

# LOCAL ECONOMIC ASSESSMENT 2017

DRAFT



Stockton-on-Tees  
BOROUGH COUNCIL

Big plans, bright future

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TWO-PAGE AERIAL IMAGE

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**STOCKTON-ON-TEES  
IS DRIVING  
ECONOMIC GROWTH  
AT THE HEART OF  
THE TEES VALLEY**

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## EXECUTIVE SUMMARY

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*Supporting economic growth and development is a key priority for Stockton-on-Tees Borough Council, and in order to do this we must define the Borough's economic growth needs based upon a sound understanding of its existing and future position*

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## STOCKTON-ON-TEES

**S**tockton-on-Tees is a Local Authority in the North East of England. The Borough is bounded by Darlington to the west; Middlesbrough and Redcar & Cleveland and Hartlepool to the east and these 5 Local Authorities form the Tees Valley Combined Authority area. The Borough is also shares a boundary with County Durham to the North and Hambleton to the south.

Tees Valley has a population of 666,237; of which 194,803 (29.2%) live in Stockton-on-Tees, making it the largest Local Authority in Tees Valley by population size.

Stockton-on-Tees' commuting patterns<sup>1</sup> indicate that over half (44,347) of employed residents live and work in the Borough, with the addition of 7% who are classed as homeworkers, 7% have no fixed workplace, and 1% work offshore. The remaining employed residents work outside the Borough. Middlesbrough was the destination with the highest number of Stockton-on-Tees commuters followed by Redcar and Cleveland.

Over a third of the Stockton-on-Tees' workforce originate from outside of the Borough; with Middlesbrough the most common destination of origin for commuters who work in Stockton-on-Tees.

Stockton-on-Tees covers 20,393 hectares, and has 84,990 homes. The principal settlements are Stockton, Billingham, Thornaby, Ingleby Barwick, Norton, and Yarm.

As an economic asset, the River Tees courses through the Borough and sustains a variety of uses; from a working river upstream; a leisure destination; and forming part of the tranquil green corridors. This is an example of one of many environmental assets and green infrastructure.

Stockton-on-Tees benefits from good access to the strategic road network – A1M, A19, A66 and A67 – and a network of bus routes that provide frequent services to connect residents to work and leisure destinations predominantly across Tees Valley, and for the movement of goods and services.

There are six train stations in total providing frequent access to destinations in Tees Valley and across the North, and a direct link to London via the East Coast Mainline. The Borough is home to Durham Tees Valley Airport located in the south west and is also linked to Teesport to the east, which is one of the largest ports in the UK.

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<sup>1</sup> ONS (2011) – Census Travel to work information.

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Legend									
	Borough Boundary		Enterprise Zone		Housing Growth Areas		Town Centres		Railway Lines
	Built up area		Employment Locations		Wynyard Sustainable Settlement		Strategic Road Network		River Tees

The Local Economic Assessment analyses characteristics of the local economy to inform a better understanding of the challenges and opportunities associated with economic growth. It takes a comprehensive look at the most up-to-date, publically available statistics and data from a range of sources, and locally gathered information and intelligence.

This Executive Summary highlights the key insights that have been drawn from the analysis that can help to inform Strategy, Policy, and Delivery priorities.

The Assessment has been undertaken against the Chapters of **Business**, **Place** and **People**; recognising them as a series of dynamic and inter-connected factors.

The Tees Valley Combined Authority produces a Local Economic Assessment for the area and the Stockton-on-Tees' Assessment dovetails with that by providing a comprehensive understanding of Stockton-on-Tees' role within the growth of the Tees Valley economy.



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## THIS IS THE STORY OF STOCKTON-ON-TEES .....

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### *STOCKTON-ON-TEES HAS A RESILIENT AND GROWING ECONOMY; PROVIDING A STRONG FOUNDATION FOR TACKLING THE CONTINUING CHALLENGES THAT EXIST*

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**T**he **Business** base is diverse and growing; with a range of industries located in the Borough that support a large number of highly skilled and highly paid jobs. Whilst the Stockton-on-Tees' economy is growing in relation to the value of goods and services produced there still remains a large gap to match the national position.

