

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT AND BUSINESS

ENGINEERING/MANUFACTURING/CHEMICAL

Positive

- **TAG Energy Solutions** (Haverton Hill) has been awarded a multimillion pound contract to manufacture the monopiles (foundation poles) for a new wind farm off the Humber Estuary. It is the first company to secure a contract for a wind farm in British waters and the work is expected to create 60 jobs. In addition TAG will be working with US-based Principle Power to develop WindFloat technology. The offshore wind technology test project has been awarded nearly £700,000 Government funding.
- Engineering and project management consultancy **Amec** based at Wynyard Park, has secured a £68m contract to deliver hook up and commissioning services for two new oil platforms in the North Sea.
- **Tracerco** based at Belasis Business Park has received planning approval for a 5837 sqm development on undeveloped land at the rear of the business park which is part of the Tees Valley Enterprise Zone. The expansion for research and development will create 30 jobs.
- **Phusion**, formerly Pearson-Harper, has successfully secured its largest contract to date for a project in Australia. The £11.5m deal will create up to 15 new jobs at the company continuing the Billingham based company's rapid growth in the UK. Phusion's continued expansion will see them relocate within the Belasis Business Park from one unit to two new units within the Enterprise Zone area increasing floor space from 5,000 sq ft to 12,500sq ft in total.
- Property consultancy **Robertson Simpson** has opened an office at Surtees Business Centre on Preston Farm Business Park and is looking to create up to six new positions at its Teesside operation within the next 12 months.
- **HCS Drain Services:** (Ross Road, Stockton) specialises in emergency drain clearing and has recently invested more than £800,000 in new equipment following recent contract wins with some of the region's local authorities. The business has taken on 12 new engineers since 2012.
- **Swagelok** has recently moved into refurbished premises at Preston Farm Industrial Estate. The company provides precision pressure regulator products and has taken a 10 year lease on a 5,885 sq ft unit.
- **UPDATE: Chemoxy International** has been awarded £1.5 million from the Regional Growth Fund to expand capacity at its Billingham site by installing a multi-purpose combined reaction and distillation plant at a total cost of £6M. The new plant will provide additional capacity for Chemoxy's range of environmentally friendly, low emission latex paint additives and provision of recycling facilities for a variety of waste and by product streams. The new facility, which is expected to be on-line early 2015, will create 15 direct jobs and provide more critical mass for the Billingham Site. The new plant will generate sales of £7.5m of which 70% will be sold overseas.
- **UPDATE: SSI UK** have created 2 full-time and 2 part-time positions for multimedia and business management students from Teesside University to work in its communications department providing news and stories about the steel plant.

SERVICE SECTOR/RETAIL

Positive

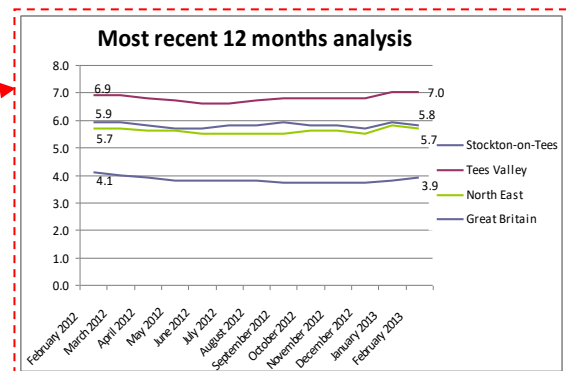
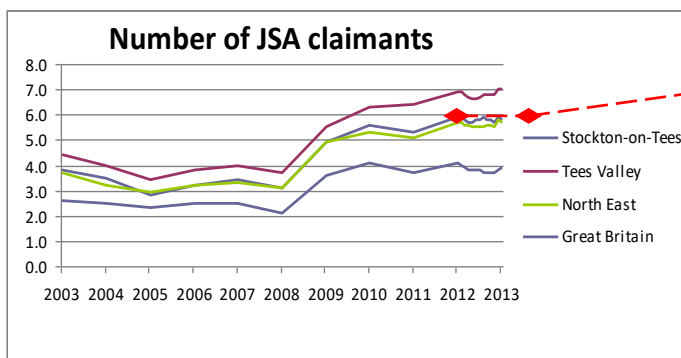
- **WR Financial Management:** The Independent Financial Advisor firm, based on Teesdale, has employed 3 new staff, taking its team to 17, in order to deal with the Government's auto enrolment pension programme for employers.
- **Stockton Town Centre:** New business Le Boutique, selling women's lingerie has opened on Finkle Street, a new Florist 'Wild Willow' has opened in the Castlegate Market Hall and H Dobson (Glass) has relocated from West Row to St Mary's Business Park,

