

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

12TH JULY 2018

**REPORT OF SENIOR
MANAGEMENT TEAM**

CABINET DECISION

Regeneration and Housing – Lead Cabinet Member – Cllr Cooke

ECONOMIC CLIMATE REPORT

1. Summary

This report, and subsequent quarterly reports, provides Members with an update on information published in Stockton's Local Economic Assessment 2017 as well as key recent economic announcements. The report specifically includes a position statement on the first year of delivery of the Economic Strategy 2017-2032 and Growth Plan 2017-2020.

2. Recommendation

1. That Members note the content of the report and support the work being undertaken.

3. Reasons for the Recommendation(s)/Decision(s)

Understanding the nature and extent of opportunities and challenges that exist within Stockton's economy will create a Borough that is more confident, vibrant and successful than ever before; where business and people prosper and grow.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code).

CABINET DECISION

ECONOMIC CLIMATE REPORT

SUMMARY

This report, and subsequent quarterly reports, provides Members with an update on information published in Stockton's Local Economic Assessment 2017 as well as key recent economic announcements. The report specifically includes a position statement on the first year delivery of the Economic Strategy 2017-2032 and Growth Plan 2017-2020.

RECOMMENDATION

1. That Members note the content of the report and support the work being undertaken.

DETAIL

1. The Economic Climate report is presented to Cabinet on a quarterly basis; with an emphasis in each report on a particular theme as follows:
 - **People** – labour supply
 - **Place** – key economic development locations
 - **Business** – key sectors and businesses
 - **Economic Performance Summary Report and Economic Growth Plan monitoring**
2. This report is presented in four sections (**Appendix 1**):
 - i. **Economic Updates** – summarising key announcements and developments from across the sector, business intentions and investment, and skills announcements.
 - ii. **Growth Indicators Update** – information about the 7 economic indicators included in the Economic Strategy.
 - iii. **Economic Growth Plan** – A monitoring update of the first year of activities and deliverables contained in the Economic Growth Plan for the financial year 2017/18.
 - iv. **Case Study** – The case study is the second in a series focusing on the broader economic benefits that can be derived from place-based investment.

COMMUNITY IMPACT IMPLICATIONS

3. This report does not have any impact on the local communities of Stockton-on-Tees.

FINANCIAL IMPLICATIONS

4. There are no financial implications as a result of this report.
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LEGAL IMPLICATIONS

5. There are no legal implications as a result of this report.

RISK ASSESSMENT

6. Specific economic growth projects are on the Council's corporate risk register, and appropriate risk management strategies and contingencies are in place.

COUNCIL PLAN POLICY PRINCIPLES AND PRIORITIES

7. Policy Principles

- Protecting the vulnerable through targeted intervention
- Promoting equality of opportunity through targeted intervention
- Developing strong and healthy communities
- Creating economic prosperity

Priorities

Economic Regeneration and Transport – support the economic development and regeneration of the Borough, and support the provision of transport and communications infrastructure to stimulate, support and enable economic growth.

Environment and Housing – protect and enhance the environment for future generations and to sustain a Borough that is clean and green, with appropriate and sustainable housing provision that meets the needs and aspirations of the growing population; to achieve a healthy, vibrant and successful low carbon economy, that is resilient to the challenges of climate change and resource pressures.

Children and Young People - create a positive impact for children and young people in the Borough through high quality Careers, Education, Information, Advice and Guidance (CEIAG) that connects the choices that young people make to the skills requirements from the local labour market needed by businesses, and provision of targeted and supported employment programmes.

Health and Wellbeing – support the health and wellbeing of residents by promoting the quality of life, quality of place, and the unique cultural strengths of the Borough. The priorities to increase the skills levels and economic activity and participation in the labour market by residents have far reaching positive benefits for both individual's and their family's health and wellbeing.

Stronger Communities – support the creation of mixed and sustainable communities through the provision of new and affordable housing options that are of a high standard and quality.

Adults – create a positive impact for adult residents in the Borough through high quality Careers, Education, Information, Advice and Guidance (CEIAG) that connects the choices that people make to the skills requirements from the local labour market needed by businesses, and provision of targeted and supported employment programmes for those furthest from the labour market.

Arts, Leisure and Culture - support the provision of cultural and creative assets that characterise Stockton-on-Tees as a diverse, vibrant and exciting place where people want to live, work, play, and visit.

CORPORATE PARENTING IMPLICATIONS

8. As part of the Council's aspirational outcome to 'Create Economic Opportunities for All', the activities contained within the Economic Growth Plan of 'Skills', 'Employment', and 'Inequality, Deprivation and Poverty' will directly work towards creating a positive impact on children and young people, specifically in relation to Looked After Children's needs and those with SEND, by
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developing high quality vocational routes into work, and more intensive and distinct levels of support, such as supported employment programmes for those furthest from the labour market.

CONSULTATION INCLUDING WARD/COUNCILLORS

9. Relevant portfolio holder and appropriate officers.

Name of Contact Officer: Richard McGuckin
Post Title: Director of Economic Growth and Development
Telephone No. 01642 527028
Email Address: richard.mcguckin@stockton.gov.uk

Education related? No

Background Papers:

Stockton-on-Tees Economic Strategy 2017-2032
Stockton-on-Tees Economic Growth Plan 2017-2020
Stockton-on-Tees Local Economic Assessment 2017

Ward(s) and Ward Councillors:

All

Property

Land that may be sold to developers on key development sites.

UPDATES

Strategic Updates
<ul style="list-style-type: none"> • A fund worth £20m has been launched to create new opportunities for businesses and researchers to work together to develop the next generation of services for the accountancy, insurance and legal industries. The challenge is the latest in the Industrial Strategy Challenge Fund. It will be delivered by Innovate UK, which is part of UK Research and Innovation. • Recent press coverage on 30th April stated that the Government had confirmed that a further 357 Carillion workers had now transferred to new suppliers. The total number of jobs that have been lost now stands at 2,257. However, the overall negative impact of the Carillion closure is minimal for Stockton-on-Tees. • An agreement in principle has now been reached subject to contract and board approval, to transfer the SSI UK assets and land to the South Tees Development Corporation. The South Tees Development Corporation, Krung Thai Bank Public Company Limited, The Siam Commercial Bank Public Company Limited and TISCO Bank Public Company Limited have held positive discussions over the future of the former SSI Steelworks. The discussions have been hosted at the British Embassy in Thailand. The final agreement will need to be agreed by the Official Receiver and ultimately the boards of three Thai Banks. Subject to contract, the transaction will be completed later this year. Sirius Minerals, the company behind a £3bn mining project, has reportedly signed an initial deal to take over part of the former SSI steelworks site in Redcar. A provisional agreement has been reached for a section of the land close to the Tees, according to a report in The Times. South Tees Development Corporation, which is overseeing regeneration efforts at the former SSI site, said more than 100 investors have so far shown an interest in the 4,500 acre-site. • Direct trains will run from Middlesbrough and Thornaby to London when it is possible to do so as part of a new East Coast Mainline franchise announced by the Government. The change does cause some uncertainty, but officers are seeking reassurances that commitments will be honoured. • Northern Rail confirmed that they are working in partnership with Eversholt Rail, Alstom and with the Combined Authority on the opportunity to deploy hydrogen fuelled clean rail power in the Tees Valley. This novel technology reduces both CO₂ emissions and diesel particulates and supports Combined Authority plans to become a leading example of a hydrogen economy with resulting long-term environmental and economic benefits. • Nissan is making operational changes for a move to a new range of powertrains over the next year in response to the market, which will sustain and grow the plant and its supply chain into the future.
Business Announcements / Intentions
<p>The following provides a summary of a number of major business announcements – however is not an exhaustive list of jobs growth or business investment.</p> <ul style="list-style-type: none"> • Along with the expansion plans at the Billingham plant, Marlow Foods, the owner of Quorn has received planning consent to build a new headquarters on its one hectare site south of Stokesley. The scheme includes the construction of product research and development facilities and offices. • The Stockton-based company, Bandland Music Store, located at Portrack has closed due to the owner retiring after operating the business for 37 years.

