

## **ECONOMIC CLIMATE UPDATE REPORT**

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

### **EMPLOYMENT**

#### **JOB GAINS**

- **Fujifilm Disosynth Biotechnologies** has opened a new specialist biotechnology manufacturing facility at Belasis Avenue, creating 70 jobs. The facility was opened by His Royal Highness, Duke of Gloucester on 2 October, and forms part of a two year £20m investment from the company to develop its products.
- **WR Financial**, (Teesdale) which creates compensation and benefits packages for businesses has won a contract with the UK's largest frozen food logistics services, Yearsley Logistics based in Manchester. As a result WR Financial is creating 2 new posts. The deal will take the company's annual turnover beyond the £1m mark.
- **dotUK**, a web development firm in Yarm, is recruiting an apprentice and junior web developer to add to its existing workforce of 18. The company has recently completed an £8,000 contract with home care provider Heritage Healthcare to help improve its management and telecom systems.

#### **FUTURE JOB GAINS & DEVELOPMENT**

- Two jobs have been created by **Sir Robert McAlpine** as part of the current construction work being undertaken at Ian Ramsey School, Hartburn. Stockton Council has worked with Job Centre Plus to recruit local people to the jobs; both successful candidates were participating in the 'Work Programme'.
- **Cambridge Research Biochemical** is a leading UK manufacturer in the medical research field which supplies some of the world's largest pharmaceutical companies as well as leading research institutes has recently been awarded a £65,000 'Let's Grow' grant. The grant will support a £0.9M investment programme and enable the company to expand from its current 4,000 sq ft premises on Belasis Park to adjacent 10,000 sq ft premises (laboratories and office space) that are currently vacant and are part of the Tees Valley Enterprise Zone. In addition the company will benefit from the 5 year Business Rate relief scheme available in the Enterprise Zone. The company will relocate at the beginning of next year, and as a result of the expansion will be recruiting more staff, including peptide chemists, cell-culture scientists and sales account managers.

#### **JOB LOSSES**

- **Collectables** retail store on Portrack Lane, which included Collectables, Mandale Furniture, Bed Express and The Big Cane Store closed on 26 September as a result of the retail chain going into administration. The Portrack store employed staff in the store and also within its warehouse where all online orders for the chain were dispatched from. Unfortunately after analysing the trading position, Administrator KPMG confirmed that it would not be possible to continue trading the company's 14 stores. As a consequence 150 employees have been made redundant across the chain, of which 56 employees were from the Stockton store. A skeleton staff of 14 has been retained from the chain to assist the administrators. All employees have been issued with a sign posting letter and Redundancy Factsheet from Jobcentre Plus which the Administrator has posted to employees so individuals are aware of what support is available to them.
- **UPDATE SABIC UK Petrochemicals** based in Wilton has completed a restructuring process in order to strengthen the company's European businesses for the competitive challenges ahead and help to secure the long-term viability of SABIC on Teesside. Unfortunately this has resulted in SABIC reducing its 700 Teesside workforce by 111 across both the Wilton and North Tees sites, whilst further reductions will affect approximately 50 contractor and agency positions. The number of enforced redundancies has been kept to a minimum, and affected staff are working towards exit plans over the next 18 months. SABIC has been working with Lee Hecht Harrison resourcing to support individuals affected. Job Centre Plus is currently providing support.

- **Barclaycard** currently employ in the region of 700 staff at their Teesside (Teesdale) office. 230 staff across the UK are currently at risk of redundancy, 87 of which are from the Teesside office. Staff are currently under 90 day's consultation. Barclaycard have repatriated 240 staff in the past 12 months from Firstsource following a previous TUPE exercise four years ago. They have employed an additional 100 staff in the past 12 months having brought some of the customer service roles onshore.

