

# Economic Climate Report – Business

## ECONOMIC DASHBOARD

The table below provides an update on the latest estimates and annual changes for a range of indicators relating to Stockton-on-Tees as a 'business'.

Annual changes show the difference between two points in time and may not give an accurate indication of the overall or long-term trends. Most indicators are analysed further in the [Local Economic Assessment](#) and readers are advised to consult this for further information.

Changes are colour coded as follows:







= Trend considered positive






= Trend considered negative



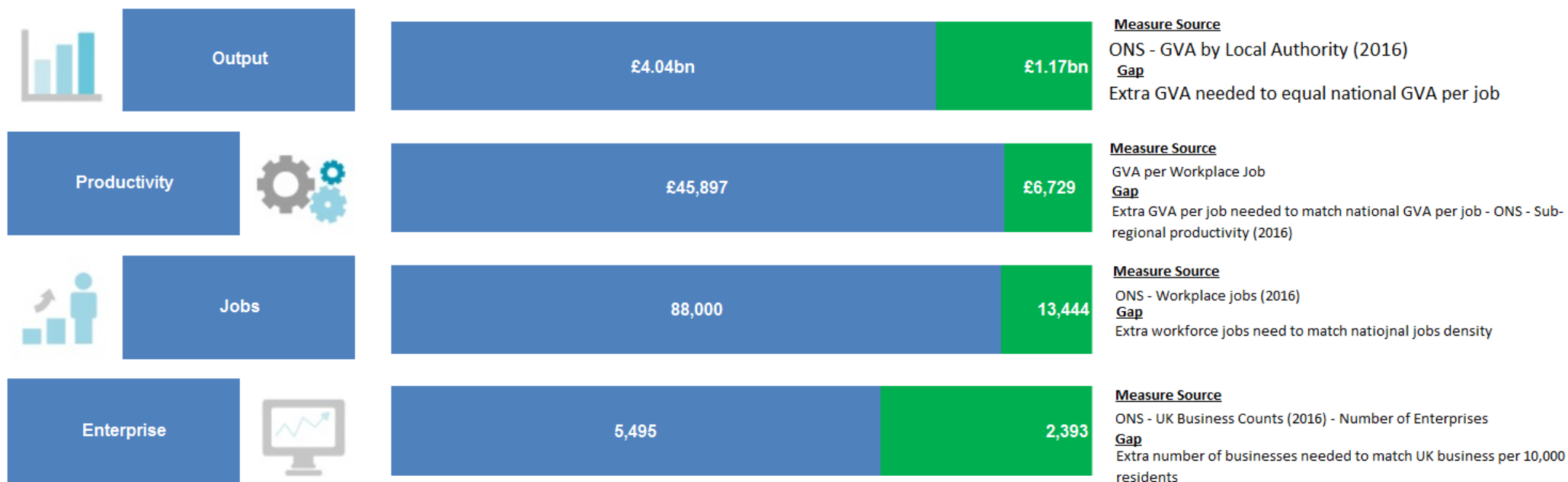
= Trend considered neutral or not significant

Business		
<u>Business</u>		
Data Set	Headline Figure	Annual Change
<b>Business Density</b> A measure of number of businesses per 10,000 residents in 2017	<b>349</b> (UK = 501)	 Up by 4 (↑1.1%)
<b>Business Start-ups</b> Measure relating to the number of active enterprises in 2016 that weren't active in 2015	<b>880</b>	 Down by 55 (↓5.9%)
<b>One Year Survival Rate</b> Proportion of Enterprises that became active in 2014 that were still active in 2015. Whilst lower than 1 year survival rates for 2013 Births Stockton's figure exceeds national and regional figures.	<b>93.6%</b> (UK = 89.7%)	 Up by 0.2 pp (↑ 0.2%)
<b>5 year Survival Rate</b> Proportion of Enterprises that became active in 2010 that were still active in 2015. Whilst lower than 5 year survival rates for 2009 Births, Stockton's figure exceeds national and regional figures.	<b>47.7%</b> (UK = 44.1%)	 Up by 5.9 pp (↑ 14.1%)

<b>Number of Business</b> Measure relating to the number of VAT/PAYE registered enterprises active in March 2017	<b>5,495</b>	 Up by 50 (↑0.9%)
<b>1 year growth in enterprises</b> Previous measure compared to March 2016	Increase of <b>0.9%</b> (UK – 4.5%)	
<b>5 year change in enterprises</b> Change in Number of Businesses in March 2017 compared to March 2012	Increase of <b>29.4%</b> (UK – 24.2%)	

**KEY GROWTH INDICATORS – POSITION STATEMENT**

The Stockton-on-Tees Economic Strategy 2017 includes a series of seven key growth indicators so that a formal assessment can be made every twelve months of the economic performance of the Borough and its changing position. The indicators relevant to this ‘Business’ thematic report are ‘**Output**’, ‘**Productivity**’, ‘**Jobs**’ and ‘**Enterprise**’.



Compared to the position outlined in the economic strategy the measure of Output, Productivity and Enterprise is now higher and the measure of workplace jobs has decreased. The “gap” has reduced in the “productivity” indicator of GVA per job, which has been driven primarily by a decrease in estimated workplace jobs. The “Output” indicator of GVA reported in the Economic Strategy was revised upwards due to a methodological change and the “gap” has increased along with the gap associated with workplace jobs and enterprises.

## UPDATES

### Strategic Updates

- **Construction work is underway on a £22.3m National Horizons Centre in Darlington set to drive growth in the regional and national bioscience industries through research, teaching and training.** The centre is due for completion in early 2019. It is being established to support the bioscience sector, which includes biologics, biomedical sciences, industrial biotechnology and digital. It will play a key part in driving STEM skills and economic growth in the Tees Valley, through industry-focused education and training and collaborative research and innovation.
- **In the North East Business Awards 2018 (Teesside Heat), 12 companies with a presence in Stockton-on-Tees were nominated for 10 awards, which attracted award sponsorships from a wide variety of companies.** Of the awards where winners were announced at the Dinner held on 22<sup>nd</sup> March, the following Stockton-on-Tees businesses were winners:
  - Company of the Year  
**Quorn Foods**
  - Heart of the Community Award  
**North Star Housing Group**
  - Innovation Award  
**Applied Scientific Technologies**
  - Small Business Award  
**WhiteWash Laboratories Ltd**
  - Tourism & Hospitality Award  
**Wynyard Hall**
- **The Local Enterprise Partnership Brexit Sounding Board meeting was held in March at Teesside University, saw stakeholders and representatives from the business world discuss the future of Tees Valley outside the EU.** Issues raised included the need for transition arrangements to help businesses adjust and prepare for a post-Brexit world, especially small and medium enterprises.
- **Government has confirmed that structural fund money which comes back to the UK following Brexit will be used to create a UK Shared Prosperity Fund. This will replace the current Local Growth Fund and other funds may also be included.** It will be designed to reduce inequality between communities and help deliver sustainable and inclusive growth based on the Industrial Strategy. The Government will consult on the design of this fund later this year.
- **A dedicated destination and marketing website, tourism service and brand have been launched ‘Enjoy Tees Valley’ geared towards boosting Tees Valley’s visitor economy as it gears up to launch its bid for the UK City of Culture 2025.** The initiative has been designed to add £1bn to the Tees Valley economy, create 3,000 jobs and attract 20 million more visitors to the area.