Manufacturing continues to be important; making up a larger share of the local economy compared to the national position. Growing employment and specialisms in emerging sectors show signs of an economy that continues to diversify and is creating new and higher value jobs.

The **People** who live in Stockton-on-Tees are integral to its continuing success, so the importance of providing equality of opportunity for them to live happy, healthy and fulfilling lives is fundamental. A large number of residents are highly skilled and can access employment opportunities. Compared to the national picture, there are some measures relating to the economy and labour market where Stockton-on-Tees out-performs the national average, but in other measures there is room for improvement. In considering the more local context, Stockton-on-Tees' performs strongly when compared to Tees Valley and the North East.

Within Stockton-on-Tees there is a contrast between different parts of the Borough; with areas of both relative high affluence and high deprivation. The

variations in deprivation within Stockton-on-Tees are reflective of its diversity as a **Place**; with large urban areas contrasting with more rural villages. There are also contrasts between older areas that emerged as a result of the industrial heritage of the area, and newer areas that have been developed in more recent years.

There is a good supply of attractive land and sites for investment, and a range of quality business accommodation to meet the needs of start-up, new, and expanding businesses, with rateable values at highly competitive prices.

People's access to employment and services is good as a result of improving road, rail and communications networks, which also enables businesses to access the skills in the local labour market, and enable the efficient supply and movement of goods and services within the economy.

The Borough's green infrastructure and environmental assets support the quality of life of its residents as well as attracting people to the area, to live, work, visit or do business. These assets include, for example, large areas of accessible open space, together with other areas of natural and semi-natural habitat, the River Tees, a network of cycleways and public rights of way, which collectively go towards making the Borough a highly attractive place.

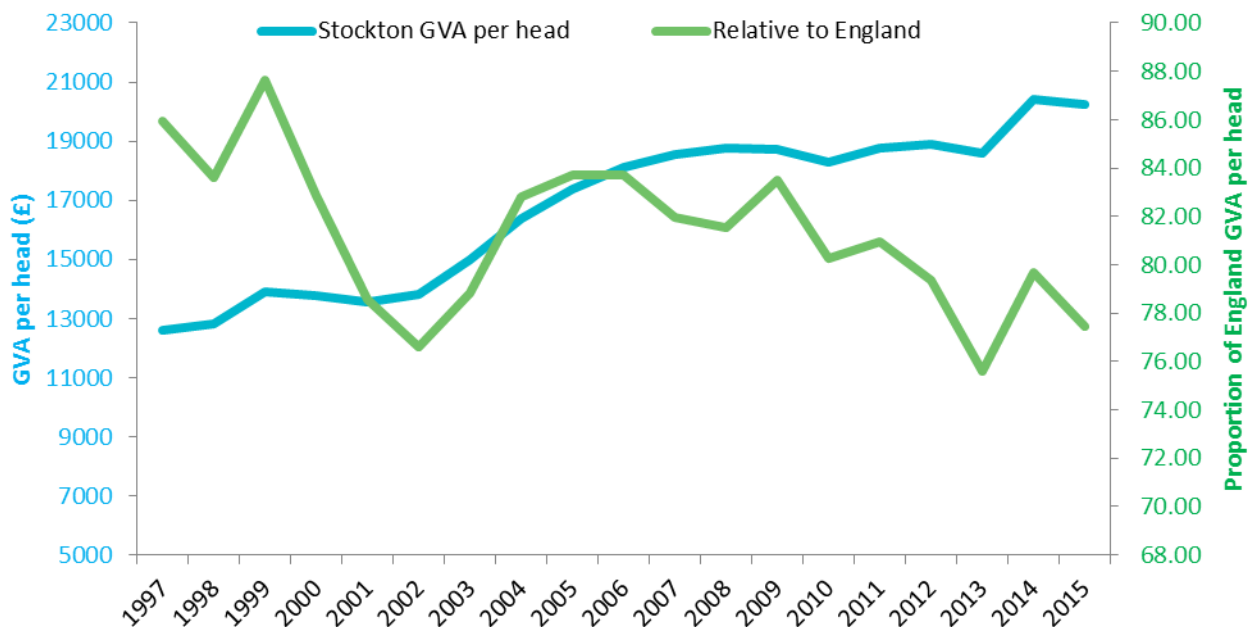
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## BUSINESS

**The long-term trend in economic recovery has generated strong growth in jobs.** The Stockton-on-Tees' economy supports 94,000 jobs and contributes £3.95bn to the national economy (**Figure 1**).

