

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT AND BUSINESS

ENGINEERING / MANUFACTURING / CHEMICAL

Positive

- **UPDATE:** The first slab of **SSI** steel has arrived in Thailand. The 48,000 tonnes slab is valued at just over £19m, bringing vital raw material stability to SSI.
- The **Cordell Group**, an engineering and design company, with its Head Office based on Stockton High Street, has secured a multi-million pound funding package to help their growth after securing a major new contract. The contract will help secure 60 jobs and provide the foundation for future growth into Scotland. The funding also safeguards expansion plans to meet the demands of existing clients, which will generate 10 new jobs.
- **UPDATE:** Billingham based, **TAG Energy Solutions**, has increased the size of its load-out and assembly area, which will enable the company to increase its provision to include engineering, procurement, and construction of offshore wind substation topsides, as well as a full range of accommodation modules and other minimum facility platforms.
- **UPDATE:** **Caterpillar**, based on Preston Farm Industrial Estate, has employed 2 new apprentice welders to add to its existing staff numbers of 400.
- Engineering company, **Francis Brown**, located behind Church Road, has completed a specialist fabrication project for the BP Andrew platform in the North Sea; developing new welding procedures. The company employs 90 people, and with the growing business there is potential to increase the size of the workforce including apprentices and expansion of facilities.
- **Air Products** has recently discharged all pre construction planning conditions for its proposed Renewable Energy Facility which will be built at Seal Sands, and site preparation works will begin over the next few weeks.
- The **Awards for Excellence**, run by the Princes of Wales' charity 'Business in the Community' commend the best examples of business as a force for good. Achieving success in the 2012 Awards were **Johnson Matthey** who won the Big Tick award for its Future Scientists programme; **Lucite** was recognised for its volunteering activity; and the Chief Executive of **PD Ports** was announced as regional ambassador for his leadership in convening businesses to help improve the skills and aspirations of young people.

SERVICE SECTOR / RETAIL

Positive

- **Stockton's Enterprise Arcade** has two new tenants: made by Marianne selling handmade jewellery; and X UP Skateshop selling scooter and skateboard accessories will be trialling their business ideas.
- Award winning web development company **Visualsoft** have completed the purchase of the freehold of Gloucester House from Stockton Council. The rapidly growing company have recently employed their 100th member of staff. The property acquisition will further enhance the regeneration of Stockton Town Centre.
- **CTC Marine and Leisure**, based in Stockton, have created 9 new jobs, most of which have been appointed to by Stockton based residents.
- **UPDATE:** **Dickinson Dees** law firm, who has an office on Teesdale, has announced an increase in profit of 10% to £12.1M and turnover up 2.4% to £46.1M for the year ending 30th April 2012.