### Business Announcements / Intentions

**The following provides a summary of a number of major business announcements – however is not an exhaustive list of jobs growth or business investment.**

- **SNF Oil & Gas has completed the initial construction phase of the first production line at its new manufacturing plant in Billingham.** The company is currently undertaking a seven-year project and £100m investment to redevelop the 60-acre brownfield site. See case study at the end of the report for further information.

- **Nationally trading conditions on High Streets and Retail Parks are challenging with a number of businesses reporting store closures, profit warnings and insolvency / administration**, key announcements include:
  - **New Look** has announced a company voluntary arrangement seeking to close 60 of its 593 stores in the UK including those located in Stockton and Thornaby Town Centres.
  - **Toy 'r' Us** is to close all of its 100 stores by the end of April, with a total loss of 3,000 jobs. This includes a store at Teesside Park.
  - **Marks and Spencer** has confirmed that none of the Stockton-on-Tees branches are included in their plans to close 14 stores.
  - A number of businesses including **Claire's Accessories**, **Mothercare** and **Carpetright** have announced a series of profit warnings.
  - Nationally difficult trading conditions in the **restaurant sector** including a number of major chains. However, Stockton Town Centre has had recent operators opening, e.g. Finkle and Green, and is working proactively with other operators.
- **Drake the Bookshop** on Silver Street has been shortlisted for the North category of a National Bookshop award 2018 being organised by The Independent.
- **Stockton Council's Learning and Skills** team are offering a free 5-week accredited course starting on 24<sup>th</sup> April called '**Perfect Pitch for Retail**', which provides the opportunity for those wishing to set up their own business as a market trader to learn the key skills required.
- **Waste haulage and recycling company Scott Bros, Haverton Hill, Billingham, is to invest £600,000 in expanding its fleet.** The new vehicles include two skip loaders, a tipper wagon and a low-loader. Scott Bros is also planning to buy two tipper grabs in the coming months.
- **Stockton-on-Tees-based Px Group has acquired the 370-acre Saltend Chemical Park from BP, and 50 jobs have transferred employment to Px.** The Px Group intends to work with existing and new operators to develop and expand the park, which was established in 1914. The complex is home to a cluster of businesses that together manufacture more than a million tonnes of chemical products a year. These are used in everyday items including clothing, paints, pharmaceuticals and packaging.
- **CF Fertilisers has announced investment of £40m to improve infrastructure and production capabilities amongst other things and the creation of 100 temporary jobs at its manufacturing complex in Billingham,** which the company reports is the biggest investment in 20 years. The investment follows after two years of record outputs and builds on the near 100-year heritage of fertiliser manufacturing at the site. CF Fertilisers are the only company manufacturing high quality ammonium nitrate in the UK.
- **Mammoet are moving into a 30,000sq.ft base on Teesside Industrial Estate, Thornaby.** The six acre plant will be home for more than 180 of Mammoet UK's employees. In addition to investing £7.2m into the new facility, Mammoet has spent £26m in the past three years on new mobile cranes and specialist project equipment.
- **GB Belting based at Teesside Industrial Estate has secured two new contracts.** The company was set up 40 years ago and manufactures belting products for the food, automotive and retail industries, and now exports to more than 70 countries worldwide.
- **Teescraft Engineering based on Church Road has bought the entire issued share capital of LH Quarry Plant,** which also includes the acquisition of Baxter Crushers as a wholly-owned subsidiary. Established in 1968, LH Quarry Plant is based on Teesside Industrial Estate and supplies and manufactures quarry plant equipment and employs approximately 40 staff. Teescraft Engineering believes the acquisition will offer the potential for expansion and diversification, plus the ability to take on larger contracts within its current areas of operation.
- **SPIE UK is relocating from Allensway, Thornaby, has taken 4,305 sq.ft of space on the top floor of Advance House, Teesdale on a ten-year lease.** SPIE UK is part of a multi-disciplinary contracting group. SPIE employs more than 3,500 staff in the UK.
- **Forrest Digital has acquired a neighbouring business at Fusion Hive, 'We Are Myrias',** which is a great example of the collaboration and clustering opportunities that exist in the building.

- **Teesside-based engineering services provider Nortech and its Abu Dhabi-based partner Dhabi Contracting have acquired an electrical contracting business in Kent.** STS is based in Maidstone and was previously part of Teesside-based Cordell Group, which went into administration in 2017. The company provides services primarily to new-build construction projects. The acquisition will open Middle Eastern markets to STS, as well as providing opportunities in the South of England for Nortech.
- **VCH Travel is set to open its new digital headquarters in Fusion Hive as its new digital headquarters** after securing funding from the Northern Powerhouse Investment Fund as part of the next phase of its development and expansion. Five new jobs have already been created so far in 2018, taking the VCH workforce past 40, and a further five are set to follow in the next few months.
- **Mobile Mini, with headquarters at Preston Farm Industrial Estate, has reported record results for its UK business.** In the year ending December 2017, Mobile Mini's turnover reached £66.6m, an 11.3% increase on the previous year. Operating from 15 branches across the UK, Mobile Mini now boasts a newly-opened flagship branch serving London and the South East, expanded branches in West Yorkshire and South Wales, as well as improved facilities across the country.

### Strategic Locations

- **Occupancy at Fusion Hive continue to be positive; with an 80% occupancy rate expected by 1<sup>st</sup> April 2018.** Mint Design and Print has recently relocated from Prince Regent Street to the premises.
- **The freehold of Innovation House on Yarm Road, Stockton has been sold for in excess of the quoting price of £1.5m.** The three-storey, modern office building is located on a 3.5-acre site situated very close to the A66.
- **There have been eight property deals in the last year at Falcon Court at Preston Farm Business Park, either sale or lease.** The eight deals include: the sale of the 5,000 sqft Unit 2 to Robert Simpsons Property Consultancy; the sale of Unit 8, comprising 4,874 sqft, to HMH Civils; and the sale of the 10,575 sqft Unit 17 to Jacksons Solicitors. All these deals should complete by the end of April 2018. Falcon Court offers competitive and attractive rents of £8 per sqft.

