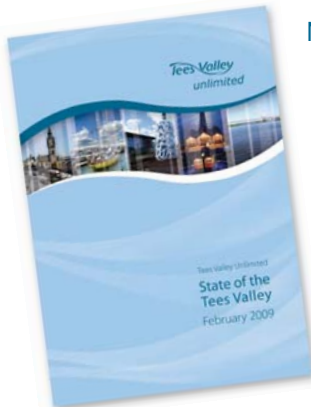




The purpose of this newsletter is to highlight some of the key issues of relevance to Tees Valley Unlimited, which have been prominent over the previous month. It is not intended to provide a comprehensive discussion of everything happening, but provides a brief review of the most salient issues, offering comment where appropriate. It is produced by the Tees Valley Joint Strategy Unit, which supports the work of Tees Valley Unlimited.

State of the Tees Valley



NEW REPORT HIGHLIGHTS PROGRESS-AND OPPORTUNITIES

The Tees Valley Joint Strategy Unit has published a new report on the Tees Valley economy.

It aims to provide a statistical profile of the Tees Valley City Region, to provide an

understanding of how the

Tees Valley economy compares with that of the rest of the country, and also how that performance has improved over the last few years.

Since producing the Tees Valley City Region Business Case in 2006 at the request of the Government, we have been developing and implementing our long-term strategy designed to improve the sub-region's economic performance.

In this report, we outline our achievements so far and detail the State of the Tees Valley, showing how recent years have seen many improvements that have had an impact on all aspects of the sub-region's economy.

Looking towards the future, whilst we obviously need to shift our way of thinking to anticipate a different economic model to the one we enjoyed in 2006, we know that the business landscape of Tees Valley will be conditioned by:

- the presence of Europe's second largest petrochemical complex;

- in Tees Port, the third largest port in the United Kingdom in terms of volume of goods transported;
- an emerging bio-fuels/renewable energy sector;
- growing expertise in advanced engineering, digital/multi-media and logistics; and
- Europe's largest non-military, private sector funded research centre at Wilton.

These industries are catering to a global market and appear more robust and certain than many other sectors contributing to the national economy. Over the last 2 years, £1.5 billion has been invested in the chemicals/bio-fuels/energy industries, while a further £5 billion of investment is anticipated in the next 5 years.

Two particularly significant developments will take place over the next 3 years:

- the construction of a heavy oil up-grader to refine heavy oil from under the North Sea, will develop a hitherto untapped resource;
- the development by Progressive Energy of a coal gasification plant, to include carbon sequestration and storage under the North Sea.

A number of proposed biomass power stations, together with an offshore wind farm, will result in almost 10% of the United Kingdom's energy being generated in the Tees Valley.

The advanced engineering sector employs approximately 5,000 people in the design, construction and maintenance of major chemical

State of the Tees Valley cont.

plans, steel works and power stations world-wide. The global market for this work is substantial and the sector is growing at a considerable rate despite the current recession.

The potential of the logistics sector has improved with the granting of consent for a deep sea container terminal at Teesport, due for completion by 2012, to complement two recently-opened major import/export centres employing 1500 people for Wal-Mart and Tesco. In 2009, Durham Tees Valley Airport will see the commencement of the Skylink Logistics Park.

**For more information please contact:
Tees Valley Information and Forecasting Team,
Tees Valley Joint Strategy Unit
Tel: 01642 264800**



Housing

SETTING OUT OUR PROGRAMME FOR HOUSING RECOVERY

A comprehensive programme of activity to mitigate the worst effects of the recession on housing developments in the Tees Valley is now in place.

The interim report on the housing market produced by Tees Valley Living assesses the problems that have resulted from the difficulties in accessing credit, the reduction in the number of house sales and the ensuing slump in the house building industry.

The report sets out a range of measures and initiatives including stimulating house building, preparing sites for future development, supporting families in accessing affordable housing and protecting vulnerable families from the re-possession of their home.

Despite the current national economic situation there remains a need in the Tees Valley to maintain the rate of house building to help drive forward employment growth. In order to understand the complexity of the situation, the Tees Valley Housing Recovery Programme Task Force has been set up to assess the impact and the future implications of the Credit Crunch.

