

Case Study

Economic Growth Advisors Programme

Stockton-on-Tees Borough Council

Local economic assessment

Key themes covered by the case study

- ✓ A robust economic evidence base
- ✓ An economic growth strategy
- ✓ Transfer of skills and knowledge

Summary

Our ambition is to create a Borough that is more confident, more vibrant and more successful than ever before. A place where people prosper and grow, where they feel happy, safe and healthy. A place where people can see that the Council's drive, integrity and imagination have delivered genuine improvement and exceptional value for money. A place that every single person is proud of. This is our vision.

Further details can be found on www.stockton.gov.uk/stocktoncouncil/

In order to realise this vision we must support the economic growth of our Borough by working in partnership to respond to changes in the economy, to strengthen our knowledge and skills base, to promote a more entrepreneurial culture, to support employment generation and the strengthening of our industrial specialisms and clusters.

Stockton-on-Tees forms part of the Tees Valley; home to 663,600 people, and also includes the Boroughs of Darlington, Hartlepool, Middlesbrough, and Redcar & Cleveland.

Rationale for project

A Local Economic Assessment (LEA) provides an analysis of national and local economic data that identifies the Borough's characteristics, performance and trends, and shows the nature and extent of the opportunities and challenges that exist within the economy. The LEA forms part of the decision-making toolkit for us, local partners and businesses, and the key insights presented can help to inform policy, delivery and strategy.

The rationale for the project was to:

1. Scenario model economic conditions in Stockton-On-Tees.
2. Compare Stockton's position against others, e.g. sub regional, regional, national.
3. Provide access to modelling software and the expertise to use it.
4. Provide a critical evaluation of the preliminary LEA findings.
5. Provide an assessment of any gaps in key economic data that is fundamental to the LEA process.
6. Produce evidence/data to enable any additional priority research questions to be answered.
7. Develop an evaluation process to test that the LEA is/remains fit-for-purpose.

Taking part in the Economic Growth Advisers Programme has enabled us to bring forward an economic evidence base through the completion of the LEA for the Borough, and established a sustainable approach to developing future assessments through the transference of the methods, skills and knowledge used.

As the LEA provides a baseline of the Stockton economy, it enables us to have conversations with key partners to develop holistic, joined-up and value for money approaches. The key findings and insights can also be used as an evidence base in funding bids, and provide the basis from which to develop focused and targeted interventions.

The Adviser added value to our existing and future approaches to producing a LEA by the skills and knowledge that they brought to the project:

- providing key assessment approaches
- knowledge of/access to economic data sources that were not already developed
- advising on presenting and publishing economic research for non-researchers
- discussing the potential implications of the research
- helping to encourage and facilitate a very high quality piece of work and final publication
- providing guidance and details to help with subsequent LEA editions or updates which may be undertaken.

Key actions/ how your project was delivered

Delivering the project

In order for us to ensure that the project was delivered on time and would achieve our expected outcomes, an inception meeting was held with the Adviser to confirm the deliverables and scope of the project, and a project plan with key milestones was put into place. The day-to-day contact and management of the project was between the Adviser and our Economic Strategy Team through emails and telephone calls.

The project commenced with a series of headline questions being developed. For example:

- How has the Stockton-on-Tees economy performed over recent years, and what is its position in relation to others?
- What explains its relative performance (industry, structure, skills, markets, employment)?
- How has the economy fared during and after the recession, and what was the impact?
- Have there been any major structural changes?
- What did the recession tell us about the characteristics and resilience of the economy?
- What is unique and compelling about the Stockton-on-Tees area as an economy and business location?

Following the headline questions being formulated, points of enquiry were developed across three Chapters: Business, People, and Place – recognising these as a series of inter-connected economic factors. These covered areas such as:

- How entrepreneurial is the local economy?
- What kinds of enterprises are growing in the local economy?
- What is the enterprise structure like in terms of size, age and industry profile?
- How many people are in employment/self-employment?
- What has been the rate and nature of jobs growth over recent years?
- What is the local and wider labour market and travel to work catchment?
- What are the current skills and qualifications of the local workforce?
- What is the demand for skills from local employers?
- What is the occupational profile like and how has this changed?
- What do local vacancies tell us about local labour demand and supply?
- What is the rate and nature of economic participation?
- Are there any particular concentrations of disadvantage?
- What is the current provision of commercial and industrial property?
- What land is available for development?
- Is housing affordable and is there an appropriate mix of housing tenure and supply?

The process followed enabled us to find answers to the research questions by collating the most appropriate data with a minimum of 5 year trends with comparisons for Tees Valley, North East and nationally where available. At that stage the data tables were printed out in order for bullet points of the main data observations, queries, clarifications or explanations to be noted.

These observations and notes were then transferred into a separate document in the format of short bullet points or sentences. From this information the three Chapter Summaries and Key Facts sections were formed, and the Executive Summary drafted at the end of that stage. A series of simple tables and charts were developed to accompany the text for illustrative purposes within each of the chapter assessments, as was a glossary of terms to make reader understanding easier.

