

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT

JOB GAINS

- **Jennings Motor Group** has opened a new Kia showroom, the North-east's largest Kia franchise at Opus Park (the ex MFI site) on Preston Farm Industrial Estate, creating 20 jobs.
- **Pickerings Lifts** based in Stockton, which is the UK's largest privately owned independent lift manufacturer, has added a maintenance division to its business to supply heating, ventilation and air-conditioning services. This has created 12 new jobs and an additional 12 posts are planned to be advertised over the next 18 months.
- **Nortech Solutions** an engineering company based at Wynyard, which provides project management and design engineering capabilities to the oil and gas sector, opened two years ago with just 4 members of staff. The company now has a team of around 80, and in the last six months alone has taken on 17 new staff. The turnover of the firm has increased from £1.1m in the first year to £8.2m in the second year; now in its third year it hopes to continue to expand to employ 120 people.
- **UPDATE Wynyard Hall** are currently recruiting for 2 staff as a result of their new development. Additional jobs will be advertised next year.

FUTURE JOB GAINS & DEVELOPMENT

- **Endeavour Leisure** has plans to open a soft play centre on Teesside Industrial Estate, creating 30 new jobs.
- **Tadea UK** in Billingham has secured £114,000 from the Let's Grow Fund to set up a new company – **Effective Transport Solutions** which will offer driver training packages designed to make fleet motoring safer, greener and more sustainable. The new business is due to open in February 2014.

JOB LOSSES

- **UPDATE The DVLA** Local Office at St Mark's House Teesdale will be closing in October 2013 creating a loss of 16 jobs. All services will now be delivered from the main office in Swansea.
- Investment management firm **Brewin Dolphin** has closed its office on Teesdale. The company recently announced the expansion of its Newcastle office with the consolidation of the Teesside base. Some new jobs will be created in Newcastle, however the firm have confirmed there will probably be some redundancies, although the number is unknown. The Teesdale office employed 12 staff.
- Owners GDF Suez of **Teesside Power Station** based at Wilton have announced that they will be closing the plant, with demolition starting in October 2013. The decision follows two years of no commercial running at the station, and from April 2013 output was reduced to zero. There were 33 jobs remaining on site in April, and the current impact on these jobs has not been confirmed. GDF Suez are actively evaluating future development opportunities at the site.

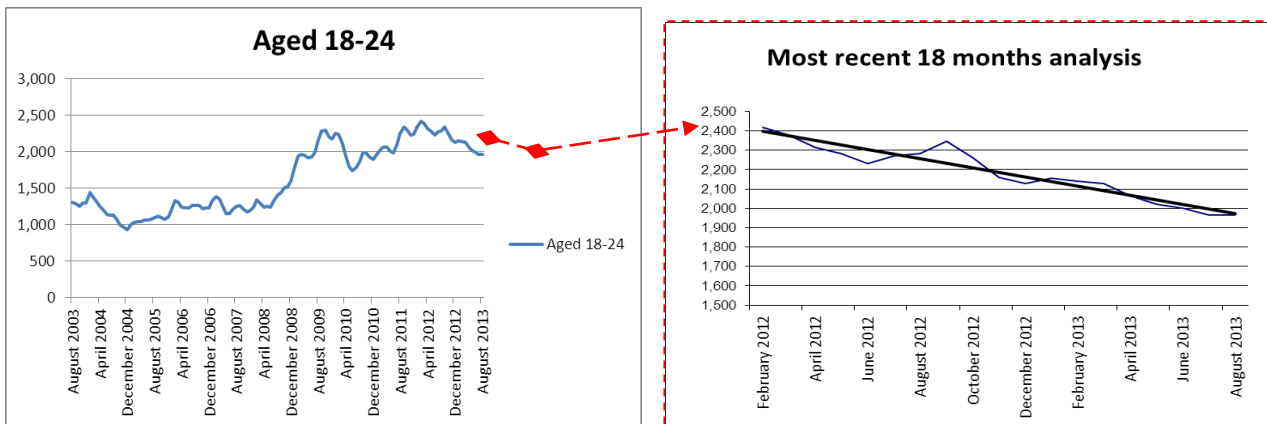
TOWN CENTRES

- **Stockton Town Centre** – Wonka Delights has opened in the Castlegate Centre and a cheese mongers has opened in Castlegate Market Hall. A new café, Quaint and Quirky, has opened at 115 High Street.
- **Stockton Enterprise Arcade** continues to be full, and currently has a waiting list in excess of 10 traders, as a result of promotion and the success of the Arcade. All traders benefit from not having to pay any rent or rates, and only a small service charge per week. Full retail business support is being provided to the businesses before during and after their time in the Arcade by the Council through Enterprise Made Simple.

