

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

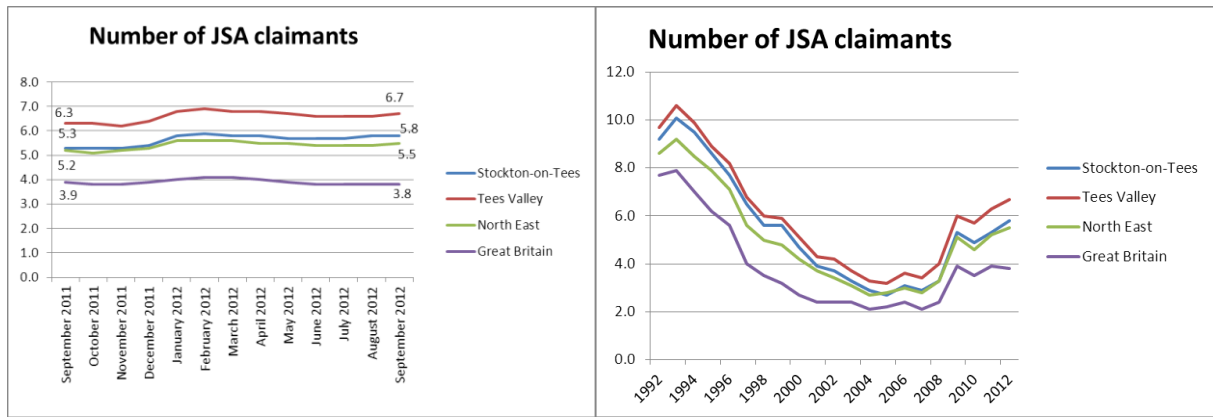
- **WA Browne**, based on Leeholme Road Industrial Estate, Billingham, has won the Evening Gazette 2020 Vision competition. The company designs, manufactures and installs lightweight steel frames for buildings. The prize is a package of brand consultancy and design worth £25,000.
- **RPS (Returnable Packaging Services) Ltd** has relocated its depot from Ripon to the former car auction premises on Low Lane (near Maltby) in Stockton. RPS, whose head office is at The Wilton Centre, offers a comprehensive packaging reverse logistics service, processing different types of packaging for re-use. 20 jobs will be moved to the Borough as a result of the relocation.
- Property developer, **Terrace Hill** based on Teesdale, Stockton, has reported that it is due to start work on a new Sainsbury's supermarket in Sedgfield. The £16.1m 48,800sq ft store is expected to be completed in May 2013. The group has reported it is moving away from residential construction in favour of supermarket developments.
- Stockton based, **Teesside Rigging and Lifting**, training provider to the oil and gas industries, is investing in new equipment and has secured funding from **UK Steel Enterprise** to install one of the largest purpose-built training platforms in the UK.

