


## **ECONOMIC CLIMATE UPDATE REPORT**

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

### **EMPLOYMENT**

#### **JOB GAINS**

- Stockton-based **Data Centre Onyx Group** which specialises in IT infrastructure, has re-launched a major project and recently appointed two senior staff .
- North-east law firm **BHP Law** is continuing to build on its growing conveyancing team with five new appointments at its Stockton office. The additional staff takes BHP Law's regional team dedicated to residential sales and purchases to 23.

#### **FUTURE JOB GAINS**

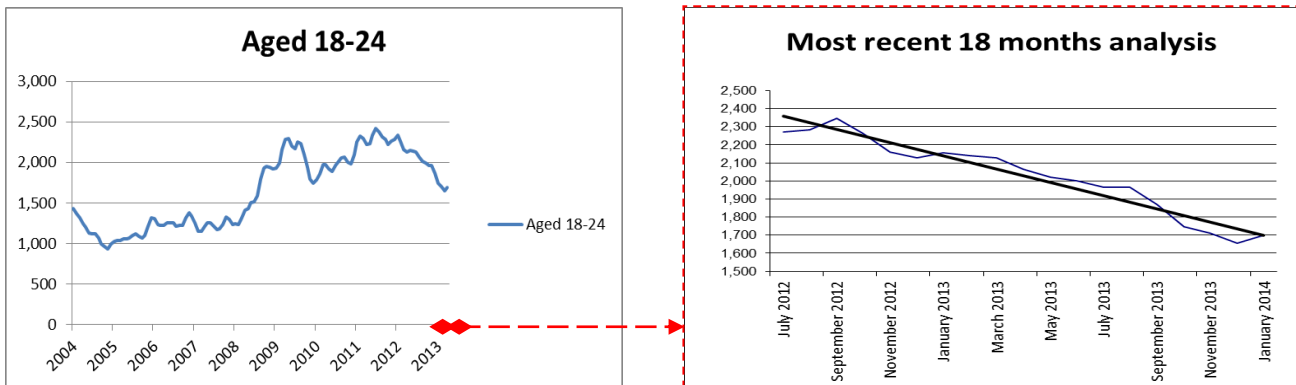
- **AMEC** are planning to take on 1,300 UK workers this year with 700 of these jobs being based in the North East, mainly operating across Teesside's chemical industry and the wider region in order to meet its forecast orders.

### **TOWN CENTRES**

- **Stockton Town Centre – Music Lounge** has opened on Yarm Lane offering a unique venue for quality food and drink and a wide range of musical entertainment to suit all. A new beauty salon called **Roxies** has also opened on Church Road and **Café Express** has extended its unit within the Castlegate Market Hall.
- **Enigma Analysis Limited**, a search engine optimisation company, and **Project Box Consulting Limited**, an ICT installation project management company, have moved into 62 Dovecot Street taking the total number of tenants to 8.
- **Stockton Enterprise Arcade – Soapendipity** has moved out of the arcade due to personal reasons. **The Old Autumn House** who sells vintage style furniture and accessories for the home has moved in meaning the arcade is once again full.
- **Durham University Campus Market** – The specialist market was held on the Rotunda within Durham University's Holliday Building. This market was another event in the Stockton Town Team engagement programme with Durham University. 17 traders hosted stalls from 12-4pm on Wed 12 February 2014. Ten stalls were Stockton Town Centre businesses, which stood alongside local specialist market traders. The event attracted students and staff and served as a chance to introduce Durham University to the specialist markets programme and local businesses.

## YOUNG PEOPLE (16 – 24)

### JSA STATISTICS



- The current number of young people claiming JSA is 1,700 (representing 28% of the total number of JSA claimants). 690 of these young people have been claiming for over 6 months. Over the past 18 months there has been a steadily decreasing trend since July 2012 although in January it has increased slightly (from 1,655 in February). The slight increase reflects the ending of seasonal working over the Christmas period.

### EMPLOYABILITY

**The YES Project**, is a new initiative being delivered across the Tees Valley which will work with NEET young people aged 16 – 19 (or up to 25 if they have a Learning Disability) to support them into Education, Employment or Training by providing dedicated individual support to assist with employability skills. Youth Directions are delivering the project for Stockton and have a target of engaging with 355 young people between now and July 2015. Further information on the numbers accessing the project will be reported in future reports.

**Tees Valley Skills & Apprenticeship Programme** is a Government backed initiative, that TVU are currently working with BIS and CLG to create 700 jobs within the Tees Valley between now and 30<sup>th</sup> June 2015 focusing on apprenticeships and graduates. Wage subsidy grants will be available to supplement the cost of taking on additional employees in a sustainable role with training and employers will be contracted to keep the position filled and supply appropriate employment evidence for a minimum of 24 months.