- **Thornaby Town Centre** – work has commenced on the former Tristar Neasham site to complete the common access road and provide necessary services. Thereafter contractors for Asda and McDonalds will be constructing the drive thru restaurant and petrol filling station. It is anticipated Asda will complete the petrol filling station by the end of year and McDonald's will be completed by the end of January 2014.

YOUNG PEOPLE (16-24)

JSA STATISTICS



- The current number of young people claiming JSA is 1,965 (representing 30% of the total number of JSA claimants), of which 920 have been claiming for over 6 months. Over the past 18 months there has been a steadily decreasing trend since February 2012.

APPRENTICESHIPS

- New data from **research company ICM** has revealed that 54% of young people in England would choose to do an Apprenticeship if one were available. The numbers of young people who would like to do an Apprenticeship rises to 56% of those who are already university students and 66% of those who are already employed, but receiving no training. To help young people access impartial and independent advice, the National Careers Service and National Apprenticeship Service along with the Daily Mirror and Fish4Jobs partnered to deliver a Jobs Bus roadshow that toured England for 3 weeks in August and September. It came to Stockton on 5th September and offered workshops on Jobsearch, writing CV's and interview techniques.
- The Evening Gazette and The Journal launched a '**Proud To Back Apprenticeships**' campaign on 3 September, aimed at encouraging companies in the North-east to employ apprentices. It is estimated that 27% of the 2,150 mainstream engineering companies in the region employ apprentices and the principle of the campaign is to increase this figure to 50% in the manufacturing sector in order to help to meet the skills gap, which is expected to rise in the next 5 years due to a proportion of the current skilled workforce retiring.
- An apprentice, Joshua Appleyard, employed at car parts manufacturer **Nifco UK** has been nominated as a finalist in the Plastics Industry Awards 2013 in the category of Apprentice of the Year. Joshua joined Nifco in 2011 from secondary school as one of Nifco's first three engineering apprentices. Nifco currently employs 12 apprentices. The awards are due to be held in London on September 27.
- **Nortech Solutions** (Wynyard) which provides project management and design engineering capabilities to the process, offshore, onshore oil and gas, steel and iron industries is setting up an apprenticeship scheme to employ 2 people.

INITIATIVES

Feeding Britain's Future is a nationwide campaign led by the grocery industry to tackle youth unemployment. The pilot project, last year was very successful – 70 businesses participated in 700

locations around the UK. The scheme provided 10,000 training opportunities. KP Snacks' Billingham factory on Cowpen Industrial Estate is participating in the campaign this month, enabling 20 local young people to participate in the workshop days and find out more about employees roles in the food industry. Sessions on CV and interview skills will be provided and participants will be invited to return the following week to undertake Level 2 courses on Food Safety in Manufacturing and Health and Safety. It is intended the workshops will help young people develop their employability skills.

Creative Programme - A press release was issued jointly by Creative and Cultural Skills and the Council, which has resulted in around 20 enquiries for the scheme, which is creating 12 new apprentices and 9 new internships from 16-24 year olds across a range of theatrical, musical, creative and heritage organisations. Posts will start to be advertised at the end of September, with the first 8 successful applicants due to start during October and November.

LOCAL BUSINESS NEWS

ENGINEERING/MANUFACTURING/CHEMICAL

- **Sycamore Aviation** is a two year old plane recycling company based at Durham Tees Valley airport. The company is currently exceeding its business plan targets of recycling an aircraft a month, with three planes currently being dismantled and a further three due in October. It aims to double turnover by adding engine dismantling to its portfolio within the next six months.
- Global chemicals manufacturer **Huntsman Corporation** is acquiring a rival's performance additives and titanium dioxide (TiO₂) businesses in a \$1.3bn deal. The company will become the second largest global producer of TiO₂ and inorganic color pigments. Huntsman, which has its global headquarters at Wynyard, then plans to float its pigments business, within the following two years.

