

ECONOMIC CLIMATE UPDATE REPORT

This report summarises the positive and negative economic changes that have taken place in the Borough during December 2013 and January 2014.

EMPLOYMENT

JOB GAINS

- **Barclay Roofing Ltd** at Portrack Industrial Estate has secured two new contracts worth £1.7m. The deals have come on the back of achieving environmental ISO accreditation with the help of funding from Investment for Growth. Barclay Roofing has created 15 new jobs and safeguarded 11 through the successful contracts wins.
- **Thirlwells Estate Agents** in Billingham is expanding with the recruitment of four new members of staff.
- **Sanderson Weatherall** has reappointed a former employee as an associate partner at its Teesside and Tyneside offices as the company prepares for growth in 2014.
- Web design agency **Koodoo Creative** has added an intern from Teesside University and a senior sales executive to its team. The company is aiming to generate new jobs with the launch of a spin-off mobile apps business, which has already landed several major clients.

JOB LOSSES

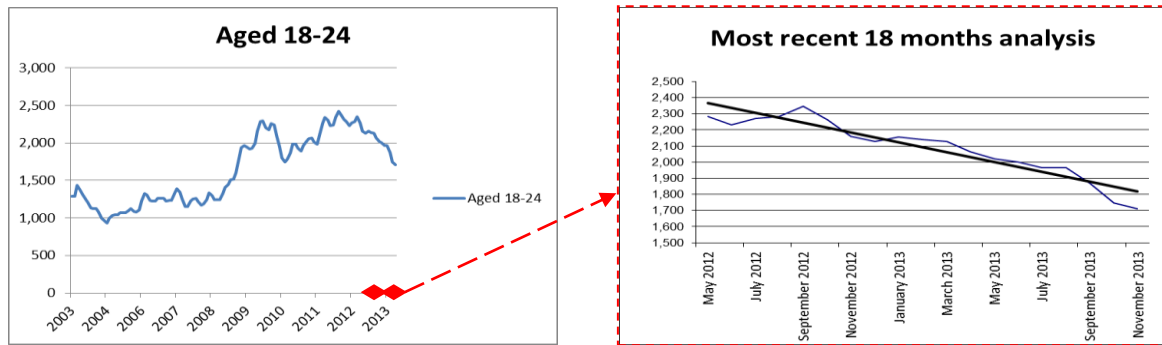
- **Lotte Chemical UK Ltd** is closing its T8 plant at Wilton with the loss of 70 jobs. The company says growing competition from China and falling world market prices for the plant's product - PTA - are to blame for the closure.
- **Cobham**, an aerospace firm based at Durham Tees Valley Airport (DTVA), has announced it is making redundancies as it transfers its flight inspection services from the region. The company employs about 90 people at DTVA but has not confirmed how many workers' posts are at risk. However, Cobham says it remains committed to its North-East base, and will continue providing the Ministry of Defence (MoD) with training in a £165m five-year deal from the region.
- The Latvian firm **4finance Limited**, trading as **Vivus**, is closing its Thornaby headquarters in December and moving to London. More than 30 jobs are at risk but workers have been given the option of keeping their jobs if they move to London. Earlier this year, the company had unveiled plans to employ 60 North East workers by the end of 2013 and expand that workforce to more than 100 staff next year.

