

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 May 2011 including statistical trends and key announcements for the month.

Summary

The Tees Valley economy experienced a number of positive developments in May, with the promise of over 700 new jobs, predominately in engineering, professional services and retail projects. Chemical giant **Huntsman's** announcement that it would be staying in the area was a major plus, as was the launch of the **National Biotechnology Demonstrator Facility** at Wilton and the number of international contracts secured by Tees Valley engineering and manufacturing firms. However, there were major job losses at **Tata Europe** in Redcar and Cleveland, with the threat of further redundancies at **Ensus**, **Focus DIY** and social care operators **Southern Cross**.

Nationally, the monthly PMI manufacturing index fell to its weakest reading since Sept 2010 due to lower consumer confidence and a fall in construction orders. However, this still represents slow expansion,

Indicator Overview

Reported jobs gains and losses

The trend in job losses and gains continues to be positive, with significantly more gains than losses in recent months. Whilst there is a lot of volatility in reported job losses and gains, the picture in the last few months has been quite positive, as job gains have outweighed losses, compared to Autumn 2010 where the opposite was the case. In May, announced job losses and gains both increased. Such trends can be affected by significant individual announcements, such as the takeover of TCP by SSI in February, although recent positive developments outside the Tees Valley (eg Hitachi Trains) are not included in the data. May's figures have been boosted by the Wilton Engineering Group's expansion plan, but also include job losses recently announced by Tata Europe.

Unemployment

Unemployment claimant count in Tees Valley has begun to fall. After a steady rise during the early part of 2011, the rate of claimant count unemployment in Tees Valley has begun to fall and stood at 6.3% in May. Although a slow decrease, this is quicker in comparison to the national rate, which is also falling. The North East claimant count remains unchanged at 5.0% and levels across the country, 3.7% in May, remain significantly above those seen in Autumn 2010.

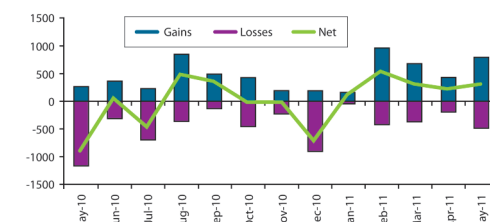
Vacancies

Vacancies notified to Jobcentre Plus rise sharply in Tees Valley. Whilst the number of vacancies notified to Jobcentre Plus is normally very low in December and January, the number has increased sharply in recent months, although still below the level seen last autumn. The number of vacancies in Tees Valley was slow to recover in the new year but has risen to be close to those of both the North East and national averages.

Average House Selling Price

House selling prices continue to fall. House selling prices generally have fallen steadily over the last year. However, prices in Tees Valley have fallen at a slower rate than the North East as a whole, and the average house price is now slightly higher in Tees Valley than the North East average. However, house prices have fallen faster in Tees Valley than in England & Wales.

Data



Source: Tees Valley Unlimited

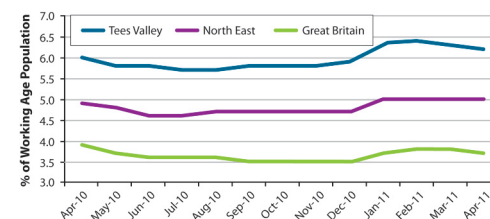
Previous Quarter



2010/2011



Direction



Source: Office for National Statistics

Previous Quarter



2010/2011

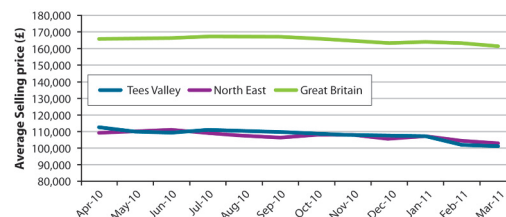


Source: Department of Work and Pensions

Previous Quarter



2010/2011



Source: UK Land Registry

Previous Quarter



2010/2011



For further statistical information about the Tees Valley economy visit www.teesvalleyunlimited.gov.uk

continued overleaf...

