

ECONOMIC CLIMATE UPDATE REPORT

This report summarises the positive and negative economic changes that have taken place in the Borough during January 2013.

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- The **Wilton Group**, including Wilton Engineering Services at Port Clarence, has its strongest order book in its 18 year history after recording a 45% rise in annual turnover to £64m. The rise in turnover was attributed to an increase in the volume of work at its Stockton operation, which won two £20m-plus contracts during the year. Wilton employs around 700 people at businesses in Scotland, Teesside, Great Yarmouth and Brazil and specialises in fabrication work in the energy industry.
- **UPDATE:** Nifco is set to create 170 new jobs as it expands to create a new factory on its Durham Lane site. The new plant should be open by 2015.
- **GSE Systems Ltd** is the new name for TAS Engineering Consultants (GSE) following its rebranding to synchronise with its US parent company. The company has also relocated from Norton Road to new bespoke offices at Three Acres at Teesdale as part of the company's expansion plans. The company's first new graduate was employed last summer and two new apprentices started in January. The new offices consists of 10,102sq ft over 3 floors providing space for the existing 40 employees and future ones as the business continues its expansion plans.
- The Japanese owner of **Fujifilm Diosynth Biotechnologies** has secured a £14.5m loan to invest in new manufacturing infrastructure at its Billingham site. The development of the new facility will be coupled with investment into expanded and improved research and development capabilities. In the last 12 months the company has increased its headcount by 60 to 550. FDB makes a key active ingredient used in biotech based pharmaceuticals, which has an international customer base.

SERVICE SECTOR/RETAIL

Positive

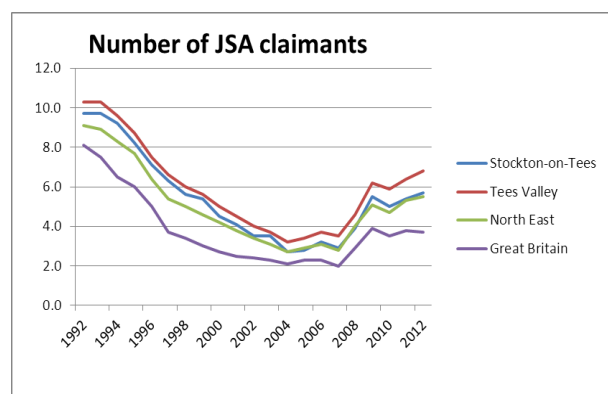
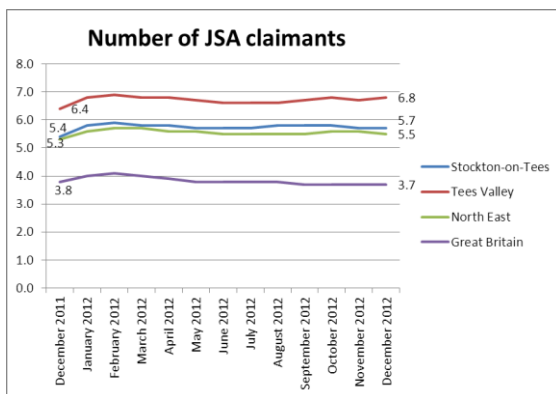
- **Northgate Information Solutions** based at Wynyard will be recruiting 30 new staff by February 2013. Stockton Council is working in partnership with Job Centre Plus to make the opportunities available to those people affected by the redundancies at Direct Line and First Source.
- **Henderson Insurance Brokers** is reporting development and growth as it celebrates three years in Stockton. Since it opened at Preston Farm Business Park staff numbers have grown from 2 to 35, reflecting its expanding business portfolio. Its annual turnover now stands at £16 million
- Billingham-based **Nicholson's Transport** has invested £200,000 in new Hiab machinery in 2012 and plans to spend another £400,000 on two more Hiab lorry-mounted cranes in 2013 also taking on two more staff. The business has seen an increase in demand from customers within the energy and utilities sector, particularly lifting equipment into gas pipelines and electrical control panels into wind farms and electricity sub stations.
- **Additional Lengths**, a leading manufacturer and supplier of hair extensions and associated accessories within the UK (based in Stockton Town Centre) has successfully secured a deal for the second year running with top TV show 'Dancing on Ice'.
- **UPDATE: Stockton Town Centre - James Cameron Barbers** has opened in Castlegate Market Hall, **Hobbies R Us** is relocating to 98 Church Road from Silver Street, **Market Café** is opening in February on 115 High Street in the ex-Peters Bakery unit, and Miss G Hair and Beauty Salon is open for business at 99 High Street, Stockton after relocating from Thornaby. The **Castlegate Market Hall** refurbishment is due to be completed in February 2013.
- **Jacamo** will be a concession within **Simply Be** at Teesside Retail Park. The store will be refurbished and a mezzanine floor put in and is scheduled to re-open in March 2013.

