

# Economic Climate Report – Business

## Conclusions

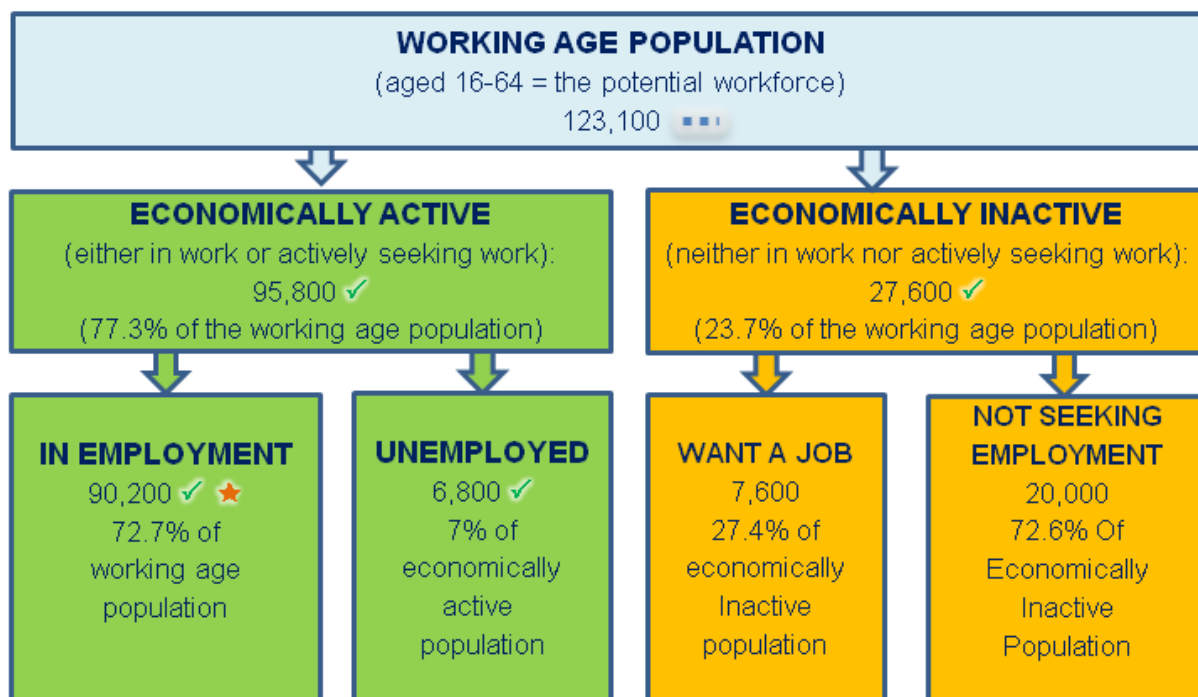
- The economic slowdown in China could impact on the large global economies – the UK is the fifth largest
- The large reductions in the cost of oil and its direct impact to the oil and gas sector more generally is being driven by a weak demand, increasing output in oil production, and surging US shale production; resulting in an over-supply. This could negatively affect the oil industry direct, however this could also result in savings being passed on to consumers through reductions in production costs and fuel costs
- The total number of businesses in Stockton at 5,260 has been increasing over recent years, and is now 6% higher than it was in 2011
- Of the total Tees Valley business stock; 3 out of every 10 businesses are located in Stockton (31.9%)
- Almost 1 in 3 new company registrations in Tees Valley are located in Stockton
- The proportion of private sector businesses has remained above 99% over the last 5 years
- The number of business locations in Stockton has been increasing over time, and in 2015 is 17% higher than it was in 2011; reflecting an increasing demand in the economy
- More than 7 out of every 10 businesses in Stockton are located in the broad areas of Stockton, Eaglescliffe & Yarm, and Billingham at 71%, 12.4% in Ingleby Barwick, 9.8% in Thornaby, and 6.8% in the rural parts of the Borough, which mirrors the largest employment locations
- The industrial sectors that are most prevalent in Stockton are: Professional, Scientific and Technical, Construction, Business Administration and Support Service', and Production:
- At 28%, most businesses are in the 'professional, scientific and technical' sector, which includes accountants, financial management, engineering design, amongst others
- Apart from 'Production' the businesses from the remaining three sectors are predominantly located in Stockton, Billingham and Ingleby Barwick
- More than 1 in 10 businesses operate in the 'construction' sector
- Stockton, Billingham and Ingleby Barwick areas have the largest number of businesses
- Almost 9 in 10 businesses are micro businesses in Stockton and employ up to 9 people (87.5%); Tees Valley = 87.2%, North East = 86.8%, National = 88.7%
- Since 2011 the three business sizes of micro, small, and medium have all had increases in the number of businesses. Only the number of large businesses has seen no change at 0.3% of total business stock
- When considering the proportions of the business stock by size of business, only the micro and small business categories have changed over the last 5 years; micro businesses have steadily increased by 0.5% (+1,115 businesses); small businesses has reduced by 0.5% although the number of businesses has increased by 100
- The majority of employment in Stockton is based in those businesses that employ 50+ people. This means that only 3% of the business stock employs more than 6 in 10 of the employment base in the Borough
- During February to December 2015 Stockton had 279 net new active companies
- Businesses are surviving longer; with increasing rates of 1 and 2 year business survival rates in Stockton, that exceed both regional and national averages
- The total number of jobs had increased by 3,200 (4%) in 2013 compared to one year previous, and the 'Manufacturing', 'Construction' and 'Services' sectors have all seen jobs growth
- Eight in every ten jobs are in the 'Services' sector; 10.2% in 'Manufacturing', only 6% in Construction
- Stockton currently has a lower supply of jobs than there is a demand from the working age population. However, at 0.71 jobs for every resident aged 16-64 in 2013 this is showing an increasing trend since 2009. Stockton exceeds the North East, Liverpool and Sheffield rates, and is only 0.06 percentage points behind Greater Manchester and Leeds
- In 2011, 13.6% more residents were working full-time, and 7.9% more were working part-time than did at the time of the Census undertaken in 2001
- 451 young people have received enterprise intervention through the Enterprise in Schools activities; with 17 businesses created and trading experiences undertaken
- The case study profiles the food and drink companies in Stockton; most of which are located within the primary employment locations in Billingham, Thornaby and Eaglescliffe

## ECONOMIC DASHBOARD

The table provides an update on the latest figures and data trends relating to the structure of the labour supply and the number of people claiming Job Seekers Allowance (JSA) in the area. Members should note that unemployment figures tend to be higher than JSA figures as not all unemployed people claim JSA.

