

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT AND BUSINESS

ENGINEERING / MANUFACTURING / CHEMICAL

Positive

- **Lift Able**, based at Teesside Industrial Estate for 21 years, has become **ThyssenKrupp Encasa**. The name is changing now to help the business benefit from the new global brand. Alongside the name change the business has also announced three new apprenticeships. TKE manufactures home elevators, which has grown from both the US and wider European markets.
- **Lotte Chemical UK** builds a £60m plant at Wilton safeguarding 170 existing new jobs and creating 50 new jobs. The company has received £6.7m from the RGF.
- **Sulzer Chemtech**, a plant shut down contractor in Stockton, is looking for experienced people, and has current vacancies for Riggers, Fitters, with vacancies for Welders and Platers in the near future. The company is aiming to offer work experience opportunities in stores at Portrack, for jobseekers to get an insight into the sort of work they do and to help them identify candidates who they can train for site work. They are also looking to hold group information sessions for those who can be up-skilled for site work. Stockton Council's Labour Market Co-ordinator is working with Job Centre Plus to support the recruitment process.
- **Update: Caterpillar's Stockton** plant is expanding its manufacturing space by 2,500m², approximately 17% of its current site, after planning permission was granted. The company produces construction and building equipment at Preston Farm Industrial Estate and exports globally.
- **Update: SSI** has announced the award of £1.4m from the RGF, which has enabled the company to update the skills of longer term employees and train new staff.

SERVICE SECTOR / RETAIL

Positive

- Plans for Stockton Town Centre have been boosted with news that the **Town Team** plans have won one of the places as a **Portas Pilot**. Stockton is one of just 12 schemes nationally to have been selected from hundreds of entries to share in £1.2 million of funding, support from Mary Portas' own team and the opportunity to share in expert advice and guidance from a range of retail experts.
- **Wear Inns**, with its headquarters located on The Green, Billingham, has benefited from the NVM Private Equity fund committing £10m of growth capital in the company (Business Growth Fund has invested £8m and NVM has invested a further £2m in the business, which it has backed since start-up in 2006.) The estate currently comprises 15 sites employing 175 people. The investment will enable Wear Inns to acquire further sites over the next few months, creating a further 40 new jobs, and provide flexibility for further acquisitions. In the last three years, Wear Inns has trebled its sales with net revenues now totaling £7.3m and has achieved like for like sales growth of 7.2%.
- **Sound it Out Records** based on Yarm Lane, Stockton was announced as the Best Independent Retailer at the Music Week Awards 2012. They beat off competition from Rough Trade East in London and Rise Records in Bristol.
- **Poundworld** are opening a new store in Thornaby Town Centre at the end of June 2012, creating 46 new jobs: 25 Sales Assistants and 21 Retail Supervisors.
- A major online project aimed at encouraging people in Redcar and Cleveland to be more active by leaving their cars at home has been developed by a North-east web firm. Yarm based digital agency **dotUK** has completed the new website for Sustrans, the national charity that has been commissioned to do the work.

- **Update:** Billingham based, **BCT Aspire**, has been voted by the Entrepreneur's Forum as the 'If We Can You Can Challenge 2012'.
- **Update:** Fashion retailer **Ethel Austin** took over the Bon Marche lease in the Castlegate Centre at the end of May and will be reopening shortly. The business will create around 5 new jobs and will look to re-employ many of those who lost their jobs at Bon Marche when the business shut last month.
- Nearby the Globe Theatre, the **Lambton Castle Public House** will also be undergoing a significant transformation both inside and out after being purchased by a local developer. Work is at an early stage and the owners are working closely with Stockton Council. The **Thomas Sheraton Public House** is introducing some pigeon deterrents and undertaking an external facelift at the same time. The decoration works are due to start shortly.
- Many of the empty units on **Stockton High Street** continue to attract a lot of speculation from potential new business owners with a number of confirmed interest, offers under consideration and pre-planning enquiries relating to as much as 10 properties. Unfortunately most of these are either at a tentative stage or are subject to commercial sensitivities and restrictions.
- Around 150 Town Centre based businesses have signed up to become members of the **Retail Exclusion Zone** – supported by Stockton Council and the Police the scheme works in a similar fashion to PubWatch whereby persistent offenders, in this case shop lifters primarily, will be excluded from all Town Centre businesses that are members of the scheme.