- Discount retailer **Poundworld** is in administration so all of its 355 stores are at risk of job losses. Poundworld is owned by private equity firm TPG Capital, which also owns restaurant chain Prezzo whose landlords agreed to a Company Voluntary Agreement last month; with the terms of the CVA to be announced soon. As well as closing stores it would try to get agreement from landlords to reduce rents.
- **ToysRus** have closed at Teesside Park, and 24 job losses as a result. The company is working with Jobcentre Plus to access support services.
- **Frutarom**, an Israel-headquartered flavour and fine ingredients company, with one of its UK operations based on Belasis Avenue, Billingham, is to be acquired by International Flavors & Fragrances (IFF) in a cash and shares transaction worth about \$7.1bn. Frutarom is a flavours and natural ingredients company with production and development centres on six continents. It markets and sells in excess of 70,000 products to more than 30,000 customers in over 150 countries.
- **Blue Logic**, with a branch operation located on Preston Farm Industrial Estate, provides managed IT services and has set its sights on acquisition opportunities across the north of England in 2018. It follows a period of growth for the business in 2017, including a 20% increase in staff as well as several large client and partnership wins. The company has grown its turnover to £7m, and expects to drive this to £15m by 2025. It aims to grow through its acquisition strategy as well as expanding the team with key hires and continued development of internal talent.
- **Franks the Flooring Store**, a family-run flooring retailer, is creating new jobs and investing £60,000 in the revamp of its flagship store in Portrack. The company has recently opened two new stores, in Coulby Newham and South Shields, and it has now also unveiled its new-look store on Portrack Lane. The refurbishment has led to the creation of two new jobs, bringing the total in the Portrack store to 12. The company now has 27 stores across the North East.
- **Mothercare** has confirmed it is closing 50 stores as part of a rescue plan; a move that will put 800 jobs at risk. The company has also agreed a rent cut with landlords for 21 of its stores. The store closures will leave it with 78 outlets in the UK by 2020.
- **Marks and Spencer** has announced it is to close 100 of its larger premises by 2022 to downsize the faltering clothing and home business in favour of online sales and thriving grocery offering. Along with the 14 stores already announced for closure by the end of 2019, the Stockton Town Centre store will close on 7th August 2018. The 45 staff are currently being consulted.
- **Jennings Car Dealership** has confirmed plans to refurbish its dealership at Preston Farm, Stockton, at a cost of £1m in order to meet all standards for retail look and style. This work should commence during October/November 2018.
- **IRIS Software Group** are based on Preston Farm, a provider of business-critical software and services to the UK accountancy, education and business market, has been acquired in a private equity-led buyout which values the company at about £1.3bn. In excess of 21,000 accountancy practices and more than 80,000 small and mid-sized businesses, corporates, and payroll bureaus rely on IRIS to run their business every day.
- **Mobile Mini invest £1.4m to expand operations and purchase a new industry-leading fleet of trucks.** The company, which recently opened its flagship London branch in Kent, has taken its fleet to a total of 60, representing a major upgrade to its existing fleet of lorry-mounted loader crane vehicles, the largest of its kind in the country. Recently, the company has also launched **a fully-funded driver development programme**, allowing it to train its own drivers.
- **Cornerstone Business Solutions** located at Preston Farm Industrial Estate, is celebrating ten years in business by expanding into Leeds City Centre. The company is targeting Leeds on the back of exceeding a record £2m turnover and increasing its workforce to 25 at its existing offices in Stockton and Newton Aycliffe. It is aiming to more than double turnover to £5m within three years.

Strategic Locations
<ul style="list-style-type: none"> • During summer 2018, Billingham Town Centre will see the national fast food restaurant Subway opening after agreeing a 10 year lease with the centre owners. In addition, Argos has signalled its long-term commitment to the town centre after renewing its lease for another 10 years.
Training & Skills
<ul style="list-style-type: none"> • On 1st June the Tees Valley Combined Authority agreed a move to secure an indicative £30.5m per year in Government funding for adult education. At a meeting of the Combined Authority Cabinet, members approved the laying of a Parliamentary Order by the Secretary of State for Education, which is a vital step to enable changes to legislation to allow the deal to proceed. The Adult Education Budget will be devolved from central Government from August 2019 to support learners aged 19 and over. Devolution of the budget allows the Mayor and Cabinet to target funds where they are most needed, to provide skills training, help local people back to work and nurture home-grown talent. More than 170 training providers that currently operate in Tees Valley access this budget. Taking control of this funding will support the sustainability of further education and independent training providers while targeting those who do not have qualifications. • The 7th annual Tees Valley Skills and STEM Event took place at the Olympia Building at Teesside University on 5th July 2018. • The Tees Valley Combined Authority and local Councils are widely publicising the 'Wheels to Work' project, which is available to anyone living within Tees Valley who finds that transport is a barrier to gaining or sustaining employment or accessing training. The project provides clients with scooters¹, E-bikes and pedal cycles for a minimal weekly cost. • The Tees Valley Careers Hub was launched in May 2018. Tees Valley Careers.com is an ambitious £3m initiative, which is the first of its kind in the UK. It will target 100,000 young people in Tees Valley and will see every school and college in the area work with local businesses to help shape and deliver careers and enterprise. The aim is to have over 1,000 businesses engage with 11-18-year-olds to directly inform them of job opportunities and career information with the aim of each child receiving seven direct and meaningful employer engagements; building a young person's confidence and could even help lead to future employment. • There have been 66 jobs created for young people by Public Health funding over the last year; bringing the total number of people that have benefited from the programme of activity to over 400 since 2015. An additional £50K has been secured in 2018 to bring forward a minimum of 50 additional new jobs for young people in Stockton-on-Tees.

¹ At least a provisional licence and a valid CBT training entitlement are required. (CBT training can be arranged for clients at an additional cost)

ECONOMIC GROWTH INDICATORS UPDATE

GVA

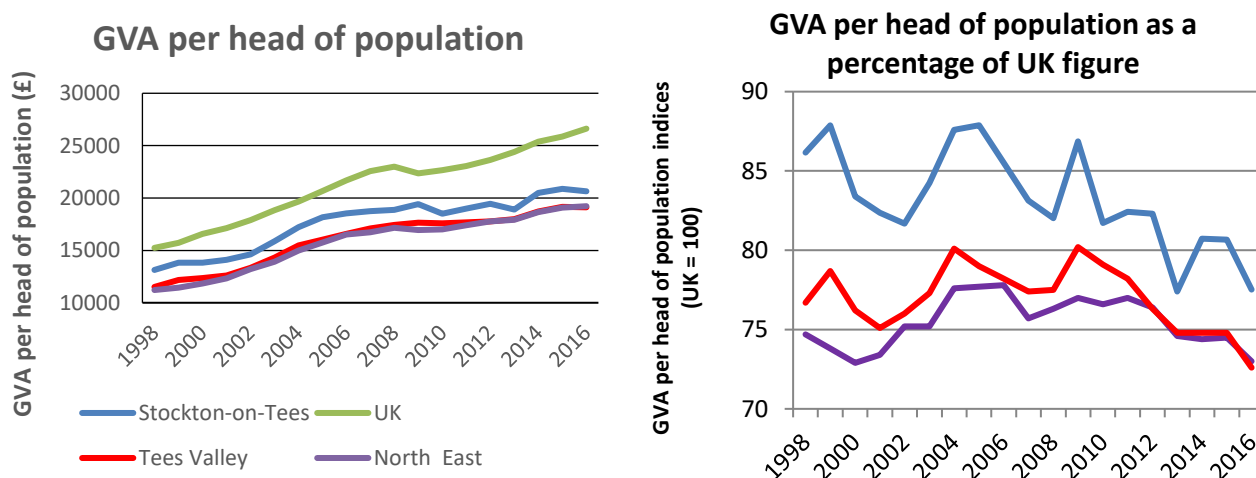
Measure

Gross Value Added relates to the total value of goods and services produced in an area, which is essentially the ‘economic output’ of a location. The measure shown refers to the GVA for Stockton-on-Tees in 2016, which was estimated to be £4.04bn (provisional). Stockton-on-Tees made up 31.5% of the economic output of Tees Valley.

GVA per head relates to the value added by production of goods and services in an area divided by the number of residents living in that area and is not a measure of productivity due to the effects of commuting. GVA per head of population was £20,638 in Stockton-on-Tees in 2016, which is higher than the wider Tees Valley and North East, however is only 77.5% of the UK rate. The economy of Stockton-on-Tees would have to be £1.17bn larger to equal the UK’s GVA per head.

Trend

GVA in Stockton-on-Tees is £394m higher than in 2011; equating to a 10.8% rise although the 2016 figure is slightly lower than the 2015 estimate. Stockton-on-Tees has a higher rate of GVA per head of population as a percentage of the UK figure than Tees Valley and North East region however lower than the UK. The gap for this indicator has increased over time as GVA per head of population grows at a slower rate than that of the UK.



Source: ONS - Regional GVA (balanced) in current basic prices by Local Authority in the UK

Data Quality

Official statistics for GVA are produced by the ONS at a larger geography (NUTS 3) than Local Authority level. These statistics are calculated using a detailed methodology with its own statistical limitations. Estimates for Local Authorities are produced by breaking down the components of GVA at NUTS3 level to Local Authorities based on a range of datasets. As a result, the Local Authority estimates are experimental and subject to issues affecting data quality.

Jobs

Measure

The total jobs estimates comes from the ONS measure of jobs density and estimates the number of jobs in the Stockton-on-Tees' workplace. It comprises of estimates of:

- 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).

