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**ECONOMIC REVIEW**

**WINTER 2006/2007**

**APRIL 2007**

By

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**KEY POINTS:**

The UK economy has continued to grow strongly, with UK GDP up by about 2.8% over the year. The world economy has had its third year of strong economic growth around 5%pa.

**Inflation** has, however, continued to be **above the 2% CPI target** (at about 2.8%). Inflation on the more widely-used RPI is well above 4% (the highest since 1991). This inflation is **quite serious**. It could lead to two main outcomes:

- If pay settlements fail to rise in response, as in the 12 months to February, then **real earnings** (living standards) **practically stop rising** (which will tend to **drag** down the growth rate of **consumer spending**).
- Alternatively, if pay settlements rise, then inflation gets much more entrenched and the Bank of England would have to raise interest rates (or remain high for longer). This, currently less likely outcome, could cause house prices to fall (feature on the Housing Market, §4.2).

Locally, **Tyne & Wear's private sector's** announced **employment growth slowed sharply in 2006**. Over the year, the net reported job gains were +1,600 which is below the median for the last 16 years (+2,200). This was a very marked slowdown from the very high +8,300 net Job Gains reported in 2005 (including very big gains at Northern Rock which are taking some years to take effect).

**Key Points from News Digest (October-end Dec 2006)**

Reported job gains (+2,075) exceeded job losses (-1,305) by 770. The main gain was at **EMAX Consulting** for 600 graduate-level jobs for Arabic speakers.

The major loss was from HM Revenue & Customs which is to lose 790 jobs by 2010.

In 2006 the three North regions of England began to close the competitiveness gap with the south – according to Huggins (Feature §4.1).

From 1997 to 2004 the NE economy managed private sector real GVA growth of only about 1½%pa.

In 2007, however, the NE economy might grow faster than the UK – by 3%, compared with 2.5-2.75% in the UK – according to Lloyds TSB.

On **Gateshead Quayside**, the **developers for the GQ2 development** have been named as Kier Developments, who plan a £100m mixed use scheme including an hotel, shops restaurants and 324 homes (§5.2).

In **Whitley Bay**, a **£60m scheme** at the **former Spanish City** has been given planning permission (§5.2).

**Next to St. James' Park** football ground in Newcastle, a **£55m development** including a Travel Inn hotel has been approved.

At Follingsby Park, Gateshead, plans for 200,000 sq ft of industrial space have been announced.

**Nissan** started the **production of its new model** the *Qashqai* and hopes to sell 100,000 annually. It replaces the *Almera* medium hatchback which has been made since 2000. The move is effectively up-market to an SUV (§6.4).

**Swan Hunter** shipyard **closed** at the end of 2006 (§6.7).

**Atmel plans to sell its microchip plant in 2007**, which employs 700, following a £17m loss in 2005 (§6.6)

**Barratt Developments** has **acquired Wilson Bowden** for £2.1bn (§6.10).

**GNER** surrendered its rail franchise after its parent company sought bankruptcy. A new operator is being selected (§6.13).

**BA** disposed of its regional operation BA Connect to Flybe. Jet2.com takes over the route to Gatwick (§6.13).

**Northern Rock's** profits rose 19% in 2006 to £367m. Its assets now exceed £100bn. It is reportedly on course to become the UK's third-largest mortgage bank, ahead of Lloyds-TSB and Abbey (§6.14).

**Sage** acquired two more firms; Elit Group in France for £21m and Protx Group for £20m. Sage's turnover is set to exceed £1bn in 2007 (§6.16).

TWRI  
10<sup>th</sup> April 2007.

The first feature shows evidence that the **North East's economic competitiveness has improved** between 2000 and 2006, but that the private sector performance has been weak – at least up to 2007.

The second feature surveys evidence on the **household debt associated with the housing market**. The scale of this now presents a **potential threat to the UK's economic stability**. If, for any reason, interest rates have to be raised above a certain level for a significant period (say due to inflation continuing above target or an oil price shock) then house price inflation could slow very sharply. This could hit some lenders very hard. Consumer spending could also be significantly weakened.

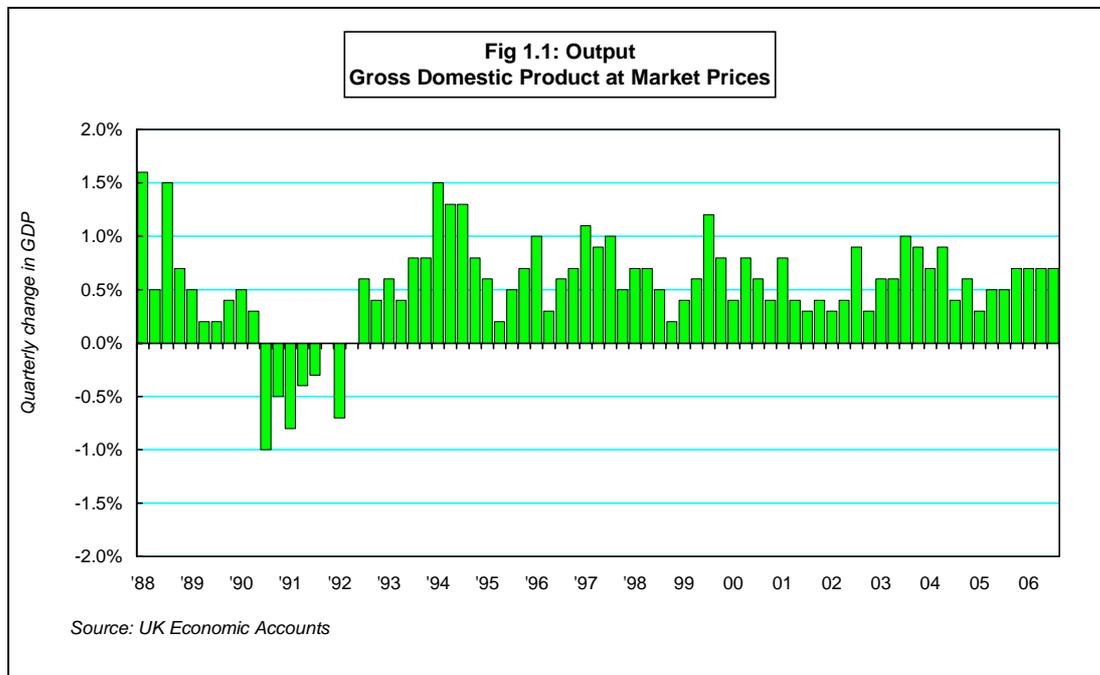
The third feature, on 'Moving to a **Low Carbon Economy**', collates many of the recent developments. Tyne & Wear's neighbours in Teesside are leading in developing some of the technologies. A new 800MW power station with **carbon capture and storage (CCS)** is planned.

