

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT

JOB GAINS

- **FW Capital**, which manages the Tees Valley Catalyst Fund, has appointed a team of three to its investment operations in the Tees Valley. Launched by Tees Valley Unlimited (TVU) at the end of June. The £10m Catalyst Fund provides Tees Valley businesses with short-term finance to fund performance and warranty bonds. The team will be based at FW Capital's new Tees Valley office in Billingham.
- **Cotswold Manufacturing** of Teesside Industrial Estate has announced that it is looking to double its turnover in the next two years. Following a £750,000 investment it has increased its floorspace by 29,000sqft to 82,000 and generated 14 new jobs to create a new manufacturing facility; enabling them to manufacture doors rather than buy them in.
- **Sporting Pro** has opened at Bridge Road Retail Park creating 6 full time and 14 part time jobs.

FUTURE JOB GAINS

- **Icon Plastics** will move into its own premises in Eaglescliffe before the end of the year on a two-acre site that gives it scope for continued expansion. The move will secure the jobs of the existing 32 staff at the precision injection moulding company, and at least a further 10 jobs are forecasted to be created within the next two years.

JOB LOSSES

- **North Bank Growers Ltd**, a tomato growing company based in Billingham, has notified Jobcentre Plus of potential redundancies of 44 workers at the site, which is in addition to any seasonal staff. Consultation has taken place with staff and JobCentre Plus will be meeting unions and management on site to discuss the support available.
- **Doncaster Paralloy**, manufacturer of alloy tubes in Billingham, has notified Jobcentre Plus that 35 of its 210 staff are at risk of redundancy due to a lower demand for the company's products. A mixture of jobs are affected by the announcement, and they are currently going through a voluntary redundancy process.
- **Barclaycard** has advised that 45 staff from the 'collections' department are currently in a process of consultation. The firm are rationalising and moving all of the 'collections' work to the office in Liverpool. Support from the Contact Centre Task Force is likely to be accessed to support those colleagues likely to be affected.

