

## **ECONOMIC CLIMATE UPDATE REPORT**

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

### **EMPLOYMENT AND BUSINESS**

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

##### **Positive**

- **Teesside Rigging & Lifting** offers Offshore and onshore specialist training in the oil and gas industry and aims to attract new contracts into the region following a £70,000 investment from the Finance for Business North East Growth Fund. The Portrack-based firm is in the final stages of securing the highest available accreditation in its industry from the Offshore Petroleum Industry Training Organisation (OPITO) and aims to use the accreditation to attract new business that would otherwise have been delivered by competitors in Aberdeen.
- **UPDATE Darchem Engineering** (Stillington) has won a £1.2m manufacturing contract to supply fire barriers to ships in the Indian Navy. The company hopes to see its revenues grow from £70m to £100m over the next five years after spending £8m on a new factory which is due to be completed by the end of September. As well as taking advantage of the boom in the Brazilian and Indian economies, the firm is looking to supply its products to a number of different sectors such as the chance to supply the firm's insulation equipment to the lucrative Formula 1 (F1) racing circuit.
- **Cleveland Biotech (CBio)** - the technology firm which has developed fermented bacteria for use in biological products is aiming to treble in size following a £4.4m management buy-out. Based at Preston Farm Business Park the firm has recently secured a contract to supply a concentrated cleaning formula to Lithuania, doubling its European export figures. Currently the company, which was founded in 1992, has 16 staff, but hopes to expand its sales and marketing team in the near future.
- **Axiom Engineering Associates** a materials and mechanical engineering consultancy in the chemical, petrochemical, marine and food manufacturing sectors has marked a decade in the business by donating £5,000 of science and technology equipment to 10 local secondary schools to stimulate students' interest in the industry.
- **Stockton Riverside College** has launched the regions first polymer apprenticeship in partnership with Nifco UK to address a skills gap. Three apprentices are currently being trained on the course, working at Nifco and studying towards an NVQ level two in polymer services at SRC. The following two years will see the apprentices achieve an advanced apprenticeship and BTEC National Diploma in advanced science and polymer science. Teesside manufacturers, Icon Plastics, based in Eaglescliffe have also recently signed up an apprentice on the polymer course.
- **Evolution Valves** which manufactures bespoke valves for the oil and gas process industry has just opened a new factory at St Ann's Industrial Estate and a sales office in Aberdeen. The company was set up 3 years ago and has just appointed a new engineering director.
- **AM Engineering** a multi-discipline design and engineering company providing engineering solutions to companies across various industrial sectors has recently relocated its head office to The Grange Business Centre in Billingham from Wynyard Business Park. The company is enjoying successive growth and has recently moved into the Middle Eastern market, with an engineering team based full time in Dubai. In February the company hired its first apprentice Design Engineer.
- **GSE Systems** (Teesdale) has recently doubled its order book since a takeover by its American parent company two years ago. It works across the oil, gas, power generation, manufacturing and process sectors offering consultancy on compliance and regulations, training and simulation.
- **UPDATE TAG Energy Solutions** (Haverton Hill Yard) has quadrupled its workforce to 130 after being awarded a contract earlier in the year to provide components for the Humber Gateway offshore wind farm. In addition the company has established a supply chain of five North East sub-contracting companies and suppliers for the project, supporting the creation of a further 100 jobs in the region.
- **Steel River Consultants** has trebled its turnover by servicing major civil engineering projects for some of the biggest blue-chip companies in the world. Based at Preston Farm Industrial Estate, it provides front-end health and safety management services and co-ordination for construction and

design management. The company now employs seven staff and its turnover has increased from £256,000 last year to £850,000 this year.

