

## **ECONOMIC CLIMATE UPDATE REPORT**

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

### **EMPLOYMENT AND BUSINESS**

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

##### **Positive**

- **UPDATE:** Petrol and diesel supplier **Greenergy** has acquired "substantially all" of the assets at the former **Petroplus** facility in Teesside from the joint administrators of Petroplus Refining Teesside Limited. Greenergy has been supplying its customers in the region from the neighbouring Vopak terminal, where it has invested in fuel manufacturing, storage and distribution facilities. The 20 personnel currently working at the site will remain in employment and will assist in the development planning.
- **Fujifilm Diosynth Biotechnologies**, which employs over 500 people in Billingham, has made the final of a government backed national competition. 'Make it in Great Britain' showcases the UK's most innovative products, one of which is Fujifilm's pAVEway expression system. This enables the rapid manufacture of medicines and Fujifilm will find out if they have won in September.
- **UPDATE: NORTECH Solutions Limited**, the engineering design and project management company, based at Wynyard is recruiting more staff and expanding its office space after winning a £2m oil and gas contract. The project with **EnQuest** will see the company working to extend the operating life of an offshore platform off the Scottish coast. This new contract follows the award of two project management contracts this year that has seen the company take on 12 new staff in recent months, boosting the workforce to 34.
- Stockton-based **M&L Document Destruction** has been acquired by listed records management business **Restore**. The provider of secure shredding and recycling services was bought for cash consideration of £300,000. The acquisition represents the first step towards expanding the secure shredding activities of Restore Shred in the north of England.
- **UPDATE:** Power, process and project development business the **Px Group** based on Teesdale Business Park has secured a multimillion-pound contract with Inver Energy (UK) to operate its Cardiff fuel terminal. The long-term contract has meant the transfer of eight employees, which will also provide consultancy and support services as required.
- Engineering specialist **Cordell Group** is to create new jobs after opening a dedicated control panel manufacturing and testing facility on Teesside Industrial Estate as well as expanding its machine shop facility in Thornaby. The increase in demand over the past two years at its machine shop and control panel manufacturing facilities led to a decision by the group to relocate panel manufacturing to new premises and expand the machine shop into the vacant area. More details to follow in next month's report.
- **UPDATE: Air Products** – A start on the Renewable Energy Plant has commenced, with plans for the Plant to open in 2014. This will create 700 construction jobs and 50 jobs when the Plant operating. A planning application has been received for **Impetus Waste Management** to process up to 30,000 tonnes of waste per annum for fuel for the Air Products Plant
- A planning application has been received by **SNF** for a Polymer Production Plant on the former ICI complex site on Belasis Avenue, which if approved, would realise the creation of approximately 80 construction jobs and up to 249 new jobs with a high proportion of these to be recruited locally.
- **Country Valley Foods**, which operates from sites in Billingham and Darlington, has acquired commercial kitchen specialist **Ray Clark Co.** on St. Mary's Business Park in Stockton. Country Valley, which employs 130 workers, supplies the food industry with locally sourced meat, chilled and frozen foods and dry goods.

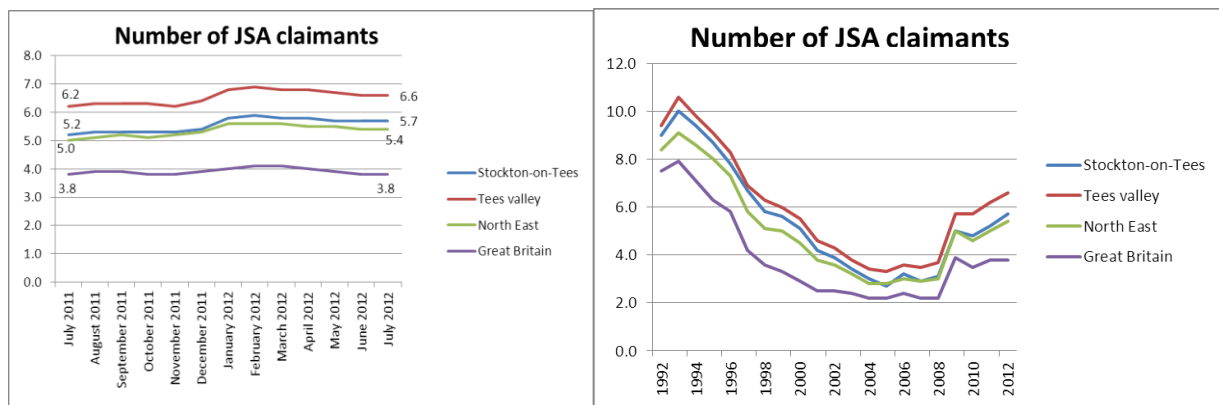
- **ABB Consulting** - The Billingham site, which provides technical consulting and engineering services across the oil and gas, chemical, pharmaceutical and power industries worldwide, has seen a huge rise in demand for their services. So far in 2012 they have recruited 34 people including 11 graduates, 7 placement students and 4 apprentices.

