

Press Release

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REGIONAL GROWTH FUND BOOST FOR TEES VALLEY

THE Government has today announced more than £26m of Regional Growth Fund (RGF) support for businesses within Tees Valley's manufacturing sector.

Among the companies and projects awarded cash from Round One of the three-year funding programme are:

- East Cleveland-based Cleveland Potash Limited, which has gained £15m towards securing a positive decision from shareholders to begin the world's first commercial production of polyhalite, a complex mineral which can be crushed for use as an organic fertiliser, and can be developed for a range of additional uses in the fertilizer and manufacturing industries. Significant polyhalite resources are found beneath potash deposits at Boulby, with total resources estimated at over a billion tonnes lying more than 1.5 kilometres offshore. Processing of the polyhalite will require the construction of a plant in the Tees Valley and is a multi-million pound project.
- Nifco UK, which was awarded £1.65m, enabling it to enhance and expand its automotive customer base and the supply of critical components for new vehicles including Electric Vehicles. The grant will lead to £11m of capital investment, the creation of 128 new jobs and the safeguarding of a further 158.
- Lotte Chemical UK Limited has been given approval for £6.7m of RGF support towards the construction of a new Polyethylene Terephthalate (PET) manufacturing plant to be built alongside its existing Wilton assets. The plans will see the company invest a significant amount in addition to their purchase of the assets in 2010. The project should create 55 direct new jobs, around 300 during construction plus help to safeguard around 170 existing roles in LCUK and well over 200 jobs for companies across the value chain.
- AV Dawson Limited, which will develop the Tees Multimodal Bio-Freight Terminal, a bulk handling and storage facility tailored to mass materials, with £1.2m of RGF support. The Middlesbrough company has drawn up its plans on the back of existing investment such as the Ensus plant and a number of announced renewable energy projects across Tees Valley.

- SSI, which has secured £1.65m towards training after finalising the deal to buy Teesside Cast Products, bringing steelmaking back to the area.

These applications – which will now go through a period of due diligence to ensure they meet the criteria of the Government’s offer – will result in around £100m of capital investment and will see the creation of over 1,200 new jobs and the safeguarding of a further 1,400.

Deputy Prime Minister Nick Clegg said: “I am delighted to announce the first successful bids for the Regional Growth Fund. I was bowled over by the quality of the bids. This money will now help create and safeguard jobs in some of the communities worst hit by the economic downturn.

“Today is a step towards rebalancing our economy away from an unhealthy overreliance on a small number of industries and a few areas. We need to spread opportunity across the whole country, drawing on our many talents. I know that with the right support these businesses can work with their communities and together play their part in leading the country back into prosperity.”

Tees Valley Unlimited (TVU), the Local Enterprise Partnership for the area, worked with businesses and its public sector partners to prepare the bids for the opening round of RGF.

Stephen Catchpole, Managing Director of Tees Valley Unlimited, said: “The level of competition in this first phase was substantial with the number of bids put forward from across the country greatly exceeding the cash available.

“The projects approved in Tees Valley will bring in millions of pounds of investment and create and safeguard hundreds of jobs, providing a much needed boost and the perfect platform for greater economic growth and stability.”

Said Cleveland Potash Managing Director Graham Clarke: “We are pleased that our Government and our parent company, ICL, recognise that polyhalite represents a truly unique opportunity and are supporting us fully. Polyhalite has the potential to make a positive impact on world agriculture while safeguarding the long-term future of the Boulby Mine and providing a much-needed boost to the local and regional economy.”

Doug Binks, Financial Controller at Nifco, said: “Nifco is delighted to have passed the initial stage of the new Regional Growth Fund and to be offered such great financial support which will underpin and further secure the company’s planned expansion to becoming a £45m company employing 300 members by 2014.”

The successes in Tees Valley were mirrored elsewhere in the region with today's announcement expected to create 5,216 jobs and a further 8,367 indirectly.

Managing Director Gary Dawson, of AV Dawson, expressed his delight at the grant award. He said: "We set our stall out in 2005 that we would significantly ramp up the facilities and services we offer to the bio-resources sector and subsea and offshore industries. This combined £9.5m investment will deliver on that promise and provide a tremendous asset for Middlesbrough and the River Tees.

"I am delighted that the Government has recognised the value of this project to the wider Teesside area. Not only will it safeguard jobs and bring new opportunities, AV Dawson was established in Middlesbrough in 1938 and has deep roots in the community. It is good to see investment focused on developing indigenous businesses that are committed to the local area."

Mr NY Lee, LCUK CEO, said: "LCUK is delighted that the Government has indicated its support for our plans to expand here in the Tees Valley.

"The project will represent a remarkable turnaround in the fortunes of this business. It is only a year since Lotte (our Korean parent group) purchased the assets and we restarted the business after over eight months in administration.

"We are proud to be part of the global growth strategy of the Lotte Group and would like to thank our employees for the fantastic effort they put in during the restart phase and look forward to underpinning the future of the business here at Wilton by growing our PET capacity. Finally many thanks to TVU for its help and support in putting together the RGF application; it shows how we can work together for the benefit of the local area."

Round Two of the Regional Growth Fund opens today (April 12) and the team Tees Valley Unlimited will be working with businesses, organisations and partners to identify suitable bids.

Stephen Catchpole added: "The first wave of bids were of such a high standard and I'm confident that the quality of those we identify as suitable for the second phase will be just as good.

"The key thing for me is partnership working. We stand the greatest chance of securing Government support and of creating a prosperous economy for this area if we all work together to overcome the challenges we face. Our success in securing Regional Growth Fund cash is a good example of what can be achieved if we do just that."

The £26m allocated to Tees Valley firms was part of £450m allocated nationwide – some £200m more than initially anticipated.

For more information contact Leanne English, PR Manager at Tees Valley Unlimited, on 01642 632013, 07725 602824 or email leanne.english@teesvalleyunlimited.gov.uk.

NOTE FOR EDITORS:

Tees Valley Unlimited (TVU) is a partnership between the five Tees Valley Councils, regional regeneration bodies and business leaders to drive forward the future development of the Tees Valley economy.

Further information on TVU activities can be accessed via the following
URL: <http://www.teesvalleyunlimited.gov.uk>