Trends| Positive ✓ | Negative ✗ | Neutral ... | Record ★

### Labour Market Structure (Oct 2014 to Sept 2015)

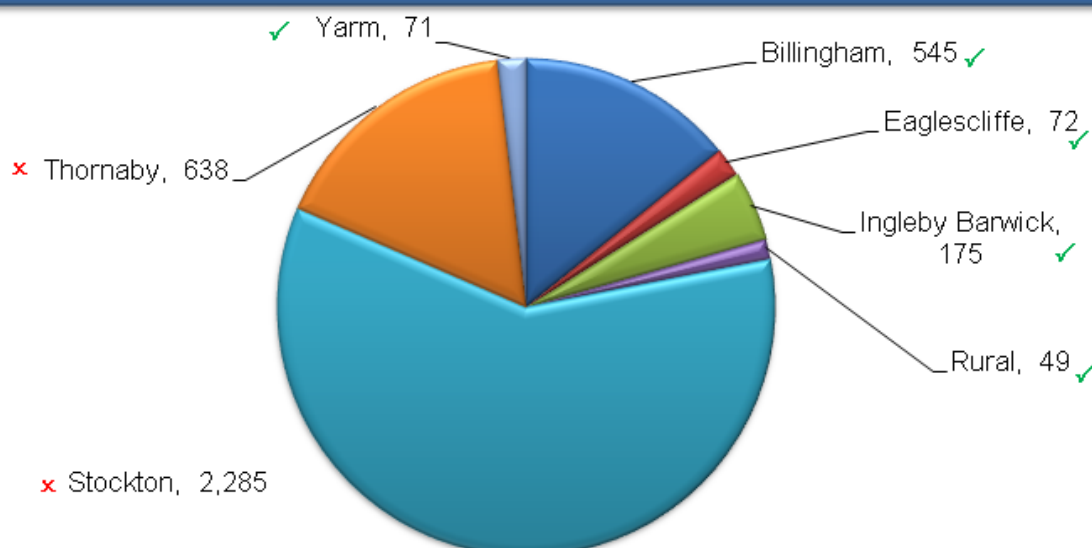


Source: Office for National Statistics, Annual Population Survey

Note: Some sub categories do not add up to the working age population shown as a lower population figure has been used for the calculations for the national statistics

### Job Seekers Allowance Claimants (December 2015)

3,825 people (January 2015) claiming JSA  
 +86 person increase since November 2015 ✗



## UPDATES

### Strategic Updates

- [Global trade slowdown](#) – Trends in global trade and world economic growth are closely correlated. Despite falling trade volumes both global growth and trade are expected to recover in 2016. The [December TVU Economic Review](#) provides an overview of the growth forecasts for the largest six global economies – the UK is the fifth largest – and how an economic slowdown in China could potentially impact on the UK.

- **Oil and Gas sector** – As a direct result of weak demand in many countries coupled with surging US shale production, and some countries that are members of Opec not cutting output, Brent Crude (which is the global benchmark for oil prices) is at \$30/barrel and still falling. This is the lowest price seen for a decade, and it is predicted that this trend will remain during 2016, and may not reach its previous high of \$100+/barrel. West Texas Intermediate Crude (which is the US benchmark for oil prices) is reporting similar reductions.

This position will negatively affect the oil industry directly through job losses and cuts in research and spending, and BP has recently announced it is to axe 1 in 5 North Sea jobs as 4,000 jobs are cut worldwide. This will affect oil rig workers, and office and agency workers on long-term contracts, but there are no plans to close any oil rigs. However, the reduced oil prices could help consumers and the wider economy through cheaper fuel costs, and reductions for oil-intensive sectors, e.g. transport and logistics, manufacturing and production, and could potentially lead to increased employment as a result of reduced costs.

Of note is that 10% of businesses in the Oil & Gas/Subsea sector who responded to the Tees Valley business survey (November 2015) are expecting employee numbers to contract. This is the largest loss expected from any sector that responded.

- The future of a £1.5bn bid to establish Europe's first industrial Carbon Capture and Storage (CCS) project in the North East is unknown following the Government announcing it would be cancelling the **Carbon Capture and Storage (CCS) Commercialisation Programme**. The Commercialisation Programme was critical to the Teesside Collective (involving some major employers - Lotte Chemical, BOC, CF Fertilisers UK Limited (formerly known as GrowHow) and Sembcorp Utilities) who all face the prospect of escalating carbon prices in the future. As a result of the project's cancellation the Teesside Collective is now looking to partner with similar projects along the East coast and in particular the White Rose project at Grangemouth.

- The closure of the **SSI** Redcar steelworks resulted in the loss of 2082 direct jobs of which 327 were Stockton residents. As of December 2015, a total of 494 people were no longer claiming benefit with the majority in work or training (this figure includes both direct jobs and those jobs within the supply chain). The companies that supplied SSI were also identified and contacted and that work showed that an additional 954 jobs were at risk in 26 companies in the supply chain. As of January, 16 of these companies have actually made redundancies totalling 734 jobs, the actual jobs lost (potentially 115) at 4 companies have not yet been confirmed and 6 companies have not needed to make any redundancies. 14 people that were made redundant have since been re-employed.

In Stockton 75 SSI suppliers were identified. 20 companies were directly affected by the closure, of which 4 businesses anticipated 55 jobs would be lost. As of January, 1 business managed to re-assign work so safeguarded the 4 jobs that were at risk, however 3 companies have made 34 people redundant but 6 have since been re-employed. These companies are in the engineering or haulage sectors. A number of the other companies contacted on the supplier list said that the work they did for SSI was not a significant part of their turnover or had either stopped trading with SSI a couple of years ago or insisted on proforma payments.

As of January, 4 Stockton companies had been awarded grant support from the SSI Task Force funded business support schemes. 2 businesses have been given funding from the Supply Chain Support scheme, which provides short term immediate grant aid in the form of working capital to support companies to continue trading or to seek new business. A further 2 companies have been given funding from the Capital Grant scheme which provides support to companies that are growing

and creating new jobs. In total £360,000 of grant has been awarded, which has been matched to £1.7m of private sector funds, safeguarded 17 jobs and will create 9 new jobs.

- The **transport and haulage sector** has been named the [fastest growing industry](#) in the region in 2015 largely due to a substantial 25% increase in total number of active companies. The North East arm of insolvency trade body R3 found that there were 1,010 active regional companies in the sector in December 2015, an increase of over 200 since the same time the previous year. Also of note was that **hospitality industries** showed strong signs of expansion, the **construction sector** had more active businesses at the end of 2015 than it did 12 months earlier, and the important **regional manufacturing, technology and retail sectors** saw year-on-year increases in the number of firms operating. The figures also showed that the overall number of active companies in the North East has been consistently growing by several hundred every month to reach a total of 69,415 in December 2015. This is perhaps reflective of the increasing popularity of internet shopping, home deliveries and lower fuel prices.
- Following on from the eighth [UK-India Economic and Financial Dialogue \(EFD\)](#), Chancellor George Osborne and Indian Finance Minister Arun Jaitley signed a number of agreements on 20<sup>th</sup> January 2016 to build towards a stronger economy between the two countries.
- **ONS** have undertaken a [consultation](#) that closed on 8<sup>th</sup> February, proposing four changes to the data they provide and changing how they publish statistics, including stopping production of some of their statistical bulletins; stopping some surveys and reducing some survey sample sizes; publishing some of their statistics less frequently; and stopping production of some statistics altogether where this would have a low impact. Council Officers have been involved in the consultation response submitted by Tees Valley Unlimited.

#### Business Announcements / Intentions

The following provide a summary of a number of major business announcements; it is not an exhaustive list of jobs growth or business investment.