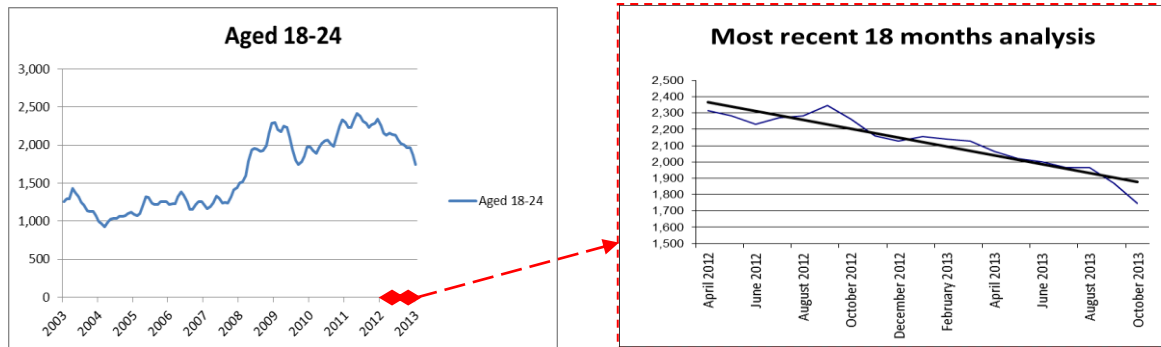
TOWN CENTRES

- **Stockton Town Centre** – Moving from Stockton Enterprise Arcade are **Gracie Green**, selling home décor signs and banners, which has moved to a new unit on Silver Street; women's fashion retailer, **Andreas Boutique**, which has moved to a unit on Dovecot Street; and **Jack and Jill Wooden Toys** which has now relocated to the former opticians at Winpenny House. **Dec-a-cake** has expanded into new premises and relocated to 87 High Street. The former **Joe Rigatonis** restaurant has reopened as '**Joe's Antipasti**' at its Riverside Road location. Following successful applications by two new businesses, the fashion retailer '**The Officers Club**' based in Castlegate Shopping Centre and '**Latte Da**', a new café based in Silver Street have both received financial assistance via the Business Rates Discount Scheme.
- **Stockton Enterprise Arcade** continues to have a waiting list of interested retailers. Other new traders who have moved into the Arcade include **Vintage Ice** and **Mini Munchkins**.
- The third **Health Market – Food, Fitness and Fun** was held on 1st November at the north end of the High Street. The market was funded by Public Health and aimed to increase awareness and promote healthy lifestyles. The specialist market attracted approximately 600 visitors and featured 16 stallholders specialising in health based businesses, including natural beauty and wellbeing products, football, and advice on healthcare. The market also featured 'live' healthy cooking and 'Zumba' demonstrations, as well as a 30 foot climbing wall.

- **62 Dovecot Street** has 3 new tenants making a total of 5. The range of business activity will include digital marketing, search engine optimisation, web development as well as counselling and financial advice.
- The former 'Flavours' unit is to be brought back into use as '**The Italian Job Too**', a fast food sandwich outlet, thanks to an award of £6,600 from the Council's Loan Fund Scheme.

YOUNG PEOPLE (16 – 24)

JSA STATISTICS



- The current number of young people claiming JSA is 1,745 (representing 29% of the total number of JSA claimants), this is the 10th consecutive monthly reduction and is the lowest figure since June 2010. 755 of these young people have been claiming for over 6 months. Over the past 18 months there has been a steadily decreasing trend since April 2012.

STOCKTON ENTERPRISE WEEK

Stockton Borough Council and a number of partners are involved in a range of activities to engage with budding entrepreneurs of all ages, in a programme of workshops and activities to mark **Global Entrepreneurship Week**. From Monday 18th November to Friday 22nd November youngsters from both primary and secondary schools across the Borough are involved in a number of events, which helps them to consider the first steps in starting a business and is simulating a genuine retail experience in locations such as The Shambles and Stockton Sparkles Christmas Market. Other partners such as Enterprise Made Simple, Five Lamps, Digital City, Avanta and Stockton Riverside College all have events running throughout the week, for people of all ages to gain a range of enterprise skills.

ENTERPRISE IN SCHOOLS

- The **Tomato Club** is a pilot scheme, running across 2 schools (involving 39 pupils), which uses practical cookery as a vehicle to support an enterprise project. Pupils from primary and secondary schools attended workshops to learn how to cook, jar and sell tomato based pasta sauces. Extension activities included setting up and running a restaurant and café in school, involving parents and governors in the workshops.
- **Made in Stockton** is a 'hands on' initiative that encourages young people to design and develop products for sale on a market stall. In September, 27 pupils attended the World Market and 150 students are currently preparing for the Christmas market in early December. Encouragingly, schools are now starting to recognise the 'Made in Stockton' identity and are viewing it as a collective approach in the Borough towards test trading and promotion of market activities.
- **Pre Loved Retail** will see 10 business students from Stockton Sixth Form College take over a unit in The Shambles as part of Global Entrepreneurship Week 2013 (18th-22nd November 2013). The students will stock and sell recycled clothing and accessories as part of their drive to raise funds for a local charity.
- The **Bright Ideas Challenge** will see teams of primary school children from 8 schools (40 pupils) take part in a one day business challenge to encourage idea generation and business planning and pitching. Working with local business ambassadors, the young people will develop their business acumen and raise their own aspirations for the future.

APPRENTICESHIPS

A quarterly report on apprenticeships across the Stockton Borough will feature in the January 2014 report.