- **Enterprise Arcade:** Jewellers, Made by Marianne, has moved from the Enterprise Arcade to 24 High Street (due to open on 8th April) and a new Art and Photographic Business opened in the Enterprise Arcade in February for the 6 month trial period.
- **ABB Consulting** (Billingham), which employs 153 people on Teesside provides technical and engineering services to clients in the UK, US, Asia and Middle East. The company is growing at about 20% per year but has raised concerns that future growth could be hampered if the skills shortage cannot be remedied. The company has a strong apprenticeship programme but are particularly interested to hear from experienced engineers.
- **Shambles:** An electronic cigarette seller has moved into the Shambles from a market stall and Stephenson's Florist has moved from a single to a double unit and carried out works to create a shop frontage.
- **Tait Walker** (Teesdale) is a north-east independent accountancy firm which has seen investment in its wealth management service double the team in just 12 months to 18. It is now looking to recruit further staff.
- **MC² Training Solutions** (Preston Farm) has acquired Southend Training Services. The firm is now equipped to offer a wide range of first aid, health and safety and bespoke hazard courses.
- Online lender, **4finance**, has opened a UK headquarters at Thornaby Place, creating 20 new jobs. They hope to increase staff numbers to over 100 within the next 18 months.
- **UPDATE Thomas Cook:** It has been confirmed that the stores in Stockton and Teesside Retail Park will remain open.
- **UPDATE Republic:** Sports Direct International has struck a deal to acquire parts of the fashion retailer Republic out of administration. The group will acquire 116 Republic stores, safeguarding 2,100 jobs across the UK, including 33 jobs at Teesside Park and Darlington.
- **Former Tristar Neasham Site** – Planning permission has been granted for a £2.5m scheme to redevelop the derelict site in Thornaby with a McDonalds drive through and a new Asda petrol filling station. It is expected that the scheme will create more than 70 new full and part-time jobs for the area.
- **HMV** - HMV's UK retail business has been sold to Hilco and safeguarding more than 2,500 jobs across the country. Hilco has bought 141 HMV stores, including 25 of which had previously been set for closure, as well as the company's head office and distribution functions. In the North East, the HMV stores bought are Darlington, Gateshead, Middlesbrough, Newcastle and Sunderland.

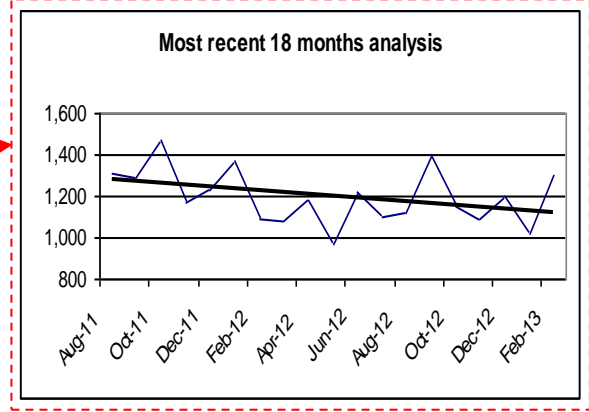
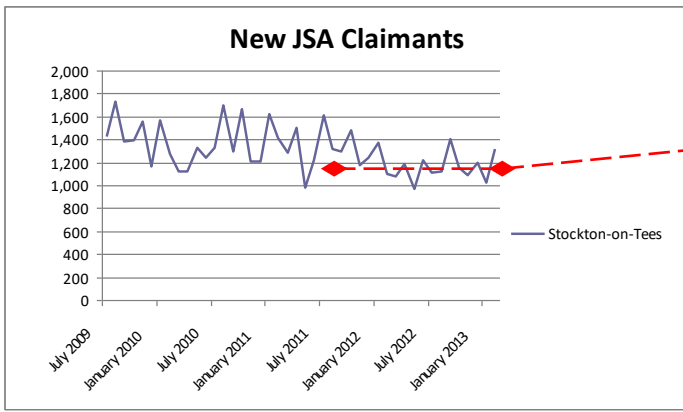
Negative

- **Stockton Town Centre:** Gifted (Silver Street), House of Flavours (Church Road), HMV (Wellington Square), Tin Pan and Café Milligans (Castlegate) have closed. Hanni Mays, formerly on Hambletonian Yard, has relocated to Castleford for personal reasons.
- **TFM** – As of 8.4.13 the TFM station will be broadcasting from Newcastle, and the Yale Crescent, Teesdale, Thornaby base will close. Only two reporters will remain on Teesside gathering news from the area. 22 employees make the move from Thornaby to Newcastle, but a further 4 employees have been entered into a consultation period.