- Telecommunications company, [Odyssey Systems](#), is expanding into new premises having acquired the former Thirteen Group building opposite its current headquarters at Preston Farm, Stockton. The company, which plans to move in before the end of February, has also announced an intention to create six new jobs over the next three years, now that it will have a site large enough to facilitate its future growth. In addition to developing the top floor of the building for its own operations, Odyssey Systems has also refurbished a further 20,000 square feet to create new, fully-fitted offices for business tenants. The company is also utilising some of the additional space to introduce a dedicated video conferencing suite and a technology demonstration area. Odyssey is also creating a new stock and technology storage facility, which will hold the complete telecoms systems and replacement parts for both current and past models from its long-term technology partners Mitel, and LG.
- [Country Valley Foods](#) has relocated its production facility from Darlington to Leeholme Road Industrial Estate, Billingham. See case study for more details.
- **Tata Steel** has confirmed that it will [cut more than 1,000 jobs](#) across the UK as part of cost saving plans designed to "improve the competitiveness" of its operations. Of the total, 750 jobs will go at the group's Strip Products UK business in Port Talbot, Wales, alongside 200 jobs in support functions and a further 100 jobs at steel mills in Trostre, Corby and Hartlepool. A full consultation process with employee representatives will begin immediately. Tata said its regeneration arm, **UK Steel Enterprise**, based in Middlesbrough, would look at how it can provide more support to the local communities affected by the cuts and help stimulate job creation.
- [Benfield Honda at Preston Farm Industrial Estate](#) has been bought out by one of the UK's largest motor retailers, Vertu Motors, in a deal worth £2m. Vertu, based in Gateshead, has a network of 122 sales and aftersales outlets across the UK.
- [WattFitness](#) has invested more than £250,000 on equipment and "boutique" fitness classes at their premises at Teesside Industrial Estate. The company's latest investment will provide fitness programmes not seen anywhere in the country outside London.
- [Coverall \(PVC & Canvas\)](#) has used a six-figure funding package and a grant to expand its business by purchasing large commercial premises on Durham Lane Industrial Estate, Eaglescliffe, following the funding from the Royal Bank of Scotland (RBS) and a grant from Tees Valley Enterprise Fund.

- Billingham-based logistics business **Nicholson's Transport** is opening an additional site to meet growing demand. The company will open a 15,000 sq.ft warehouse on Durham Lane Industrial Estate. Six staff will be employed at the new warehouse operation of which 3 will be new jobs, while new plant and machinery has also been bought. The business employs about 60 people across a fleet of 25 vehicles.

### Strategic Locations

- **Wynyard Park** - Northumberland Estates has purchased a significant stake in [Wynyard Business Park](#). It is understood that the deal, worth £10m, sees the transfer of commercial buildings on the Wynyard One site (former Samsung site) to Northumberland Estates. The company and Wynyard Park have also entered into a joint venture agreement on the long term delivery of development land on Wynyard One (about 100 acres). The remainder of land at Wynyard Two and Wynyard Three (in Hartlepool) remains in the ownership of Wynyard Park.
- Quickly Finance, has purchased the freehold of Churchill House, a 3,000sq.m office block with 184 car parking spaces, on [Teesdale Business Park](#). The company is relocating staff from its operations across two locations in Stockton.
- A new 26,000 sq.ft facility on **Teesside Industrial Estate** has been handed over to Cavotec by UK Land Estates. An official opening has been scheduled for Friday 1st April, which the Council has been invited to. Part of the Cavotec engineering group, Cavotec UK, is the local manufacturing and sales company for the group's electrical power and control technologies for mobile equipment in airports, ports and maritime, mining and tunnelling and general industry sectors.

### Town Centres

- Town Centre Footfall figures will be reported in the annual round up Economic Climate report and the next quarterly Place based report, as two quarterly data comparisons will be available in June for analysis.

### Training & Skills

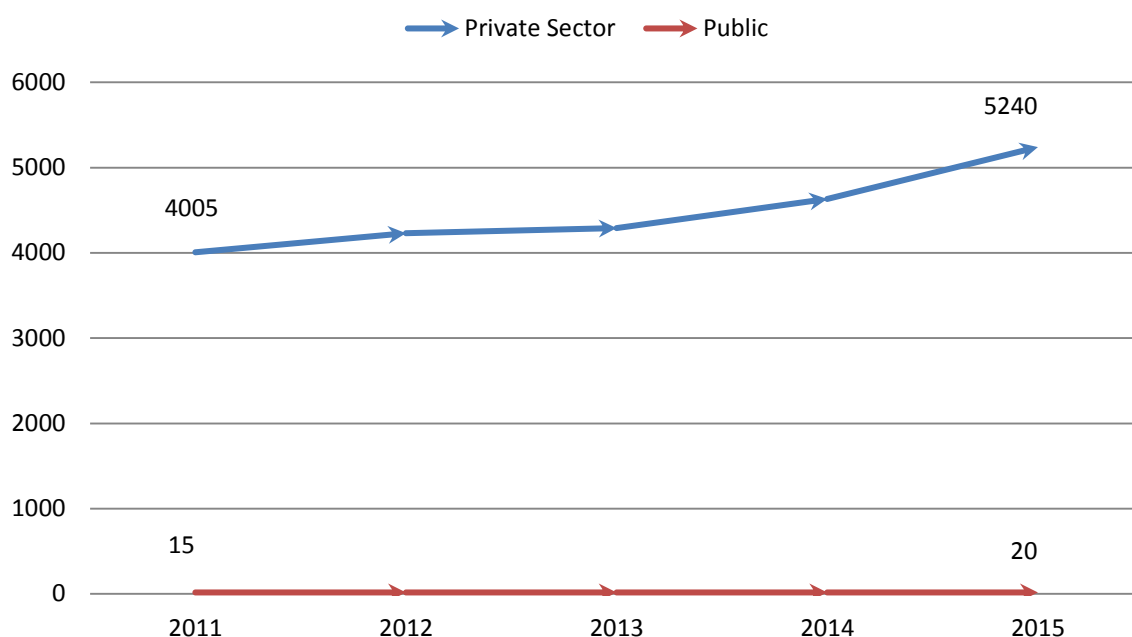
- Salvin's Barbers, which has 4 shops across the Tees Valley, is working with [Stockton Riverside College](#) to deliver a series of traineeships and apprenticeships, attract more young people into the trade, and address the growing skills shortage in traditional male grooming skills. The business also has plans to establish the barber chain as a leading body when it comes to quality standards of barbering training in the region, by equipping members of the existing team to become training assessors.
- **A Careers Guide for parents, carers and young people** will shortly be produced by Tees Valley Unlimited. The guide will provide help and advice on future career plans, choices, skills, work experience and jobs.
- **The UK Commission for Employment and Skills** has released its most recent '[Employer Skills Survey 2015](#)'. The survey is regarded as being one of the largest and most comprehensive surveys of its kind in the world and in 2015 involved 90,000 employers across the UK. As specific findings can vary between places, due to their differing local economic characteristics, it will be important to compare the national findings against that for Tees Valley and Stockton. More detailed information will be provided in a future report, and accompanied with the 2015 [Tees Valley job vacancies](#) summary and findings from the 2015 Tees Valley Business survey.
- **Area Review** – The review of post-16 education is ongoing, and an update will be included as part of a report to Cabinet in March 2016.
- **Enterprise in Schools** – Since April 2015, Stockton Council has worked with 18 institutions including primary schools, secondary schools, further education, youth organisations, alternative provision including special educational needs and behavioural, and housing association resident groups. This has resulted in:
  - 451 young people have received 2 hours or more of enterprise intervention;
  - 6 youth advisers at Youth Direction received training in enterprise delivery, sales, marketing, monitoring and evaluation, which will be targeted towards those young people that are not in education, employment or training (NEET);
  - 11 businesses created by young people that traded on Stockton's Specialist Markets;
  - 2 businesses created via the 'Ready for Retail' programme that traded in Stockton's Enterprise Arcade;
  - 4 businesses will have traded on Stockton's first ever Youth Market in March.

