

## **ECONOMIC CLIMATE UPDATE REPORT**

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

### **EMPLOYMENT**

#### **JOB GAINS**

- Water and wastewater treatment firm, **Biochemica UK Ltd** showed its support for National Apprenticeship Week 2014 with the appointment of a Business Administration Apprentice. The Administrative Assistant position was especially created following a string of new contract wins for Biochemica.
- **Erimus Insurance Brokers** has taken on four new staff, increasing its total number of employees to 30.

#### **JOB LOSSES**

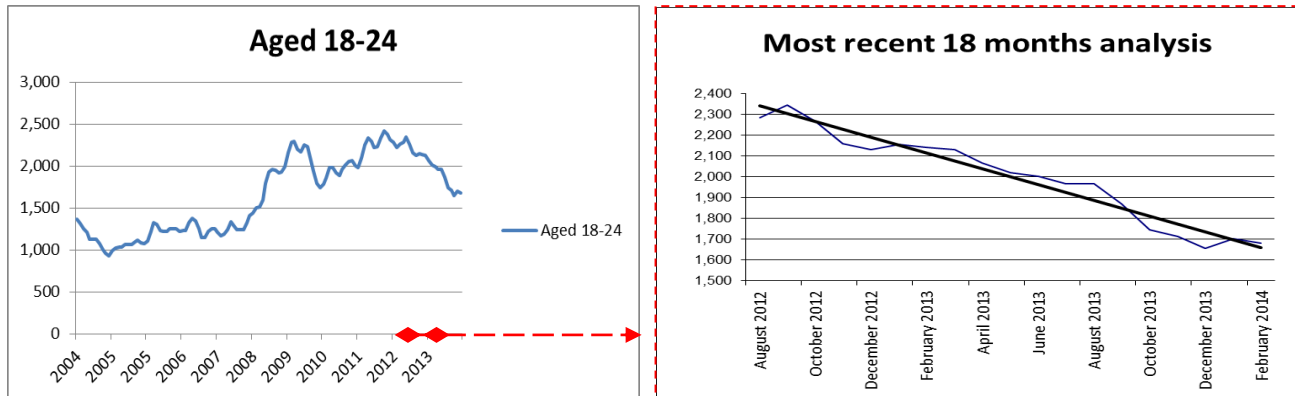
- **W A Browne**, a drywall installing company and manufacturer of light gauge steel frame in Billingham, entered administration on 21<sup>st</sup> March. The Council is working with Job Centre Plus to ensure the relevant support is in place for those 120 employees that have been made redundant and all employees will receive day one eligibility for rapid response support.
- **UPDATE Npower**, c. 380 employees are taking redundancy whilst 106 are transferring to Rainton Bridge. Staff will start to receive notice letters from 8 May, the length of notice will depend on the length of service. Job Centre Plus and the National Careers Service will be on site W/C 21 and 28 April and a Jobs Fair will be held in June. Staff will transfer to Rainton Bridge sometime during July and the centre will close on 31 July 2014. The Council have been providing, and will continue to provide support through the Task & Finish Group.

### **TOWN CENTRES**

- **Stockton Town Centre** – A new fashion retailer **Style Boutique** has opened on Yarm Lane. Within the Castlegate Market Hall **New York Candy Company** has closed but **Cotton Cloth** – selling materials and fabrics – has opened. **Liberty's Fashion** has also temporarily relocated into Market Hall from the main mall. The pawnbroker **Albemarle & Bond** based on the High Street has gone into administration but remains open currently. Elsewhere on the High Street, **Scope** and **Supastitch** have both closed. The tattoo parlour **Double Dragon** has relocated to Ramsgate from Regency West Mall. A new Indian restaurant called **Vadah** will be opening in the former Café Indigo at Castlegate Quay. The new owners will be officially opening the doors on 23<sup>rd</sup> April 2014.
- **Yarm Butchers** has opened on the High Street in Yarm and in Fairfax Court, **Lion's Den** has opened, selling specialist beers.
- **Dorothy Perkins** in Billingham Town Centre is closing 12/13 April. A planning application has been submitted for the demolition of the Billingham Arms pub to create space for an **Aldi** store with dedicated car parking.
- **Mini Munchkins** has relocated from the Enterprise Arcade into 30 Silver Street. **Expressions Reborn Babies** are moving into the vacant space on Tuesday 22 April who specialise in reborn dolls.
- **Kiddiwinks Market** – This new specialist market was held in Parish Gardens on 8 March 2014. This market provided free activities courtesy of Preston Hall, SBC Sports Development and Stockton Central Library. 16 traders hosted stalls from 10am -3pm, offering an array of products including books, cupcakes, personalised baby and children items and custom murals. Attendance was good, (approximately 600) for a new market and the feedback from visitors and stallholders was really positive.

