

Tees Valley Economic Briefing

DATE January 2012
ISSUE 11

Tees Valley
unlimited



This Tees Valley Economic Briefing aims to provide a brief summary of activity in the Tees Valley economy for January 2012 including statistical trends and key announcements for the month.

Summary

Job gains in January were considerably lower than those achieved for December, but at over 350 remained positive, considerably outnumbering job losses of around 40. The majority of new posts came in the engineering industry, followed by a significant amount of job creation in the retail sector. There were also reports of potential employment increases amongst contact centre, construction and engineering businesses in the Tees Valley. However, a number of national retail and other businesses entered administration, which could affect their Tees Valley operations and cause job losses in future.

Regionally, Lloyds TSB's business index reported North East firms scaling back recruitment and investment decisions, although remaining optimistic about export orders, particularly from outside Europe. The NECC's latest assessment of the economy bears this out, reporting rising North East exports in the final 3 months of 2011, but poor UK sales. The latest EEF report suggests manufacturers are uncertain about 2012 but are hopeful about increases in both domestic and export demand.

Indicator Overview

Reported jobs gains and losses

Reported Job Gains remain positive. Over 350 job gains were reported in the press in January - lower than in December, but at a comparable level to that seen during Autumn 2011. Only 40 actual job losses were announced, though there are several cases of jobs being at risk due to companies going into administration (eg Petroplus). There have been no reports of major job losses since Spring 2011. Note that only stories reported in the press are included. These trends can be affected by significant individual announcements, and that nearby developments outside the Tees Valley (eg Hitachi Trains) are not included.

Unemployment

Claimant Unemployment rises. Claimant count unemployment rose in December, reaching the highest level since February 2011. Unemployment in the North East and the country as a whole also rose. The rise in unemployment in the Tees Valley comes after a long period of relatively static rates. Unemployment in both the North East and GB has reached its highest level for nearly 2 years.

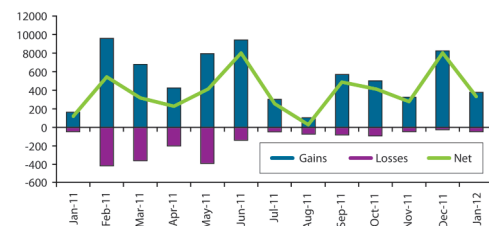
Vacancies

Vacancies notified to Jobcentre Plus fall again. The number of vacancies notified to Jobcentre Plus fell sharply again in December, in the Tees Valley, North East and GB. This is likely to be a seasonal effect, though the rate of vacancies in December 2011 remains higher than in December 2010.

House Prices

House selling prices slowly falling. House selling prices generally have fallen slowly but steadily over the last year. There appears to have been a general dip in December, with the Tees Valley price falling below £99,000 and the North East falling below £100,000 for the first time. The average Tees Valley house price is now 7% lower than a year ago. Prices in England & Wales appear to have levelled out over the last 3 months.

Data



Source: Tees Valley Unlimited

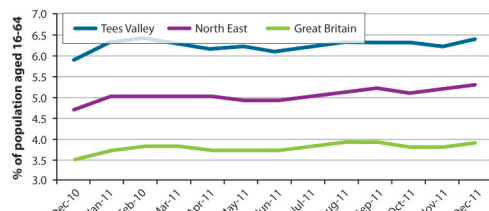
Previous Quarter



2011/2012



Direction

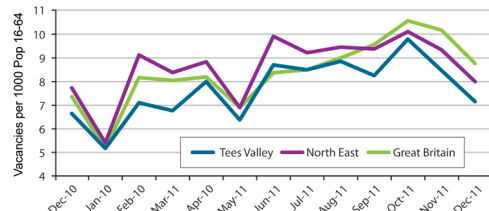


Source: Office for National Statistics

Previous Quarter



2011/2012



Source: Department of Work and Pensions

Previous Quarter



2011/2012



Source: Land Registry House Price Index Reports

Previous Quarter



2011/2012



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.