## **SERVICE SECTOR/RETAIL**

### **Positive**

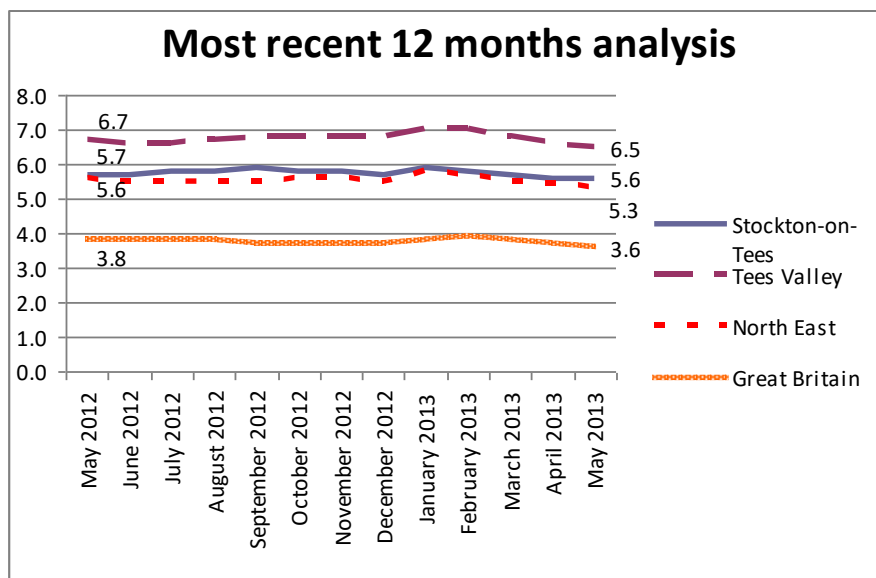
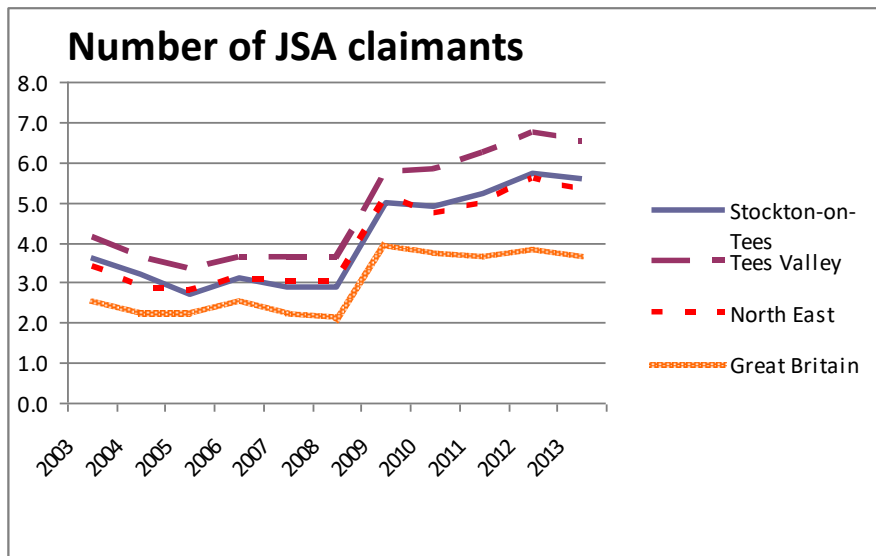
- **Wynyard Hall** - has received planning permission for a new £4m Rose Garden, Visitor Centre and Cookery School at Wynyard Hall. The development will create 40 full time and 20 part time jobs. The hotel is also pledging to use as many suppliers from the local area as possible for the fitting out. By the end of the two-year project it is intended that the Rose Garden will include the widest range of rose species in Europe.
- **Schuh** – the shoe retailer has agreed a lease for its first out-of-town store in the UK at Teesside Shopping Park in Stockton-on-Tees. Schuh has taken 4,950 sq ft on a ten-year lease and will open in early autumn, raising occupancy levels at Teesside Park to more than 95%.
- **Frank's the Flooring Store** at Portrack is expanding with the addition of bed and bedroom furnishings to existing and new stores in the region. The first Frank's store opened in 1996 in Stockton and expansion began in 1997. Frank's now has 30 North East stores.
- **DPD** Parcel firm, has spent £750K on a new facility at Cowpen Industrial Estate, Billingham, which will increase DPD's capacity to handle an increase in business generated by its one-hour timeslot delivery service, Predict. It is expected to create 30 jobs.
- **Stockton Town Centre** – Home Bargains has opened a new store in Bridge Road Retail Park and a new baby shop 'Baby Joy' has opened on Ramsgate. X-UP (Update) has relocated to 24 Bishopton Lane and Card King is under new ownership and has moved to a new unit within Wellington Square. New York Candy Co has also opened in Castlegate Market Hall.
- **Stockton Enterprise Arcade** – will be fully occupied by mid July after the remaining units have been let. Jack and Jill Wooden Toys and games started trading this month, and Make Scents Perfume which will offer soaps and gifts is opening at the beginning of July. A high class and designer ladies clothing retailer is also opening in mid July. The Beanie Girl and Affordable Art are continuing to trade well.

