

ECONOMIC CLIMATE UPDATE REPORT

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

EMPLOYMENT

JOB GAINS

- Following recent investment, **Trade Interchange**, a specialist in software products, has created 8 jobs at its Stockton office which is based at Bowesfield.
- **Shine Hair and Beauty** has expanded out of North Yorkshire and opened its first salon on Teesside at Preston Farm Industrial Estate creating 10 jobs. This takes the total number of Shine Salons to three.
- **Fast Track Reclaim**, a claims management firm is recruiting 80 staff for a variety of positions at their Billingham and Thornaby offices. This will take the total number of employees to 250.

FUTURE JOB GAINS

- **Home Instead Senior Care Cleveland** is a new business, based at Surtees Business Centre, which is hoping to create 50 jobs in the next year, providing companionship, home help and personal care services to the elderly.
- **UPDATE: Visualsoft** is aiming to double revenues and increase staff to 300 in the next three years. Visualsoft currently employees 161 people.

JOB LOSSES

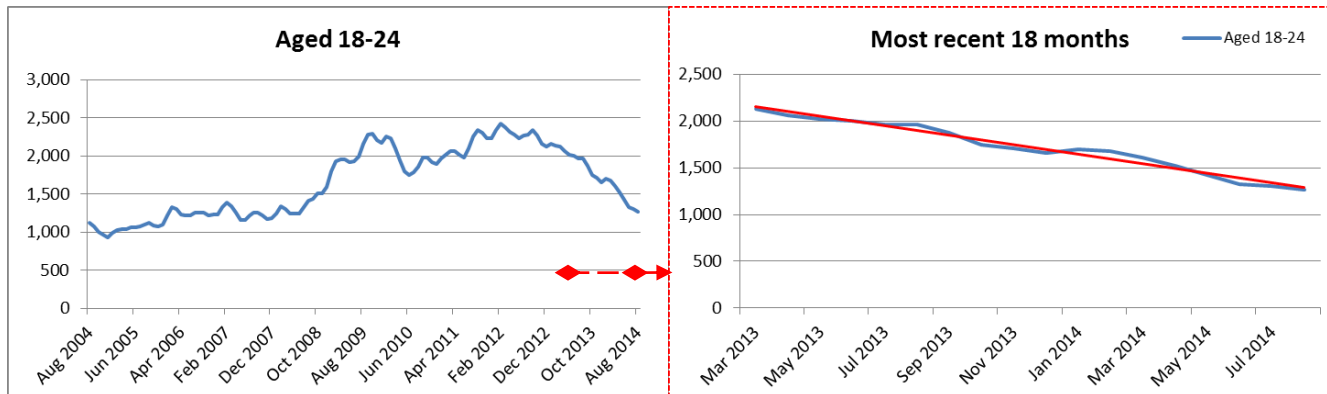
- 66 staff have been made redundant at Billingham based **TAG Energy Solutions** following the completion of a wind turbine contract. Notices were issued on 22 September and staff have been paid in lieu until 26 September. Job Centre Plus (JCP) have delivered two workshops and a number of staff are interested in their rapid response funding. The Council is working with JCP to ensure the relevant support is in place.
- Preston Farm based **MC2 Technical Recruitment Limited**, which specialise in providing staff to clients in the oil and gas and renewable energy sectors, has been bought out of administration by national recruitment business, **Jark Plc**. The buy-out has resulted in the closure of the Stockton office and the loss of 8 jobs.
- **North Tees and Hartlepool NHS Foundation Trust** has announced the closure of two of its nurseries, one of which is based in Stockton at North Tees Hospital. The facilities are due to close at the end of this year and more than 50 staff have been issued with their 90 days' notice. The Council is working with JCP to understand the impact of this.