## SERVICE SECTOR / RETAIL

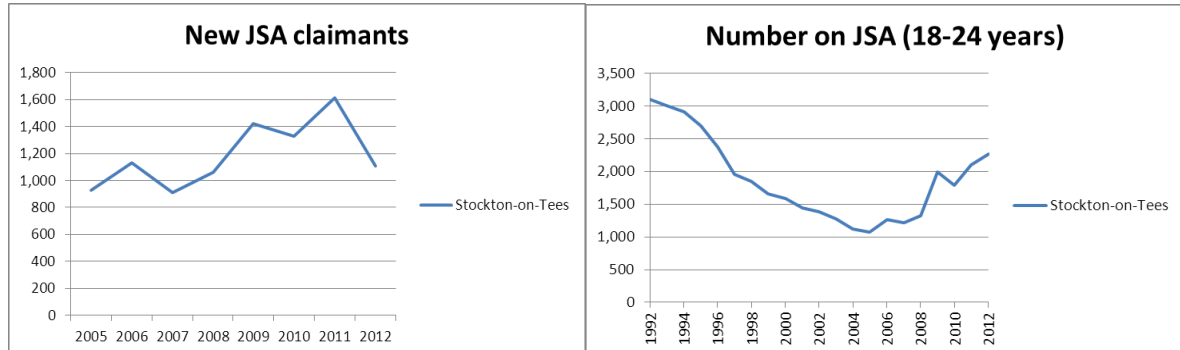
### Positive

- **UPDATE:** Billingham-based Wear Inns' has acquired nine pubs from TCG two months after an injection of capital by NVM Private Equity (NVM) and Business Growth Fund (BGF).
- **Henderson Insurance Brokers** based in Stockton, has been appointed by The Wensleydale Creamery, at Hawes in the Yorkshire Dales, to handle the cheese maker's insurance needs
- **HM Revenue & Customs** is to recruit 1,000 call centre staff as part of a £34m investment drive aimed at achieving a target of answering 90 per cent of calls, two years' earlier than planned. HMRC has 17 contact centres employing 8,500 staff and handling about 60 million calls a year.
- **Linthorpe Interiors** has expanded and relocated to Ross Road off Stockton's Portrack Lane from its premises in Middlesbrough. Two part time jobs have been created taking the number of staff to seven. The company is also planning to take on another seamstress. '**Love Lights**', which set up within the store last year, has also made the move. The firm has also branched out into a new market with the launch of garden furniture and an accessories arm '**Ultimate Garden Living**'.
- The owner of the KU Bar on Prince Regent Street has taken over the lease on **Harpers Bar** on Dovecot Street. It will be renamed Storytellers and it is estimated to be opened in early September.
- **Hanni May's Gift Emporium** is independently owned, and has expanded its base in Darlington Town Centre to Hambletonian Yard just off Stockton High Street.
- **Manners and Harrison Estate Agents** is expected to take occupation of 23 High Street on 1st September
- **UPDATE:** **Castlegate Shopping Centre** have reported that Ethel Austin, located in Castlegate Shopping Centre, has now closed; Herbert Brown has located to the old Jonathan James Jewellers unit; and they have one void in the centre.
- **Stockton High Street** - the ex Midnight Special Pub has been reopened by ex Harpers' owners and renamed the **Funky Lime**; and the **Stephenson's** pub reopened in the ex Horner's unit. Potential new owners of the ex **McDonalds** unit should be announced in early September. The **Stockton Shop** (ex Gamestation unit) opened for SIRF. A new café called **Food Glorious Food** opened, employing 2 members of staff.
- **Family Bargains** is to open soon in the ex MFI unit.
- **Infinity Marine & Café** at Castlegate Quay opened in July.
- A new greengrocer, **The Fruiterer**, has been opened on Dovecot Street by an ex market trader.
- Nationally, the **Cooplands Bakery** has taken on the remaining Peter's Bakery units but this will have no effect on the Stockton and Billingham Town Centre closures.
- A planning application for **NEXT (home)** at Portrack Park has been approved.