## LOCAL BUSINESS NEWS

### ENGINEERING/MANUFACTURING/CHEMICAL

- Brenntag UK & Ireland** has agreed terms to create what it says will be the largest sea-fed terminal of its type in the UK with a capacity of more than 2,000 tonnes. The new facility will be constructed by Simon Storage at Seal Sands. The investment will expand storage capabilities at Seal Sands and enable Brenntag to import hydrochloric acid (HCL) by ship from outside of the UK, offering customers improvements in supply security. Work has begun on the new site and is due to be completed by mid-2014. Brenntag UK, employs more than 750 staff across the UK and Ireland and has been based at the Seal Sands site for more than 15 years.
- Able UK** has secured a contract to dispose of four offshore rigs from the Shell-operated Brent Field in the North Sea, bringing 200 new jobs to the North East. The Billingham-headquartered group will transport three platform topsides and a 138m high steel platform from the Brent Field, which is north east of Scotland, to Able Seaton Port in Teesside. Able estimates that 97 per cent of the structures will be reused and will create 100 new jobs during the 18-month construction of the new quay, with a further 100 during the six-year recycling period.
- Billingham's **Tesserae Holdings** has completed its first acquisition after purchasing Cambridgeshire precision engineering firm Cambmac. Tesserae Holdings was launched by Doug Bedford and Alan Dutton in 2013 and the partners now hope to acquire two more firms as they execute plans to build £40m turnover group of engineering businesses.

- **Johnson Matthey** of Billingham has joined forces with TTE to launch 2014 Young Scientist Sponsored Undergraduate Programme. The two organisations have come together with Teesside University to offer students the chance to earn up to £11,000 per annum, learn with a fully funded part-time sponsored BSc (Hons) chemistry degree and start a career with an industry leader.
- **Proserve** has acquired the entire share capital of **KRG Industries**, which employs 49 staff at its Church Road facility. KRG provides precision engineering services to the oil, gas, aerospace and defence industries. Proserve which operates worldwide has experienced 'exceptional growth' over the past 12 months.
- **Teesside University** has formed a partnership with Stockton manufacturers **Nifco** to work together on skills, innovation and research and development. In addition the manufacturer is predicting its turnover will reach £75m by 2016. The company will add a further £17m to the £58m worth of business on its books this year, as it grows its traditional revenue streams and looks to enter new markets over the next two years.
- **Evolution Valves**, which completed £1m of business in the first month of 2014 alone, is set for further growth with the help of a second investment from UK Steel Enterprise. The company's success has also been boosted by a move to new premises on St Anns Industrial Estate in Stockton, giving it the factory space it needs to move some of its manufacturing in-house.
- Staff at **Dow** at Seal Sands have been told production will be idled within weeks due to the firm, which employs 29, undertaking a strategic review of the Seal Sands site to assess the way forward for the plant. A lack of cost-effective and reliable raw materials in the highly-competitive sector has led to the review and employees will continue to report to work while the facility is idled.
- Stockton Sixth Form College hosted a business breakfast on Thursday 6<sup>th</sup> February 2014. A number of "Engineering" companies were invited and twelve businesses attended and provided an insight into the requirements that they are looking for in Apprentices and Graduates. The college are looking to run a BTEC Level 3 Extended Diploma in Engineering in September 2014 and the meeting looked at the barriers to engineering and how to overcome them. A number of opportunities were identified and a number of the businesses offered their services to the college in terms of mentoring, coaching, talks and work experience.

## SERVICE SECTOR/RETAIL

- Work will shortly commence, on site, on the headquarters for a new housing group, **Thirteen**, which has been established as a result of a merger between Fabrick Housing Group and Vela Group. The new building will be located at Northshore adjacent to the infinity bridge and will accommodate up to 436 employees.
- **Readman Rohan** estate agents based in Yarm is expanding by opening a second office in Stokesley, creating five new jobs.
- **Ellandi**, has agreed to acquire competitor Lathe Investments that will result in a combined portfolio under management of nearly £300m including the **Castlegate Shopping Centre** in Stockton.
- Billingham based water treatment specialist, **Biochemica UK Ltd** has been awarded accreditation from the health and safety assessment scheme, safecontractor, for its commitment to achieving excellence in health and safety. Biochemica is the North East's largest privately owned water treatment firm and provides the full spectrum of water management services as one of the few companies in the UK offering both influent and effluent solutions.
- **Handelsbanken**, who have a branch on Kingfisher Way, Bowesfield has opened a new office in Middlesbrough. The bank continues to grow with year-on-year rise in lending in Q4 of 2013.
- **Blackwells Butchers** of Norton High Street is celebrating its 60th year in business and has invested £200,000 in a revamped store. The business is now aiming for a £1m turnover in 2014 and is increasing its offer including the 'Butchers Block' where people can hire the shop for the evening and have a meal cooked for them.