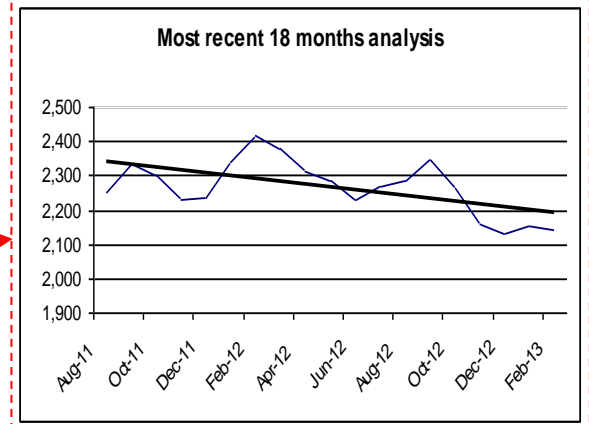
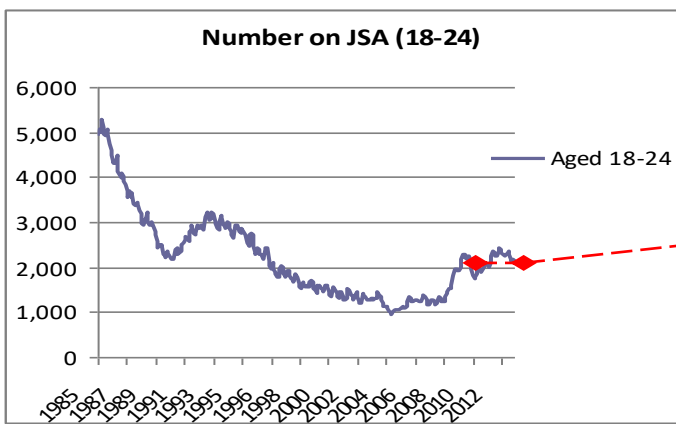
ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 7,249 (5.8% of working age residents). A more detailed 12 month analysis shows a decrease overall across the year since February 2012.



- Although there has been an increase of 290 new JSA claimants over the last month there has been a decreasing trend in new claims over the 18 month period since August 2011.

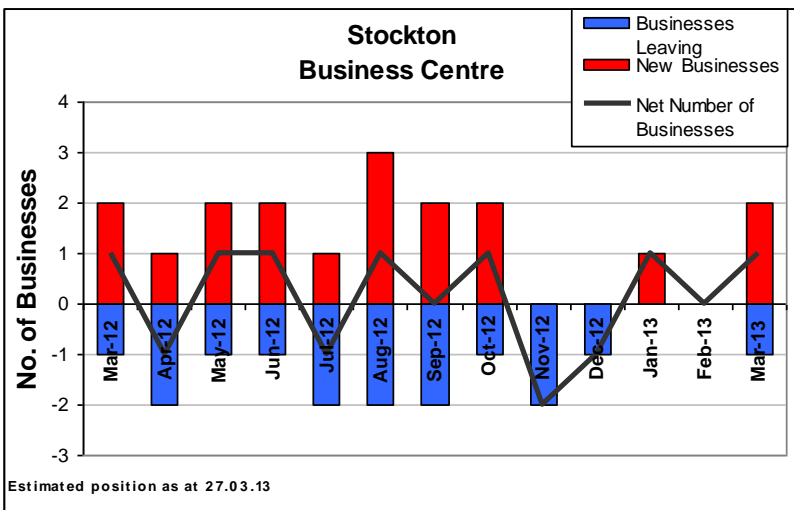


- The current number of young people claiming JSA is 2,140 (representing 30% of the total number of JSA claimants), of which 930 have been claiming for over 6 months. However, over the past 18 months there has been a decreasing trend since August 2011.

OTHER ECONOMIC NEWS

- Stockton was ranked as second in the country for having the best environment and infrastructure for businesses according to a survey of all 325 local authority areas in England. The survey, published on 14 February and undertaken by Local Futures in partnership with the specialist publication, MJ, based its assessment on five key things including quality of life, commercial floorspace, growth in commercial and industrial floorspace, connectivity and cost base.

