

## **ECONOMIC CLIMATE UPDATE REPORT**

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

### **EMPLOYMENT AND BUSINESS**

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

##### **Positive**

- Commercial property developer **Rokeby Developments Northern (Rokeby)** has agreed a deal for **Kaefer International Marine and Offshore** to expand at Surtees Business Park. Kaefer, part of the global Kaefer Group, had signed a five-year lease agreement taking an additional 1,200 sqft in addition to the 1,000 sqft already let at the Stockton development.
- An **Amec** joint venture has been awarded a contract for engineering, procurement and construction management in Namibia. The Husab Project, comprising Amec, the engineering and project Management Company with an office at Wynyard, has a contract value of £62m.
- Steve Pearson, boss of Billingham's **Pearson-Harper**, has been named Teesside's Business Executive of the Year Awards, organised by the Evening Gazette and The Journal on Tyneside. The company, with offices also in Australia has created new branding, logo and a redesigned website reflecting the change in its registered name to **Phusion IM**.
- **Johnson Matthey**, based in Billingham, is to benefit from a £100m loan from the European Investment Bank to be used over the next 2 years to support research on both light and heavy duty vehicles emission control and on developing catalyst technologies that meet stricter emission standards that are coming into force in the next few years.
- **Barrier Offshore** a steelwork engineering and fabrication company to the oil and gas offshore industry has increased its capacity by adding a 544 m<sup>2</sup> extension to their existing workshop at Haverton Hill Industrial Estate.
- **Vianet** based at Surtees Business Park hopes to generate US sales of £12m over the next three years after launching its iDraught product. Vianet provides monitoring systems and data management services and has entered a strategic alliance with Micro Matic US for nationwide iDraught installation, service and sales support in the top 30 draught states in the US. They are targeting 5,000 installations in the US within three years, which would generate £12m of turnover for the company.
- **GrowHow UK**, a fertiliser manufacturer and supplier to the process chemicals industry, has agreed a new £51m banking facility. The group's Billingham plant is back in operation after a blaze in 2011. The company is one of the UK's largest ammonium nitrate and true granular compound fertiliser producers and posted a £98m turnover rise in its most recent results.
- Manufacturing supply chains are set to receive an £80m investment boost from the Government's **Advanced Manufacturing Supply Chain Initiative (AMSCI)**, including businesses in the aerospace, automotive and chemical sectors. More than 2,160 jobs will be created or protected by the joint public and private sector investment, and manufacturing projects will be financed and supported by the scheme. The Government has offered approximately £30m while the remaining £50m has been provided by private companies
- The **Centre for Process Innovation (CPI)** in Wilton has secured funding from **Round 1 of AMSCI**. The project will help to establish a next generation bio-process manufacturing facility for the UK's industrial biotechnology sector. CPI will establish and manage a new £38m centre to encourage innovation in the UK healthcare market. The National Biologics Industrial Innovation Centre (NBIIC) will be a large open access facility that will assist companies of all sizes in the proving and scaling-up of processes to manufacture new biologic medicines such as antibodies and vaccines. The centre is part of the Government's 'Strategy for UK Life Sciences' launched in 2011 to strengthen the UK's life-science sector. The NBIIC will support the commercialisation of research by promoting collaboration between academia, the National Health Service and industry.
- **Evolution Valves**, based at Stockton Business Centre has secured two major orders worth £1.1m. The company makes components for the energy sector and has manufactured what is thought to be the world's first fire-safe butterfly valve for the oil and gas industry.

## Negative

- **UPDATE: Tata Steel** – announcement of 900 redundancies; 30 of which are based at the Lackenby site. However, during the redundancy period 60 jobs are to be created at the new distribution centre at Lackenby. Staff who had been redeployed as part of previous downsizing announcements, and are on fixed term contracts to other sites, will be given the opportunity to move to the centre before any vacancies are advertised.