TOWN CENTRES

- **Stockton Town Centre - Hewitts Solicitors** has opened its doors to a brand new office after fully refurbishing the ex-McDonalds unit at 112 High Street. (see the business case study for more details). **CEX** who buy, sell and exchange a range of technology and entertainment products and **Savers** health and beauty products have both moved into the Castlegate Centre, along with **Faking it** (hair extension accessories) and the cheesemonger, **Earls of Ashwood** within the newly refurbished Spencer Market Hall. New businesses appearing on Ramsgate are **Hollywood Nails**, **Alfords Bikes** and **A Stitch In No Time**. Whilst over on Finkle Street **The Dress Boudoir** has taken over where Le Boutique was situated and also houses **Passion Beauty** towards the rear of the unit. Elsewhere **The Italian Job Too** has opened on Church Road serving an array of sandwiches, drinks and take-out food. Yarm Lane has also seen two new businesses open - **The Music Lounge** primarily offering teaching and rehearsal space to musicians - and the nearby fully refurbished **Jokers Bar**.
- **Enterprise Arcade - Soapendipity** has moved into the last remaining space at the entrance of the arcade selling soaps and bath bombs, scents, body butters etc.
- **Stockton Sparkles** is in its fifth year this year and the **Market** was open from 27 Nov – 8 Dec, growing to 12 days from 4 days in previous years. The market attracted 52 traders this year and 12 different businesses in the Enterprise Arcade cabin – a total, throughout the 12 days, of 64 traders within the cabins. There was a total of 36 Stockton businesses involved with the market, with 19 being Town Centre businesses. The footfall was steady throughout the market and we are still awaiting figures for the event but the two Saturdays (30 Nov and 7 Dec) were by far the busiest. We also had 11 Stockton schools and 5 Stockton based community groups involved in trading at the market.

YOUNG PEOPLE (16 – 24)

JSA STATISTICS



- The current number of young people claiming JSA is 1,710 (representing 29% of the total number of JSA claimants), the lowest figure since December 2008. 705 of these young people have been claiming for over 6 months. Over the past 18 months there has been a steadily decreasing trend since May 2012.

ENTERPRISE IN SCHOOLS

- In December, 76 young people took part in the 'Made in Stockton' schools market initiative as part of the Stockton Sparkles. The event, that also engaged 18 teachers, encouraged the 9 school groups to set up and run mini businesses for a day.
- 3 schools, 26 young people, and 9 teachers were involved in food workshops that resulted in food products being sold at Stockton Sparkles. The 'Sweet Treats' initiative encouraged entrepreneurship through cookery.

APPRENTICESHIPS

NETA

- 101 Engineering apprentices recruited in September / October 2013 – all are employed and completing Level III advanced frameworks.
- Five Level III Gas apprentices were recruited in December 2013.
- NETA has been named as preferred supplier to train 50 apprentices for the Sembcorp Employer Ownership Development Programme, which will commence recruitment in January 2014.
- NETA has been contracted by CITB to deliver scaffolding apprentice training. The first nine apprentices commenced the Level II training in November 2013.

TEES ACHIEVE

UPDATE - in total Tees Achieve currently have 92 Apprentices enrolled onto apprenticeship programmes, of these 50 are aged 16-18 years, 23 are aged between 19-24 and 19 are aged over 25.

18 apprentice completions have taken place between September – December 2013 with 83% of the learners having a positive progression to the following:

- 12 into employment
- One into further education
- Two moving on to an apprenticeship

During September – December 2013, Tees Achieve has assisted 17 people into apprenticeship, in the following areas:

- Three in Customer Services
- Three in Business Administration
- Three into Childcare
- Eight into Support Teaching and Learning

During September – November 2013, Tees Achieve attracted nine new employers including Little Waves, Express Signs and Stockton Interiors to work with them and take apprentices.

EMPLOYABILITY

Tees Achieve and Stockton Riverside College are working in partnership to deliver employability courses for the unemployed. The referrals are made by Job Centre Plus and are co-ordinated by Stockton Riverside College. The total number of JCP referrals for the period between September – December 2013 is 347.

Stockton Sixth Form College students have secured £84,000 to take part in the Comenius Project, an international scheme, which aims to help students acquire the skills they need for personal development and future employment, at home or abroad.

Durham University has secured a share of an £18m government investment to develop links with industry, in particular biopharmaceuticals, chemicals and sustainable energy.

INITIATIVES

The 16-19 Study Programme delivered by Tees Achieve is tailored to meet the individual needs, education and employment goals of young people aged 16-19 years, including students with learning difficulties and/or disabilities. The Programme is based on the learner's prior attainment, and designed to meet clear educational and career aspirations.

This academic year (August 2013 - now) has already realised the following results:

- 19 new starts
- 11 learners currently on Study Programme 1 (no early leavers)
- 8 learners on Study Programme 2 (3 early leavers of which 1 is unknown, 1 has secured a job with training, and 1 has moved into further education)

This translates as a success rate of 67%.