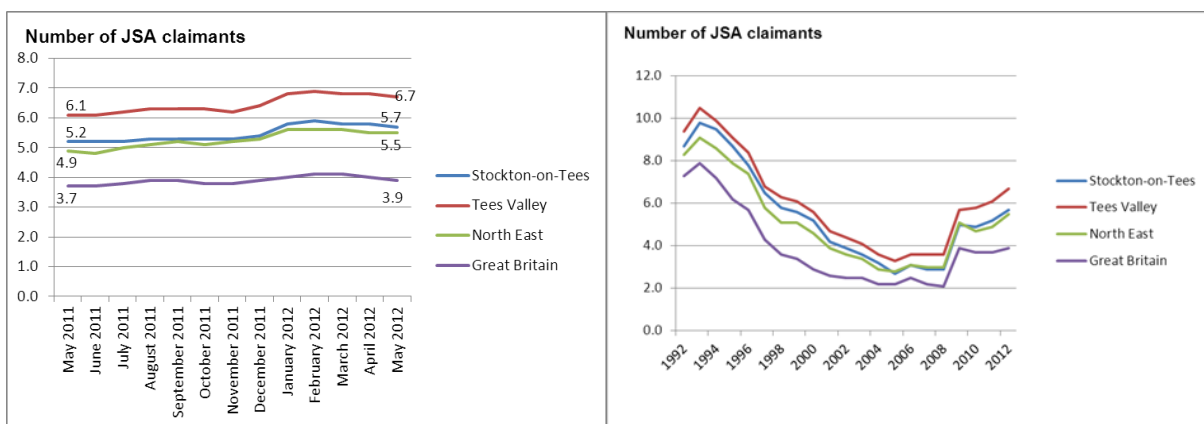
- **Public Lending Right (PLR)** is a non-departmental public body and employs 10 people at its office on Teesdale Business Park. They are the world's leading experts on public lending rights administering the scheme for the UK and Irish Governments, advising governments across Europe and coordinating the PLR International Network. The Government is currently consulting on options for the PLR, the preferred option being to transfer it to the British Library (which has offices in London and near Wetherby). There is concern that this could lead to the closure of the Stockton office and the jobs being moved to another location. PLR wish to remain a standalone body in the same location. The consultation closes on 30th July 2012 and Stockton Council will be responding.
- The **Royal Bank of Scotland (RBS)** has announced plans to cut 618 jobs from its branch-based investment advice services ahead of changes being brought in that will more strictly regulate the sale of financial products. The bank has also announced the creation of 315 new roles for branch-based staff who can help customers with simpler products such as banking accounts and loans. Whilst there are no RBS branches in Stockton, Nat West is part of the RBS Group and has 3 branches in Stockton Borough, but it is not currently known if these will be affected.
- Wynyard based project management consultancy, **Nortech Solutions**, has launched a sister company specialising in the recruitment market – **Nortech Staffing Solutions** – which has created 2 new jobs, and will source new personnel to meet its growing requirements across a range of market sectors as required.
- **UPDATE: Debenhams** on Stockton High Street have agreed a programme of works with regards to the external redecoration and signage replacement via the appropriate contractors. An indicative programme of works will commence on 16th July with completion due no later than 31st August.
- The ex **Rosebys** unit 38 High Street has been taken on by David Heslop as a café with 6 – 10 new jobs (combination of FT/PT) being created. It should be open within the next 4 weeks.

Negative

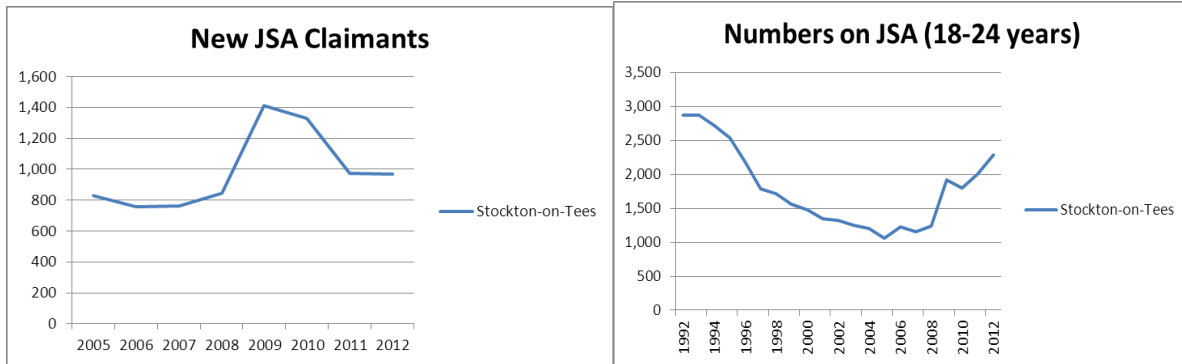
- **Peter's Bakers** has gone into administration and 2 of the 3 stores set to close are located in the Borough. The stores are still currently trading at 115a High Street, Stockton and at 49 Queensway, Billingham. Of the 17 workers across three stores, 2 in Billingham and 4 in Stockton have been made redundant. The company has been hit by a rise in costs for raw materials and energy.