Over the last 20 years economic output per head of population has steadily increased to £20,257, however since 2006 the Stockton-on-Tees' position against the figure for England has steadily declined, and in 2015 was 77.4% of the England figure.

**FIGURE 1: GROSS VALUE ADDED PER HEAD OF POPULATION IN STOCKTON-ON-TEES AND PROPORTION RELATIVE TO ENGLAND GVA, 1997 TO 2015**



[Source: ONS - Regional GVA\(I\) by local authority in the UK](#)

**Manufacturing continues to be important,** and made up 16.4% of the total economic output in Stockton-on-Tees in 2014 compared to 9.8% in the UK.

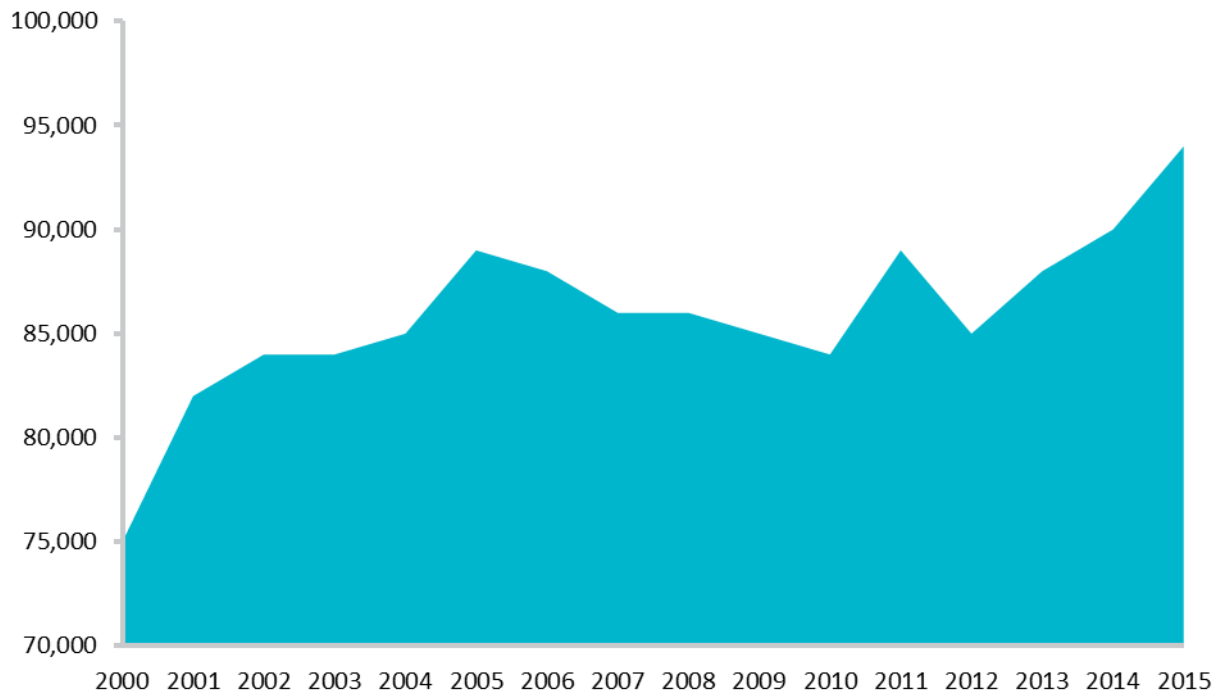
The Manufacturing sector contributed £647m in economic output in 2014, which is the highest figure in 15 years.



Since 2010 the number of jobs has increased by 10,000, which is the highest number recorded since records began (Figure 2).

At 11.9%, the five year jobs growth in Stockton-on-Tees is higher than that seen in the North East (8.1%) and the UK (9.5%).

**FIGURE 2: NUMBER OF WORKPLACE JOBS IN STOCKTON-ON-TEES, 2015**



[Source: NOMIS - Jobs Density](#)

**There has been strong growth since 2011 in the number of businesses located in Stockton-on-Tees, although there are still fewer businesses per head of population than nationally.** With 5,445 active businesses in 2016 it represents higher growth than the rate in the North East and across the UK.