### Training & Skills

- Tees Valley Combined Authority has organised a **Careers Summit on 23<sup>rd</sup> April** as a strategic planning session to explore areas such as employer engagement and support for schools to achieve the National Careers Strategy intentions.
- **Teesside University** is to receive a share of a multimillion pound national funding initiative aimed at developing new courses to teach future generations. Universities and colleges across the country are **set to benefit from the Higher Education Funding Council for England (HEFCE) Catalyst Fund programme.** In total, £6.1m has been awarded for institutions **to develop new and enhanced higher education courses.** Working with employers, the projects will help provide the skills needed in the future economy and support the aims of the Industrial Strategy. **Teesside University will receive upwards of £160K for a project to help grow the bioscience sector.** The project will be delivered through the National Horizons Centre (NHC). Named **'Powering Growth in the Bioscience Sector'**, the project will see the university work with employers from bioscience and associated industries to develop both formal and informal learning opportunities, meeting the skills needs of larger companies and enabling bioscience SMEs to scale-up and contribute to regional and national economic growth.
- **NETA Training Group** has been named among the finalists for **Best Training Provider in The Welding World Awards 2018**, with winners to be announced in April. The Awards are impartial and independent and are open to any company operating in the welding industry. The aim is to find those that are among the best at what they do. The company's longstanding commitment to meet the current and future needs of industry employers saw the company recently make a further **£75,000 investment into the expansion of its welding facilities at its base off Portrack Lane.** With 10 additional welding bays, kitted out with the latest high tech welding equipment, NETA Training is now able to offer an increased availability to employers looking to train, test and certify their welders to recognised industry standards.
- **Ultimate Grooming Barbershop** has been in operation for 12 months and its workforce has recently doubled to 6, which includes 3 apprentice Barbers.

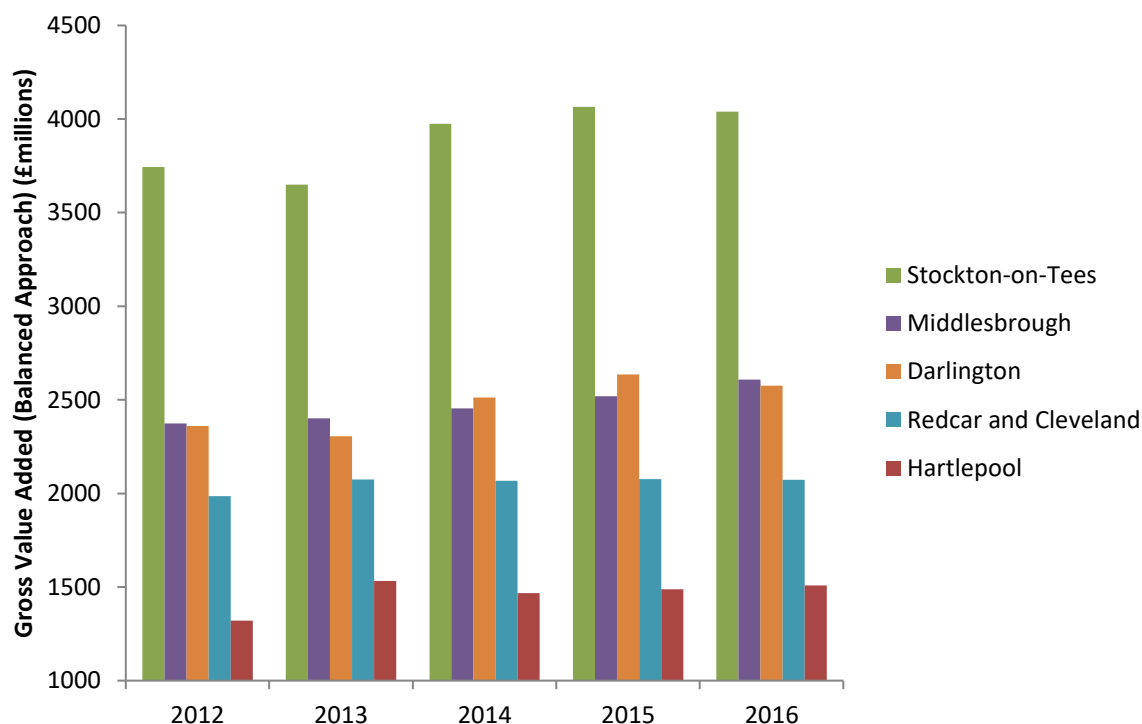
## BUSINESS THEME REVIEW

### ECONOMIC PERFORMANCE

## Economic output in Stockton-on-Tees is over £4 billion and makes up 31.5% of the £12.8 billion output of Tees Valley

1. The total value of economic output of Stockton-on-Tees was estimated to be £4.04bn in 2016 (provisional), which is £394m higher than in 2011; equating to a 10.8% rise (**Figure 1**). Stockton-on-Tees made up 31.5% of the economic output in the Tees Valley,

**Figure 1 – Gross Value Added<sup>1</sup> in the Tees Valley Local Authorities**



[Source: ONS - Regional GVA \(balanced\) in current basic prices by local authority in the UK](#)

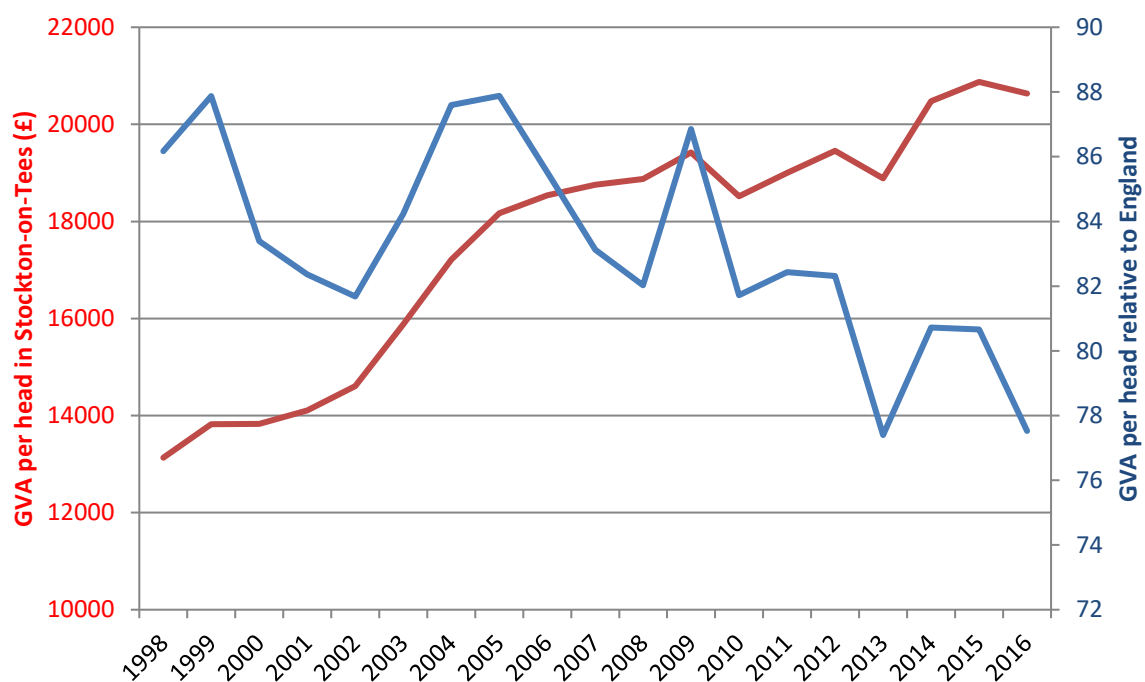
2. Stockton-on-Tees is home to 7.1% of the population of the North East and in 2016 contributed 8.0% of its £51bn economic output. Stockton-on-Tees is home to 29.2% of the population of Tees Valley and in 2015 contributed 31.5% of its £12.8bn economic output. Stockton-on-Tees' contribution to Tees Valley economic output is more than 54% higher than the next largest Local Authority.