SERVICE SECTOR/RETAIL

- **Durham Tees Flight Training (DTFT)** has acquired the successful St George Flight Training based at Durham Tees Valley and Newcastle Airports, following the retirement of the owner. The Newcastle operation is merging with Northumbria Flying School which is majority owned by DTFT. The expanded DTFT will consist of 15 aircraft and 13 instructors across the two sites.
- The **David Lloyd Leisure** Health Club chain which has a club on North Shore has been bought by private equity firm TDR capital. TDR have stated they intend to invest £50m into the business to further expand its UK and European footprint.
- **Nicholson's Transport**, a warehousing company in Billingham (Belasis) are now providing warehousing space as well as a pick and pack service for an online entrepreneur who has supplied bathrooms suites across the country via their Low Cost Bathrooms website since April.
- **Henderson Insurance Brokers** on Preston Farm Industrial Estate has become one of the fastest growing branches in the company's network, after achieving a significant milestone of £10m worth of insurance deals a year through their Stockton Office. The branch opened 4 years ago and employs 25 people.
- **High Tide Consulting**, a company offering specialist IT consulting based at Wynyard Park, has won a £350,000 contract with Alcopa – a large Belgian firm which employs 2,000 people. High Tide was founded by Andrew Ingram in 2008, originally with the remit of exclusively servicing global chemicals giant Huntsman at its Teesside operation. Until recently it had been run remotely, with Ingram as its only employee, but it has now taken up a permanent base at Wynyard Park to cater for additional workers and future job creation.
- **Howden Timber** are letting a unit on Opus Park. **Opus North** have spent £2.3m refurbishing Opus Park (Preston Farm Industrial Estate), creating 11 high specification units for lease or sale, 7 of which are currently occupied.

BUSINESS CASE STUDY – FOCUS ON EVENTS

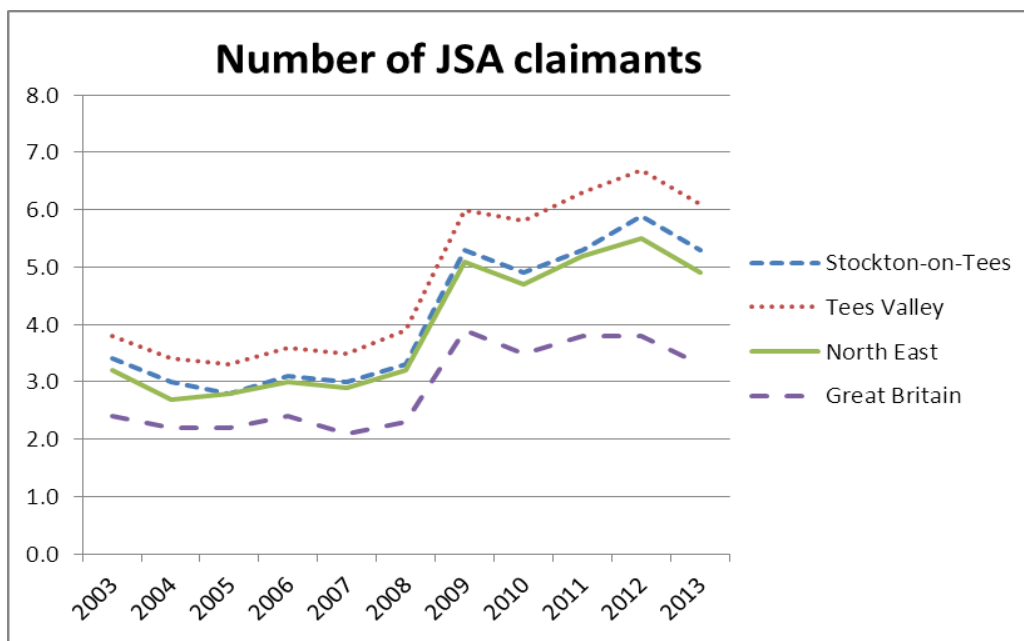
This month the focus is on the work the Council has carried out to increase the awareness of the opportunities for local businesses to gain benefit from the Council's events programme. A number of businesses have participated in events and have seen positive developments in their business over the last 12 months.