## **SERVICE SECTOR/RETAIL**

### Positive

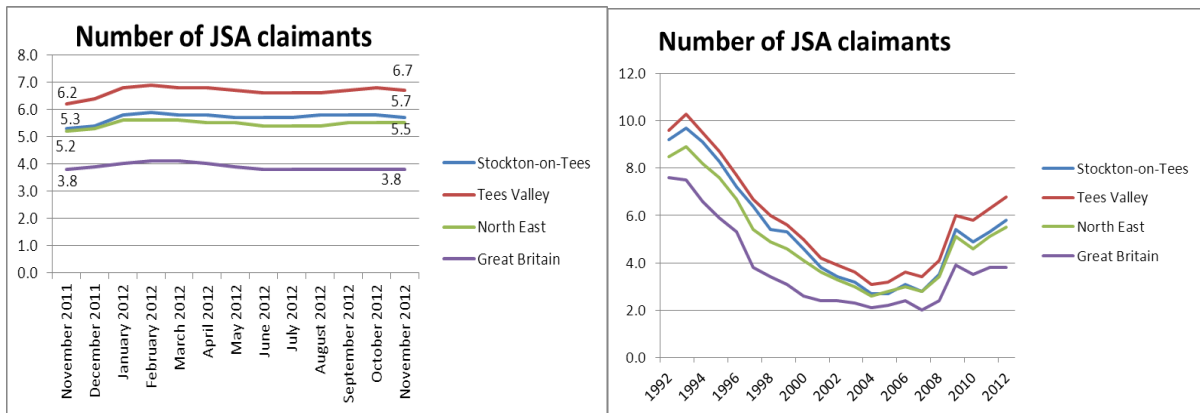
- **Poppy Limited** based in Yarm, which makes clothes for children and adults, has seen its exports increase by 30% since engaging in the '**Passport to Export**' Service, which saw UKTI help it put together a detailed export strategy that included attending a series of overseas exhibitions in order to gain international exposure. In addition Poppy used the **Virtual Export Manager (VEM) project** that enabled the company to utilise the talents of a qualified export professional, with the necessary skills and experience in its sector to maximise the support provided.
- A businesswoman, who has been running the semi-permanent eyelash extension beauty and training business, **LA Lashes**, for four years, has expanded to open a fashion shop, **Lyanda's**. The business moved premises from Yarm Road to Maritime Road in March 2012 and has just opened the second hand designer fashion branch of her business on the first floor of The Old Mill. The move is part of the owner's ongoing expansion of the business. Lyanda's originally opened in 1985 in Stockton, running until 1999. The new retail unit will stock second hand and some exclusive designer wear.
- **Coles Solicitors** has opened a new office in Yarm, which is the company's fifth and follows its recent acquisition of a business in the Yorkshire Dales.
- **Beanie Girl** has started trading in the Enterprise Arcade selling a range of unusual gifts, handbags, 'keep calm and carry on' merchandise, and finger puppets for children online. The owner is test trading from a retail unit instead of having an internet-based business.
- As part of the **Stockton Sparkles festival**, the 4-day Christmas Market Fair held on 6th to 9th December attracted 37 retailers selling a variety of Christmas products. Preliminary indications are that there were several thousand visitors during the 4 days; most stall holders sold out of their products and there were good profit margins. A detailed report will be available from January 2013.
- A producer of small electricity panel transformers, **Carroll & Meynell** which is based on Durham Lane Industrial Estate has expanded into an additional 10,000 sqft unit to manage increased orders.
- **Eco-Ad Ltd** based in Stockton Business Centre has received its first big order for its waterless, eco-friendly urinal. Another unique selling point to the product is dedicated advertising / marketing space on the front of the urinal. The MD, David Porter, sourced the manufacturer in the US and now has sole distribution rights for the UK. He also owns 'The Search Engine Optimisation Company', which previously received a start-up grant from SBC.