The group includes representatives from the five local authorities, Registered Social landlords (RSLs), the Housing Corporation, English partnerships, Tees Valley Regeneration Tees Valley living and the Tees Valley joint Strategy

An important concern of the Group has been the achievement of targets set down in the Tees Valley Multi Area Agreement. The Task Force is exploring the potential for mitigating the worst effects of the recession on housing delivery in the short term, and advising how best to prepare for an improvement in the housing market, so that the pace of new development can build progressively towards the levels of new housing projected in the Tees Valley Growth Point Programme of Development.

A series of working groups are looking into the scale and distribution of unsold market housing; the number and location of sites on which construction has slowed or stalled; sites potentially available for early development; how the system of grants from the former Housing Corporation could be allocated in a different manner to extend the scope for

Housing cont.

stimulating new housing provision; and what effect the proposed national mortgage rescue scheme may have on the potential to support vulnerable families in Tees Valley.

There has been considerable discussion with house builders on their needs and with mortgage lenders, national and local, to assess their requirements of potential mortgagees and the role they could play in helping kick-start new development.

The programme developed by the Task Force sets out to satisfy a number of objectives:

- 1) to harness the potential of RSLs in innovating in the delivery of both market and affordable houses in the future, in partnership with the private sector
- 2) to restore the confidence of the private house building sector, motivating a commitment to the completion of existing and new development sites and prevent short-term skew of the private rented sector due to imbalances in demand/supply.
- 3) to identify how best to make ready for an upturn by preparing sites for development and supporting the house building sector in maintaining and extending its capacity to deliver, increased numbers of houses up to 2016/7
- 4) to relieve the pressure on social housing waiting lists;
- 5) to support vulnerable families, reducing the number of house repossessions taking place in Tees Valley and preventing potential homelessness.

Through careful consideration of the challenges from the perspective of the home owner, prospective home purchaser, housing provider and house builder, a range of tailored initiatives has been identified, which, if quickly developed and implemented, will help to recover the momentum of the house building industry. Key elements include:

- a flexible approach to housing tenure;
- de-risking strategic housing regeneration sites by site-specific preparatory and enabling work;
- the acceleration of the housing market renewal acquisition and clearance programme;
- an RSL/private developer-led resurgence of market housing through: a) RSL purchases of unsold market housing; b) the joint revival of

construction activity to complete unfinished sites; and c) working together to open new sites;

- providing alternative routes to affordable home ownership, bringing empty homes back into use;
- supporting existing vulnerable owner occupiers through a mortgage rescue scheme; and
- establishing a Tees Valley HomeBuy agent to improve access to housing for all.

Recognising that no single initiative will be sufficient Tees Valley housing stakeholders have sought to produce an integrated package of proposals that collectively will serve to begin the process of recovery in housing provision. Work remains to be done to refine proposals and to prove their effectiveness and cost-efficiency, a process in which it is hoped the Homes and Communities Agency will be able to assist. For more information please contact:

Tees Valley Living, Tel: 01642 264968

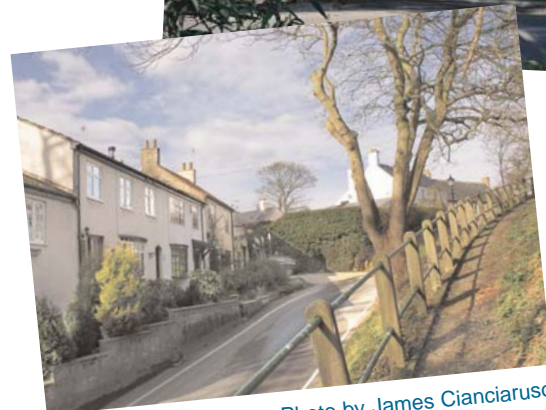


Photo by James Cianciaruso

North South

CREATING THE 'FRAMEWORK' FOR SUCCESS

One of the Tees Valley's most important assets in its drive to become a Twenty First Century success story is what it has built up in the past-its 'industrial hub' north and south of the river.