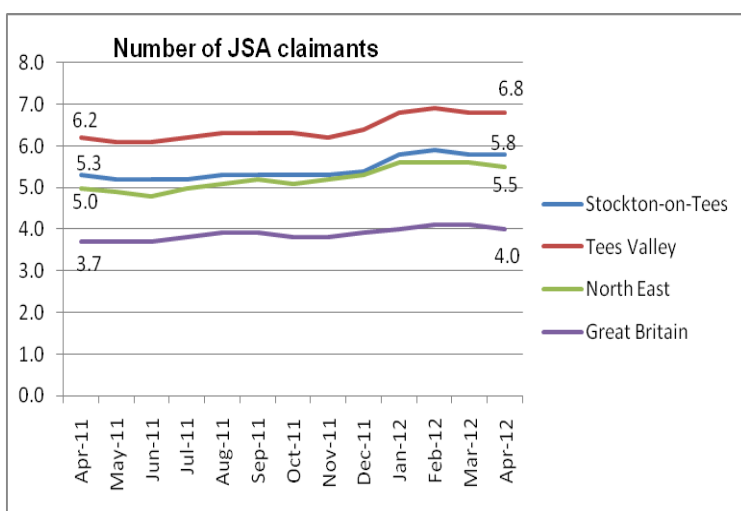
Negative

- On 9th May **Clinton Cards** went into administration. The Wellington Square shop employs 7 staff who will all be affected by this announcement. There is a 'Birthdays' store at Teesside Retail Park that may be affected as it is also owned by Clinton. Clintons Cards are set to close 350 stores in the UK, leading to the loss of 2,800 jobs. This closure will include all of its Birthdays stores, while 434 stores will continue to trade and are expected to be bought by an American card firm by the end of the first week in June.

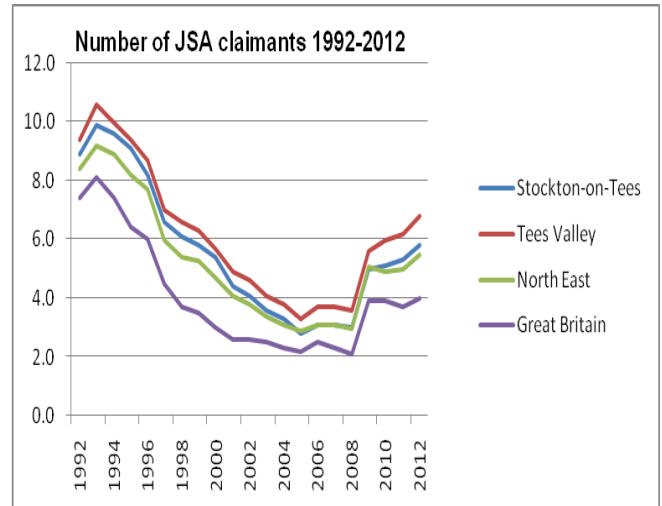
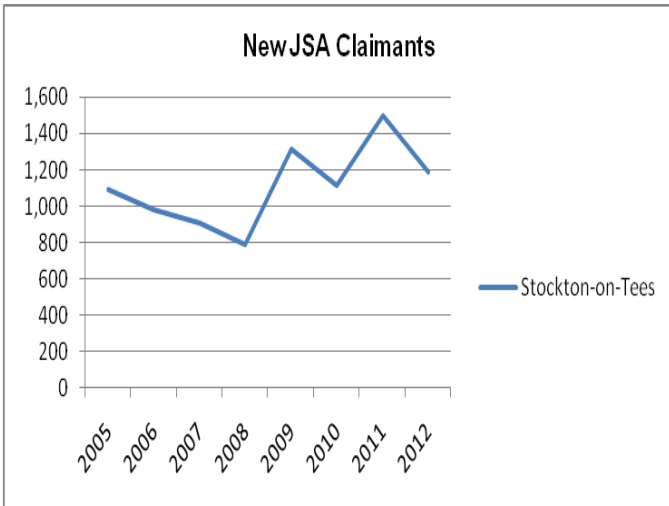
ECONOMIC INDICATORS

The indicators below were published in May 2012 and cover up to the period ending April 2012.