Professional Services

Utility firm **npower** are recruiting new staff for their contact centre in Thornaby, Stockton, as part of a 200-strong North East jobs drive. These include customer service advisors and team managers, which will be in place by the end of March. Web design and e-commerce specialist, **Visualsoft**, is to create new jobs in Stockton. The firm already employs 86 people and has grown considerably over recent years. Likewise, growing digital firm **iSnapshot** in Middlesbrough is tapping into new markets. Working with UK Trade and Investment, the firm, which produces sales tools for i-phones, has seen considerable growth in demand from South Africa. Meanwhile, **Waltons Clark Whitehill**, accountancy and business advisors, is to move from Victoria Road in Hartlepool to Maritime House at the town's marina in March. They employ 40 staff.

Logistics, Construction & Regeneration

Koru Property Services, a construction firm which manages maintenance work, is to open a Tees Valley office to secure work in the chemical and pharmaceutical industries. Headquartered in Gateshead, the company has secured an investment from the Finance for Business North East Growth Fund. Work has started on the 20 acre former Torrington Engineering Works in Darlington with the first phase of development, including business units and leisure facilities, expected to be completed by September.

Engineering & Manufacturing

The biggest job creation of January was **Wilton Engineering Group** in Middlesbrough. Following considerable contract gains over recent months the firm is to create 100 new jobs in Tees Valley to service an order from **ConocoPhillips**. The Group will build a production platform for a North Sea gas field and a further 150 posts are set to be created amongst sub-contractors. The work will be completed by March next year. Meanwhile, **AMEC**, with large offices in Stockton and Darlington, has secured a key contract with chemical giant **SABIC** for major maintenance work on the latter's Tees Valley process plants. This will create and safeguard up to 500 contracting jobs over the next two years.

In addition, **Stadium Group** in Hartlepool, manufacturers of electronic equipment, has added more staff to their commercial team to target existing markets and new sectors, such as renewable energy and smart metering. Injection moulders for the car industry, **Nifco** of Stockton, which was named North East Business of the Year in 2011, has received a Regional Growth Fund award this month. This will help them take on over 100 new workers and the company has secured work with the likes of Nissan, Honda and Jaguar Landrover. However, also in the automotive sector, engine maker **Cummins** has let 40 temporary workers go at its plant in Darlington due to falling European demand. The firm, however, is targeting markets in Africa and South America, while it has already secured work on the new London Routemaster buses.

Energy & Process

In the chemical sector this month, a management buyout was finalised at **Chemoxo International's** processing facilities in Middlesbrough and Stockton. Employing more than 80 people, the new team hopes to increase exports of environmental-friendly solvents and therefore the number of staff by between 5% and 10% this year. Meanwhile, **Tees Alliance Group** has won another contract in the oil and gas sector; this time the Haverton Hill based company has agreed with marine construction firm Saipem to fabricate foundation piles for Total's North Sea oil and gas field.

There were fears for job losses at biofuels plant **Ensus** at Wilton International. Having paused production in May 2011 due to falling demand, there are concerns that the operation, which employs 100 people, will not reopen. In addition, the parent company of the **Petroplus** oil refinery at Seal Sands, Stockton, has gone into administration. The firm employs 60 people locally.

Retail & Leisure

This month **BHS** opened a new store in Hartlepool's Middleton Grange Shopping Centre with the formation of 55 new jobs. 24 new jobs are being created in the town with the former Powlett Pub being transformed into a **Greggs** and a **Spar** convenience store. In addition, a new bed store is being opened by **Collectables** on Portrack Lane at Stockton and there is increased investment by **Bannatyne Fitness** in gyms in Darlington and Middlesbrough. The former Barrons caravan retail site at Burtree Gate, Darlington, which closed in October last year, has been bought by **Kimberley Caravans**. Initially 25 new jobs will be created, though this could increase to around 100.

Jobs were reported at risk this month amongst national chains that have entered administration which have units in Tees Valley. These include 12 **Bon Marche** and **Peacock** stores in the sub-region and a number of **Past Times** outlets. The **La Senza** store in Middlesbrough was saved following a buy-out which safeguarded 20 jobs. The **Baltimore Hotel** at Middlesbrough is also under threat with its owners having entered administration. The company employs 120 staff in four hotels across the UK. Finally, the **Manheim** vehicle auction centre in Middlesbrough is considering closure, with the possible loss of up to 20 jobs.

Apprenticeships

TTE Training has opened a new apprenticeship centre at their facility in South Bank. The Dorman Long Building will be used to train engineering students and help young people develop key skills. Vehicle parts manufacturer **Caterpillar**, which has a key base in Stockton, is to employ 14 new apprentices, a tripling of the number taken on in 2011.