**Businesses are more resilient in Stockton-on-Tees than elsewhere,** with more than 9 in 10 businesses that started in 2014 still trading after their first year, and more than 4 in 10 of businesses still active after 5 years. Stockton-on-Tees' figures are higher than the Tees Valley, North East and National averages.

**Business births have outnumbered closures for five consecutive years,** which has resulted in accelerated growth in the stock of active businesses in the Borough. There was twice the number of business start-ups in 2015 than there were in 2010.

**The majority of businesses employ less than five people;** with almost 8 in 10 having up to 4 employees in 2016, which is consistent with national figures. However, in Stockton-on-Tees the proportion of active enterprises employing more than 50 people is higher than in the UK.

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**There has been significant growth over the past five years in the number of businesses in the 'Professional, Scientific and Technical' sector** with 530 more businesses than in 2011. This broad sector accounts for more than 1 in 4 businesses, followed by 'Construction', 'Business Administration and Support Services' and 'Retail'.

**The 'Health' sector employs 11,400 people or nearly 1 in 8 of the total employment in Stockton-on-Tees followed by the 'Professional, Scientific and Technical' and 'Manufacturing' sectors each making up around 1 out of every 9 jobs in the workplace.** These three sectors have grown over the last five years; with employment in the 'Professional, Scientific and Technical' sector being particularly strong; increasing by more than 50%.

**The Stockton-on-Tees' economy contributes to all seven of the Tees Valley Combined Authority's priority sectors,** with jobs growth being seen across all except for 'Process, Chemical & Energy'. However, the concentration of employment in this sector in Stockton-on-Tees equates to the highest proportion of Tees Valley employment for a priority sector.

**Key broad sector specialisms in Stockton-on-Tees include 'Construction' where employment is 50% more concentrated than in England.** The 'Professional, Scientific & Technical' and 'Manufacturing' sectors have higher employment concentrations than in Tees Valley. A key specialism in Stockton-on-Tees is in a sector called 'Architectural and Engineering Activities'. It employs 5,500 people, and is 3.6 times more highly concentrated than nationally.

**Innovation, Exports, and Foreign Direct Investment (FDI) are all important to the Stockton-on-Tees economy.** With one in four North East jobs associated with the 'Manufacture of Chemicals and Chemical Products' located in Stockton-on-Tees it is assumed that the local economy makes a significant contribution to the North East export total of £2.6bn in 'chemical products'. Over the past twelve years Stockton-on-Tees has attracted thirty FDI projects.

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**STOCKTON-ON-TEES PROVIDES AN ATTRACTIVE LOCATION FOR BUSINESS INVESTMENT WITH LOW VALUE COMMERCIAL PROPERTY VALUES, AND HOUSE PRICES WELL BELOW THE NATIONAL AVERAGE**

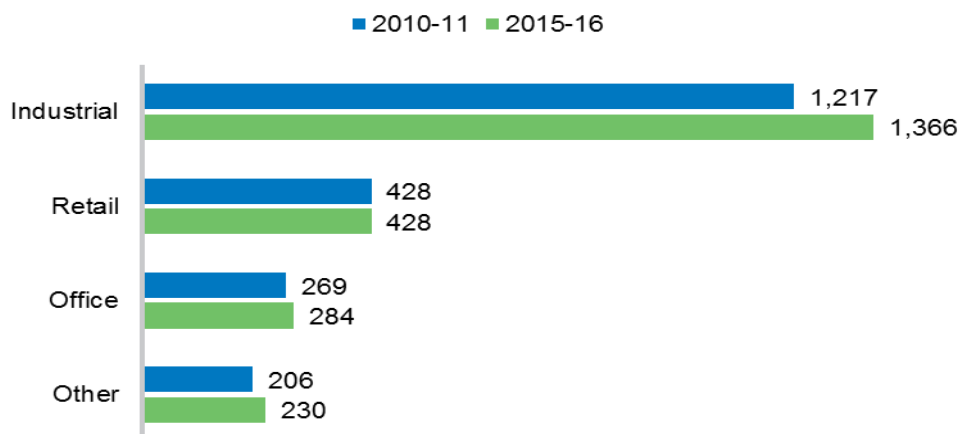
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## PLACE

**S**tockton-on-Tees is a place to do business and a place to work with 5,450 commercial properties; representing growth in commercial floorspace and premises over the past five years. The growth in commercial floorspace has been primarily driven by an increase in 'industrial' floorspace (**Figure 3**), with 12.2% more than in 2010. Local intelligence suggests that floorspace that is available for this use is becoming limited.