SERVICE SECTOR/RETAIL

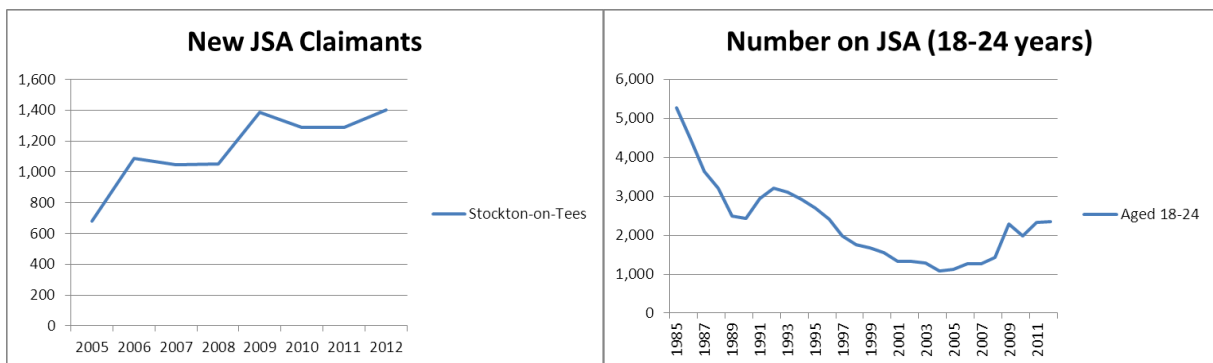
Positive

- **MaSters Training Centre** based in Thornaby Town Hall has received a third round of finance from UK Steel Enterprise to provide training and qualifications in beauty and hairdressing, art, design, music, English, Maths, a range of employability skills, and year-round activities to help boost the confidence and social skills of school pupils in Pupil Referral Centres. The Centre has supported nearly 40 young people and expects to take on a further two tutors to add to its existing team of three as it continues to grow.
- Car dealership **Simon Bailes Peugeot**, Stockton, has worked with Hartlepool-based Gus Robinson Developments to help them reduce their CO2 emissions in line with their environmental policy, by supplying them with ten eco-friendly Peugeot Bipper vans.
- Edinburgh Airport has chosen to outsource the management of its IT to **Onyx Group** in a five year, multi-million pound deal. Onyx Group has 10 sites located throughout the UK including London, Glasgow, Edinburgh, Newcastle, the headquarters at **Stockton (based at Portrack)** and Sheffield. Since 2007, turnover has increased from £5.7m to £14.9m in 2011, and the company is expected to reach £20m by the end of 2012.
- Stockton Town Centre has seen the new **Market Hall at the Castlegate** locate the following tenants: Sewing Box; Empire (now Studio); Angela's Sandwiches (now Café Express); Phoneworx; Accident Angels; E&B News; Brian Peacock. **Eden Mobility** has located within Wellington Square. **Spec Savers** are expanding into two units.
- **HomeFuels Direct** based in Stockton Business Centre has been growing year on year since the company was established in 2008 and is now a leading heating oil supplier to homes across the UK. It is on track to exceed £3m in sales this year, and has seen its revenue grow from £54,000 four years ago. The business supplies nationally and they are expanding into Southern Ireland with the intention and aim of replicating the same business model as in the UK.
- West Midlands based **Laidlaw Interiors** has purchased **Timbnet Door Solutions**, a door manufacturing firm with an operation at Falcon Court, Preston Farm, Stockton.

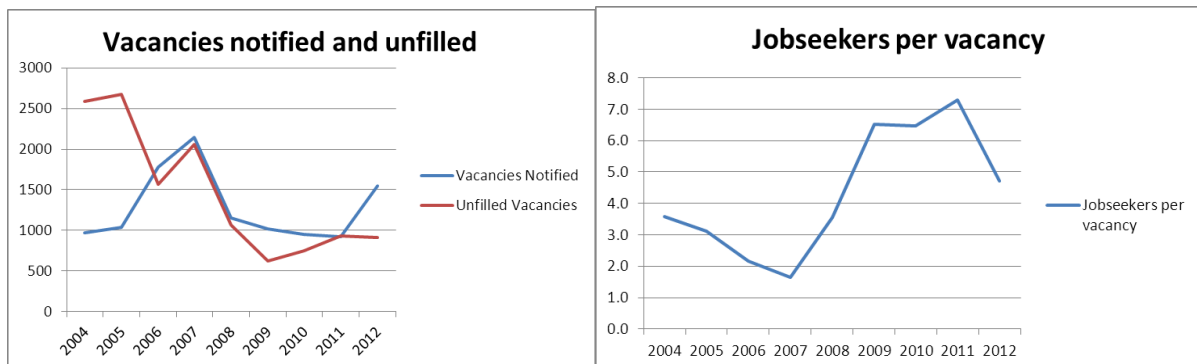
ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 7,282. Over the last month the number of JSA claimants has increased by 38. The overall claimant rate remains at 5.8%.
- The increasing trend in JSA claimant numbers has prevailed over the most recent 2 year period as indicated above.



- There has been a significant increase (280) in the number of new JSA claimants in Stockton over the last month due to school/college leavers who are now outside the child benefit extension period and are therefore able to claim JSA. This is the highest September figure ever recorded.
- There has been an increase (60) 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% (2,345) of the total JSA claimants, over 1,000 of which have been claiming JSA for over 6 months.



- There were 1,548 vacancies notified to JCP in Stockton in September 2012, 436 more than in August 2012, including 856 in Banking, Finance and Insurance, 139 in Distribution, Hotels and Restaurants, 352 in Public Administration, Education & Health, 45 in Other Services, 16 in Manufacturing, 96 in Construction and 10 in Energy and Water. There were 4.7 jobseekers per vacancy in September. Further detail on the vacancies from JCP is not available at present.

SUPPORT FOR BUSINESSES

- An additional 200 graduates are expected to be recruited by businesses in the advanced manufacturing and engineering sector nationally after the **UK Commission for Employment and Skills (UKCES)** confirmed monies for SMEs to support the employment and training of graduates via their Employer Investment Fund (EIF). The UKCES has now awarded a contract to **Semta**, the sector skills council for science, engineering and manufacturing, which will deliver reductions in youth unemployment by March 2013.
- **Stockton's Town Team** has promoted a free trial for 20 businesses to receive **O2 technology** to town centre businesses to help drive footfall and increase revenue, including free Wi-Fi and mobile payment solutions. Each business that participates in the trial would be providing an evaluation to O2.
- Two new businesses have located to **Stockton Business Centre**: Castlerock Recruitment and SF Media Solutions, and one business relocated out of the local area.