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*TWRI apologises for the late release of this Winter report (normally released in early March). This has been caused by priority to major research projects and departure of two members of staff. The report has been slightly shortened in the following ways;  
Economic overview has been shortened with no economic forecasts.  
Export data have been omitted.  
Regional Aid awards have been deferred to the next edition (spring).  
Research news from Other Organisations has been shortened.*

## 1.0 ECONOMIC OVERVIEW

### 1.1 Economic Highlights

**UK economic growth has been strong** at 0.7% in the last quarter, and about 2.8% in the last year. This has maintained employment growth at over 200,000 annually.



Nevertheless, the UK's employment rate has essentially stopped rising since 2000. The number of **foreign nationals working in the UK** topped **1.5m** in 2005. Europeans accounted for 45% of them and the total represents 5.4% of the working population – according to 'Foreign labour in the UK' report by ONS. 427,000 east Europeans, of whom two-thirds were Polish, have registered to work since 2004, according to the Home Office. Meanwhile, Poles have also secured 3% of the 32,000 accountancy jobs advertised in financial services in the year to August – Association of Chartered Certified Accountants. (FT 06/10)

Importantly, since 2002, the rise in **real household disposable income** (per household) has been very slow (under 0.5%pa).

**Household spending growth halved** in the third quarter from 0.9% in Q2 to 0.4% - ONS. (J 25/11) [This might have been partly due to the interest rate rise in August -Ed.] Conversely, **retail sales volume** in the three months to October rose 0.6% on the previous quarter and **3.7% from** the same period in **2005**. (FT 17/11)

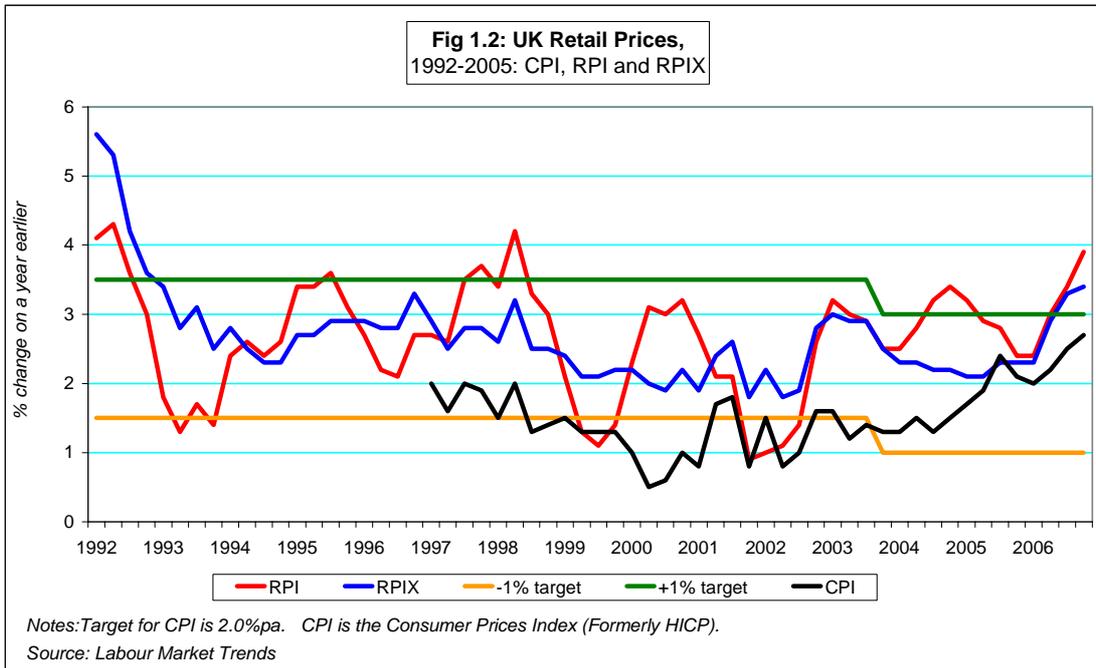
**Profitability is extremely high: the net rate of return the highest since 1989**, rising to 14.7% in Q2 [for private non-financial companies] - ONS. Cheaper labour sources and strong consumer spending are benefiting UK businesses.