## TOWN CENTRES

- **Stockton Town Centre** – Wonka Delights has opened in the Castlegate Centre. A new café, Quaint and Quirky, has opened at 115 High Street. Stockton Beds has opened on Bishopton Lane near Argos. Savers is relocating from the High Street to the Castlegate Centre. Andreas Pantry has opened within the Shambles Market Hall. Consultation is taking place regarding a proposed move by the Post Office from its present position to within WH Smith in Wellington Square. Stockton Business Centre has 2 new occupants Lovepies.co.uk and Middlesbrough and Stockton Mind.

**The Globe** - The outcome of the Heritage Lottery Funding (HLF) bid made in June 2013 has been successful with a first round pass being awarded to the project for £4m towards an overall project cost of £7m. A detailed plan will be worked up for the project over the coming months. The second round application will then be submitted to HLF.

**Stockton Enterprise Arcade** is continuing to do well with a waiting list in excess of 10 traders. 'Andrea's Boutique' successfully moved into 26 Dovecot Street in September and both 'Jack & Jill's Toys' & 'Gracie Green' have signed leases for new units in Stockton Town Centre. Three new tenants are moving into the Arcade mid October; 'Poppy Rose' (handmade gifts and homeware), 'Wags and Whiskers' (boutique pet accessories) and 'Lucy Hammond' (handbags and accessories).

**World Market** happened on Friday 20 September and played host to 19 food and craft stalls featuring Jamaican food, Asian inspired clothing, Mexican and African cuisine. Attendance was estimated to be 1,500 people, and entertainment was provided through the Matty's Bistro project and involved Stockton Town Choir, Silver Singers and Stockton Riverside College students.

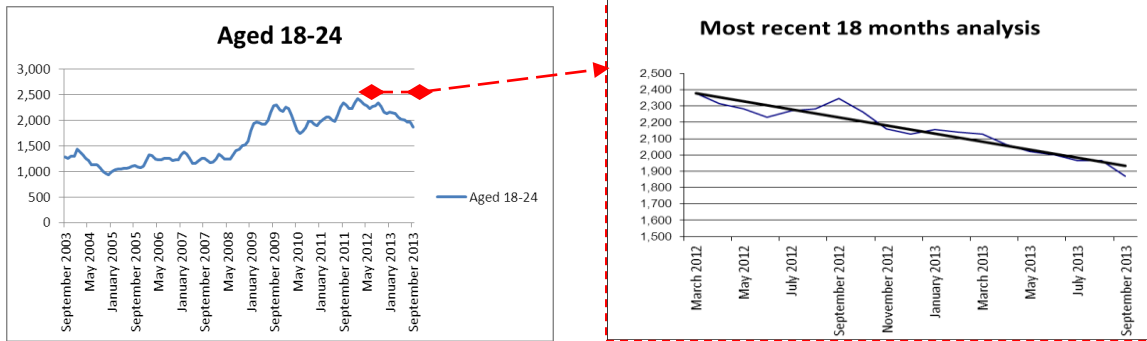
The **Silver Street Student Market** was held on the evening of Thursday 10 October and featured involvement from 6 businesses across Stockton Town Centre and included 7 businesses staying open on Silver Street. Silver Court and The Georgian were transformed into market places with 13 stalls selling everything from Gingerbread Wine to personalised Durham University T-Shirts, this included 5 businesses taking a stall and 8 specialist market traders. The event attracted approximately 600 to the market and TMA provided live music in The Georgian.

**Chic Vintique Market** had 45 stalls on Saturday 12 October and attracted up to 2,000 people, the fair featured entertainment from a 'select your own music' jukebox and refreshments from Alice's Vintage Kitchen.

## YOUNG PEOPLE (16-24)

- **Stockton Sixth Form College** has reviewed their admissions procedures and is adopting a more flexible approach to enrolment, enabling 16-18 year olds to join 'A' level courses at the end of October / early November. Students will join existing classes and be given additional one-to-one support to help them catch up. From January, the College will also be offering young people the option to start a Btec in Business and Enterprise at Thornaby Academy or a Btec in Public Sector.