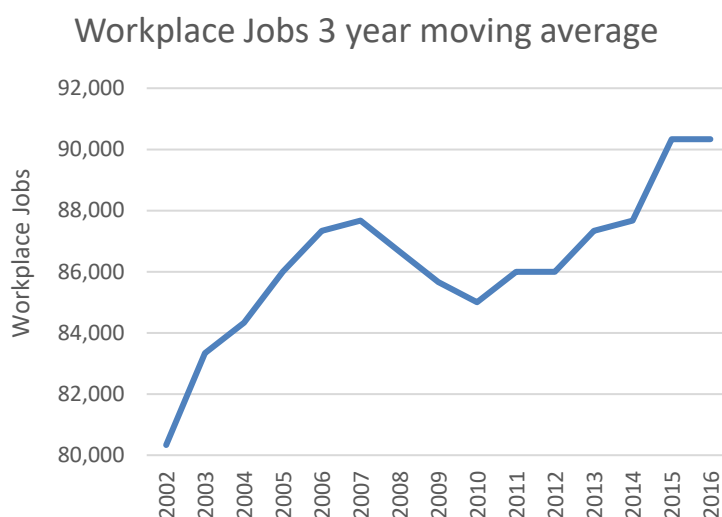
The estimate for 2016 was 88,000 jobs, which is 0.72 jobs for every working age resident of Stockton-on-Tees. The 'jobs density' figure of 0.72 is higher than the Tees Valley and North East figures but lower than the national figure of 0.84

Trend

The 3 year average is shown as it more accurately reflects trends and improves data quality. The 3 year average workplace jobs figure in 2016 remained at 90,333, which is a record high.

Data Quality

The total jobs estimates come from multiple sources. The employee jobs estimates make up the large majority of the figure and come from BRES (the official source of employee and employment estimates by detailed geography and industry). Since BRES is based on a sample of businesses it can be affected by sampling variability, which is also the case for estimates of self-employment from the Annual Population Survey (APS). In particular, the quality of the estimates are less robust at sub-regional geographies like Local Authorities and this should be taken into account when making inferences about the figures.



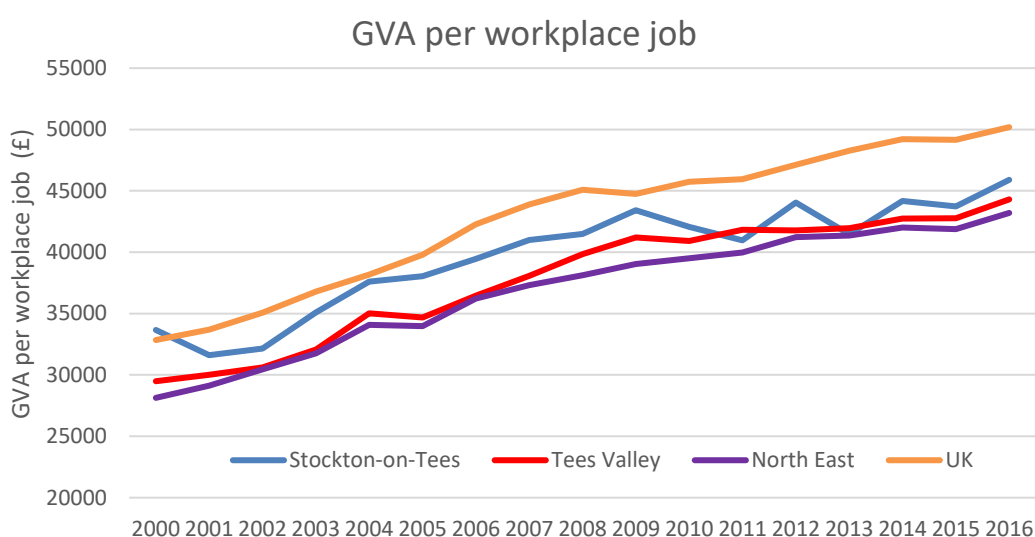
Productivity

Measure

This measure estimates the amount of output that occurs in Stockton-on-Tees for every workplace job that exists. It is simply the measure for GVA divided by the measure for jobs. Per workplace job there was £45,897 of GVA in Stockton-on-Tees in 2016. This is higher than the North East and Tees Valley figures but lower than the UK figure of £52,626.

Trend

GVA per job was higher in 2016 than the previous year. This is driven by a reduction in estimated jobs rather than a significant increase in Gross Value Added. There has been an upward trend in this measure for Stockton-on-Tees, which is now higher than Tees Valley and the North East, although remains slower than the UK growth rate.



Data Quality

GVA per workplace job is a crude estimate at a Local Authority level and is subject to all the data limitations associated with both the GVA estimates and workplace jobs estimates. Caution must be taken when making inferences about the figures.

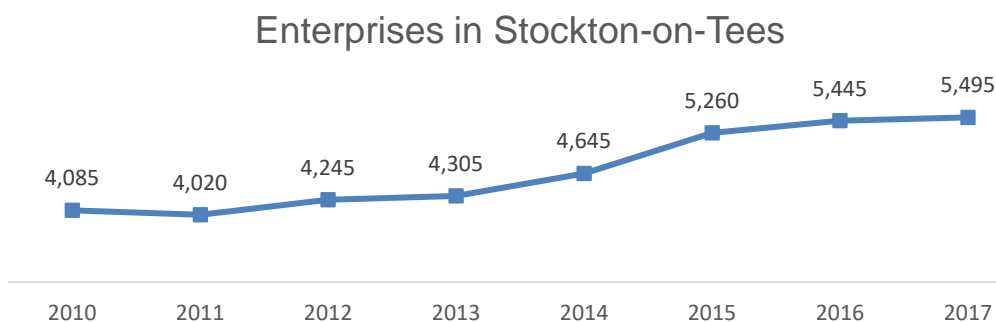
Enterprise

Measure

The measure represents the businesses registered with HM Revenue and Customs (HMRC) for Value Added Tax (VAT) and/or Pay-As-You-Earn (PAYE) systems. For 2016 there were 5,495 'enterprises' in Stockton-on-Tees. An **enterprise** can be thought of as the overall business; made up of all the individual sites or workplaces, and defined as the smallest combination of legal units that has a certain degree of autonomy within an enterprise group.

The 5,495 enterprises in Stockton-on-Tees was equivalent to 447.2 enterprises for every 10,000 residents aged over 16. This is higher than the Tees Valley and North East figures but lower than the national figure of 644.

Trend



There has been 6 consecutive years of growth in the business stock in Stockton-on-Tees and 5 year growth is higher than Tees Valley, North East and UK rates. More recently the pace of growth in the business stock has slowed and the gap to the UK business density has increased slightly since a 2015 peak. The gap between the business density in Stockton-on-Tees and the UK in 2017 is narrower than 2010-2014.

Data Quality

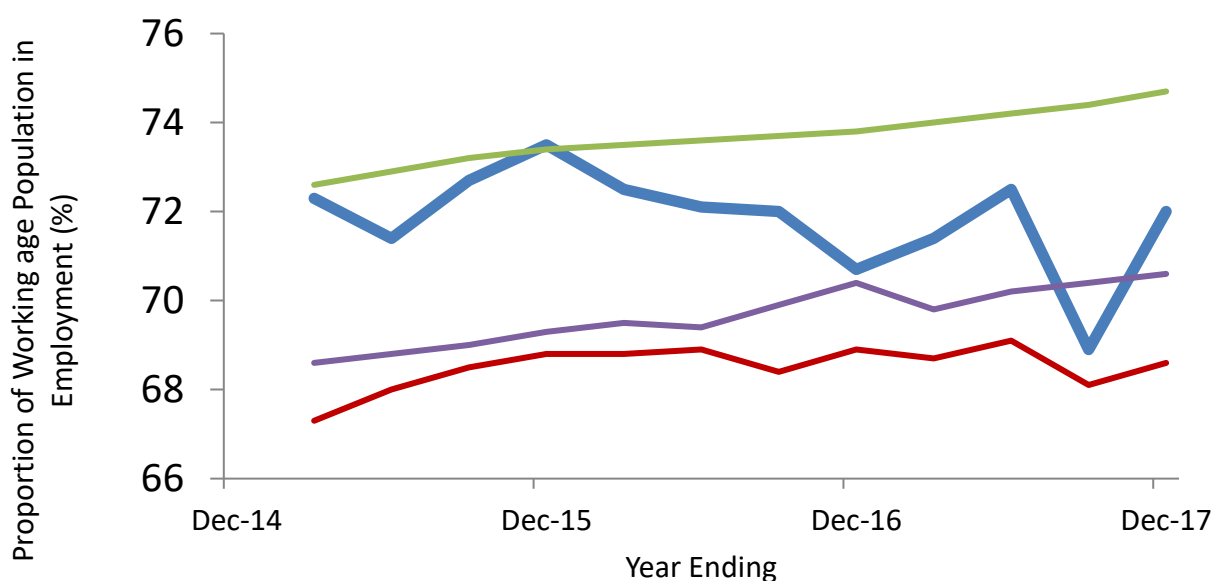
The information used is from administrative sources and is considered accurate, however it is restricted to VAT and PAYE registered businesses. Many unregistered businesses will operate in Stockton-on-Tees and not be covered by the measure.

Employment Rate

Measure

The employment rate is an estimate from the Annual Population Survey and is based on the responses of a sample of Stockton-on-Tees residents surveyed 4 times each year. For the year ending December 2017, 72.0% of the sample aged 16-64 were in employment therefore the estimate for the Borough for this period is 72.0%. This estimated employment rate is higher than the Tees Valley and North East figures but remains lower than the UK figure of 74.9%.

