

# Tees Valley Economic Briefing

DATE August 2011  
ISSUE 6

Tees Valley  
unlimited



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

## Summary

August was quiet in terms of stories, following the summer trend set by July. However, the month did see a number of positive developments. Firstly, government approval was granted to 12 innovative Enterprise Zones across Tees Valley, offering financial incentives in the form of business rate discounts and enhanced capital allowances for further details click here. Planning permission was granted to **Air Products** for an energy-from-waste project which will create over 500 construction jobs and **Tata Steel** announced a £7m investment to boost its pipe operations in Hartlepool. Furthermore, **SSI** announced that their Redcar steel plant, employing 1,700 people, will be up and running in December this year.

Encouragingly, there was also a growing trend towards job creation among SMEs. This meant job creation numbers were relatively low, at just over 100, but are an encouraging sign that these businesses – predominately in the retail, leisure, engineering and professional services sectors – are helping to increase growth in the Tees Valley economy. There was disappointing news in August that **Eastern Airways** are to end

## Indicator Overview

### Reported jobs gains and losses

**Very quiet month for reported job gains and losses, though still with a net gain in jobs.** August was an extremely quiet month in terms of reported job gains and losses, with even smaller numbers of both losses and gains than in July, which itself saw less activity than previous months. Job gains still outweighed job losses, though only by a small amount. SSI started recruitment in August, but these job gains do not feature in this month's figures as they were reported in February. 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

**Slight rise in the Tees Valley unemployment claimant count.** Claimant unemployment in the Tees Valley rose slightly in July, after a period of slow but steady decline. North East and GB rates also rose. Levels across the country remain significantly above those seen in Autumn 2010.

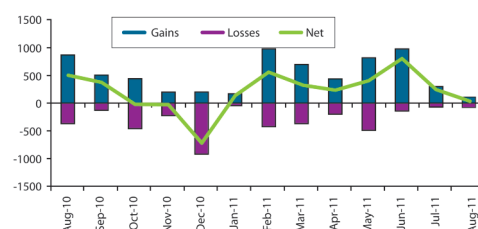
### Vacancies

**Vacancies notified to JobCentre Plus remain steady.** There was little change in the number of vacancies notified to JobCentre Plus, in July, following the steep rise in June and sharp fall in May. The number of vacancies remains at a higher level than in the early part of 2011, though lower than in Autumn 2010. Vacancies fell in the North East, but rose slightly in GB. Vacancy data is very volatile and subject to significant seasonal variations.

### House Prices

**House selling prices may be levelling out.** House selling prices generally have fallen steadily over the last year. However, prices in the Tees Valley appear to have levelled out, with little obvious change since March. Prices in England & Wales appear to have also levelled out, but prices appear to be continuing to drift downwards in the North East.

## Data



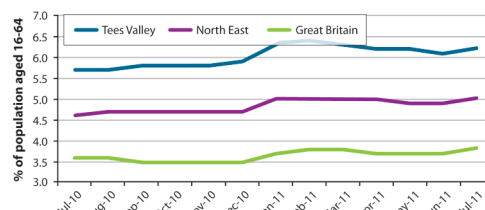
Source: Tees Valley Unlimited

## Direction

Previous Quarter



2010/2011

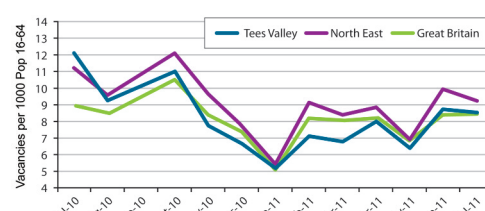


Source: Office for National Statistics

Previous Quarter



2010/2011

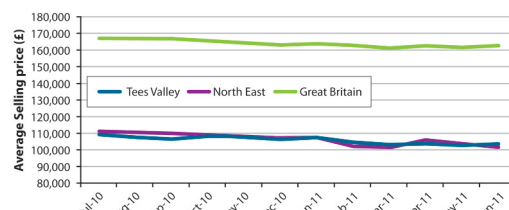


Source: Department of Work and Pensions

Previous Quarter



2010/2011



Source: Land Registry

Previous Quarter



2010/2011



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

## Summary cont....

flights from **Durham Tees Valley** Airport to Southampton due to lack of demand. However, key routes to Aberdeen and Amsterdam remain.

The picture across the wider North East economy, as last month, remained mixed. **RICS** reported a rise in unoccupied commercial space in Q2 of 2011, **Baker Tilley's** survey of regional SMEs found them more optimistic about the future, but still very cautious, while **Lloyds TSB** reported North East job creation at its highest level for eight months, but expectations of growth for next year falling. A **Barclays** survey also predicted a mixed future for the regional economy.