Not only is this crucial to driving the sub region's economic performance and its Gross Domestic Product - it has a major impact on both regional and national productivity.

The importance of the Tees Valley Industrial Hub is already widely recognised by partners and stakeholders. The recently-published One NorthEast Regional Economic Strategy identifies the need to support the process industry at Wilton and the Tees Valley City Region Business Case has as a prime objective developing a world-class petrochemicals, energy and port cluster.

Against that background Tees Valley Joint Strategy Unit has made a successful bid for funding from One NorthEast and Tees Valley Unlimited to create the North and South Tees Industrial Development Framework.

Its primary aim will be to consider all the issues which can help maximise industrial investment, providing the evidence needed for planning policies and infrastructure investment-and developing the tools which can be used to attract investors.

There is now a once in a generation opportunity to build on the existing strengths and establish the Tees Valley as a world powerhouse of industry again. If we are to achieve that ambition we need to understand how and when investment needs to be made, what constraints exist to development and how barriers can be overcome.

The Framework will ensure there is an action plan agreed by the public sector, private sector and landowners to invest in vital infrastructure, giving the Tees Valley a major competitive advantage globally.

The project is a collaboration between One NorthEast, Tees Valley Unlimited, Tees Valley Joint Strategy Unit, Middlesbrough, Stockton, Hartlepool

and Redcar and Cleveland Councils, NEPIC, Tees Valley Regeneration, and Renew@CPI. The project has commissioned Parsons Brinckerhoff and INCA to deliver the framework which should be ready by September 2009.

For more information please contact:

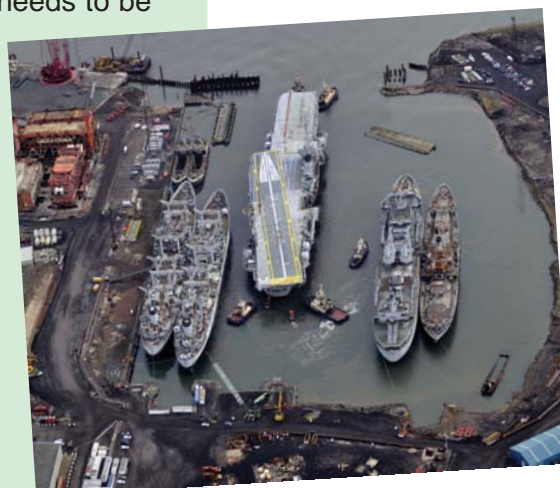
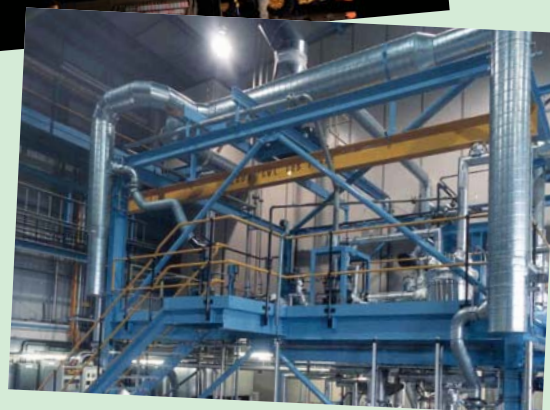
Sarah Tennison.

Economic Strategy Officer

Tees Valley Joint Strategy Unit

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Did you know?

The former French aircraft carrier Clemenceau has docked at Able UK's Teesside Environmental Reclamation and Recycling Centre facility at Seaton Port-joining British and American vessels which will be recycled over the coming year, creating around 200 jobs.

It's Your Chance To Help Shape New Transport Portal

A new portal aimed at promoting awareness of travel opportunities in the Tees Valley is now undergoing trials.

Consultants Steer Davies Gleave have been working on behalf of Tees Valley Unlimited to develop the portal under the 'Connect Tees Valley' banner. It provides a single starting point for all of the information currently available on transport across the City Region.

This trial version is available until the end of February, and all forms of feedback are welcome, especially in helping to identify any incorrect or outdated information or obvious omissions.