### Negative

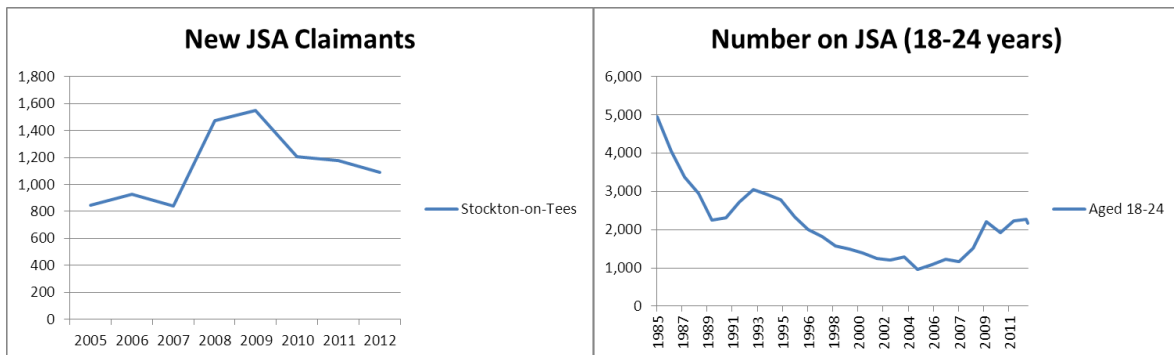
- **UPDATE: Comet** (Stockton) closed on 24th November with 36 jobs lost. A pack of support information has been provided to all affected.
- **UPDATE: First Source** have commissioned Contact Centre Professional to support their workforce in the lead up to redundancies. It is likely that the first redundancies will commence on 12 January 2013.
- Administrators are searching for a buyer for 13 branches of building and civil engineering materials supplier **Burdens**, including a site in Stockton. Administrators were appointed on 23 November 2012 for **WTB Trading Ltd (formerly Burdens Ltd)**.
- The national furniture chain with 63 stores nationwide, **Walmsley's Furniture**, has gone into administration. The Stockton store in Castlegate Shopping Centre is currently still trading. **Moore's Furniture** based on Bishopton Lane has closed. An SBC Business Engagement Officer has recently visited the long-established furniture provider, **Godwins** on Norton Road, to discuss their current position and future plans.

- **Riley's Snooker Hall** on Bridge Road in Stockton will close due to the company downsizing nationally.
- **Superdrug** has closed in Thornaby Town Centre with the loss of 6 jobs. The closure is as a result of the overall restructuring and downsizing of the company.

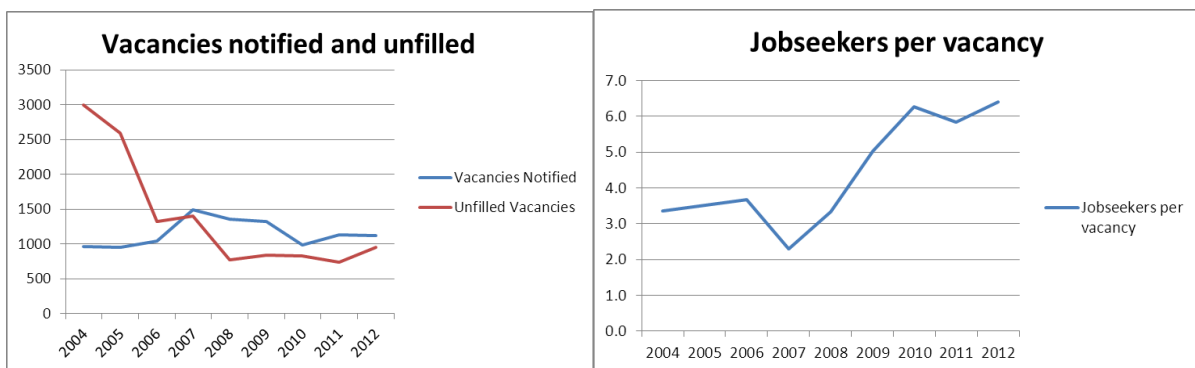
**ECONOMIC INDICATORS**



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 7,166. Over the last month the number of JSA claimants has decreased by almost 100. The overall claimant rate has dropped slightly to 5.7%
- The increasing trend in JSA claimant numbers has prevailed over the past year as indicated above and is in line with the North East position. However, this compares less favourably with the GB rate which has remained at 3.8% since the same period in 2011 after increasing from 3.3% the previous year.



- There has been a further decrease (60) in the number of new JSA claimants in Stockton over the last month.
- There has also been a further reduction of 105 in the number of young people claiming JSA aged 18-24 in Stockton during the last month, with the figure now at 2,160. 935 young people have been claiming JSA for over 6 months. This represents 30% of the total JSA claimants.



