

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- Oil services group **Aker Solutions** is to create up to 100 jobs over the next three years at its new Stockton-on Tees office as it looks to ramp up its North East presence. Aker Solutions' drilling technologies business will be the main occupant in the new office, which is located next to the company's current premises at the Preston Farm industrial estate. The office will house product engineers who will be working on a range of topside drilling equipment. Aker Solutions is a supplier of deepwater drilling packages for offshore drilling rigs and drill ships.

SERVICE SECTOR/RETAIL

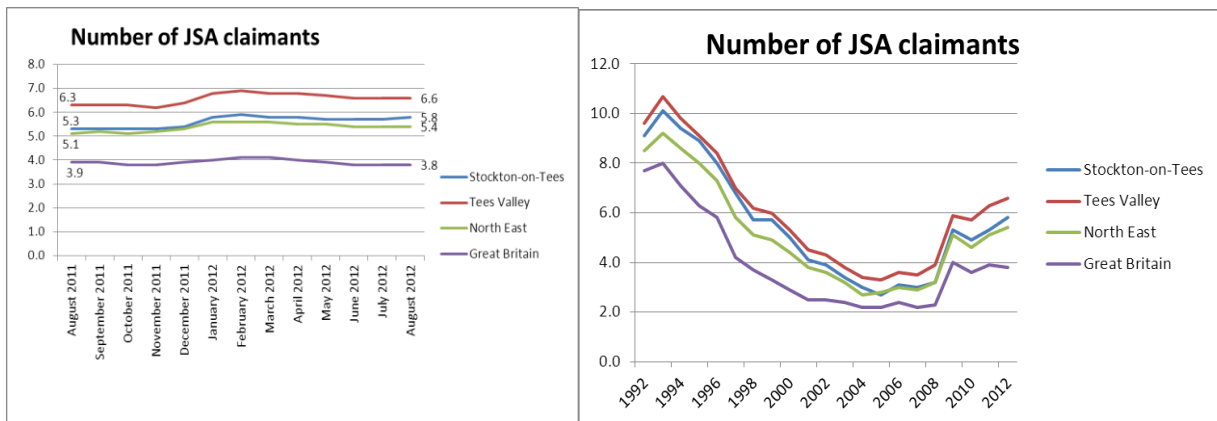
Positive

- **UPDATE:** Castlegate Shopping Centre is investing £5 million on its refurbishment and modernisation programme. Works include:
Car Park refurbishment is due to be completed by September or October 2012
Market Hall works include the demolition of 2 entrances and the realignment of the main entrance, bringing it out in-line with the rest of the shopping centre creating 28 new market hall units. 70% of the new units are currently let
Internal Mall Refurbishment works to replace the ceilings, some floor tiles and internal redecoration
Public Toilets works to fully refurbish the public toilets with £350,000 being invested, and work is due to be completed before the end of 2012.
- **Hewitt's**, currently located at 1 Yarm Lane, has recently purchased the premises previously occupied by McDonalds in Stockton High Street. The building will be entirely refurbished to provide bespoke office space, with the anticipated completion by the middle of 2013. The facilities will give them the opportunity for planned expansion.
- **Manners and Harrison Estate Agents** has successfully relocated from Lyndsey House, Stockton High Street to new premises at 23 High Street, and have invested significantly on both the exterior and interior of the new building.
- **Stockton's World Market** – The initial feedback from stall holders was positive regarding the numbers who visited the market on 21 September. A further economic evaluation will be provided in November.
- Yarm based company, **Apptek**, has enjoyed international success following two years of development work with the launch of a new iPad application GoSum which has been downloaded in 27 countries to date. Plans are being developed to release further versions of the game together with a board game.