TOWN CENTRES

- **Stockton Town Centre** – Café **Latte Da** based on Silver Street is under new ownership and a new business called **Beanie Games** has opened on Bishopton Lane. The micro pub **The Golden Smog** has officially opened its doors within Hambletonian Yard but **The Cattlemarket** Pub on Church Road has closed. One of the **Santander** branches located in the Town Centre at 29 High Street has also closed, as has the charity shop **The British Red Cross** at 148 High Street. The mobile phone and accessories chain store **Phones4U** has entered administration and their outlet in Wellington Square has been bought by Vodafone saving 4 jobs.
- **Billingham Town Centre: Semichem**, the Health & Beauty retailer, have announced they are to close in October.
- **TNG Start Up Limited** has moved back into 62 Dovecot Street, following the early completion of a contract in Bali, taking the total number of tenants back up to 11.

YOUNG PEOPLE (16 – 24)

JSA STATISTICS



The current number of young people claiming JSA is 1,265 (representing 26.946% of the total number of JSA claimants), the lowest figure since July 2006. 520 of these young people have been claiming for over 6 months. There has been a steadily decreasing trend in claimant numbers since March 2013.

APPRENTICESHIPS

NORTH EAST CHAMBER OF COMMERCE currently have 102 apprentices, which are Stockton residents, enrolled onto apprenticeship programmes; of these 45 are aged 16-18, 49 are aged between 19-24 and 8 are aged over 25.

NETA

- Currently have 70 engineering apprentices which started on 22 September
- **UPDATE** – The 15 apprentices under the SembCorp Employer Ownership Development Programme as either mechanical or electrical apprentices have progressed into employment.

TEES ACHIEVE

- **UPDATE** – in total Tees Achieve currently have 156 Apprentices enrolled onto apprenticeship programmes, of these 30 are aged 16 – 18 years, 55 are aged between 19 – 24 and 71 are aged over 25.
- 10 apprentice completions have taken place during Quarter 2 with 100% of the learners having a positive progression to further education or employment.

STOCKTON RIVERSIDE COLLEGE

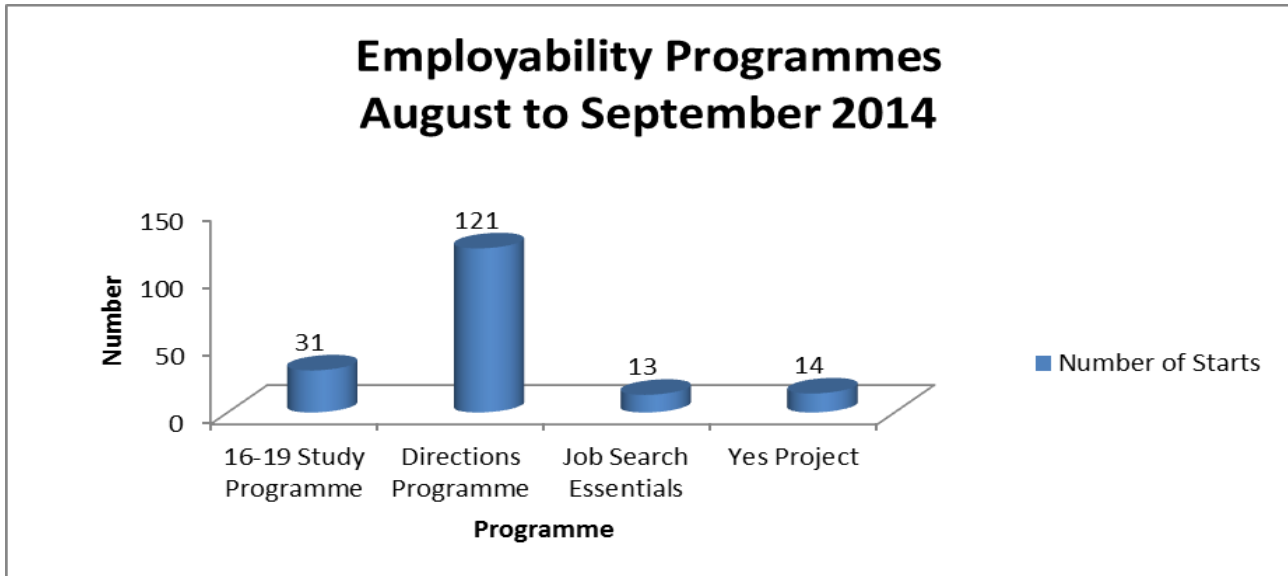
- Over the last three years apprenticeship delivery has increased by 400%; 2014 – 15 will see a further increase of 140%
- Sectors of growth include Facilities, Joinery, Painting and Decorating, Team Leading and Performing Manufacturing Operations
- Cleaning is an additional sector that is currently being developed