- There were 1,120 vacancies notified to JCP in Stockton in November 2012, 276 less than in October 2012, including 644 in Banking, Finance and Insurance, 161 in Distribution, Hotels and

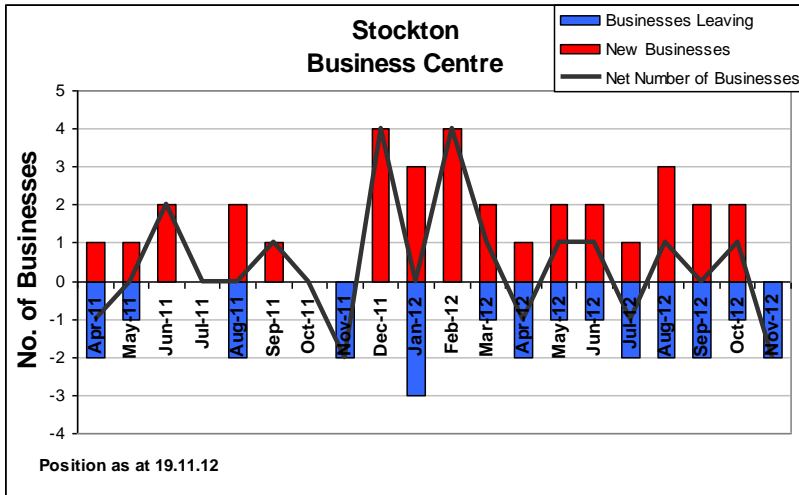
Restaurants, 26 in Transport and Communications, 112 in Public Administration, Education & Health, 93 in Other Services, 13 in Manufacturing, 60 in Construction and 8 in Energy and Water. There were 6.4 jobseekers per vacancy in November.

## OTHER ECONOMIC NEWS

The following highlights from the Government's Autumn Statement are those relevant to the Local Enterprise Partnership and the activities of TVU and Stockton Council.

- The findings of the **Heseltine review** are generally supported:
  - LEPs will be asked to lead the development of new strategic plans for local growth consistent with national priorities, and Government will enable LEPs to bid for £250k per annum for running costs to support this work (reaffirms previous commitment);
  - From April 2015 a single funding pot will be created for LEPs to bid into, with a focus on business, skills and transport;
  - Management of EU Common Strategic Framework Funds will be streamlined;
  - Support for Local Authorities who wish to pursue Combined Authority status; and
  - The Government will make available a new concessionary public works loan rate to an infrastructure project nominated by each LEP (excluding London), with the total borrowing capped at £1.5 billion.
- £350m additional confirmed for **Regional Growth Fund** – however, there are no details on Round Four and how this will operate.
- **Support for Business:**
  - UKTI budget strengthened by £70m for SME related export activity;
  - Reduce corporation tax to 21% from April 2014 – this will be the lowest in Western Europe; and Small Business Rate Relief extended until April 2014; and
  - Further detail on a consultation on tax incentives for shale gas to be announced.
- **Enhanced skills role** for LEPs confirmed:
  - LEPs to set skills strategies for local areas (with involvement of partners), with a task to identify local priorities by July 2013;
  - LEPs should have seats on FE Colleges governing bodies and Colleges should be represented on LEP Boards.
- **Infrastructure investment:** extra investment for **Enterprise Zones**.
- Extra £5bn for **infrastructure projects** - £1bn for roads including upgrade of A1 (Leeming to Barton and Lobley Hill).
- £42 million investment in the **Sustainable Transport Fund** for cycling infrastructure.
- The Government will invest £474 million in **local infrastructure** on a recoverable basis. Around £60 million of this will be made available to support infrastructure in a limited number of Enterprise Zones. Around £225 million of the funding will be used to accelerate delivery of large housing sites, supporting around 50,000 homes. Around £190 million of the funding will be used to prepare public sector land, enabling the quicker disposal of surplus sites for new homes. The Statement is available at [http://cdn.hm-treasury.gov.uk/autumn\\_statement\\_2012\\_complete.pdf](http://cdn.hm-treasury.gov.uk/autumn_statement_2012_complete.pdf)
- The Department for Energy and Climate Change has published the **Energy Bill** which will set the framework of reform that will make investment in the UK energy sector possible in the coming years. The UK's ability to limit carbon emissions, generate energy and compete in the global economy as a producer of goods will all be dictated to some extent by the success of the Bill. Key features of the Bill include:
  - The switch to 'clean energy' is expected to cost £110bn over ten years;
  - The Bill may usher in financial incentives to reduce energy consumption;
  - The Bill aims to encourage investment in low-carbon power production;
  - Energy-intensive companies may be exempt from additional charges.

