

## **ECONOMIC CLIMATE UPDATE REPORT**

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

### **EMPLOYMENT AND BUSINESS**

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

##### **Positive**

- **Seneca Global Energy Ltd** has received planning approval to build a 24MW energy facility including gasification technology at Seal Sands. 40 full time and 6 part time jobs will be created when the plant is operational
- **Eco2** – an energy company based in Cardiff, has multi-million pound proposals to develop a new biomass energy plant at Port Clarence. The company hope to submit a planning application by the end of the year.
- **Francis Brown** based at Hill Street, Stockton has announced an engineering manufacturing collaboration with Aberdeen based Schoolhill Hydraulic Engineering to increase the scope of work they can offer on projects in the oil and gas sector.
- **Innov8 Disposal** had an official opening at its new premises on Mandale Industrial Estate. The two year old company which deals with WEEE (Waste Electrical and Electronic Equipment) waste, trebled its turnover last year. It now employs 15 people, which includes four apprentices.
- Chemical firm **Sabic UK** has dismissed reports it was closing its North Tees Aromatics and Ethylene Liquefaction complex and states it remains part of its core operating strategy.
- **UPDATE Air Products** are currently recruiting for more than 50 permanent staff for roles from engineers to administrators. The Council and Job Centre Plus are assisting in the recruitment process.
- **UPDATE: Nifco UK** has started work on its £12.8m extension at its Eaglescliffe site.

#### **SERVICE SECTOR/RETAIL**

##### **Positive**

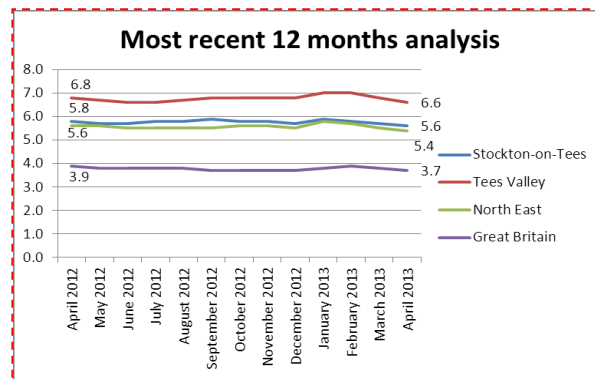
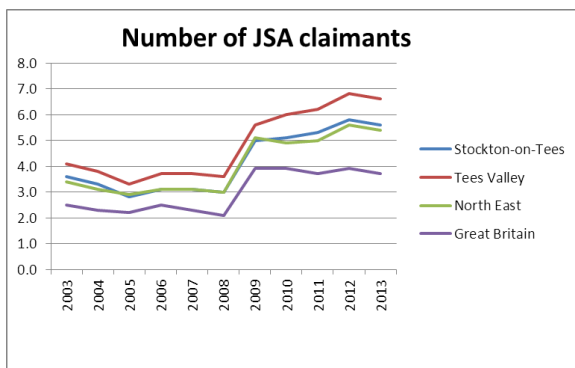
- **Direct Line Supplies**, providers of catering supplies across the North East are due to open a 46,000 square foot warehouse and distribution facility on Teesside Industrial Estate, following relocation from Middlesbrough it will safeguard a total of 28 jobs, whilst creating a further 7 new jobs in the next 2 years.
- **Cleveland County Scooters** are moving into a new unit on Oxbridge Industrial Estate. The new unit, adjacent to their existing premises is double the size and is required due to the success of the business.
- **Ecoad**, a waterless urinal company situated on Westland Way, Stockton is the only company in the UK with the rights to supply pubs, universities, businesses and sports centres with Falcon porcelain urinals. They only started trading last year and have ambitions to float on the stock market in the next five years.
- **Business Health Partners** an independent provider of occupational health support, training and consultancy, based in Billingham, has seen an increase in trade after having been awarded contracts with a number of major firms in the region including Nifco, Formica and RFMD.
- **Stockton Town Centre** – The Stottie Company opened on Prince Regent Street on 25 May, Clarinas (ladies fashions) has opened on Ramsgate, and Pretty Pumpkin (a baby shop), is opening on Dovecot Street. The Mulberry Tree public house has been refurbished and renamed The North Eastern. Bloomingdales florist (Dovecot Street) has changed hands and has re-opened as Blooms on the opposite site of Dovecot Street. The ex Walmsley's unit in Castlegate Centre has been taken over by 3 former Walmsley's employees to form Furniture Express. Liberty's has opened in the Castlegate Centre and Bennetts Fish and Chip shop has opened on Nelson Terrace employing 4 members of staff.
- **X-up Skate Shop** has moved out of Stockton Enterprise Arcade, into first floor premises on Dovecot Street. The larger premises will allow them to increase their product range considerably

