potential for securing a mortgage and impacted on households entering into owner occupation. Whilst the house building sector has also experienced a considerable downturn over recent years with a number of housing development sites in the borough slowing down or stalling, recent progress has been made on some sites in the borough. It is anticipated that a number of schemes will benefit from bids submitted to the £420m Get Britain Building fund (further information on this fund is below)

Evidence

Number of House Sales in the borough (source: land registry)		Average monthly House Prices in the borough (source: land registry)	
Sept 2010	174	Nov 2010	£117,092
May 2011	186	July 2011	£112,951
June 2011	229	August 2011	£113,690
July 2011	194	Sept 2011	£114,035
Aug 2011	187	Oct 2011	£113,178
Sept 11	167	Nov 2011	£112,998





Funding secured

The Homes and Communities Agency (HCA) have recently announced their allocations and approvals for the Affordable Housing Programme 2011 – 2015. A number of Registered Providers operating in the borough have been successful in their bids for funding and have been awarded grant totalling £4,231,471 which will see the development of 215 new affordable homes over the life of the programme. 185 of the homes will be for affordable rent and 30 for affordable home ownership.

This allows for the continuation of the housing led major regeneration schemes at Hardwick, Mandale and Parkfield and will also lead to new developments such as Swainby Road, 18 properties on the former Derwent House site in Billingham and 19 properties on the former Prosser site at Parkfield Road in Stockton Town Centre.

Other available HCA funding streams:-

A £420m fund to Get Britain Building was announced on 21 November 2011 by the Prime Minister and Deputy Prime Minister as part of the Government's Housing Strategy for England. Get Britain Building is intended to unlock stalled sites with planning permission to support construction activity and provide new homes. It is intended to address difficulties in accessing development finance faced by some house builders and to help bring forward marginal sites by sharing risk.

The programme is open to all private sector organisations which control land and can develop at least 25 homes on the stalled site by December 2014. The deadline for bids to be submitted was 30th January and the HCA will liaise with Local Authorities to discuss details of bids in their areas.

Future planning

The Council is currently updating its information on housing need and aspiration in the borough through the update of the Strategic Housing Market Assessment. The results will show the required demand for housing in the borough, and estimate the number of affordable homes required in future years. It will also assess the need for specialist/supported housing for specific groups, including older people, and will be used as evidence to inform housing and planning policies.

STOCKTON BOROUGH COUNCIL RESPONSES

- As part of the THI scheme, a HLF grant of £394,000 has been approved towards a total project cost of £614,132 for development and restoration works to no **42 High Street Stockton**. The work will create living accommodation as well as improvements to the retail area.