**Service companies'** rate of return peaked at a **record 20.1%**, up from 19.5% in Q1.

However, in manufacturing, it fell from 6.8% to 6.1% - its lowest figure since 1992 (5.3%). This was mainly due to rising costs and cheaper imports. (J 04/10)

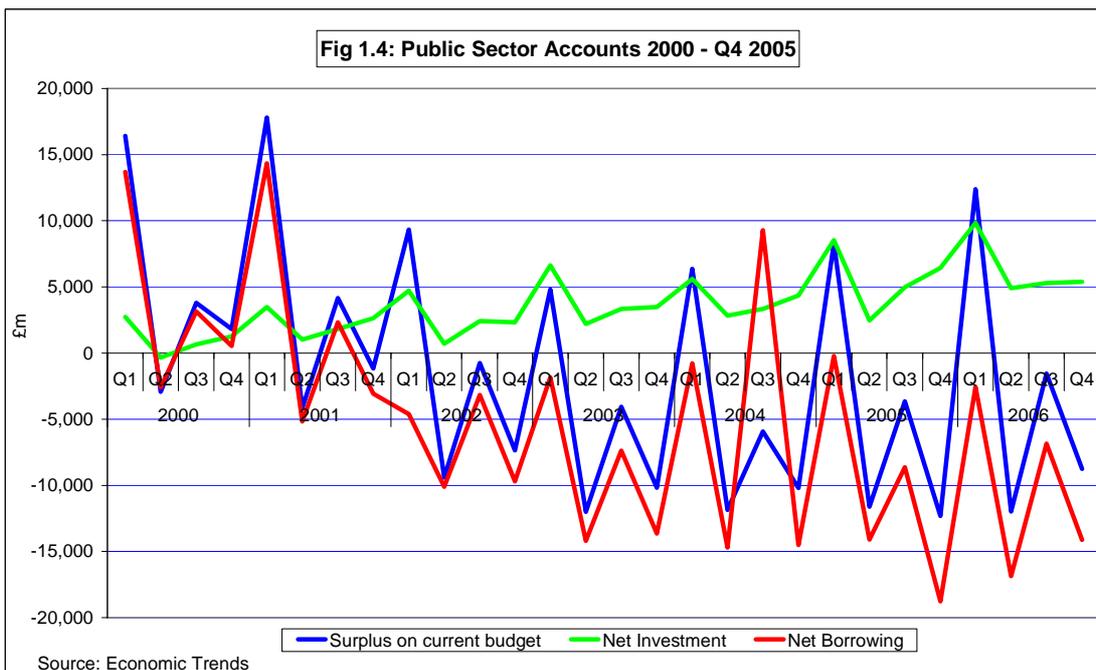
TWRI highlighted in November the **acceleration of inflation** to its **fastest since 1998 (on the RPI)**. Inflation has since hit the upper limit of the target range for CPI (i.e. 3.0%) in January. By February RPI inflation was 4.6%, which is faster than

average earnings growth – meaning living standards have begun to fall. This is an historically very weak pattern for real earnings.



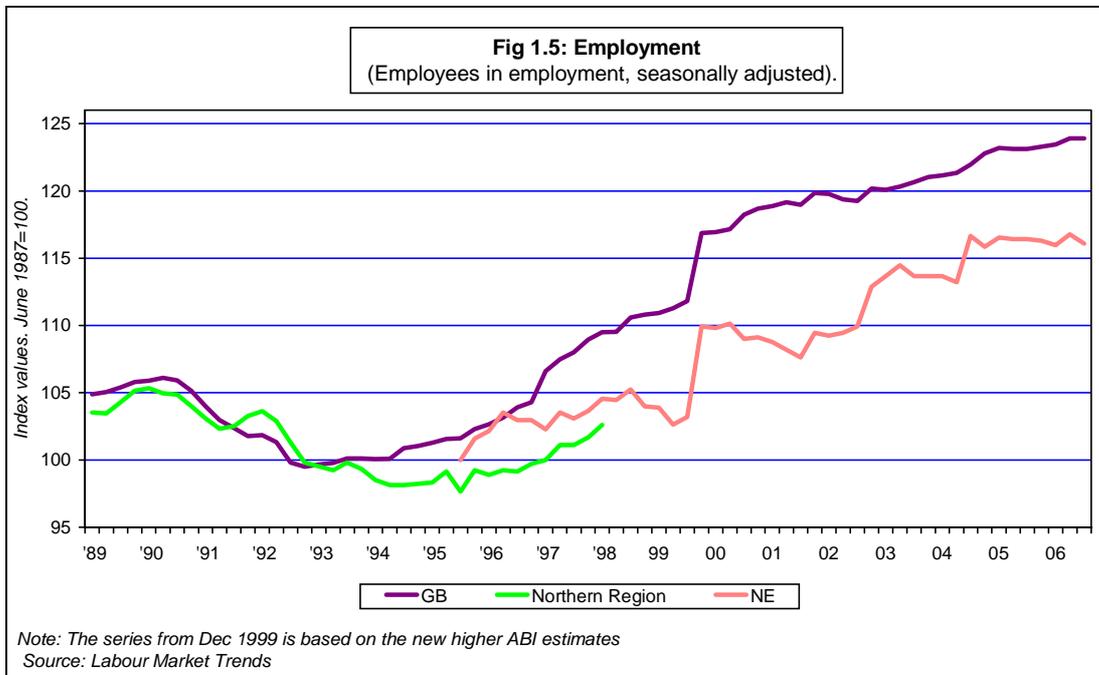
**Private sector pay** is predicted to rise 3-4.5%, almost twice the rate of public sector awards in 2007, according to IDS (the Income Data Services). The **Retail Price Index (RPI)** was also expected [correctly] to hit 4% between December and February. (FT 9/10) [RPI reached 3.6% in September (FT 18/10)– Ed.]