ECONOMIC INDICATORS

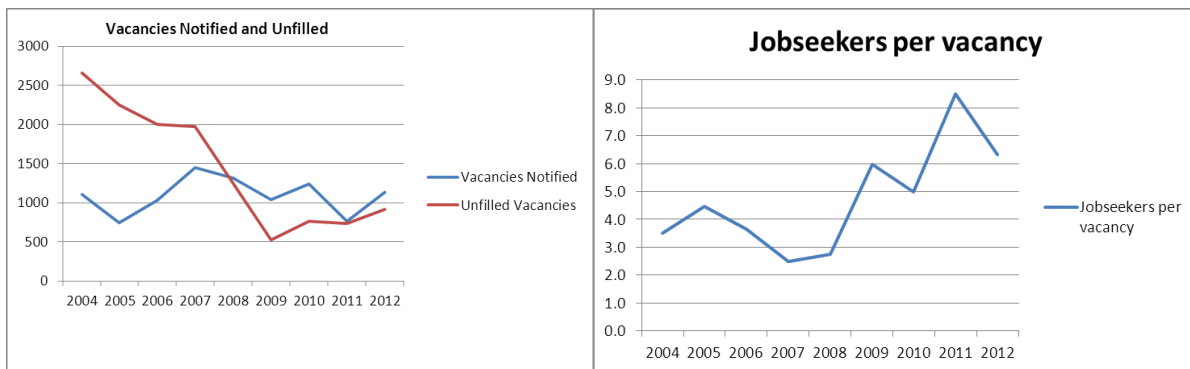
The indicators below were published in June 2012 and cover up to the period ending May 2012.



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 7,155. Over the last month the number of JSA claimants has reduced by 106, which is equivalent to 1.5%. As a result, the overall claimant rate has dropped from 5.8% to 5.7%.
- The increasing trend in JSA claimant numbers has prevailed over the past year as indicated above. 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 the early 1990's.



- There has been a decrease in the number of new JSA claimants in Stockton over the last month, which reflects the local, sub regional and national picture. This represents a slight decrease compared to the same period last year, and a significant decline over the past three years.
- There has been a further reduction in the number of young people (30) claiming JSA aged 18-24 in Stockton during the last month. However, the year-on-year trend is still increasing, and represents 32% (2,285) of the total JSA claimants, over 1,000 of which have been claiming JSA for over 6 months.



- There were 1,134 vacancies notified to JCP in Stockton in May 2012, 97 less than in April 2012, including 637 in Banking, Finance and Insurance, 90 in Distribution, Hotels and Restaurants, 74 in Public Administration, Education & Health, 207 in Other Services, 20 in Manufacturing, 57 in Construction and 16 in Energy and Water. There were 6.3 jobseekers per vacancy in April.

SUPPORT FOR PEOPLE

- **UPDATE:** The Tees Valley tender to the DWP Innovation Fund was submitted by the deadline of 29 June 2012. The contract will be awarded at the end of September 2012, with a potential start date for the end of October 2012.
- **Stockton Youth Employment Initiative** - Approval has been given for jobs in the range of 100: from Administration Apprentice, Apprentice Joiner, Multi Skilled Operative, Crèche Worker and Therapist (Crèche). To date 7 young people have started their employment under the Youth Employment Initiative, and are employed by Voluntary Community and Third Sector organisations. R&ED are currently supporting a charitable organisation with the recruitment of a Retail Assistant. These posts are in addition to those where young people will be employed directly by Stockton Council as part of the Young Worker Employment Strategy which was discussed at Cabinet alongside the Communities Fund Exit Strategy in February 2012. Applications are currently being received and the process of selection is underway, with the first intake of three due to start in September 2012.
- A group of eight young people joined the **stART project**, commissioned by **Stockton Council's Integrated Youth Support Service** and delivered by Tees Valley Arts, earlier this year and spent 12 weeks developing their creativity. All the young people, aged between 16 and 22, were not in education, employment and training and were invited onto the stART project to discover their unsuspected and undeveloped talents, learn some interpersonal skills and prepare for some positive next steps in life. Some are now considering going on to college to study art and design.