'Industrial' units by their very nature are large and make up 59.2% of all rateable floorspace in Stockton-on-Tees, which is higher than in Tees Valley and England. 'Retail' units make up 18.5% of floorspace in Stockton-on-Tees. This has not grown since 2010 despite growth nationally. Both 'office' and 'other' floorspace have grown in the last five years; similar to trends witnessed in Tees Valley and across England.

**FIGURE 3: COMMERCIAL FLOORSPACE (SQ.M), 2010-11 TO 2015-16**



Source: Valuation Office Agency (2016) – Non Domestic Rating: Business Floorspace 2016 figures

**Stockton-on-Tees is a place to live** with a growing housing stock and with house prices well below the national average. In March 2017 house prices in Stockton-on-Tees were £132,826 compared to £232,530 nationally. The size and type of housing varies greatly across the Borough and this is reflected in the range of house prices at Ward level from £77,500 to £365,000.

**Housing is more affordable in the Borough than in England.** The average house price in Stockton-on-Tees is 4.99 times the average income, which compares to an 'affordability ratio' of 7.16 times in England. The affordability of housing differs within the Borough as it is dependent on incomes and house prices, which vary.

**Stockton-on-Tees is a place to shop, eat, drink, and visit,** with a diverse range of town centres, high streets and other shopping areas supporting retail uses and a growing evening and leisure economy. Cultural, heritage and leisure assets and events are also increasingly important to the success of our main Centres.

**Stockton-on-Tees is well connected.**

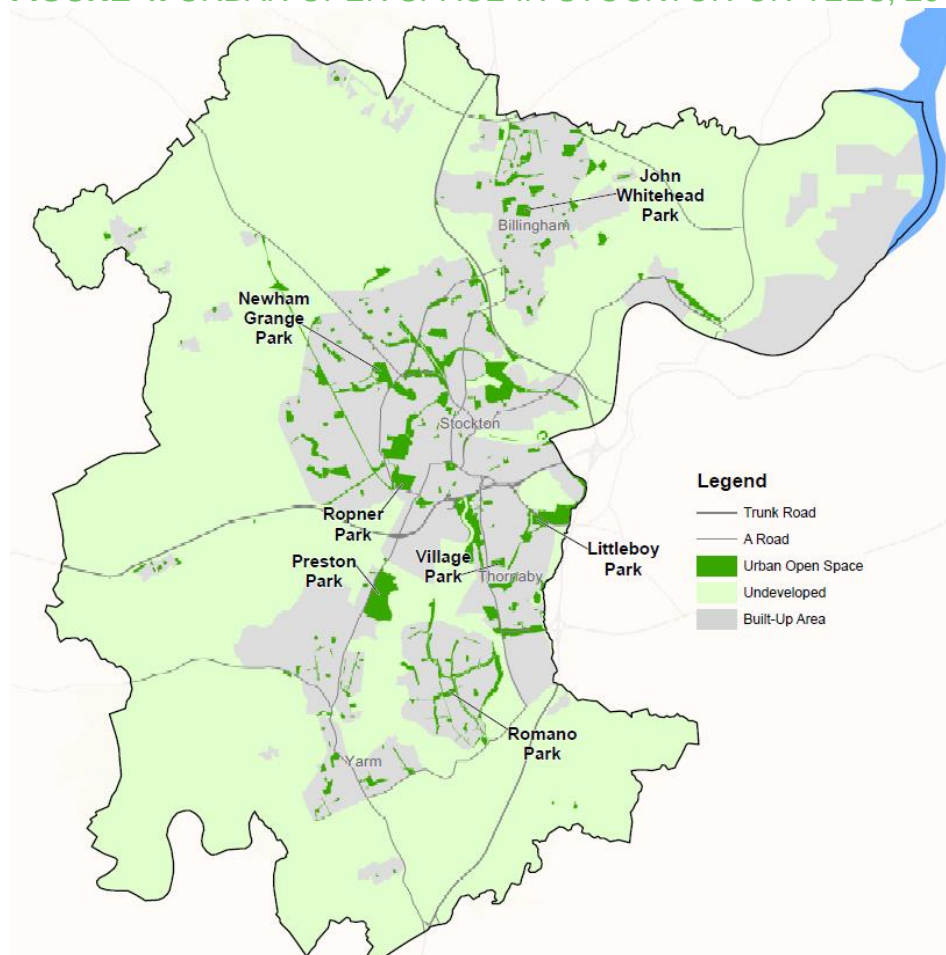
The Borough is in close proximity to the national road network via the A1(M), A19 and A66.

