

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- **UPDATE: Air Products** held public consultation during October and no serious issues were raised on the proposal to build a second CHP plant at the New Energy and Technology Business Park. A planning application is expected in early 2013 with the aim to be on-stream by late 2015. 50 permanent jobs would be created with 500-700 in construction.
- **UPDATE:** The new office of **Aker Solutions** has now opened, located next to the company's existing premises at Preston Farm Industrial Estate. They have successfully recruited 10 staff and hope to recruit a further 20 in the short term, ultimately recruiting 100 staff in total over the next 3 years. The company has reported that the calibre of applicants has been very high and anecdotal feedback has been that 50% of candidates met the company's requirements.
- **Reef Subsea Power & Umbilical**, based in Stockton, opened for business in 2011, winning 12 contracts in its first year the company and now has around 40 staff with plans to recruit 20 more. The Stockton firm which specialises in subsea pipe cable installation, burial and trenching, is a subsidiary of the Norwegian-backed and London-based Reef Subsea Group. Further growth is spurred by a recent contract win just secured, a £40m cable-laying contract for a large wind farm being constructed off the Welsh coast which will take one year to complete. The company has ambitions to be a £80m-£100m turnover company in the next two years.
- A pre-combustion coal gasification project in Teesside is one of four bidders to have been shortlisted for the next phase of the UK's £1bn Carbon Capture and Storage (CCS) competition. The **Teesside Low Carbon Project** could create about 250 direct jobs with a workforce of more than 1,000 involved in its construction over a four-year period.
- **E & J Advanced Fluid Systems**, a hydraulic products company based at Portrack, has been acquired by Wood's Hydraulic Services following the retirement of its owner, and will stay in Stockton. The acquired business is a franchise of Pirtek which supplies hydraulic hoses and fittings. Wood's Hydraulics team of nine will expand and it will add two more vans to Pirtek Cleveland's four-strong fleet and expand its services into the brewery, dairy, food processing, chemical and agricultural industries.
- **SNF Oil & Gas** was granted planning approval with conditions in October, and are now awaiting approval for Hazardous Substance Consent which could take several months, for a new polymer plant at Billingham following the announcement that it has secured a seven-figure sum from the latest round of the Regional Growth Fund (RGF). The Belasis Avenue facility, part of the old ICI site, will produce Polyacrylamide Emulsion for enhanced oil recovery (EOR) - cutting edge technology to prolong the lives of ageing fields. SNF Oil and Gas managing director Simon Tearle said the Leeds-based company had been searching for the right location for three years. Billingham offers locational advantages in terms of raw materials, logistics, access to markets and labour skills. The plant will create approx 80 construction jobs and up to 249 jobs once the plant is working at full capacity. If everything goes to plan, the construction phase will begin next year in time for full operation by 2014.
- Rubber hose manufacturer, **Parkland Engineering**, based at Teesside Industrial Estate, is continuing to grow by expanding its overseas client list. The firm is now selling to 12 companies in Europe, as well as China and Japan and has expanded its existing facility.
- Property developer **Terrace Hill** based on Teesdale has signed an agreement with Darlington Borough Council to redevelop a 1.9 acre former bus station into a leisure complex. The project will have a development value of about £30m. The 140,000 sq ft leisure scheme, in Feethams, Darlington, will be anchored by a nine-screen multiplex cinema and include an 80-bedroom hotel, as well as a number of restaurants, bars and shops.