- **Fircroft**, an engineering recruitment firm, has reported rapid growth with a 24% increase in revenue. The company is expanding its offices in DBH Business Centre in Billingham and taking on more staff.
- Stockton based **Onyx Group** has achieved another year of strong growth. The IT infrastructure and support provider, which is also celebrating its 20th anniversary this year, has reported a 13% rise in underlying growth for 2013. Turnover for the company, which employs more than 120 staff, is now approaching the £20million mark.
- Stockton based Digital eCommerce agency **Visualsoft** has announced ambitious expansion into the Australian market, by opening up an office in central Sydney.
- **Barrier Architectural Services**, which has a regional office at Wynyard, has grown its staffing by 25% and won significant new contracts with clients such as Heerema Fabrication Group, Sembmarine SLP and EnQuest Britain. This growth follows a successful application for Investment 4 Growth Funds
- The furniture retailer **Barker and Stonehouse** have submitted a planning application to create a flagship store on the former Springs Site at Teesside Park, Stockton.
- A Stockton based IT and communications service provider, **Agile Group**, is to embark on a major expansion after receiving a six figure investment through The Let's Grow programme. The funding will enable the company to develop and move to new premises, expand its workforce, offer a range of new services to businesses and continue with their growth plans which include increasing turnover to £10M by 2016.

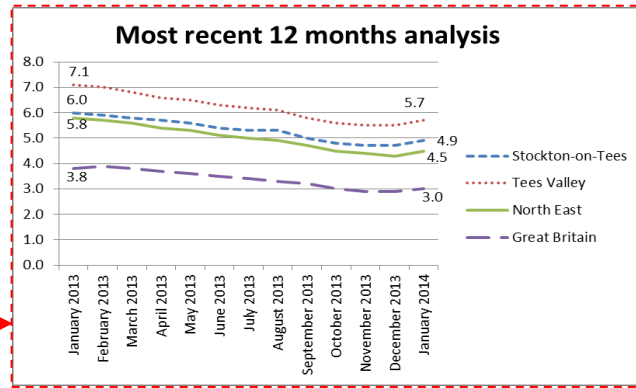
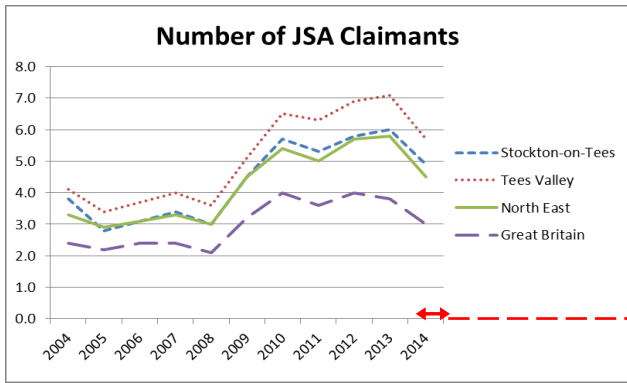
## BUSINESS CASE STUDY

**CAMBRIDGE RESEARCH BIOCHEMICALS (CRB)** is a specialist manufacturer of custom - made protein research tools for some of the world's largest pharmaceutical companies as well as leading research institutes. The company, which was taken over by Emily Humphrys and Alison White in a management buy-out in 2000, has been at Belasis Business Park in Billingham since 2001 and has steadily built up its reputation as a global player. In the last ten years the company's workforce of Ph D level scientists has increased from 7 to 15 employees and turnover has doubled to £1.8m

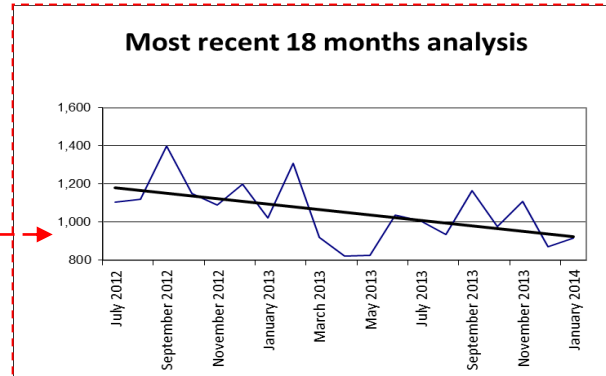
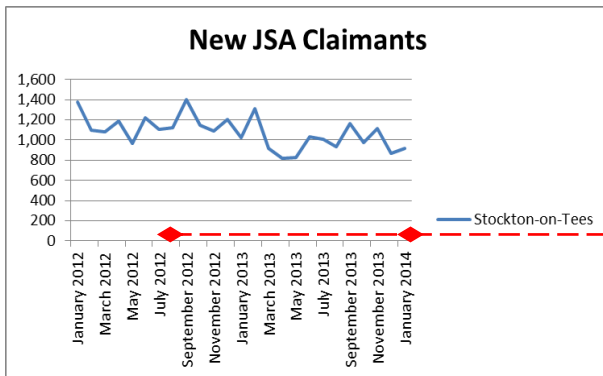
Larger premises were needed for future growth and the directors considered moving from the Borough. They approached the Council to find out more about the Enterprise Zone and we were able to advise that the company could benefit from Enterprise Zone Business Rate Discount (EZBRD) if they expanded into either the adjacent vacant unit or a large neighbouring vacant unit. We provided calculations on the savings the EZBRD would provide for both units and the company finally decided that the company could afford to make the investment of buying the larger of the two units because of the savings the EZBRD offered. Guidance was again provided to ensure the company met the necessary criteria within its successful Enterprise Zone application for a business rate discount of more than £115,000.

