

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT

JOB GAINS

- **Kids 1st** nursery has opened a new branch in Bowesfield creating 30 new jobs. This is the family-run company's 10th nursery and the 2nd to open in Stockton, the other being at Wynyard Park.
- National coffee chain, **Costa Coffee**, has opened up a branch on Stockton High Street creating 11 jobs.
- A number of contract wins for Preston Farm based technology firm, **Cornerstone Business Solutions**, has seen 3 jobs being created taking the total number of employees to 15.
- **UPDATE Mohujo's by the River** Mexican Restaurant that opened on Finkle Street in July 2014 has created 6 jobs plus 2 apprentice positions.
- **Kilimanjaro's** Afro-Caribbean Restaurant has opened in Castlegate Mill on Riverside Road creating 6 jobs.

JOB LOSSES

- Mandale based **Cosyseal Insulation**-part of the Cosyseal Group- has ceased trading, leaving 27 staff members out of work. The company director claims changes to the Government's eco cashback scheme has led to the collapse of the company. Company bosses hope the firm can be rebuilt and staff can be re-employed.
- **Tata Global Beverages**, Teesside's tea factory home to the Tetley tea brand, has announced plans for a restructure which could see 23 positions go. Tata currently employs 340 people at its Durham Lane Industrial Estate site in Eaglescliffe.

FUTURE JOB GAINS

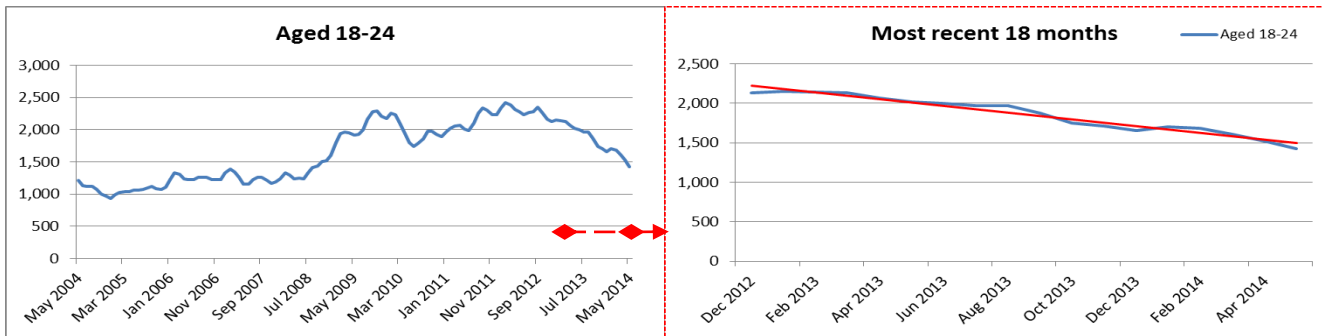
- Permission has been secured for the £160m **Eco2 Biomass** power station plant on the banks of the Tees at Clarence Works which will create 20 permanent jobs and hundreds more in the construction phase.
- **Visualsoft**, located in Stockton Town Centre, is aiming to create 50 new jobs over the next year and treble turnover by 2017 following a management buyout.
- Eaglescliffe engineering firm **Carroll and Meynell** has plans to increase staff numbers and export sales as it expands further into markets such as oil and gas. The company is part-way through a £1m capital investment programme which estimates the current number of employees will need to increase from 108 to around 180. They expect to recruit in manufacturing, process and administration.

TOWN CENTRES

- **Stockton Town Centre – Mad Dog Music** have expanded and relocated from West Row to 99 High Street. **Liberty's Fashion** have relocated and expanded within Castlegate Shopping Centre. **Unique Homes** a home giftware shop, and **Utopia**, a fashion retailer, have opened in Wellington Square Shopping Centre. **X Up**, the retailer supplying the skateboarding community, has closed on Bishopton Lane.
- A new estate agency called **Right Homes** has opened in Yarm at 95 High Street.
- **The Enterprise Arcade** has successfully re-located into Unit 19 Wellington Square until the new permanent location of 35-37 High Street is open. All tenants moved across, with a new trader 'Funky Furniture Boutique' also taking space taking the total number of tenants to 5.
- The total number of tenants currently stands at ten; with **TNG Start Up Limited** moving overseas due to securing a six month contract in Bali and **Social Solutions** being bought out by **Raw Marketing Company**, also based in 62 Dovecot Street.