SUPPORT FOR BUSINESSES



- Halliday Reeves Law Firm and Michael Cartwright Photography have moved into the Business Centre
- AGM Recruitment has taken on an additional unit and LocalRus has now decided to remain in the Business Centre and take on a larger unit rather than relocate to 62 Dovecot Street.
- AD Networking has moved out to Riverside Park, Middlesbrough.

- **Barclay's Apprenticeship Scheme** - Many large multi national companies based in the UK are responding to demographic change by trying to attract more young people into their businesses. The number of young people is predicted to decline over the coming years, along with a predicted increase in the older population. Young people themselves are looking more to the apprenticeship route as higher education has become expensive in terms of loans, and there is no guaranteed employment prospect at the end of the degree programme. Barclays is one of the companies who have introduced an apprenticeship entry route for young people.
- **RGF Round 4** – Eight private project applications have been submitted from across Tees Valley requesting a total of £26.9m grant against total expenditure of £204.56m. Four of these are from Stockton based businesses. In addition, two programme bids have been submitted one for Tees Valley and one for the North East overall.
- **Teesside Engineering Network (TEN)**: A trio of Tees Valley based companies have joined forces to launch TEN which aims to highlight new business opportunities and help stop work on big projects being poached by companies out of the area. The first project sharing event was held in February at Preston Hall with a capacity attendance made up of local engineering firms. Stockton firms Francis Brown Ltd and Axiom Engineering Associates Ltd together with Industrial & Marine Hydraulics Ltd aim to support the local engineering supply chain by working with members to keep them informed and aware of new opportunities coming to the region.
- **Best New Business Awards 2012 - School House Recruitment** (Stockton Business Centre) a recruitment agency for teachers and teaching assistants won the Marketing category and **Innov8 Disposal Ltd** (Mandale Industrial Estate) won the Environment category for its free, safe & professional disposal of IT equipment.
- **The North East Business Awards Teesside Region 2013** – There were 10 award categories with 3 businesses nominated for each. A total of 22 businesses from the Tees Valley were shortlisted, of which 9 were based in Stockton. All winning businesses will now be put forward to the regional finals that take place on 25th April.
 - **Visualsoft eCommerce** (Church Road) Winner of the Internet & ICT Award has seen an increase of 59% in turnover in the past 12 months and a staff increase of over 450% in four years taking the company to 122 employees in 2013.
 - **Odyssey Systems** (Preston Farm Industrial Estate) is the first company ever to win the Service Award two years running. The firm, which employs 32 staff, supplies services including business telephone and internet systems, business domain names and website hosting, to about 1,300 companies, largely in the North of England.
 - **Nifco** (Yarm Road) Winner of the Manufacturing Award aims to see a growth in turnover from £40.6m to £70m by 2015 and an increase in staff from 350 to 450.
 - **Nortech Solutions** (Wynyard Park) Winner of the Newcomer of the Year Award offers professional engineering solutions created over 75 jobs in the first 18 months of setting up. Office space is now in excess of 8000 sq ft to support the growth of the business.
 - **Cleveland Cascades Ltd** (Teesside Industrial Estate) nominated for Manufacturing Award and Export Award, is a world leader in the design & manufacturer of a unique Cascade Loading System and has seen a 76% export sales growth in 2010-2012.
 - **Wells** (Bowesfield) Nominated for Newcomer of the Year Awards and Internet & ICT Award has recently invested £2m into its electronic business which will see an increase in growth at jobs for the company.
- **Design for Growth** is new service to support North East design projects and help new start-ups has been announced by RTC North; an independent company delivering initiatives and business services which support economic growth. Financed by ERDF, 'Design for Growth' is aimed at providing financial support to help companies grow their business by investing in new products and services. The service will focus on companies wanting to work with local designers and will also back new start ups.
- **Access to Finance Grants** supported by RGF, UK Steel Enterprise is set to launch a new Access to Finance scheme to benefit growing companies. The scheme will provide grant funding alongside loan and equity finance provided by UK Steel Enterprise to help local companies grow and create jobs. UK Steel Enterprise is the subsidiary of Tata Steel that provides business growth finance of between £25,000 and £750,000 to growing companies in the traditional steel-making areas of the UK.