Says Transport Planning Officer Fran Manancourt *"You can provide any feedback to me directly or if you prefer you can use the simple feedback form following the link on the left hand side of the homepage.*

"Feel free to pass this link on to colleagues, family and friends so that we may obtain as much feedback as possible in the next month, especially from non-transport professionals.

"We hope people find the site, which is due to go live in the Spring, useful and worthy of further development."

The portal can be accessed on the following link: <http://visuals.sdgworld.net/temp/teesvalley/>

For further information contact
Fran Manancourt
Transport Planning Officer
Tel: 01642 264697
www.teesvalley-jsu.gov.uk

Did you know?

The discovery of Ironstone in 1850, which transformed Teesside into the worlds leading producer of iron for the next 50 years, was made on the land of Sir John Lowther

Local Tees Valley Workforce Development Website Launched

A new website aimed at providing a 'one stop shop' for employers in the Tees Valley who need information or help with recruitment and training issues has just gone live.

An initiative by JobCentre Plus and Business Link, www.net-workteesvalley.org.uk has been developed directly as a result of employer feedback.

The message from employers was that did not want to have to go through lengthy searches of lists of agencies and then be re-directed from one to another before finding the right one. What they required was to be able to go straight to a single point of contact able to handle their information and advice needs.

The most sought after services requested by Tees Valley employers are in the areas of recruitment and human resource services and business support.

Advisors and Account Managers from Business Link and Jobcentre Plus have now come together to deliver just this service and provide dedicated workforce development support in the Tees Valley.

Net-work offers information on:

- Recruitment assistance and employment advice through 'Labour Market Recruitment Advisers' (LMRA's).
- Employer subsidies through 'New Deal'.
- 'Work Trials' to assess the suitability of applicants.
- Pre-employment training through 'Routeways'.
- Start - Getting your business off the ground in the Tees Valley.
- Grow - Give your business an unfair advantage
- Develop - You and your staff skills.

Phase 2 of the website development will include Local Authority employer support details, through a series of links.

For further information contact
Sue Hannan
Employability Framework Manager
01642 264922
sue.hannan@teesvalley-jsu.gov.uk

Climate Change

CLIMATE CHANGE UNDER THE SPOTLIGHT AT TEES VALLEY CONFERENCE

The Tees Valley's leading role in developing local initiatives to tackle climate change will be highlighted at a national conference being staged in the area next month.

Entitled 'Local Action on Climate Change: Challenges and Opportunities', the conference, on March 10 and 11, is being hosted by Middlesbrough Council in partnership with Forum for the Future and Middlesbrough Environment City.

The Tees Valley Climate Change Partnership was established in 2005 as a sub-regional initiative between the five Tees Valley local authorities, RENEW, Tees and Durham Energy Advice (TADEA), and the Environment Agency.

One of its key achievements was the development of a Tees Valley greenhouse gas inventory and emissions reporting protocol which was published in the Tees Valley Climate Change Strategy.

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This committed the Tees Valley Climate Change Partnership to reducing greenhouse gas emissions two years before targets were adopted following the introduction of national performance indicators in 2008. All of the Tees Valley local authorities have climate change related indicators in their Local Area Agreements.

The partnership will lose Bob Pailor as Chair when he leaves the Environment Agency in March. John Barton, Project Director at RENEW will take over as Chair from March 2009. Leanne Wilson was appointed as Climate Change Officer at the Joint Strategy Unit in December 2008.

The Partnership is currently revising the Tees Valley Climate Change Strategy to account for the changes in national legislation since it was initially published in 2006.

Middlesbrough Council was awarded Beacon status for their work on tackling climate change, and the Tees Valley Climate Change Partnership has been acknowledged as a Beacon Partner.

More details of the conference can be found at:

<http://www.visitmiddlesbrough.com/site/whats-on/climate-change-conference>, or telephone Stephen Calvert on 01642 728082.