SUPPORT FOR PEOPLE

- DWP have reported that 33,000 extra jobseekers will now have instant access to support when they claim JSA. The **New Enterprise Allowance (NEA)** will be expanded so that 70,000 people in total nationally can now get help from a mentor, following a strong uptake in the first year that has seen more than 8,000 businesses set up by jobseekers across the country. People will be able to start working with a business mentor from their first day on JSA instead of having to wait for three months, and those who produce a viable business plan will be able to get funding straight away.

Locally, **The Five Lamps Organisation** is sub contracted to deliver the mentoring contract as part of a North East Consortium of enterprise agencies. The Five Lamps also manage the whole of the NEA fund for the North East (covering an area from the Scottish borders to Sheffield). In September 2012, at the end of the first year of the contract, there were 1,200 new business start-ups, and £1.25m of NEA accessed. In Stockton there were 98 people starting new businesses, and therefore people not claiming out of work benefits. The trading of the new businesses will be monitored over a number of years.

- **Stockton Youth Employment Initiative** - To date, 58 young people have started employment: 20 were aged 16-18; 26 were aged 19-20; 12 were aged 21-24. In October, 9 started employment, 5 were aged 16-18; 3 were aged 19-20; 1 was aged 21-24.
- **Flexible Support Fund** - To date there have been 53 referrals, of which 42 have been classed as eligible (23 aged 18-24 and 19 aged 25+) with 22 people starting work. In October, there have been 7 referrals of which 5 have been classed as eligible (2 aged 18-24 and 3 aged 25+) with 1 starting work.
- **Eaglescliffe Station** – Chester-Le-Track have appointed an apprentice aged 24 who started work at the end of September.

OTHER ECONOMIC NEWS

- **Regional Growth Fund Round 3** - Over £70 million Regional Growth Fund has been awarded to projects and programme bids across Tees Valley to create and safeguard more than 4,000 local jobs. The announcement will see a total of 13 projects and programmes, subject to due diligence, leverage in approximately £500 million of private sector investment developing existing key sectors and supporting the diversification of the local economy. 11 of the projects will see the continued advancement of the chemical, renewables, manufacturing and logistics industries demonstrating an appreciation of the skill and potential here on our doorstep. The remaining two programme bids will give small and medium sized companies the chance to benefit from Regional Growth Fund, further facilitating growth across the supply chain and into global markets.

The project bids approved in this third round of Regional Growth Fund are:

- Nifco UK (**Stockton**)
- Marlow Foods (**Stockton**)
- Sabic UK Petrochemicals

- Chemoxy International (**Stockton**)
- Prom Chem
- SNF Oil and Gas (**Stockton**)
- PD Teesport
- Tees Valley Unlimited - Strategic Site Development
- Magma Global
- High Integrity Products Group
- Tata Steel UK Rail Consultancy Limited

The two programme bids are:

Contract Catalyst - A £10million programme providing finance for warranty bonds for Tees Valley companies looking to bid on large contracts.

Let's Grow - led by UNW, Business & Enterprise Group and Trinity Mirror North East, offering grants of between £50,000 and £1 million to North East companies with the potential to create up to 2,000 jobs - 764 in Tees Valley.

The North East was awarded 25 projects and programmes - the most of any region in the country. The total allocation for the area is £105million of which more than half will come to Tees Valley.

- Government plans to invest more than £18m in North East transport and infrastructure projects. The Highways Agency recently confirmed that £6.3m would be spent on Parkway junction improvements in Middlesbrough, while £6.1m will go towards upgrading the A19/A689 Wolviston Interchange in Wynyard. A third project, A1/A19 Seaton Burn Interchange in Northumberland, has also received £6.1m. The infrastructure improvements are part of a £217m national programme on England's motorways and major A roads.
- Business and Enterprise Minister, Michael Fallon, has announced that each of the 39 Local Enterprise Partnerships in England is to have a single named strategy adviser either in BIS or DCLG to give them a single point of contact at Whitehall.

HOUSING AND DEVELOPMENT

Monthly Benefit Service Workload

The workload in September 2012 is the highest it has been in 7 months.