- **Let's Grow Fund** is a £30 million RGF programme for SMEs running from February 2013 to December 2014. The programme is the result of collaboration between three companies and will provide grant support for capital investment and R&D projects creating or safeguarding jobs in the North East of England. It will be run as a series of quarterly competitions promoted by The Journal and Evening Gazette. The first round of applications is currently being evaluated. So far 9 Stockton businesses have submitted expressions of interest to the North East Let's Grow scheme which is managed by the BE Group and funded from the Regional Growth Fund. 8 of these applications have been accepted to go through to the full application stage and one of these has been approved by the investment panel pending a full appraisal; the total grant requested is £2.6million and if all are approved 177 jobs will be created and a further 156 safeguarded. Council Business Engagement Officers have already been working with a number of these businesses and will be providing support to the unsuccessful business to try and progress its expansion project with other sources of funding.
- **Local Infrastructure Fund** is a £474m loan announced by the Government to help pay for infrastructure that is needed to bring forward development on either Enterprise Zone sites or large (1500 units +) housing sites.
- **Wynyard Park** launched an initiative on 2nd April 2013 offering new businesses the opportunity to win a corporate support package worth £30,000. Local start-up companies or entrepreneurs with a great business idea are being encouraged to enter the initiative and pitch to secure the package of support.

SUPPORT FOR PEOPLE

- **Stockton Youth Employment Initiative - To date**, 113 young people have started employment: 42 were aged 16-18; 49 were aged 19-20; 22 were aged 21-24. Job roles being undertaken include Apprentice Administrator (Tees Active), Catering/ Hospitality Apprentice (Cultures CIC), Customer Service Apprentice x 2 (Stockton Mobility Shop and Tees Active) and Trainee Leisure Assistant x 3 (Tees Active). There are still 30 posts to be filled within the next month. Applications from organisations have now closed for any new opportunities.
- **Flexible Support Fund - To date** there have been 187 referrals, of which 169 have been classed as eligible (76 aged 18-24 and 93 aged 25+) with 83 people starting work against a target of 80 people into work. Training undertaken includes VCA1 European Safety passport, Fork Lift Licence training, Scaffolding and Offshore courses.
- **GSE Systems UK Ltd** (Three Acres Business Park, Thornaby) – The Stockton-based engineering and simulation company has launched an art competition for young people to reproduce art to be displayed at their new offices, and Stockton Council has profiled this opportunity to the secondary schools in the Borough, Stockton Sixth Form and Riverside Colleges.

HOUSING AND DEVELOPMENT

Monthly Benefit Service Workload

Workload remains high due to the implementation of a new automated system of direct notification of changes to DWP benefits and preparations for year end up-rating

The Housing Register & Homelessness Data

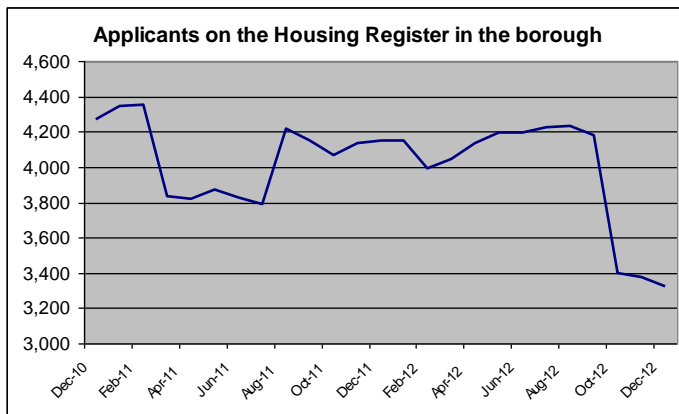
In October an audit of the active applications on the Housing Register took place which has resulted in 700 applications being removed from the register. This could be because they have secured alternative suitable accommodation themselves or are no longer interested in securing affordable housing in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

Monthly Benefit Service Workload

February 2012	16,170
November 2012	11,632
December 2012	10,128
January 2013	16,013
Feb 2013	18,319

Number of approaches to the Housing Options service		Applications on the Council's Housing Register (including transfers)	
January 2012	291	February 2012	3,993
October 2012	344	November 2012	3,373
November 2012	435	December 2012	3,324
December 2012	190	January 2013	3,372
January 2013	288	February 2013	3,353
Number of households accepted as homeless by the Housing Options Service		Mortgage Possession Claims Issued per 1,000 households	
Feb 2012	7	July - Sept 2011	1.14
November 2012	3	Oct – Dec 2011	0.82
December 2012	5	January – March 2012	0.89
January 2013	4	April-June 2012	1.01
Feb 2013	2	July-Sept 2012	0.82

