

Tees Valley Economic Briefing

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Tees Valley
unlimited



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

Summary

September was a busier month than both July and August in terms of stories and resulted in very positive job gain figures of over 570. These came from growth across a wide range of sectors; at the likes of logistics experts **PD Ports** and **AV Dawson**, manufacturers **Darchem** and **Heerema**, engineering firms **Pearson Harper** and **Guardian Marine Testing**, contact centre **Respondex** and retailers **Asda** and **H&M**. Success in engineering and manufacturing again resulted from firms exporting services abroad and securing large contract wins across the globe.

Regional surveys and data once again found a mixed picture. With rising national unemployment and PMI surveys showing sharp slowdowns in both services and manufacturing, information produced by Yorkshire Bank and the EEF showed North East businesses remaining confident about the future, but concerned particularly about cash flow and bank finance. Exports, according to the EEF, were central to positive growth plans and recruitment attentions. Although HMRC data for Q2 of 2011 reported exports down on Q1, they were up 21% on the year before.

Indicator Overview

Reported jobs gains and losses

Sharp increase in reported job gains. After a couple of very quiet months, September saw a sharp increase in reported job gains, with the number of job gains returning to levels seen in the early part of 2011. Reported job losses remain at the very low level seen over the last three months. 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 rising. Claimant unemployment in the Tees Valley rose again in August, reversing the slow improvements seen recently. The Tees Valley is clearly following a general trend as North East and Great Britain rates are also rising. Levels across the country remain significantly above those seen in Autumn 2010.

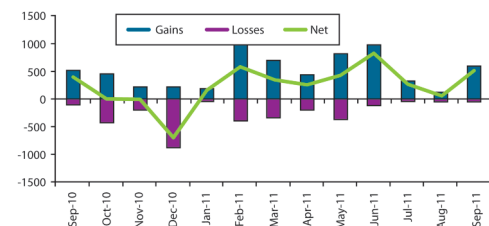
Vacancies

Slight rise in vacancies notified to Jobcentre Plus. The number of vacancies notified to the Jobcentre Plus rose slightly in August. This does seem part of a general trend during 2011, albeit with a sharp fall in May, though vacancies remain lower than in Autumn 2010. Vacancies in the North East and GB also rose slightly. However, vacancy data is very volatile and subject to significant seasonal variations.

Youth Unemployment

Unemployment amongst young people is rising. Over the last 6 months, the rate of unemployment for people aged 18-24 in Tees Valley has risen from 12.8% to 13.4%. This is much higher than the unemployment rate for people aged 25+, which has actually declined over the same period. The proportion of claimant unemployed aged 18-24 has risen from 31% to 33% since February. Youth unemployment is also rising steeply in the North East and Great Britain as a whole, though unlike the Tees Valley, the number of unemployed aged 25+ also increased.

Data



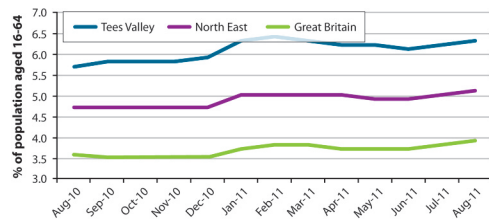
Source: Tees Valley Unlimited

Direction

Previous Quarter



2010/2011

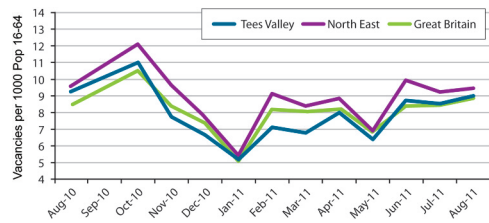


Source: Office for National Statistics

Previous Quarter



2010/2011

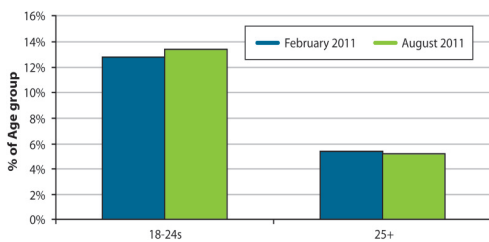


Source: Department of Work and Pensions

Previous Quarter



2010/2011



Source: ONS Unemployment Claimant Count data/TVU

18-24's



25+



For further statistical information about the Tees Valley economy visit 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

One of the firms creating the most jobs is **Darchem Engineering** in Stockton. Having taken on 100 staff over the past few months to service the aerospace market, the insulation systems manufacturer is to employ a further 100 to strengthen its position in the nuclear sector, particularly for new build. Furthermore, on the back of the Redcar steel plant reopening in December, **PD Ports** are to take on an extra 50 new employees to cope with the increased volumes of steel slabs being exported from the River Tees. There was also job creation at the nearby Wilton Centre with marine fuel sampling firm **Guardian Marine Testing** which is taking on 20 extra staff after securing investment from **Lloyds List**, one of the world's oldest shipping insurers. **PD** and **MS Energy**, a subsidiary of engineering business **Wilton Group** are opening new offices in Brazil to tap into the growing oil and gas market and are also employing more people as a result.