The Housing Register & Homelessness Data

The trend in the number of applications on the Council's 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.

September 2011	10,892
June 2012	13,013
July 2012	10,914
August 2012	12,728
September 2012	14,362

There has been a step change in the monthly approaches to the Housing Options service. 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. Homelessness acceptances increased in September primarily due to households accessing the service with rent arrears; these households are overlooked under the Choice Based Lettings policy.

Number of approaches to the Housing Options service

September 2011	250
June 2012	137
July 2012	281
August 2012	298
September 2012	287

Number of households accepted as homeless by the Housing Options Service

September 2011	8
June 2012	4
July 2012	2
August 2012	1
September 2012	10

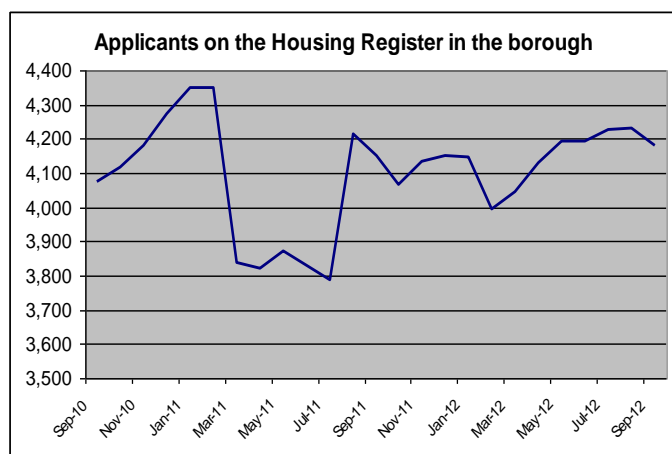
Applications on the Council's Housing Register (including transfers)

September 2011	4,152
June 2012	4,192
July 2012	4,226
August 2012	4,232
September 2012	4,179

Number of housing options customers seeking assistance with mortgage/rent arrears

September 2011	70
June 2012	28
July 2012	48
August 2012	56
September 2012	*

* Information is currently unavailable whilst housing options are implementing a new IT system, however the indication is that households with affordability issues continue to increase, Quarter 1 this year saw a 10% increase in customers accessing our service with affordability issues over the number of households who accessed our service over the same period last year.



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

the calendar year end (January) from 2202 (in 2010) to 2264. Economic conditions have affected the potential for securing a mortgage and impacted on households entering into owner occupation. House sales are reported 2 months beyond house prices.

Number of House Sales in the borough (source: land registry)

June 2011	186
Feb 2012	119
Mar 2012	167
April 2012	143
May 2012	162
June 2012	208

Average monthly House Prices in the borough (source: land registry)

August 2011	£112,984
April 2012	£109,346
May 2012	£109,792
June 2012	£111,048
July 2012	£112,283
August 2012	£113,158

Announcements / Updates:

In October £40 million Firstbuy funding was allocated to 41 developers to deliver approximately 2,500 homes. Whilst the funding is not allocated at a Local Authority level, developers that operate in the Borough and have successfully used the product locally, have been successful in securing Firstbuy funding. Competitive bidding for an additional £240 million Firstbuy funding (announced on 6th September) has now opened and allocations are anticipated to be made in December with the first homes being marketed by January 2013.

STOCKTON BOROUGH COUNCIL RESPONSES

- The first **Education and Industry Networking Event** was held on 8th October at Darchem Engineering, Stillington, to bring individuals from education and industry together to explore how to create future opportunities for young people learning, living and working in the area. The event, which was attended by 10 schools and 11 businesses, provided the opportunity for schools and industry to explore collaborative working; provided a forum to collectively gather information to support each others shared needs and priorities; captured views to agree priorities that will inform the development of a schools/industry brokerage model for Stockton.
- **Stockton World Market** held on Friday 21st September, included 29 traders covering 42 stall spaces. Footfall on the day was significantly increased to that of a normal Friday. An evaluation of those surveyed (60) during their visit to the market showed that 38.3% had made the trip purposely for the World Market; 93.1% visited the market whilst already shopping in town; 82.2% were satisfied or very satisfied with the market; 55.9% of visitors to the market each spent up to £20 on products.
- A Task Force of key stakeholders has been established to support the total 900 employees that have been affected by the **Direct Line** redundancies announcement (525 from Stockton), however until the consultation period has concluded no further information is available.
- Following the **First Source** announcement there may be in the region of 450-500 redundancies across the Stockton and Middlesbrough sites. The same Task Force will provide support to the employees affected, however until the consultation period has concluded no further information is available.