YOUNG PEOPLE (16 – 24)

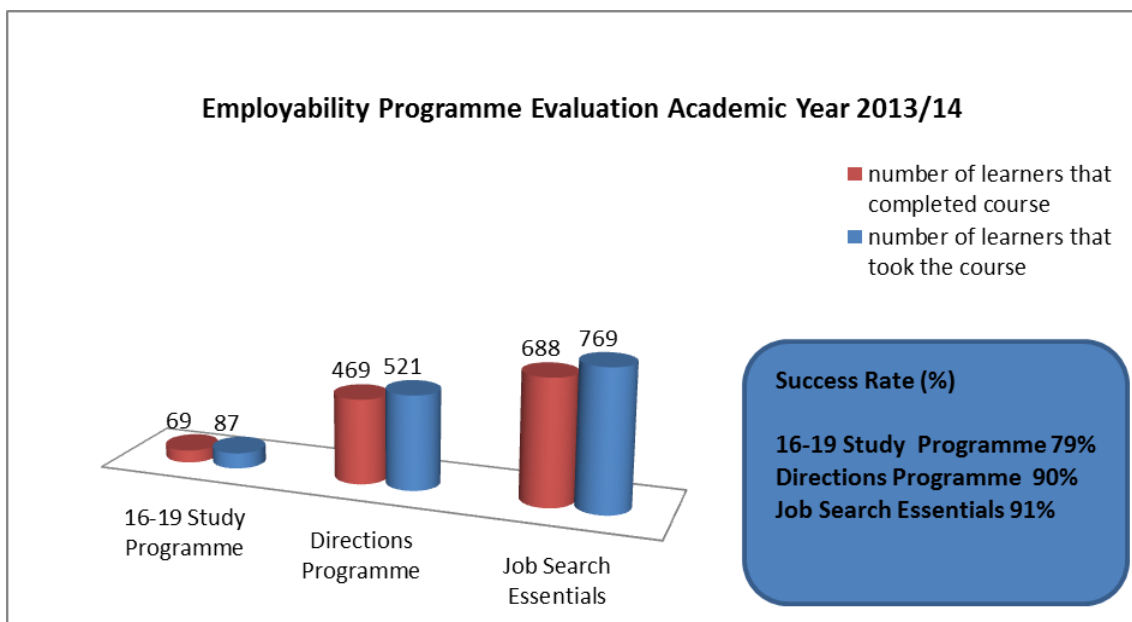
JSA STATISTICS



- The current number of young people claiming JSA is 1,300 (representing 28.86% of the total number of JSA claimants), the lowest figure since July 2006. 560 of these young people have been claiming for over 6 months. There has been a steadily decreasing trend in claimant numbers since December 2012.

EMPLOYABILITY

This academic year (August 2013 – July 2014) Job Search Essential, Directions and the 16-19 Study Programme has engaged with 1377 young people. The success rate, those that have completed the course and/or progressed into further education or progressed into employment can be found below:



The **YES Project** – (a Tees Valley wide initiative being delivered by Youth Directions for Stockton which works with NEET young people to support them into Education, Employment or Training) has realised the following:

- 24 new starts since 21 June 2014
- 21 young people have progressed into positive outcomes, including FE, training and employment since the scheme began in January 2014 – this figure should increase over the next couple of months with young people starting college or further study programmes.

The Tees Valley Jobs & Skills Investment Scheme

- 108 applications from Stockton businesses have been approved creating 169 jobs and safeguarding 22
- 22 applications have been rejected due to not meeting the criteria

LOCAL BUSINESS NEWS

ENGINEERING/MANUFACTURING/CHEMICAL

- Stockton-based **Pickering Lifts**, which already operates 12 offices across the UK and employs 360 people, is moving into additional premises in Sussex to extend its reach across the south coast. The move is part of the firm's five-year growth strategy that aims to double turnover from £20 million to £40 million.
- Eaglescliffe based **Tinsley Special Products** has expanded through buying a manufacturing operation at Mildenhall in Suffolk from counterpart Marshall Aerospace and Defence Group (Marshall ADG). The new business will be called Tinsley Special Products Mildenhall.