**Average earnings**, including bonuses, however, actually slowed to 3.9% in Q3, by 0.3 percentage points from Q2 – ONS.

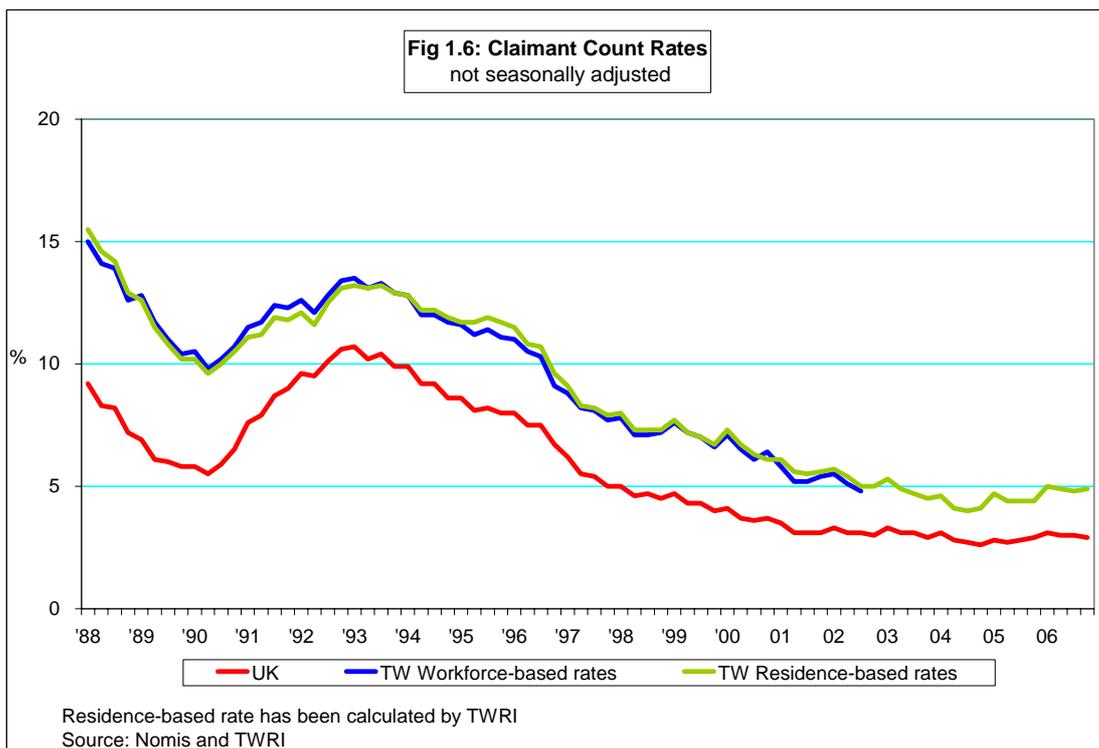


The **public sector deficit** (the “fiscal deficit”) has remained manageable at under 3% of GDP. It does, however, leave no room for a downturn.

**Employment rose by 56,000** to 28.99m. [Oddly] the number of **pensioners with jobs rose by 120,000** [11%] to 1.19m in the past year – the biggest rise of any age group. [Perhaps this is a response to disappointments with pensions and a buoyant labour market - Ed.]



[LFS] **Unemployment** also **rose** by 27,000 during the quarter to 1.71m, the highest level since 1999 (FT 16/11). Claimant unemployment has risen much less markedly.



**Foreign Direct Investment (FDI) into the UK surged 34%** in the **first half of 2006**, compared with the same period in 2005. This was helped by a sharp increase in investment from India and the US. **Business services** and **software** were the sectors that showed the strongest growth. London reaped most of the benefit with new projects rising 90%. (FT 05/10)

**Pre-Budget report highlights:**

- Taxes raised by £2bn pa (inc. £1bn pa from air passengers).
- Air passenger duty doubled from February 2007.
- “Asset sales” of £18bn over the period to 2011.

[Statement in December –Ed.]

A Treasury summary of economic forecasts is available from the ONS website, [www.statistics.gov.uk](http://www.statistics.gov.uk).

## 1.2 Labour Market (inc. Human Capital or Education & Skills)

**Private sector pay** settlements are **starting to creep up** in response to higher inflation – IDS. In the three months to November, the median level of annual rises remained at 3%; however, pay settlements in the **upper quartile** rose to **3.75%**. (FT 06/12) [This was *before* RPI inflation rose above 4% in the year to December, placing more upward pressure on pay reviews in early 2007 -Ed.]

### Labour Supply has risen - due to international labour migration

UK **population rose** in 2005 at the rate of 500 a day – ONS. The net annual inflow (not international migration) of **185,000** was the second highest since 1991. 565,000 people moved to the UK while 380,000 left in 2005. (FT 3/11) [The data are to mid-year – Ed.]

The **number** of [A8] **Eastern European migrant workers** in the **North East [inc. Yorkshire & Humber]**, has **risen five-fold** from 2004 to 2006– Home Office Worker Registration Scheme [WRS] data. The number of migrants registered to work in the North East [inc. Yorks & Humber] rose from 9,060 in December 2004 to 47,420 in September 2006. Almost 17,000 [16,960] of this total have arrived since the start of 2006. (J 22/11)

[Caution: these figures could be 3 times as high as figures for the NE Government Office Region only. Figures are; i) for the Post Office’s Postal Address Book regions where ‘North East’ includes NE and Yorkshire & Humber, and ii) cumulative totals; i.e. cannot fall as they measure inflows only – Ed.]

### Higher Education

**A third of** university **graduates** believe they chose the **wrong degree** - according to the Chartered Institute of Personnel Development.