<sup>1</sup> Gross value added (GVA) is a measure of the increase in the value of the economy due to the production of goods and services. It differs to GDP as it does not include taxes on products (less subsidies) such as VAT.

## Despite an upward trend in GVA per head the gap between Stockton-on-Tees and the national average for this measure continues to grow

- Stockton-on-Tees' economic output in 2016 was the equivalent of £20,638 of GVA for every resident<sup>2</sup>. This is 77.4% of the figure for England, which in 2015 was £26,159. Whilst GVA per head of population has increased in Stockton-on-Tees in the last 10 years from £17,364 in 2005 the GVA per head measure figure has fallen from 83.7% as a proportion of England's GVA per head as shown in **Figure 2**.

**Figure 2: GVA per head of population in Stockton-on-Tees and proportion relative to England GVA per head (1998-2016)**



Source: [ONS - Regional GVA \(balanced\) in current basic prices by local authority in the UK](#)

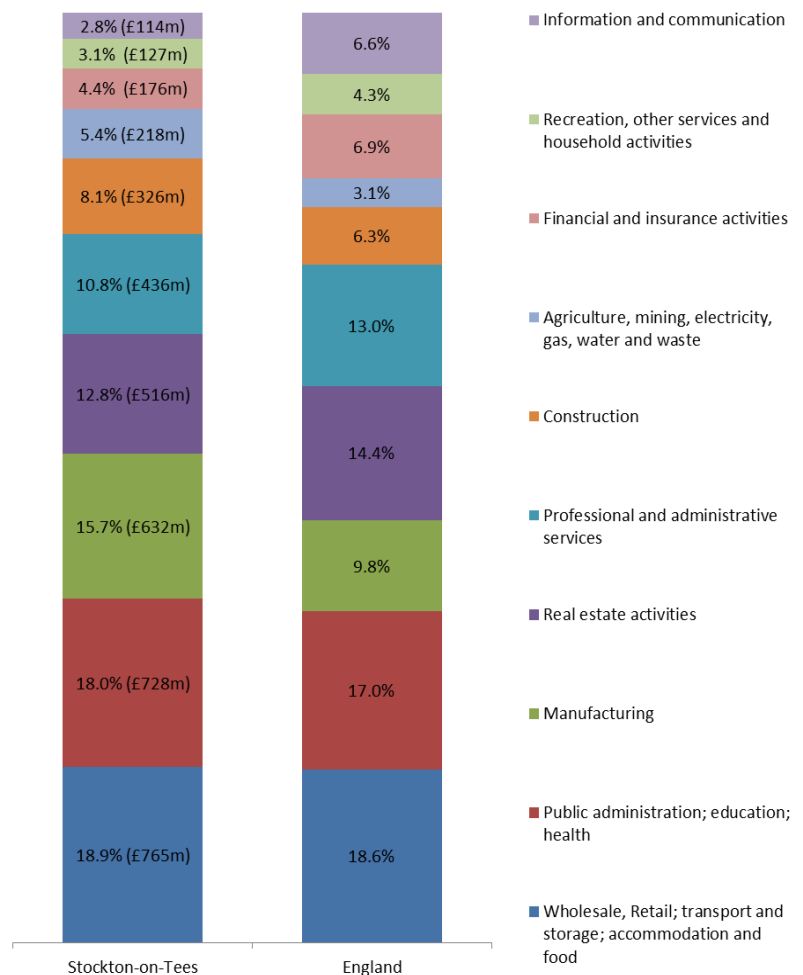
<sup>2</sup> GVA per head relates the value added by production activity in a region to the resident population of that region. It is not a measure of productivity because it can be distorted by commuting patterns.



The 'Wholesale and Retail Sale of Goods, Transport and Storage' combined with 'Accommodation and Food' are a group of sectors becoming increasingly important to local economic output. 'Manufacturing' continues to make up a significantly larger share of the local economy relative to its share of the national economy

**Figure 3: GVA per Industry as a proportion of total GVA in Stockton-on-Tees and UK in 2016**

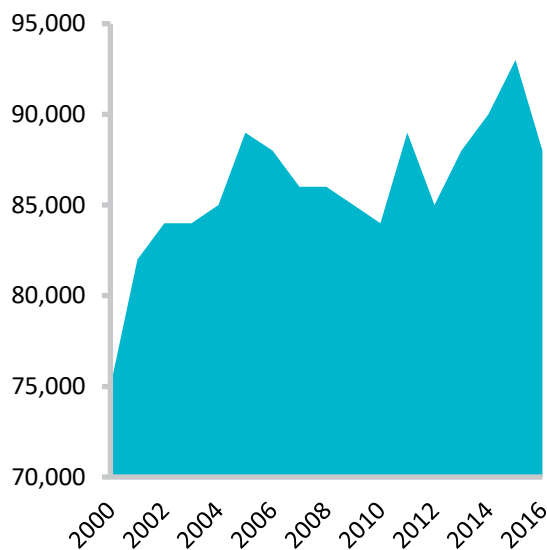
4. **Figure 3** shows that the Broad industrial grouping of 'Wholesale, Retail, Transport, Storage, Food and Accommodation' makes up 18.9% of economic output in Stockton-on-Tees accounting for £765m of GVA. This group of sectors has seen estimated GVA grow by 25% in the 2011-2016 period.
5. At £728m of GVA, 'Public Administration, Education and Health' makes up 18% of the Borough's economic output followed by 'Manufacturing' making up 15.7% (economic output of £632m).
6. 'Manufacturing' output has grown by 21% in the last 5 years and makes up a notably larger proportion of total GVA in Stockton-on-Tees than the national equivalent.



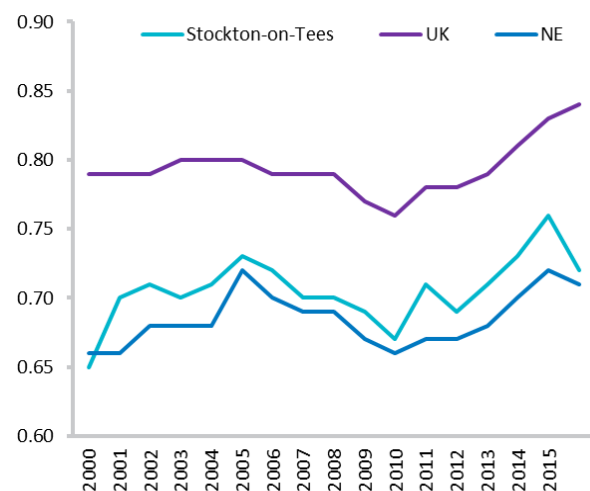
## The estimated number of jobs in the local labour market in 2016 was lower than the 2015 figure in 11 of the 12 North East Local Authorities including Stockton.