SERVICE SECTOR/RETAIL

- Stockton-based technology provider **Onyx Group**, has won a contract to support the Government's cloud computing programme. The move comes after ministers launched the CloudStore scheme, an online provision allowing public sector organisations to buy cloud services.
- **Elite Service Apartments** has secured a further two major contract wins totaling more than £170,000 with two commercial organisations to house their personnel whilst they are temporarily staying in the region. The company has apartments located in Yarm, Thornaby and Hartlepool Marina.
- **Eaglescliffe's Orchard Shops** will re-open on 2 September 2014 following the fire which destroyed the shopping parade back in May 2012. So far we have confirmation that four of the original tenants will be re-opening in the new premises. We are seeking confirmation of detail of other tenants.
- Teesside Industrial Estate based **PJA Distribution**, which develops and sells mobile phone accessories, has grown rapidly since being established on 2010 and now exports worldwide. As part of the company's three-year expansion plan, they will be moving into new premises at Ashbank House doubling the space of the current facility on Earlsway. PJA employs more than 55 staff and has increased turnover from £1.5million in 2012 to an anticipated turnover of over £7million this year.

BUSINESS CASE STUDY

Digital House / 62 Dovecot Street

62 Dovecot Street, a Grade II* listed building, had been empty since 2010, however, with Funding from the European Regional Development Fund and the Council we saw the building being brought back into use in 2013, refurbished into a state of the art facility for those looking to start up or expand their digital or creative business along with adding to the vibrancy of the town centre. The vibrant digital hub provides flexible accommodation and support along with opportunities for collaboration, networking and importantly a building that gives the right impression to clients, bringing our heritage alive for a 21st Century use.

The project was managed from the funding application and refurbishment phases through to operation by the Council in order to respond to digital and creative sector needs providing an innovative and high spec package operating with a business model of breakeven at worst to the Council's revenue costs. A sample of just some of the businesses locating in the building demonstrates that the vision to create a digital and creative hub in Stockton has not only been realised but has the potential to grow and develop further;

Raw Marketing Ltd - A young creative marketing company specialising in social media strategies has since locating in Digital House demonstrated rapid growth creating 3 new jobs. In addition Raw Marketing has successfully secured a contract with Northumberland County Council to provide training and workshops for local businesses in and around the Northumberland area.

JDrew Creations - Formed in 2012, JDrew Creations has evolved from a Teesside University incubated business to a growing software house specialising in web based programming. Since locating in Digital House JDrew Creations has also demonstrated significant growth creating 3 new positions with plans for further growth.

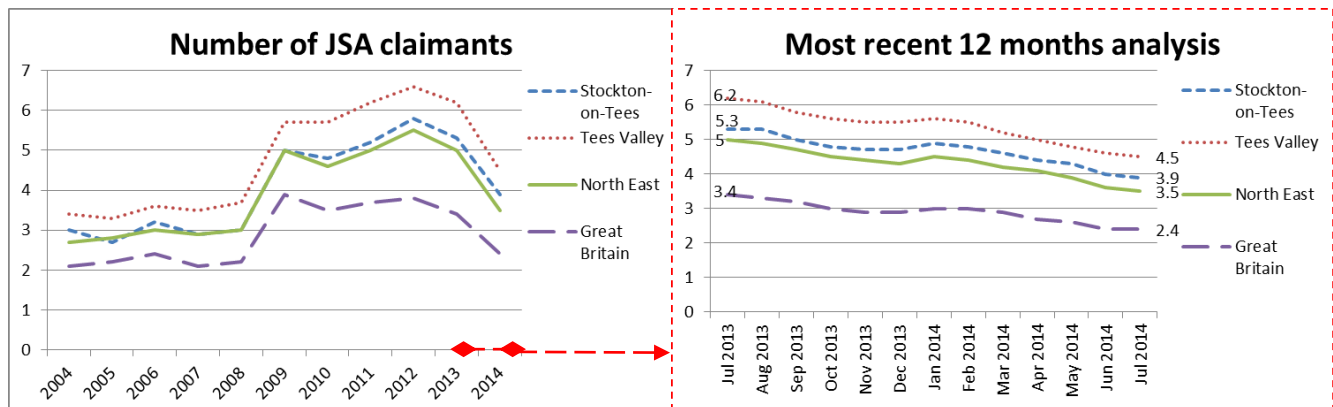
The Bearhug Ltd – Owned and managed by Luke Dixon a talented graphic design artist who has undertaken contract work for Nike. Bearhug operates as a clothing link and design company, seeking a location with a community and collaborative feel the business has increased turnover and created one internship position with the assistance of the Council's Creative Employment Programme.