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

Summary cont....

predominately driven by rising export orders. Data from the Office for National Statistics for industrial production and manufacturing output also grew steadily, while, according to the **Royal Institute for Chartered Surveyors**, the construction market recovery in the North East stalled in the first quarter of the year, further reinforcing a cautious outlook.

Professional Services

The world's largest interior design contractor, **Depa**, announced this month that it had chosen Middlesbrough to be its European Head Quarters. The Dubai based company will create up to 150 jobs at Riverside Park over the next 3 years. Solicitors **Dickinson Dees**, who have an office in Stockton, were rated as one of top 25 law firms in the UK this month by a leading industry, while Swedish bank **Handelsbanken** has opened a new branch in Darlington.

Middlesbrough digital start-up **CANDi** are taking on more staff having received a £100,000 venture capital investment to expand their business and data security firm **Onyx** in Stockton continued their growth with the acquisition of a Yorkshire data centre.

Construction

Stone Technical Services, a building restoration firm in Darlington, continues to grow having secured further contracts for **Ineos** and **Dow Haltermann** within Tees Valley this month.

Engineering & Manufacturing

Two major stories emerged in May, beginning with the unexpected announcement that steel producers **Tata Europe** would shed 390 jobs at its Long Product and Pipes and Tubes divisions, affecting staff in Lackenby, Skinningrove and Hartlepool. The company blamed a fall in demand for structural steel and decline in pipeline projects.

The second, more encouraging development, was the news of growth plans at a number of engineering businesses across the area, predominately due to securing major international contracts. Steel fabricators **Cleveland Bridge** in Darlington won a contract with the Sri Lankan Government to build over 200 bridges, while the **Wilton Engineering Group** in Middlesbrough are potentially taking on another 200 staff after signing deals in Brazil and West Africa. In addition, **Henry Williams** in Darlington has secured part of a contract to service the M74 and M80 motorways in Scotland and cable supplier **CBL Cable Contractors** in Hartlepool secured a contract to service the UK's two aircraft carriers.

In addition, Darlington's **MechTool Engineering** have just invested £500,000 in new fabrication equipment to support their continued expansion, **px Group** in Stockton has acquired Billingham-based **SCL** to increase their reach into energy and process projects in the Middle East and **AMEC** has bought USA-based firm **Mactec**. A new engineering business, **Nortech Solutions** in Stockton, hopes to take on 25 staff in the wake of a major contract win.

Energy & Power

There was encouraging news for the Tees Valley chemical industry this month with the announcement by multinational process firm **Huntsman**, which has sites at Wilton

International and Haverton Hill, that they will create a new purpose built UK head quarters at Wynyard Park, Stockton. The company, who employ 600 staff across the sub-region, will oversee part of its worldwide pigments operation from Tees Valley.

The Centre for Process Innovation at Wilton this month officially launched the **National Biotechnology Demonstrator Facility**, housed in Tees Valley. The £12m Government-funded facility will be used to road-test biotechnology processes prior to roll out on an industrial scale, and help develop sustainable and ground-breaking manufacturing processes. **The Wilton Centre** also launched its **£2.3m Innovation Accelerator** to nurture and support innovative process industry start-up businesses, the first such facility of its kind in the UK.

In May, **Progressive Energy's** Eston Grange site was put forward by the UK Government for the EU's carbon capture and storage demonstrator competition. The UK has shortlisted 12 schemes, of which 3 could receive funding. If approved the £2bn Redcar project would create hundreds of jobs in Tees Valley. In addition, subsea equipment provider **Modus** moved into their new premises in Darlington and have plans to expand further. However, the **Ensus** bioethanol plant at Wilton is to close for up to 4 months due to a fall in margins, although the company is confident that it will re-open.

Retail & Leisure

New retail and wholesale schemes this month largely feature Darlington: **Sainsbury's** have announced expansion plans, creating 120 jobs, **Vertu Motors** are investing £2m in a new operations centre and UK HQ, resulting in an increase in staff, and music retailer **Windows** are interested in opening a store in the town.

Miscellaneous

Bids have been submitted to Government from providers in both Middlesbrough and Darlington for University Technical Colleges. These specialist centres are a new initiative to offer 14-19 year olds technically-based education.