## YOUNG PEOPLE (16 – 24)

### JSA STATISTICS



- The current number of young people claiming JSA is 1,680 (representing 28% of the total number of JSA claimants). 660 of these young people have been claiming for over 6 months. Over the past 18 months there has been a steadily decreasing trend since August 2012.

### APPRENTICESHIPS

STOCKTON BOROUGH COUNCIL currently employs a total of 11 young people who are following an apprenticeship framework. Of these:

- 1 has secured a temporary contract but is still continuing with their apprenticeship qualification
- Four new apprentices have been appointed since January 2014 with:
  - Two of these undertaking a Level 2 Business Administration NVQ over a 12 month period and
  - Two of these undertaking a Level 2 Diploma in Horticulture over a period of 20 months.
- 1 post is currently being recruited to and this apprentice will undertake a Level 2 Business Administration NVQ over a 12 month period

### NETA

**UPDATE** - The first 14 apprentices under the Sembcorp Employer Ownership Development Programme started in January 2014 and will be employed as either mechanical or electrical apprentices.

NORTH EAST CHAMBER OF COMMERCE – currently have 128 Apprentices enrolled onto apprenticeship programmes, of these 48 are aged 16 – 18 years, 68 are aged between 19 – 24 and 12 are aged over 25.

### TEES ACHIEVE

**UPDATE** – in total Tees Achieve currently have 136 Apprentices enrolled onto apprenticeship programmes, of these 46 are aged 16 – 18 years, 49 are aged between 19 – 24 and 41 are aged over 25.

25 apprentice completions have taken place between December 2014 and March 2014 with 76% of the learners having a positive progression to the following:

- 18 into employment
- 1 into further education

During September – December 2013, Tees Achieve has assisted 65 people into apprenticeship, in the following areas:

- 17 in Customer Services
- 42 in Business Administration
- 2 into Childcare
- 4 into Team Leading

## STOCKTON RIVERSIDE COLLEGE

- Apprentice numbers have doubled over the last 12 months
- 99% are aged 16 – 23
- Sectors of growth include Business Administration; Clinical Healthcare, Construction Building; Electrical and Retail
- Additional sectors are being explored over the next 12 months such as Driving Goods Vehicles, Engineering, Insulation, Manufacturing and Warehousing and Storage

## ENTERPRISE IN SCHOOLS

Pupils from 3 schools (Bishopton Centre, Redhill Education and St Patricks RC School) ran a market stall in Wellington Square on 26 March, as part of a school's Easter market initiative. A range of hand crafted cards, gifts, artwork and garden furniture were on sale as part of their school enterprise projects. Approx. £150 was raised which will be reinvested back into the schools for more enterprise projects.

**'Making a Mint' allotment project** – Work has commenced to develop an area of land at Kiora Hall as an allotment for the local community. The area will be developed to extend and incorporate additional raised beds, rotavated land and an outdoor classroom area to deliver gardening, cookery and business workshops. The project will be launched early June 2014 which will include an Enterprise Summer School programme for Year 6 pupils and a community picnic.

## EMPLOYABILITY

**The 16 – 19 Study Programme** this academic year (August 2013 – now) has realised the following results:

- 48 new starts
- 25 learners currently on Study Programme
- 15 Completed (progressed into employment or further education)
- 8 Withdrawn

This translates as a success rate of 65%

**Stockton Youth Employment Initiative** – At the end of March 2014, 165 young people had started on the initiative exceeding the target of 100.

- 84 young people to date have completed the programme and have achieved accredited qualifications including a significant number of apprenticeships. 40 young people are still working towards completion of their training.
- 69 young people have gained permanent employment with either their host organisation or have secured employment with a different employer.
- 3 moved onto another apprenticeship or returned to further education.
- 38 young people left voluntarily within the 52 week programme without advising their employer of the reason for leaving. This could include securing alternative employment or attending college.
- 15 were dismissed

**The Tees Valley Jobs & Skills Investment Scheme** (previously known as the Tees Valley Skills & Apprenticeship Programme) –

- 115 applications received from businesses in Stockton as at 31 March 2014
- 32 application have been approved creating 66 jobs and safeguarding 1
- 75 are pending awaiting consideration from the Investment Panel or require further information
- 8 have been rejected due to not meeting the criteria.