SERVICE SECTOR/RETAIL

Positive

- **UPDATE:** The refurbished car park at **Castlegate Shopping Centre** is now open, and the Market Hall refurbishment is due for completion in February 2013.
- **Nortech Solutions**, a design and project management company based at Wynyard, has recruited 30 staff in the last 3 months so now are employing 65 staff and has doubled its office space to 6000 sq ft. The expansion follows a multi million pound contract win with EnQuest in July 2012.
- **Fabricom** has pledged to create 60 jobs in the Tees Valley within 2 years. They also opened a new office at Belasis earlier this year and have signed a lease for more space for up to 40 people.
- The **Waiting Room Vegetarian Restaurant** in Eaglescliffe has been recognised as one of the UK's Best Restaurants in this year's Observer Food Magazine Awards. The Waiting Room is a runner up in the Best UK Restaurant category, as voted for by the newspaper's readers. This is the third time that The Waiting Room has been recognised at the prestigious awards.
- **UPDATE:** The new facility based at Wynyard Park which is creating more than 400 jobs, developed and operated by **Clipper Logistics**, was completed in August and officially opened in October. Under a ten-year deal, **Asda George** will occupy more than 70 per cent of the operational space at the supercentre, which will feed its three UK regional clothing distribution centres. Asda George is recruiting via sector-based work academies through Job Centre Plus and training is being undertaken in Darlington.
- **UPDATE:** Engineering and project management consultancy **Amec** based at Wynyard has won a five-year contract from the National Nuclear Laboratory (NNL). The undisclosed brief is for the provision of project management support on the refurbishment of NNL's active handling facility. The programme of multi-discipline projects will help to ensure the facility is refurbished and remains fit for the delivery of its commercial operations for a further 20 years.
- Billingham based technology company, **Eemits Communications**, has won a five year contract with transport group Metrobus that will see its two way radio system installed on 130 buses in southern England. The contract is the latest step in Eemits' national growth strategy as it continues to win new business from outside its native North East. The company has added a bench engineer to its team to facilitate this growth, with more jobs like this to be created.
- **Pickerings Lifts**, the UK's largest independent lift manufacturer, has secured a new national contract with health club LA Fitness. The contract will see the Stockton-based manufacturer provide maintenance services to the company's entire lift portfolio stretching across the whole of the UK. LA Fitness has 31 lifts at its health clubs across the country.
- **TAS Engineering Consultants (GSE)** is relocating from Norton Road to new offices at Three Acres at Teesdale on 10th December as part of the company's expansion plans. TAS Engineering started in the 1970s providing engineering services to ICI and has grown to be a global supplier of high quality engineering services and consultancy. It was acquired by the US company, GSE Systems Inc., in 2010 which has plans to grow the business. TAS employed its first new graduate in the summer and two new apprentices have been appointed. The new offices consists of 10,102sq ft over 3 floors providing space for the existing 40 employees and future ones. The company hopes to take on around 5 staff in the immediate future with the new building able to cope with further expansion in the new year. The company will also be re-branding to synchronise with their US parent company.

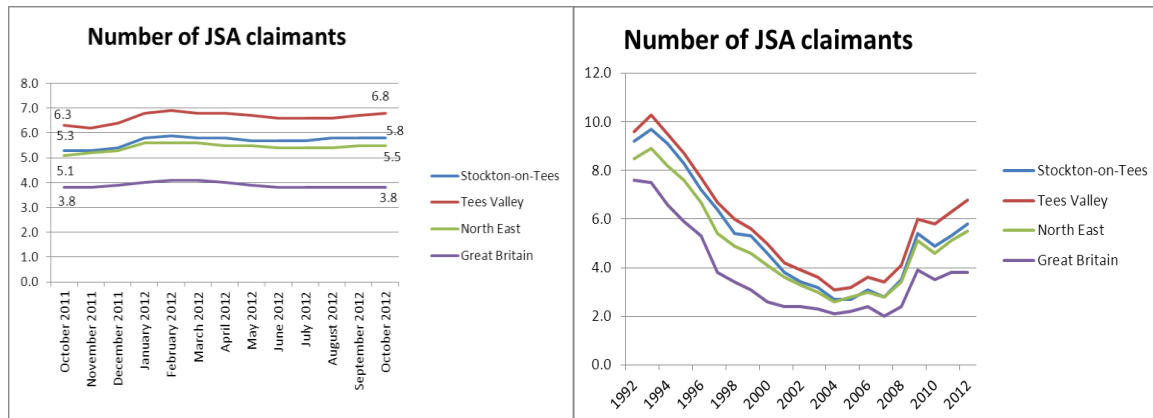
Negative

- **Comet** has gone into administration with the possibility of 6,500 jobs at risk nationally. There is a store located on Teesside Park, however, the only redundancies announced to date are non-local. Deloitte's have been appointed as Administrator and electrical chain Dixons have delayed their Christmas recruitment so that Comet staff who want to join their stores can do so (500 Comet staff have already approached Dixons). Dixons are taking on a total of 3,000 staff – 2,000 of which will be in stores. All 236 Comet stores continue to trade as normal, and staff will continue to be paid, administrators say. There are 27 stores due to close on Saturday 24th November 2012 with the nearest one to Stockton being Leeds. Another 14 stores are due to close on 1st December 2012 but there has yet to be an announcement as to which stores are involved.
- The **Greggs** shop at 142 High Street is closing at the end of the November. There are two other Greggs shops in Stockton Town Centre in Wellington Square and Castlegate shopping centres,