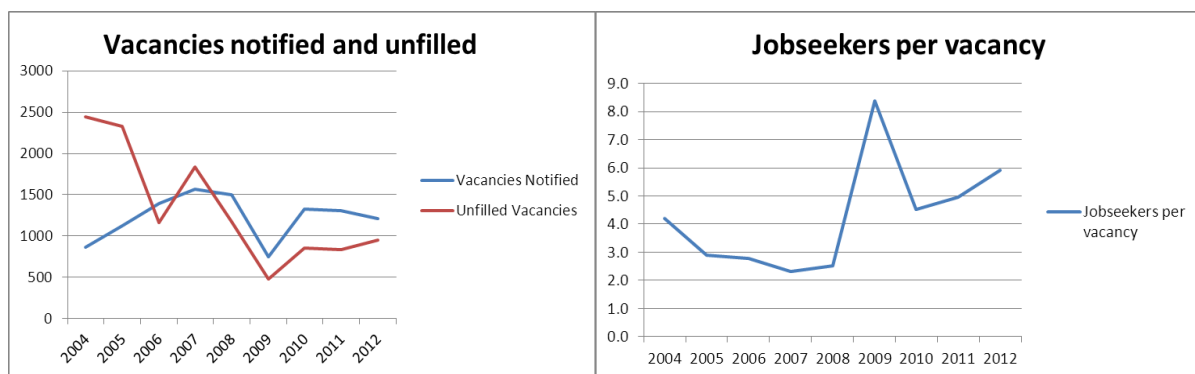
## ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 7,158. Over the last month the number of JSA claimants has increased by 37. As a result, the overall claimant rate remains at 5.7%.
- The increasing trend in JSA claimant numbers has prevailed over the past year as indicated on page 2. However, over the past months the decrease in the number of new JSA claimants is prevailing, and over the last month represents a slight reduction compared to the same period last year.



- There has been an increase in the number of young people (40) claiming JSA aged 18-24 in Stockton during the last month. The year-on-year increase continues, and currently represents 32% (2,270) of the total JSA claimants, over 1,000 of which have been claiming JSA for over 6 months.

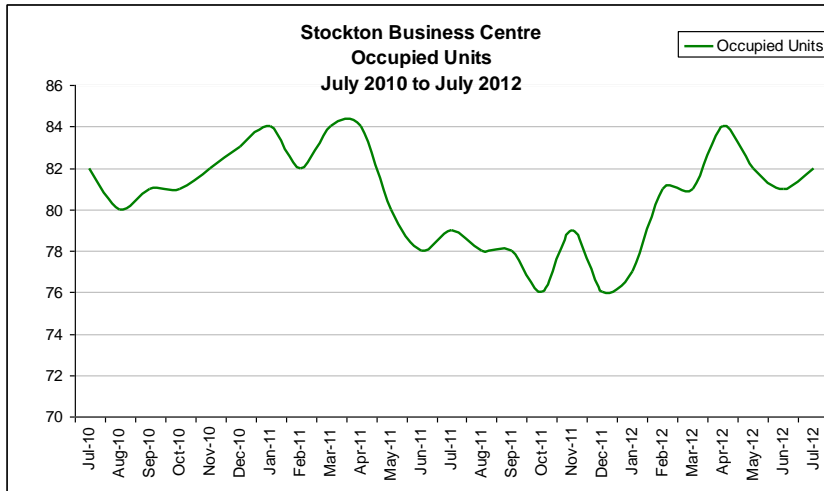


- There were 1,211 vacancies notified to JCP in Stockton in July 2012, 92 less than in June 2012, including 834 in Banking, Finance and Insurance, 127 in Distribution, Hotels and Restaurants, 87 in Public Administration, Education & Health, 29 in Other Services, 39 in Manufacturing, 65 in Construction and 1 in Energy and Water. There were 5.9 jobseekers per vacancy in July.

## **SUPPORT FOR BUSINESSES**

- The Department for Energy and Climate Change has announced that it has set the agreed banding level for **Renewables Obligation Certificates (ROCs)** – a key subsidy aimed at stimulating investment in the renewable energy sector. However, the ROC subsidy will only be guaranteed until 2014.
- **North East Finance (NEF)** has appointed Jane Reynolds as its business manager for Tees Valley, who is tasked with helping drive business investment in Tees Valley. NEF manages the region's £125m Finance for Business North East Fund. The Fund was launched in 2010 and comprises seven funds which will support businesses and entrepreneurs with strong commercial prospects across the North East through to 2014. The seven funds in the portfolio include: North East Accelerator Fund, Angel Fund, Growth Fund, Growth Plus Fund, Microloan Fund, Proof of Concept Fund and Technology Fund.
- **Stockton Town Centre** - Work to refurbish **62 Dovecot Street** the Council owned listed building began on site on 13th August and are programmed to last 22 weeks before the building is opened for digital businesses.

