

# Tees Valley Economic Briefing

DATE October 2011  
ISSUE 8

Tees Valley  
unlimited



This Tees Valley Economic Briefing aims to provide a brief summary of activity in the Tees Valley economy for October 2011 including statistical trends and key announcements for the month.

## Summary

October saw over 500 new jobs announced, with the possibility for 900 more, across a number of sectors including professional services, process, offshore wind, healthcare and leisure. The figures are slightly down on September, but maintain the positive job growth recorded this year. Stories of expansion and export success are apparent, along with increased investment from large multinationals, such as **Tata**, **Lotte** and **Axa Insurance**. This comes as the second round of the Government's Regional Growth Fund (RGF) awarded grants to 15 Tees Valley firms, with £40m secured to help create and safeguard over 2,700 local jobs and attract just under £200m in private sector investment. See more [here](#).

Regionally, the NECC quarterly survey found rising UK sales and export orders for North East manufacturers. However, general business indicators were largely down on the second quarter of 2011, particularly for the service sector. **Lloyds TSB's** regional business index reinforced this trend, showing widespread uncertainty amongst firms about the future.

## Indicator Overview

### Reported jobs gains and losses

**Reported job gains remain healthy.** After a couple of very quiet months during the summer, October saw another high number of reported job gains. Reported job losses remain at the very low level seen in recent months. The net jobs figure is now similar to that seen in the early part of the year and far above that seen in Autumn 2010. Note that these trends can be affected by significant individual announcements, and that nearby developments outside the Tees Valley (eg Hitachi Trains) are not included in the data.

### Unemployment

**Unemployment claimant count rises slightly.** There was a very small increase in claimant unemployment in the Tees Valley in September. However, this was entirely due to an increase in the number of 18-24 year olds. North East unemployment rose slightly, whilst national unemployment was unchanged. Levels across the country remain significantly above those seen in Autumn 2010.

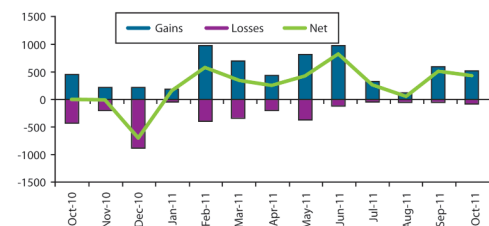
### Vacancies

**Slight fall in vacancies notified to Jobcentre Plus.** The number of vacancies notified to Jobcentre Plus in the Tees Valley dipped slightly in September, though remain higher than they were in the early part of the year, but lower than in Autumn 2010. Vacancies in the North East remained constant but rose slightly in Great Britain as a whole. Bear in mind that vacancy data is very volatile and subject to significant seasonal variations.

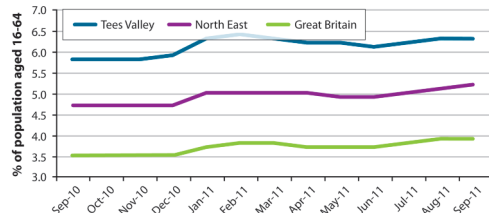
### Business Unit Size

This graph shows the percentage of businesses (ie business units) in the Tees Valley by the number of employees in each business, together with the percentage of total employees this represents. We can see that the distribution of companies and employees are very different. Over 60% of the businesses in Tees Valley (11,000 units) employ less than 5 staff, but these only account for 6% of total workers. Conversely, less than 1% (120 units), employ over 250 staff, but these account for 31% of workers.

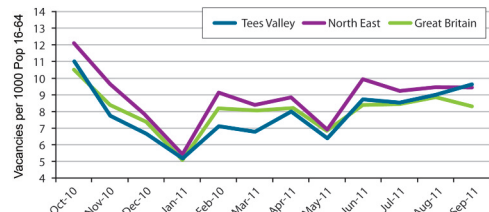
## Data



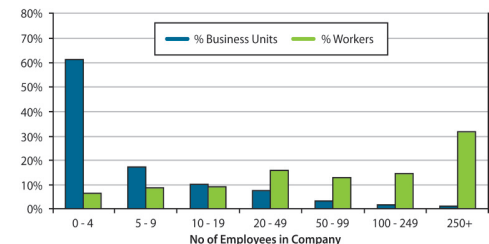
Source: Tees Valley Unlimited



Source: Office for National Statistics



Source: Department of Work and Pensions



Source: ONS Business Statistics 2011 & TVU

## Direction

Previous Quarter



2010/2011



Previous Quarter



2010/2011



Previous Quarter



2010/2011



For further statistical information about the Tees Valley economy visit [www.teesvalleyunlimited.gov.uk](http://www.teesvalleyunlimited.gov.uk)

Reported job gains and losses are based upon announcements as reported in the press and are therefore not designed to be fully comprehensive.

## Engineering & Manufacturing

**Tata Steel** is to invest £1.5m in its steel beam mill operation at Lackenby, near Redcar to increase productivity. The operation has supplied major worldwide projects including Canary Wharf and the new World Trade Centre in New York. In October Tata also announced plans to invest £2m into their tube mill facility at Hartlepool, to make parts that will be used in the construction of wind turbine foundations. Also in the steel sector, **SSI** has taken on their first recruits at the manufacturing plant in Redcar. It aims to restart the blast furnace in December, while they are also looking to invest £30m in a coal injection plant to improve efficiency.