## BUSINESS THEME REVIEW

### BUSINESS STOCK

1. In 2015, Stockton had 5,260 businesses<sup>1</sup> (not counting those with more than one branch or site in the area). Since 2011 there has been an increasing trend in the number of businesses in the Borough; resulting in 1,240<sup>2</sup> more businesses than there were in 2011.
2. This trend is consistent with that being seen in the Tees Valley; with the number of businesses now totalling 16,500. Of note is that over 3 in 10 (31.9%) of those businesses are located in Stockton.
3. **Figure 1** highlights the recent trends in the proportion of the business stock that is from the private and public sector. The proportion of those businesses that are in the private sector has remained consistently above 99% over the past 5 years; with the total number of businesses increasing by 1,235 since 2011.

**Figure 1 – Proportion of Public / Private Sector Businesses in Stockton**



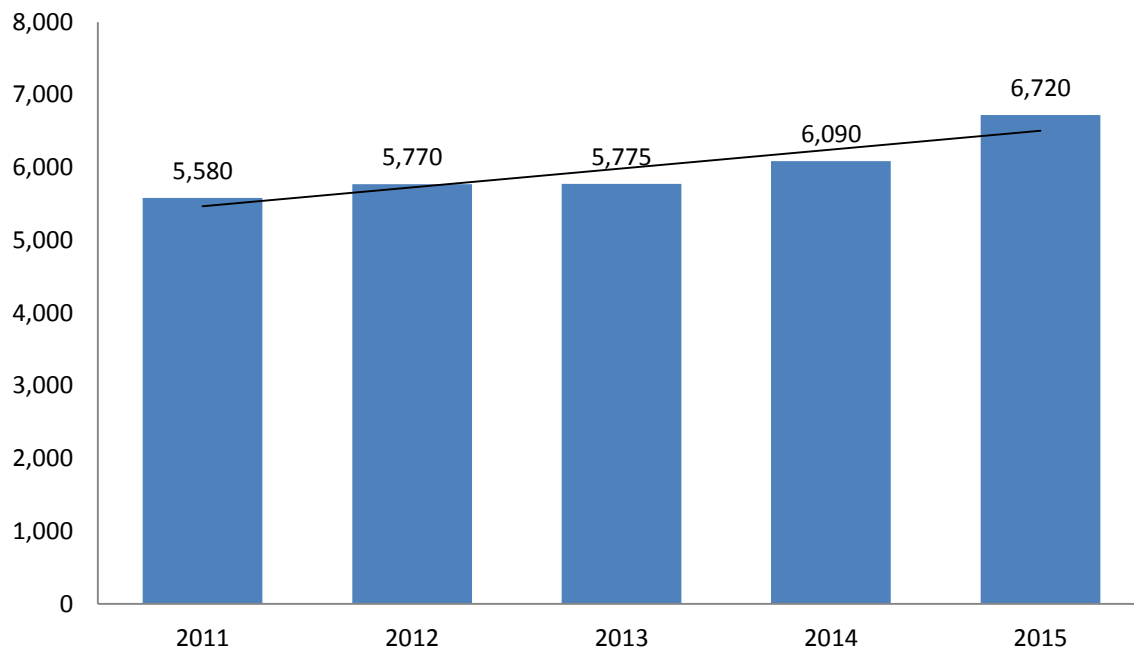
Source: ONS – UK Business Counts, Enterprises

<sup>1</sup> The term 'business' is used to refer to all legal forms of enterprise, including private limited companies, public limited companies, limited partnerships, non-profit firms, and public-owned organisations and enterprises. The Office for National Statistics estimates of business population excludes the smallest businesses that are not VAT registered.

<sup>2</sup> In 2015, ONS extended the coverage of businesses to include a population of solely PAYE based businesses that were previously excluded because of the risk of duplication. In total, in 2015, 105,000 businesses have been added. Improvements in matching of administrative data and research into those units excluded has indicated that the risk of duplication is very small. The addition of these businesses brings the publication in line with Business Demography and the BIS Business Population Estimates, both of which include these businesses

4. In comparison to the total business stock of 5,260 businesses **Figure 2** shows the number of business locations (units)<sup>3</sup> in the Borough. In 2015, there were a total of 6,720 units; showing an increasing trend over the last 5 years with 1,140 more unit locations since 2011.

**Figure 2 – Business Stock (Number of Locations)**



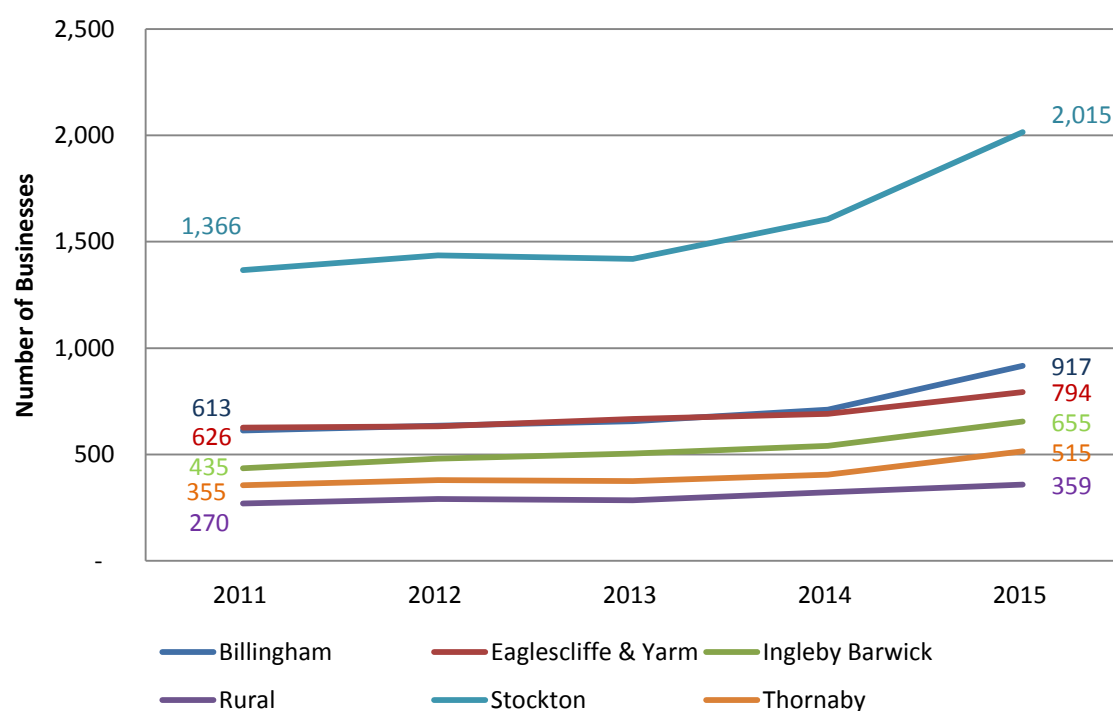
Source: ONS – UK Business Counts (Local Units)

## BUSINESS LOCATIONS

5. By using data from the ONS Business Register Employment Survey (BRES) available at a Ward level an analysis can be undertaken of where the business stock is located in the Borough. Officers have grouped the Wards into the same broad geographic areas that Members will already be familiar with from the Economic Dashboard, and **Figure 3** shows the trends over the last 5 years.
6. Apart from a slight decrease in 2013, the total number of businesses in each location has been steadily increasing since 2011; with the largest of these being in Stockton.
7. The locations of Stockton<sup>4</sup>, Billingham, and Eaglescliffe & Yarm have the largest number of businesses, and the rural area has the least. This is not unexpected, and is consistent with the employment locations identified in Map 1 of the 'Place' themed report. Of note, is that Thornaby has a lower number of businesses than Ingleby Barwick. However, this could be attributed to a larger number of self-employed residents, and/or accountants registering their home address as a business address (see also point 8. regarding industrial sector locations).