- The number of jobs<sup>3</sup> in an area is a useful indicator of the scale of its economy, and jobs density<sup>4</sup> can be used to understand more about the local labour market. **Figure 4** explores workplace jobs in Stockton-on-Tees, which includes people who reside outside of the Borough and commute into the Borough for work.
- Between 2011 and 2016 the estimated number of jobs in Stockton-on-Tees fluctuated between a low of 85,000 in 2012 and a high of 93,000 in 2015. The 2016 level is 1.1% lower than 5 years previously whilst over the same period in the North East total jobs grew by 3.8% and the UK figure grew 9.7%. Whilst the annual and 5 year trends are negative for Stockton-on-Tees the 2016 jobs figure is still lower than only 4 of the last 16 years.
- There was 0.72 jobs for every resident of the Borough. The jobs density figure is higher than the North East (0.71) and Tees Valley (0.69), but not as high as the UK, which was 0.84 in 2016 (**Figure 5**).

**FIGURE 4: NUMBER OF JOBS IN STOCKTON-ON-TEES, 2015**



**FIGURE 5: JOBS DENSITY IN STOCKTON-ON-TEES, 2015**



Source: [NOMIS - Jobs Density](#)

<sup>3</sup> **Total jobs** is a workplace-based measure of jobs and comprises: employees (from the Business Register and Employment Survey), self-employment jobs (from the Annual Population Survey), government-supported trainees (from DfES and DWP) and HM Forces (from MoD).

<sup>4</sup> the numbers of jobs per resident aged 16-64. For example, a job density of 1.0 would mean that there is one job for every resident of working age.

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## Reality Check

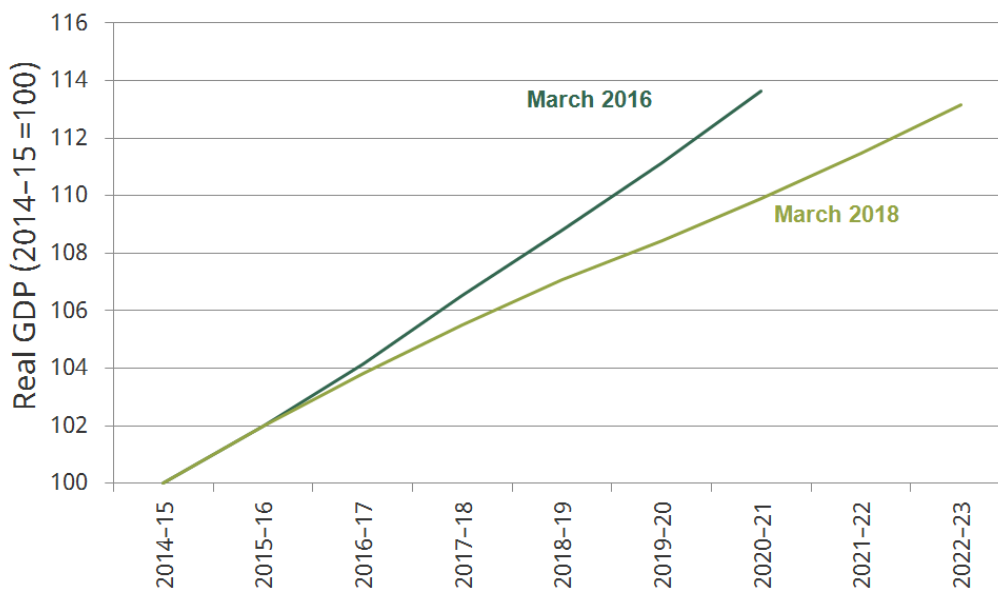
10. Employee jobs figures from the Business Register and Employment Survey (BRES)<sup>5</sup> make up the vast majority of the total jobs figures (**Figure 4**) and also contribute significantly to estimates of economic output.
11. As a result of data quality, year on year changes may not accurately reflect the actual trends that occurred in the local economy and labour market at the time ... however... the estimated employee jobs figure fell in all but 1 of the 12 North East Local Authorities between 2015 and 2016.
12. It is worth considering the macroeconomic picture around March 2016 (the time these figures relate to), and economic trends since, to anticipate future changes. The Economic and Fiscal Outlook in March 2016 was weaker than the preceding period:  
  
*“In the short time since our November forecast, economic developments have disappointed and the outlook for the economy and the public finances looks materially weaker. Global stock markets and commodity prices have fallen, while GDP growth has slowed – especially in value terms. A promising pick-up in productivity through most of last year was almost entirely reversed in the fourth quarter, while growth in average earnings has slowed again. Outside forecasters – including the Bank of England and the OECD – have lowered their growth projections significantly. And financial markets have pushed their forecast of the first rise in interest rates out to 2019 and see a cut as more likely in the near term” – Office for Budget Responsibility – Economic and Fiscal Outlook – March 2016.*
13. Brent crude oil had just been trading at under \$30 a barrel, which would have particularly put pressure on North East jobs in the oil and gas industry and its supply chain, and it was only 6 months after the collapse of SSI.

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<sup>5</sup> “It should be noted that BRES is a sample survey and produces estimated employment figures. These estimates are of a good quality at higher levels of geography (for example, region). The quality of the estimates deteriorates as the geographies get smaller and this should be taken into account when considering the quality of sub national estimates” (BRES Methodology).

14. Since March 2016, there has been volatility in the global and national economy, which may be reflected in estimates for economic indicators at local level when they become available.

## Forecasts for national income: March 2016 and March 2018 compared



Source: OBR Economic and Fiscal Outlooks.

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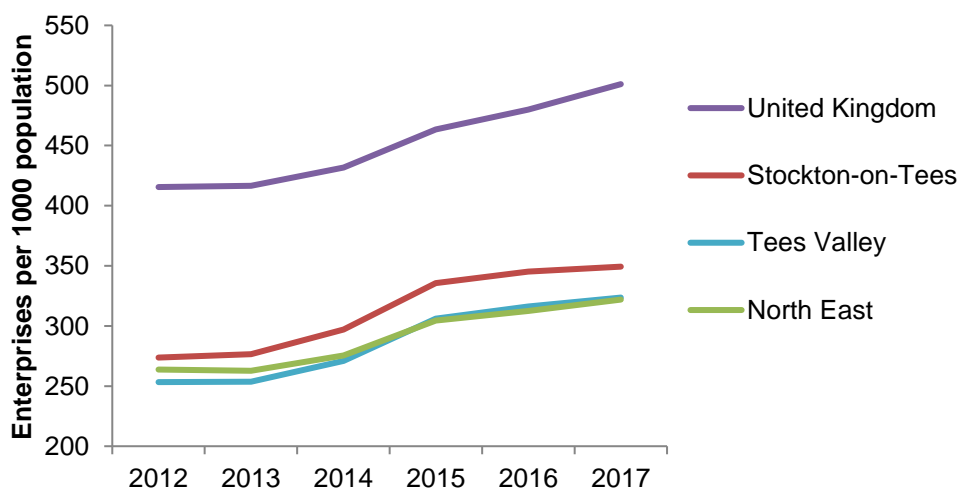
15. The growth forecast for national economic output in 2018 was revised up a little in the recent spring statement since November. But slightly weaker growth thereafter leaves the outlook for the economy in five years' time broadly unchanged. Overall the forecasts are for subdued medium-term growth, with an economy that is more than 3% smaller in 2020–21 than was being forecast just two years ago.