- **The Big Lottery Fund** has launched **Talent Match**, an ambitious **£100 million investment** aimed at tackling youth unemployment. The ACEVO Commission on Youth Unemployment has estimated that the issue will cost £10.7bn in lost output during 2012 alone. Their hard work and research has led to Talent Match, an investment that will target 21 hotspots across England where those aged 18-24 are finding it hardest to secure jobs or training opportunities, and the Tees Valley is one of them.

OTHER ECONOMIC NEWS

- TVU have endorsed third round bids to the Government's **Regional Growth Fund**. Fifteen project applications, **6 of which are from Stockton businesses**, have been presented by **private sector** companies with a capital expenditure of more than £602 million and the potential to create or safeguard more than 1,800 jobs. The total RGF requirement for these projects is just under £68 million and will lever in more than £535 million of private sector investment. The projects comprise of four from process industry companies, three projects from companies involved in the low carbon energy industry, four from the advanced manufacturing and engineering sector, two projects from logistics companies, one supporting infrastructure development and another from the creative and leisure industry.

In recognition of the barriers that smaller businesses are facing when trying to access finance from banks, a £10 million bid for a **Tees Valley Business Loan Fund** to assist small-and-medium-sized enterprises (SMEs) to access finance and promote growth has been submitted. With complementary funding, the £40 million fund would provide loans of between £15,000 and £150,000 to up to 517 companies during the period 2013 to 2023 and result in approximately 3,254 jobs safeguarded or created with significant private sector investment secured.

A private sector application is being made to set up a **Tees Valley Business Enhanced Apprenticeship Programme** covering a range of industries including the advanced manufacturing, process and logistics sectors. TVU also is endorsing a number of third party bids, which include one to the Advanced Manufacturing Supply Chain Initiative, which would support the development of an integrated petrochemical cluster in Tees Valley. The £3.8 million bid could bring in £1 billion of private sector investment and potentially create 2,000 new jobs over the lifetime of the project.

TVU submitted a £10 million bond programme, which would help create hundreds of jobs and bring up to £350 million of extra work into Tees Valley. It has been created to help the advanced manufacturing sector further develop.

Durham Tees Valley Airport Limited has prepared a bid for funding towards the improvement of the rail and road infrastructure at Durham Tees Valley Airport.

TVU has also worked with **Business & Enterprise Group, UNW and NCJ Media** to compile a bid for a **North East 'Let's Grow'** fund that would offer grants of between £50,000 and £1 million and create about 2,000 jobs - 764 in the Tees Valley. The RGF bid is for £30 million.

HOUSING AND DEVELOPMENT

Monthly Benefit Service Workload

A significant increase in workload was experienced in January and February following the introduction of the new system of direct notification of changes to Department for Work and Pensions benefits. Workload for May remained higher than the same month in 2011.

Monthly Benefit Service Workload	
May 2011	8,801
February 2012	16,170
March 2012	9,675
April 2012	13,692
May 2012	12,025

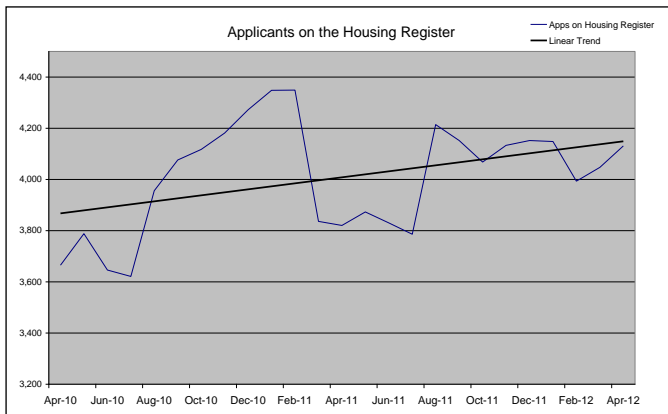
The Housing Register & Homelessness Data

The trend in the number of applications on the Councils Housing Register continues to increase. This 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 households accepted as homeless by the Housing Options service has been low in April and May however the seasonal trend towards Summer usually sees these figures decrease. In 2011/12 the number of households accepted as homeless increased by 53% 2010/11 acceptances (from 45 to 69).