STOCKTON BOROUGH COUNCIL

- Currently employs a total of 15 young people who are following an apprenticeship framework
- A further 5 apprentices have been recruited and start dates are to be confirmed.
- 6 apprenticeship opportunities in both the business administration and creative and digital media occupation areas have been identified and will be advertised in the next few weeks.

EMPLOYABILITY

The graph below details the number of Stockton residents who are engaged on employability programmes:



The 16 – 19 Study Programme – is delivered by Tees Achieve and is tailored to meet the individual needs, education and employment goals of young people

Directions Programme – is a course designed by Tees Achieve to help unemployed people with employment and IT skills and also progression towards employment by undertaking further relevant training i.e. CSCS card.

Job Search Essentials – Tees Achieve and Stockton Riverside College are working in partnership to deliver employability courses for the unemployed.

The **YES Project** – is 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

The Tees Valley Jobs & Skills Investment Scheme

- 170 jobs have been created from the approved applications from Stockton businesses
- 23 applications have been rejected due to not meeting the criteria

ENTERPRISE

For the academic year 2013/2014, the following outputs have been achieved:

- 632 young people engaged in enterprise activities
- 89 teachers engaged in enterprise activities
- 21 schools involved
- 86 enterprise interventions delivered
- 10 business mentors engaged to support projects

The **'Starter for Ten'** enterprise challenge has been launched to engage local schools to support BBC Children in Need. The first ten schools to register will be given a loan of £20 to turn innovative ideas into fund raising for the national charity that will air on Friday 14th November. Schools will be given support to explore ideas and consider ways to implement plans to raise money.

Planning is underway to coordinate a range of activities for Global Entrepreneurship Week 2014 (www.gew.org.uk) commencing 17th November. We will kick the week off with the Bright Ideas primary business challenge, involving approximately 60 pupils from different schools.

LOCAL BUSINESS NEWS

ENGINEERING/MANUFACTURING/CHEMICAL

- **KP Snacks**, which employs approx. 385 at its Billingham site, is considering closing two of its other factories which could lead to an expansion of the Billingham operation in the future.
- The former ICI headquarters, Billingham House, has been bought by neighbouring **Fujifilm Diosynth Biotechnologies**.
- **Macleods Pharmaceuticals**, which has more than 10,000 employees worldwide, has opened its first UK office at Wynyard Park House.

SERVICE SECTOR/RETAIL

- Stockton based **Imperial Tankers**, has been sold to **Suttons Group**, a global chemical logistics specialist. It employs 300 at Preston Farm Industrial Estate and is one of the largest bulk chemical transport companies in the UK.
- Thornaby-based **PJA Distribution Limited** has announced plans to expand as it moves into new premises at Teesside Industrial Estate. The company, which supplies mobile phone accessories, now exports worldwide and has outgrown its rented premises.
- Construction has started on the £2.87m **Innovation Centre** at Northshore which will provide "flexible space" for small and medium enterprises (SMEs) in the digital, scientific and creative sectors. The building is set to be completed in Spring 2015.
- Thornaby based work-wear supplier **MI Supplies** is looking to expand into larger premises next Spring and add to its 11 strong team of staff following an online marketing drive to develop its website and improve its search engine optimisation credentials which has resulted in a steady rise in sales and promotions.

BUSINESS CASE STUDY

The announcement in 2012 by US energy firm, Air Products, of the building of the world's largest renewable energy plant using a revolutionary energy-from-waste (EfW) process on the New Energy and Technology Park, near Seal Sands, was a coup for Stockton and the Tees Valley. This decision was made after detailed discussions with and considerable support from the Council and Tees Valley Unlimited over a period of a few years.