Cleveland Bridge in Darlington has begun work on a £35m bridge-building scheme for the Sri Lankan Government. Meanwhile, a further 20 new staff are being employed by Stockton's **Cosysea Insulation** having won a deal to provide cavity wall and loft insulation. Increased profits and turnover were also reported this month by electronics manufacturer **Stadium Group** in Hartlepool and **Stockton Casting Company** was bought by Bishop Auckland-based **Teescraft Engineering**. The latter have invested £6m in new equipment to enhance exports of their specialist parts to the oil and gas, petrochemical and car industries.

Energy & Process

BP announced this month a huge £700m investment into a new North Sea oil field off the coast of Aberdeen. The project will involve new infrastructure being produced by **Heerema** in Hartlepool, creating in a number of new jobs. From 2013, gas will be piped into the UK via the **BP Cats** pipeline terminal at Seal Sands. Having secured a £6m contract with oil giant **Chevron** last year, engineering firm **Pearson-Harper** are to take on an extra 13 staff at their base in Billingham. This is to provide engineering management services to the project off the coast of Western Australia.

Tees Alliance Group at Haverton Hill secured their first order this month from **Wilton Engineering Services** in Middlesbrough to test clamps for an oil and gas project off the coast of Denmark. National offshore wind experts **Renewable UK** held a conference at Hartlepool College in September to talk about offshore wind, allowing the new build college to show off its expertise in the subject. In the waste management sector, building work is about to start on a new recycling facility in Darlington. **Total Recycling Services** hope this will double turnover of the business to £6m by 2013.

Logistics and Construction

Following a successful Regional Growth Fund application, multimodal logistics providers **AV Dawson** is to invest £3m in extending their quay on the River Tees to allow larger vessels to access its wharf facilities. The Middlesbrough firm secured £1.2m from the first round of RGF and is targeting the offshore wind and oil and gas sectors. **Nicholsons Transport** in Billingham is recruiting, with expectations of 20% growth in freight quantities next year. Success this month was also reported from two construction firms; Middlesbrough-based **SGW Construction**, who have made their sixth company acquisition of the year; and Darlington's **Stone Technical Services**, with four contract wins totaling over £100,000.

Professional Services

Housing organisation **Vela Group**, registered social landlords in Hartlepool and Stockton, is creating 23 new jobs through apprenticeships. **Respondez** in Hartlepool is taking on 15 more staff, with the contact centre growing employment to over 200 as a result of contract gains. However, architects **Browne Smith Baker** has gone into administration with their office in Darlington likely to lose staff. The company lost a significant amount of turnover in the recession.

Retail and Leisure

A new **Asda** store, creating 250 jobs, was granted planning permission this month. The new superstore on Skelton Industrial Estate will take 25,000 sq ft and should be open in 2012. Jobs also look set to be created at the **Fens Hotel** in Hartlepool which was granted planning permission for a £150k revamp. In addition, **The Mall** shopping centre in Middlesbrough is set to be sold to a real estate fund manager in a joint £108m deal with a scheme in Barnsley.

In Stockton, 20 new jobs are to be created at the Teesside Retail Park in Stockton with **H&M** opening a new store in October, while the Castlegate Centre is undergoing a £4m renovation. However, **Westgate** department store in Hartlepool's Middleton Grange shopping centre is to close in November with the loss of 21 jobs and national furniture chain **Walmesley** went into administration this month, leading to the closure of its Hartlepool and Middlesbrough stores.

Healthcare

Retirement village owners **Middleton Hall** has been granted planning permission to expand their site in Darlington and are to take on 45 extra staff as a result. Meanwhile, Darlington care homes provider **Southern Cross**, which went into administration in July, has agreed an extension of its banking facilities to allow the transition of the homes to new operators by November. 200 staff employed in the HQ in the town are expected to move across, although there is the possibility of some job cuts. Around 35 job losses are likely at **North Tees and Hartlepool NHS Foundation Trust** due to funding cuts.