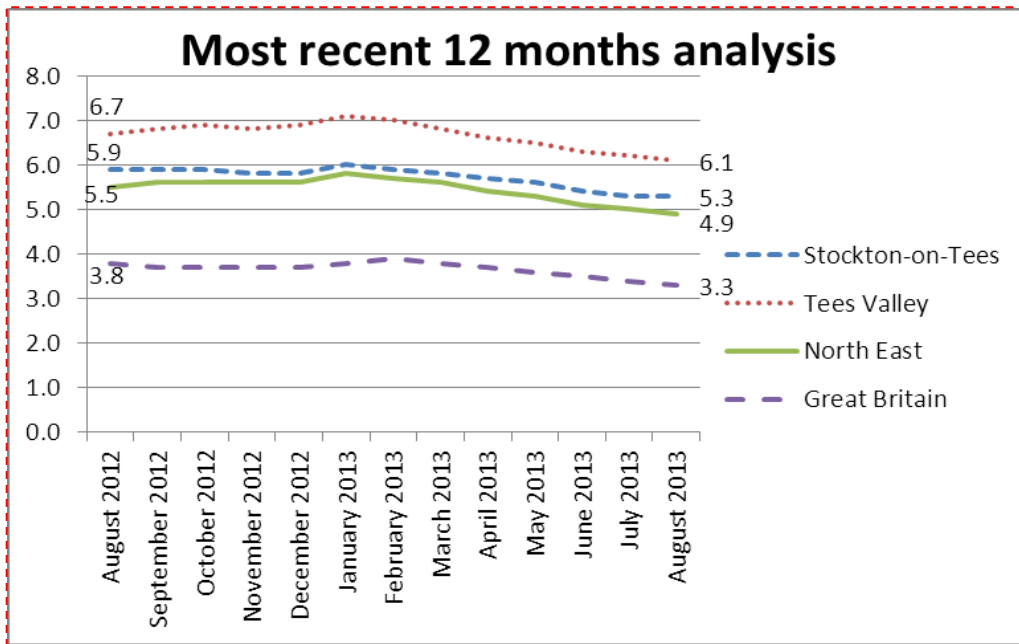
Mohujos is a Mexican restaurants based on Station Road in Billingham. Mohujos first got involved in events in Stockton during SIRD 2012 where they traded for the weekend to cater for visitors to both SIRD and Stockton Weekender. Following the success of this they purchased a catering trailer and have since traded during World Market 2012, Stockton Weekender 2013, SIRD 2013 and soon to take part in the World Market 2013. Whilst trading in Stockton Town Centre, the owner of the business has seen the improvements being made as part of the regeneration work and the potential for investment in the area. They are now considering expanding their business into Stockton Town Centre and officers are working closely with the owners to identify options and support available.

The Stottie Company opened in May 2013 and has gone from strength to strength. With assistance from Officers, the sandwich shop based on Prince Regent Street in Stockton delivered a BBQ during Stockton Weekender and SIRD 2013. The business is looking to expand further and have extended their offer to include outside catering. The business is looking to purchase a street food hut and support is being provided to investigate the possibility to trade on market days and during events and specialist markets in the Borough.