- **UPDATE: Billingham Town Centre** - Iceland, Lauroclean, and Halifax Bank have undergone refits. Pizza Pan and Salon 3 have carried out mini-refits. Li Wah restaurant are committed to a refit as part of the Wetherspoons development. DJ's Food Bar and Ramsden's opened before Christmas, however Shoezone has closed.
- **Lucia's** Italian Restaurant has taken on the unit at 44 High Street, Yarm, after the Joe Rigatonis franchise ended. The owner, Paolo Arceri, opened the Yarm branch seven years ago but allowed it to be taken on as a franchise two years later. He has decided to concentrate his efforts on the Joe Rigatoni's restaurants in Middlesbrough, Stockton and Darlington and would look to invest more money in the Stockton branch.
- **Direct Line** has started delivering employability and skills workshops for their staff involving interview techniques, CV writing, skills and re-training. Jobcentre Plus will be providing benefits advice.
- Contact Centre **First Source** announced in January 2013 that a new contract had been awarded by Barclaycard which would safeguard 250 jobs.
- A planning application for signage by the furniture retailer, **DFS**, for unit 4b at Teesside Retail Park, and is pending consideration.

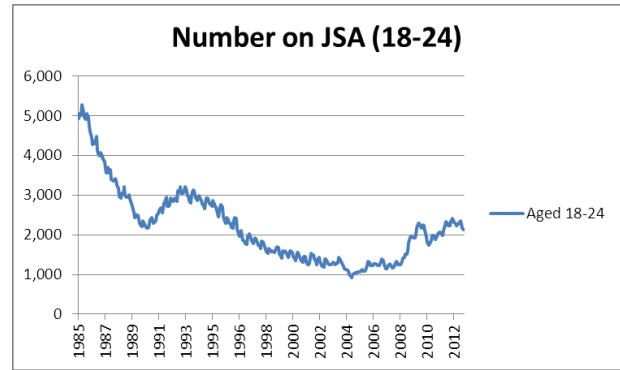
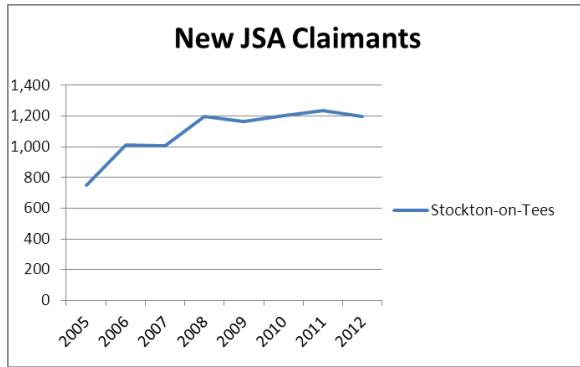
Negative

- **UPDATE: Walmsleys** which was due to close at the end of January, will continue to trade in the Castlegate Centre until a future for the unit has been secured.
- **Tees Valley Coach Travel** has ceased trading. The company was located at Eaglescliffe Logistics Centre, but recently moved to Middlesbrough. It provided transport for Middlesbrough Football Club and regular bus services on routes in Stockton.
- **Surtees Business Park Ltd**, which owned and managed three properties covering almost 80,000 sqft of space on the Business Park has gone into administration. Existing tenants are not affected; however the company's only employee has been made redundant.
- **HMV** has gone into administration but is still trading currently. HMV Canada owner Hilco has bought HMV's debt from the group's lenders, Lloyds and Royal Bank of Scotland. The debt deal paves the way for Hilco to gain full control of HMV. The impact on the two outlets in the Borough at Wellington Square and Teesside Retail Park is not yet known.
- **Blockbusters** has gone into administration, which will affect two stores on Yarm Lane, Stockton and Queensway, Billingham. Although a buyer is being sought, 129 of its 528 stores nationally are to close, including ten in the North-East and North Yorkshire, making 760 of its 4,190 employees redundant.

ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 7,124. Over the last month the number of JSA claimants has decreased by approximately 40. The overall claimant rate remains at 5.7%.
- 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, they remain significantly lower than 1993 levels.