LOCAL BUSINESS NEWS

ENGINEERING/MANUFACTURING/CHEMICAL

- **Npower** has announced a proposed restructure of its customer service activities in the North east which includes the closure in June 2014 of its office in Thornaby. 500 employees are based at this office but all the roles based here will be secure: employees here will be offered a position elsewhere in the North East, mainly at npower's headquarters in Rainton. These employees will also be offered support with transport for three years. During consultation, individual circumstances will be considered and people may be given the option of moving over to Capita* and working from Wear House or taking voluntary redundancy.
- Global engineering, construction, procurement and maintenance company, **Unit Birwelco**, is opening an office in Stockton in early 2014 as demand for its services in the area grows. Initially six staff will be based at the new office, which will expand to 20 over six months. Around 12 of these will be new jobs.
- **MC² Technical Recruitment (MC²)**, a specialist training, recruitment and management systems company based in Stockton, has received an investment of £500,000 from FW Capital to help with plans to expand its global operations in the oil and gas sector.
- **Darchem Engineering** has appointed Billy Meijer to become the new managing director. Mr. Meijer has been with the company for eight years and has more than 30 years' experience in the aerospace, defence, marine and nuclear industries. He will oversee the completion of the new £8m 75,000sq ft factory with the generation of more than 80 new fabrication and welding jobs, as well as additional apprenticeship opportunities.
- **NEPIC (North East Process Cluster)** has announced that its work to-date had tipped the £2 Billion Gross Value Added per annum mark for the UK economy.
- Billingham-based **Able UK** has announced their plans for a £450m energy park on the south bank of the Humber have been approved and work should start in early 2014.

SERVICE SECTOR/RETAIL

- **UPDATE Elite Serviced Apartments** has trebled its turnover to £300,000 following a number of major contract wins. The success is due to securing long terms contracts with commercial organisations including Air Products, Able UK, Huntsman and SNF Oil to house their personnel

whilst temporarily staying within the region. The business is on track to reach its increased target turnover to £1m within two years.

- The civil engineering company **J Hughes Construction** has been placed into administration after experiencing cash flow problems. The business which operated from Yarm Road in Stockton and Leeds employed 114 members of staff. There have been no redundancies made and the jobs of employees have been secured as a result of a transfer to new firm **Applebridge Construction** based at Preston Farm Industrial Estate.
- **PD Ports** has secured a new 10-year contract with Taylors of Harrogate, a contract which will see £1.75 million spent on PD Ports' 115,000sq ft warehouses facilities at Billingham. Work commenced on refurbishing the existing facilities at the end of the summer and is expected to be operational by mid 2014.
- Care home group, **Bondcare**, has invested £60,000 updating **Elton Hall** care home.

BUSINESS CASE STUDY

Hewitts Solicitors

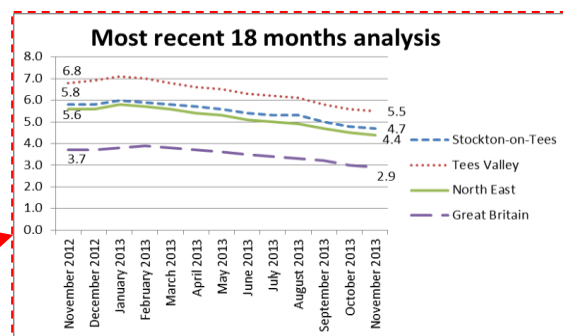
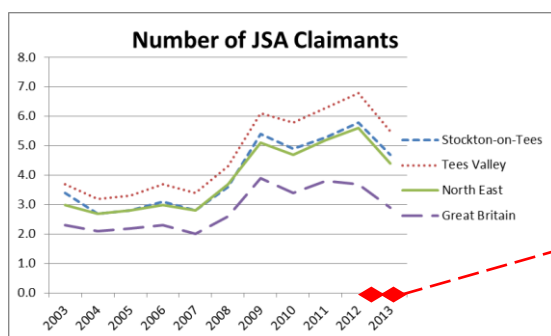
The established law firm, Hewitts, has opened its doors in the heart of Stockton town centre having purchased the premises previously occupied by McDonalds in Stockton High Street last year. Hewitts, previously based at offices at 1 Yarm Road, has a long established practice in the Borough and with five offices across the region, is one of the largest firms of solicitors in the Region.