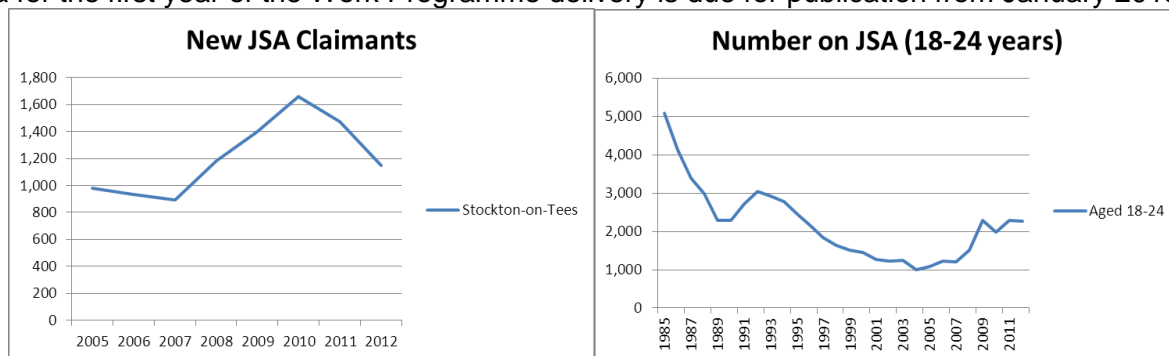
Greggs will soon be investing in a refit of the Wellington Square shop. All employees at the High Street shop are being employed elsewhere within Greggs.

- **Optical Express** based in Winpenny House, Stockton High Street, has relocated its local offices to Gateshead. Clarification on the impact on staff and any redundancies is being sought.

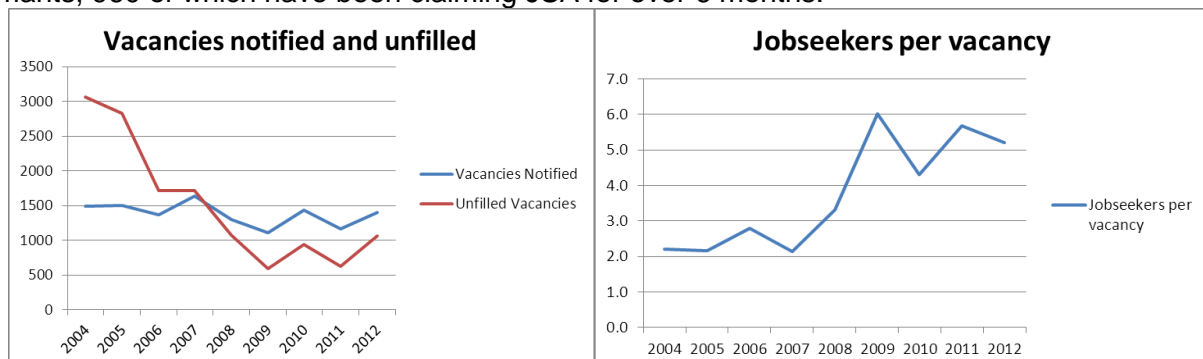
ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 7,265. Over the last month the number of JSA claimants has decreased by 17. The overall claimant rate remains at 5.8%.
- The increasing trend in JSA claimant numbers continues. Confidentiality agreements have been signed with local Councils to share some of the Work Programme performance data. The outcome data for the first year of the Work Programme delivery is due for publication from January 2013.

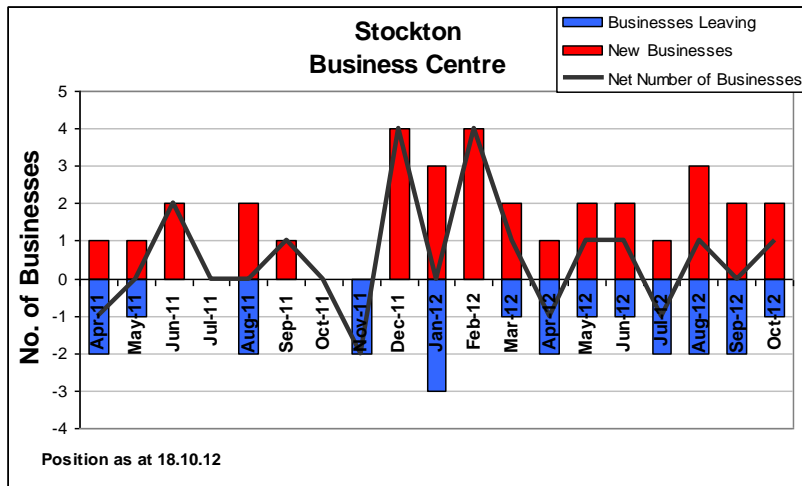


- There has been a significant decrease (250) in the number of new JSA claimants in Stockton over the last month.
- There has been a decrease (80) in the number of young people claiming JSA aged 18-24 in Stockton during the last month, with the figure now at 2,265. This represents 31% of the total JSA claimants, 960 of which have been claiming JSA for over 6 months.