Key findings and outputs

As there is a vast array of nationally published data from which to choose from, by formulating the headline questions and points of enquiry we have learned which data sets are the most important and relevant for us to focus on for future assessments; therefore streamlining the process, and ensuring its complementarity with the Tees Valley Economic Assessment.

The process brought forward an approach that ensured the knowledge was transferred in a progressive way, whilst enabling an open dialogue with the Adviser to ensure 'needs-based' economic intelligence was formed.

Key findings workshop

The project concluded with the Adviser facilitating a workshop to present the key findings from the LEA to a broader audience, encourage discussion and debate on the information presented, and to consider the next steps towards a Growth Plan for Stockton-on-Tees. Key findings included:

- A growing number of businesses, and they are surviving longer.
- Manufacturing remains important, supported by a range of other specialisms.
- Recent economic recovery has generated strong growth in jobs.
- The population and workforce are growing.
- Levels of economic participation among working-age residents are high, but unemployment rates also remain high.
- Qualifications and skills are improving, with a growing demand amongst employers for high level skills.

Key outputs

The project has delivered improvements in:

- **Data and information toolkits / research and data analysis capabilities** - by defining the structure, process and how to write a Local Economic Assessment, and various separate detailed data research papers that explain data sources and how to analyse them, e.g. employment and enterprise based location quotients.
- **Economic evidence base and economic intelligence** - by considering the inter-dependent key findings analysis across the three chapter assessments of Business,

People and Place, we have enabled each set of findings to be assessed in detail, and the threads of analysis that join up the chapters and different sections have been drawn together within the Executive Summary.

By formulating the headline questions, points of enquiry, and the data information toolkit the assessment process can be replicated more easily in future years, or at a particular point in time to ascertain whether there are any changes in specific economic trends (depending on whether there had been any more up-to-date data releases) and any approaches/interventions to address the opportunities/challenges presented would be re-considered at that time.

Economic benefits

Based on the availability of the evidence base presented by the LEA, it is now our intention to develop a Growth Plan for Stockton-on-Tees. It is envisaged that a focused and targeted approach, which dovetails with the Tees Valley Local Enterprise Partnership priorities, will have a positive impact on the following key areas, with examples including:

- **Entrepreneurial activity** - In some respects Stockton-on-Tees is more entrepreneurial than average. Our 'churn' rate (business births added to business deaths as a share of total enterprises) is higher than Tees Valley, the North East and nationally, and our one-year business survival rates for businesses born in 2011 was very high at 96.2%. However, we have lower rates of entrepreneurship than nationally. We will now consider how we can further stimulate enterprise creation and encourage someone to start up their own business; and how we can promote this as a viable form of employment to achieve genuine and long-term business sustainability and growth;
- **Business attraction, creation and growth** - We know the value that each industry sector makes to economic output (GVA), and how that position has changed over the last decade. This information combined with employment growth/contraction by industry serves to illustrate how strongly each sector is performing in the local economy. We also have some strong industrial specialisms in the Borough based on higher employment numbers than nationally. Knowing this enables us to research and review the sectors with potential opportunities, and identify the needs of business investors to provide bespoke packages of support;
- **Unemployment rates** - Even though Stockton-on-Tees has high economic participation and employment rates, we also have higher unemployment rates compared to national averages; particularly in relation to youth, 50+ and long-term unemployment. The Assessment brought clarity to:
 - the types of benefits being claimed by residents
 - their age ranges
 - unemployment related benefits being claimed specifically
 - the length of time they had been claiming benefits
 - economic activity/inactivity by geographic locations (wards)
 - the ratio of applicants to vacancies by occupation.

Understanding this data, and determining how to tackle specific issues, will enable us to work with partners to facilitate residents to be "work ready" and inspired to achieve the level of qualifications required to secure and sustain employment.

- **Skills and Qualifications levels** – We have a growing population and working age population which is a driver for economic growth, and will support future business growth. Although over one quarter of the workforce is qualified to degree level or higher (or equivalent), local residents will need to keep improving their skills and qualifications as local employers are demanding a more highly-skilled workforce. Many new jobs are highly skilled, which will attract and retain high earners in the borough, but for this reason they are out of reach of many local unemployed people. We will increase residents' awareness of employment and training opportunities, and improve information about job vacancies and the skills required to fill them, and assist businesses to identify skills gaps and invest in training. It will be important to encourage businesses to employ graduates into graduate level jobs, or up-skill their existing workforce to undertake higher skilled jobs; thereby freeing up more of the entry-level jobs for those with lower skills / experience base.

TRANSFER OF KNOWLEDGE TO OTHERS

As the majority of the data we have used within the Assessment is from publicly available, national data sources it should provide the opportunity to hold conversations across different geographies of what local interventions have worked well and had a positive impact on economic growth and employment generation.

A data sources toolkit has been developed to contain in one place an overview of the national data sources used and where they are located within the LEA. Each section includes: a description of what is measured; the data source; any alternatives to the dataset; if there is a cost to purchase the data; geographical coverage of the data; frequency of data publications; and any data limitations.

We are proactively sharing the findings of the LEA with others to raise the profile of the benefits of undertaking the Assessment, and the key economic findings that it presents. The LEA will be publicly available on our website at www.stockton.gov.uk/economicassessment and shared with the wider sector on the LGA website.