**Intelect Group**, a Middlesbrough engineering company which provides electrical, mechanical and machine services to projects across the UK, this month completed a third phase of expansion. This takes the Riverside Park firm's investment to date to £2m and they now employ 160 people. In addition, engineering firm **AMEC**, which has bases in Darlington and Stockton, has won another major contract, this time a £50m North Sea deal with **GDF Suez**. Kitchen supplier **Magnet**, which has a large facility in Darlington, announced a tripling in pre-tax profits in 2010. **James Halstead**, owners of the former Armstrong Flooring company at Teesside Industrial Estate in Stockton, posted record results in 2010/11 and is looking to expand the site.

## Energy & Process

Having received a first round RGF grant of £6.7m, **Lotte Chemical** at Wilton is to begin building its new plastics PET plant shortly, following internal company approval. The plant, which is owned by **KP Chemicals** of South Korea, will create an extra 55 permanent, and 300 construction jobs. It should be online in 2013. Decommissioning, demolition and land remediation specialists **KDC** have recently completed the acquisition, decommissioning, demolition and remediation of the former Croda production facility on Sembcorp's Witon site. Now that the site is fully remediated KDC are working to find a new owner.

Offshore wind continues to provide potential for growth in Tees Valley: Spanish firm **Gamesa** are currently deciding between Hartlepool and Dundee for a location to house their wind turbine manufacturing plant and 800 jobs; monopile manufacturers **Tees Alliance Group** (TAG) are in discussions with **EDF Energy** to supply the Teesside Offshore Windfarm, a Round 1 project off the coast of Redcar; and Newton Aycliffe-based **Tekmar Energy**, which manufactures cable protection systems, has been bought by a private equity company. This will give the firm, which has a manufacturing facility in Darlington, the ability to increase capacity.

On the training side, **Falck Nutec** based at Haverton Hill have invested over £500k to expand their facilities, including a 23 metre tall wind turbine tower and external boat transfer simulator. Also in the offshore wind and oil and gas industries, **CTC Marine**, a subsea engineering company in Darlington, has won orders of over £20m from the UK and global markets. These include projects in Germany, Australia and France. It is teaming up with **JDR Cables** of Hartlepool on the latter.

## Logistics & Construction

Operators **WH Malcolm** announced plans to increase the weekly rail freight service between **PD Ports'** container terminal at Teesport and Grangemouth in Scotland. As freight is increasingly being moved from road to rail, the firm is potentially looking to increase this to five times a week. Likewise, **GB Railfreight** has won the contract to transport iron and steel slab around the **SSI** site at Redcar and is creating 35 jobs. Crane hire company **J Hewitt Crane Hire Ltd** are taking on more staff having received bank finance from **Yorkshire Bank** with future growth expected.

On construction, house building firm **Yuill Homes** are moving from their current base to a flagship office at Hartlepool Marina and

plans have been revealed for a 850-home development at Allens West, Stockton, which could create a large number of jobs. Despite this, there was some negative news: the parent company of **SCA Packaging**, based in Darlington, is to cut 2,000 jobs worldwide and the possibility of losses in the Tees Valley has not been ruled out.

## Professional Services

**Axa Insurance's** operation in Tees Valley is expanding; it currently operates from Teesdale Business Park in Stockton, where it manages the **Swiftcover** brand and employs 300 people. The firm is to open a new office in Middlesbrough town centre, creating a further 450 new jobs. 250 jobs look to have been saved after the Government decided that the Independent Safeguarding Authority, an arm of the Home Office which safeguards vulnerable people, would stay in Darlington.

**Onyx**, based in Stockton, has been bought by **Isis Equity Partners** in a £42m deal; the business data management company, who have 10 operations across the UK, employ around 100 in Tees Valley. In addition, **Quality Office Supplies** have opened a new office at **Boho One** in Middlesbrough, with the West Midlands firm hoping to supply the growing digital and creative marketplace in the Tees Valley. In terms of job losses, there is potential for redundancies at **BBC Tees** as part of budget cuts.

## Retail & Leisure

Planning permission was granted in October by Hartlepool Council for a new 65-bedroom hotel by developers **Jomast** at Hartlepool Marina. This will create 15 jobs. As reported last month, **the Mall** in Middlesbrough was sold to a real estate fund management company who have pledged to invest in the centre. The Centre was in the news this month as HRH Prince of Wales opened the Corner Emporium, a retail unit to encourage new enterprises to set up shop in the town. There are potential for job losses, however, at caravan retailer **Discover Leisure**. The firm, which employs 250 people in the UK, including a branch in Darlington, has gone into administration.

## Healthcare

Plans were unveiled this month for a £10m health and wellbeing centre at Middlehaven in Middlesbrough to help people recover from neurological conditions. The Gateway, the first centre of its kind in the country, could create 100 jobs and is being developed by **Whickham Villa** and **Erimus Housing**.