## BUSINESS

There has been 6 consecutive years of growth in the number of local businesses but the pace of growth has slowed in the last 2 years

16. Stockton-on-Tees has a high rate of businesses per 10,000 resident adults within the context of the North East, but lower than the UK as a whole. In 2016, Stockton-on-Tees had 349 businesses per 10,000 resident adults (aged 16+), as indicated in **Figure 6**.
17. This figure is higher than the average for Tees Valley of 324, and the North East region, at 322. However, the rate for Stockton-on-Tees was significantly below the national average of 501.
18. The number of businesses has increased in Stockton-on-Tees since 2011 by 29.4% after 6 consecutive years of growth; outpacing the regional growth of 23.7% and national growth of 24.1%. However in the last 2 years the growth in business numbers has slowed compared to the 2011-2015 period.

**FIGURE 6: Businesses per 10,000 Adult Residents, 2012-2017**



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Source: [ONS \(2017\) - Business: Activity, Size and Location 2017](#) and [ONS \(2017\) – mid-2016 population estimates](#)<sup>6</sup>

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<sup>6</sup> Mid-2014 population projections were used to estimate 2016 population as mid-2016 population estimates were unpublished at the time of analysis.

The number of new businesses forming each year remains relatively high at around 900, however the number of businesses ceasing to trade has increased; slowing down the growth in business stock.

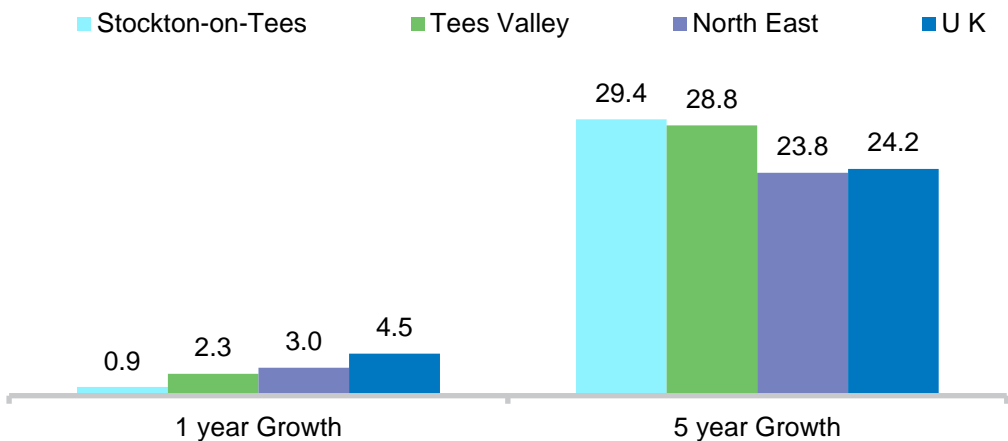
19. Since 2010 there have been 6 consecutive years of growth in the business stock<sup>7</sup> in Stockton-on-Tees due to a higher number of business births<sup>8</sup> compared to business deaths<sup>9</sup> as shown in **Figure 8**.

20. Since 2014, business births have remained around 900 a year however the rate of business “deaths” has increased; slowing down the rate of growth in the business stock.

5 year growth in the number of active enterprises is highest in Stockton-on-Tees compared to Tees Valley, the North East and the UK despite low growth in the last year.

21. The number of enterprises in 2017 was 0.9% higher than in 2016 in Stockton-on-Tees, which is lower than growth in Tees Valley of 2.3%, which itself was lower than the North East figure of 3.0% and the UK figure of 4.5%. When comparing the number of enterprises in 2017 to 5 years previously, Stockton-on-Tees saw the highest growth; with a 29.4% increase in enterprise numbers (**Figure 7**).

**FIGURE 7: One-year and Five-year Growth in the Business Counts, 2017**



[ONS \(2017\) - Business: Activity, Size and Location 2017](#)

<sup>7</sup> Business Demography Statistics (like Business Activity, Size and Location statistics on page?) take an extract from the Inter-Departmental Business Register, though in demography statistics active enterprises refer to the number of enterprises that have been active in a 12 month period rather than a set date.

<sup>8</sup> A birth is identified as a business that was present in a given year but did not exist in the previous year.

<sup>9</sup> A death is defined as a business that was active in a given year but not listed as active in subsequent years.

The number of active enterprises present in 2016 indicates that Stockton-on-Tees' businesses continue to be resilient. 1, 3, 4 and 5 year survival rates are higher than Tees Valley, the North East and the UK average.

22. Stockton-on-Tees' businesses are resilient; with survival rates generally higher than the wider Tees Valley, North East and United Kingdom. **Figure 8** shows the survival rates for businesses born between 2010 and 2014 in the Borough. These have been colour coded for ease of reference<sup>10</sup>.

23. Key points of note are:

- 1, 3, 4 and 5 year survival rates are better than Tees Valley, North East and UK equivalents.
- 3,4 and 5 year survival rates are consistently better than Tees Valley, North East and UK equivalents

**FIGURE 8: Survival Rates of Businesses Born in Stockton-on-Tees, 2011-2016**

Year of Birth of Stockton-on-Tees Enterprises	Number of Births	Survival Rate					
		1 Year	2 Years	3 Years	4 Years	5 Years	
Born in 2011	640	94.5	78.9	64.1	54.7	47.7	% Active in 2012
Born in 2012	675	92.6	77.0	62.2	53.3		% Active in 2013
Born in 2013	850	95.3	78.8	63.5			% Active in 2014
Born in 2014	905	93.4	75.7				% Active in 2015
Born in 2015	935	93.6					% Active in 2016

Stockton-on-Tees > Tees Valley, North East and United Kingdom  
 Tees Valley > Stockton-on-Tees > United Kingdom and North East  
 Tees Valley > Stockton-on-Tees and United Kingdom > North East

Source: ONS (2017) – Business Demography, UK 2016

<sup>10</sup> Figures in green are higher than the national, regional and Tees Valley figure. Figures in the red were not as high as the equivalent Tees Valley survival rate (yet are still higher than regionally and nationally). Figures in the blue were higher than the Tees Valley and North East survival rates (yet are not as high as the national figure). Shading of the table cell denotes the year of activity the figure relates to.



Businesses employing less than 10 people continue to make up the vast majority of businesses. The proportion of businesses employing more than 50 people, whilst small at 2.46%, is higher than Tees Valley, the North East and the UK.