LOCAL BUSINESS NEWS

ENGINEERING/MANUFACTURING/CHEMICAL

- **Francis Brown** has secured its largest export order to build a pressure vessel, which will be shipped to China's fast-developing chemical industry. The company, which employs more than 100 staff, is starting to increase its overseas orders including work for the growing Brazilian oil and gas market. The company has also signed a collaboration agreement with Aberdeen-based Schoolhill Hydraulic Engineering to increase the scope of work they can offer on projects in the oil and gas sector.
- **Nifco UK** has confirmed that it is planning the third phase of its rapidly expanding business at its Eaglescliffe site. It will take three years before this third phase of development will be complete. The second phase will be operational by April 2014.
- **Shepherd** has won the £82m contract to build Hitachi Rail Europe Limited's new manufacturing plant in County Durham. Building work will start on site in Newton Aycliffe later this year with completion scheduled in mid-2015. Around 150 jobs will be created during the construction phase. **Hitachi** has identified over 700 potential suppliers of parts and services for the rolling stock but companies are still able to register their interest as potential suppliers.
- **Fine Industries**, a manufacturer of fine chemicals at Seal Sands, has received an investment of £25.5m from the private equity firm NorthEdge Capital. The investment will accelerate a capital expenditure programme to increase capacity, and support the company's growth ambitions. Fine Industries operates five subsidiaries including Fine Organics, manufacturing high quality fine chemicals for use in the crop protection, pharmaceutical and specialty chemicals markets. Founded in 1977, the business was the subject of a management buy-out from a large multinational in 2008. It employs 270 staff with a turnover of £40m for the year ended September 2013.
- **TAG Energy Solutions** have appointed an experienced marine and offshore construction specialist, Stuart Oakley, as its CEO. The company (formerly the Tees Alliance Group) has become one of the leading UK manufacturers of offshore wind turbine foundations and transition pieces, following a £30m investment in its Haverton Hill facilities.
- **LJJ Limited** has secured a seven-figure finance package from HSBC to help support its forecasted future growth as the construction industry starts to pick up. The business, which employs about 120 workers directly, is on track to post turnover of £45m in its current financial year on the back of a number of contract wins. LJJ has switched its full business banking to HSBC's Teesside Commercial team and secured a package designed to give it the capacity and flexibility to cater for increased levels of business in the future.

SERVICE SECTOR/RETAIL

- The **Bramwell Pub Company**, which operates 3 pubs in the Stockton area, has gone into administration. The **Ketton Ox** in Yarm and the **Fairfield** in Stockton have now been bought by the **Stonegate Pub Company** based in Luton. The administrators are still looking for buyers for other pubs including the **Griffin** in Thornaby which is still trading and open for business.
- **Npower** has refused to deny reports that there will be huge job losses across the UK. The company, which employs 549 staff at its call centre in Thornaby, is looking to reduce its 26 UK sites to 10 in the next five years. It is unknown as yet whether the Thornaby office will be affected.
- The **Village Deli** has opened on Hartburn's Darlington Road serving Italian coffee and delicatessen food including patisseries.
- **Nicholson's Transport** has taken on 2 new recruits, developing them both through work-based learning.

BUSINESS CASE STUDY

Formed in 1992, **Phusion IM** (formerly Pearson-Harper), was borne out of a wish to improve engineering information management in the process sector. The company has grown into a digital

business with an international profile, managing information on some of the world's largest engineering projects. The company is a multi-award winning success story for the Borough, most notably winning the Queens Award for Enterprise in 2012; the R&ED service has fully engaged with and supported the companies continued expansion over the last three years.

