

The Tees Valley Economy

Information and Forecasting

The purpose of this review is to highlight some of the issues of relevance to the economy of the Tees Valley, which have been prominent over the previous month.

It is not intended to provide a comprehensive discussion of everything happening in the local

economy, but provides a brief review of the most important news items, principally drawn from the local press.

It is produced by Tees Valley Unlimited, which supports the work of the five local authorities in the Tees Valley.

Steel

Thai steel company **SSI** has signed a Memorandum of Understanding with Corus, to acquire the **Teesside Cast Products** operation at Redcar. The proposed £320m deal comes 18 months after Corus first announced plans to mothball the TCP site. The deal is expected to create a "significant" number of new jobs at the plant, where 700 workers remained employed following its mothballing. Whilst the deal is not yet confirmed, it is hoped that production will restart in a few months time.

Corus has announced plans to extend its support to a skills and training scheme for workers at risk of redundancy from Teesside Cast Products. The scheme started at the beginning of June and was due to last 3 months however Corus have now pledged to continue paying the bursaries awarded to people on the scheme until the end of November.

Corus has announced plans to build a £31.5m plant in Redcar which could create up to 220 jobs. The facility will manufacture monopiles – steel structures weighing up to 650 tonnes which are used to secure offshore wind turbines to the seabed. The facility is dependent on the company securing enough orders however market research suggests that the demand is there.

Food

Hartlepool brewery, **Camerons**, has won a 5 year deal with Carlsberg UK to brew Tetley's keg Mild and Imperial beers. The deal will see the brewery producing 25,000 barrels of the Tetley brands per year. The contract will safeguard many of the jobs in Hartlepool where Camerons employs 85 head office staff. It also has a workforce of 100 people in its managed pub estate.

The **Baked Snack Company** has gone into administration. The Middlesbrough based food manufacturer employed 90 people however some had left earlier in the year when the company was unable to pay staff wages.

Tourism / Leisure

Early estimates show that the **Tall Ships** event at Hartlepool boosted the local economy by as much as £16m. The event saw an estimated million people descend on the North-East and local hotels, restaurants and retailers saw business double or even triple over the 4 day event.

AV10, a festival of electronic art, music and film, created nearly £500,000 of new and additional income for the region, according to an economic report, produced by BOP Consulting. The festival had events in Middlesbrough, Sunderland, Newcastle and Gateshead. The total spend in the North-East by the festival and its 38,161 visitors was £1.7m. Tourism is worth nearly £4bn to the North-East economy and employs more than 60,000 people in the region. In the Tees Valley alone it supports 11,000 jobs and brings in £542m.

Around 20 jobs will be created with the opening of a new bar in Darlington. **Club B's** – a live music venue and late drinking lounge – and an attached Irish bar called Paddy O'Shea's is opening on the site of Chambers nightclub.

Billingham based **Box Clever** has launched a new caravan and vehicle storage service with CCTV and 24- hour access for caravan and motorhome owners. The company expects to create 4 jobs at the site before the end of the year and will also begin a five year plan to create up to 12 franchises throughout the country, creating 65 jobs.

Durham Tees Valley Airport (DTVA) is to make 3 staff redundant following its takeover by Canadian firm Vancouver Airport Services. Vancouver Airport Services reached an agreement in June to buy a 65 per cent share in Peel Airports Limited, which runs DTVA, Liverpool John Lennon Airport and Robin Hood Airport Doncaster-Sheffield.

Engineering / Construction

Darlington based **Mech-Tool Engineering Limited** has won a £2.3m contract to provide equipment for a wind farm five miles off the coast of Skegness, in Lincolnshire. The contract, with Tyneside based McNulty Offshore Construction Ltd, is to supply pre-assembled buildings, fire walls, blast walls and weather louvres for a new substation platform.

Darlington engineering company **Henry Williams Ltd** has won a defence contract to provide wheel hub parts for the Jackal 1 and 2 and Coyote vehicles. The company has recently invested more than £1.5m in its facilities, installing a German made Banning air-powered drop hammer capable of shaping steel with four-tonne blows, as well as a 100-tonne electric press brake and welding facilities. The two vehicles that Henry Williams is helping to make are key to military efforts in Afghanistan. The Jackal is used for reconnaissance, rapid assault, fire support and convoy protection. The Coyote is a tactical support vehicle which supports the Jackal, and can transport supplies and equipment.

Darlington engineering company **Amec** has been awarded a contract by EDF Energy to extend a gas storage facility in Cheshire. The £60m project is being led by the Darlington office with engineering starting immediately for a planned completion in July 2012.

Interlect UK Limited has announced the latest phase of a £4m expansion plan which will create about 30 jobs over the next year. The company, which employs just over 1,000 staff, specialises in electrical installations, instrumentation services, control panel design, pipework and the fabrication of mechanical systems. The company is investing heavily in leading-edge technology including their latest acquisition, a £250,000 computer controlled laser cutting machine. The firm's ongoing investment has helped it secure a number of high profile contracts including the electrical installation work for the refurbishment of the Tees Barrage.

Stone Technical Services is launching a specialist concrete repair section, Stone Refurbishment, which will create four jobs in the coming months. The Darlington based company employs 26 people between its Kellaw Road base, in Darlington, and its second office, in Middlesex.

Economy

Markit's PMI index for July showed that the North East's economy has grown for the 13th month in a row and at its fastest pace since April. The index, produced on behalf of ONE, highlighted an increase in employment in the region and rising levels of activity and new business.