<sup>3</sup> This could include Stockton-based business with more than one location in the Borough, or a number of local outlets of national companies

<sup>4</sup> Stockton includes the Wards of Bishopsgarth & Elm Tree, Fairfield, Grangefield, Hardwick, Hartburn, Newtown, Norton North, Norton South, Norton West, Parkfield & Oxbridge, Roseworth, Stockton Town Centre

**Figure 3 – Businesses by Location (Broad geographic areas)**

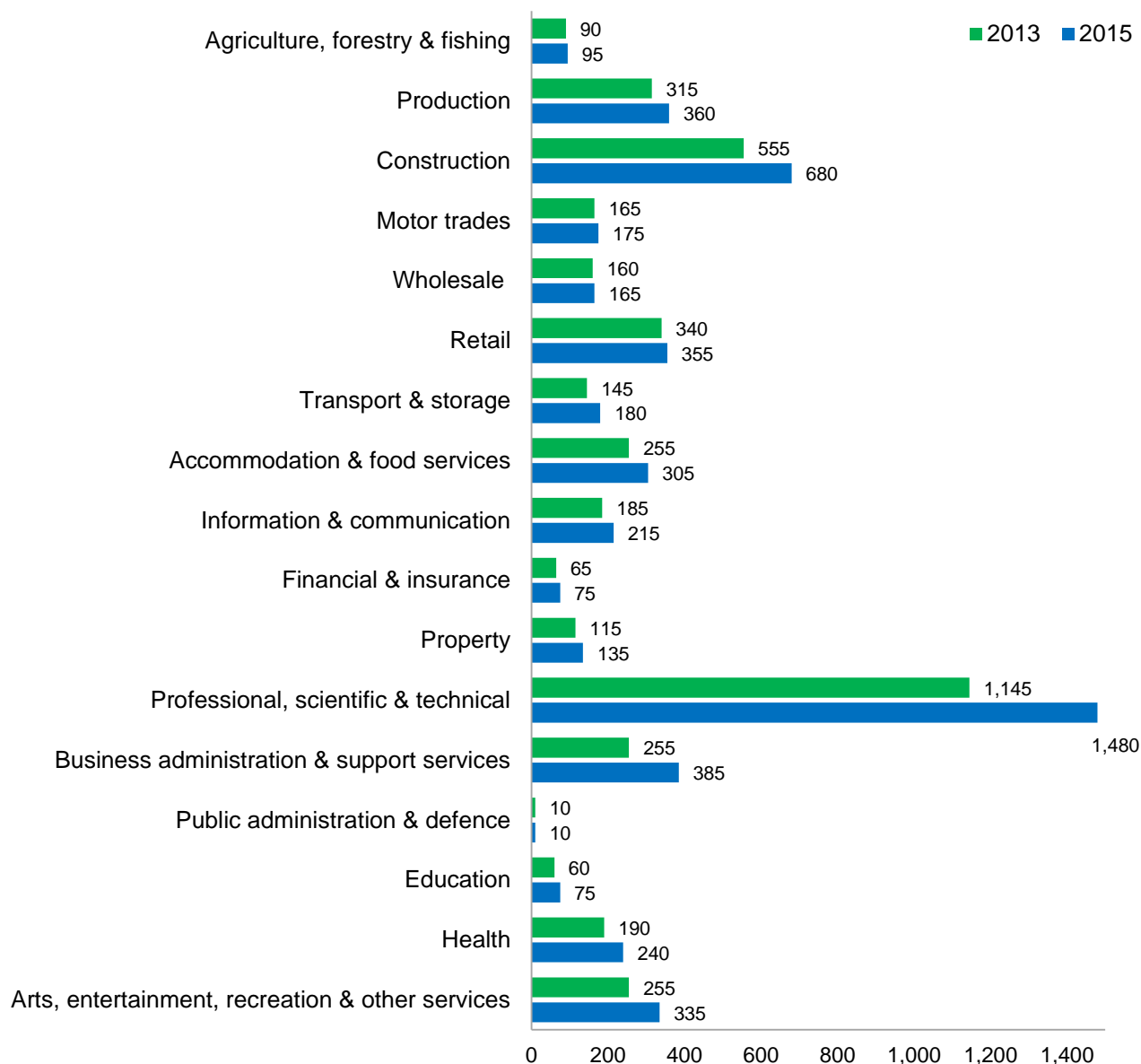
Source: ONS, BRES

## INDUSTRY SECTORS

8. Of the 5,260 businesses in Stockton more than 1 in 4 is from the 'Professional, Scientific & Technical' sector (1,480, 28%), examples of which could include solicitors, accountants, design, engineering design, financial management, research and development (see **Figure 4**). This sector has also experienced the largest increase in the number of businesses since 2011 at 29%. All sectors except for 'public administration & defence' have seen growth – for example, the 'Construction' sector (680, 13%), and 'Business, Administration & Support Services' sector (385, 7%), and 'Production' (360, 6.8%) are the sectors that represent the next largest in the Borough.
9. When considering each of these sectors in parallel to the broad geographic areas the following analysis can be drawn of where an industry sector has the highest and lowest prevalence across the Borough:
  - **'Professional, Scientific and Technical'** - Stockton, Billingham and Ingleby Barwick (**highest**); Rural, and Thornaby (**lowest**)
  - **'Construction'** – Stockton, Billingham and Ingleby Barwick (**highest**); Eaglescliffe & Yarm, Thornaby, and Rural (**lowest**)
  - **'Administrative and Support Service Activities'** – Stockton, Billingham and Ingleby Barwick (**highest**); Eaglescliffe & Yarm, Rural, and Thornaby (**lowest**)
  - **'Production'** – Stockton, Billingham and Thornaby (**highest**); Eaglescliffe & Yarm, Rural, and Ingleby Barwick (**lowest**)

Apart from the 'Production' sector, Stockton, Billingham, and Ingleby Barwick have the largest number of businesses in all of the four sectors.



**Figure 4 – Number of Businesses by Broad Industry**

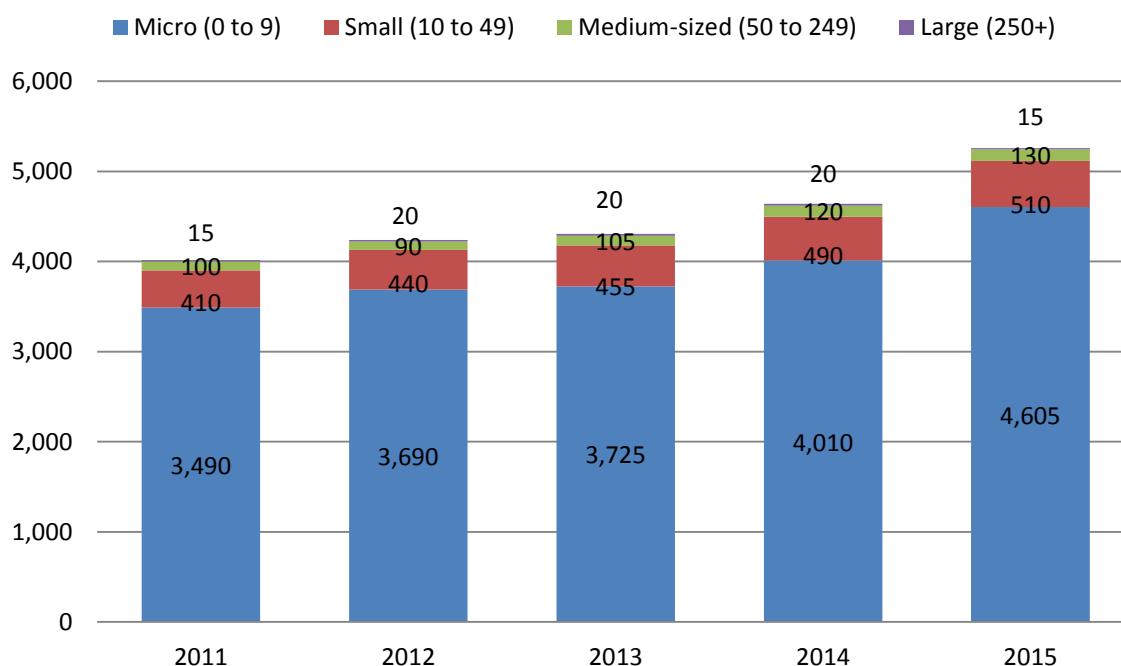
Source: ONS – UK Business Counts (Enterprises)