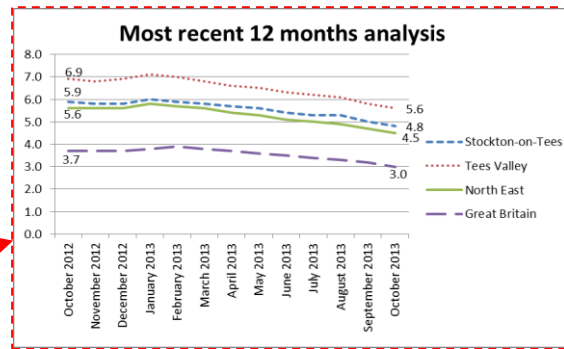
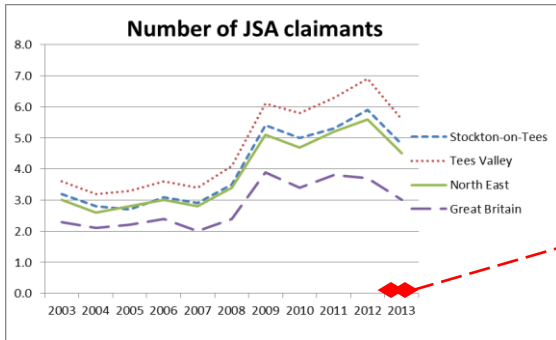
Phusion has, in recent years, secured work with many major corporations such as ConocoPhillips, KBR, Sabic, BP, MODEC, Nexen, Northumbrian Water, Anglian Water. Phusion has altered its strategic direction, focusing on export opportunities and in particular, Western Australia. Extensive investment and business development, ultimately paid off, when in 2010, Phusion was awarded a £6.25m contract with Chevron. This has recently been followed up with an £11.5m contract with INPEX.

Having been awarded these large contracts in Australia, both Chevron and INPEX placed huge pressure on the business to create new jobs in Australia. Phusion fought this request and stipulated that they must be created in the UK. Stockton Council's R&ED service has worked alongside Phusion's senior management to support and enable growth ensuring that a sound business case for remaining in the Borough for the long term is in place.

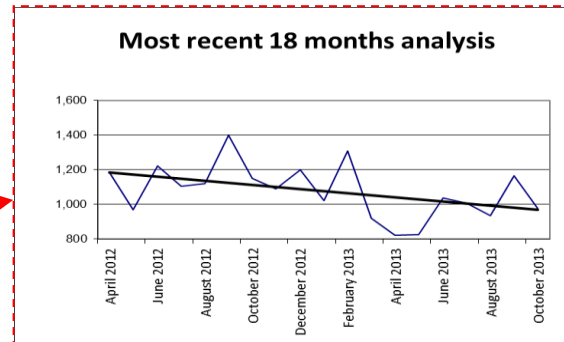
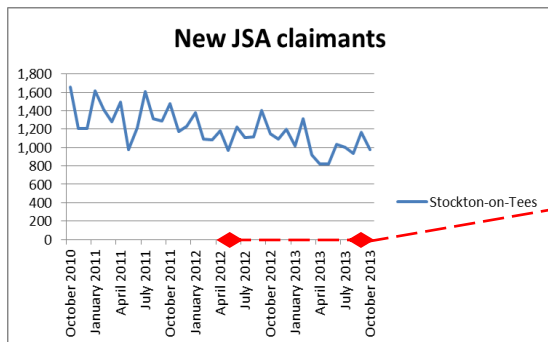
The continued creation of new jobs placed huge strains on Phusion's existing premises in Billingham to the extent that porta cabins were used to house staff this proved a temporary solution, prompting a search for a new location which could have seen the company leave the Borough. The R&ED service was on hand to work with the company to identify a short list of suitable premises within the Borough facilitating numerous site visits. The final result being that Phusion completed a move into two neighbouring units at Belasis Business Park totalling 12,500sq ft. investing in significant improvements to both buildings. Both buildings now form a new head office location which is assigned Enterprise Zone status. Detailed guidance was again provided to ensure the company met the necessary criteria within its successful Enterprise Zone application which has secured the business significant savings on business rates over the next five years and much needed room for continued growth. To further facilitate expansion, advice and guidance was provided to access funding opportunities with the firm securing a £250,000 grant through the Regional Growth Fund supported 'Let's Grow' campaign. Phusion also sought the specialist advice provided by the R&ED service to identify and develop suitable apprenticeship frameworks that would meet their specialist requirements of engineering and digital expertise which will create a number of high quality employment and training opportunities for young people within an award winning business. The proactive support provided by the Council has been well received demonstrating that Stockton Council is on hand to nurture private sector development encouraging the company to remain within the Borough and maintain a working relationship with the Council. The relationship has developed into one of mutual support with Phusion keen to return the valuable support received by engaging in key local events, recently purchasing a main sponsorship package for the 2013 Stockton Cycling Festival.