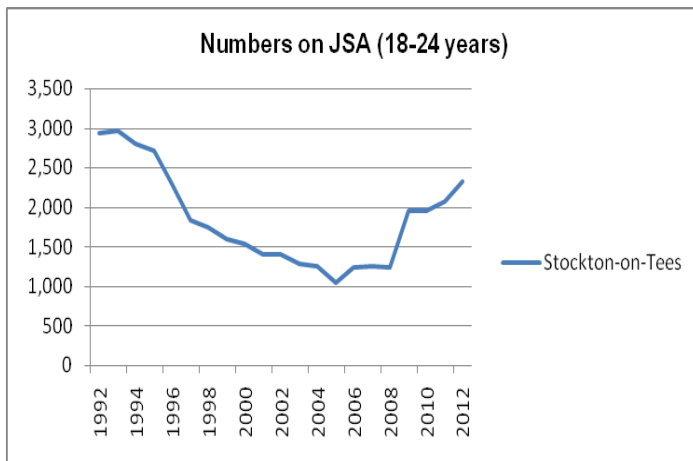
- The Department of Work and Pensions data on key out of work benefits has just been released for November 2011. There was a total of 18,380 claimants (these figures are rounded) which breaks down as follows: 8,840 (Employment Support Allowance and Incapacity Benefit); 2,300 (Lone Parents); 6,580 (Job Seekers Allowance); 660 (Other income related benefits).



- Over the last month the number of JSA claimants has reduced in Stockton by 59 (graph left), which is equivalent to 0.8%. Despite this reduction the overall claimant rate remains at 5.8%.
- The increasing trend in JSA claimant numbers has prevailed over the past year as indicated (graph below right). A comparison with figures over the past 20 years however shows that, whilst these figures are still increasing, there is still some way to go to reaching the levels of 1993.

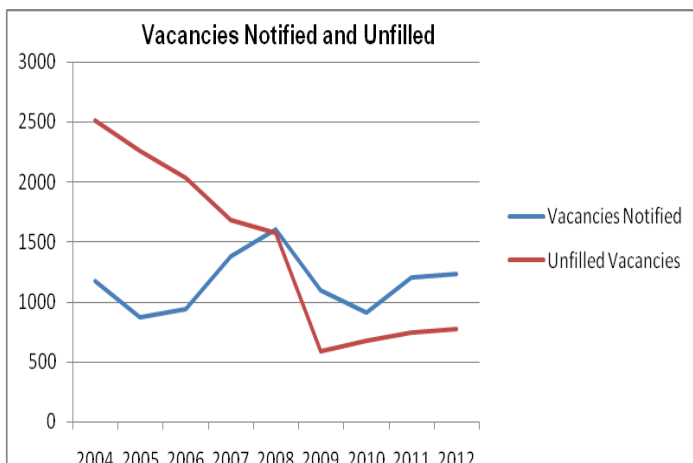


- There has been an increase in the number of new JSA claimants in Stockton over the last month, which reflects the local, sub regional and national picture (graph above left). However, there is still a significant decrease compared to the same period last year.



- There has been a further reduction in the number of young people (65) claiming JSA aged 18-24 in Stockton during the last month (graph left). However, the year-on-year trend is still increasing, and represents 32% (2,315) of the total JSA claimants, over 1,000 of which have been claiming JSA for over 6 months.

- DWP's latest Work Programme figures for Stockton (graph right) report that of a total of 2,460 referrals during June 2011 to January 2012, 730 of them were aged 18-24. Achievement rates will not be known until Autumn 2012.



- There were 1231 vacancies notified to JCP in Stockton in April 2012 (graph left), 32 more than in February 2012, including 781 in Banking, Finance and Insurance, 63 in Distribution, Hotels and Restaurants, 74 in Public Administration, Education & Health, 59 in Other Services, 42 in Manufacturing, 194 in Construction, 1 in Energy and Water. There were 9.4 jobseekers per vacancy in April.

SUPPORT FOR PEOPLE

- On 14th May the Evening Gazette's apprenticeship campaign had had its best week to date with almost 300 apprenticeships created. In the sixth week of 100 days, 279 apprentice starts were registered.
- The Government and Tees Valley Councils have pledged more than £800,000 to help tackle youth unemployment across the area. The Department of Work and Pensions awarded a £500,000 Flexible Support Fund grant, which was boosted by contributions from Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton local authorities. The programme will now bring together the Jobcentre Plus, Skills Funding Agency and existing public, private and third sector networks under the Local Enterprise Partnership. Hartlepool Borough Council will administer the partnership, which aims to help more than 400 individuals in the Tees Valley back into the workplace.
- TTE and East Coast Training have joined forces to help North East NEETs take steps towards a career in engineering. The new qualification in Building Services Engineering will enable young people to meet application standards for TTE's four year apprenticeship framework, whilst also providing the opportunity to earn level 2 and level 3 and invaluable practical experience.