Enigma Analysis – A Performance analysis firm specialising in data interrogation for use in supporting funding bids and business reports. The company in only its first year of operation has benefited from the flexible space within Digital House utilising hot desking facilities to establish the business in a professional setting.

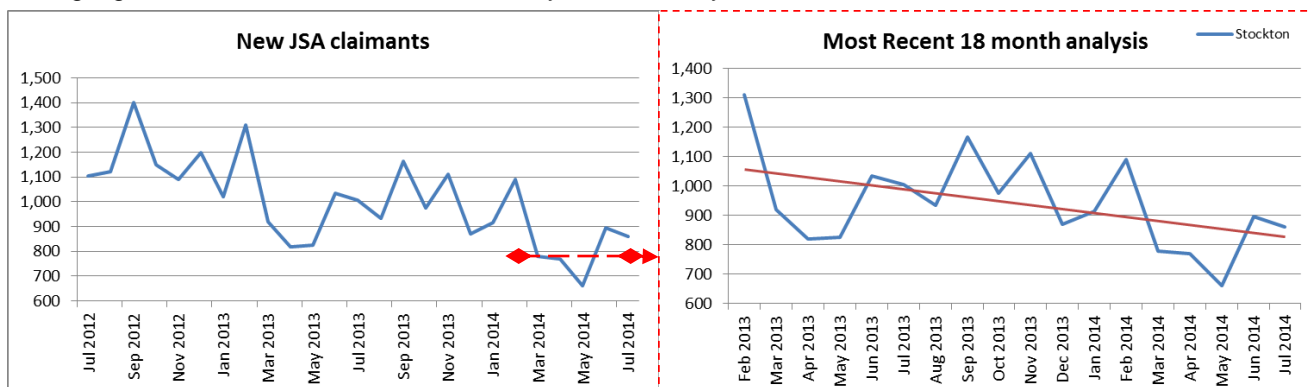
Catering Design Ltd – Due to take office space in September 2014 the business utilises digital design techniques such as 3D visualisations to provide bespoke design services for the commercial catering sector. The company has been attracted to locate in digital House by the high quality accommodation and vibrant atmosphere delivering in the building.

All businesses accessing Digital House are benefitting from a new hub location, a busy programme for activity and the building space itself specifically designed to foster informal collaboration between tenants. A very real sense of community and creativity has grown within the building which serves to generate not only success for its businesses but also to attract new business activity to Stockton. This is also assisted by the networking events organised by the businesses and the events hosted on behalf of external partners in the building. Digital House located, in close proximity to both day and night time activity venues is playing a key role in adding to the vibrancy of the Town. The Council is now leading on a new variation on this successful formula with the development of the forthcoming Northshore Innovation Centre to be operated Teesside University from June 2015 aimed at providing a new high spec location for the fast growing digital sector.

ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 4,850, a decrease of 440 from the previous reporting period, the lowest figure since December 2008. The proportion of working age residents claiming JSA has therefore decreased to 3.9%. A more detailed 12 month analysis highlights the overall decrease across the year since July 2013.



- The number of new JSA claimants has increased since the last reporting period (660 in May, compared to 860 in July). This is attributed to those in higher education completing courses, coming to the end of their grant and claiming benefit. This spike is also reflective of the same period in 2013. However, over the past 18 months there continues to be a decreasing overall trend since February 2013.