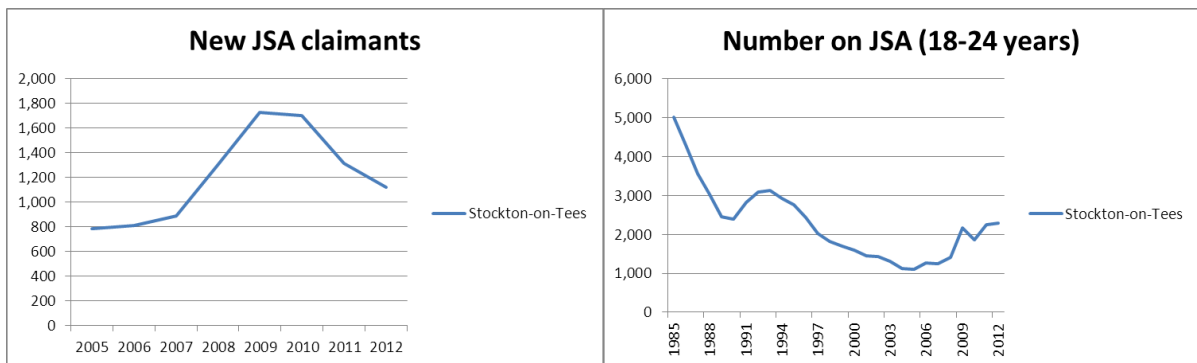
Negative

- **UPDATE: Direct Line / Churchill** - Following the announcement made that the Stockton office is to close with the loss of 525 jobs, a task force including representatives from Direct Line, Tees Valley Unlimited, Job Centre Plus, Stockton Riverside College, North East Chamber of Commerce and the Skills Funding Agency was formed to look at ways of working together to support those affected and help them find alternative employment. Still awaiting confirmation from Direct Line/Churchill as to the number of Stockton residents that are affected. Another meeting of the task force was held on 3 October.

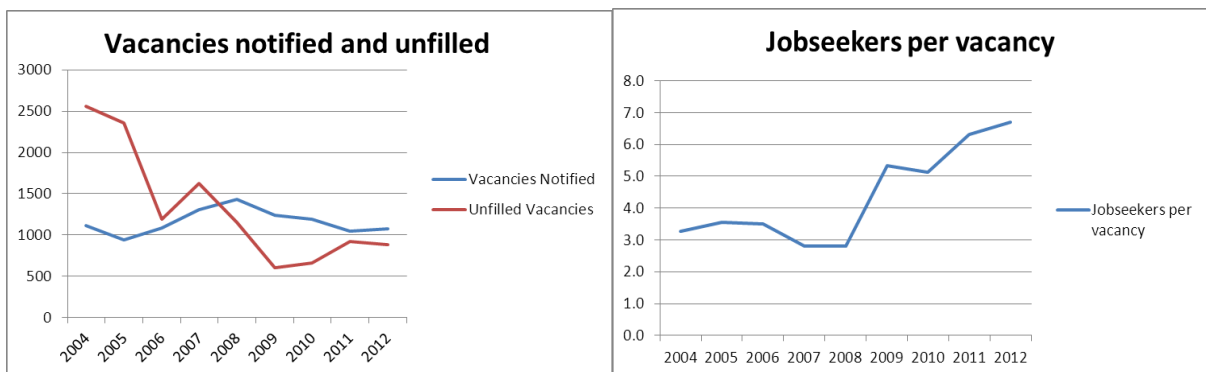
ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 7,244. Over the last month the number of JSA claimants has increased by 86. As a result, the overall claimant rate has risen from 5.7% to 5.8%.
- The increasing trend in JSA claimant numbers has prevailed over the past year as indicated above. However a comparison with figures over the past 20 years 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 of 15 in the number of new JSA claimants in Stockton over the last month. It does, however, represent a slight decrease compared to the same period last year, and a decline over the past four years.
- There has been an increase of 15 in the number of young people claiming JSA aged 18-24 in Stockton during the last month. 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 1,112 vacancies notified to JCP in Stockton in August 2012, 99 less than in July 2012, including 707 in Banking, Finance and Insurance, 119 in Distribution, Hotels and Restaurants, 80 in Public Administration, Education & Health, 36 in Other Services, 66 in Manufacturing, 52 in Construction and 3 in Energy and Water. There were 6.7 jobseekers per vacancy in September.