## SUPPORT FOR BUSINESSES



- **Nash Russell** have moved into a larger unit in the business centre and taken on a new employee and an apprentice.
- **Consoli** is moving out of the business centre as the project the business was working on is now completed.
- **Douglas Park (accountant)** is retiring and therefore no longer requires a unit.

- The Government's flagship £3bn **Green Investment Bank (GIB)** has made its first investment since its inception, providing £8m to a Teesside energy-from-waste project. The £8m will be match-funded by private sector investors. The construction of an anaerobic digestion (AD) plant at Redcar is the first of six planned over the next five years, making it the largest single AD project in the UK. The investment, made through fund manager Greensphere Capital, is part of a £80m investment programmed by UK GIB in small waste projects.
- The Gazette's Local Business Accelerators (LBA) competition has seen 500 newspapers across the UK join forces to provide a unique boost to their local businesses. A local panel of 3 mentors from Psyche, Catalyst and UK Steel Enterprise will shortlist three businesses from the Tees Valley and work with them on their business plans (businesses from Stockton are **Evolution Valves** and **Much Ado About Muffins**). From that shortlist, and the others compiled around the country, a national winner will be chosen. Among other prizes will be £10,000 from the Business Growth Fund and mentoring from LBA ambassador, Deborah Meaden, from the television programme Dragons' Den.

## SUPPORT FOR PEOPLE

- **Stockton Youth Employment Initiative - To date**, 76 young people have started employment: 25 were aged 16-18; 28 were aged 19-20; 21 were aged 21-24. Nine of these were job-carving posts with Stockton Council for residents with learning disabilities, e.g. Assistant Park Attendant, Assistant Youth Worker, Resource Assistant, Print Room Assistant, Vehicle Valet. **In November**, 5 started employment, 2 were aged 16-18; 1 was aged 19-20; 2 were aged 21-24. These were in a variety of occupations including Sports Assistant (Middlesbrough in the Community), Admin. Apprentice (Teesside Hospice) and Horticulture Assistant (Billingham Environmental Link Project).
- **Flexible Support Fund - To date** there have been 85 referrals, of which 73 have been classed as eligible (48 aged 18-24 and 23 aged 25+) with 38 people starting work in a variety of occupations including Gym Assistants, Welder, Barbers, Production Fitters, and self-employment. **In November**, there were 12 referrals of which 11 have been classed as eligible (10 aged 18-24 and 1 aged 25+) with 7 starting work. Currently in December, there have been 5 referrals of which 3 have been classed as eligible.
- A **Tees Valley Skills Event** took place on 6th December 2012 at the Riverside Stadium to promote the training and learning provision available in the Borough in advance of them choosing their progression route from school. Exhibitors covered a wide range of disciplines from colleges across the Tees Valley, Armed Forces, Training providers and Jobcentre Plus. Stockton Borough Council (Tees Achieve). Attendees included approx 3,500 schoolchildren from Years 9, 10 and 11 from across the Tees Valley and interactive practical sessions were available throughout the day for adults and college students.

- Preliminary **national** results for the **DWP Work Programme** job outcomes have been published, which indicate that in total for the 14 month period from June 2011 to July 2012: 31,000 job outcome payments were made to Work Programme providers. This is **equivalent to 3.2% of individuals referred** to the programme achieving a job outcome. Stockton Borough Council and Tees Valley colleagues are to carry out further analysis work to ascertain the impact of the programme locally and will provide more detailed information early in 2013.

## HOUSING AND DEVELOPMENT

### Monthly Benefit Service Workload

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

### Monthly Benefit Service Workload

November 2011	10,992
August 2012	12,728
September 2012	14,362
October 2012	12,154
November 2012	11,632

### 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 November. 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

November 2011	176
August 2012	298
September 2012	287
October 2012	344
November 2012	435