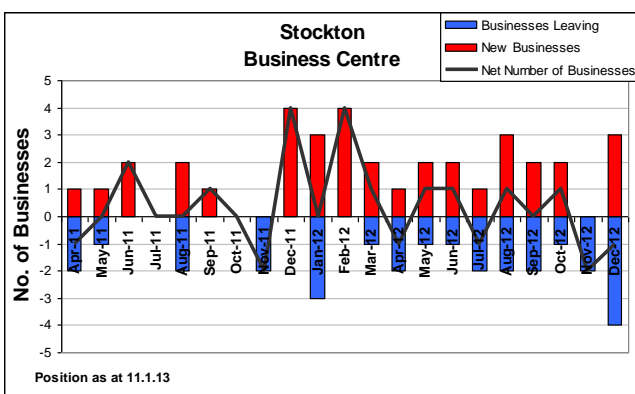


- There has been a slight increase (10) in the number of new JSA claimants in Stockton over the last month.
- There has however been a further decrease (over 30) in the number of young people claiming JSA aged 18-24 in Stockton during the last month, with the figure now at 2,130. This represents 30% of the total JSA claimants. 925 young people have been claiming JSA for over 6 months.

OTHER ECONOMIC NEWS

- **Tees Valley City Deal** - The Expression of Interest (EoI) which sets out the area's economic landscape and highlights the positive impact City Deal status would bring to the area has been submitted to the Government by Tees Valley Unlimited. The EoI outlines possible targets for job creation and safeguarding, increased apprenticeships, increased exports and greater private sector investment. If the EoI is successfully shortlisted, these targets will all be subject to detailed negotiations with the Government. A decision is expected in Spring 2013. If shortlisted, Individual City Deals will then be negotiated with final proposals agreed by November 2013.
- **NOF Energy** recognised the stars of the industry at its Annual Awards Dinner 2012. **Phusion, formerly known as Pearson Harper** won the prestigious Company of the Year Award and the International Business Award for its innovation, significant growth in international markets and exports and the company's ability to adapt to handle future expectations in the industry. James Watmore of **Darchem Engineering** won the award for the Best New Talent. James, who completed an Advanced Apprenticeship had already gained national recognition in the sector as Nuclear Apprentice and Supply Chain Apprentice of the Year. He is now a Manufacturing Engineer at Darchem Engineering and is set to continue his academic studies through Higher Education.
- North East firms are investing more than at any time since the recession began, according to the **North East Chamber of Commerce's Quarterly Economic Survey**. A significant rise in the number of companies increasing staffing levels throughout 2012 continued into the fourth quarter, reflecting the downward trend in regional unemployment statistics. However, the survey also shows that despite marginal positives in both domestic and export sales, export orders have fallen into the negative in the second half of 2012.
- Disabled entrepreneurs will get extra support to start up their own business in 2013 through **Access to Work** which will pay for specialised equipment, support workers and travel costs. The national fund aims to increase the number of disabled people who are self-employed. To access the fund future entrepreneurs need to be enrolled on the New Enterprise Allowance (NEA), which provides expert coaching and financial support for jobseekers with a business idea.

SUPPORT FOR BUSINESSES



- Three new businesses have moved into the Centre: **LJS Holistic Therapies and Consultancy** provide services for the PCT and privately; **Blue Box Limited** is a management services provider for those SME's who cannot afford to pay for full time specialist management services; and **Six Fields** are a reseller of mobile telephone applications.
- Four businesses have relocated: two are now working from home; one has moved to Preston

Farm Industrial Estate; and one is moving into the 62 Dovecot Street to work with digital media companies.

- **'AGE 16 to 24'** (The Apprenticeship Grant for Employers of 16 to 24 year olds) has been extended for another year from April 2013 due to its growing success. It is aimed at supporting businesses to grow by providing grants of £1,500 to enable young people to be employed through the Apprenticeship programme. In addition the training costs of the Apprenticeship framework are met in full for young people aged 16 to 18 and 50% for those aged 19 to 24. Subject to budget availability and the employer's commitment to support the apprentice to the end of their programme, up to ten grants can be made to any one employer.
- A £30 million boost to the **Government's Start-Up Loans Scheme** has been announced to give the next generation of entrepreneurs the finance and support to start up their own business. The additional money will boost the total pot for Start-Up loans to over £110 million over the next three years, potentially helping to start tens of thousands of new businesses. The Prime Minister also announced that due to demand and the challenges faced to secure loans to start a business, the upper age limit for the application will now be extended from 24 to 30 years old. The organisations that are contracted to deliver the loans in the North East region are Project North East (PNE), the Community Development Finance Association (CDFA) and the Princes Trust. The Five Lamps Organisation in Thornaby is also sub contracted to deliver the loans locally in the Borough.