There are faster journey times on the ‘A’ roads across Stockton-on-Tees than nationally, and rail passenger numbers at the six stations in the Borough have continued to increase since 2011. More than nine in ten households in the Borough have access to superfast broadband, and Stockton-on-Tees is in the top 15% of all Local Authorities nationally for average broadband speeds.

**Stockton-on-Tees is a place to enjoy** and

has a diverse range of high quality open space and green infrastructure in both rural and urban areas that provides clear benefits for residents’ quality of life and in providing attractive settings for new and existing businesses and development **(Figure 4)**. There are over 600 hectares of publically accessible open space across the Borough that includes parks, recreation grounds, amenity green spaces, green corridors, allotments and cemeteries.

**FIGURE 4: URBAN OPEN SPACE IN STOCKTON-ON-TEES, 2017**



Source: Stockton-on-Tees Borough Council - © Crown Copyright and database right 2017 Ordnance Survey 100023297

**Stockton-on-Tees is sustainable.**

Stockton-on-Tees has consistently good air quality compared to national objectives. CO<sub>2</sub> emissions have declined faster than the UK, but per capita emissions remain above the national average. Three quarters of emissions in Stockton-on-Tees are from ‘industrial and commercial’ uses which is a considerably higher share than national figures.

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**THE POPULATION IS GROWING, HOWEVER THE NUMBER OF RESIDENTS OF WORKING AGE IS FORECAST TO DECLINE.**

**THERE ARE STRONG RATES OF ECONOMIC PARTICIPATION, BUT THERE IS A RISK THAT SOME ARE BEING LEFT BEHIND.**

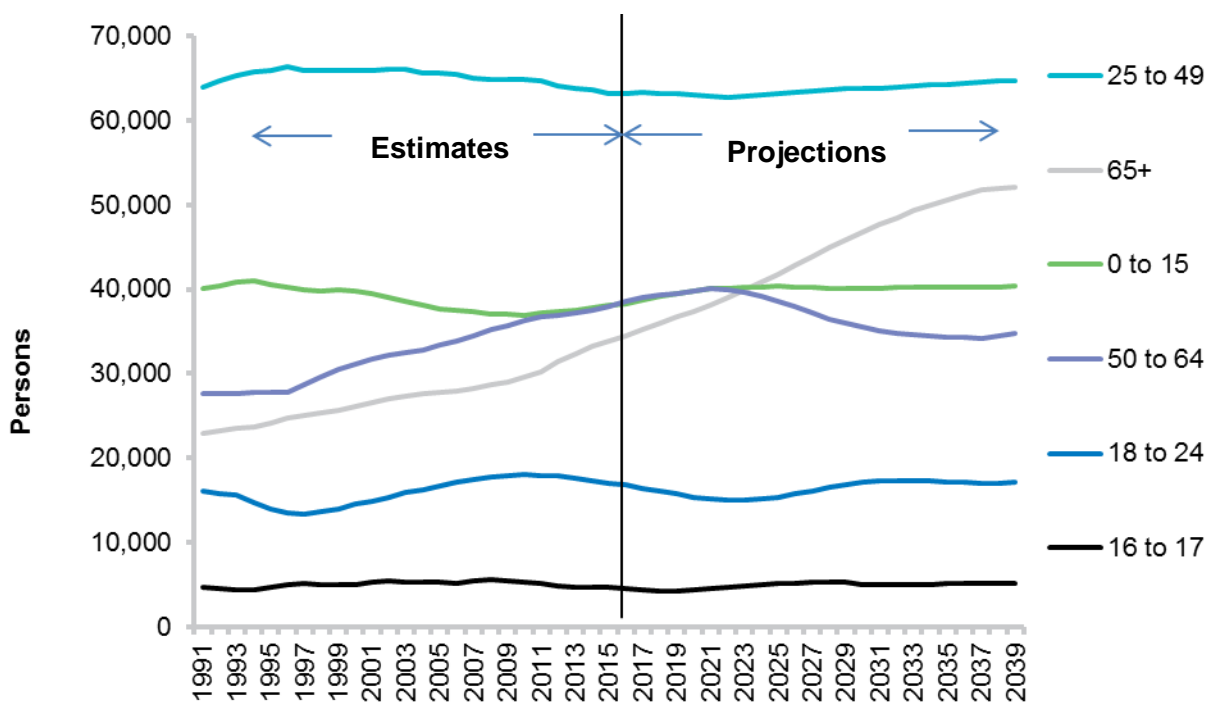
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## PEOPLE