Trend



Data Quality

The estimates are from a sample survey so are subject to sampling error. The smaller the geography the smaller the sample size so the less robust the estimates are. The latest figure for Stockton-on-Tees has a confidence interval of 3.1 which means that statistically there is a 95% chance the actual figure falls within 3.1 percentage points of the shown figure. So, essentially, there is a 95% chance the actual figure is between 68.9% and 75.1%.

Housing Stock

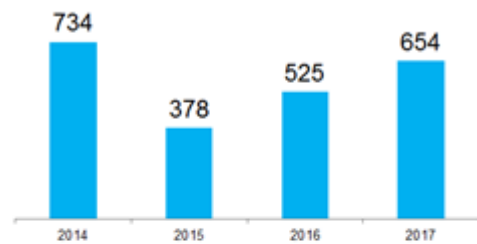
Measure

The housing stock measure is the number of residential properties that form the Council Tax Base in Stockton-on-Tees, as published by the Valuation Office Agency (VOA) using Local Authority data. The 2017 position showed that the stock of properties in Stockton-on-Tees was 85,630. The most recent annual growth in the housing stock saw 654 additional houses which is higher than the Objectively Assessed Need outlined in the emerging Stockton-on-Tees Local Plan.

Trend

In April 2017 the stock of housing was 654 higher than the previous year; exceeding the assessed housing need although in 2015 and 2016 annual increases in the housing stock were less.

Annual Growth in Stock of Properties



Council Tax - Stock of Properties in April (VOA)



Data Quality

Figures are submitted by Local Authorities and are subjected to rigorous pre-defined validation tests. They are, therefore, considered accurate and robust.

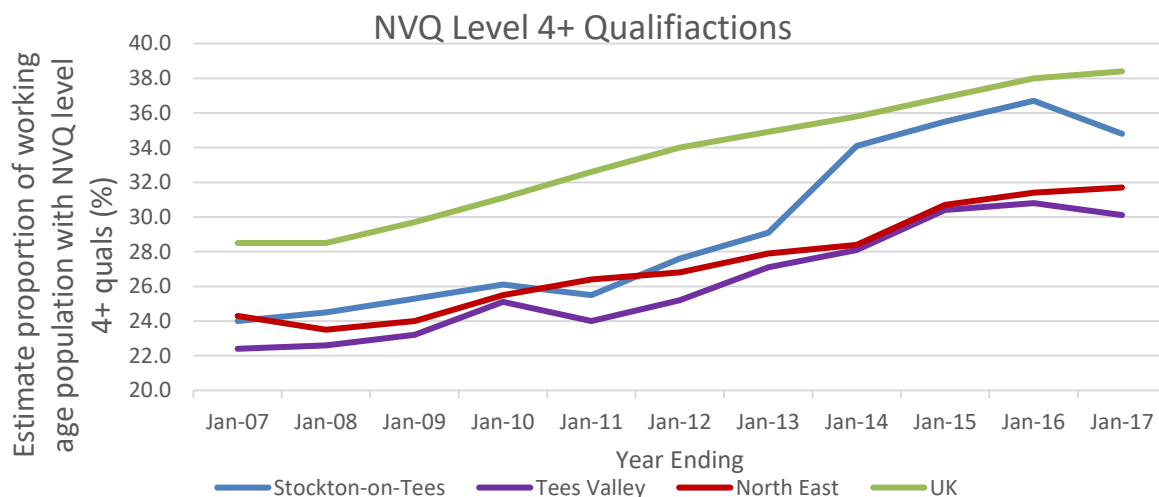
Level 4 Qualifications

Measure

An estimated 34.8% of working aged (16-64) population in Stockton-on-Tees had a qualification equivalent to NVQ Level 4 or higher in 2016. This estimate comes from the Annual Population Survey; where information from a sample of Stockton-on-Tees residents is used to estimate figures for the wider Borough. The estimate of 34.8% is higher than estimates for the Tees Valley and North East but lower than estimates for the wider UK where the rate is 38.4%.

Trend

The estimated proportion of those with qualifications at NVQ Level 4 and higher saw a sharp rise between the years 2011 and 2016, although this has reduced recently; considerably closing the gap between Stockton-on-Tees and the UK.



Data Quality

The estimates are from a sample survey so are subject to sampling error. The smaller the geography the smaller the sample size so the less robust estimates are. The latest figure for Stockton-on-Tees has a confidence interval of 3.3, which means that statistically there is a 95% chance the actual figure falls within 3.3 percentage points of that shown. So, essentially, there is a 95% chance the actual figure is between 31.5% and 38.1%.

ECONOMIC GROWTH PLAN ACTIVITIES AND DELIVERABLES UPDATE

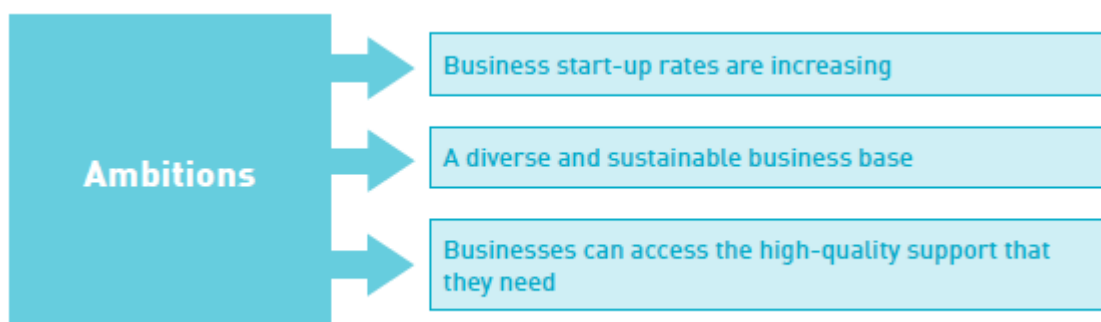
The [Economic Growth Plan](#) set out what would be delivered over a three-year term from 2017-2020 in relation to the long-term outcomes and ambitions contained in the Stockton-on-Tees Economic Strategy 2017-2032. The following pages are split by the thematic sections of the Economic Growth Plan (Business, Place, People) and the ambitions contained within them. The updates below show the progress made during financial year 2017/18 to deliver the activities.

BUSINESS THEME

The importance of ensuring that the Borough's economy has a diverse composition of sectors, businesses and jobs cannot be under-estimated, as it is an essential part of maintaining the Borough's long-term sustainability and future growth. We continue to support businesses directly where we add the greatest value, or signpost them to relevant and appropriate support organisations; whom we are working with to ensure that the right support is available and can be easily accessed.

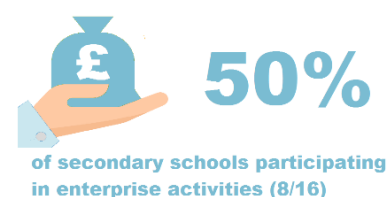
ENTERPRISE

The Council's engagement with businesses can be multifaceted and the relationships exist for a wide range of purposes. We work with local businesses of all sizes to develop a better understanding of their operations, to provide advice and support and to help them access the support available from partner organisations such as Tees Valley Business Compass. We do this through a combination of proactive and reactive engagement with businesses and by providing a responsive service to their customer enquiries. The Council also works with local schools and colleges to promote enterprise as a career option and inspire future business owners.



Progress so far:

- 50% of the 16 secondary schools and colleges in the Borough were involved in a variety of enterprise activities as part of our drive to promote an enterprise culture. This resulted in 213 individual students being directly involved in the 'Enterprise in Education' programme. There were 8 independent traders from schools that had a stall at the 'Stockton Youth Market'. The 'Enterprise in Education' programme has been extended into primary schools and has seen schools engage with workshops and enterprise specific activities.
- A business start-up programme specifically for young people was established; with 5 young people completing successfully. All of the attendees reported a better understanding of how to set up and



run a business, including the qualities and attributes required. All attendees were offered follow on support and test trading opportunities at Stockton’s specialist markets, traditional markets and pop-up shops.

- A package of support was provided to existing retail businesses, and for those new retail businesses that wanted to test trade their business idea. As a result, there were 5 new businesses created and trading at Fountain Shopping Mall, in addition to 18 new businesses operating in Stockton Town Centre.



18
New Town Centre
Businesses since 2017

- We provided advice and support to 339 pre-start, new and existing businesses. Most of the businesses supported were in the ‘Retail and Personal Service’, ‘Manufacturing’, ‘ICT’, and ‘Engineering’ sectors. 298 of these businesses were located in the Borough, and at the time they employed over 7,700 people.