## BUSINESS SIZE

10. In 2015, the majority of businesses in Stockton (87.5%) were micro businesses (employing up to 9 people - see **Figure 5**). The large number of micro businesses as a proportion of the overall business stock is not unique to Stockton; Tees Valley had 87.2% of its registered business stock in this size band. This position is similar to that seen regionally (86.8%) and nationally (88.7%).
11. Of note is that all business sizes in Stockton have seen an increase in numbers since 2011, apart from large businesses (those that employ 250+ people) which is still the same at 0.3% of total business stock. Stockton does have fewer large businesses; with 0.01% less than Tees Valley, North East and national figures.

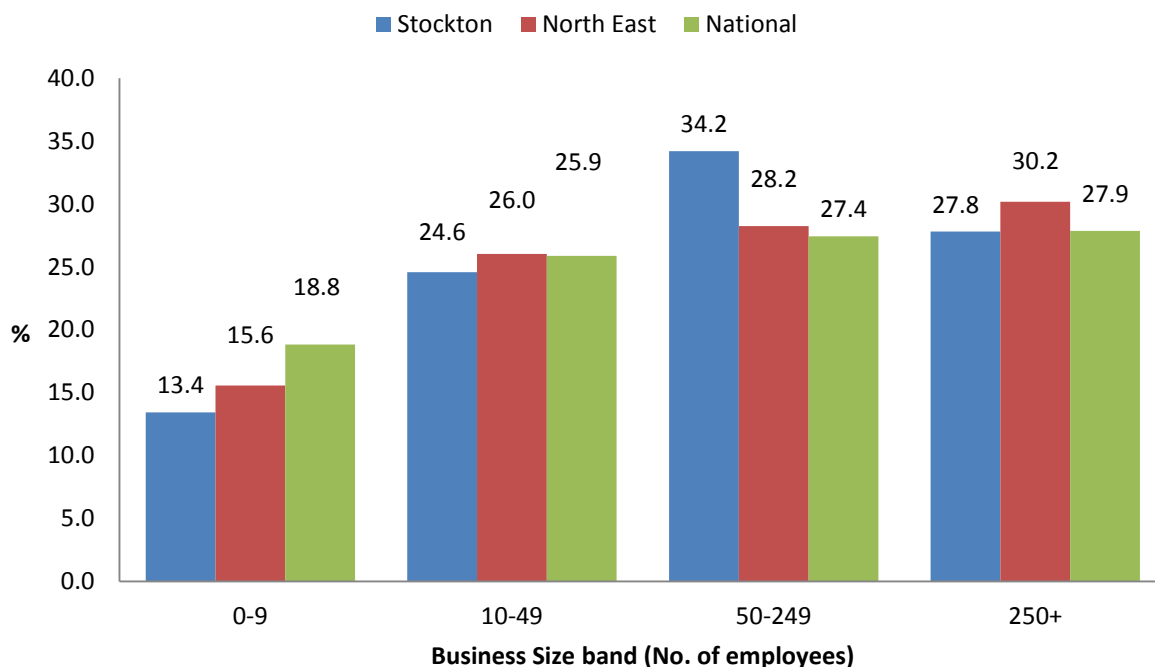
12. Since 2011, the balance of business size proportions has changed very little. The only change being seen in micro and small businesses. Micro businesses have steadily been increasing and now represent 0.5% more of the total business stock, with 1,115 more businesses.
13. Small businesses have followed the same trend, and there are now 100 more businesses in this size band which represents a 0.5% reduction since 2011.
14. Although medium size businesses reduced in 2012 there are now 30 more businesses than in 2011, and remains at 2.5% of the overall business stock.

**Figure 5 – Business Size (by number of employees)**



Source: ONS (IDBR) - UK Business Counts (Enterprises)

15. As well as knowing the total business stock and their employment size it is important to have an understanding of what proportion of employment is located in each size band. As **Figure 6** illustrates, the majority of employees in Stockton work in a large or medium sized business (62%). This means that only 3% of the business stock employs more than 6 in 10 of the employment base in Stockton. This could represent a risk if there was an economic shock and Stockton Officers are undertaking research to know more about how the global economic changes could impact locally to positively address any risk that may be presented in this regard.
16. Stockton has a higher dependency on medium sized businesses than the North East or national; both of which have larger proportions of micro and small businesses as part of their total business stock.
17. Since the LEA was produced the share of employment in each business size has changed; with large and micro businesses accounting for 10.1% and 5.6% less; and medium and small businesses increasing their employment share by 11.4% and 4.2% respectively.

**Figure 6 - Share of Employment in each Business Size band, 2013**

Source: TVU

### BUSINESS ACTIVITY (BIRTHS / DEATHS)

18. To provide an indication of how entrepreneurial a location is Companies House data can be used to identify new company registrations. In 2015, the total number of business registrations in Tees Valley was 3,400; 29% (1,007) of the businesses were registered in Stockton. The business registration rate is one part of the picture, and in order to provide a more realistic position we would aim to know Stockton's net position (business births minus business deaths). During the period February to December 2015 Stockton had 933 registrations; 654 de-registrations = **279 net new active companies**.<sup>5</sup>

### BUSINESS SURVIVAL RATES

19. **Figure 7** shows the one-year survival rates of businesses by their year of the birth (registration). From a decline in 2010 to 89%, there was a significant rise in survival rates to 94.5% in 2011 and 92.6% in 2012, which represents an increasing trend over time. This is consistent to the trends being seen in Tees Valley, which at 2012 had a 1-year survival rate of 93.2%.

20. Of note is that Stockton has out-performed the North East over the 4-year period from 2009, and the national rate for the last 5 years.

<sup>5</sup> ONS/TVU analysis. There have been more registrations than de-registrations since 1<sup>st</sup> Feb 2015, with the total stock of active companies registered in Stockton increasing by 279 from 5,634 on 1<sup>st</sup> Feb 2015 to 5,913 on 1<sup>st</sup> Jan 2016

**Figure 7 – One-year survival rates of businesses by year of birth**

Source: ONS Business Demography / TVU

21. By way of comparison, in 2011 the proportion of businesses surviving two-years after registration in Stockton exceeded rates seen during the recession in 2008 (78.3%). Stockton's rate is also higher than those seen in Tees Valley (76%), North East (75.3%) and Nationally (75.6%).