## JSA STATISTICS



- The current number of young people claiming JSA is 1,870 (representing 30% of the total number of JSA claimants), of which 835 have been claiming for over 6 months. Over the past 18 months there has been a steadily decreasing trend since March 2012.

## APPRENTICESHIPS

- **Stockton Borough Council** currently employs a total of 15 young people who are following an apprenticeship framework. Of these:
  - Three have secured temporary contracts but are still continuing with their apprenticeship qualification
  - One has progressed to an Advanced Level Apprenticeship
  - Eight new apprentices have been appointed since April 2013 with:
    - Four of these are undertaking an NVQ Business Administration over a 12 month period
    - Four a Level 3 ICT Diploma in Professional Competence over 18 months.
  - Three Ground Maintenance posts are currently being recruited to and these apprentices will undertake a Level 2 Diploma in Horticulture over a period of 20 months.
- **The Vela Group** has recruited 15 young apprentices this year in a variety of roles, taking the total number of apprentices recruited by Vela in the last 3 years to 57. One of the group's key objectives is to provide new schemes to help get people into work and to recruit more trainees via paid apprentices. They recently held an awards ceremony to honour their top apprentices.
- **The National Apprenticeship Service** has recently made available data on apprenticeship vacancies advertised by the National Apprenticeship Service. Levels of apprenticeships include; **Intermediate** Level Apprenticeships – Level 2, **Advanced** Level Apprenticeships - Level 3. For August there were:
  - 206 apprenticeship vacancies advertised in the Tees Valley in August 2013.
  - 2633 applications were received for these 206 vacancies.
  - 129 Tees Valley employers advertised apprenticeship vacancies in August 2013

	Total Vacancies	Intermediate Vacancies	Advanced Vacancies
Darlington	36	35	1
Hartlepool	36	36	0
Middlesbrough	39	35	4
Redcar & Cleveland	20	18	2
Stockton-on-Tees	75	69	6
<b>TEES VALLEY</b>	<b>206</b>	<b>193</b>	<b>13</b>
<b>NORTH EAST</b>	<b>558</b>	<b>510</b>	<b>48</b>

\* Please note this information is only for vacancies advertised by the National Apprenticeship Service.

## INITIATIVES

- **The Study Programme** is a pre-apprenticeship programme, tailored to the needs of individuals and delivered by Tees Achieve for 16 to 18 year olds. The concept behind the programme is to help individuals, some of whom may have been classified as NEET, to progress on to apprenticeships or college, increasing their chance of gaining employment. There are currently 15 learners on the first cohort of the Study Programme which started in September, and is due to be complete in November. Each learner has to take a substantial qualification with good progression opportunities such as an NVQ in Child Care, Health and Social Care, Business Administration, Customer Service and Construction, and engage in appropriate work placements. As part of the programme pre-employment sessions are scheduled to ensure each learner is fully prepared to enter the workplace, and progression onto Advanced Apprenticeships is also promoted. Advanced learners act as 'buddies' offering peer support to beginners. Learners are currently referred by Youth Direction, Social Services, YOS, other Training providers and self-referral.