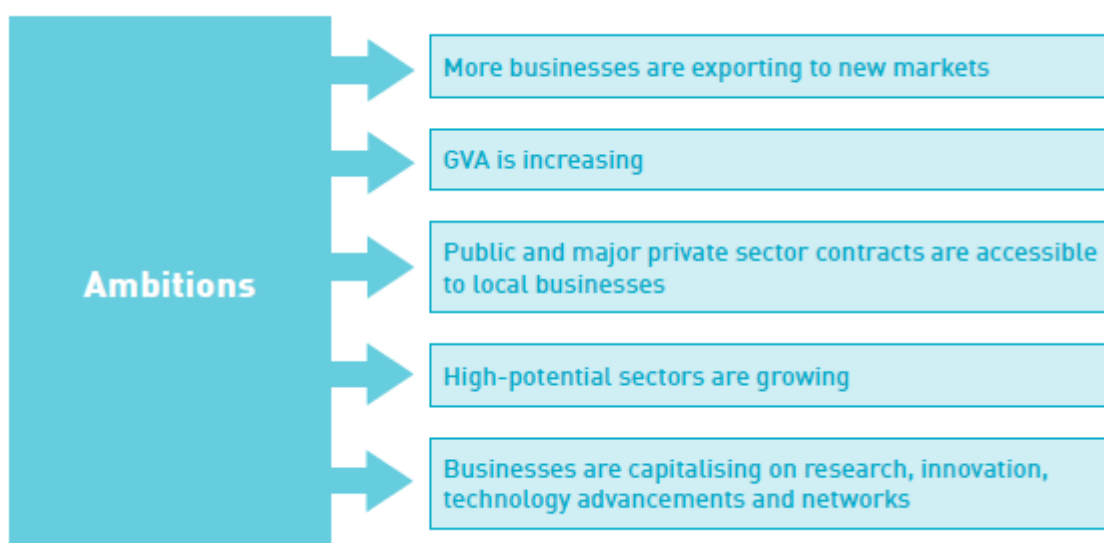


339
Business' Supported

- 89 businesses, some with multiple support needs, were referred to one or more of our Services and/or an external organisation. Of the 130 referrals made 86 were to external support providers, such as Tees Valley Business Compass (most were seeking financial support) and Teesside University (most relating to innovation support).

PRODUCTIVITY

The productivity of businesses is integral to their output, competitiveness and success. Many factors can influence productivity including skills, innovation, connectivity and infrastructure. Much of the work done by Stockton Council and its partners aims to facilitate a successful and highly productive economy.



Progress so far:

- Business that we have supported and referred to Teesside University for innovation included projects such as, ‘materials analysis’, ‘new product development and design’, establishing ‘R&D facilities’, ‘process improvement’ and ‘digital online platforms’. In total, the Innovate Tees Valley project supported the delivery of 82 projects for 64 Stockton-based SMEs.



82
Projects supported
through Innovate Tees
Valley for Stockton SMEs

- We have continued to work with strategic partners to increase the number of local businesses exporting, and supported those already exporting to increase their presence in key international markets. The Department for International Trade has had 521 interactions with Stockton-on-Tees businesses in 2017/18; and 54.6% rise on the previous year.
- To date² Tees Valley Business Compass has engaged with 314 Stockton companies and 68 grants have been awarded; to a total grant value of £581K and an average grant of £8.5K.



£581k

Worth of grants awarded to Stockton businesses by Tees Valley Business Compass

JOBS

Successful businesses are integral to the sustainability and creation of jobs in the Borough; enabling residents to access local employment opportunities. The levels of wages earned in the local labour market are an important part of the wider economics of an area, and Stockton Council continues to engage with existing businesses and works to attract new businesses and investment to support the creation of attractive and high-value jobs.



Progress so far:

- At present there are 79 strategic or growth companies that we have engaged with or are seeking to engage with. Our continued proactive approach was focussed mainly on those local businesses that are the larger employers, have a key position within the local economy, and/or are realising their potential for investment and/or jobs growth.



13,000 people

employed by businesses where engagement activity is focussed

These strategic and growth businesses employ about 13,000 people and had at least a 2.4% net growth in employment in 2017/18. Virtually all of this employment growth was in the 'Manufacturing' sector.

- There were 103 companies that were supported (employing about 3,500 people) whom made an investment in one form or other in the development of the business. That investment has or will lead to over £88m total expenditure, the employment of 69 apprentices, the creation of 374 new jobs and

² 12/6/18

the creation of 13 new businesses. 67 of these supported companies were offered financial assistance from various sources totalling over £1.8m, which is associated with over £11m total expenditure.

- 14 Stockton companies were awarded grants from the Tees Valley Capital Grants schemes; the total amount of grant was £2.6m against a total capital expenditure of £19.4m, which is expected to create 330 new jobs. In total the capital grant schemes have offered £3m in financial assistance to 26 Stockton companies since commencing, against a total capital expenditure of £23m, which is expected to create 390 new jobs in the Borough.



£2.6 million

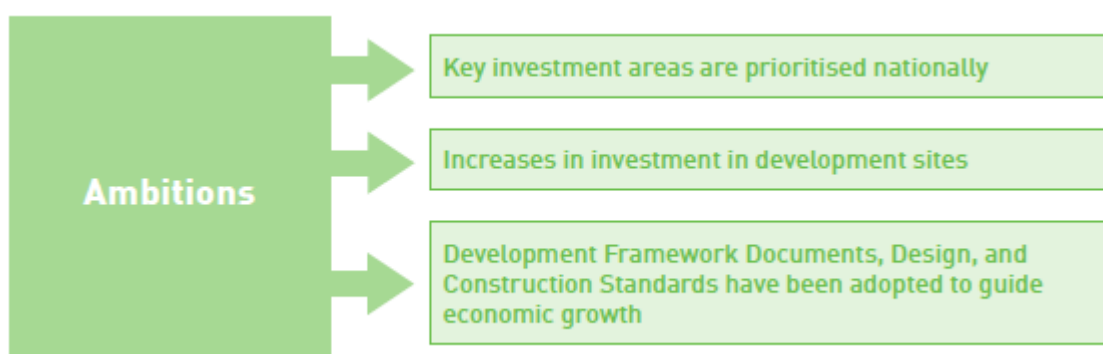
of grants to Stockton companies
from Tees Valley Capital Grants

- Recent research into local business growth, funded by the Local Government Association through the Economic Growth Adviser programme, has analysed sector growth opportunities and provided intelligence to inform future business engagement and economic development activity. Further research will keep the intelligence up-to-date and understand the needs of different businesses and sectors of the economy.
- As mentioned later in this report and in the Case Study on page 26, we have encouraged targeted recruitment and training to increase the number of jobs locally as a result of public and private sector contract opportunities.
- The 'Made in Stockton' campaign is helping to raise the profile of the Borough as a place to do business. It demonstrates the diverse mix of businesses that we have within the Borough and showcases national and international brands such as Quorn, Tata Global Beverages (Tetley Tea), KP Snacks as well as Nifco, Cotswold Manufacturing and new start-up businesses such as Just Believe and the Three Brothers Brewery. These all demonstrate the diversity in the Borough and the positive conditions for trading across a wide range of sectors.
- The Council have hosted overseas visitors from companies such as Mitsubishi and Fujifilm Diosynth Biotechnologies to showcase the Borough and reaffirm what we can deliver as a UK partner. Visitors from Japanese Local Government have also developed strong links and again we have been able to showcase the businesses, skills and quality of life in Stockton-on-Tees. The cross-sharing of information and cultural knowledge exchange has been extremely well received.
- The @SBCforBusiness Twitter account was set up in July 2017 to promote businesses within the Borough and we now have 450 followers, which is growing.

PLACE THEME

STRATEGIC EMPLOYMENT LOCATIONS

Ensuring a supply of high-quality commercial premises and land that either meets current demand or is attractive to new business investment is key to sustainable economic development. By guiding land-owners and supporting high-quality development in strategic locations across the Borough it will deliver major economic benefits for both businesses and residents. There are many pressures, however, within the market for high-quality commercial premises and land, which can sometimes limit investment if available supply is not attractive to new business investment. We will continue to guide high-quality developments, and work in partnership to stimulate investment and economic development via a range of activity.