SUPPORT FOR PEOPLE

- **Stockton Youth Employment Initiative** - To date, 85 young people have started employment: 28 were aged 16-18; 37 were aged 19-20; 20 were aged 21-24. **In December**, 2 started employment, 1 aged 16-18; 1 aged 19-20, as an Apprentice Electrician (Community Campus) and an Administrative Assistant (The Hope Foundation). **In January**, 4 young people have started employment, 3 aged 19-20; 1 aged 21-24. Roles are as an Administration Assistant (Catalyst), 2 Business Administration Apprentices (The Cabin – SDAIS) and an Executive Support Officer (Five Lamps).
- **Flexible Support Fund** - To date there have been 101 referrals, of which 86 have been classed as eligible (48 aged 18-24 and 38 aged 25+) with 49 people starting work. **In December**, there were 12 referrals of which 10 have been classed as eligible (4 aged 18-24 and 6 aged 25+). **Currently in January**, there have been 14 referrals of which 13 have been classed as eligible with 11 starting work.
- It was announced on 15 January 2013 that the **Youth Contract** eligibility criteria has been extended to include an extra 15,500 16 and 17 year old NEETs. Originally the Youth Contract targeted those NEETs who had no GCSEs at A*-C; now through savings made during the procurement process the scheme can be extended to a wider range including young people who are or were in care, who have one GCSE at A*-c and young offenders who have been released from custody. The Youth Contract provider in Stockton is Pertemps People Development who have called their provision "Nu-Traxx".

HOUSING AND DEVELOPMENT

Monthly Benefit Service Workload

December is traditionally a quieter month however compared to the previous year, workload in December 2012 has increased by almost 2000.

Monthly Benefit Service Workload	
December 2011	8,293
September 2012	14,362
October 2012	12,154
November 2012	11,632
December 2012	10,128

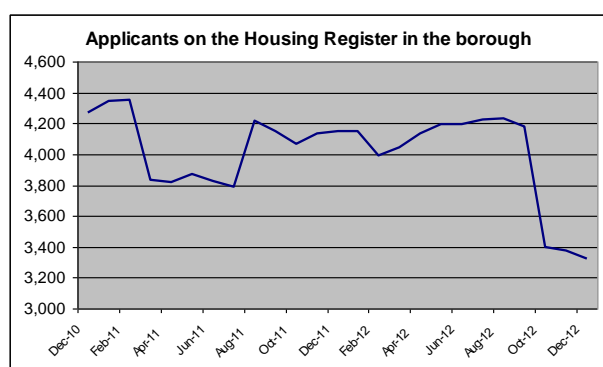
The Housing Register & Homelessness Data

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 approaches to the Housing Options service in December is traditionally low however in December 2012 it was the highest recorded figure for that month in 4 years. Homelessness acceptances increased slightly in December compared with November.

Number of approaches to the Housing Options service		Applications on the Council's Housing Register (including transfers)	
December 2011	110	December 2011	4,152
September 2012	287	September 2012	4,179
October 2012	344	October 2012	3,400
November 2012	435	November 2012	3,373
December 2012	190	December 2012	3,324
Number of households accepted as homeless by the Housing Options Service		Mortgage Possession Claims Issued per 1,000 households	
December 2011	2	July - Sept 2011	1.14
September 2012	10	Oct – Dec 2011	0.82
October 2012	7	January – March 2012	0.89
November 2012	3	April-June 2012	1.01
December 2012	5	July-Sept 2012	0.82

Note: Oct-Dec 2012 data to be released in February.