### **Negative**

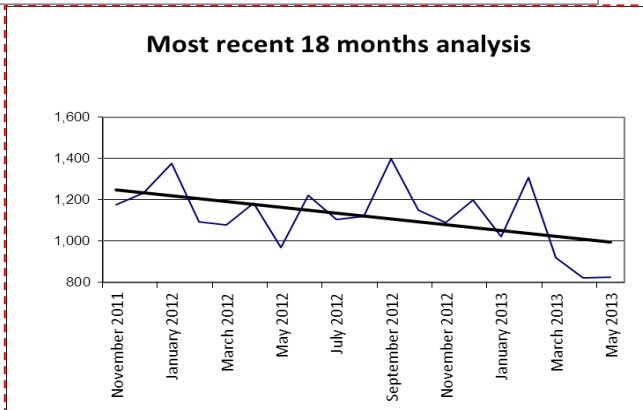
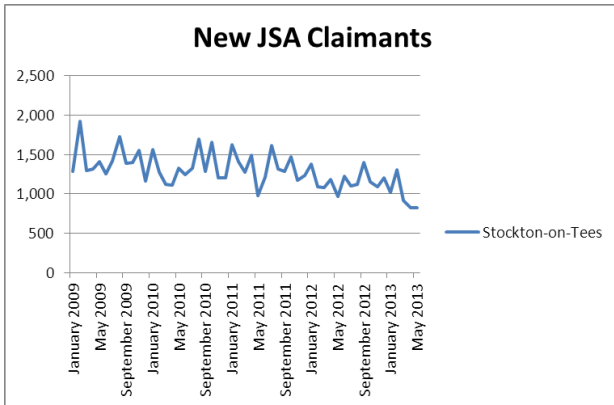
- **Direct Line** - The Direct Line office on Teesdale closed on 28<sup>th</sup> June. Over 500 people were employed when the closure was announced in September 2012, and the Contact Centre Task Force established to support the business and the workforce. The Task Force was made up of the five Tees Valley local authorities, Tees Valley Unlimited, Jobcentre Plus, Skills Funding Agency, North East Chamber of Commerce, National Careers Service and Direct Line. At the point of closure there were 130 people still employed with a number securing employment with start dates in July. Of those that have already left, jobs have been secured at Npower, Barclaycard, Atos healthcare, Everything Everywhere, Scoot, Swiftcover, Capita, Darlington Building Society to name a few.
- **Stockton Town Centre** – Glam nightclub has closed. The nightclub employed 30 staff, some of whom were contracted. The Indian Restaurant, Café Indigo has also closed, along with Black Box in Hambletonian Yard, the Body Shop and Internacionale (Wellington Square).

## ECONOMIC INDICATORS

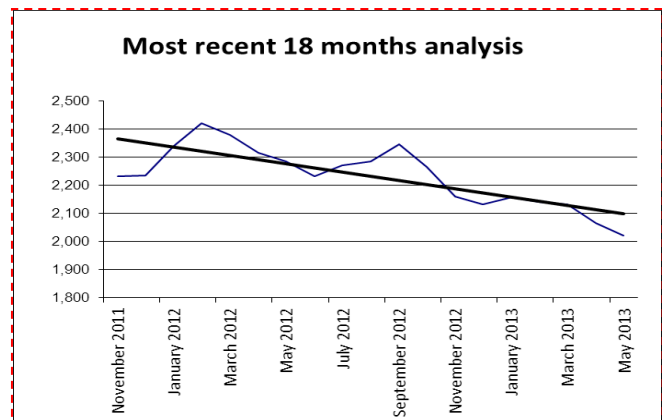
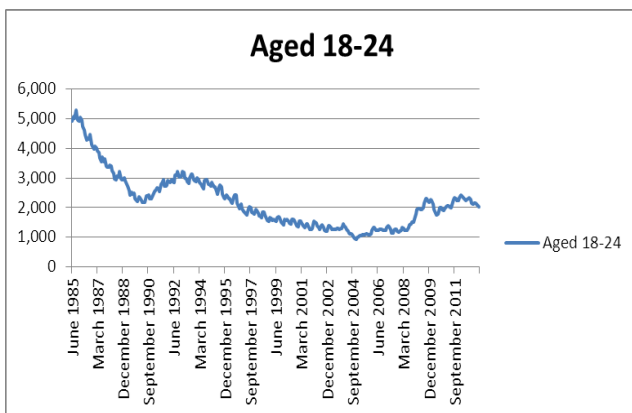
The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 6,914, a decrease of almost 100 on the previous month and the lowest figure since December 2011. The proportion of working age residents claiming JSA, however, remains at 5.6%. A more detailed 12 month analysis highlights the decrease overall across the year since May 2012.