Progress so far:

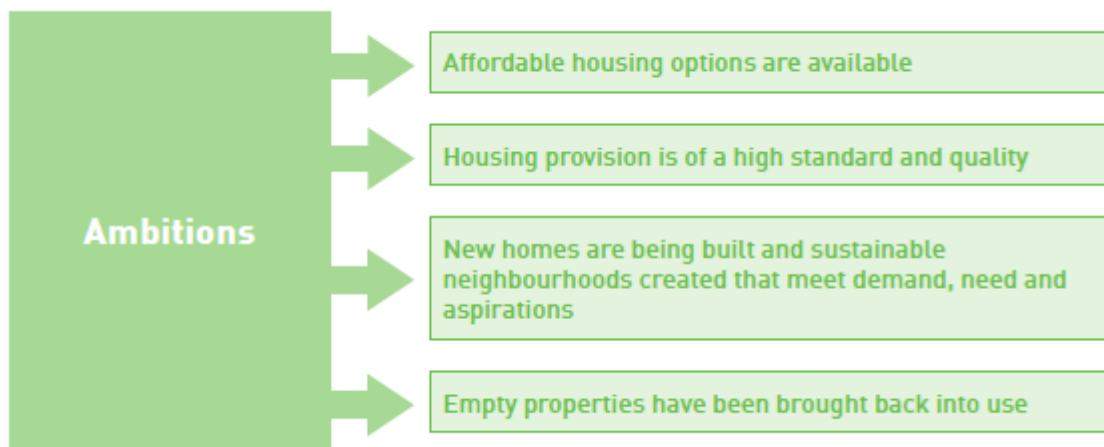
- Prepared a Local Plan for Examination in Public that includes policies for sufficient and suitable and available sites that are attractive to new business investment.
- We have acquired strategically important employment land at Belasis Business Park that we will develop appropriate plans for that meet the needs of the market and growth potential.
- Progress has been made in working with land-owners to identify portfolios of development-ready commercial sites to be promoted to prospective businesses and tenants.
- Worked closely alongside the Northshore landowner (Homes England) and their development partner (Muse Developments) to support and enable the ongoing development of the mixed-use site; with completion of the second phase of housing on the site occurring in 2017. This builds on the already established development of the new Thirteen headquarters and the Digital and Science collaboration space available in Fusion Hive.
- Continued to work with a range of partners including the Tees Valley Combined Authority, land owners and other public sector institutions to maximise the potential of land and premises and identify place-based assets where there is potential to maximise economic benefits. This includes encouraging the re-occupation of vacant land and premises at prime locations. Worked with partners to bring forward development sites that meet economic growth priorities for example Durham Lane where it is hoped master-planning will commence in the near future.
- We have continued to develop proposals for the Southern Gateway to Stockton Town Centre.

Over 20 ha



HOUSING

Meeting the housing needs of the local population by providing an adequate supply of high quality and affordable housing is an important part of sustainable economic development. The regeneration of brownfield sites and the construction of housing not only sustains substantial employment, but provides housing for local people that make up the labour market pool for local businesses.



Progress so far:

- New open market and affordable housing is being delivered on previously stalled sites, such as Queens Park North where Barratt Homes is actively marketing residential properties; with a number of affordable housing units secured through Homes England funding. The registered social landlord, Thirteen, is on site at West End Gardens and the final phase of housing is due for completion by the end of March 2019.
- Funding has been secured via the Local Government Association Housing Advisor Programme to procure some external support (Local Housing Partnerships) to explore the potential and viability of vehicles to accelerate growth / housing opportunities on Council-owned land.
- The development of the former Victoria estate is progressing; with a joint venture (JV) tender procurement pack being prepared with Housing/Legal/Finance/Procurement and Land and Property colleagues.
- Great progress is being made regarding the delivery of 275 homes via the completion of Norton Park and West End Gardens, and the later scheme phases of Hardwick Green.
- During 2017/18 there were 27 units for rent and 9 for intermediate home ownership delivered on sites via Section 106 Agreements. Agreements have been signed on all sites where it is financially viable to include affordable housing (most on-site provision).
- Active engagement with the Council's registered provider (RP) partners and maximising inward investment via Homes England (HE) SOAHP has led to an increasing number of affordable housing units. Affordable rented units delivered: 61 (HE funding); 20 (RP self-funded). Intermediate home-ownership units delivered: 5 (HE funding).



- 60 long term empty properties have been returned to use; providing 69 units of accommodation.
- Efforts to improve standards in the private rented sector have led to 160 landlords with over 1,000 properties enlisted on to our Voluntary Landlord Accreditation Scheme.

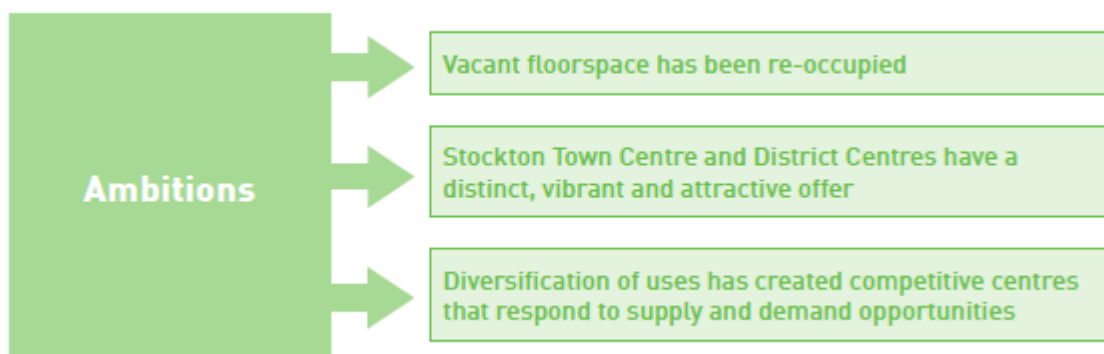


69 units of accommodation returned to use from long-term vacants

- Measures that address issues associated with older terraced housing in central Stockton and the Victoria area in Thornaby are progressing well. In November 2017, Stockton’s Cabinet approved a scoping report and £250K funding secured via Stockton Council’s MTFP to support the project for 3 years (2017/18 onwards). Approval granted to explore a selective licensing approach.

TOWN CENTRES

Stockton Council remains proactive in its approach to the development of the town centres in the Borough and to consider a range of activities to develop them into multi-functional destinations beyond purely retail. To facilitate the ongoing success of the Town Centres we have continued to work with public and private sector partners to enable the right environment for businesses, consumers, and for those living in or near a Town Centre.



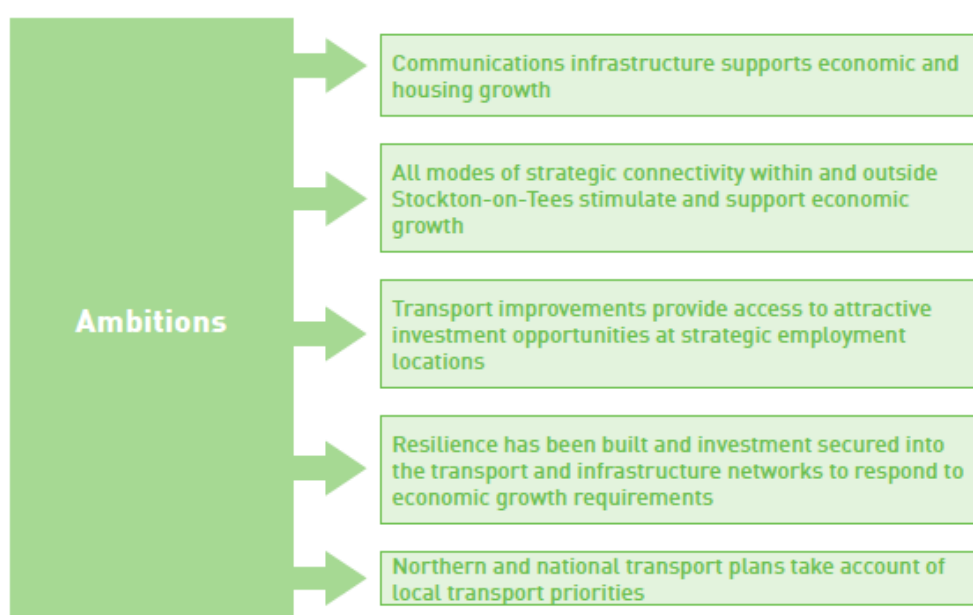
Progress so far:

- The completion of the £1.4m refurbishment and expansion of The Georgian Theatre in partnership with Tees Music Alliance, which created 6.5 FTEs after construction, and safeguarded 24.8 construction jobs.
- We worked closely with the TVCA to agree the development of a Master Plan and Delivery Plan for Tees Marshalling Yards.
- There has been continued work with the Heritage Lottery Fund partners to secure Round 2 approval of funding for the ‘Northern Gateway’ Townscape Heritage project; with a bid due to be submitted in August 2018.
- The Globe Theatre renovation continues to make good progress and 22 staff are currently employed on the project; of which 20 are from the local area.
- Extensive work is underway to diversify uses across Stockton Town Centre and target the vacant premises that exist by working with property owners and Agents to ensure their reoccupation and reuse. There is also progress being made in understanding the flexibility and capacity of Town Centre units.

- We continue to support the Stockton Town Centre Business Improvement District in its delivery of the BID 5 year Business Plan.
- The delivery of the Hampton by Hilton hotel development has had 272 workers on the site to date; with more than 80% of these being from within a 50 mile radius. Public realm works designed to improve access between the hotel and Stockton Town Centre are currently underway at Silver Street and Bishop Street; with an average of 18 construction staff employed on site.
- There is a continued commitment to supporting a broad range of specialist markets, events and festivals in our Town Centres.

TRANSPORT AND INFRASTRUCTURE

Efficient connectivity of people, goods and services are key components of a successful economy. Maintaining and improving existing infrastructure, along with the provision of new strategic infrastructure to meet the needs of a changing and growing economy are important aspects of Stockton Council's contribution to sustainable economic development.