Of 2005 graduates **believe** it would have been **better** to have

- a more **scientific or technical** course, said **a quarter**,
- 22% wished they had chosen a more **business**-based qualification. (FT 18/12)

## Further Education

**Harton Technology College** in **South Tyneside** was graded as “**outstanding**” with no areas for improvements by Ofsted. (J 18/12)

## Schools

**Over 2,000 children travel** each day from **Newcastle to Northumberland schools**, according to DfES. The number of secondary school-age children leaving Newcastle rose to one in 12 since 2002. Newcastle is said to suffer in national league tables [for its schools] because many of those moving tend to be better performing students. (J 13/10)

In **North Tyneside**, a number of **new primary schools will be built** after the local education authority was **awarded £6.5m** to **pilot the Government’s £7bn Primary Capital Programme**. The scheme, to build new eco-friendly primary schools, will concentrate on areas around Killingworth, Longbenton, Seaton Burn and Wideopen. (J 22/11)

Among the country’s **top 200** in a league table were named **St Agnes Catholic Primary School in Gateshead** and **Woodlea Primary School in Sunderland**. They achieved a perfect aggregate score of 300 – 100% of ‘Year Six’ pupils at Level Four. (J 07/12)

## Employment growth slowed in summer 2006

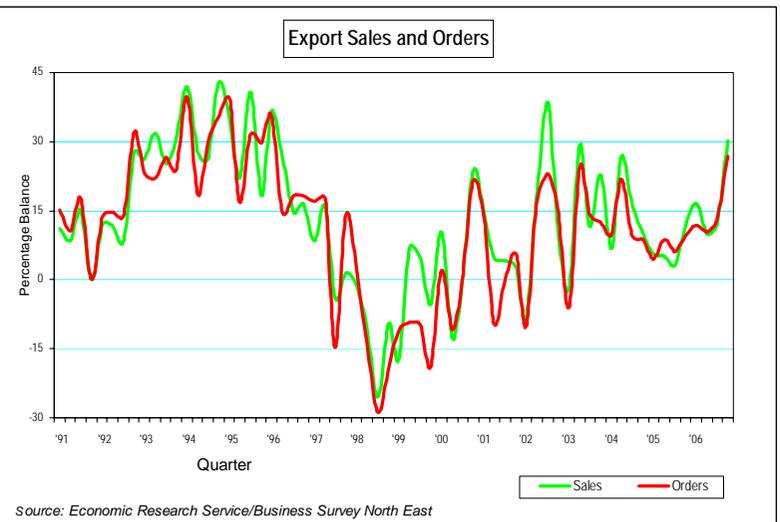
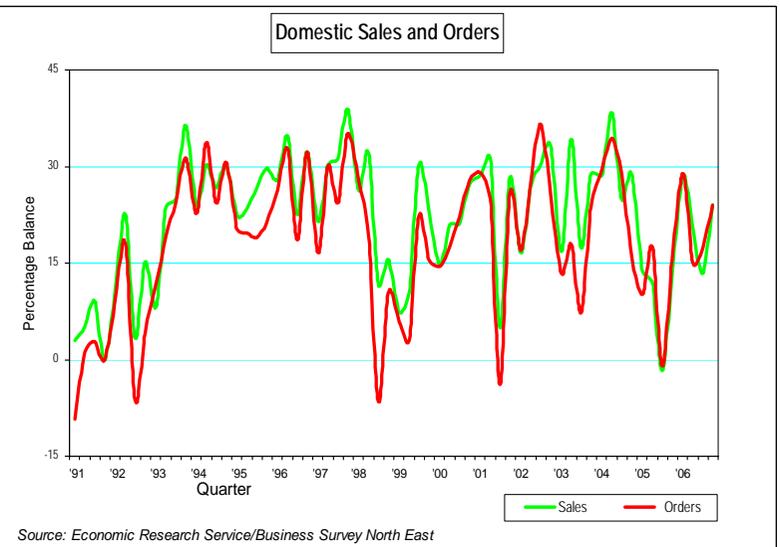
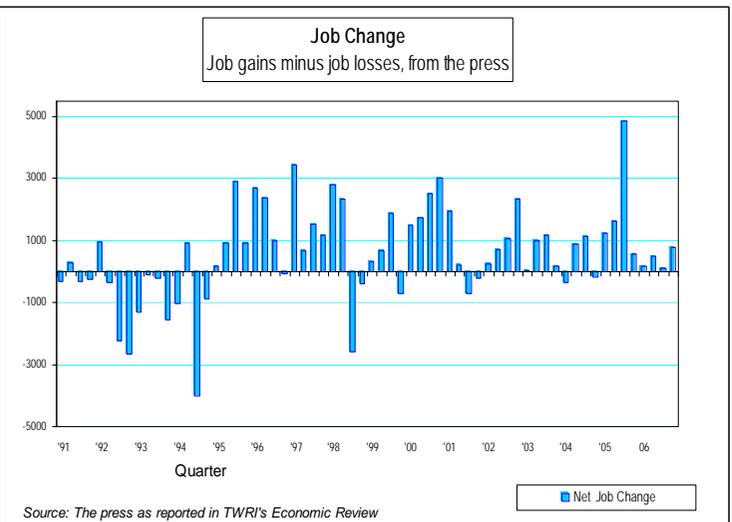
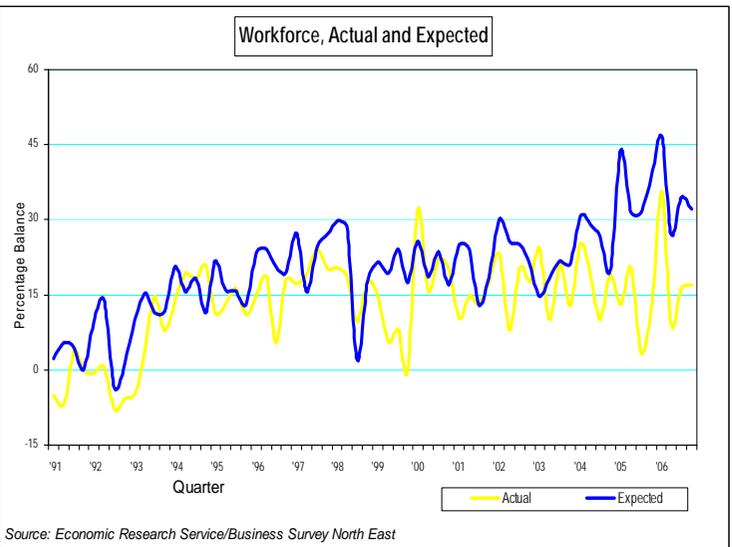
**Employment in the NE fell slightly over the latest quarter** to August but remains on an upward trend at 1.16m, or 71.2% of the working-age population - ONS. While the numbers employed rose by 34,000 over the year to August, the numbers unemployed also rose by 3,000. (J 19/10)