## **LOCAL BUSINESS NEWS**

### ENGINEERING/MANUFACTURING/CHEMICAL

- **Huntsman Corporation**, the global chemicals manufacturer which has its headquarters in Stockton has completed a \$1.3bn deal which will lead to the flotation of the pigments business on the stock market. Huntsman are acquiring part of American company 'Rockwood Holdings' pigment business (specifically performance additives and Titanium Dioxide white pigment - TiO<sub>2</sub>) which will enable Huntsman to better serve its customers through a broader product range. Huntsman will become the second largest global producer of TiO<sub>2</sub> and inorganic colour pigments.
- **Darchem Engineering**, based in Stillington, has gained a major £1.2m contract to supply the Indian Navy with a technically advanced fire containment solution. The company currently employs almost 700 people locally and has a target turnover of £80m in 2013.
- A consortium of three businesses including **AMEC**, a global engineering consultancy and project management company for the oil and gas industries, which has an office at Wynyard Park has had its contract renewed for a further five years as the 'parent body' at Sellafeld. This is the first renewal of a contract, which has the potential for further extension periods, subject to performance for up to 17 years.
- **Reef Subsea**, located on Teesdale, has secured a North Sea decommissioning contract with HESS, the first decommissioning project of its kind that Reef Subsea has worked on.
- **Francis Brown Limited**, in Stockton, which makes winches for remote operated vehicles (ROV) to lay high-voltage underwater cables on offshore wind projects has secured a major contract with a North-East energy firm based in Newcastle which will strengthen its international presence as the machinery is being sent to Brazil.
- **Clugston Distribution**, a division of the Clugston Group, which has a base on Cowpen Lane Industrial Estate, has just invested £500,000 in new vehicles in order to continue its business growth.
- **UPDATE:** Teesside's **Nortech Group** celebrates its official launch with plans to increase turnover to £15m. The Wynyard company has officially amalgamated its business streams into one group as it strives to increase revenues by 50% to £15m by 2015. The firm's companies - Nortech Solutions, Nortech Oil and Gas and Nortech Staffing Solutions - have now all come under the Nortech Group umbrella. The company has expanded rapidly from four to 87 members of staff.
- **Hertel UK Offshore Services** based at Wynyard has secured £12m in new business within six weeks. The company carries out building, design and refurbishment of offshore accommodation. The maintenance and refurbishment sector of the business has seen the highest levels of growth.

### SERVICE SECTOR/RETAIL

- **The Co-operative Food Store** on Harpers Parade in Hartburn has re-opened after benefitting from a £450,000 investment to refurbish the store and extend its offer.
- **Durham Tees Valley Airport** has acquired a 9.5 acre site to the north eastern edge of the airfield as part of its future development plans. The land is currently unused and has potential for aviation related engineering, storage and distribution operations. The airport has also announced that it

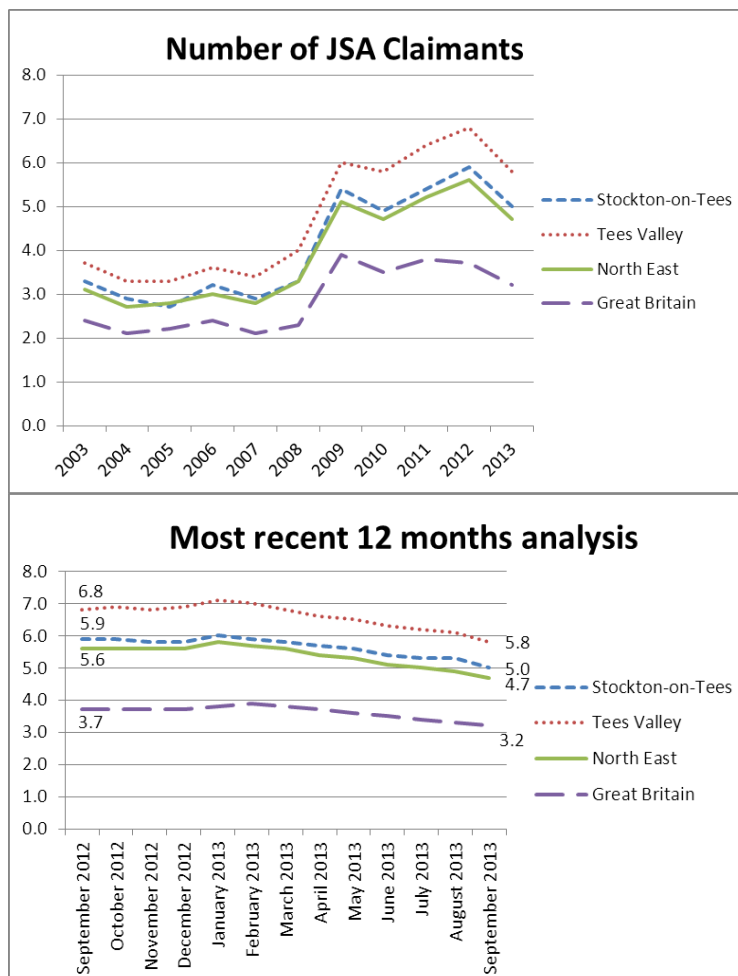
will be publishing a master plan for its business development which will highlight the importance of maximising the development potential of the overall site. The airport hopes to begin the public consultation on the proposals in the master plan next month.