SUPPORT FOR BUSINESSES

- A new bill to provide £40bn in government guarantees to underwrite major infrastructure projects and £10bn to underwrite the construction of new homes. The new proposals will allow developers and house-builders' much more freedom and radically reduce the burden on Local Planning Authorities:
 - Double the amount of space homeowners and businesses can build without the need to apply for planning permission, including building lofts and garages (restrictions will still apply in conservation areas)
 - Release £500m to build affordable homes at no cost to developers
 - Publish an infrastructure bill to provide £40bn of state finance for infrastructure schemes that can start within 12 months, possibly including £10bn of housing projects
 - Help for 16,500 first-time buyers with an extension of the FirstBuy scheme
 - Businesses can have decisions made by the Planning Inspectorate rather than the Local Authority

SUPPORT FOR PEOPLE

- **'Pace and Purpose'** - Jobcentre plus have contracted with 3 training providers (Tees Achieve, Stockton Riverside College and New College Durham) to deliver the 'Pace and Purpose' employability training that is undertaken after the new claim stage. It includes online job search and CV production, culminating in the production of an action plan that individuals discuss with their Jobcentre plus adviser. From 3 September to 29 September Tees Achieve had received 352 referrals.
- **Employer Led Training** - A partnership of Tees Valley process industry firms and business organisations have succeeded in a bid for public funding that will help create around 100 new apprentice training opportunities across the area. The partnership group, which includes many of the area's main process industry firms working alongside key private sector organisations, has gained conditional approval under the first round of the Government's new Employer Ownership of Skills Pilot (EOP) initiative for an innovative pilot project that will benefit supply chain firms and transform the way larger process industry firms engage new workers
- **Stockton Youth Employment Initiative** - To date, 39 young people have started employment: 10 were aged 16-18; 19 were aged 19-20; 10 were aged 21-24, securing jobs such as Beauty Therapist, Events Co-ordinator, Apprentice Joiner, Youth Worker, Crèche Worker, Tenancy Support Assistant, Community Resource Worker and Garden Caretaker
- **Flexible Support Fund** - To date there have been 39 referrals, of which 33 have been classed as eligible (21 aged 18-24 and 12 aged 25+) with 10 people starting work.
- **UPDATE:** TTE based in Middlesbrough have secured funding for 100 places in an innovative training pathway, which began on 24 September. TTE's Engineering Pathway, which is open to students aged 16-18, offers the chance to gain a Level 1 or Level 2 Diploma in a selection of trades including engineering, warehousing and building services and fabrication and welding.

HOUSING AND DEVELOPMENT

Monthly Benefit Service Workload

The workload in August 2012 is higher than that in August 2011 and is higher than the 12 month average for 2011/12 (10,582).

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.

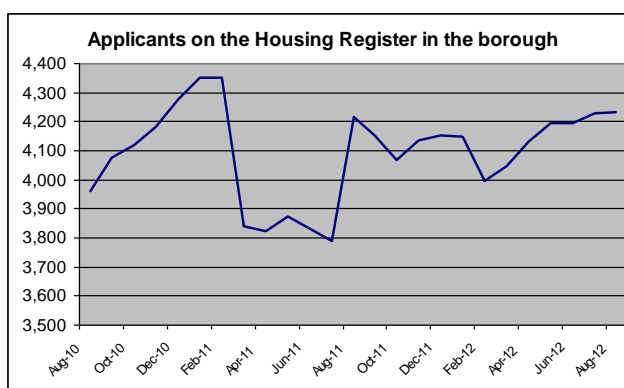
Monthly Workload	Benefit	Service
August 2011		11,284
May 2012		12,025
June 2012		13,013
July 2012		10,914
August 2012		12,728

The number of monthly approaches to the Housing Options service increased again in August. 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 and August have seen an increase similar to pre-June levels.

Number of approaches to the Housing Options service		Applications on the Council's Housing Register (including transfers)	
August 2011	188	August 2011	4,214
May 2012	195	May 2012	4,195
June 2012	137	June 2012	4,192
July 2012	281	July 2012	4,226
August 2012	298	August 2012	4,232
Number of households accepted as homeless by the Housing Options Service		Number of housing options customers seeking assistance with mortgage/rent arrears	
August 2011	4	August 2011	36
May 2012	1	May 2012	47
June 2012	4	June 2012	28
July 2012	2	July 2012	48
August 2012	1	August 2012	56