## Research & Development

**Research & Development (R&D)** rose globally by 7% in 2005-6, compared with the average previous four years – according to the International R&D Scoreboard. The US rise was twice as fast at 15.4%, while the EU lagged behind at 5.6%. As a percentage of **global R&D** spending, the US and Japan represented 41.3% and 19.5% respectively. The **UK** was fifth at **5.3%** behind Germany and France at 10.3% and 5.7%. (FT 30/10)

## 2. ECONOMIC INDICATORS

### 2.1 Business Conditions Indicators for Tyne & Wear



NB. Pre 1995 business conditions data includes Northumberland and some Durham Firms (TW Chamber members).  
Business indicators measure change on previous 3 months.

## NATIONAL ECONOMIC INDICATORS

(at 2000 prices, or 2000=100).

(s.a. = seasonally adjusted)

ACTIVITY:		Q3	Q4	2006		Q3	Change	
				Q1	Q2		Quarterly	Annual
Gross Domestic Product:		105.5	106.2	107.0	107.7	108.5	0.7%	2.9%
(chained volume indices at market prices)	(s.a.)							
Household Final Consumption	(s.a.)	£182,723m	£183,755m	£184,218m	£185,902m	£186,632m	0.4%	2.1%
Retail Sales volume	(s.a.)	126.1	127.7	127.4	129.8	130.8	0.8%	3.7%
Output: production industries	(s.a.)	98.6	98.1	98.7	98.8	99.0	0.2%	0.4%
services	(s.a.)	107.2	108.4	109.3	110.4	111.2	0.7%	3.7%
New Orders:								
Engineering	(s.a.)	80.8	79.3	77.8	81.8	81.2	-0.7%	0.5%
Construction	(s.a.)	110.2	114.9	116.7	126.6	118.2	-6.6%	7.3%
Fixed Capital Investment								
Manufacturing (at 1990 prices)	(s.a.)	NA	NA	NA	NA	NA	NA	NA
Business Investment:	(s.a.)	£28,983m	£29,187m	£29,807m	£30,404m	£31,359m	3.1%	8.2%
Balance of Payments								
current account	(s.a.)	-£10,043m	-£10,869m	-£10,242m	-£8,264m	-£9,429m	14.1%	-6.1%
INFLATION INDICATORS:		Nov	Feb	May	Aug	Nov	Change	
Retail Prices Index (All Items)		193.6	194.2	197.7	199.2	201.1	Quarterly	Annual
(Jan 1987 = 100)							1.0%	3.9%
Average Earnings Index:	(s.a.)	Oct	Jan	Apr	Jul	Oct	Change	
		122.5	124.5	124.8	126.5	127.6	Quarterly	Annual
							0.9%	4.2%

Sources: Office for National Statistics' Economic & Labour Market Review (March 2007)

## 2.3 Labour Market Indicators

### LABOUR MARKET INDICATORS

#### EMPLOYEES IN EMPLOYMENT#

Not seasonally adjusted.		2005 Sep	Dec	2006 Mar	June	Sep	Change	
							Quarterly	Annual
Total employees:	UK	26.640m	26.815m	26.615m	26.782m	26.815m	0.1%	0.7%
	North East	1.021m	1.025m	1.014m	1.022m	1.018m	-0.4%	-0.3%
Men employees:	UK	13.399m	13.479m	13.384m	13.476m	13.548m	0.5%	1.1%
	North East	523,000	525,000	518,000	524,000	523,000	-0.2%	0.0%
Women employees:	UK	13.240m	13.336m	13.231m	13.306m	13.267m	-0.3%	0.2%
	North East	498,000	499,000	496,000	499,000	495,000	-0.8%	-0.6%
Women full-time:	UK	6.869m	6.857m	6.842m	6.884m	6.888m	0.1%	0.3%
	North East	246,000	242,000	242,000	243,000	242,000	-0.4%	-1.6%
Women part-time:	UK	6.371m	6.479m	6.389m	6.422m	6.379m	-0.7%	0.1%
	North East	252,000	257,000	254,000	256,000	253,000	-1.2%	0.4%
Production employees (C-E):	UK	3.271m	3.240m	3.214m	3.211m	3.208m	-0.1%	-1.9%
	North East	146,000	144,000	143,000	143,000	142,000	-0.7%	-2.7%
Construction employees:	UK	1.234m	1.232m	1.235m	1.264m	1.288m	1.9%	4.4%
	North East	65,000	65,000	60,000	65,000	60,000	-7.7%	-7.7%
Service employees: (G-Q)	UK	21.903m	22.115m	21.944m	22.079m	22.076m	0.0%	0.8%
	North East	800,000	806,000	801,000	805,000	805,000	0.0%	0.6%
		2005 Autumn	2005/2006 Winter	2006 Spring	2006 Summer	2006 Autumn	Change	
Not seasonally adjusted							Quarterly	Annual
Self-employment:*	UK	3.712m	3.731m	3.736m	3.702m	3.782m	80,000	70,000
	North East	101,000	104,000	109,000	111,000	117,000	6,000	16,000