**Directions Programme** – is a course designed by Tees Achieve to help unemployed people with employment and IT skills, it also offers learners progression towards employment by undertaking further relevant training i.e. CSCS card. 255 referrals have been received during the period 1 September 2013 to 31 March 2014. Progressions are currently being analysed with data being available at the end of the academic year in August 2014.

**Job Search Essentials** – Tees Achieve and Stockton Riverside College are working in partnership to deliver this employability courses for the unemployed. The total number of referrals from January to March 2014 is 327.

## LOCAL BUSINESS NEWS

### ENGINEERING/MANUFACTURING/CHEMICAL

- **The Cordell Group** is expanding into a workshop at Portrack in order to take on larger contracts. The Cordell Group, a multi-discipline engineering specialist, employs around 500 on Teesside and has seven sites across the North-east including Stockton, Middlesbrough and Thornaby. Its pipe and vessel fabrication workshops, based in Middlesbrough, will be relocated to the newly acquired premises and 30 new roles will be created in the coming months across all disciplines.

### SERVICE SECTOR/RETAIL

- Stockton-based **Steel River Consultants (SRC)** is opening a satellite office in the Midlands to help manage a growing list of blue chip clients. It is the first of a series of expansions at “strategic locations within the UK” over the next three years. The consultancy already provides health and safety management services and construction and design management (CDM) co-ordination to some of the biggest companies in the world. In the past three years, the company has grown from one to a team of ten.
- Stockton –based eCommerce agency **Visualsoft** has secured its second Australian client after opening an office in central Sydney last month. An Australian-based account manager will maintain the ongoing work and liaise between the client and the team in Stockton to meet the clients’ needs. Currently employing 145 in Stockton, the company is looking to take on an additional 40 employees this year.
- **Watson Lily** an executive recruitment agency specialising in the oil, gas and renewable industries has opened on Wynyard Park
- Supply chain logistics firm **Wincanton**, which operates a Stockton base, has secured a contract with Phillips 66 to deliver more than a billion liters of fuel and liquid petroleum gas to retail forecourts.
- Document management company, **the Arena Group**, has opened its sixth office in Durham Tees Valley Business Centre to provide a permanent base to accelerate company growth in the North East.
- The family-run Stockton-based company **Charles Clinkard** is looking to open further stores across the UK after opening its 33<sup>rd</sup> branch in Shrewsbury. The company employs 550 staff across its operations.
- An Eaglescliffe design business, **Lewis Penicott Design Ltd**, was set up to commercialise a multi-function chopping board and bowl, Chop2Bowl. The design business has become the first to reach its investment target with online crowd-funding platform GrowthFunders (a North East equity funding platform) to raise £10,000 proof of concept investment. Lewis Pennicott will be returning to GrowthFunders in a bid to raise £130,000 to manufacture 5,000 Chop2Bowl units, market the product further and expand into the US market.
- **Mobile Rockit**, a Stockton based creative App agency, has expanded into the education sector to make Apps part of the learning process in schools.

## TEES VALLEY STRATEGIC ECONOMIC PLAN

The Tees Valley Strategic Economic Plan (SEP) and Local Growth Fund bid were submitted to Government on the 31<sup>st</sup> March 2014 and Government will now be considering the plans and bids from all LEP's. Feedback is expected in July 2014.

The SEP has been developed by and for the Tees Valley area with key partners across the public, private and civil society involved in its development. The aim of the document is to set out a vision for the local economy, how partners will work together to achieve this and what resources (in terms of both funding from government via the Local Growth Fund and freedoms and flexibilities) are needed to help deliver.

The strategy's overall aim is for the Tees Valley to achieve the ambition of moving to a high-value, low carbon, diverse and inclusive economy with the focus on six priorities:

- Develop and nurture an innovative culture and positive environment for business growth
- Secure the transformation of Tees Valley into a Low Carbon High Value economy
- Secure improved skills levels to address future demand in growth sectors and in existing industries
- Secure additional capacity on the East Coast Mainline rail route and improve rail services to major Northern cities and within the Tees Valley
- Improve air, road, port, land and property infrastructure to enable economic growth
- Create and retain wealth by establishing Tees Valley as a preferred location to live in, work and visit.