**S**tockton-on-Tees has a growing population. The total population of the Borough is forecast to increase from 194,803 to 211,005 people by 2039; a change that will be driven primarily by an increased 65+ population (**Figure 5**). This age group is forecast to continue to grow over the next 25 years - increasing by 54.0%.

Those residents aged 16-64 (commonly known as the 'working age' population) in mid-2015 numbered 122,849. This position has fallen from a peak in 2011 and is forecast to fall further to a low in 2033 to 120,878.

**FIGURE 5: POPULATION BY AGE OF STOCKTON-ON-TEES RESIDENTS FROM 1991-2015 COMBINED WITH THE LATEST POPULATION PROJECTIONS, 2016 TO 2039**



Source: ONS - (Mid-2015) Population Estimates and (Mid-2014) based Population Projections

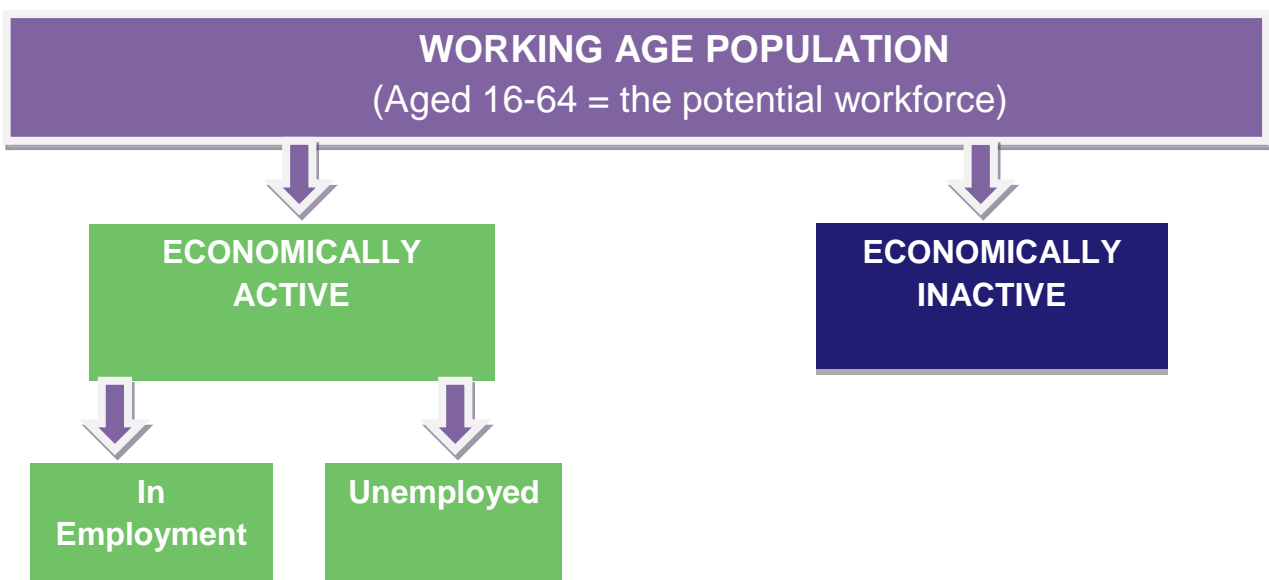
**Almost three quarters of the working age population are economically active with the vast majority in work and the rest actively seeking work (unemployed).** It is estimated that over a quarter of working age residents are not actively seeking work. The main reasons for this in Stockton-on-Tees are as a result of study, followed by long-term sickness, looking after family/home and retirement.