Information was provided on potential sites and Air Products was introduced to Impetus which owns the New Energy Technology Park and processes waste nearby. Information was also provided on the available workforce and skills in the area and an offer was made to provide support to recruit from the local workforce. Introductions were made to key providers of facilities and services including gas and water as well as other major companies operating locally. This helped ensure that a strong case was made for Stockton to be able to compete with other sites in the UK also under consideration. This included Air Products receiving financial support from the Tees Valley Industrial Programme which was set up to generate employment opportunities. It received £250,000 from the fund to carry out a feasibility study.

The New Energy Technology Park also offered the benefit of being a levelled and prepared site ready for development with close proximity to an existing waste processing company. The site also offered close proximity to key facilities, services and infrastructure including a pipeline corridor, railway infrastructure, port and jetties, and connection to the national grid. Being one of the Tees Valley's Enterprise Zones, the New Energy Technology Park provided some assurance of a smooth planning application process.

Air Products appreciated the intensive pre-planning application support provided by the Council and the ongoing support to help address issues as they arose both before and during construction. Meetings were held with Planning to agree scope required for the planning application especially with regard to traffic and highways issues and the Environmental Impact Assessment. Officers have also worked with Air Products' and its contractors to ensure job vacancies were made available to the local labour market using local agencies and advertisements. The construction of the plant has created approx. 700 construction jobs and there will be 50 permanent skilled jobs once the first plant is commercially operational in 2015.

Air Products was so impressed with the support received to ensure the energy plant was built here that, following further discussions with the Council and a planning approval, Air Products started the construction of a second plant adjacent to the first in April this year, which will create up to 700 more construction jobs and a further 50 permanent jobs. Impetus Waste Management has also built two plants on an adjacent site to process household and commercial waste to feed the two power plants. Each plant will annually take up to 350,000 tonnes of non-recyclable waste away from landfill and supply enough energy to power the equivalent of about 50,000 homes. The Cabinet Office last year agreed a deal to buy power from the second plant for the next 20 years, which ministers predict will save £97m and meet two per cent of the Government's overall energy consumption

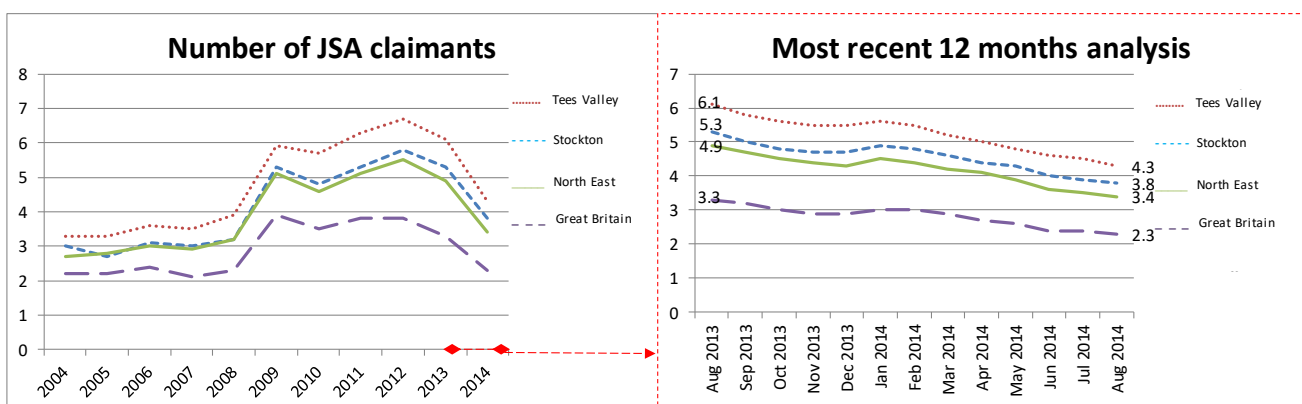
As the New Energy Technology Park is one of the Tees Valley Enterprise Zone sites means that Air Products can benefit from a tax incentive of enhanced capital allowances. In addition the business rates paid by Air Products will be retained for 25 years for investment in the Tees Valley.