- **Home Bargains** is opening another unit in the ex MFI store on Bridge Road Retail Park.
- **Crossfit Gym** on Teesside Industrial Estate has gained planning permission to expand into an adjacent vacant unit. The works will create new changing facilities and equipment for the gym which now has membership of over 160 people.
- **Tristar Homes** is piloting a service in partnership with STEPs (a service provided by Stockton Council) dedicated to supporting people with disabilities into higher education and employment. As part of the programme they are employing two young people with autism at their Head Office on Preston Farm.
- **UPDATE: Public Lending Right**, an arm of the Department of Culture, is to stay in the Tees Valley with the Thornaby office saved and its functions transferred to the British Library following a consultation on its future.
- **UPDATE:** Stockton Council Planning Committee has approved planning permission for a new Rose Garden, Visitor Centre and Cookery School at **Wynyard Hall**. This approval could realise a £4million investment in the site and the creation of 40 jobs, with the Rose Garden intending to hold the widest range of rose species in Europe, by the end of the 2 year project.
- **North East Marketing and Design**, a web design, optimisation and Internet Marketing Company are the first company to be awarded an SBC Micro Loan. This has helped facilitate a move to larger premises on Preston Farm, in addition to accessing funding through the Flexible Support Fund, to double their workforce from 3 to 6, with further plans to increase further.

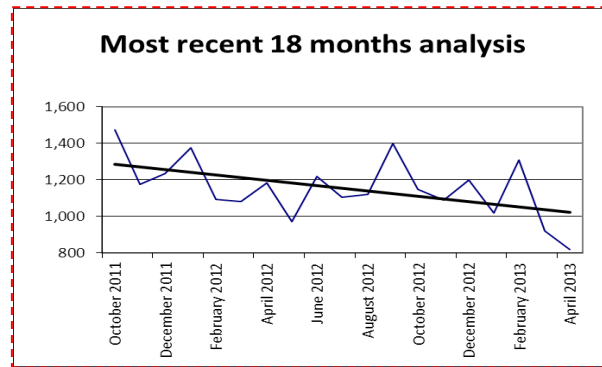
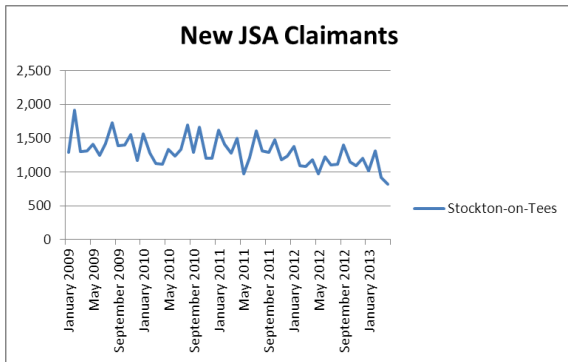
### Negative

- **Stockton Town Centre** – Hobbies R Uz (Church Road) and Retrosoft (Hambletonian Yard) have now closed.
- **HM Revenue & Customs** have announced plans to close tax enquiry offices across the North East as part of a pilot to potentially save £13m. From June, centres in Stockton, Middlesbrough and Darlington will close with around 30 potential job losses. They will be replaced by a phone service and face to face meetings.
- **NHS Direct** (located in North Tees Hospital) is closing on 25th June affecting 11 individual's.