People who are inactive and people who are unemployed may require support in the form of 'out-of-work' benefits and other benefits (such as carers allowance and disability allowance).

**The number of people claiming 'out-of-work' benefits has fallen in Stockton-on-Tees,** which suggests higher labour market participation and a reduced reliance on financial support from the state amongst residents.

In November 2016 the number of residents claiming 'out of work' benefits was 14,322, which is an historic low since records began in 1999. 'Employment and Support Allowance (ESA)' and 'Incapacity Benefits' make up the majority of claimants although this is reducing.

**FIGURE 6: STRUCTURE OF THE WORKING AGE POPULATION, 2016**



Source: ONS Annual Population Survey – Year ending December 2016

**Average incomes are higher than regional but lower than national figures.** There are variations within the Borough as well. At £522.70, the weekly earnings for a resident working full-time in Stockton-on-Tees are £16.00 less than the UK figure, but £30.50 higher than a North East resident. However, the lowest earning 10% of full-time workers only earn £295.70 per week.

**There are disparities and health inequalities across the Borough.** These are related to variances between Wards and within Wards in terms of health, incomes, deprivation, and the need for adult social care and other support.



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**Across the period 2012 to 2016, Stockton-on- Tees Borough Council provided on average 17,085 instances of adult social care; with 23.3% of this being provided to people aged 18-59.**

Adult social care services were delivered to all areas, but more was delivered to those areas with higher deprivation.

**Being in good employment has clear links to good health and wellbeing.**

**Conversely, unemployment can contribute to poor health.** Therefore maintaining a strong economy with an adequate supply of high quality, highly paid and sustainable jobs is of critical importance.

**This is evidenced by the fact locations with a higher need for adult social care are the ones with poorer health, lower employment levels and lower incomes and lower skills levels.** As skills and qualifications are a key element to achieving higher incomes it is encouraging to see improvements in the skills profile of the Borough.

**Residents' skills and qualification levels are high and increasing.** In the last ten years the proportion of the population with a higher level qualification has grown from 25.4% of the working age population to 36.7%. This growth in the skills profile of the Borough will become ever more important as employers will demand a highly skilled workforce in the future.

More than a third of Stockton-on-Tees' residents work in roles associated with higher skills levels and qualification requirements; with many of those residents forecast to retire in the near future, which would potentially leave skills gaps within the economy.

The learning and skills infrastructure in Stockton-on-Tees and the wider Tees Valley will enable those in education to

achieve the skills and qualifications required in the labour market, and there is evidence to suggest great progress is already being made.

**In Stockton-on-Tees the highest ever proportion of 16-18 year old school leavers are known to be in education, employment and training at 92.7%, which exceeds the national rate of 87.4%.**

Up-skilling of the existing workforce and provision of work-based training are key to ensuring residents have the skills to acquire the new and replacement job opportunities that are forecast for the Borough, and match employer needs.

**The latest figure of 2,770 is the highest number ever recorded in Stockton-on-Tees for apprenticeship starts.** Higher level apprenticeship starts continue to increase year on year, but still make up only 6.5% of all apprenticeship starts.

**Skills are important in ensuring those seeking work are employable and can access the opportunities on offer.** With record low numbers of residents claiming 'out of work' benefits and a continuing rise in the proportion of residents with higher level qualifications the positive trends seen in the Stockton-on-Tees local labour market are likely to continue.

Recognising the insights that the figures and analysis outlined in this document form, the evidence base will help to inform strategies that aim to further improve the economy of Stockton-on-Tees and the quality of life of its residents, including but not limited to, the [Economic Strategy](#) and [Growth Plan](#), the [Joint Health and Wellbeing Strategy](#), the [Children and Young People's Plan](#) and the [Adults' Strategy](#).

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**STOCKTON-ON-TEES IS A PLACE WITH AN EXCITING FUTURE ...**