## BUSINESS CASE STUDY

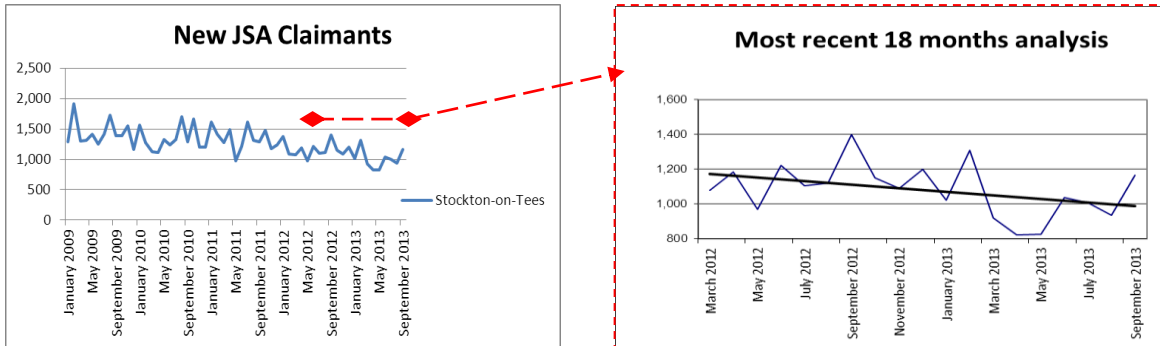
**Tracerco**, part of the Johnson Matthey group, provides a range of process diagnostics services and specialist measurement solutions to the global oil, gas and petrochemical industries. It was established by ICI more than 50 years ago and has been based at Belasis Business Park since 2000 employing nearly 400 staff in 28 offices around the world, including over 170 in Billingham. Earlier this year the company announced it had developed chemicals to enhance oil recovery from oil fields. Now it has announced the development of the Discovery; the world's first subsea CT scanner for oil and gas pipelines which could revolutionise the oil and gas industry. This is already generating a huge level of interest from major companies.

Tracerco is investing £8.6m in new facilities at Belasis Business Park which is part of the Tees Valley Enterprise Zone. The new facilities are required for research and development and the increase in employees to satisfy the likely increase in demand for the company's new products. The Council has been working closely with the company on its expansion plans particularly to enable it to benefit from the Enterprise Zone Business Rate Discount Scheme (BRDS). The company has already expanded into an additional unit at Belasis with the benefit of BRDS. It will be eligible for a further discount worth £275,000 for the new bespoke development of 61,000 sq ft which will be one of the largest on an Enterprise Zone Business Rate Discount site in the country and will create at least 50 jobs. Earlier this year Tracerco also successfully secured a £1 million grant from the 'Let's Grow' programme part of the Regional Growth Fund programme (RGF) which will contribute towards the investment.

## ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 6,221, a decrease of over 300 on the previous month and the lowest figure since November 2010. The proportion of working age residents claiming JSA has dropped to 5.0%. A more detailed 12 month analysis highlights the decrease overall across the year since September 2012.