Note: Oct-Dec 2012 data not yet available



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

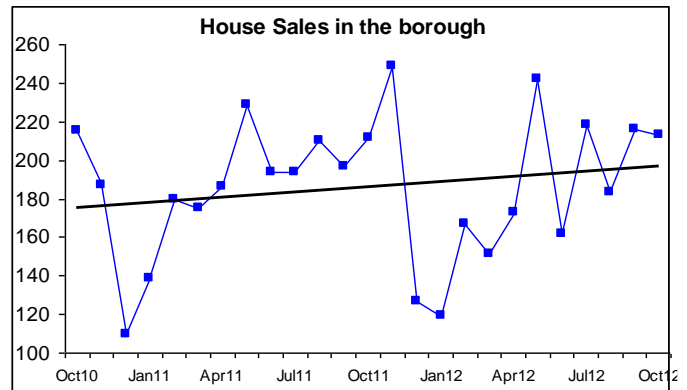
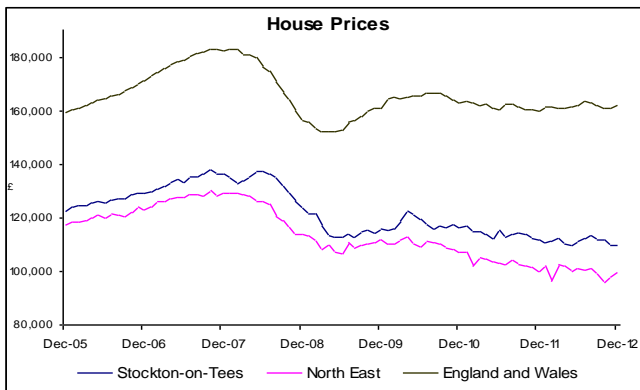
Average house prices continue to be lower than the national average. The number of house sales in the borough in the first 10 months of 2012 has been slightly lower than the same period in 2011 (1814 in 2011 compared with 1734 in 2012).

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)		Average monthly House Prices in the borough (source: land registry)	
Nov 2011	212	Jan 2012	£111,367
July 2012	162	September 2012	£111,927
Aug 2012	217	October 2012	£111,627
Sept 2012	173	November 2012	£109,850
Oct 2012	209	December 2012	£109,492
Nov 2012	213	Jan 2013	£109,605

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 SUPPORT

- National Apprenticeship Week** –Tees Achieve apprentices and staff organised an open day at Billingham Community Centre to promote Apprenticeships. They contacted Connexions, schools, employers and the general public to come and see what was involved in an apprentice programme and to hear from current apprentices what they did at work and at the training centre. Refreshments were provided by the apprentices based with BCT Aspire who run the café at Billingham Community Centre.
- Stockton Council** is holding an informal open day on 23 April to enable businesses to find out more on how they could benefit from locating to the Enterprise Zone site at Belasis Business Park which includes some existing units.
- Healthy Market** - Regeneration & Economic Development worked closely with a range of agencies from across Stockton to promote healthy lifestyles via a specialist 'healthy market'. Cooking demonstrations were presented whilst the outreach worker spoke to a steady flow of people enquiring about a range of courses including; Art, Cookery, Basic Skills and Apprenticeships. The event encouraged the use of fresh produce, whilst also promoted Stockton Town Centre and encouraged local businesses and organisations to raise awareness of their product through the market place. 87.1%-Visitors/residents said the markets had raised their awareness of health, fitness and well being.
- Electric Vehicle Event** – On 22nd March the Council held an electric vehicles event for Tees Valley businesses and organisations. The event highlighted the great advantages of electric vehicles in business use, and the associated commercial opportunities. There was a series of presentations from eminent speakers, and a range of 11 different electric and hybrid cars and vans for delegates to try. The event showcased the measures (both vehicles and charging infrastructure) the Council has put in place to promote electric vehicles. There are 58 dedicated car charging points across the Borough plus additional ones in non-SBC premises, such as car dealerships, factories, and Durham University. There are also 2 quick charger facilities, which can recharge a typical electric car to 80% in under 20 minutes. The North East is the most connected area of the UK for electric vehicle charging points refer to: www.chargeyourcar.org.uk. The UK and Europe version of the Nissan Leaf electric car is being launched at the end of March. Many thousands of jobs, both at Nissan and in the supply chain (including factories in Stockton on Tees) are dependent upon the early success of the electric vehicle revolution.