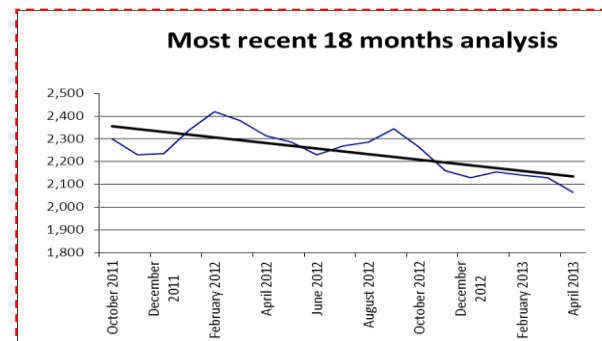
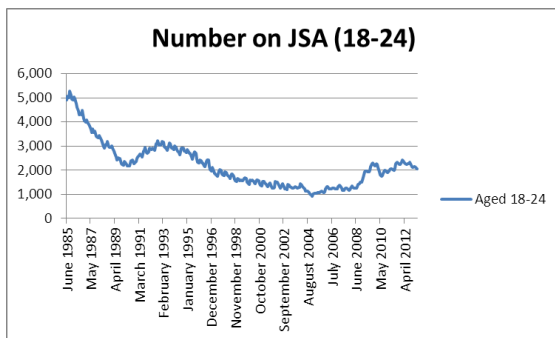
### ECONOMIC INDICATORS



The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 7,011, a decrease of over 100 on the previous month. The proportion of working age residents claiming JSA has therefore decreased accordingly, from 5.7% to 5.6%. A more detailed 12 month analysis shows a decrease overall across the year since April 2012. It is also the lowest it has been since December 2011.



There has been a decrease of 100 new JSA claimants over the last month, continuing the overall downward trend in new claims over the 18 month period since October 2011.



The current number of young people claiming JSA is 2,065 (representing 30% of the total number of JSA claimants), of which 1,010 have been claiming for over 6 months. However, there has been a decreasing trend since October 2011.

## **OTHER ECONOMIC NEWS**

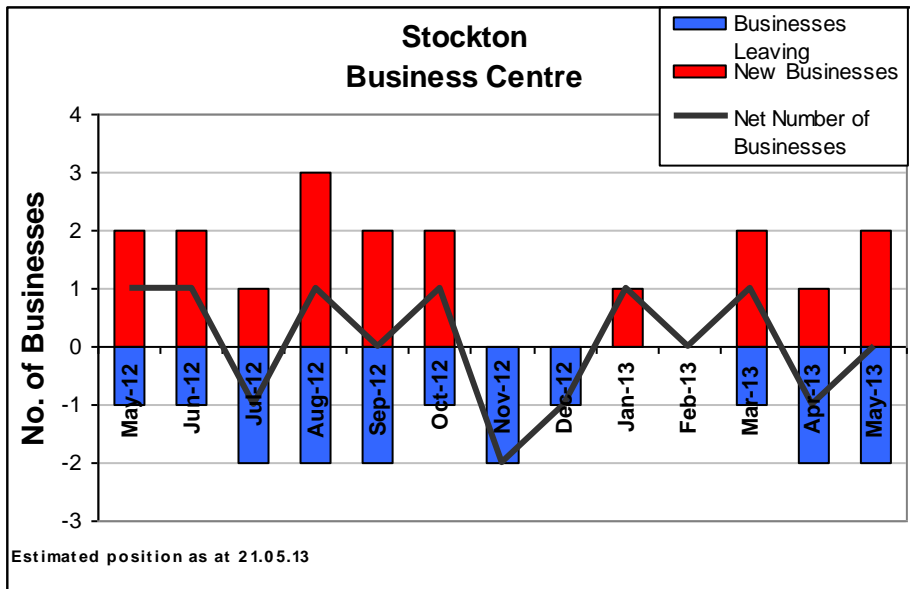
According to **KPMG's 'Global Manufacturing Outlook'** the UK is ranked ahead of established manufacturing economies such as Japan and Germany and also high growth economies such as India and Brazil as one of the top destinations for future profit growth by global manufacturing executives. The firm surveyed 335 executives globally and also found that firms are increasingly looking to the UK to provide skills and resources in the supply chain, with the UK being the third most popular destination for increased sourcing. KPMG has stated that it's imperative that manufacturers in the North East take advantage of the UK's reputation as a key manufacturing economy.

A report undertaken by Sheffield Hallam University '**Hitting the poorest places hardest**' has been published which estimates the local and regional impact of welfare reform across the country. This latest assessment is based on the most recent published data. It estimates that Stockton-on-Tees will lose £67m per year from the economy as a result of the welfare reforms which equates to a financial loss of £538 per working age adult, per year. Stockton has the highest estimated loss £m per year of all the Local Authority's in the Tees Valley, although it equates to the least financial loss per working age adult per year. Refer to the table below. However Stockton is not included within the 20 worst affected local authorities in the country for any of the reforms.