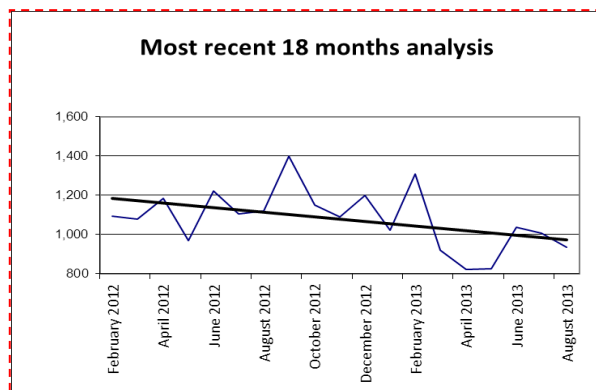
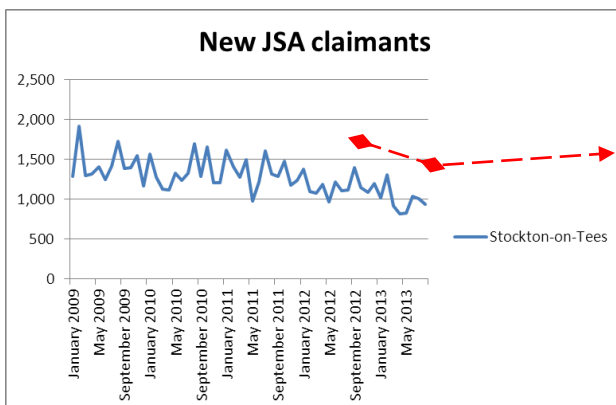
Dec-a-Cake, currently based in Regency West Mall is soon relocating to larger premises at 86 High Street. They took part and traded during SIRD 2013, trading for the weekend at Trinity Green and will also be participating in the programme of specialist markets in the Town Centre. The business will be submitting an application to the Business Rates Discount Scheme for the new premises.

ECONOMIC INDICATORS





- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 6,543, a decrease of over 40 on the previous month. This represents the eighth consecutive month there has been a reduction in Stockton and it is also notably the lowest figure since July 2011. The proportion of working age residents claiming JSA has remained at 5.3%.



- The number of new JSA claimants has slightly reduced over the last month (935 in August, compared to 1,005 in July). Over the past 18 months there has been a decreasing trend since February 2012.

OTHER ECONOMIC NEWS

Average Wage Drop – The TUC have analysed data from the Annual Survey of Hours and Earnings published by the Office of National Statistics (ONS) in November 2012 to compare hourly pay rates in 2007 (at 2012 prices) with those in 2012, to show the impact of rising prices. The analysis found that for employees working a 40-hour week:

- Nationally - average pay has fallen by 6.3% - a loss of £30.30 per week
- The North West has been the hardest hit region in the UK with full time employees taking home £36.41 less in real terms a week
- The North East has seen the least impact of all the regions in the UK with full time employees taking home £18.30 less in real terms a week.
- Within the North East, Stockton is ranked 9th (out of the 12 local authorities) in terms of the least impact – with average pay falling by 1.9% - a loss of £8.42 per week.
- In contrast Darlington is the local authority hardest hit within both the North East and the UK – with average pay having fallen by 16.2% - a loss of £75.94 per week.

It should be noted that although the TUC have used ONS data in order to undertake their analysis the TUC have calculated 2007 hourly pay into 2012 prices. The ONS survey is also only based on a 1% sample of employee jobs taken from HM Revenue & Customs PAYE records, and it does not cover the self-employed or employees not paid during the reference period.

Export Figures released by HM Revenue and Customs have revealed that the total value of exports from the North East have fallen by 3.5% in the second quarter of 2013. The total value of exports from the region was £3.031bn for April to June, compared to £3.141bn in the previous quarter. Nationally the total annual UK exports decreased marginally by 0.1% to the year ending June 2013 compared to a 5.8% increase to the year ending June 2012. The North East has however experienced the largest percentage rise, 4.6% in the number of exporting businesses. According to the latest quarterly figures, the Netherlands is the largest single market for North East goods, followed by France and then the USA. Thailand is the region's fastest growing market. UKTI aim to create 500 new SME exporters in the region by 2015.

New Build Empty Property Rates Exemption - From October 2013, new build commercial properties completed between 1 October 2013 and 30 September 2016 will be exempt from paying empty property rates for the first 18 months. It is intended that this will relief will stimulate construction by removing the risk of paying empty property rates, if commercial property is not let straight away.

REPORTS AND STUDIES

LSL Property Services, owner of Your Move and Reeds Rains estates agents, have reported that nationally the number of first time buyers in July was the highest it's been for six years, since 2007. There were 26,100 first-time buyer sales in July, 8,100 more than 12 months previously. There has also been an increase in the affordability of mortgages; the average mortgage rate has fallen from 4.92% in July 2012 to 3.99% in July 2013. LSL have warned however that increasing house prices, coupled with high deposits are likely to make it difficult for future first time buyers.