Phusion based in Billingham since its inception is proud of its Stockton roots. Their successful relocation provides much needed room for future growth and high quality job creation within the Borough. The company currently employs approximately 80 people and continues to conduct a steady recruitment campaign which will continue into the coming years. Competing on the national and international stage to secure multi million pound contracts whilst innovating new digital products and technical services, Phusion continues to enhance its own reputation and that of Stockton as a supportive environment to invest and do business.

ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 5,985, a decrease of over 200 on the previous month and the 10th consecutive monthly reduction. This is lowest figure since January 2009. The proportion of working age residents claiming JSA has therefore dropped to 4.8%, the lowest figure since July 2010. A more detailed 12 month analysis highlights the decrease overall across the year since October 2012.



- The number of new JSA claimants has decreased over the last month (965 in October, compared to 1,165 in September). Over the past 18 months there has been a decreasing trend since April 2012.

OTHER ECONOMIC NEWS

NEW FUNDING SCHEMES

- The **Manufacturing Advisory Service (MAS)** has secured £539,000 from the North East European Regional Development Fund Programme to assist a further 122 manufacturers across the region, providing support worth up to £10,000 to help companies looking to significantly grow by entering new markets, developing products or implementing strategic change projects.
- Five Lamps** has launched a new fund offering loans of up to £50,000 for businesses looking to grow. The initiative is backed by the Regional Growth Fund programme and is provided through the Community Development Finance Association. It offers loans to small, micro and social enterprises through the community finance sector. £30m is provided by the Government's Regional Growth Fund, matched with a further £30m by the Co-operative Bank and Unity Trust Bank.
- Stockton Borough Council has secured funding to deliver a £6.3million **Innovation Centre**. The project will be delivered in partnership with the Homes & Communities Agency (HCA) and Muse Developments through a combination of European, HCA and Stockton Borough Council funding. The Innovation Centre will create 2,323 m² R&D floorspace for digital, science and innovative firms to grow their businesses, collaborate and contribute to the creation of new economic activity on the Northshore Enterprise Zone site.

AWARDS

- The Waiting Room** in Eaglescliffe has been announced as a runner up in the Best UK restaurant category at this year's Observer Food Magazine Awards. The popular vegetarian restaurant has now been a runner up in this Best UK Restaurant category, which includes all UK restaurants, in 2006, 2007, 2012 and 2013.

- At the North East Business Executive of the Year awards Mike Matthews, European Officer and Managing Director of **Nifco UK**, was awarded business executive of the year and **Charles Clinkard**, Managing Director of footwear retailer the Clinkard Group based at Preston Farm Industrial Estate, received a special recognition award.
- **Virgin Media** based on Preston Farm, working with Stockton Borough Council, has achieved gold standard in the North East Better Health at Work awards, recognising the companies approach to the health of workers, their families and local communities through their dedicated team of Health Advocates.
- **Muse continental café** in Yarm has become the first in the town's High Street to be featured in the Michelin Guide, just one year after opening. They will feature in the Hotels & Restaurants Guide for 2014.