## Retail & Leisure

Plans were unveiled this month by developers Jomast for a 65-bed hotel in Hartlepool, which could, if granted planning permission, create 15 new jobs. In addition, a further 24 jobs could be created with retailers **Greggs** and **Spar** looking to take over a former pub in the town.

**D&H Jewellers** in Darlington are creating new jobs, a new business **Fix 'N' Go** has been set up in Hartlepool to provide garage services, **First Choice Labels** in Kirkleatham are taking on more employees and a new wine merchants and bar, **Vesuvio**, has opened in Darlington. Travel agents **Dawson & Sanderson** are also set to open a new store in Stockton High Street. As reported previously, plans are continuing for a new supermarket in Skelton, operated by **Asda**. However, 75 jobs were lost in August with **TJ Hughes** closing its store in Middlesbrough, while 162 jobs have been saved in Stockton after the buyout of the local **Floors 2 Go** store.

## Engineering & Manufacturing

August saw a further boost to the steel manufacturing industry in Tees Valley, with the announcement by **Tata Steel** that they would invest £7m in improving the capacity of its pipe operations in Hartlepool. **Tata** stated that the investment would help maintain their position as a world-leading supplier of pipes and tubes, with Hartlepool vital to its success. It will also now not cut 79 jobs as announced in May. There is potential for job creation at **Darchem Engineering** in Stockton, with 100 new jobs arriving if the firm secures contracts with new nuclear power station developers to manufacturer thermal insulation systems.

**Pickerings Lifts** in Stockton is aiming to double turnover over the next 5 years after installing a new management team. The firm, the UK's oldest and largest lift maker, already turns over £25m and employs 100 staff in Stockton. Stockton car parts manufacturer **Nifco**, which is building a new £8.5m site and expanding its workforce of 215, announced an increase in turnover for 2010 from £22m to £28.5m. The Japanese-owned company aims to double sales within the next three years on the back of increased demand for the plastic components it produces for the automotive industry.

## Energy & Process

**Air Products** received planning permission this month for a renewable energy plant which will create 50 permanent and 700 construction, jobs. Aiming to begin construction in 2012, the plant, creating 49MW of energy from waste and pledging to be operational by 2014, will be based in Billingham. Steel fabrication firm **Heerema** Hartlepool has completed a year-long project creating a huge 150-ft offshore platform for **Centrica**, which is now destined for the North Sea.

On offshore wind, electrical cable installer **VSMC**, who set up an office in Darlington in 2010 employing around 60 people, are recruiting an extra 10 staff as a result of expected contract wins in the industry. In the process sector, a visit took place by the **Indian Chemical Council** to the area to improve trade links between the Tees Valley and one of the world's fastest growing chemical locations.

## Construction & Logistics

**Cobham Flight Inspection**, calibrators of landing and navigational aids, won a £10m contract with the **Ministry of Defence** this month. The company, based at Durham Tees Valley Airport, is a subsidiary of the large American defence firm **Cobham**. A distribution centre in Middlesbrough is to be strengthened following a French manufacturing firm buying a smaller rival to create **New-Seal**. The industrial sealing product manufacturer will create more jobs to service the oil and gas market. Meanwhile, **PD Port's** £16.7m expansion of its container terminal at Teesport continues apace with the delivery of four new rubber-tyred gantry cranes, the only ones of this type supplied to the UK market, representing a £5m investment to improve handling capacity. A new surveying firm, **GreenGeo**, was created this month in Darlington. They plan to take on more staff to offer 3D modeling services to the construction industry.

## Professional Services

Outsourcing firm **Northgate Public Services** are taking on an extra 25 staff at Wynyard Business Park having secured new government contracts. New start-up company **Lemontree Architecture** in Darlington has already gained contracts of over £170k, accountants' **Anderson Barrowcliff** in Thornaby has taken on 3 new members of staff and recruitment firm **TechConsult** has taken on new employees at the Wilton Centre. Middlesbrough digital firm **Double Eleven** has signed an indefinite exclusive development deal with **Sony** to work on games for its Playstation platform, while **Fifteen Digital** in Darlington is to take on more staff to service its online marketing operation. **Onyx** in Stockton signed a joint venture this month with London-based **MWB** which will make the former the biggest capacity disaster recovery business in the UK.

## Miscellaneous

News of business park expansion this month; **Lingfield Point** in Darlington is growing, with the creation of YARN, a 10,000 sq ft space dedicated to start-up companies and SMEs; and **Wynyard Business Park** in Stockton is to expand having fully let the 10,000 sq ft Wynyard Park House in just over a year. An extra 5,000 sq ft is set to be added.