- There were 1,396 vacancies notified to JCP in Stockton in October 2012, 152 less than in September 2012, including 948 in Banking, Finance and Insurance, 184 in Distribution, Hotels and Restaurants, 28 in Transport and Communications, 82 in Public Administration, Education & Health, 37 in Other Services, 64 in Manufacturing, 49 in Construction and 4 in Energy and Water. There were 5.2 jobseekers per vacancy in October. **NB – The final update of this data will take place on 14th November 2012 with the release of the October 2012 counts. After this there will be no further updates to the Jobcentre Vacancy series on Nomis. DWP are consulting users about future options for Jobcentre Plus vacancy statistics.**

SUPPORT FOR BUSINESSES



There have been 2 new licensees move into the Business Centre: **Castlerock Recruitment**, and **SF Media Solutions**.

Orion Data Services are moving out to minimise their overheads as most of their work is in clients' premises around the country.

- The introduction of an **18-24 year olds start up loan fund** will help launch up to 30,000 new companies has begun providing business support and loans to young people. The first wave of cash from the £82.5 million Start-Up Loans scheme is now being distributed, helping to inspire the next generation of entrepreneurs. Start-Up Loans will provide budding entrepreneurs between the ages of 18-24 with a range of support, including access to a business mentor and capital, in the region of £2,500, to help get their business idea moving. The scheme is being led by the newly formed Start-Up Loans Company, led by entrepreneur James Caan, and delivered by a number of providers. It is currently not known what opportunities this could present locally.

SUPPORT FOR PEOPLE

- On 19th November 2012, the Department for Work and Pensions (DWP) will launch **Universal Jobmatch** – a new, free online job posting and matching service. This new online service will improve the recruitment service for both companies and jobseekers by speeding up the recruitment process, making it quicker and easier for companies to find suitable jobseekers.
- Stockton Youth Employment Initiative** - To date, 62 young people have started employment: 22 were aged 16-18; 28 were aged 19-20; 12 were aged 21-24. In October, 12 started employment, 7 were aged 16-18; 4 were aged 19-20; 1 was aged 21-24. Currently in November, 1 young person aged 19-20 started employment.
- Flexible Support Fund** - To date there have been 66 referrals, of which 53 have been classed as eligible (32 aged 18-24 and 21 aged 25+) with 29 people starting work. In October, there were 16 referrals of which 12 have been classed as eligible (7 aged 18-24 and 5 aged 25+) with 3 starting work. Currently in November, there have been 4 referrals of which 2 have been classed as eligible with 1 starting employment.
- Tees Valley Skills Event** – Tees Valley Unlimited are hosting Tees Valley Skills, the largest skills event for 14 to 25 year olds in the Tees Valley area. The aim of the event to be held on 6th December 2012 is to develop the future workforce of the Tees Valley by providing a highly interactive, practical event with live demonstrations, have-a-go experiences and real life experiences to better promote the wide range of learning and employment opportunities available in the Tees Valley.
- '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. Since September, Tees Achieve has had 545 people starting 'Pace and Purpose'. To date in November, 128 people have started the employability course.

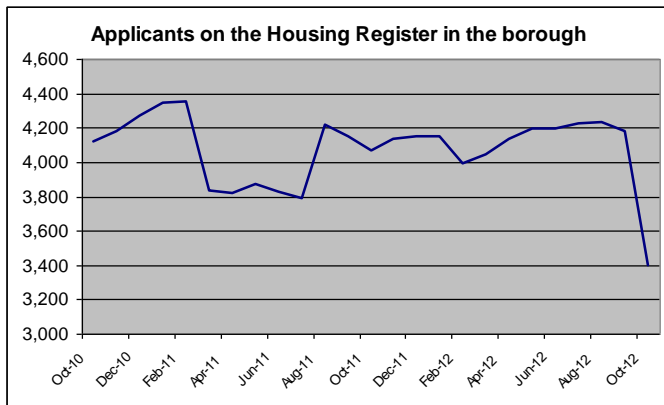
HOUSING AND DEVELOPMENT

Monthly Benefit Service Workload

The workload in October 2012 remains high due to the implementation of a new automated system of direct notification of changes to DWP benefits.