A survey by **Lloyds TSB** has shown a rise in business confidence driven by the promise of growing exports. The biggest worry among smaller firms was falling domestic demand. The survey of 2,300 companies showed that business confidence was at its highest since 2007.

According to the **Yorkshire Bank's** latest regional business survey, 49.1% of businesses in the region had delayed salary increases while 49.5% had ceased recruitment during the last year. Four out of ten businesses said delays in salary increases and recruitment were to preserve capital in case the economy worsened and more than a quarter said it was because of a fall in profits.

According to research from the **Local Data Company**, only 7.7% of retail sites in the North are vacant, compared to 9.8% nationally.

Regeneration

Work has started on a £4.7m extension of The Innovation Centre at **Queens Meadow Business Park** in Hartlepool. The new extension, which is due for completion by early summer 2011, will provide 46 new offices as well as an additional reception area and more parking spaces. The centre already provides 14 workshop units and 30 offices.

The **New Energy and Technology Business Park** (NETBP) at Billingham has been given a £2.47m grant from the Government's Tees Valley Industrial Programme. Land at NETBP has already been earmarked by energy giant Eon for a gas-fired power station and US company Air Products plan on building a revolutionary waste-to-energy plant. It is expected that the grant for remediation work at the 160 acre site, will speed up the park's development and help it attract more top level projects.

The Hub, a new digital and creative centre in Redcar is to be built in Redcar, at the site of the derelict Palace Theatre on the Esplanade. The Hub will be the first part of Redcar & Cleveland Council's £40m seafront scheme and, it is thought, could create up to 60 new jobs and safeguard dozens of others.

Manufacturing

ThyssenKrupp Tallent is creating 70 jobs at its Newton Aycliffe plant. The German owned car parts manufacturer is looking to recruit machine operators, forklift truck drivers and welders over the next 2 months. The new staff will take staff numbers to more than 900.

Stokesley based technology firm **Analox Sensor Technology** has launched potentially life-saving technology for use in submarines. Their Sub Aspida product can detect sudden changes in atmospheric pressure in submarines and decompression chambers. Analox, which makes gas analysers for the commercial diving, military diving and hospitality sectors aims to double turnover to £12m by 2014.

Armstrong World Industries is to close its flooring factory at Thornaby, which employs 163 staff. The company has started a statutory 90-day consultation with workers. The company manufactures linoleum flooring.

Amdega, which employs 220 at its base in Faverdale, Darlington, has been taken over by Leeds-based **Endless**. Amdega, the world's oldest conservatory company was established in 1874 and has a turnover of nearly £20m.

Wheelchair manufacturer, **Greencare Mobility**, is to create 13 jobs. The Middlesbrough-based company, which currently has 6 employees, has received a £65,000 grant for Business Investment from One North East. The company is installing equipment to carry out previously out-sourced work in-house.

Chemical company **Johnson Matthey**, has confirmed closure of its Vertec business in Billingham. Most of the 50 staff will be redeployed to other businesses. Vertec manufactures world-leading specialist organic titanates which are used in inks, paints and polymers.

Stories are principally source from the Evening Gazette and Northern Echo, or from press releases. If you would like copies of the original articles relating to any of the above stories, or want to receive copies of this newsletter each month, please contact:

Tim Bounds telephone: 01642 524411 or e-mail: tim.bounds@teesvalleyunlimited.gov.uk.

This newsletter can be sent via e-mail or can be downloaded from our Web site: www.teesvalleyunlimited.gov.uk.

Services

Recruitment firm **Temp-Team**, which has offices across Tyneside, Durham, Tees Valley and Yorkshire, has been enlisted by virtual call centre provider **Arise Virtual Solutions** to fill remote customer service posts in the run-up to Christmas which will see it recruit 400 home workers.

A new company has been launched in Redcar which aims to train unemployed people to work as call centre agents in their own home. The company, **Salcallcentre**, currently has 4 employees but aims to be employing 150 homeworkers by 2011.

Billingham based **Nicholson's Transport** has taken on 4 new staff in response to a growing demand for its services. Nicholson's now offers a hazardous parcel delivery and drop-in services for people transporting goods sold through internet auction sites.

Stockton based data management company, **Onyx** has won a contract to supply IT services to Balfour Beatty Engineering Services (BBES), headquartered at Hillington near Glasgow, through an IT helpdesk which will work with BBES staff UK-wide.

Health

The **Aesthetic Beauty Centre** has opened a clinic in Hartlepool. The cosmetic and plastic surgery practice already has clinics in Sunderland, Newcastle, Edinburgh and Harley Street, London.

NHS Tees' four Primary Care Trusts (**PCTs**) in Middlesbrough, Stockton, Redcar and Cleveland and Hartlepool have announced they are to axe 197 of their 551 employees. The job cuts are part of an organisational restructure in a bid to cut £6.6m of management costs by the end of April next year.

Green Energy

Sembcorp UK and **SITA UK** have announced plans to develop Wilton 11, an energy recovery facility at the Wilton International site. The £200m power station will create around 50 permanent new jobs and a further 150 to 200 jobs in construction over a three year period. It will generate enough to power around 55,000 households from around 400,000 tonnes of non-hazardous office and household waste. The facility, which should be operating by 2015, will be Sembcorp's third power plant on the Wilton site.