

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- **Falck Nutac** has become the world's first industrial training facility to hold approval to deliver all the safety and quality accredited modules for the wind industry from its site in Billingham.
- Stockton based IT provider **Onyx Group** has increased revenues by 12 per cent during 2012 to almost £20m. Established in 1994, Onyx now has five data centres and six workplace recovery facilities.
- Staff at **Fabricom** offshore Services, which has a base at Wynyard Business Park, alongside apprentices from Teesside, will be using a new **skills and development academy** that has been set up in Newcastle to boost the offshore energy sector in the region.
- Fabrication firm **Darchem Engineering**, Stillington, has started work on an £8m investment which will create 86 jobs. It has been prompted by an increased demand for their products.
- Investcorp which has an office in London has acquired a majority stake in **Hydrasun**, a provider for fluid control equipment for the offshore oil and gas sector, which has a base on St Anns Industrial Estate. Hydrasun believes it will enable them to continue to grow organically and accelerate their international footprint.
- Work has commenced on **Impetus Waste Management's** £4m contract to build a 90,000 sqft material recycling facility in Billingham.
- The Transport Secretary has highlighted the vital importance to the UK economy of two major logistics businesses in the North East after visiting PD Ports (operator of Teesport) and the new 840,000 sqft 'supercentre' operated by **Clipper** on Wynyard Park. Clipper's warehouse accepts and deconsolidates imported clothes for Asda, via Teesport.

SERVICE SECTOR/RETAIL

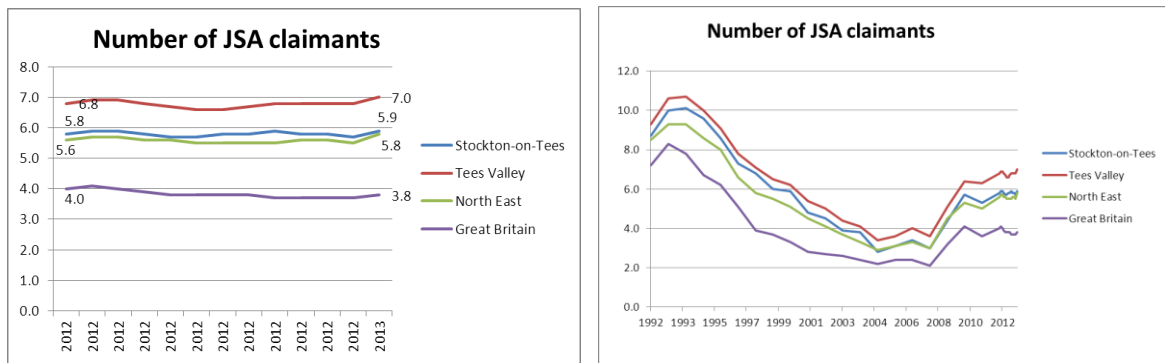
Positive

- **Sycamore Aviation**, an aircraft decommissioning business, has set up at Durham Tees Valley Airport occupying a 45,000 sqft hangar.
- A Teesside entrepreneur has launched **Finch Capital** on Teesdale. The company assists commercial property owners claim tax relief through the Government's capital allowances scheme.
- **UPDATE Castlegate Centre:** The final phase of work to Spencer Market is due to be completed on 28th February. The corner façade is due to be installed on the multi story car park between 25th March and 10th April. Other small works are currently being phased throughout the mall, which include ceiling and floor tile replacements, and lighting improvements.
- **Stockton Town Centre:** A range of new businesses have recently opened in Regency Mall including Regency Boutique selling prom dresses etc, Look Good Feel Good, and Table Top Teesside which sells wedding favours etc. Platinum Letting Solutions has also opened on Yarm Lane. **Specsavers** in Stockton is putting customer services into sharp focus after undergoing £400,000 expansion. The store has also taken on an additional 2 staff members taking the staff to forty five.
- **Much Ado About Muffins** and **Evolution Valves** have been announced as winners of the Local Business Accelerator Competition. Both businesses won an advertising deal from the Evening Gazette alongside mentoring from business leaders. The two companies will be entered along with other winners for a chance to win £10,000 from the Business Growth Fund and mentoring from Deborah Meaden of Dragons' Den in the national final.
- **Wynyard Hall** has won the award for best support services at the North East Hotels Association excellence awards.