- **SIRF-** Many of the town centre businesses reported improved trade over the period of SIRF. For example the Castlegate Centre Manager reported that footfall was up by around 12,000 visitors on Saturday 6th August and around 2,000 visitors on the Sunday 7th. Further research is being undertaken amongst tenants to see how that translated into spend. The Town Team were able to secure 3 businesses to trade on Bishop Street during SIRF.



The chart provides an overview of the % of units occupied at Stockton Business Centre over the most recent 2 years. Although there was a steady decline in occupancy over an 8 month period to December 2011 current occupancy levels are comparable to those of almost 18 months' ago, and the difference between the highest and lowest occupancy levels points over that time equates to 8%.

## SUPPORT FOR PEOPLE

The Council are delivering / leading on various initiatives including:

- **Event Academy** - 53 NEET learners enrolled on the 2 month programme (42 remaining) covering catering; sport & outdoor activities; art and enterprise/publicity. Recruitment has been via Connexions, A Way Out and Probation, with many of the young people attending having multiple issues around abuse, homelessness, poverty and lack of opportunity. All learners will gain qualifications in core subjects such as personal development and health & safety and then in one of the four specialist areas. Much of the programme has focused around the Council's Event's Programme including SIRF stewarding and the Big Dance Challenge. Local businesses such as **Café Lilli** have also supported the initiative with students learning about catering, food preparation & presentation, and their restaurant operation. Six apprenticeships have been created at **BCT Aspire** when learners have been given the opportunity to attend partner meetings and a radio interview. Softer skills such as increased confidence; a sense of worth, purpose and team work have also been developed, with learner's aspirations and understanding of career paths available to them, increasing significantly. This programme has been fully funded by **Tees Achieve** and detailed assessment feedback will be available in October Cabinet report.
- **Stockton Youth Employment Initiative** - To date, 25 young people have started employment: 8 were aged 16-18; 12 were aged 19-20; 5 were aged 21-24, securing jobs such as Beauty Therapist, Events Co-ordinator, Apprentice Joiner, Youth Worker, Crèche Worker, Tenancy Support Assistant. It is anticipated that a further 70 young people will have started by the end of September.
- **Flexible Support Fund** - The DWP has awarded the five Tees Valley Local Authorities £500,000 to help tackle unemployment across the area, with the fund being boosted by the LAs. The fund will be administered by Hartlepool Borough Council and will help 400 individuals across the Tees Valley into work. Targets are for 80% (320) to be aged 18-24 years of age and 20% (80) being 25+. In Stockton this equates to 80 jobs, with 64 for those aged 18 to 24 year olds. To date, there have been a total of 18 referrals received of which 13 have been classed as eligible.

## OTHER ECONOMIC NEWS

- In June 2012 the **National High Street Index** reported that despite the Diamond Jubilee bank holiday, the rain continued to present a challenge to high streets, with only a marginal increase in footfall across the UK from May of +1.2% and a significant decline from last June of -5.5%. All types

of towns experienced declines in footfall from last year, however, the patriotic spirit appeared to cushion historic towns which experienced the smallest drop in footfall of just -2.7% compared with -4.4% in coastal towns and -3.8% in regional city centres.

- The **Night Time Economy Index** reported that in June 2012 high street footfall during night time hours was hit even harder than that over the 24 hour period in June, increasing by just +1% from May (+1.2% over 24 hours) and falling by -6.9% annually from June 2011 (-5.5% over 24 hours).
- Five businesses from Stockton have featured in the North East Growth Top 50 list, which have been judged against specific growth criterion. They are: **LJJ Electrical and mechanical installation, Px Group, Cordell Group, Hambleton, John Harrison (Stockton).**