A key part of the submission included an "Ask" from Local Growth Funding to provide the investment needed to deliver innovative projects in the Tees Valley (totalling £6.5m in 2016/15) which would:

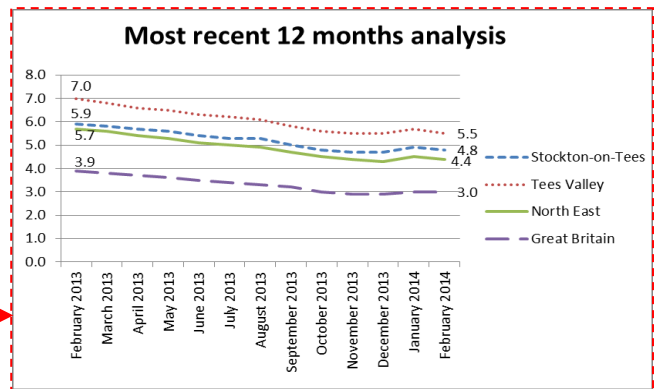
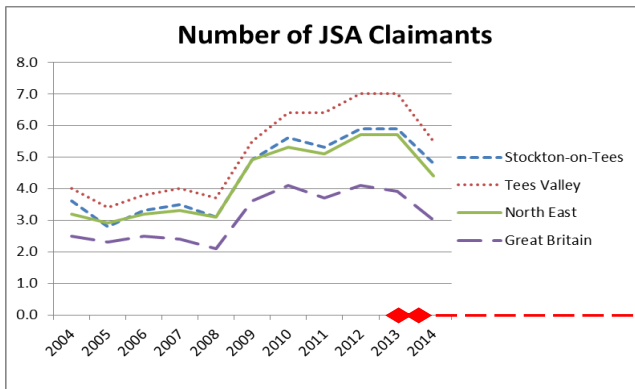
- Create 5,082 jobs
- Safeguard 2,748 jobs
- Enable 26,393 jobs
- Create and lever in £311.3m of public and private sector investment

The priority projects put forward for Stockton are:

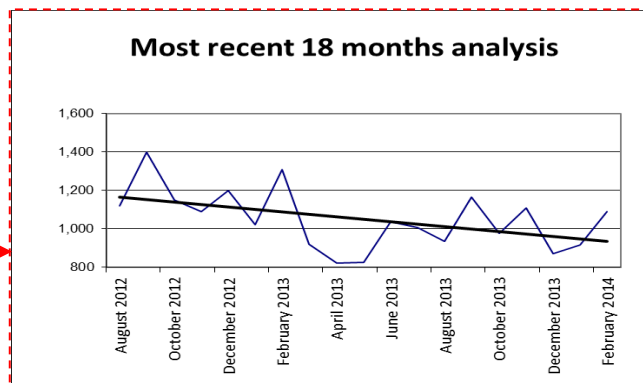
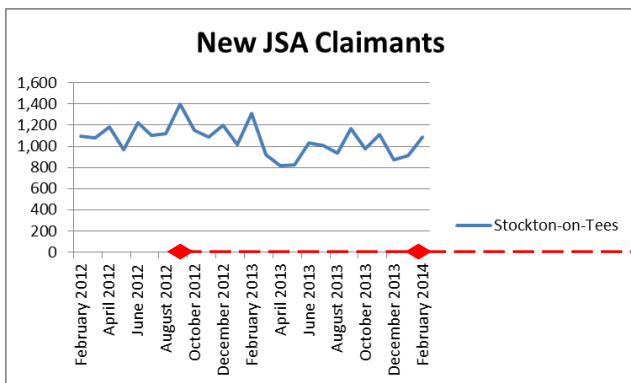
- A66/Teesside Park Interchange
- Ingleby Way/Myton Way Dualling
- Vocational Training and Skills Centre
- An access road to open up the southside of Durham Tees Valley Airport and unlock aviation development related opportunities

Further details can be found on the TVU website - <https://www.teesvalleyunlimited.gov.uk/tees-valley-unlimited/aims-and-ambitions/economic-strategy/strategic-economic-plan.aspx>

## ECONOMIC INDICATORS



- The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 5,916, a decrease of 169 from the previous month. The proportion of working age residents claiming JSA has therefore decreased to 4.8%. A more detailed 12 month analysis highlights the overall decrease across the year since February 2013.



- The number of new JSA claimants has increased over the last month (1,090 in February, compared to 915 in January). However, over the past 18 months there has been a decreasing trend since August 2012.

N.B The increase in claimants is due to the administration of W A Browne's and 27 contractors have been made redundant at Hertel.