Number of approaches to the Housing Options service		Applications on the Council's Housing Register (including transfers)	
May 2011	209	May 2011	3,873
February 2012	217	February 2012	3,993
March 2012	233	March 2012	4,047
April 2012	178	April 2012	4,131
May 2012	195	May 2012	4,195
Number of households accepted as homeless by the Housing Options Service		Number of housing options customers seeking assistance with mortgage/rent arrears	
May 2011	12	May 2011	39
February 2012	7	February 2012	54
March 2012	6	March 2012	49
April 2012	2	April 2012	45
May 2012	1	May 2012	47

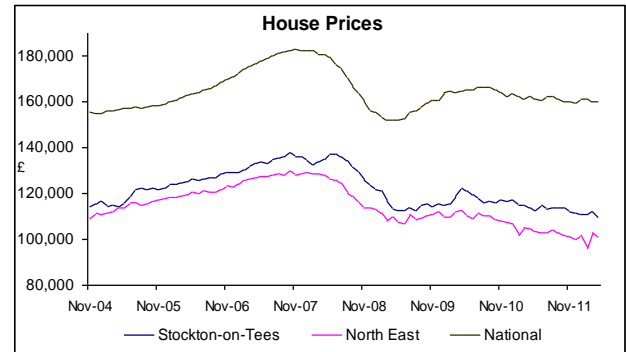
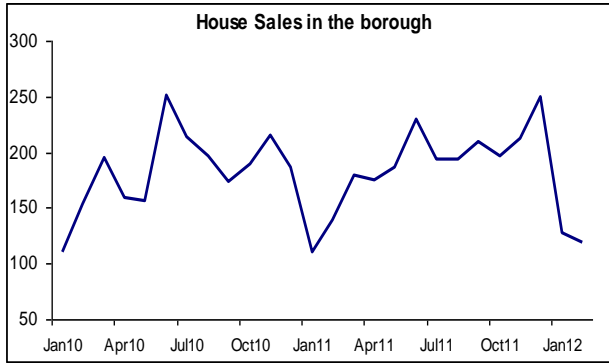


A positive and proactive approach is taken to homelessness; this includes services and initiatives developed to address other factors that have a detrimental effect on maintaining independence and sustaining accommodation. This can also include accrediting private landlords and tackling poor housing conditions in the private rented sector which can in some situations prevent homelessness.

House Prices and Sales

Average house prices continue to be lower than the national average. 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)	
March 11	169	May 11	£112,852
Nov 11	212	Jan 12	£110,890
Dec 11	242	Feb 12	£111,005
Jan 12	123	March 12	£111,991
Feb 2012	119	April 12	£109,346
March 2012	167	May 12	£109,189



Housing and Development statistics for June will be available from 5th and 26th July 2012.

STOCKTON BOROUGH COUNCIL RESPONSES

- **Stockton Town Team** - Work is underway on the 'Stockton Shop' which will open on the High Street so people can "drop-in" and find out more about the regeneration scheme planned for Stockton High Street. The shop will open at the end of July as SIRF Central where people can find out all about the exciting events planned to celebrate the 25th year anniversary of SIRF. Following this, the shop will become a central hub where the public can find out the massive regeneration plans; provide meeting and work space for the Town Team, championing Stockton and benefiting from the Mary Portas pilot; and visit the Tourist Information Centre.
- Stockton Council is hosting a special **breakfast event at Nifco UK**, Durham Lane, on 16th July for **Semta** (the Sector Skills Council for science, engineering and manufacturing technologies), the National Apprenticeships Service, and NEPIC which will mark the start of the "**Grow North East**" **campaign**. The regional initiative will help people develop their skills, tackle youth unemployment and encourage the best graduates to stay and work in the North-East.
- **UPDATE: Northshore**, Stockton Riverside – House sales at Vivo Phase 1 are progressing well with 23 units completed, 8 units have been sold and have legally completed, and another 4 units are reserved.