24. In 2017, Stockton-on-Tees had 5,495 enterprises<sup>11,12,13</sup>, which is 1,250 more than in 2012 (**Figure 9**).
25. The size structure of enterprises in Stockton-on-Tees is broadly similar to that seen nationally; with almost 9 out of every 10 enterprises employing less than 10 people. However, the majority of enterprises in Stockton-on-Tees employ less than 5 people.
26. There were 135 registered enterprises in Stockton-on-Tees in 2017 with more than 50 employees, which at 2.46% of all active enterprises is higher than the UK at 1.87%.

**FIGURE 9: Number of Businesses by Size in 2017**

		Micro (of which 0-4)	Micro (of which 5-9)	Small (10 to 49)	Medium-sized (50 to 249)	Large (250+)	Total
<b>Stockton-on-Tees</b>	<b>Enterprises</b>	4,250	595	515	115	20	5,495
	% of Total Enterprises	77.3	10.8	9.4	2.1	0.36	100
<b>Tees Valley</b>	<b>Enterprises</b>	13,405	2,030	1,650	335	80	17,500
	% of Total Enterprises	76.6	11.6	9.4	1.9	0.46	100
<b>North East</b>	<b>Enterprises</b>	51,790	9,290	7,145	1,295	310	69,830
	% of Total Enterprises	74.2	13.3	10.2	1.9	0.44	100
<b>U.K.</b>	<b>Enterprises</b>	2,087,030	299,710	231,715	40,530	9,825	2,668,810
	% of Total Enterprises	78.2	11.2	8.7	1.5	0.37	100

Source: [ONS \(2017\) - Business: Activity, Size and Location 2017](#)

<sup>11</sup> Figures are from "Business: Activity, Size and Location" (ONS - 2016) which is an extract from the Inter Departmental Business Register (ONS) that takes a look at enterprises that were live at a reference date in the March before its release.

<sup>12</sup> An **enterprise** can be thought of as the overall business, made up of all the individual sites or workplaces. It is defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) that has a certain degree of autonomy within an enterprise group.

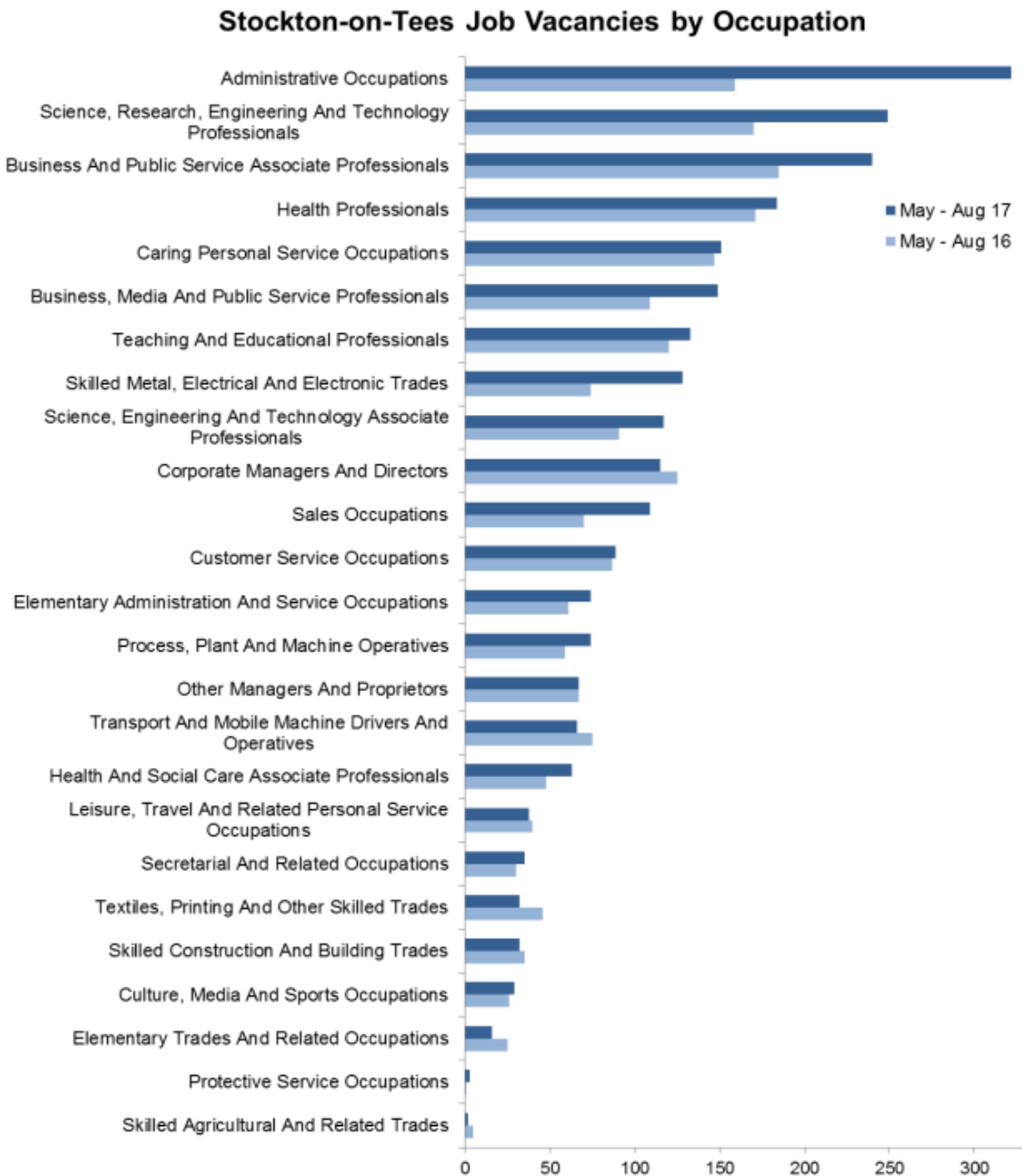
<sup>13</sup> Many self-employed people can be considered as an 'unregistered' business because they do not employ staff and are unregistered for VAT and/or PAYE systems though not all self-employed people who operate a non-employing business are 'unregistered' and many will be included in the statistics.

Vacancy information suggests there is a healthy and growing supply of jobs available in the local labour market with a record number of job vacancies advertised online.

27. There were 2,526 Stockton-on-Tees job vacancies advertised online between May and August 2017, a 22% increase compared to the same period in 2016 (459 extra vacancies).

28. **Figure 10** shows the distribution of vacancies in Stockton-on-Tees by 2 digit SOC group.

**FIGURE 10: Distribution of Vacancies by Occupation, 2016 and 2017**



29. The largest percentage of vacancies (13%) was for 'Administrative Occupations' (322 vacancies). This is followed by 'Science, Research, Engineering and Technology Professionals' with 10% (249 vacancies).
30. There has been a 103% increase in vacancies for 'Administrative Occupations' when compared to the same period in 2016; with numbers increasing from 159 to 322 (163 extra vacancies). This is followed by a 46% increase in 'Science, Research, Engineering and Technology Professionals' with vacancies rising from 170 to 249 (79 extra vacancies).
31. **Figure 11** shows the top 10 vacancy increases and decreases in Stockton-on-Tees over the last year by 2 digit SOC group.