R & ED provided guidance on applying for a Let's Grow grant and with support from TVU, a grant of £65,000 was secured to support the cost of refurbishing and fitting the 10,000 sq ft . Support was also provided to overcome issues with leases and the purchase of the building was completed in September 2013. Following investment of over £900,000, CRB has now relocated to its new refurbished premises with increased manufacturing and office space to accommodate expansion plans which will create over 13 high level jobs. Ambitious plans to increase export sales should increase company turnover year on year by > 10% over the next five years and the Council will continue its support.

## ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 6,085, an increase of 223 from the previous month. The proportion of working age residents claiming JSA has therefore increased to 4.9%. A more detailed 12 month analysis still highlights the overall decrease across the year since January 2013.



- The number of new JSA claimants has increased over the last month (915 in January, compared to 870 in December). The slight increases reflect the ending of seasonal working over the Christmas period. Assessment over the past 18 months however still maintains a decreasing trend.

## OTHER ECONOMIC NEWS

- The Investment Management team at **Tilly Bailey & Irvine Solicitors** are pursuing new investment opportunities in China following a move by the Chinese Government to ban petrol scooters in cities.
- Billingham-based **Impetus** have undergone a management buyout with investment from private equity firm **Agilitas**. This will facilitate a transformation into a creator of renewable energy from waste previously destined for landfill.
- Teesside University** has been successful in leveraging £400,000 of European Regional Development funding to support 40 small to medium-sized enterprises. Each business will benefit from £10,000 worth of support as part of the new Leading Growth scheme run by Teesside University Business School, supported by the European Regional Development Fund (ERDF).

## AWARDS

- A Stockton based company is celebrating after winning at the Tees Valley Best New Business Awards 2013. The **Stottie Company** was crowned the winner of the retail category. Congratulations also go to the other Stockton nominees which were **Innov8 Disposal Ltd**, **Galia Digital Ltd**, **The Raw Marketing Company Ltd**, **XUP Skate Shop** and **The Search Engine Optimisation Company**
- Shortlisted Stockton businesses in the Teesside finals of the North East Business Awards are **Nifco (UK) Ltd** shortlisted for Company of the Year, Manufacturing Award and Apprenticeship Award; **PJA Distribution** shortlisted for Small Business Award and Newcomer of the Year; **Mobile Rock.it Ltd** shortlisted for Innovation Award; **Hospitality Guaranteed** shortlisted for Internet & ICT Award; **Visualsoft eCommerce** shortlisted for Internet & ICT Award; **Steel**

**River Consultants** shortlisted for Newcomer of the Year; **Castlegate Shopping Centre** shortlisted for Heart of the Community Award; **Returnable Packaging Services Ltd** shortlisted for Low Carbon, Corporate Responsibility & Environment Award; **Vela Group** shortlisted for Apprenticeship Award; **Blackwells of Norton** shortlisted for Services Award and **Lemon Business Solutions Ltd** shortlisted for Services Award. The Teesside awards ceremony will take place on 3<sup>rd</sup> April 2014, winners from the sub regions will then go forward to the regional final on 1<sup>st</sup> May 2014. There will be an award for the region's Best Creative Company and Not-for-Profit Organisation of the Year, these awards will only be made at the regional final.

- **62 Dovecot Street** has been shortlisted in the RICS awards for two categories - Commercial and Building Conservation.
- **The Five Lamps** has won the Impact Award and £20,000 at the national Citi Microentrepreneurship Awards. The award recognises the achievement of Five Lamps in bringing positive change to people's lives, to communities and enterprises and the way in which the organisation has increased the scale of its impact.
- **The Five Lamps** have been placed 28<sup>th</sup>, in The Sunday Times 100 Best Not-for-Profit Organisations to Work For list, for the third year running.