The new office, which has been renovated inside and out and a brand new storey added to it, has taken months to complete and now provides a bespoke office space. During this time the company has worked very closely with members of the Councils Business Engagement Team providing a coordinating role with other Council services and departments throughout the lengthy refurbishment period including assistance with a range of issues such as access, planning and promotion.

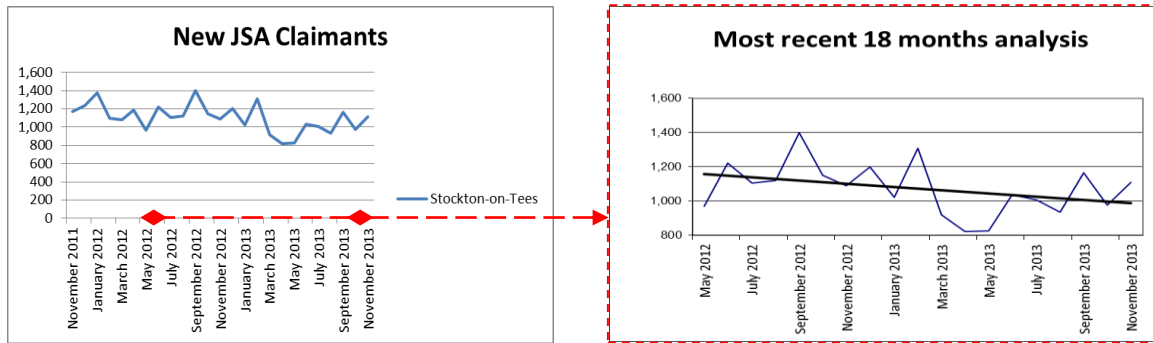
Hewitts has invested heavily in the new premises to create a spacious, state of the art modern area for clients and staff. The facilities which are now available will give them the opportunity for planned expansion and offer services in all key areas of law including Conveyancing (domestic and commercial), Wills and Probate, Commercial Criminal, Family, Personal Injury and Employment.

The solicitors deliberately chose a high street location to show its commitment to the wider regeneration initiative and to provide a complete legal one stop shop in a convenient location. Its close proximity to the new car park next to the Shambles means their clients will be able to get to the new office very easily, as well as access to a vast range of independent shops, a host of events, markets and cultural opportunities - therefore increasing footfall in the Town Centre and supporting the local economy.

ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 5,862, a decrease of over 100 on the previous month and the lowest figure since January 2009. The proportion of working age residents claiming JSA has therefore dropped to 4.7%, also the lowest figure since January 2009. A more detailed 12 month analysis highlights the decrease overall across the year since November 2012.



- The number of new JSA claimants has increased over the last month (1,110 in November, compared to 975 in October). However, whilst the trend from May to November 2013 is an upward one (contributing factors being Easter school leavers, Churchill's and Tall Trees closing and loan parent eligibility changes), over the 18 month period from May 2012 to November 2013 there has been a decreasing trend.

OTHER ECONOMIC NEWS

NEW FUNDING SCHEMES

- **The City Deal** has been agreed with local authorities and Tees Valley Unlimited and the Local Enterprise Partnership. It will boost the process industries on Teesside, supporting the safeguarding and creation of up to 22,000 jobs and unlocking £28 million of private sector investment that will include the development of an innovative waste heat network, utilising waste heat from Tees Valley's industries to heat businesses, homes, hospitals and local authority buildings. This will see a saving of 10 to 15% on businesses' energy bills, and reduce carbon emissions even further. Local businesses will benefit from the Tees Valley Business Growth Hub, which will give them a single access point for local and national business support particularly on using cutting edge technology, how to diversify into multiple commercial sectors and how to break into the export market.
- Turnaround Investor, **Endless**, has launched a £10m fund to target small and medium-sized enterprises across the UK. The fund will be known as Enact.
- The **RBS/NatWest Group** is to make £100m of funding available to small businesses through the National Association for Commercial Finance Brokers (NACFB).