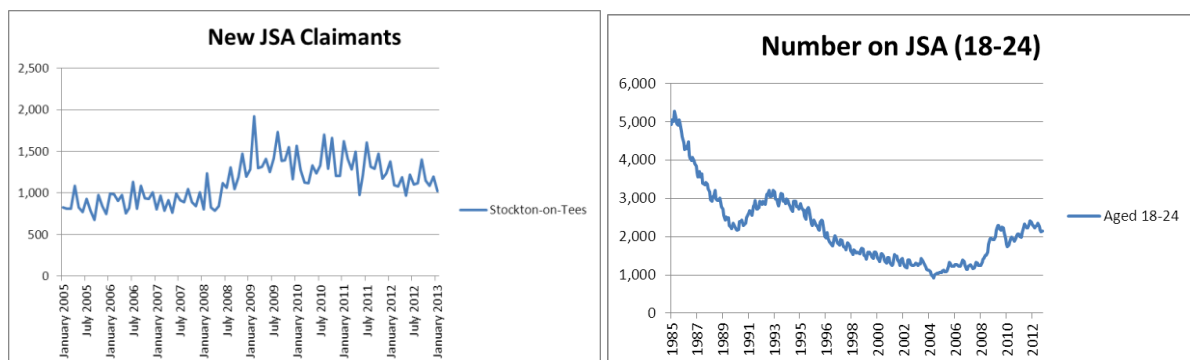
Negative

- The **Insolvency Service** in Stockton will be closed later this year with the loss of 39 jobs. It has been announced that the service will now be transferred to Newcastle.
- Announced closure of **HMV** stores in Wellington Square & Teesside Retail Park
- **UPDATE Blockbusters** will continue to trade as normal whilst a buyer is sought.
- Administrators are seeking a buyer for high street fashion chain **Republic**. The company has a store at Teesside Park, which remains open for business whilst a buyer is sought.
- Stockton Town Centre 'crown' Post Office (owned and managed directly by the PO as opposed to a franchised operation) is looking for a retail partner as part of the national modernisation programme looking at crown franchise opportunities. If a suitable retail partner can be found, this may result in the relocation of the PO from its current location. However the PO is committed to maintaining a presence in Stockton Town Centre and will seek to limit any compulsory redundancies. It is understood that any potential move isn't likely to be confirmed before 2014/15.
- **UPDATE: Direct Line** – is due to close at the end of June. Approximately 90 staff have secured employment elsewhere prior to the employability and skills workshops taking place. All remaining staff are involved in surgeries with Jobcentre Plus.
- **Dynamic Hair and Tanning** has closed on 31 Dovecot Street.
- **UPDATE Walmsleys** has now closed.

ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 7,370. Over the last month the number of JSA claimants has increased by almost 250. This is the highest figure since February 1998. The overall claimant rate has risen to 5.9%. It should be noted that this reflects a similar increase sub-regionally, regionally and nationally.
- The increasing trend in JSA claimant numbers has prevailed over the past year as indicated above but numbers still remain lower than those of 1993.

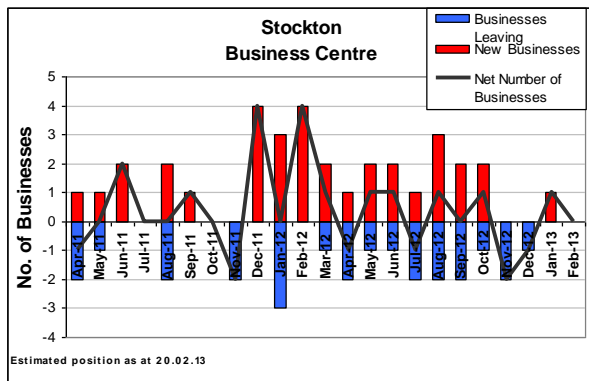


- There has been a decrease (180) in the number of new JSA claimants in Stockton over the last month. There has however been a slight increase (25) in the number of young people claiming JSA aged 18-24 in Stockton during the last month, with the figure now at 2,155. This represents 29% of the total JSA claimants. 950 young people have been claiming JSA for over 6 months

OTHER ECONOMIC NEWS

- Research by Semta (the sector skills council for science, engineering and advanced manufacturing) has identified that every area of England has seen a significant rise in new apprentices in the past two years with the North-east going up by 133%. However it suggests that around 8,500 skilled workers are due to retire by 2016 and a further 15,000 current employees needing to improve their skills to ensure the North-east can continue to perform as a world-class region. Currently 27% of engineering and manufacturing firms in the region take on apprentices and the aim is to get this to 50% by 2016.
- According to data released by the Council of Mortgage Lenders, the number of first-time buyers reached its largest yearly total of 216,000 in five years in 2012. This is the first time the annual total has exceeded 200,000 since 2007 and signifies a year-on-year rise of 12% on 2011 when 193,000 loans were advanced.