## HOUSING AND DEVELOPMENT

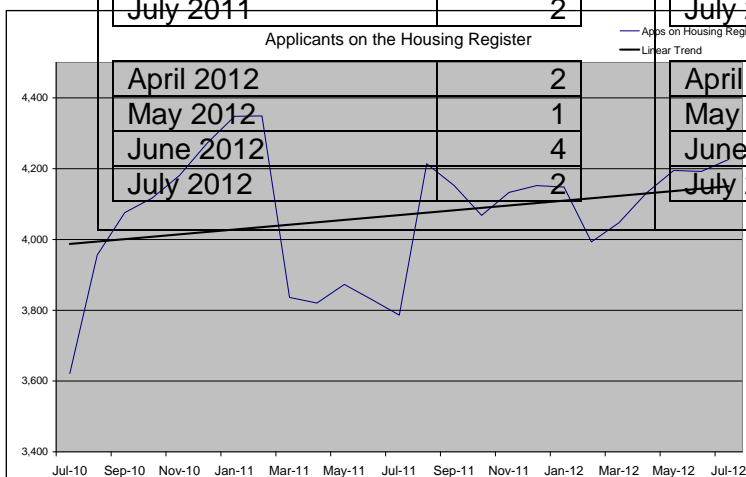
**Monthly Benefit Service Workload** - There is traditionally a seasonal decrease in workload in July compared with June which can be seen in these figures. The workload in July 2012 however is higher than that in July 2011 and is higher than the 12 month average for 2011/12.

Monthly Workload	Benefit Service
July 2011	10,224
April 2012	13,692
May 2012	12,025
June 2012	13,013
July 2012	10,914

**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 monthly approaches to the Housing Options service has increased in July. This increase will be monitored over future months as it could be an increase in demand or as a result of the introduction of a new database for recording customers. Following a decrease in June 2012 in customers seeking assistance with mortgage/rent arrears, July has seen a return to previous months' levels.

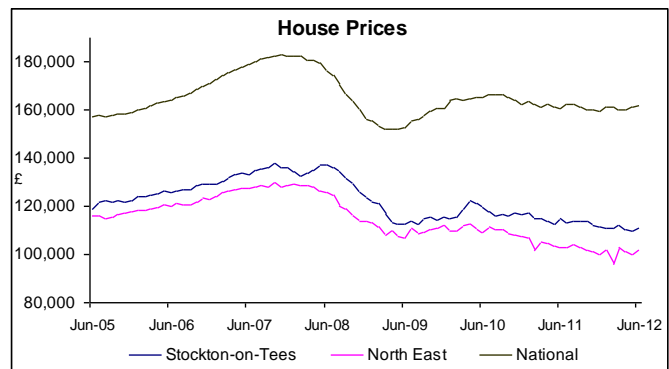
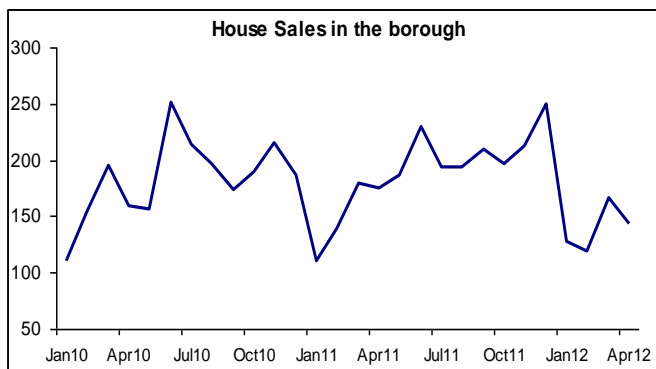
<b>Number of approaches to the Housing Options service</b>		<b>Applications on the Council's Housing Register (including transfers)</b>	
July 2011	205	July 2011	3,786
April 2012	178	April 2012	4,131
May 2012	195	May 2012	4,195
June 2012	137	June 2012	4,192
July 2012	281	July 2012	4,226
<b>Number of households accepted as homeless by the Housing Options Service</b>		<b>Number of housing options customers seeking assistance with mortgage/rent arrears</b>	
July 2011	2	July 2011	36
April 2012	2	April 2012	45
May 2012	1	May 2012	47
June 2012	4	June 2012	28
July 2012	2	July 2012	48



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)	
April 2011	166	June 2011	£114,855
Dec 2011	249	Feb 2012	£110,921
Jan 2012	127	March 2012	£110,601
Feb 2012	119	April 2012	£109,346
Mar 2012	167	May 2012	£109,792
April 2012	143	June 2012	£111,048



**New Affordable Housing Development** - In August work commenced on the development of 18 new homes on the site of the former Derwent House sheltered housing scheme in Billingham. Derwent House was transferred along with 5 other sheltered housing schemes in 2007 to Erimus Housing Association (part of the Fabrick Group) and was demolished in 2009. The new homes are being developed by Fabrick Housing Group and will provide 6 houses and 12 bungalows for affordable rent. An official start on site event will take place in September and it is anticipated that the homes will complete by Autumn 2013.