## OTHER ECONOMIC NEWS

- A £10m fund which allows Tees Valley-based companies to bid for commercial contracts has made its first investment. The **Tees Valley Catalyst Fund**, led by Tees Valley Unlimited (TVU), invested in **Process Control Equipment (PCE)** which supplies valves to the oil, gas and petrochemical industries. The company was awarded a performance bond loan worth £1.1m. The catalyst fund is aimed at small and medium-sized enterprises and it is estimated to support 1,440 jobs in Tees Valley over the next decade. It is managed by FW Capital.
- Training provider, **TTE**, has teamed up with **Teesside University** to the Process Engineering Industrial Awareness Programme to provide hands-on experience for first year undergraduates studying Chemical Engineering at Teesside University. The training will introduce the undergraduates to the specialist chemical plant equipment that they could be operating once in employment
- Thirteen Group**, the Tees Valley business formed from the merger of Fabrick Housing Group and Vela Group, has been launched.
- Stockton-based **Cedar Construction** has been appointed as the main contractor for the work on a £400K Training Centre and headquarters in Darlington for the Thermal Insulation Contractors Association.
- A franchising recruitment exhibition was held on 6 March at ARC. 23 business franchise brands attended the event which attracted approx. 90 visitors. 9 businesses have reported to have received at least 2 strong leads which are currently being followed up.

- Jobcentres across Durham and the Tees Valley are improving their digital offer for customers by installing new computers and offering free Wi-Fi access to enable jobseekers to make greater use of internet searches for their job search.
- A £100m fund has been launched to help support supply chains in the manufacturing sector. Businesses looking to create or safeguard jobs will be able to bid through the **Advanced Manufacturing Supply Chain Initiative (AMSCI)**, from late spring this year.
- A total of 11 projects in the North East will share £53m of funding from **Regional Growth Fund Round (RGF) 5** of which £30m has been allocated to the **Lets Grow** business grants programme.
  - 6 projects in the Tees Valley have been awarded funding
  - The Stockton successful bidders are Fine Industries, Seal Sands and Johnson Matthey Davy Technologies, Teasdale.
  - The other successful bidders in the Tees Valley are Cleveland Potash in Loftus, Cummins of Darlington, JDR Cables, Hartlepool and Huntsman Polyurethanes in Redcar.
  - These projects will create at least 220 jobs and safeguard over 180.

#### Summary of RGF to date

Tees Valley and North East businesses have consistently benefitted from the Regional Growth Fund, with the North East receiving the highest amount per capita of all the regions in England from RGF. Successful regional projects have particularly been focused upon the advanced manufacturing and energy sectors. The Tees Valley have benefitted due to both the quality of the applications received and the criteria applied in prioritising the distribution of funding across England (which includes measures such as unemployment, number of enterprises and the proportion of public and private sector employees in an area).

Tees Valley companies have secured offers of £186.9m of RGF across the five rounds (including £23m from the recent announcement of RGF 5) out of a national total offer of £2.2793bn. This equates to 8.2% of the national total and significantly above the 1.2% that would be expected if the funds were based upon population levels.

To date Tees Valley has been awarded the following RGF funding:

- RGF1 - £26.2m
- RGF2 - £39.6m
- RGF3 - £71.2m
- RGF4 - £26.9m
- RGF5 - £23m
- TOTAL - £186.9m

## **AWARDS**

- **One World Travel** on Yarm High Street has been named the winner of 'Highly Commended Retail Travel Agent 2014' by the Global Travel Group
- Billingham based **Tracerco**, part of Johnson Matthey, received the Subsea Technology Award for DiscoveryTM, its new subsea CT Scanner which for the first time provides oil and gas operators with the opportunity to scan any subsea pipeline from the outside to gain an accurate picture of the condition of the pipe and its contents, with no need to remove the protective coating, and with no interruption to production.
- The honour of being the North East's fastest growing digital company went to eCommerce provider **Visualsoft**, in Stockton-on-Tees, with a rise of 161 per cent. This was from the GP Bullhound Northern Tech Awards, which recognised the leading technology companies in the north.
- **Tomlinson Hall & Co Ltd** has been presented with the Distributor of the Year Award at the Pump Industry Awards. The Billingham based business has been shortlisted for the award for eight consecutive years.
- **Jacobs UK** have been listed as one of the top 100 Apprenticeship Employers 2013 in the Investing in Apprenticeships Awards.
- The winning Stockton businesses in the Teesside finales of the North East Business Awards are: **Castlegate Shopping Centre** won the 'Heart of the Community Award' The 330,000sq ft shopping centre is home to more than 65 businesses, **Nifco UK** won the 'Apprenticeship

Award' The company has 17 apprentices in total, **Blackwell's of Norton** won the 'Services Award' The business supplies local businesses and local customers, with the aim of supplying customers nationwide by the end of 2014 and **PJA Distribution** won the 'Newcomer of the Year Award' The company started with 1 part time employee in 2010 and exceeded 50-mark in 2013.