

Tees Valley Economic Briefing

DATE December 2011
ISSUE 10

Tees Valley
unlimited



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

Summary

December saw the third highest number of monthly job gains of 2011 at over 800 with the majority of new roles created through business expansions in the logistics, engineering and healthcare sectors. However, there were warning signs with the possibilities of job losses in local government, leisure and retail. In addition, Durham Tees Valley Airport is looking for new owners after it was put up for sale by Peel Airports; the Airport currently provides direct routes to Amsterdam and Aberdeen.

Regionally, the EEF's quarterly report revealed that North East manufacturers had maintained levels of output, but with reduced orders. This reinforced a regional Lloyds TSB business survey which found new orders had fallen for the first time since June 2009. Both organisations put the weak demand down to the Eurozone crises and falls in public spending. More positively, North East exports are rising faster than the national average and regional employers are the most upbeat in the country according to surveys from UKTI and Manpower.

Indicator Overview

Reported jobs gains and losses

Sharp Increase in reported job gains. There was a sharp increase in reported job gains in December, whilst reported job losses remain at an extremely low level. Job gains have far outweighed job losses throughout 2011, except for a couple of quiet months in the summer, though even then, there was a net gain in jobs. 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

Claimant Unemployment falls slightly. Claimant count unemployment fell slightly in November, in contrast to the NE which rose and the country as a whole remained steady. Unemployment in the Tees Valley has remained broadly constant most of 2011, but remains higher than it was in Autumn 2010. Unemployment in the North East as a whole has been slowly rising during 2011.

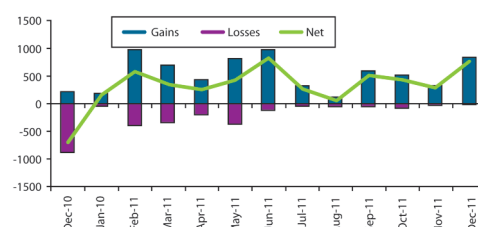
Vacancies

Fall in vacancies notified to Jobcentre Plus. After the very sharp rise in the number of vacancies notified to Jobcentre Plus in October, they fell back again during November. The same broad pattern occurred generally, though the fall was sharper in the Tees Valley. This is likely to be a seasonal effect, however the number of vacancies is still relatively high compared to most of 2011.

GVA per head

GVA per head rises relative to UK. ONS has released new Gross Value Added (GVA) estimates, and has revised all previously issued data. In 2009, most GVA figures (and GVA per head) fell in absolute terms, reflecting the impact of the recession. However, the Tees Valley's position relative to the UK actually improved slightly as it fell proportionally less than the UK as a whole. Within the Tees Valley, Darlington has by far the highest GVA per head, which has been climbing steadily to reach over 98% of the UK figure.

Data



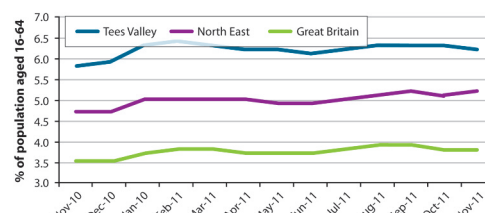
Source: Tees Valley Unlimited

Direction

Previous Quarter



2010/2011

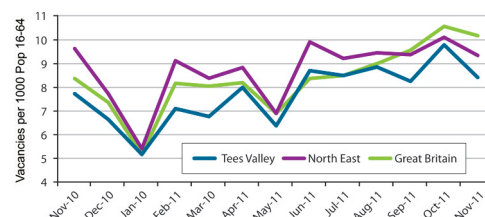


Source: Office for National Statistics

Previous Quarter



2010/2011

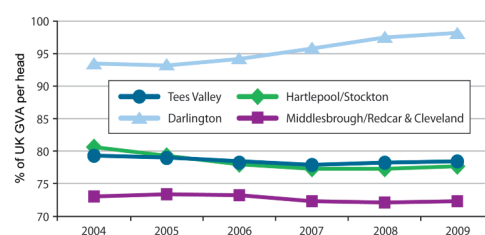


Source: Department of Work and Pensions

Previous Quarter



2010/2011



Source: ONS, Tees Valley estimates by TVU.
ONS produce data for NUTS 3 areas, but not for individual boroughs.

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.

Logistics Construction & Regeneration

Major employment creation reported this month at **Clipper Logistics** who are opening a large £40m distribution centre at Wynyard Park. The 1m sq ft warehouse will service the company's contract with **George at Asda** and create between 400 and 500 jobs when it opens in August 2012. Meanwhile, results from Darlington-based van hire company **Northgate** this month showed increases in both turnover and profits in the six months to October and the group are to create 80 new jobs at its headquarters in the town.