Monthly Benefit Service Workload

October 2011	11,223
July 2012	10,914
August 2012	12,728
September 2012	14,362
October 2012	12,154



The Housing Register & Homelessness Data

- In October an audit of the active applications on the Housing Register took place which has resulted in 700 applications being removed from the register. This could be because they have secured alternative suitable accommodation themselves or are no longer interested in securing affordable housing in the borough. The

number of applications on the Housing Register is expected to remain high 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 increased in October. Homelessness acceptances increased in September and were also high in October. This is 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

October 2011	230
July 2012	281
August 2012	298
September 2012	287
October 2012	344

Number of households accepted as homeless by the Housing Options Service

October 2011	8
July 2012	2
August 2012	1
September 2012	10
October 2012	7

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

October 2011	4,068
July 2012	4,226
August 2012	4,232
September 2012	4,179
October 2012	3,400

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

October 2011	45
July 2012	48
August 2012	56
September 2012	*
October 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 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.

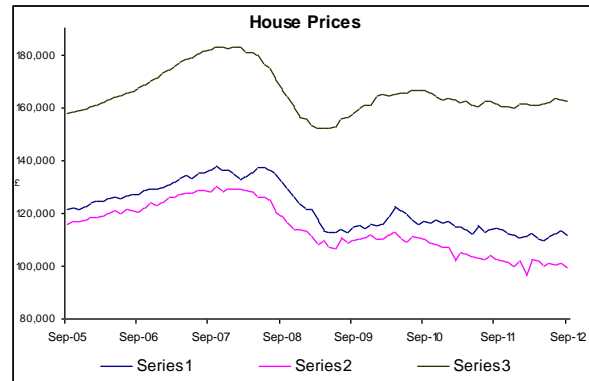
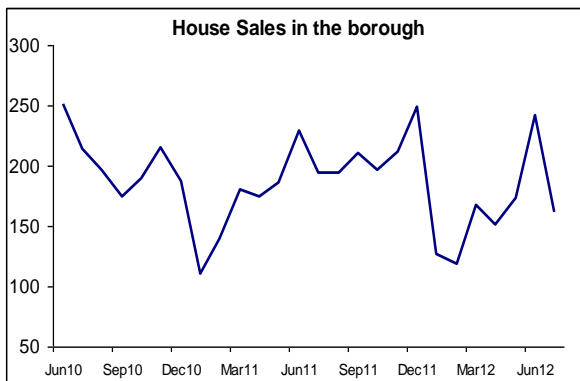
Number of House Sales in the borough (source: land registry)

July 2011	201
Mar 2012	174
April 2012	151
May 2012	173
June 2012	242
July 2012	162

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

September 2011	£114,850
May 2012	£110,170
June 2012	£111,131
July 2012	£113,224
August 2012	£112,983
September 2012	£111,927

Note: The Land Registry publishes the number of house sales two months behind house prices. This is due to the data capture lag between the sale of the property and subsequent registration with land registry. There is enough data however to produce an average house price.



STOCKTON BOROUGH COUNCIL RESPONSES

- The **Local Business Rate Discount Scheme** has been developed to encourage new businesses to occupy vacant units in **Stockton Town Centre**. Subject to funding being approved as part of the 2013/14 budget report, the scheme will be introduced in April 2013. It is anticipated around 35 businesses are likely to benefit from the scheme over a two year period which could result in up to 100 jobs being created.
- Building on the evaluation of the Communities Fund enterprise projects, an **Enterprise Support Programme** has been developed to address the identified gaps in local provision. This will be funded through the remaining Communities Fund enterprise allocation and existing budgets, ensuring the continuing support for start-up and micro businesses to realise their full potential. The programme will be rolled out early in 2013 and provide a range of workshops and follow-on mentoring support to those people wanting to start up a business primarily in the business to consumer sectors. In addition to this, a major focus will be on developing both new and existing businesses in the retail sector. Support for existing micro businesses will also be provided through a facilitated network supported by business mentors and assistance will be available for those who wish to gain an enterprise qualification. Financial assistance will also be provided through a **Business Loan Scheme**. The scheme will focus upon supporting new start up businesses with loans of up to £3,000 and existing micro companies employing 1 - 10 people with loans of up to £5,000 and will be available to all sectors. This Enterprise Support Programme has been developed to form part of a wider business support package from the Council, the other elements of which have a particular focus on Stockton Town Centre and include a business rate discount scheme, property improvement loans, grants for historic buildings and the enterprise arcade.
- At the **Chic Vintique Market** held on 20th October in Stockton Town Centre footfall was approx. 3,500. A survey was undertaken with 93 customers: 67.7% of customers planned to visit Stockton on Saturday just for the market, 95.7% were satisfied or very satisfied with the overall market, 71.7% spent up to £20 at the market and a further 18.3% spent up to £50. A cross section of ages attended and most customers said they liked the market because it was different, unique, and gave a different shopping offer in the town centre.