**FIGURE 11: Distribution of Vacancies by Occupation, 2016 and 2017**

<b>Top 10 job vacancy increases in Stockton</b>	<b>May - Aug 16</b>	<b>May - Aug 17</b>	<b>Change</b>
Administrative Occupations: Finance	41	108	67
Administrative Occupations: Records	24	69	45
IT and Telecommunications Professionals	109	152	43
Other Administrative Occupations	82	124	42
Sales Assistants and Retail Cashiers	21	56	35
Engineering Professionals	42	76	34
Science, Engineering and Production Technicians	35	61	26
Health Professionals	52	76	24
Childcare and Related Personal Services	39	60	21
Plant and Machine Operatives	19	39	20

<b>Top 10 job vacancy decreases in Stockton</b>	<b>May - Aug 16</b>	<b>May - Aug 17</b>	<b>Change</b>
Elementary Construction Occupations	23	5	-18
Hairdressers and Related Services	29	12	-17
Caring Personal Services	106	90	-16
Managers and Proprietors in Other Services	42	29	-13
Customer Service Occupations	83	74	-9
Food Preparation and Hospitality Trades	35	26	-9
Elementary Cleaning Occupations	12	3	-9
Nursing and Midwifery Professionals	108	101	-7
Production Managers and Directors	31	24	-7
Other Drivers and Transport Operatives	8	1	-7

## CASE STUDY – CHEMICAL INDUSTRY IN STOCKTON-ON-TEES

The Process, Chemicals and Energy sector has been identified by the Tees Valley Local Enterprise Partnership as being particularly important to the economy. Driven by the presence of unique assets, niche industrial specialisms and high value jobs the sector is of significant importance and value to the Stockton-on-Tees, Tees Valley and the wider national economies.

45% of all sector jobs in Tees Valley are based in Stockton-on-Tees businesses. These jobs have high earnings that are above the average national hourly rate, and contribute to a high value and productive sector.

The oil and gas delivered by pipeline to the gas processing plant and oil reception and storage facilities at Seal Sands is the major economic driver of the whole petrochemicals, energy and bio-resources cluster in Tees Valley. The petrochemicals industry in Stockton is based around CF Fertiliser's operations in Billingham and fine and speciality chemicals based mainly at Seal Sands and Billingham. The following case studies are examples of chemical companies attracting global investment.

### **CF Fertilisers UK Ltd**

In 2015 the US company CF Fertilisers acquired GrowHow, the UK's largest fertiliser manufacturer, with plants at Ince in Cheshire and Billingham. Following strong marketing and with the weak pound affecting imports, CF Fertilisers now has an 80% share of the UK fertiliser market.

The Billingham site is an integrated production and storage facility, manufacturing chemicals, utilities and Ammonium Nitrate fertiliser. The Billingham plant is at the heart of the Tees Valley chemical industry and has many close links with neighbouring chemical companies notably Lucite, Ineos Nitriles and Huntsman Polyurethanes where ammonia and nitric acid are key raw materials. The site consists of two main areas – the Ammonia Plant and the Ammonium Nitrate Plant, which supplements ammonium nitrate production from the plant at Ince.

The company utilises a wharf for the import of raw materials and the export of fertilisers and also has a laboratory where products are tested at many stages of manufacture to ensure they meet specifications before being released for sale. The laboratory also monitors site activities to ensure that strict environmental agreements are met with regard to effluent. CF Fertiliser also provides utilities services to much of the Billingham site, particularly Lucite.

The headcount has increased from 180 to 200 in the last year. Operators and maintenance workers are employed locally, typically from the oil and gas sector. Salaries are in the upper quartile and there is a high retention rate. There can be 80 applicants for every job advertised and 6 - 7 apprentices are employed every year.

The company has recently announced that it is to invest £40m in the Billingham site following two years of record outputs. This is the biggest investment at the facilities for 20 years, and will create over 100 temporary jobs during its execution over the next two years. The money will be spent on two key projects to improve the infrastructure and production capabilities of the site with the development of other facilities and equipment also planned. The first priority is a £15.75M project to upgrade and rationalise the Billingham high voltage electricity distribution network including replacement of switchgear on the Ammonia plant and upgrading those on the fertiliser production units. The new high voltage network will be 'state of the art' with a lifespan in excess of 40 years giving significant power security for future needs and making for more efficient production. The second major project is a £15.5M upgrade to the Ammonia reforming plant designed to extend its life by 20 years. In addition, £8m is to be invested to replace a range of equipment in one of the acid plants to improve reliability and meet the growing demand.

## **Fine Organics**

Fine Organics develops and contract manufactures high performance fine chemicals for the crop protection, pharmaceutical and speciality chemicals industries. Established in 1977 and based at Seal Sands since 1984 it has over 40 years of contract manufacturing experience. It manufactures products on scales from 100s kilogrammes to 100s tonnes per year.

Fine Organics was acquired by Chinese-listed life sciences group Lianhe Chemical Technology Company (Lianhetech) in 2017. This is



Lianhetech's first acquisition outside of China. Lianhetech want to make Fine Organics its European base to enable it to operate in closer proximity to its customers and markets in crop protection, pharmaceuticals and performance chemicals and extend its portfolio of product development services and manufacturing solutions to its global customer base.

The takeover offers a promising future for the site and plans include development of new technologies for future innovation. With only half of its 30 hectare (55 acre) site developed, there are opportunities for further expansion. The site is ISO 9001 accredited and has FDA approval. The facility includes a gas-fired combined heat and power plant reinforced by permanent, on-demand, dual-fuelled boiler plant and dual National Grid electricity supply. The site is also served by a pipeline supply of high purity nitrogen and a large bio-treatment facility for suitable aqueous waste streams. The site at Seal Sands currently has approximately 240 employees with an average salary in excess of £40K.

## **SNF Oil & Gas**

SNF Oil & Gas Ltd based in Wakefield is a leading supplier of chemicals to the UK and worldwide and is a subsidiary of the French privately owned SPCM Group which is the largest manufacturer of polyacrylamide flocculants and coagulants for use in industries including oil and gas and water. SNF Oil & Gas has completed the initial construction phase of the first production line at its new manufacturing plant in Billingham. The company is currently undertaking a seven-year project and £100m investment to redevelop a 60-acre brownfield site on Belasis Avenue. The site was selected as it offered locational advantages in terms of raw materials, logistics, access to markets and labour skills.

The Billingham site has recently been rebranded simply as SNF. The laboratory, control room, warehouse, gatehouse, tanker bays and office facilities have already been completed. There are currently 19 employees on site and three more are under recruitment.

The first of three lines in the main production building is now operational, producing cationic emulsion polymer for water clarification and sludge processing in the water and wastewater industry. Construction of the 2nd and 3rd lines producing anionic emulsion as well as bio-acrylamide is underway and is targeted at serving the anticipated demand for enhanced oil recovery applications in the North Sea. The site will be developed further in line with future market and customer demand.