#### CLAIMANT COUNT

(Not seasonally adjusted).		2005 Dec	2006 Mar	2006 June	2006 Sep	2006 Dec	Change	
							Quarterly	Annual
United Kingdom		.893m	.989m	.953m	.953m	.923m	-29,000	31,000
Great Britain		.866m	.960m	.925m	.924m	.898m	-27,000	32,000
North East Region		46,883	52,389	50,143	49,790	51,285	1,495	4,402
Tyne & Wear		21,242	23,784	23,172	23,097	23,427	330	2,185
Claimant Count Rates (workforce rates) %:							Change in rates:	
United Kingdom		2.9	3.1	3.0	3	2.9	Quarterly -0.1	Annual 0.0
Great Britain		2.8	3.1	3.0	3	2.9	-0.1	0.1
North East Region		4.1	4.4	4.3	4.2	4.3	0.1	0.2
Tyne & Wear+		4.4	5.0	4.9	4.8	4.9	0.1	0.5

#### REDUNDANCIES

(from the Labour Force Survey).		2005 Autumn	2005/2006 Winter	2006 Spring	2006 Summer	2006 Autumn	Change	
							Quarterly	Annual
Numbers (thousands):	GB	*	*	*	*	*	n.a	n.a
	North East	*	*	*	*	*	n.a	n.a
Rates (per 1,000 employees):							Change in rates:	
	GB	6.3	5.8	6.0	5.5	5.5	Quarterly 0.0	Annual -0.8
	North East	11.7	*	*	*	*	n.a	n.a

Sources: ONS's Economy & Labour Market Review (March 2007) and LFS Quarterly Supplement, Tyne & Wear Research and Information.

\* Sample size too small for a reliable estimate

\* LFS estimates published subsequent to 13 October 2004 have been revised to take into account the latest revisions to population estimates.

+ Residence based rates (TWRI).

### 3.0 LOCAL JOBS AND ORDERS

TWRI has a database of job gains and losses announced in the press since the beginning of 1996. Listings are available on request by District, industry (2digit SIC 80) and cluster. This data base and the lists given below, record gains and losses reported in the press.

Cautions: The press tends to under-record job losses, overall (by roughly 2,200pa TWRI estimates by comparison with other sources). For example, particularly notable under-recordings have been numerous small losses from retailing and possibly from the offshore engineering industry. The construction industry is especially hard to track and measure (and has grown very significantly since about 1999). Small firms are not included at all in the data below since gains of fewer than 10 are not recorded by TWRI (and not generally reported by the press).

#### 3.1 Job gains

(2,075 announced in the press October 1<sup>st</sup> – December 31<sup>st</sup> 2006).

\* means new opening.

+600*	<b>EMAX Consulting</b> at the Centre for Advanced Industry (CAI) in <b>North Shields</b> , North Tyneside. <b>600 graduate level jobs</b> for staff with <b>Arabic language skills</b> over the next few years by opening a <b>call centre</b> . It has secured a loyalty card contract from Dubai-based TII Menalco. EMAX will provide computer back-up and customer service for the <i>Selektpoints</i> loyalty scheme, which operates across the Middle East.	(J 21/11)
+200*	<b>Stag Security Services</b> , Gateshead. The Yorkshire-based company is opening a NE base in Team Valley at the end of the month. It has expanded rapidly with turnover rising from £700,000 in 2003 to £6m this year.	(J 12/10)
+150 over next 3 years	<b>Pyeroy</b> , Gateshead-based. Painting contractor has seen its turnover rise over 60% to £50m in 2006, up from £31m in 2001.	(J 1/11)
+150* created	<b>Big Lottery Fund</b> , new HQ in St James' Gate in Newcastle. The England-Wide Grand Assessment Centre is now the key operational centre for distributing lottery cash.	(The Investor, issue 8, 28 Sept.)
+130* jobs	<b>BT</b> , at a <b>new call centre</b> in Sunderland. Working with call centre company 2Touch, the new centre will focus on BT's Broadband and Fusion products.	(J 18/10)
+115 'already created' since mid 2006	<b>Tanfield</b> at its factory in Washington, Sunderland The <b>electric vehicle maker</b> , which bought UpRight Powered Access in June, plans to <b>raise £20m</b> from the <b>AIM</b> stock market.	(J 16/11)
+100 'created' since 2000.	<b>Gestamp Automocion Group</b> in Sunderland Since opening its first UK factory in 2000, the Spanish company supplies <b>car parts to the Nissan</b> plant in Washington.	The Investor, issue 8, Sep 2006
+100 to be created	<b>Spark Response</b> , at its base in Gateshead. The <b>call centre</b> operator won a five-year deal from Toys R Us to receive and process its orders.	(J 04/10)
+100 over next 3 years	<b>Turbo Power Systems</b> , in Gateshead. It is to open a new plant adjacent to the A1 in 2006, creating, but close its <b>Felling</b> factory. The Heathrow-based company which	(J 21/10)