For more information please contact:

Leanne Wilson

Climate Change Officer

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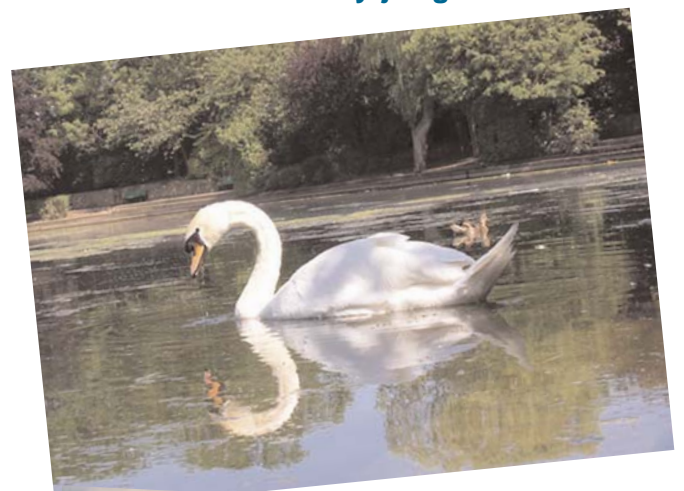


Photo by Jim Pattinson

Outlook

RECESSION-WHAT DOES IT MEAN FOR THE TEES VALLEY?

With the economy entering a period of sharp recession following the credit crunch, events have been occurring at such rapid rate that most normal sources of data have been left trailing in their wake.

That means it is very hard to get an objective picture of the Tees Valley economy. We can only gather information from more informal and anecdotal sources. The picture that emerges is very mixed, the recession is clearly biting, but there are positive stories as well.

Retail: There have been well publicised closures in the sector and to a great extent, the problems have been with national chains. The most high profile of these was the closure of all Woolworth stores, leading to the loss of around 300 local jobs. More locally, DHL are intending cut around 100 jobs the 500 it employs at the Argos distribution depot it runs at Faverdale, Darlington. In contrast, there have been store openings, including new branches of Tesco Express, Boyes, Aldi and the new Hobby Craft store at Teesside Park.

Manufacturing: Again the recession is hitting the manufacturing sector, though the impact is very uneven. The highest profile casualty is the car industry, with production levels falling by around 25%. In the region, Nissan is to cut production and around 1,200 jobs. This decline in demand has had a major impact on car parts manufacturers, who have had to cut jobs. Most of these have been in the Durham area, for example TKTallent, but also TMD Friction at Hartlepool. However, demand for Steel is also affected.

Several other manufacturing companies in the Tees Valley and Durham have also been affected, for instance Cummins at Darlington (130 jobs), BPI closing their Stockton factory (160 jobs) Glaxo SmithKline at Barnard Castle (200 jobs) and RFMD (100 jobs) at Newton Aycliffe. However, the news is not entirely bleak, with PYRecco announcing plans to build a tyre rubber recycling plant at the South Tees Eco Park, creating 90 permanent jobs.

Energy: Long-standing schemes continue to move forward, with the Sonhoe, Thor Cogeneration (1000 mgw power station), Progressive Energy (Integrated Gasification Combined Cycle power station) and Conoco Phillips (LNG processing facility) projects remaining on course. In addition,

the Sonhoe refinery project is still on track for opening in 2014.

Chemicals & Steel: The recession has not had a major impact on employment within the major chemical industries in the Tees Valley yet, except for the proposed closure of the Invista Nylon plant (300 jobs). Demand for base chemicals has declined greatly - the SABIC Cracker is to cease production for up to 2 months due to lack of demand. However, such a fall in demand for base chemicals is normal in the early stages of recession. So far, the companies have not cut any jobs. Other chemical sectors have been less affected.

The same applies to the Steel industry - demand has fallen dramatically, but local job cuts have been relatively small, escaping the large cuts in other UK Steel plants. Corus is to sell a majority stake in the Redcar complex to a consortium of Marcegaglia and Dongkuk. This should secure the longer term future of the works.

Engineering: The Tees Valley engineering sector, especially those companies supporting the Oil & Gas industry, seems to be doing very well, with new contracts being won, and more workers being taken on, notably by Cleveland Bridge, AMEC, McGill, Mech-Tool and Balfour Beatty. However, the recent collapse of the SeaDragon oilrig contract may cause problems in the offshore sector.