OTHER ECONOMIC NEWS

- The Telegraph has constructed an index of the best places to live in England and Wales using official data based on average weekly incomes, crime rates, health, home ownership, and economic activity and Stockton has been ranked the 6th best place to live (from 7000+ areas).
- A new study undertaken by ManpowerGroup shows Stockton residents are the highest earners in the North-east with an average annual pay of £25,200. Further quarterly studies are being prepared on each of the other regions and will be shared once available.
- The Royal Bank of Scotland Regional Growth Tracker has reported that Stockton-on-Tees and Hartlepool was, alongside Northumberland, the fastest growing area in the North East over the past 12 months, benefitting in particular from growth in business services and distribution & transport.
- The Technology Strategy Board (TSB) has launched a £1million investment pot, the latest in a series of Launchpad funding competitions from the TSB, which is aimed at supporting innovative research and development projects with a focus on the cluster of manufacturing process businesses in the North East grouped around the Wilton Centre, Seal Sands and Billingham area. For further information regarding the competition please visit: <https://www.innovateuk.org/documents/1524978/1866952/Process%20Industries%20North%20East%20Launchpad%20-%20Competition%20brief>

HOUSING

HOUSING BENEFITS

Housing Benefit & Local Council Tax Support Workload - Turnover

Workload	Q1 2013/14	Q1 2014/15
New Claims (A)	2,243	2,068
Changes in circumstances	42,600	45,811

Caseload – No. of claims in payment

Caseload	Q1 2013/14	Q1 2014/15
Housing Benefit (B)	17,107	17,079
Local Council Tax Support (C)	21,471	21,168

The total number of customers in receipt of benefit at the end of Q1 2014/15 is very similar to that of Q1 2013/14.

The change in circumstances workload has increased although the number of new claims has decreased. This data will be monitored to see whether there is a continuing trend and to try and establish the reasons for this.

HOUSING REGENERATION SCHEMES

Mandale

- The final land sales to Isos Housing and Barratt Homes were completed in July 2014.
- Build is continuing on the last phase and sales still remain strong on the site with around three quarters of the site sold.
- Keepmoat properties should all be complete by October and the remaining Barratt and Isos homes anticipated for completion by Summer 2015.
- Mandale Park has been nominated for the APSE awards in the category of 'Best Housing & Regeneration Initiative', which take place in Nottingham on Thursday 11 September

West End Gardens (Town Centre Regeneration – Dovecot Street area)

- Work is progressing on Phase A of the site in order to build 117 new homes, which will be managed by the Thirteen Group.
- DCLG have advised the Council the CPO made in January 2014 to complete site assembly is now confirmed, so it is expected the remaining Phase B and C land will be transferred to Thirteen Group in December 2014/January 2015.
- Jomast Developments have begun major refurbishment work to existing properties on Tarring in order to bring them back into use and new homes will be built on previously demolished parts of the terrace.

Victoria

- The first demolitions were completed in August 2014, in partnership with Tristar Homes (part of the Thirteen Group), and site assembly continues to progress well
- The Thirteen Group intend to develop an Extra Care Scheme on the first phase of the site and a planning application is expected to be submitted Winter 2014.
- Plan B consultants were commissioned recently to explore the concept of an Urban Retirement Village as a use for the rest of the site in the future.

Swainby Road

- The Council have signed a Development Agreement with Keepmoat Homes
- The planning application for 174 new homes (incl 30 affordable) was submitted by Keepmoat Homes in July 2014
- The final demolitions are taking place from 26 August 2014 and work will commence on site November 2014 (subject to planning approval being granted in October)
- Around 34 new homes will be built each year, as part of the 5 year construction programme completing January 2020.