The number of new JSA claimants has remained roughly the same over the last month (825 in May, compared to 820 in April). However, over the past 18 months there has been a decreasing trend since November 2011.



The current number of young people claiming JSA is 2,020 (representing 29% of the total number of JSA claimants), of which 1,015 have been claiming for over 6 months. However, over the past 18 months there has been a decreasing trend since November 2011.



## OTHER ECONOMIC NEWS

**Local Futures Survey** - Telecommunications company Odyssey Systems, car parts manufacturer Nifco UK, ecommerce and website designer Visualsoft and engineering company Nortech Solutions have all given their backing to a recent survey undertaken by Local Futures in partnership with the Municipal Journal, which rated Stockton as the second best local authority in England (out of 325) for having the best environment and infrastructure for investment and businesses.

**Empty Property Rates Exemption** – The Government is now consulting on plans the Chancellor announced last autumn, to exempt all newly built commercial property completed between 1 October 2013 and 30 September 2016 from empty property rates for the first 18 months, up to state aid limits. If approved, it is intended this initiative will hopefully stimulate construction. The consultation is open until Friday 26 July.

**Apprenticeships** – The latest official data suggests that a record 11 applications are being made for each apprenticeship vacancy in the UK. Almost 370,000 applications were submitted between February and April 2013 for 32,600 vacancies. The National Apprenticeship Service has reported a 32% increase in demand for placements since last year, but vacancies are not keeping pace with demand, rising only 15% over the same period in the previous year. The most popular apprenticeships are in business and administration; however those seeking apprenticeships in the arts, publishing, media and ICT face the most competition with 17 applicants per vacancy.

**Steel Sector** - Teesside MP Tom Blenkinsop has led an All Party Parliamentary meeting with business and energy minister Michael Fallon to launch a steel action plan, as Teesside campaigners have claimed that Steel companies do not have a level playing field on issues from taxes to energy costs. The steel sector is facing fierce global competition, excessive legislation and is suffering from the economic crisis and raw material and energy prices.

Stockton boasted the lowest percentage (2.2%) of **16-18 year olds whose activity is 'not known'** within the North East in 2012 (NE average was 9.6%) and ranked as the 11<sup>th</sup> lowest within the country. However, Stockton now ranks as the joint 6<sup>th</sup> lowest local authority within the country for 16/17 year olds for the most recent data available in March 2013, with **only 0.8%** classed as 'not known.' This contributes to Stockton having the second highest In Learning figure for 16/17 year olds in the North East, at 90.3%. This is because since Connexions was dissolved, the Council has decided to retain dedicated teams to support NEET young people and research the 'not knowns' as the knowledge is important in order to target those not in education, employment or training (NEETs) effectively. Stockton is continually being successful in contacting all young people, and in June had no contact details for those that were classed as 'not known'.

#### **SUPPORT FOR BUSINESSES**

**Entrust Growth Fund** - The new fund will offer loans of up to £50,000 to existing North East based businesses capable of repaying a loan but struggling to secure mainstream financial backing for working capital and asset purchases. There are no restrictions on the sector or business activity of applicants and it is also open to third sector organisations. A typical loan term would be one to three years. It is initially open for applications from now until December 2016 and is supported by the Regional Growth Fund programme provided through the Community Development Finance Association. It offers loans to small, micro and social enterprises through the community finance sector. Loans may be subject to security.

#### **SUPPORT FOR PEOPLE**

**Stockton Youth Employment Initiative** - To date, 147 young people have started employment, exceeding the target of 100. 60 young people were aged 16-18; 58 were aged 19-20; 28 were aged 21-24. **In June**, 4 young people started employment: 2 aged 16-18; 1 aged 19-20 and 1 aged 21-24. To date 4 young people have moved into permanent employment; 1 young person's opportunity became a permanent post (Receptionist at Five Lamps), 2 gained other employment within their organisation (Call Handlers at Five Lamps), 1 became employed as a Beauty Therapist at Rockcliffe Hall and 1 started as an Apprentice Mechanical Fitter at HB Freightways. Of those aged 21-24, one has been a graduate placement as a Trainee Funds and Investment Executive at Entrust.