Progress so far:

- We continued to work with the Tees Valley Combined Authority to develop infrastructure, transport plans and improvement schemes, including the Tees Crossing project, and improved rail services such as the operation of a Thornaby to London train service from 2020
- The Council was ranked the Country's best in the independent National Highways and Transport Network Survey for its maintenance of roads and pathways across the Borough for the previous year.
- The Newport Bridge lighting scheme was completed; with 150 energy efficient and controllable LED lights fitted to illuminate the Grade II listed structure after sunset.
- The £14m programme to install super-efficient LED street lighting across the Borough was completed; generating £1.8m of savings each year, and a 46% reduction in CO₂ emissions.



- New community bus services were launched to help people in Norton, Hartburn, Wolviston, Maltby, Hilton and Kirklevington who did not have access to regular local bus services.

- Stockton Council acted as the lead Local Authority in Tees Valley for the development of the Business Case for a new Tees Crossing, and continues to work with partners to develop Options Appraisals and provisional designs. In 2017/18 DfT funding of £500,000 was provided by the TVCA for further development of an Outline Business Case for the preferred option.



- We worked with the other Tees Valley Local Authorities and the TVCA to consider options for the A66/West Stockton Growth Corridor; with Elton Interchange being the key infrastructure project for Stockton.

- Continued to work with the TVCA to enhance the rail network and to improve services.



- We have developed a robust and evidenced programme of flood risk and drainage schemes as part of the Northumbria Integrated Drainage Partnership (NIDP) (covering the Northumbria Water area). NIDP has developed a Stage 1 Study (Stockton East) and a Stage 2 Study (Stockton South) for further development, which is evidenced-based and for inclusion in the Environment Agency's medium-term plans.

- Feasibility studies have commenced and are ongoing for the development of sustainable travel in the Borough via identified cycle routes funded through the 'Sustainable Access to Employment' funding from the TVCA.

- We have maximised the opportunities for external funding to develop and maintain key assets by working with developers to secure appropriate highway infrastructure to support new developments. The following schemes were delivered; to a value of £1.5m:

- Mount Leven roundabout
- Morley Carr roundabout
- Yarm Road access to Lidl
- Junction Road access to Lidl
- Allensway all movement junction



- We developed a draft ‘Key Route Network’ (KRN) of roads; that serves the main strategic ‘demand flows of commuters’ and ‘movement of freight’, along with a ‘large local demand flow’. The final KRN will be published in 2018 as part of Stockton Council’s Local Transport Implementation Plan.
- Key transport assets were developed to improve resilience and maintain a safe and accessible transport network. As a result, road casualties have fallen from 416 to 369 between 2015 and 2018; with ‘Killed and Seriously Injured’ casualties falling slightly from 55 to 54.
- Our approved 3-year rolling programme of highway infrastructure and asset management improvements has remained on programme and to budget; including £832,000 of revenue funding for Structural Highway Maintenance schemes and £2,586,000 of Capital Maintenance funding for infrastructure assets.
- BDUK has confirmed that their Phase 2 roll-out programme will achieve a 98.7% coverage of superfast broadband in residential premises in the Borough by the end of 2019/20.
- In partnership with the TVCA each Tees Valley Local Authority has completed a mapping exercise to inform the next steps in the development of a bid to the national ‘Local Full Fibre Challenge Fund’.

Road Casualties



98.7%



ENVIRONMENT

Improving the environment has wider social and economic benefits by improving people’s health, wellbeing and their quality of life, whilst also attracting new people to live and work in the Borough and new businesses to invest.



Progress so far:

- Implementation of the Green Infrastructure Delivery Plan has seen over £1m invested over the last 2 full financial years from a range of sources to enhance or provide additional green infrastructure across the Borough.

**Over £1million**

Invested to enhance or provide new Green Infrastructure

- Open space, parks and other green infrastructure continue to be managed and monitored and we are on track to maintain the quantity of open space in the Borough and the local distinctiveness, heritage, and the biodiversity of the natural and built environments continues to be protected.
- We have worked with partners including the TVCA on a wide range of programmes that are making environmental improvements and reducing CO₂ emissions, such as the District Heat and Energy Scheme; with the hope of securing funding during 2018/19 to deliver the necessary infrastructure.
- A Delivery and Management Plan for the River Tees Corridor has been commissioned as part of ongoing work to unlock the recreational and economic potential of the river.

- The Climate Change Strategy and Action Plan is currently in place to deliver a range of measures to reduce and mitigate the impact of climate change. Domestic CO₂ emissions for 2015 are down 19.5% on 2013 levels (although industrial and transport emissions remain higher).

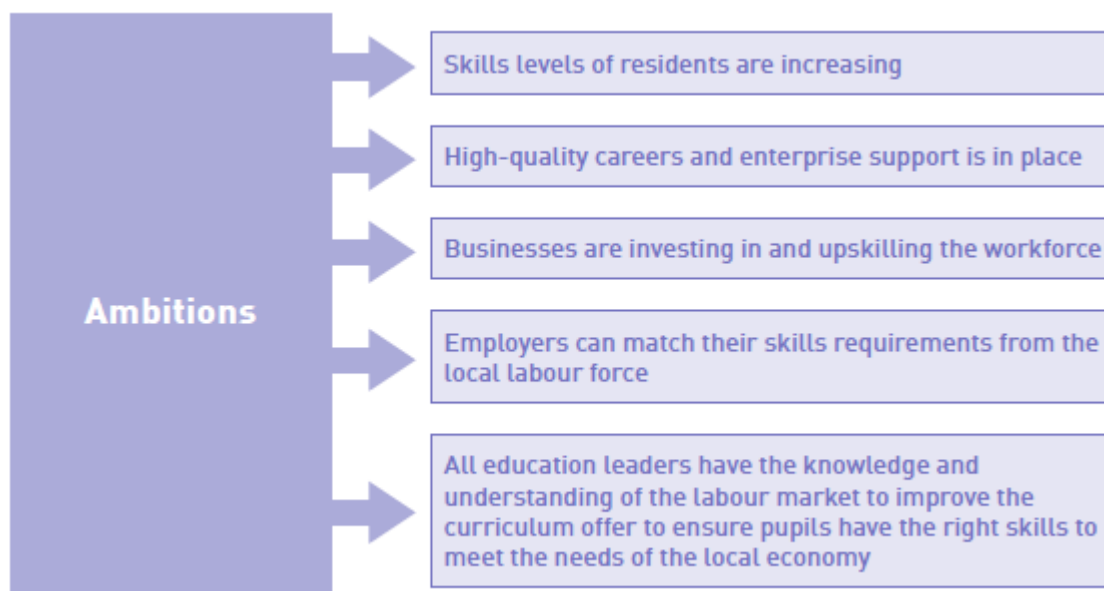
**19.5%**Reduction in domestic CO₂ emissions on 2013 levels

- A Tees Valley Energy analysis is currently underway and the TVCA has commissioned NAREC to undertake this work with funding from BEIS. A range of potential projects are currently being identified.
- We are currently on track to improve the condition of heritage assets and reduce the number of heritage assets at risk over the period 2017-2020.

PEOPLE THEME

SKILLS

Skilled workers enable businesses to become more competitive and productive, and boost economic growth. Improving the skills levels of residents improves the likelihood of them being able to find and maintain employment and improves the likelihood of them progressing into more highly skilled and higher paid jobs. By improving the skills of local residents and making sure those skills are matched to the needs of local employers is key to future growth.



Progress so far:

- We are working with partners to advertise the value of higher apprenticeship opportunities, and proactively market and increase access to them. There has been an encouraging increase in the range of higher apprenticeships being offered by Universities, and for the academic year 2016/17 there were 200 higher level apprenticeship starts for Stockton-on-Tees residents, which is the highest level ever, and a 20-fold increase on the figure 5 years ago.
- In partnership with the TVCA we have improved access to Careers Education, Information, Advice and Guidance (CEIAG). We have influenced and supported the new TVCA Careers Strategy, and the 2018 Tees Valley CEIAG Conference in March. To date, from the 18 Secondary Schools and Colleges in the Borough 16 are engaging with a programme to involve them with the Careers and Enterprise Company and provide all students with improved quality and impartial CEIAG in line with the Gatsby Report standards. This includes increasing opportunities for mentoring, work experience, and aligning the school curriculum to provide appropriate qualifications and experience.
- As part of the Careers and Enterprise Company's work 9 Stockton businesses including Johnson Matthey, Amec / Woods and Santander are acting as Enterprise Advisors and working directly with Stockton schools and colleges, and many other businesses are in the process of being matched together. The Council also provides ongoing support to local colleges to improve destination outcomes for their learners and has delivered independent, impartial information, advice and guidance to Stockton Sixth Form.