Housing Sites Completions

Across 23 sites in the Borough (which includes the regeneration sites) the number of housing build completions are below:

Month	2014/15	2013/2014
Q1 (April – Jun)	134	132

Help to Buy & Affordable Homeownership

In the Borough of Stockton figures for the number of completions for the National 'Help to Buy; (Equity Loan Scheme) are shown below. *Note: These figures are from the 'FirstBuy' Scheme, which was replaced on the 1st April by the 'Help To Buy' Scheme.*

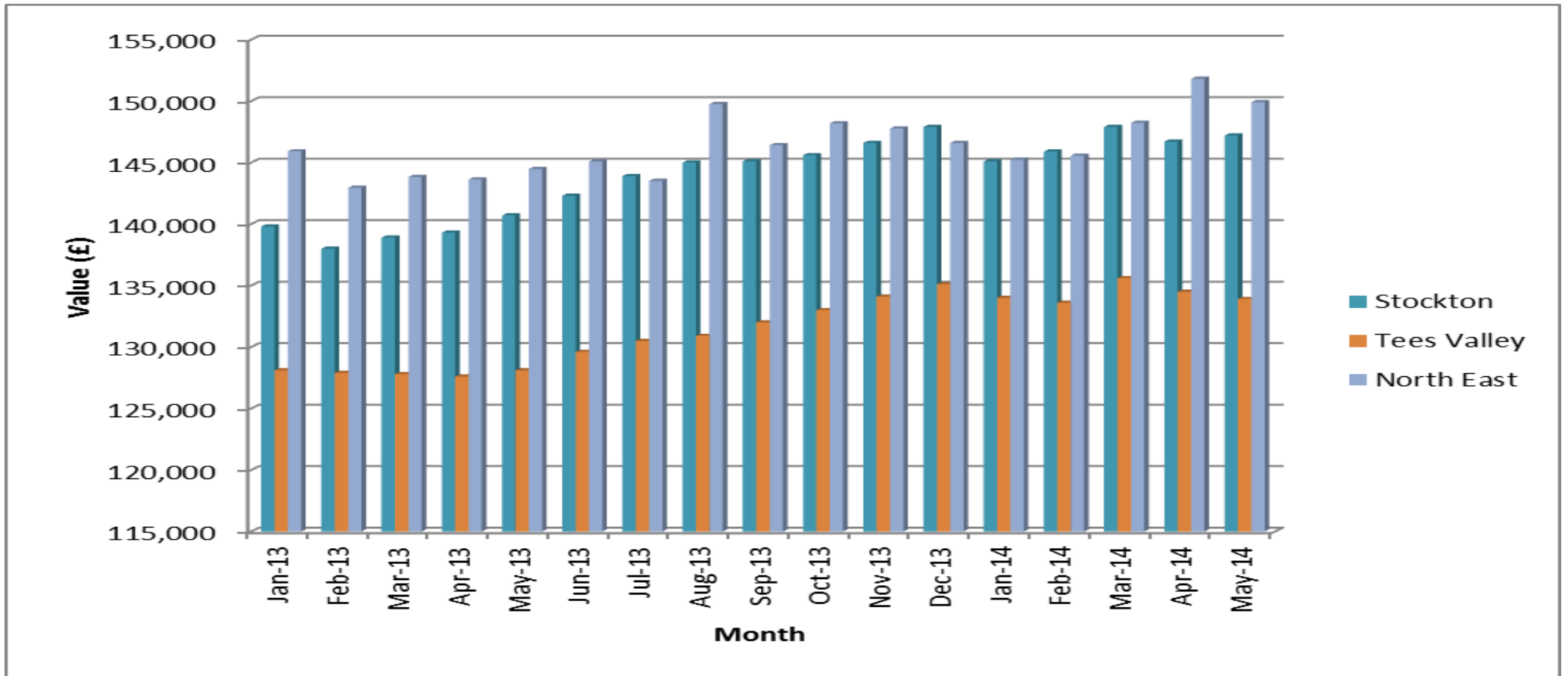
Month	2014/15	2013/2014
Q1 (April – Jun)	64	68

Source: DCLG

Tees Valley House Price Index Statistics

Number of House Sales in the borough (source: TVHPI)		Average monthly House Prices in the borough (source: TVHPI)	
May 2013	219	May 2013	£140,700
Jan 2014	193	Jan 2014	£145,100
Feb 2014	169	Feb 2014	£145,900
Mar 2014	212	Mar 2014	£147,900
Apr 2014	231	Apr 2014	£146,700
May 2014	194	May 2014	£147,200

Average House Price Comparison Graph



Note: These figures are produced using the Tees Valley Housing Price Index (data source) which allows a truer representation of house prices than the previously used Land Registry data, whilst still being compatible with ONS national & regional figures.