**Flexible Support Fund** – At the end of the funding period in May 2013 there had 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. The five local authorities are undertaking an evaluation to feedback to DWP the success of the initiative.

**Apprenticeship Initiative** - The Prime Minister has unveiled a new multi-million pound scheme which aims to produce an additional 10,000 engineering technicians by 2018. It aims to create a new generation of engineering technicians. The initiative has been created by the Institution of Mechanical Engineers, the Institute of Civil Engineers, and the Institution of Engineering and Technology and is backed by the Gatsby Foundation.

**Ernst & Young Entrepreneur Awards** - The five lamps organisation's Graeme Oram won the social enterprise award, for developing the Thornaby based social enterprise from a local and grant reliant

company, to a regional organisation which has secured more than £20m of contracts in the last four years achieving national recognition.

## HOUSING AND DEVELOPMENT

### Monthly Benefit Service Workload (Table B)

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 2,500 rent increases effective from the new financial year.

### Homelessness Data (Table A)

The increase in approaches to the service, up on 2012, is due to the impact of the welfare reforms and under occupation of properties. The biggest increase as to why people were approaching the service was for assistance from the Discretionary Housing Payment (DHP).

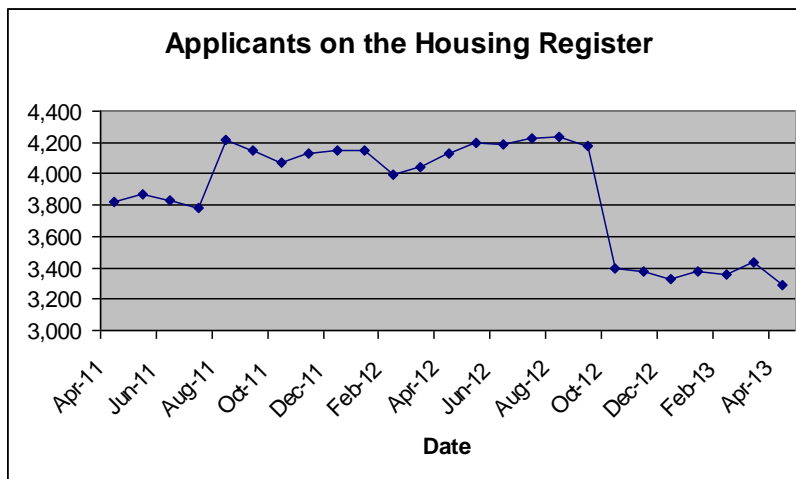
### Number of housing options customers seeking assistance with mortgage/rent arrears (Tables A and D)

Housing Options approaches are on par with last years figures for May, although lower on the last two months when more customers approached the service for advice relating to Welfare Reform and the under occupancy charges, as well as requests for Discretionary Housing Payments as they pre-empted problems and sought advice in advance of the changes. Another explanation for higher figures in March and April is that Housing Options introduced an Occupational Therapy service and picked up a backlog of work during March and April. As these cases have been dealt with, the number of people introduced has evened out for the month of May.

<b>Number of approaches to the Housing Options service (Table A)</b>		<b>Monthly Benefit Service Workload (Table B)</b>	
May 2012	195	May 2012	12,025
Feb 2013	293	Feb 2013	18,319
March 2013	389	March 2013	15,653
April 2013	365	April 2013	15,075
May 2013	263		
<b>Number of households accepted as homeless by the Housing Options Service (Table C)</b>		<b>Number of housing options customers seeking assistance with mortgage/rent arrears (Table D)</b>	
May 2012	1	May 2012	47
Feb 2013	2	Feb 2013	Unable to run report
March 2013	6	March 2013	55
April 2013	7	April 2013	85
May 2013*	0	May 2013	40
* Reduction due to less customers through the door in general			

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

May 2012	4,195
February 2013	3,353
March 2013	3,439
April 2013	3,293
May 2013	3,324