## JOBS

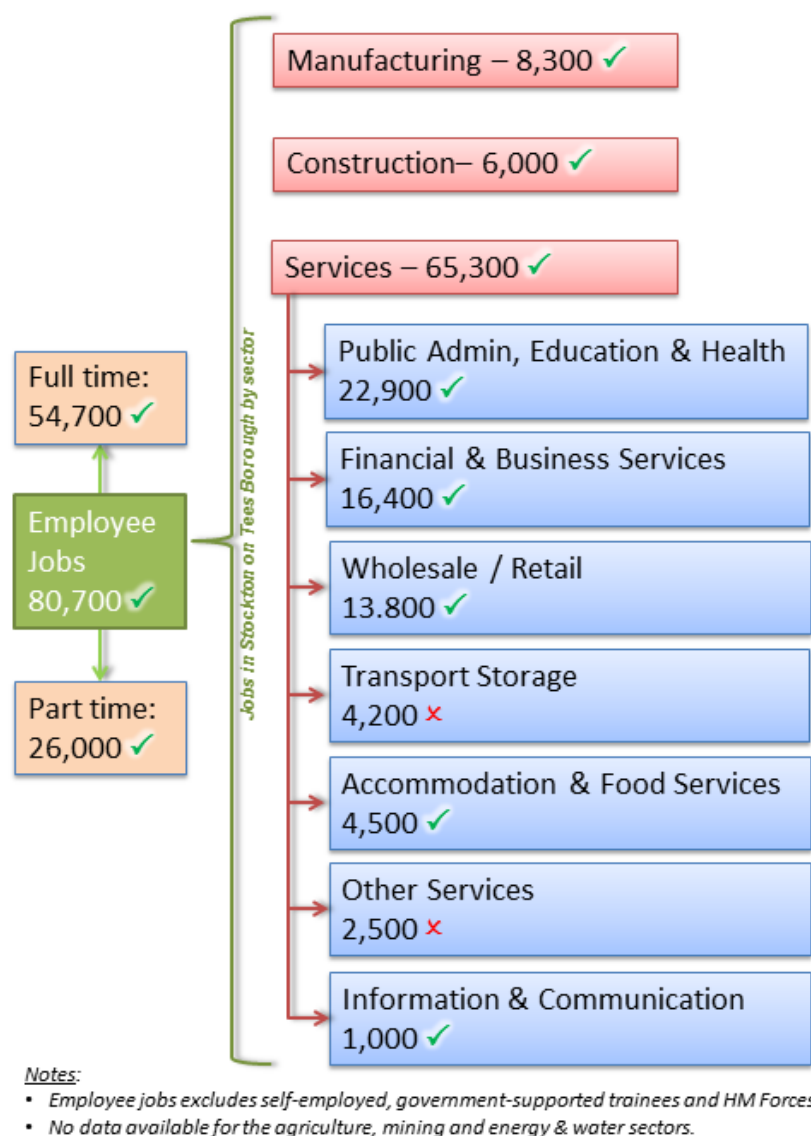
22. There are a few ways to present information on jobs within the Stockton economy:

- Total jobs
- Employee jobs (Total jobs but excludes those that are self-employed, Government supported trainees and HM forces. Some of these jobs could also be vacant waiting to be filled).

23. In 2014, there were a total of 80,700 jobs in Stockton (**Figure 8**); 68% of which were full-time and 32% were part-time. The total number of jobs has increased by 4% (+3,200) since the same time in 2013.

24. The jobs in the three broad industry sectors of Manufacturing, Construction and Services have all increased over the same time, and there is little change to the proportion that the total jobs in each of the sectors represents – Services (81%), Manufacturing (10.2%), Construction (6%).

25. When a more in-depth analysis is undertaken to review the various sub-sectors of the Services industry, both 'Transport and Storage' and 'Other Services' have seen reductions in total job numbers.

**Figure 8 – Jobs<sup>6</sup> (2014) – Stockton-on-Tees**

Source: ONS, Business, Register and Employment Survey

## LABOUR DEMAND

26. In contrast to the figures highlighted above the jobs density figures represent the ratio of ‘total jobs’ to the population aged 16-64<sup>7</sup> (**Figure 9**). This is a workplace-based measure of employment and is a good indicator of labour demand and whether there are a sufficient number of jobs available in the Stockton economy to provide opportunities for the number of residents of working age<sup>8,9</sup>.

<sup>6</sup> Employee jobs are ones held by an employee or which are vacant, waiting to be filled. An employee may hold more than one employee job, e.g. two part time jobs. The job numbers quoted are in relation to Stockton residents.

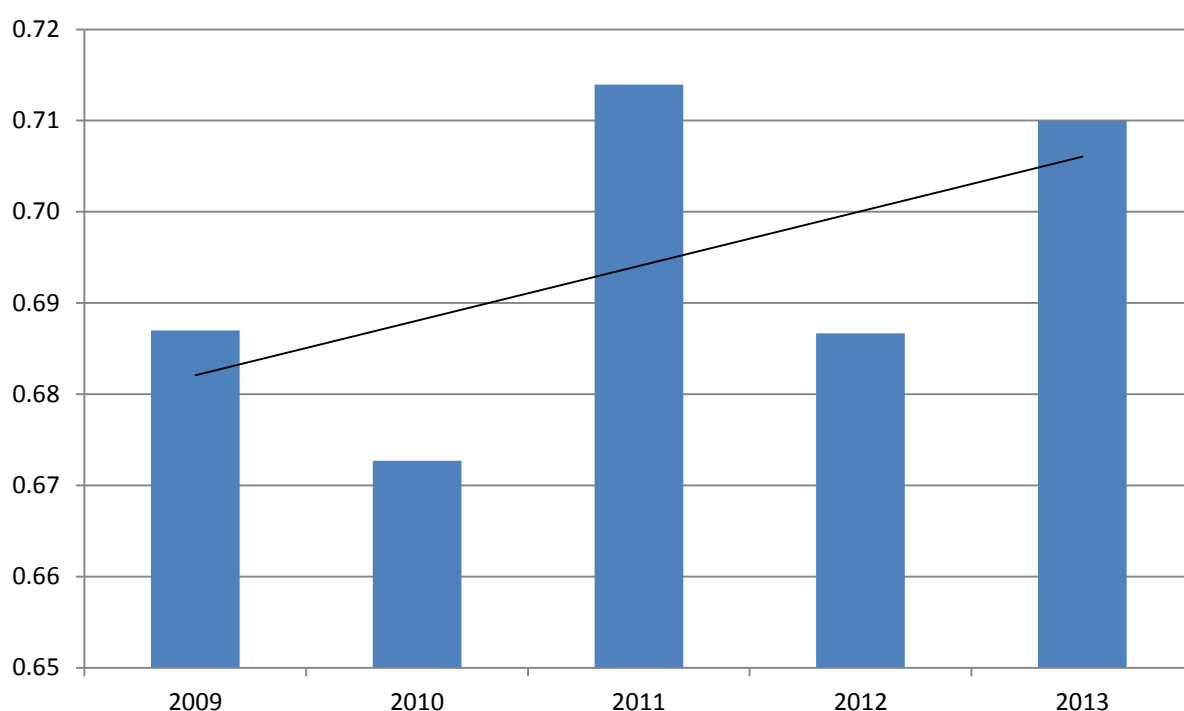
<sup>7</sup> 1.0 equates to one job available for every resident of the working age population

<sup>8</sup> ‘Total jobs’ includes employees, self-employed, government-supported trainees and HM Forces

<sup>9</sup> It should be noted that not all residents of Stockton work in Stockton, and the wider travel to work area there is a wider travel to work area across the Tees Valley.