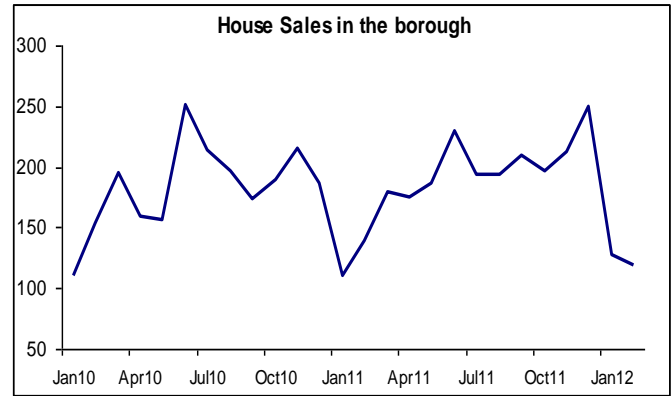
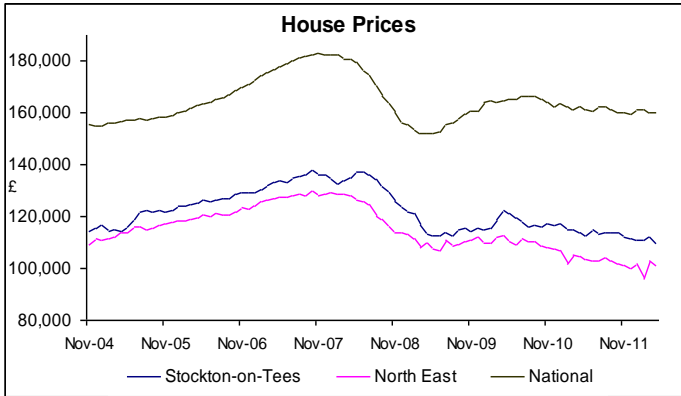
OTHER ECONOMIC NEWS

- Tees Valley Unlimited (TVU) launched the Tees Valley Sector Plans for the advanced manufacturing, health care, logistics, and digital sectors, which are available to view from the TVU website <http://www.teesvalleyunlimited.gov.uk/updates-repository/sector-action-plans.aspx>
- The first Tees Valley Business Expo, which aims to generate collaboration, growth & development across the Tees Valley is being held on 10th July 2012. TVU is inviting businesses of all sizes and sector to attend this free event.
- Local Authorities have received funding from the government via Broadband Delivery UK (BDUK) together with contributions from the Local Authorities and the private sector to improve the provision of broadband in the area. A local Broadband Delivery Plan for the Tees Valley has been submitted to BDUK including work carried out by consultants to help analyse data and liaise with public sector stakeholders to map out existing assets.
- Almost 2,000 new jobs could be created for the region's offshore renewables supply chain through the Government's new draft Energy Bill.
- Stockton has been announced as one of three North East Local Authorities that have won investment from the Department for Transport's Local Sustainable Transport Fund (LSTF). The LSTF is designed to stimulate sustainable transport practices throughout the UK in order to reduce emissions and congestion while using investment to help stimulate growth. Stockton was awarded £4,458m, with Durham County Council and Northumberland County Council receiving £4.671m and 2.842m respectively.

HOUSING AND DEVELOPMENT

The indicators below are the only ones published prior to the Cabinet meeting.

House Prices and Sales



Average house prices continue to be lower than the national average (graph above left). The number of house sales in the Borough only increased by 3% in 2011 from 2202 (in 2010) to 2264. Economic conditions have affected the potential for securing a mortgage and impacted on households entering into owner occupation.

Number of House Sales in the Borough (source: land registry)		Average monthly House Prices in the Borough (source: land registry)	
Feb 2011	140	April 2011	£113,876
Jan 2012	127	March 2012	£110,601
Feb 2012	119	April 2012	£109,346

STOCKTON BOROUGH COUNCIL RESPONSES

- Between April 2011 and March 2012 a total of 311 businesses were started with assistance through the Council. Through the Enterprise Gateways, 300 residents received start-up support and 190 residents started in business. Eleven networking and mentoring support events, which 293 people attended, were held during the same period. 151 Council start up grants were also awarded and 21 Businesses were assisted to locate at the Business Centre. Some of these businesses received more than one type of support.
- 166 businesses have been provided with intensive support by the Over the Threshold project in partnership with the Business & Enterprise Group during 2011-12.
- 35 enterprise projects, activities or challenges in 15 schools and colleges and ARC were awarded funding in 2011/12 as part of the Enterprise Culture project. 575 young people were engaged with intensive enterprise workshops and start up projects (> 15 hours) and a further 462 young people were engaged with less intensive enterprise workshops.
- Stockton Council's Business Engagement team is working with the businesses affected by the fire at Orchard Shopping Parade, Eaglescliffe. The vast majority have been contacted and offered support; primarily involving assistance with relocation and the promotion of new contact details to the local community.