Construction: News from the construction sector is again mixed - the housebuilding sector is in dire slump, but other construction activities seem to be doing reasonably well.

Services: The Tees Valley has missed the impact of financial sector redundancies, since there are relatively few jobs in the Tees Valley to lose. However, there is mixed news. Whilst Infoserve are taking on an extra 90 staff, Garlands are cutting a similar number. The Student Loans Company at Darlington are continuing to recruit. Engineering service providers are doing very well.

Data

relatively few jobs in the Tees Valley to lose. However, this is a relatively low increase compared to many areas - numbers rose by 46% in Great Britain as a whole. Unemployment in Durham has risen much more steeply. It is interesting that claimant on-flows have not increased, but the off-flows have decreased.

Job Losses and Gains: No official direct data on employment levels has been published yet, so we are having to rely on more informal sources of data, namely job losses and gains reported in the local press. There are of course many difficulties with press stories; stories in the press will only represent an unknown fraction of the total losses and gains actually happening, many stories are of proposals, whilst reality may turn out to be different, and the events may occur at somewhat different times to when they are published. The following table shows reported job gains and losses for all sectors (definite and proposed) for the last few months.

This table excludes the jobs that Able UK intends to create later this year when the 'Ghost Ship' recycling commences. As can be seen, there are both substantial numbers of jobs being created as well as lost, and the amounts vary greatly from month to month. Overall job losses are outweighing job gains.

The Bigger Picture

It was our hope that the Tees Valley economy would be better placed to withstand this economic recession than in previous ones. As is clear from the above, the economic news is extremely mixed, and that the recession is impacting the local economy. However, events so far support our hypothesis that the Tees Valley may be less badly affected than other areas. There have even been several positive news stories in early 2009.

Predicting the future is increasingly difficult. Nationally, there is no sign of end to the recession, and few economists now expect it to end during 2009. Growth forecasts are being downgraded. It is certain that a continuing and deepening recession will have a negative impact on the local economy.

On the other hand, the Tees Valley may be well placed to benefit quickly when recession ends. Chemical and Steel sectors usually feature early in economic cycles - they are first to be affected by drops in demand when the economy falters, but are first to see demand recover when the recession ends. The current low levels of the pound and low interest rates should help the manufacturing sector and encourage exports.

Search for the Missing Universe at Loftus Town Hall

Dr Sean Paling of Sheffield University explained about the search to find dark matter at Boulby Mine, to a packed audience at the town hall in Loftus, who had been attracted by the attention grabbing posters claiming that 96% of our universe is missing and that all would be explained at the evening talk. Dr Paling described the world race to find dark matter, that Boulby currently leads, or as Dr Paling pithily declared "We are the world leaders at not finding dark matter"

The underground experiments regularly attract high level media coverage – for example Boulby is mentioned in the Economist publication, "The World in 2009", and both the Wall Street Journal and the BBC have reported on activities within the last few months.

There are three internationally renowned Dark Matter search experiments underground in the Boulby Underground Laboratory. These are ZEPLIN-III, its predecessor ZEPLIN-II and DRIFT-II. The aim of these experiments is to detect invisible dark matter - that physicists believe makes up the vast majority of matter in the universe (this is compared to visible matter such as gas liquids and solids). It is thought that this missing matter could form a 'halo' around objects in space

A mile underground there is over 1000m² of laboratory floor space spread over 2 areas. The most recent area (the Palmer laboratory) has over 750 m² of clean-room floor space, with air conditioning/ filtration, power, craning facilities, telephone and internet access, workshop & storage facilities etc. On the surface there is dedicated building with staging / storage, workshop, health & safety, mess and office facilities. Additional essential support facilities are provided by the mine operators Cleveland Potash Ltd.

If you would like more information on any of the items raised, or receive copies of this newsletter each month, please give Kerry Jonas a ring on 01642 264852, or e-mail:

kerry.jonas@teesvalley-jsu.gov.uk

This newsletter can be sent via e-mail or be downloaded from our web site:

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