<b>Local Authority</b>	<b>Estimated loss £m per year</b>	<b>Financial loss per working age adult £ per year</b>
Stockton on Tees UA	67	538
Darlington UA	37	546
Hartlepool UA	42	712
Middlesbrough UA	64	717
Redcar & Cleveland UA	52	618

The report highlights the expected impact in the 2014-15 financial year and makes no assumptions about the growth of the economy or about future levels of employment and unemployment. Some omissions are also made; the most significant of these is Universal Credit. It is worth noting that the changes to Universal Credit are expected to be positive, and are likely to result in a slightly higher expenditure, particularly for low earners, however most of its impact will be felt beyond 2015. The report concludes that as a general rule the most deprived local authorities in Britain will be hit the hardest, and the loss of benefit income, will have knock-on consequences for local spending and thus local employment.

## SUPPORT FOR BUSINESSES



- Silly Steve's World of Fun (Children entertainment) has moved into the Business Centre along with Charles & Co (Financial Adviser).
- Evolution Valves are moving into their own property in Portrack, and Top10 Search are moving into an office on Yarm Road.
- The estimated occupancy at the end of May 2013 is 78%.

- **Social Incubator North** is a £2m incubator fund which has been launched to create 60 new investment ready businesses. Entrepreneurs from across the north are invited to apply for investment, but all ideas must have a positive social or environmental impact. Successful applicants will receive up to £25,000 and 80 hours of one-to-one business support alongside peer learning, networking and access to business premises.
- **The Leisure Fund** has been launched by Natwest and RBS to support investment for the leisure industry. The £150m fund comes with two six month capital repayment holidays to allow for investment and contingency planning. The leisure industry is key for the UK, generating around £97bn of GDP and providing nearly 2 million jobs.

## SUPPORT FOR PEOPLE

**Stockton Youth Employment Initiative** - To date, 140 young people have started employment, exceeding the target of 100. 58 young people were aged 16-18; 57 were aged 19-20; 25 were aged 21-24. **In April**, 18 young people started employment: 13 aged 16-18; 4 aged 19-20 and 1 aged 21-24. **In May**, 2 young people (both aged 21-24) are due to commence employment through Job Carving at Durham University (Sports Assistant) and the SBC Early Years and Complex Needs Team (Administrative Support).

**Flexible Support Fund** - To date there have been 202 referrals, of which 185 have been classed as eligible (83 aged 18-24 and 102 aged 25+) with 124 people starting work against a target of 80 people into work. **In April**, there were 13 referrals (6 aged 18-24 and 7 aged 25+) with 30 starting work. **In May**, there have been 2 referrals (1 aged 18-24 and 1 aged 25+) with 13 starting work.

Business Secretary Vince Cable has launched the **Semcorp Skills Development Programme** (SSDP), a training initiative for 16-24 year olds, which aims to make it easier for SMEs in the sector's supply chain to take on apprentices and graduates. It is being funded by £3.4m from the Government's Employer Ownership of Skills Pilot (EOP). The scheme will include a three year (rather than the conventional four year) apprenticeship for 100 young people, a six month Pre-Apprenticeship

Programme for 100 people not in related employment or training and a three week practical programme for 100 graduates, followed by 20 six week work placements for selected learners. Find out more at [www.ssdpnortheast.co.uk](http://www.ssdpnortheast.co.uk)

## HOUSING AND DEVELOPMENT

### Monthly Benefit Service Workload

Workload remains high in comparison with previous years due to the implementation of a new automated system of direct notification of changes to DWP benefits. The incoming work increased significantly in February 2013 due to the receipt of over 2500 rent increases effective from the new financial year.

### Homelessness Data

The increase in approaches to the service is due to the impact of the welfare reforms and under occupation of properties. The biggest demand is for assistance from the Discretionary Housing Payment (DHP).

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.

Number of approaches to the Housing Options service	
April 2012	178
January 2013	288
Feb 2013	293
March 2013	389
April 2013	365

Number of households accepted as homeless by the Housing Options Service	
April 2012	2
January 2013	4
Feb 2013	2
March 2013	6
April 2013	7