- The number of new JSA claimants has increased over the last month (1,165 in September, compared to 935 in August). The increase could be as a result of the process of moving lone parents with a youngest child aged 5 or 6 years onto JSA which has reached completion; or young people leaving school or completing University becoming eligible to claim JSA after payment of Child Benefit has ceased. However, over the past 18 months there has still been a decreasing trend since March 2012.

## **OTHER ECONOMIC NEWS**

- The National Careers Service** has launched a new dedicated hour of CV support on Twitter and Facebook - #cvclock – from 1pm – 2pm every Monday after a survey of 196 careers advisors showed that almost 80% of advisors recognised that the most common mistake that people are making is sending generic CVs to employers. Other common mistakes included failure to highlight the candidate's strengths and spelling mistakes.

## **REPORTS AND STUDIES**

- Information services firm **Experian** has surveyed 600 SME's to better understand the impact of customer insolvencies in the supply chain. It found that in the past five years, 76% of SME's have lost money as a result of customers failing. Nearly a fifth (19%) of these businesses lost £5,000 - £10,000, whilst 35% lost more than £10,000 over five years. Although over half of the SME owners stated that they check their customers' and suppliers' credit ratings once a year, this is not sufficient to identify potential problems.

## **NEW FUNDING SCHEMES**

- Enterprise Zones** – the Government has announced that a further £100m will be available for Enterprise Zones to bid for to allow infrastructure projects such as road building and land clearance to be completed in order to assist the areas to compete for new businesses. Enterprise Zones can submit up to one bid each by 18 November. TVU is currently considering how this could benefit Tees Valley.
- The Challenge Fund** has been launched as part of Creative Skillset's Skills Investment Fund (SIF) programme and will allow businesses to apply for investment to boost skills and develop new talent. The £8m fund will support training for companies in the film, TV, animation and games industries. The SIF is funded by industry contributions with government match funding to support the provision of training.

## **AWARDS**

- Wynyard Hall** has been awarded four red stars by the AA, the highest honour possible for a four star hotel, at a ceremony in London. The award places the hotel in an elite Inspector's Choice category. The upgrading of Wynyard Hall's former four yellow stars to red ones, puts the 25-

bedroom hotel and spa among the UK's top 150 hotels and was the result of three visits by AA inspectors over an 18 month period.

- **UPDATE Tata Global Beverages**, Eaglescliffe has won the Judges' Special Award for the factory's outstanding leadership, people development and production cost profile at the Best New Factory Awards 2013. The factory was also runners up (highly commended) in both the People & Skills Development award and also in the Best Household & General Goods Plant.
- **Teesside University** has been shortlisted as one of 6 finalists in the Entrepreneurial University of the Year Category in the Times Higher Education Awards 2013. The award celebrates universities which develop an environment that fosters enterprising attitudes. The winner will be announced on 28 November.
- **Drovers Way Holiday Caravan Park** - The ten acre caravan park at Elton has recently won its third consecutive Gold medal under the David Bellamy Conservation Scheme. The park has been open for three years. The award is presented to businesses making exceptional efforts.
- **Tees Valley Production Technician Awards** the annual awards has celebrated the success of 10 apprentices sponsored by a variety of process industry companies. The group has graduated after a four year apprenticeship programme which included two years at the Technical Training Group followed by two years on site with their sponsoring company. Each member has gone on to secure permanent employment with their sponsoring company which included Sembcorp, Chemoxy and Huntsman Tioxide. Michael Atkinson from Hartburn was named best trainee and Adam Tinkler from Thornaby was highly commended.
- **Elite Serviced Apartments** has received a prestigious five star rating for its properties by an industry tourism board. The rating was awarded by Quality in Tourism to the firm's properties. The awarding of the five star status also coincides with the firm, which has properties in Yarm, Thornaby and Hartlepool Marina, securing its largest contract to date for £80k. Elite Serviced Apartments has now increased its portfolio of properties throughout Teesside to more than 20 to cope with unprecedented demand.