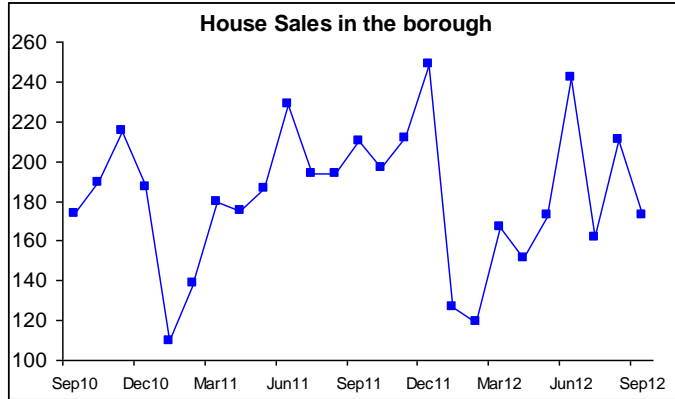
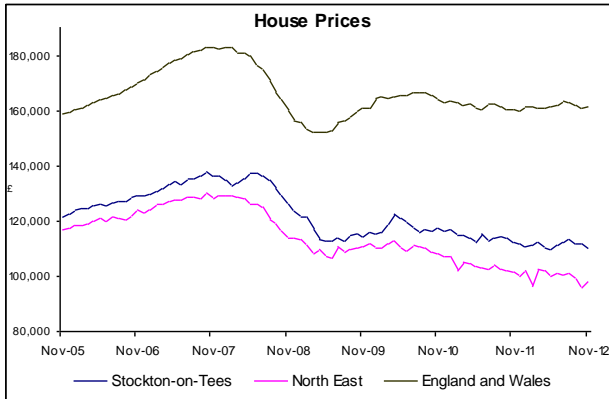
A positive and proactive approach is taken to homelessness; this includes services and initiatives developed to address other factors that have a detrimental effect on maintaining independence and sustaining accommodation. This can also include accrediting private landlords and tackling poor housing 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 in the first 9 months of 2012 has been slightly lower than the same period in 2011 (1617 in 2011 compared with 1525 in 2012).

Number of House Sales in the borough (source: land registry)		Average monthly House Prices in the borough (source: land registry)	
Sept 2011	211	November 2011	£112,396
May 2012	162	July 2012	£112,283
June 2012	208	August 2012	£113,158
July 2012	162	September 2012	£111,927
Aug 2012	217	October 2012	£111,627
Sept 2012	173	November 2012	£109,850

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.



Further Housing Market Analysis

Hometrack, a UK property analytics organisation, predicts that house prices nationally will fall by 1% in 2013 before stabilising in 2014. They also state that mortgage lending is likely to remain broadly flat for the next two years as lenders concentrate on re-shaping balance sheets, building capital buffers and restoring margins further. The Council of Mortgage Lenders estimates a 'modest increase' to in mortgage lending in 2013 nationally. Locally developers have commented that mortgage availability remains a significant barrier for many households wanting to purchase new homes with them.

Nationally, property company Barratt Developments has reported that it expects its profits to have more than doubled for the first half of 2012/13 compared to the previous year. Locally Barratt have said that Meadow Rise, its development as part of the Hardwick Regeneration scheme, is the 6th most successful scheme of all its 54 sites in the North East, Yorkshire and Humber and Scotland.

	Jan – Sept 2011	Jan – Sept 2012
New build starts	350	390
New build completions	310	420

Source: Communities and Local Government Quarterly House Building Statistics

Across the Borough data on house building is mixed. Whilst Hometrack data shows that new build house sales in the borough were lower in 2012 than the previous four years, new build starts and completions in the first 9 months of 2012 were higher than the same period of 2011.

Information from Time2Buy (the Homebuy agent for the Tees Valley and Durham) suggests that the number of properties sold through the Government's Homebuy and First Time Buyer Initiative schemes in the Borough will be higher in 2012/13. These schemes, which are helping many buyers onto the housing ladder for the first time or re-enter the market, can contribute to the success of housing developments.

STOCKTON BOROUGH COUNCIL RESPONSES

- **Support for Businesses on Public Procurement Opportunities** - The Council is supporting Business Generator and the North East Procurement Organisation (NEPO) to deliver free workshops to enable local small and medium sized businesses to develop their skills and ability to bid for public sector contracts.

A series of three one-day workshops are taking place in January and February to give practical 'hands on' advice regarding securing business from the public sector and its supply chains. Newcomers to public tendering will gain an understanding of the bidding process including how to access contracts and supply chains and how to collaborate or be a subcontractor. The interactive practical sessions on pre-qualification questionnaires and tenders will enable businesses to understand what they need to do to submit competitive winning submissions. Following the workshops, businesses will have access to a range of support including one-to-one advice, news and intelligence, and matching to market opportunities. Further workshops will be held throughout the year in the North East and may be repeated in Stockton if there is sufficient demand.