89%
of Secondary School
engaging with CEIAG
programme

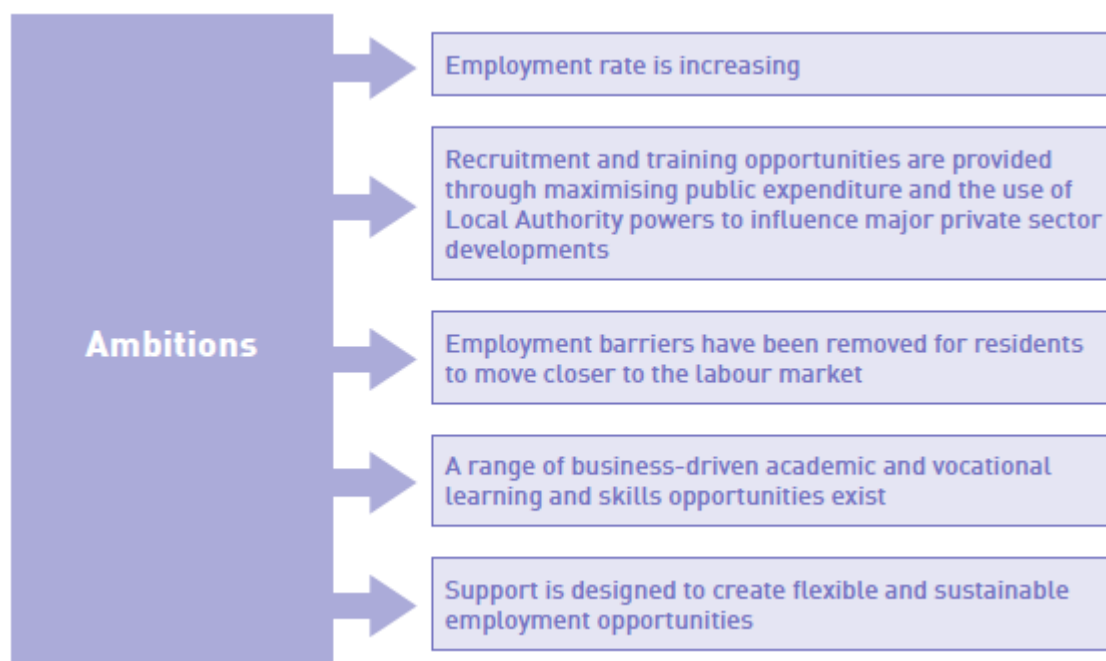
- We continued to deliver millions of pounds of investment in schools and nursery buildings across the Borough and worked with schools to ensure younger residents have the best opportunities to develop skills throughout their education. 94% of schools inspected by Ofsted are now judged ‘good’ or ‘outstanding’, and 2017 saw 61.5% of 5 A*-C grades for GCSEs compared to the 52.8% national average.
- We have delivered targeted courses and apprenticeships through our Learning and Skills Service to maximise the potential of learners from disadvantaged backgrounds and move them closer to the labour market.



EMPLOYMENT

Gaining employment not only increases a person’s disposable income but can improve their health and wellbeing and that of their family members; potentially reducing the cost of welfare and the demand for some services. A further economic benefit comes from the increases in disposable income that residents can then spend, which further supports local businesses and jobs. Employers also benefit from increased productivity and saving time and resources by not having to undertake broader recruitment campaigns.

Many barriers exist to gaining employment and the Council works tirelessly to overcome these so that the economic and social benefits of employment can be realised and the lives of residents can be improved. Stockton Council provides and helps coordinate services to support people into employment and reduce barriers associated with them gaining employment.



Progress so far:

- In 2017/18, 66 apprenticeships starts resulted from the Public Health Funded Stockton Youth Employment fund, bringing the total since 2015 to over 400. This fund sees young people gaining employment in a wide range of industries gaining vital skills and reporting significant improvements in their wellbeing.



- We have supported and worked in partnership with Catalyst to offer a broad range of support to the Voluntary, Community and Social Enterprise sector in Stockton-on-Tees (VCSE) and also commissioned a range of services that improved the public health and employability of residents.
- The Youth Employment Initiative (YEI) works to remove barriers to employment, and up to March 2018 there were 118 formerly NEET young people aged 16-19 that progressed into Education, Employment or Training (EET), and a further 95 people aged 20-29 that were previously unemployed progressed into EET.

- The NEET rate amongst Academic Year 12-14 of Stockton-on-Tees residents is 5.23%; with only 0.52% of young people of that year group with a status of 'not known'. This is the lowest rate across Tees Valley.



- Through a North East Purchasing Office (NEPO) social development group we are putting measures in place to ensure training and recruitment is targeted to local residents and encourages labour market participation. Targeted recruitment and training has been incorporated as part of the renovation of the Globe Theatre, the Hampton by Hilton Hotel and private sector housing.
- The first 4 months of 2018 has seen lower claimant count figures than the same period in 2017 and in 2016, which suggests an improvement in the local labour market. Housing Benefit claimants are also reduced; with the average number of claimants in 2017 3.3% lower than 2016. The estimated employment rate for the year ending December 2017 at 72% is higher than the previous year suggested employment rates are increasing.

INEQUALITY, DEPRIVATION AND POVERTY

Across a wide range of activities outlined in other areas, the Council's works directly and with partners to tackle inequality, deprivation and poverty by improving people skills, employability and incomes.



Progress so far:

- We continue to tackle poverty in the Borough through the Local Strategic Partnership, which works through the four Locality Forums, the Infinity Partnership and the Housing and Affordable Warmth Partnership bringing together public, private and VCSE partners. The partnerships have delivered many successful programmes this year that focused on targeting under-represented groups within the Borough who may be furthest away from entering the labour market.
- The Housing Neighbourhood and Affordable Warmth Partnership has continued to oversee progress in achieving the Affordable Warmth Strategy and tackling fuel poverty. A revised Action Plan (2018/19) to accompany the Strategy was endorsed in February 2018 to ensure that the strategy remains on track, guides meaningful delivery and makes a difference to our most vulnerable residents who need support to secure affordable warmth.
- Homelessness service reconfiguration completed in time for the implementation of the Homelessness Reduction Act (enacted 2.4.18). New recording arrangements from 1st April 2018 will accurately monitor and measure 'prevention' activity.
- 185 households received a Disabled Facilities Grant (DFG), plus 131 households supported via the Equipment Loan Scheme (funded through DFG monies) so that residents were supported to live independently in their own homes.



185

Disabled Facilities Grants awarded

131

Households support through equipment loan scheme

CASE STUDY – SUPPLY CHAIN BENEFITS FROM PLACE-BASED INVESTMENT

A previous Case Study highlighted the 'Meet the Buyer' event for the Hampton by Hilton Hotel in November 2017, which was a great opportunity for local contractors and suppliers to meet with Bowmer & Kirkland. All contact details collected at the event were passed to Bowmer & Kirkland for consideration when sourcing supplies and services.

This Case Study provides some great examples of the local businesses that were awarded work with Bowmer & Kirkland and their subcontractors, some as a direct result of the 'Meet the Buyer' event, and below are a selection of these.

- The **joinery** package was awarded to Middlesbrough based TMG Joinery UK Ltd. TMG will be sourcing all door-sets from **Cotswold Manufacturing Ltd.** based on Teesside Industrial Estate, Thornaby (short company history provided below);
- The **piling** work was awarded to Volker Ground Engineering based in Preston, who sourced all concrete from **Breedon Concrete's Stockton depot**;
- The steelwork and metal decking was awarded to Finley Structures based in County Durham who sourced their hot rolled steel from **TATA Steel in Hartlepool**;
- The **earth works** were awarded to **Groundwork Services based in Durham**, who have sourced their various products from Stockton suppliers: general building supplies from **Jewsons, James Burrels and Keyline**; their drainage materials from **MKM**; their concrete from **Tarmac**; and waterproofing from **Waterseal in Stokesley**;
- **Structural Framing System (SFS) Framing** - awarded to Metek from Gloucestershire, who are sourcing all concrete from **Tarmac** in Stockton.

It is worth noting that even though one local supplier was unable to secure a work package it has gone on to be on the tender list for other contracts that Bowmer & Kirkland are working on in the local area.

Stockton Council will now be working with the hotel operators, Interstate, to commence the procurement of the operational and service aspects of the business and recruitment of staff in the second half of 2018. A future Case Study will provide an overview of the opportunities that a place-based development, such as the new hotel, Ingleby Barwick Leisure Centre and the Globe, can provide for local people, such as training opportunities, apprenticeships and jobs.

Cotswold Manufacturing was established in 2005 to manufacture door-sets, and benefitted from support from Stockton Council including grant funding towards investment in machinery. As a result of continued success the company moved from its original factory to a 53,000 sqft facility at Teesside Industrial Estate in Thornaby in 2010. It acquired a further 28,000 sqft of space in an adjacent unit in 2013 to accommodate a new purpose-built factory to manufacture doors. The company has received support from the Regional Growth Fund including for investment in additional CNC machinery; creating ten additional jobs. They invest in training and have supported and developed young people in apprenticeship roles. The company was able to employ four ex-SSI employees with support from the TVCA and also worked with Stockton Council and Jobcentre Plus to develop a Sector Based Work Academy to help recruit new employees and provide pre-employment training to develop some of the skills required by the company. All participants were interviewed and 7 were recruited. The company now has approximately 95 employees and a turnover of >£9m. Its mission is to be the best door and door-set manufacturer across all market sectors providing total customer satisfaction through continuous improvement.