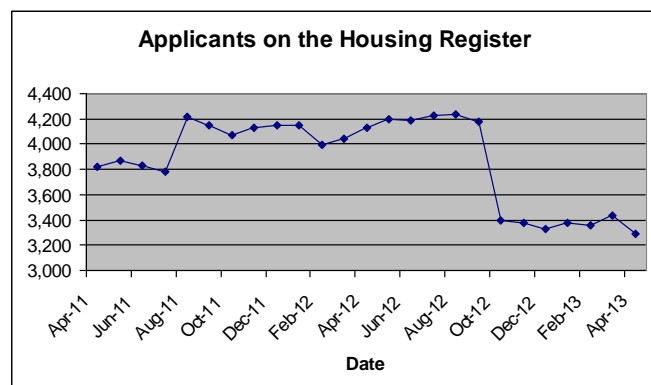
Monthly Benefit Service Workload	
April 2012	13,692
January 2013	16,013
Feb 2013	18,319
March 2013	15,653
April 2013	15,075

Number of housing options customers seeking assistance with mortgage/rent arrears	
April 2012	45
Jan 2013	-
Feb 2013	-
March 2013	55
April 2013	85

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

April 2012	4,131
January 2013	3,372
February 2013	3,353
March 2013	3,439
April 2013	3,293



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

This new table has been included as the Mortgage Possessions Claims data, previously reported, has been discontinued. This data shows the number of housing options customers seeking assistance with mortgage/rent arrears<sup>1</sup>. An increase is apparent in April as a result of the welfare reforms. People are accessing the service for assistance with the discretionary Housing Payment (DHP) as the under occupation of accommodation means they are no longer entitled to the full housing benefit they previously received. In addition, as people are no longer entitled to the full amount of Council Tax benefit they previously received, they are accessing the service as they are struggling to afford their rent and pay the shortfall in their council tax.

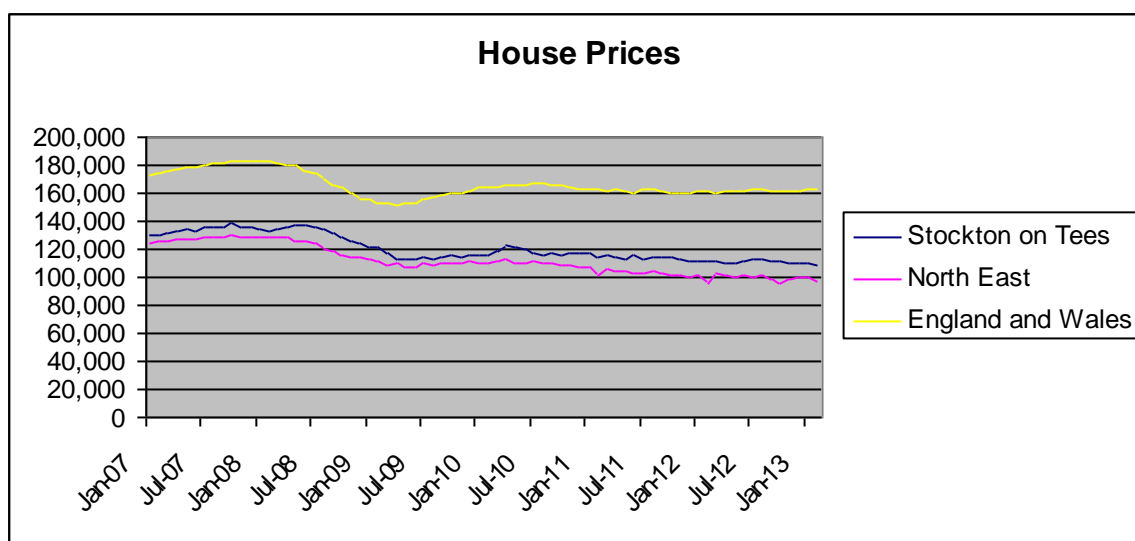
### House Prices and Sales

Average house prices continue to be lower than the national average. The number of house sales in the borough for 2012 has been slightly lower than in 2011 (2275 in 2011 compared with 2178 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<sup>2</sup> 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).

Number of House Sales in the borough (source: land registry)		Average monthly House Prices in the borough (source: land registry)	
Feb 2012	119	April 2012	£110,134
Oct 2012	209	December 2012	£109,492
Nov 2012	213	Jan 2013	£109,605
Dec 2012	207	Feb 2013	£108,814
Jan 2013	119	March 2013	£108,164
Feb 2013	126	April 2013	£107,959

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.



<sup>1</sup> Information for January and February is not available as Housing Options were unable to run a report for those months

<sup>2</sup> Reservations means the buyer choosing a plot and paying a reservation fee to the developer following their approval by Time2Buy.