Assistance has also been provided by the Council to help Air Products develop a community relations plan. This included providing key contacts for emergency planning, contact details for ward councillors, cabinet members and senior officers in the Council. Details of local organisations were also provided as Air Products is interested in providing some financial support to selected local community groups.

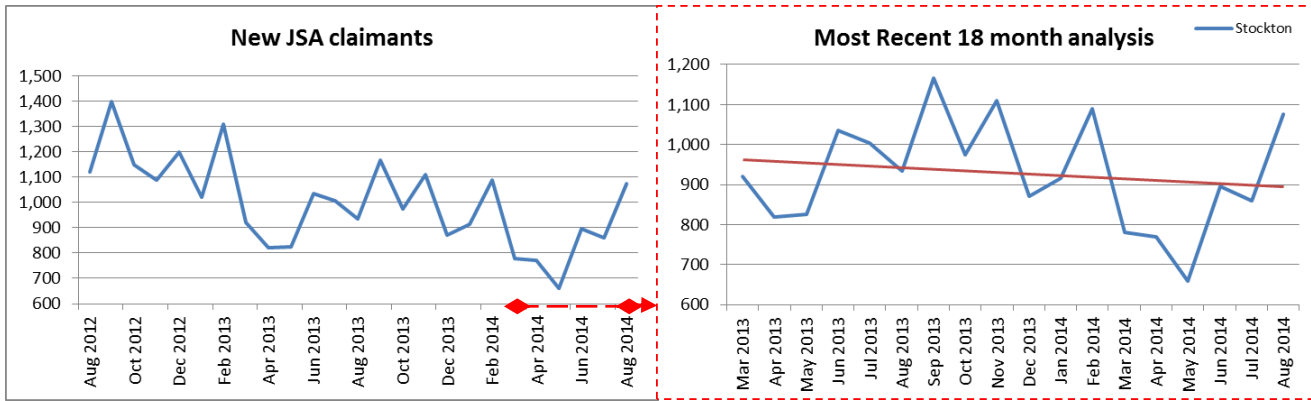
The Council continues to support Air Products not only as construction of the second plant continues but also to help the company establish itself and build a positive reputation in the area.

The decision by Air Products to establish the renewable energy plants in the Tees Valley will reinforce the region's developing reputation as a centre for green energy.

ECONOMIC INDICATORS



The current number of working age people claiming Jobseekers Allowance (JSA) in Stockton is 4,695, a decrease of 145 from the previous reporting period, the lowest figure since November 2008. The proportion of working age residents claiming JSA has therefore decreased to 3.8%. A more detailed 12 month analysis highlights the overall decrease across the year since August 2013.



The number of new JSA claimants has increased since the last reporting period (1,075 in August, compared to 860 in July). The increase is due to a number of factory summer shutdowns and the closure of N Power. However, over the past 18 months there continues to be a decreasing overall trend since March 2013.

OTHER ECONOMIC NEWS

- The latest Duport Business Confidence Report for Stockton-On-Tees reveals a number of positive statistics for the first quarter of the year. The figures from Duport show there were 215 new companies formed over the three months, representing a 2% rise on the previous year. There was also a 17% reduction in company closures, which led to substantial rise in net company growth (the number of companies formed minus the number of companies closed).

AWARDS

- Dean Benson of eCommerce provider **Visualsoft** and Bryan Bunn of **Nortech Solutions** were shortlisted for Entrepreneur of the Year at the North East Entrepreneurial Awards 2014.
- The Stottie Co** has been shortlisted as a finalist for the Best Retail Business at the North East Woman Entrepreneur of the Year Awards 2014.
- Cleveland Bio** based at Preston Farm Industrial Estate has been shortlisted for the Green Manufacturing Award at the Made in the North East Awards 2014.
- The following Stockton companies have been shortlisted in the 2014 Ward Hadaway Fastest 50 Businesses: **Fine Industries Ltd, Nifco UK Ltd, PX Group, Jomast Developments Limited, Falck Nutec UK, Clarks of Stillington Plate and Profiles Ltd**. The winners will be announced at an awards ceremony on 10th October.
- Directline Supplies Ltd** won 'BME Business of the Year' at the Tees Valley BME Achievement Awards.