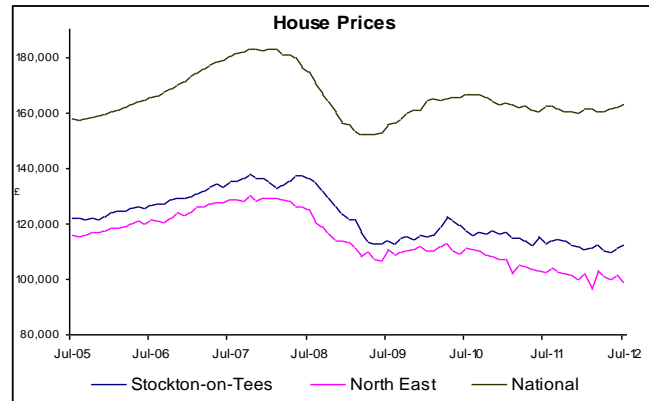
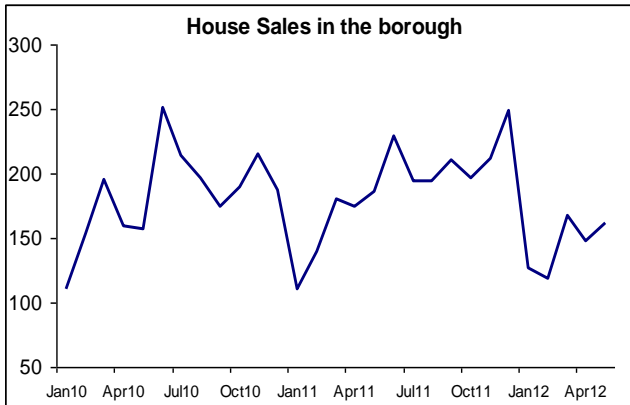
A positive and proactive approach is taken to homelessness; this includes services and initiatives developed to address other factors that have a detrimental effect on maintaining independence and sustaining accommodation. This can also include accrediting private landlords and tackling poor housing 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)		
May 2011	186	July 2011	£112,984
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
May 2012	162	July 2012	£112,283



Announcements / Updates:

- As part of its September housing announcement to boost British housebuilding, jobs and the economy, the government has announced a further £280m for the Firstbuy scheme to help 16,500 first time buyers nationally. Whilst bidding details are not known at this time, this is very positive news for the Borough as intelligence from private sector developers indicates that this is a very successful scheme in terms of enabling first time buyers to gain access to the housing market (via the new build property market).

A number of other measures were announced including potential changes to affordable housing requirements on stalled housing sites, new legislation on government guarantees for major infrastructure projects and new homes and £300m funding for new affordable homes and bringing back into use empty homes. Further detail will be required to assess the implications of these for the borough.

- On 2nd September 2012, the government announced its intention to continue to fund the local authority Preventing Homelessness Grant until 2015. Stockton's grant funding for 2013/14 has been confirmed as £104,000.
- The Council's Housing Options service will shortly be piloting an occupational therapist service which is expected to realise significant outcomes in respect of:
 - Maximising the use of adapted property and disabled adaptations budgets
 - Improving the quality of advice and support to people seeking alternative accommodation due its unsuitability because of a medical condition of a household member
 - Improving the health and wellbeing of people living in accommodation that is unsuitable due to the medical condition of a household member
 - Providing quality assessments of medical need in accordance with the Choice Based Lettings Policy
 - Reducing hospital admissions and/or serious harm of people living in accommodation that is unsuitable due to the medical condition of a household member.

STOCKTON BOROUGH COUNCIL RESPONSES

A partnership arrangement between Stockton Council and Go Warm to deliver a Community Energy Savings Programme (CESP) has created a variety of local business and employment opportunities via the energy efficiency measures being provided free. The £5.95m scheme, funded by Eggborough Power under a national obligation on energy companies, is being delivered to 1,000 homes in 6 of the 17 eligible areas in the Borough. Go Warm currently employs 300 people, mostly via contractors; 200 of which are estimated to be from the local area. The new skills that have been developed by those working on the scheme will have long term economic benefits for the employees who will learn new construction techniques that are transferable across the sector.

The wider economic benefits of the scheme are being seen throughout the supply chain and by local sub contractors; with staff being recruited locally e.g. scaffolding, security, storage facilities etc. The scheme is due to conclude in December 2012 however Stockton Council is making significant progress in looking for potential extensions to the scheme, and for similar new opportunities under the new 'Green Deal' initiative. An independent study of the social and economic benefits of the scheme is being undertaken and the headline findings will be reported in due course.