SUPPORT FOR BUSINESSES



- An artist 'Luke Dixon' has moved into the Business Centre; the business is called 'The Bearhug'.
- Tees Valley Weddings (Raw Marketing) are taking on a larger unit.

- The Government has confirmed that the Tees Valley is to be one of 20 areas to be awarded a City Deal. The Tees Valley City Deal looks for powers from Government to make decisions to benefit the development of manufacturing and chemical industries as a key generator of wealth and to shift the balance of the economy away from the public sector. A period of negotiation will now commence to determine the detail of powers to be transferred from Westminster.
- The Centre for Process Innovation (CPI) at Wilton is delivering courses for staff up-skilling or retraining in the growing Industrial Biotechnology sector. The sector is expected to significantly impact Teesside's chemical industry, and be a major growth area for the UK, as it will reduce the UK's economic dependence on fossil fuels.
- A £30m RGF Funded project, 'Lets Grow' is holding its launch event on 26 February at the Wynyard Rooms. The project will help to provide grant funding for companies looking for between £50,000 to £1m.
- The Government have announced that plans are in place to create an 'Exceptional RGF' (eRGF) to allow the government to respond quickly to specific economic opportunities or shocks. The estimated £100m eRGF will be met from existing budgets by recycling money from previous RGF rounds where bidders have withdrawn or reduced their grant amount. The money would be used where there is no routine chance to bid or because an investment decision is needed imminently. In the absence of an open competition all eRGF cases would be benchmarked against similar bids from previous rounds to assess their relative value for money.

SUPPORT FOR PEOPLE

- Youth Contract Wage Incentive** – For the duration of the Youth Contract (April 2012 to March 2015), employers are able to take advantage of 160,000 wage incentives worth £2,275 (30 hours full time) or £1137.50 (16 to 29 hours part-time) per person when employing an 18 to 24 year old for at least 26 weeks through Jobcentre Plus and through the Work Programme providers (Triage Central and Avanta) or Work Choice (provided by Shaw Trust). The eligibility for the Wage Incentive is that the young person has to have been unemployed for at least six months.

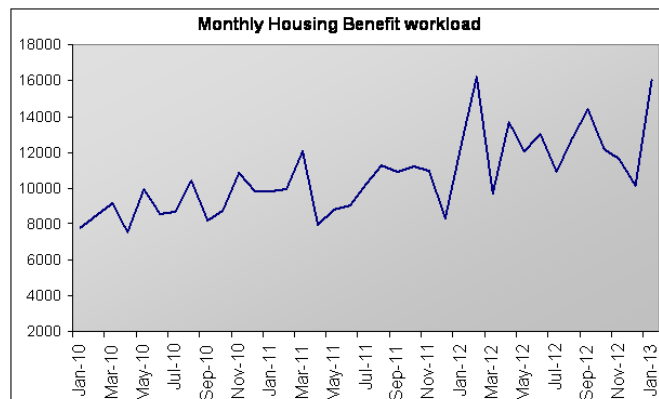
- **UPDATE: Stockton Youth Employment Initiative** - To date, 96 young people have started employment (36 aged 16-18; 40 aged 19-20; 20 aged 21-24). In **January**, 6 started employment (1 aged 16-18; 3 aged 19-20 and 2 aged 21-24). In **February**, 7 young people have started employment (5 aged 16-18; 2 aged 19-20). Roles have included an Administration Assistant (Humanah x 2), a Business Administration Apprentice (Teesside Hospice, Middlesbrough in the Community, Hardwick in Partnership) an Apprentice Youth Worker (Hardwick in Partnership) and a Retail Apprentice (Teesside Hospice).
- **UPDATE: Flexible Support Fund** - To date there have been 128 referrals, of which 14 have been classed as eligible (59 aged 18-24 and 55 aged 25+) with 52 people starting work. In **January**, there were 27 referrals of which 26 have been classed as eligible (10 aged 18-24 and 16 aged 25+) and 10 started work. **Currently in February**, there have been 19 referrals, all of whom have been classed as eligible. Training undertaken includes first aid, Introduction to Tattooing, Asbestos Operative training, Close Protection Security, Scaffolding and Offshore courses.
- **Work Experience Judgement** – Department for Work and Pensions (DWP) will need to create new regulations for employment schemes such as the Work Programme following the Court of Appeal ruling that the current regulations did not describe the schemes to which they apply. This follows a claim by two jobseekers that the mandatory work experience programme they were placed on was unlawful “due to a lack of basic information given to the unemployed”. The basis of the claim was that the unemployed are not given sufficient information as to the penalties they face and their right to appeal against being made to undertake unpaid work.