Healthcare

Guisborough-based **Caremark** is taking on another 50 staff over the next 18 months to meet demand for its services. The firm provides social care services to homes throughout the North East and employs over 60 people. Meanwhile, the **Wolfson Research Institute**, a dedicated healthcare research facility, is expanding at **Durham University's** Queens Campus in Stockton.

Professional Services

Property agents **Storeys**, based in Middlesbrough, has been bought by Newcastle-based consultants **Edward Symmons** guaranteeing the Tees Valley office. However, the DVLA looks set to close all of its regional offices, including Thornaby which employs 22 people.

Apprenticeships

PD Ports announced in December a new Dock Operations Apprenticeship scheme which will see 13 apprentices gain NVQ level 2 status, adding to the 36 apprenticeships the port has sponsored over the past 10 years.

Energy & Process

Teeside was named this month by Government as a national Centre for Offshore Renewable Engineering (CORE) excellence. One of only five areas across England, this is a further reflection of the expertise and potential for offshore wind in the Tees Valley. Find out more information [here](#). Meanwhile, Spanish wind turbine blade manufacturer **Gamesa** will decide shortly where to locate their plant with Hartlepool and Edinburgh left on their shortlist. **MGT Power** reported in December its intention to move forward with a £500m biomass power plant having received government confirmation of the level of Renewable Obligation Certificates (ROCs) for biomass power generation. Construction is likely to start in late 2012, creating 900 jobs, on the project at Teesport.

BOC announced this month plans to double the size of its hydrogen filling station facility at North Tees in Stockton, stressing their commitment to the area. In addition, **STS Resources** of Middlesbrough revealed this month that employment levels in 2011 have risen from 50 to over 200. The firm supplies energy markets with services such as insulation, scaffolding, surface treatment, non-destructive testing and training.

More positive news from the Regional Growth Fund this month when two more Tees Valley firms were awarded grant offers. A new waste management plant, processing up to 50 tonnes of waste annually, and a new anaerobic digestion facility are to be created by **J&B Recycling** in Hartlepool and **Earthly Energy** in Middlesbrough respectively. Another project which continues to move forward is **PYReco**, the £85m pyrolysis plant to be constructed at Wilton. Using innovative technology, the project will deconstruct tyres into its constituent parts, such as steel and carbon black.

Retail & Leisure

Starbucks is to create new jobs across the UK with 300 additional stores creating 5,000 new jobs. However, the **Barratts** shoe shop in Darlington is set to close with concerns expressed for employees at **Barratts** and **Priceless** stores in Middlesbrough and Redcar with its parent company entering administration. Likewise travel agents **Thomas Cook** is to close 200 shops over the next 2 years with announcements of where the job cuts are likely to fall imminent.

Engineering & Manufacturing

Wilton Engineering Group, Stockton, this month secured a major contract with the Abu Dhabi National Energy Company to carry out a range of engineering services. These orders for the company, which won a number of contracts across the globe in 2011, will create 60 new jobs with the potential for a further 140. **Caterpillar** announced plans this month to invest £50m in its plants in Tees Valley and Leicester. The Stockton operation, which employs 400 workers, fabricates steel components for construction equipment. The increased investment is due to rising demand from Brazil and China.

Francis Brown, an engineering company in Stockton which has seen its turnover grow by 30% over the past year, is also recruiting. The firm, which provides fabrication services to the oil and gas, subsea and renewables industries, is to take on 22 new staff. **Fujifilm Diosynth Biotechnologies**, one of the world's leading suppliers to the biotechnology and pharmaceutical industries, is also growing. Based on Belasis Avenue in Stockton, the firm is taking space at nearby Cowpen Lane for warehousing and office purposes. Hartlepool's **Engineering Test Services**, specialists in non-destructive testing, have been brought by **Mistras Group**. The US giant has 79 offices around the world and could increase the number of employees in Hartlepool from 85 to 135 following the deal.

Growing Places Fund

As part of the Government's Growing Places Fund, a sum of £5.6 million has been earmarked for Tees Valley projects that will generate jobs or housing by removing immediate barriers to growth. Tees Valley Unlimited is inviting bids from developers seeking finance to address key obstacles that have stalled development. Submissions must meet assessment criteria and be via application form both available at:

www.teesvalleyunlimited.gov.uk
Closing date is 27 January 2012.