### Number of households accepted as homeless by the Housing Options Service

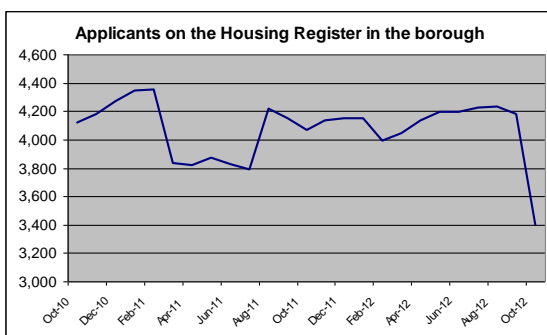
November 2011	11
August 2012	1
September 2012	10
October 2012	7
November 2012	3

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

November 2011	4,133
August 2012	4,232
September 2012	4,179
October 2012	3,400
November 2012	3,373

### Mortgage Possession Claims Issued per 1,000 households

July - Sept 2011	1.14
Oct - Dec 2011	0.82
January - March 2012	0.89
April-June 2012	1.01
July-Sept 2012	0.82



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.

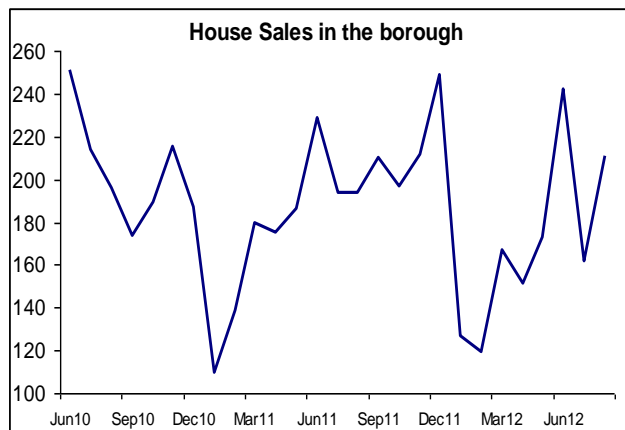
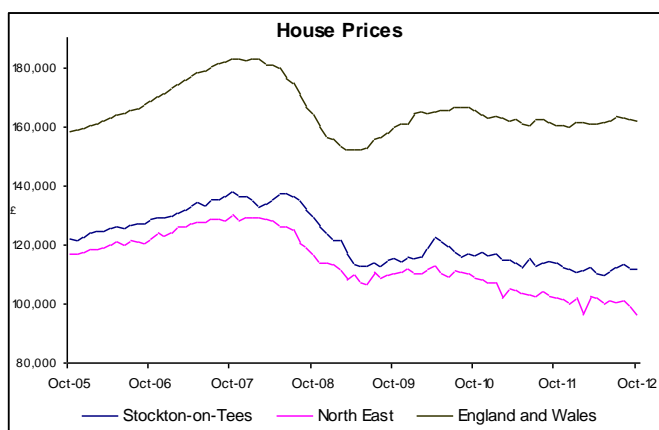
The Council is working regionally, together with the other 11 North East Local Authorities to tackle rough sleeping. They are supporting the national No Second Night Out campaign. The Council will be promoting the national free helpline – Street Link, which is hosted by national organisation Homeless Link and will make it easier for members of the public, the emergency services and homeless people themselves to report rough sleeping. A call to the helpline will lead to details being relayed to the local authority working in the area where the rough sleeper has been reported. The local authority will then ensure contact is made with the rough sleeper, to offer support to help them access housing and recovery services.

### 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)	
Aug 2011	195	October 2011	£113,839
April 2012	148	June 2012	£111,048
May 2012	162	July 2012	£112,283
June 2012	208	August 2012	£113,158
July 2012	162	September 2012	£111,927
Aug 2012	211	October 2012	£111,627

**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

- An **automotive industry supply chain event** was held on the 21st November at Nifco in Stockton. This was attended by 50-60 delegates and looked at opportunities to access the supply chain, with presentations from the Manufacturing Advisory Service, BIS and Semta, Sector Skills Council.
- **UPDATE: Orchard Shopping Parade, Eaglescliffe** - Demolition works are now complete. The safety / security fencing has been moved to allow public use of the car park for access to the library, Sainsbury's, the community centre and pharmacy straight off Durham Lane. Royal Mail will also be able to open up the post box and start collections for Christmas. The owners, Mowden Park Estates, are currently undertaking a full assessment of the effects of the fire. With this assessment they intend to review and bring forward options for a scheme that will meet the needs of the businesses and local community. Timescales for the project have yet to be established.