HOUSING AND DEVELOPMENT

Monthly Benefit Service Workload

The workload has increased this month; however the graph shows that this is not unusual. It could, in part, be due to December traditionally being a quieter month and also still as a result of the implementation of a new automated system of direct notification of changes to DWP benefits.

Monthly Benefit Service Workload	
January 2012	12,452
October 2012	12,154
November 2012	11,632
December 2012	10,128
January 2013	16,013



The Housing Register & Homelessness Data

The number of approaches to the Housing Options service in January 2013 has increased significantly on those figures in December 2012 (the lowest December in the past 4 years) to be slightly lower than those of January 2012.

Homelessness acceptances decreased slightly in January 2013 compared with December 2012.

Number of approaches to the Housing Options service		Applications on the Council's Housing Register (including transfers)	
January 2012	291	January 2012	4,148
October 2012	344	October 2012	3,400
November 2012	435	November 2012	3,373
December 2012	190	December 2012	3,324
January 2013	288	January 2013	3,372

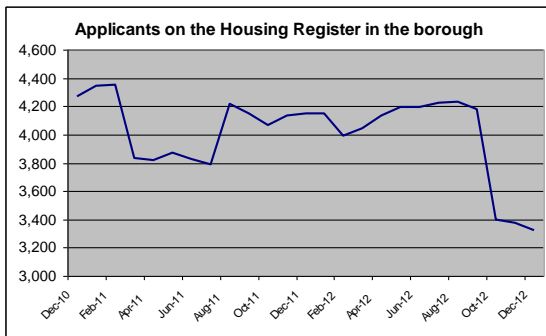
Number of households accepted as homeless by the Housing Options Service

January 2012	2
October 2012	7
November 2012	3
December 2012	5
January 2013	4

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

Note: Oct-Dec 2012 data to be released in late 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 10 months of 2012 has been slightly lower than the same period in 2011 (1814 in 2011 compared with 1734 in 2012).

Data released by the Council of Mortgage Lenders in February showed that nationally the number of first-time buyers in 2012 reached its largest yearly total in five years. Locally this has been reflected in the number of reservations* for the governments equity loans schemes made through Time2Buy (the Homebuy agent for the Tees Valley and County Durham). In 2012 there was an increase of 145% in reservations in the Tees Valley and County Durham compared with 2011 (132 to 324).

* Reservations means the buyer choosing a plot and paying a reservation fee to the developer following their approval by Time2Buy.

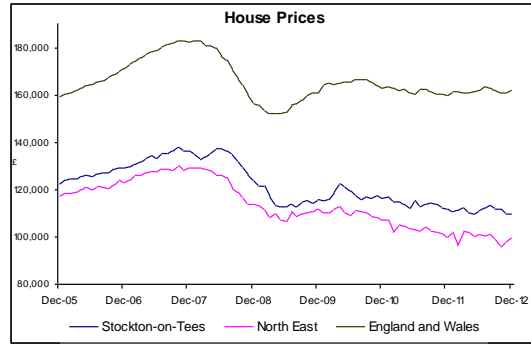
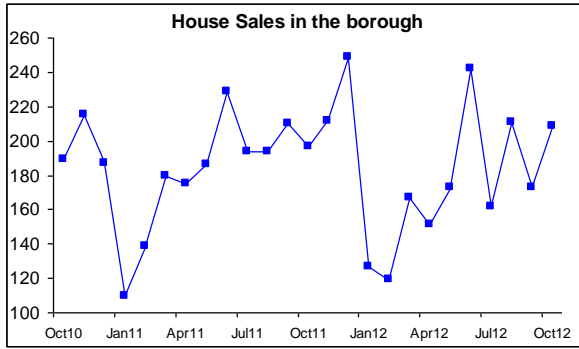
Number of House Sales in the borough
(source: land registry)

Oct 2011	193
June 2012	208
July 2012	162
Aug 2012	217
Sept 2012	173
Oct 2012	209

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

December 2011	£111,756
August 2012	£113,158
September 2012	£111,927
October 2012	£111,627
November 2012	£109,850
December 2012	£109,492

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 Council is holding an Electric Vehicle Business Event on 22 March at CableCom, Preston Farm. Teesside is recognised as one of the best connected places in the country for electric vehicle charge points.
- Digital City Stockton (62 Dovecot Street) has now had the refurbishment completed, funded through joint ERDF and SBC investment. The final stages of lease arrangements are progressing.