27. Currently at 0.71, there has been little change over the past five years in the Stockton ratio, and although there is an increasing trend evident since 2009, with 3,000 more jobs available since then, the optimum position would be that there remained in place a high number of jobs that continued to increase over time. The increase in job density rates that can be seen in 2011 and 2013 are due to large increases in jobs from the previous year in combination with either small population increases or decreases.
28. In 2003 the rate was 0.70; dropping to a low of 0.67 in 2010. As a local comparison the Tees Valley job density rate is currently 0.68. Between 2003 and 2007 the rate was 0.70 or above, peaking at 0.72 in 2005, however since 2008 it has fluctuated between 0.66 and 0.68.
29. Of note is that Stockton's position has remained above the North East since 2001, and has remained at or less than 0.1 percentage point below the national rate since 2001. Both the North East region and North East LEP rate is currently 0.68, which peaked at 0.72 in 2005, and comparing some other northern city economies, Stockton's job density rate exceeds both Liverpool and Sheffield (0.68), and is only 0.06 percentage points behind Greater Manchester and Leeds (0.77).

**Figure 9 – Jobs Density (Stockton-on-Tees)**



Source: ONS – Jobs Density

30. The Census provides the largest survey of residents and includes information on residents' employment status, i.e. if they work part-time, full-time, or are self-employed. Of note is that in 2011 there were 13.6% more residents working full-time than there were in 2001. This is consistent with the Tees Valley trend, however, is almost double the increase seen nationally.
31. Part-time employment has increased by 7.9% over the same time period, and again this is higher than national rates, albeit to a lesser extent than for full-time employment.

## CASE STUDY – STOCKTON FOOD & DRINK COMPANIES

Official statistics show that the number employed in the food manufacture sector in Stockton was around 1600 in 2012 but that this had reduced in the years prior to that. The sector remains important in the local economy as it is 1.6 times more prevalent in terms of employment in Stockton than nationally. Drinks manufacture is also an important sector when compared to the national position; although this is predominantly due to one large company in the Borough. There has recently been some significant investment made by companies in these sectors within the Borough, many of which produce products under well-known food and drink brands. Examples of the range of food and drink production related businesses in Stockton are given below. Most of these companies are located within the primary employment locations in Billingham, Thornaby and Eaglescliffe as set out in the previous Place themed economic climate report.

**Quorn Foods** is one of the fastest growing food producer companies and has a production site in Billingham where the raw protein product is produced in a fermentation process. The company saw 7% growth per year for the most recent two years which boosted sales to £150m in 2014. The company exports its products to 13 countries. The business has recently invested £30m in a third fermenter at Billingham to increase production by 50% to enable increased international expansion. Quorn is a fast-growing global health brand and the company aims to be the world leader in meat alternatives. Whilst the company was sold in late 2015 the HQ will remain in Stokesley. The company employs about 600 people in total including around 60 at Billingham.

Another food manufacturer is **KP Snacks**, located on Cowpen Lane Industrial Estate in Billingham, which is now part of the Intersnack group. It is a major employer in the area with 719 people employed at the factory which makes some of UK's most recognised snack brands, including McCoys and Pom-Bears. The Billingham operation has expanded following a £25m investment over the last three years and there is an ongoing programme of refurbishment of the factory with a further £5m investment planned this year.

**Country Valley Foods** is a family owned catering butcher and food wholesaler operating in the north of England. It supplies some of the area's best restaurants and includes Middlesbrough Football Club, Rockliffe Hall and restaurant Muse among its clients. The company has relocated its HQ and production facilities from Darlington to Billingham. It has invested £2m to purchase a unit adjacent to its existing unit at Leeholme Industrial Estate and build offices and production facilities to increase production space six times. The new facility is 36,500 sq.ft and includes a specialised dry aging room lined with Himalayan rock salt to produce beef matured up to 100 days to meet the demand from the higher end of the market, this is unique to the area. This is a labour intensive business and currently employs around 100 staff and has plans to create up to 40 jobs in production and sales this year. Fresh meat production as well as poultry and burger manufacturing will all increase and sausage production is expected to increase 10 fold to 30,000 kilos per week and there are plans to add a bakery to produce its own baked products. The company has received a Let's Grow Grant to support its growth. The Council's Business & Enterprise team is working with TV Business Compass to help the company access SSI Task Force funding, this is to assist with gaining the accreditation required to bid for national contracts and facilitate further expansion plans. The company hopes it will see it double its £19m turnover in the next five years.

Other large food production companies include **SK Chilled Foods Ltd** which has its headquarters, a distribution centre and product development kitchen at Wynyard and operates from three sites, including in Middlesbrough. It specialises in ethnic frozen snacks and meals. The business turnover is listed at £53 million with over 600 employees. County Style Foods which is a £160m turnover business employing about 1,500 across several sites including a factory on Preston Farm Industrial Estate. The Stockton facility is a dedicated frozen desserts factory which occupies a six acre site with product development kitchens, high-care assembly lines and packaging facilities along with a 3,000 pallet automated cold store and employs 100 permanent staff plus an additional 60 agency staff at peak times. These businesses are suppliers to most of the major supermarket chains.

The major drinks manufacturer in the Borough is **Tata Global Beverages** on Durham Lane Industrial Estate at Eaglescliffe. It is Europe's largest Tea factory (220,000sq.ft.) and employs approx. 350 staff at the site. The factory produces all types of Tetley Tea bags including black tea and speciality teas. The company has seen a reduction in turnover in the last few years and this has led to the plant reducing staff numbers, although it has seen investment in machinery to improve efficiency.

**RSM Solutions (NE) Ltd** is a smaller bespoke contract drinks manufacturing and bottling company also based at Durham Lane Industrial Estate in Eaglescliffe. The company also has the 'Lion's Den' beer and wine shop in Yarm and a microbrewery and contract bottling facility at the Cameron's brewery site in Hartlepool. The business has been awarded a Let's Grow grant for a new investment that will create 10 new jobs.

Liz Ramshaw runs her home based business '**Gingerbread Mam**' producing a range of ginger based products including ginger wine and ginger cake. It is well known as a regular attendee at specialist markets and festivals in the North East and North Yorkshire, including Stockton's Christmas Sparkles market. Liz also supplies to some high end retailers including Fenwick's. The growth in demand for ginger wine has reached a level that has led to the business to make contact with RSM Solutions for bottling following an introduction by the Council's Business & Enterprise Team.

In addition to food and drink production facilities, Stockton is also home to a number of businesses that support or supply the food and drink industry. Examples of such companies include John Harrison (Stockton) Ltd, known as **Harrison Packaging**, which was founded in 1882 and is one of Europe's longest established independent suppliers of printed cartons. It has grown steadily from its original base on Portrack Lane to a bespoke unit on Teesside Industrial Estate, where they have also since taken additional space. The company employs 129 staff and is continuing to invest in new machinery in order to stay competitive in the market place. It supplies packaging for a number of major food brands such as Typhoo tea and Quorn Foods who are referred to earlier.

**Direct Line Supplies Ltd** relocated from Middlesbrough to Teesside Industrial Estate in 2014 in order to expand the business operation and invested £1.5m. The business is a distributor of catering food products primarily servicing the North East region. It has seen steady growth in both turnover and employment over the last few years with turnover now at £25m and employment at 61 staff. The business is looking at further investment to increase efficiency and also to recruit further staff during 2016.