HOUSING

HOUSING BENEFITS

Housing Benefit and Local Council Tax Support	New Claims received per Quarter			Changes in Circumstances received per Quarter		
	Q1 / 2013	Q2 / 2013	YTD 2013	Q1 / 2013	Q2 / 2013	YTD / 2013
	2,243	2,133	4,376	42,600	47,377	89,977
	Q1 / 2012	Q2 / 2012	YTD 2012	Q1 / 2012	Q2 / 2012	YTD / 2012
	2,146	2,334	4,480	42,734	35,670	78,404

Housing Benefit	HB Caseload per Quarter 2013/14	
	Q1	Q2
	17,107	17,105
Local Council Tax Support (LCTS)	LCTS Caseload per Quarter 2013/14	
	Q1	Q2
	21,471	21,494
Total Claims	38,578	38,599

Housing Benefit	HB Caseload per Quarter 2012/13	
	Q1	Q2
	16,870	16,976
Council Tax Benefit (CTB)	CTB Caseload per Quarter 2012/13	
	Q1	Q2
	22,022	22,070
Total Claims	38,892	39,046

Local Council Tax Support replaced Council Tax Benefit in April 2013. There is now a requirement for all working age applicants to pay a minimum of 20% of the council tax charge. This took some customers who were in receipt of small amounts of benefit out of entitlement altogether. However the caseload has remained static over the first 6 months of 2013/14.

The total number of people in receipt of housing benefit has increased very slightly. The number of those with 'changes in circumstances' has been increasing, and there are no indications of this reducing in the near future.

HOUSE PRICES AND SALES

Average house prices in the Borough continue to be lower than the national average. According to figures from the Office for National Statistics, UK house prices have increased by 2.9% in the past year to May 2013, an increase from 2.6% in the 12 months to April 2013.

Number of House Sales in the Borough (source: land registry)		Average monthly House Prices in the Borough (source: land registry)	
July 2012	162	Sep 2012	£111,178
June 2013	228	Aug 2013	£112,458
July 2013	216	Sep 2013	£111,823

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.

Help to Buy and Affordable Homeownership

The Council's 'Help to Buy' (Equity Loan Scheme) figures for reservations in Stockton are shown in the table below. Note: These figures are from the 'FirstBuy' Scheme, which was replaced on 1st April by the 'Help to Buy' Scheme.

	2013 /14	2012 /13
Q1 (Apr-Jun)	68	38
Q2 (Jul-Sep)	81	21
Oct	24	7

During 2013/14 there have been more reservations than in 2012/13, assumed to be due to a scheme change from 'FirstBuy' to 'Help to Buy,' with the eligibility/bedrooms/price/income parameters being relaxed considerably.

Visqueen Site - Of these sales: 2 were 'Help to Buy' and 2 were part exchange

September	October	November	Total
3	3	1	7

Vivo Site - Of these sales: 1 was 'Help to Buy'

September	October	November	Total
1	1	1	3

Housing Regeneration Schemes

The Council's Housing Regeneration team is progressing with the appointment of a developer partner at Swainby Road. All third party interests in the site have been secured and site investigation work has commenced.

Keepmoat Homes

Mandale

	July	August	September	Total
Reserved	3	1	4	8
Cancelled	1	3	0	4
Net	2	-2	4	4
Help to Buy	2	0	4	6

Hardwick

	July	August	September	Total
Reserved	0	3	3	6
Cancelled	0	4	0	4
Net	0	-1	3	2

Help to Buy	0	3	2	5
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Sales figures remain difficult on both regeneration schemes, however the proportion of these sales that are 'Help to Buy' is extremely high. *Note: Cancellation figures are those received within the quarter, but may relate to plots that were reserved outside of the quarter*

Parkfield

There are 14 plots that have been sold so far in 2013, and the developers anticipate soon starting work on the newly planned detached housing units. The 'Help to Buy' scheme is increasing enquiries and there have been advertisements on TFM radio.

Housing site completion and Sales

Across the 18 housing sites in the Borough (which includes the regeneration sites), 89 house build completions have been reported in Q2 in 2013/14, compared to 175 for Q2 in 2012/13. This gives a total of 221 new build dwellings in 2013/14 to date. *Note: This figure is gross and does not consider the numbers of demolitions*