**House Prices and Sales**

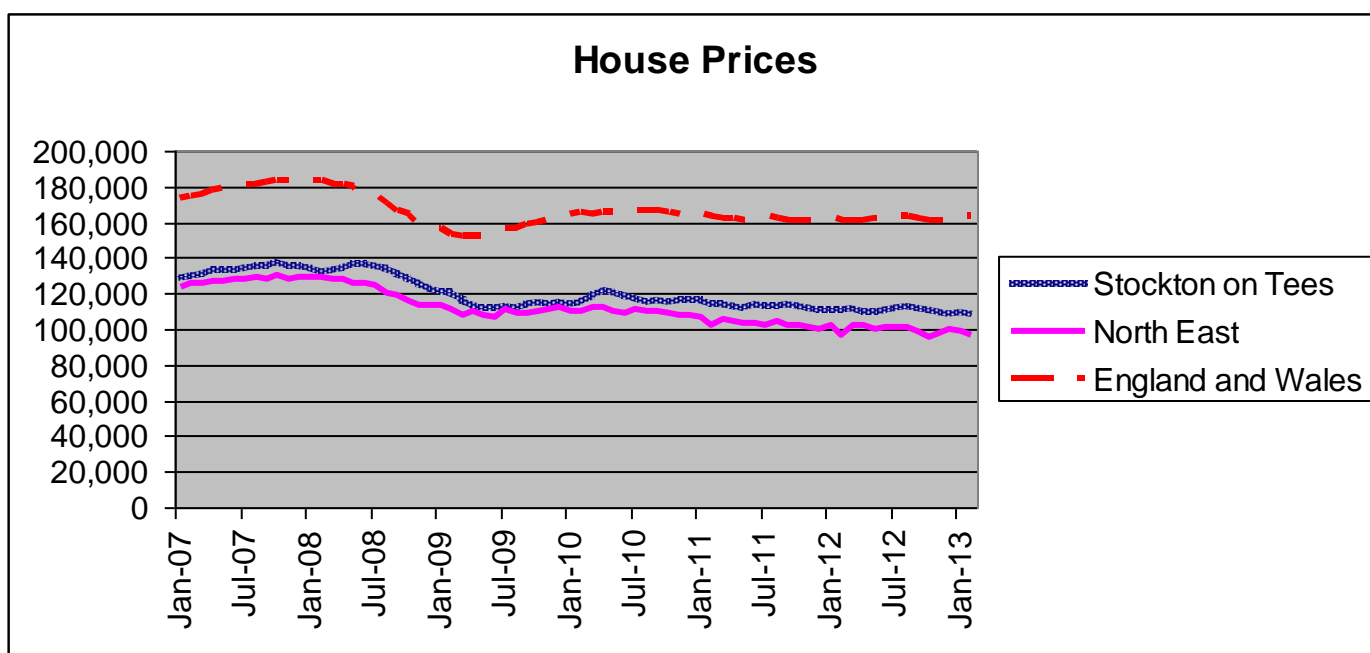
Average house prices continue to be lower than the national average. The number of house sales in the borough during 2012 was slightly lower than in 2011 (2,275 in 2011 compared with 2,178 in 2012).

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)	
March 2012	167	May 2012	£109,189
Nov 2012	213	Jan 2013	£109,605
Dec 2012	207	Feb 2013	£108,814
Jan 2013	120	March 2013	£108,164
Feb 2013	128	April 2013	£107,959
March 2013	193	May 2013	£107,704

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 RESPONSE**

### **The Punctuality Improvement Project (PIP agreement)**

The Council, along with the four other Tees Valley Local Authorities has signed an agreement with the bus operators aimed at improving journey times on Teesside bus routes. The PIP agreement commits bus companies and the local authorities to jointly monitor how routes are operating, to identify where delays are happening and to look for solutions to the problems. Improved public transport is an essential element of economic growth.

### **Specialist Markets**

The Council's specialist market programme is continuing to draw visitors into the town. As a result of the markets local businesses are benefitting from cross spend due to increased footfall:

- The Food, Fitness and Fun Market (31 May) which raised awareness of the benefits of healthy living and information on how to access services attracted up to 1000 visitors. Regular High Street market traders were involved in this specialist market and enjoyed increased profits through footfall and advertising at the market.
- Creative Expo (1 June) - Gallery TS1 worked with SBC Regeneration to organise the market showcasing local artists and creative businesses' products. The market attracted over 500 visitors and supported the development of local creative businesses and enterprises within the Tees Valley.
- Community Market (5 June) - Two Stockton schools and groups from Tees Achieve worked alongside SBC's Enterprise Officer to design the market and sell a product to the public at this event. The market which was situated in Wellington Square attracted over 300 visitors and many stalls sold out! The local businesses engaged with the market for example Christ the King primary school managed to negotiate a deal with Newboulds butcher to sell their pasta sauce.