NEW FUNDING SCHEMES

Round 5 of the Regional Growth Fund has been announced. It will be focused entirely on private enterprise proposals, for high quality projects that can generate significant private sector investment and create sustainable jobs. Round 5 requires minimum bids of £1 million. Application forms for Round 5 will be available from 11 October and businesses will have until 9 December to submit their bids. Any companies who will not be ready to apply for Round 5 will be able to apply for Round 6 which will be launched in the summer of 2014. To help businesses with their applications, there will be a number of events and expression of interest days around the country from 11 October. Further details of these events will be published on GOV.UK shortly.

Tees Valley Workforce Skills project is an ESF funded project to the value of £2.3m for the whole of the Tees Valley designed to provide a range of training and support programmes to assist employed individuals over the age of 19 with a basic skills need to:

- Enhance their skills in order to become more successful in the labour market
- Advance their career prospects
- Reduce the risk of long term unemployment and welfare dependency

The project is designed to target SMEs in 5 key sector areas: Health and Social Care, Digital, Logistics, Advanced Manufacturing/Engineering and Chemical Processing/Engineering. The project intends to work with 2,162 people and will run to the end of July 2015. It will also work with employers to establish their training needs and raise awareness of and participation in apprenticeships. Hartlepool Local Authority are leading on the delivery of the project for the Tees Valley.

The Technology Strategy Board which is the UK's innovation agency, established to offer support and funding to help business develop new products and services, and bring them closer to market is investing £60m to support the construction industry in designing and developing more energy efficient buildings. It is hoped the funding will help reduce construction times, improve quality and make buildings more efficient. The projects are expected to lever in an additional £60m of industry investment and £30m extra funding across government and other agencies.

Housing Minister Mark Prisk has opened Round 2 of the **Build to Rent** fund, which is designed to stimulate the construction of new purpose-built privately rented homes, by taking the risk out of building homes with the intention to let. The Government will share risk or bridge finance to allow schemes to be built, managed and let. The investment could be used to cover development costs such as land, construction or management costs. Once the scheme is fully let the developer will sell on its interest or re-finance and repay the loan/equity. £400m is available within Round 2 for developers to bid for. The overall Build to Rent fund for Rounds 1 and 2 is worth £1bn in total. Forty five projects have been shortlisted from Round 1 and in July the first Build to Rent deal was signed, for a scheme in Southampton. Bidding for Round 2 closes at the end of October.

The Music Export Growth Scheme has been created by UK Trade and Investment (UKTI) and BPI, the trade body that represents British recorded music businesses, to help address the cost of marketing overseas for small to medium sized music labels, distributors and management companies. The music companies will have the opportunity to apply for grants ranging from £5,000 to £50,000 to support their marketing overseas and the promotion of specific artist releases. The scheme, funded by UKTI has a total of £3m of grants available over the next three years.

AWARDS

- **Nortech Solutions** was awarded Newcomer of the Year at the 2013 North East Business Awards in April 2013 and has been nominated by The North East Chamber of Commerce for the Most Promising New Business at the tenth Annual Chamber Awards to be held in London in November.
- **Visualsoft**, which develops and hosts e-commerce websites from its Headquarters in Stockton Town Centre, as well as from its offices in Newcastle and London, is one of only three companies in the North-east to have been listed on the annual Sunday Times Hiscox Tech Track 100 league table. The prestigious league table ranks the sales growth of Britain's private technology, media and telecom firms. Visualsoft came in 72nd place. The company employs 135 people and has almost 1,000 customers.
- Louise McAlpine from **Innov8 Disposal**, the IT waste recycling company based on Mandale Industrial Estate has been shortlisted for the Emerging Talent award at the North East's 'Entrepreneurs' Forum awards to be held on 20 September.
- **UPDATE Jacobs UK** which has an office in Bowesfield is one of the world's largest and most diverse providers of technical, professional and construction services. The company has been awarded the Macro Employer of the Year award at the regional final of the National Apprenticeship Awards 2013. The award seeks to acknowledge and celebrate employers' commitment to developing their workforce through Apprenticeships. Jacob's employ 76 apprentices in the UK and will now be put forward for the national awards held in November.