AUTUMN STATEMENT

The following reflects the general position with regards to the Autumn Statements; the position locally will be determined as further details are provided.

Housing

- A £1 billion investment programme over 6 years to fund infrastructure works to unlock large housing sites.
- Introduction of Right To Buy agents to help buyers complete their purchases.
- An additional £100M fund starting in 2015/16 to increase Right To Buy sales through improving access to mortgage finance.
- A £300M competitive bid resource to be established to assist in supporting councils, through LEP's, in housing supply.

Employment

- NI removed for young people under 21.
- An additional 20,000 apprenticeships will be created

Business Rates

- RPI Index to be capped at 2% in 2014/15.
- Doubling of the Small Business Rate Relief will be extended until 31st March 2015.
- Small Business Rate Relief to allow a second property without affecting relief received.

- Shops, pubs and restaurants with an RV of below £50K to get a £1,000 discount for two years as from 1st April 2014
- Bills can be paid over 12 months instead of 10.
- 95% of the 2013 backlog of appeals to the Valuation Office Agency to be cleared by July 2015. Local Authorities have little influence on this but the knock-on effect is the revenue generation aspect locally.

Local growth

- A £2 Billion Local Growth Fund will be maintained.
- £110M of Regional Growth Fund to be made available for Single Local Growth Fund with £50M earmarked for LEP supported bids to deliver local priorities for housing growth.
- An additional 50,000 start-up loans for entrepreneurs and an extension to the new Enterprise Allowance.

Planning

Consultation to be undertaken to establish measures that will speed up the planning process. This will include:

- Reducing unnecessary statutory consultations.
- Statutory requirements for a Local Plan.
- Liberalising retail change of use needs and mezzanine floor restrictions where the effect will be to support town centres.
- Increase the threshold of designation from 30% to 40% of decisions made on time.
- A 10 unit threshold for s106 affordable housing contributions.

AWARDS

- **Nortech Solutions** has won the Most Promising New Business accolade at this year's British Chamber of Commerce Awards. The business has demonstrated rapid growth in turnover, profit and employment since it was formed in April 2011, and has created 86 new jobs in its first two years.
- **Evolution LLP**, an accountancy firm based at Wynyard, near Stockton, was a runner up in the independent firm of the year North of England category and the employer of the year section at the British Accountancy Awards.
- **UPDATE - Muse Continental Cafe** on Yarm High Street has featured in the Telegraph's Top 500 Restaurants list. Launched in October 2012, the venue has featured in the Telegraph's Top 500 Restaurants list, in association with Michelin. Muse is the sister restaurant of the Michelin award-winning Bay Horse at Hurworth.
- **Chadwick's Inn** at Maltby has been awarded two AA rosettes for the fourth year running and has also been included in the prestigious Michelin Guide and the Michelin Eating Out in Pubs Guide for the third consecutive year. The restaurant has been given the coveted AA rosettes every year since it opened and is the only non-hotel venue on Teesside to achieve this accolade.
- **Nifco UK** has been awarded the Sword of Honour from the British Safety Council. This is a global award and Nifco scored 100%, one of two companies nationally and four internationally to do so.
- **Active Financial Services**, based in Thornaby, has been approved as Corporate Chartered Financial Planners and is one of only 10% of UK finance companies to achieve the industry's gold standard.
- **UPDATE** - It was previously reported that **Tracerco** (part of Johnson Matthey PLC) received an Innovation Award from the Institute of Physics for their development of a leading gamma-radiation based tool for pipe measurement in the oil and gas industry. The company have now been nominated for a further two Engineers' Choice Awards for the aforementioned LevelFinderPlus and the PED radiation monitoring device.
- Ben Armitage, a business administration apprentice at **Innov8 IT Asset Disposal**, based in Thornaby, has been named 'Rising Star' at the North East Superstar Awards in recognition of his outstanding achievements during the last year.

- Cameron Appleyard, who is completing an apprenticeship with Billingham based **Lucite International**, has won the Salters' City & Guilds prize for his achievements in Level 3 Process Technology.