	makes power control systems will invest £1m in the 50,000sq ft factory.	
+80 (by 2011)	<b>Pet-supermarket</b> , South Tyneside <b>Online pet supplier</b> business is set to grow turnover to <b>£20m by 2011</b> . Its turnover already trebled to £1.5m in 2006 and expects to reach £3m by the end of 2007. The UK's biggest web-based pet supplier currently employs 20 staff. ( <a href="http://www.pet-supermarket.co.uk">www.pet-supermarket.co.uk</a> )	(J 18/12)
+60 ( by May 2008)	<b>SFM Legal Services</b> , Gateshead The Gateshead-based law firm prepares to <b>double</b> turnover to £8m. It was launched in 2000 and employs 60 people.	(J 28/11)
+36 (TWRI estimate)	<b>Asda</b> [which has 7 supermarkets in T&W; - ed.] is to create 1,800 jobs nationwide by expanding its <b>online service</b> . 157 of its 310 stores will offer online shopping by October 2007, compared with 91 at present. It will create jobs for drivers, office staff and pickers.	(J 6/11)
+35 (by end 2007)	<b>North Tyneside cleaning company GD Contract Services</b> is to <b>create</b> . The company, which has already created 30 jobs over the last 12 months, has seen its turnover treble from £300,000 in 2005 to almost £1m this year.	(J 6/11)
30 highly-skilled jobs by 2008	<b>Excelsyn Engineering Technology</b> , Newburn Riverside in <b>Newcastle</b> . The hi-tech business has moved to 16,000 sq ft premises at Newburn, double the size of their previous site in Belmont Business Park in Co. Durham. It has huge growth plans to <b>expand 10-fold</b> to £50m by 2011.	(J 3/11)
+30	<b>Hodgson Newcastle</b> , near the Metrocentre, Gateshead Car dealer plans to open a new dealership by November 2007.	(J 06/12)
+30	<b>GFI Consulting</b> in Newcastle. The <b>recruitment company</b> is aiming to <b>double</b> its workforce to 60 in 2007, and aiming for a 65% annual growth in its £3m sales.	(J 22/12)
+40	<b>Actual Leisure</b> in South Shields, South Tyneside. The pub and club chain has invested £1.5m in acquiring premises formerly run by Ultimate Leisure as Coyote Wild.	(J 12/12)
+22 (by 2009)	<b>Gordon Brown Associates</b> <b>Solicitor and estate agent</b> is to recruit another 22 after creating <b>27 jobs</b> in the last 15 months. It is looking to boost its revenues by <b>60%</b> to £5m.	(J 27/11)
+20 (by June)	<b>Thompson Building Centres</b> in Newcastle It plans to take on the 20 after it acquired Newcastle-based Fossway Builders' Merchants for £4m. It will <b>invest £2m</b> building a new warehouse and updating its IT systems.	(J 05/12)
+15	<b>Vimac</b> in Whitburn Village in South Tyneside in 2007. <b>New gastro-pub</b> by <b>Leisure</b> group set to invest £500,000 redeveloping a historic coaching inn.	(J 13/10)
+12	<b>Nomad Digital</b> at Newcastle Quayside office. <b>Technology firm</b> have secured a contract to provide the Heathrow Express railway line with a wireless internet system.	(J 8/11)
+10	<b>Kaytu Systems</b> at its base in South Shields, South Tyneside. The company manufactures and installs <b>bespoke sheet metal</b> , fabrications and conveyor equipment. This follows a management buy-out.	(J 04/10)
+10	<b>Printcentre</b> , Sunderland. After moving to a new purpose-built building. The business has won <b>new contracts</b> and had outgrown its old premises on Fulwell Rd.	(J 08/12)

<b>Outside Tyne &amp; Wear</b>		
Over <b>2,000 jobs</b> created “and supported”	<b>Ensus</b> plant on <b>Teesside</b> A <b>bio-fuel</b> . The plant will be operational by December 2008. [It has a contract with Shell to supply the equivalent of 35% of UK needs – Ed].	(J 17/11)
<b>Up to 500 jobs</b> could be created, including 250 permanent jobs	<b>Rockcliffe Hall</b> , near Darlington. If a <b>new £50m hotel and leisure development</b> proposed by <b>Middlesbrough Football Club</b> is granted planning permission by Darlington Council. A decision was expected in early 2007.	(J 20/10)
<b>Up to 500 jobs.</b> Work starts in Spring 2007.	<b>Tees Alliance Group</b> will bring the shipyard at Haverton Hill in <b>Billingham</b> back into use. Offshore engineering. After being awarded a <b>£300m contract</b> by SeaDragon to <b>build a floating drilling platform</b> .	(J 6/11)
<b>300 jobs</b> (by 2011)	<b>Esh Group</b> , Co. Durham-based. <b>Construction</b> company aims to increase turnover from £100m to £250m. It currently employs 1,200 people.	(J 9/10)
<b>300 jobs</b> by 2011 (inc. 120 jobs by 2008)	<b>Hertel (UK)</b> is to create on <b>Teesside</b> Industrial services. The UK arm of the Dutch group is expecting growth of 10% a year.	(J 30/11)
+275 jobs within three years	<b>Infoserve</b> relocating from Stockton to Darlington, in <b>Tees Valley</b> in December. The IT company is preparing to quadruple the size of its <b>NE</b> base.	(J 16/11)
+220	<b>Npower</b> , at its in <b>Peterlee, Co. Durham</b> . The <b>new call centre has brought</b> new customer service jobs, to the building formerly used by Orange. This will add to its existing 2,500-strong workforce.	(J 18/10)
+ <b>200 jobs</b> (by 2009)	<b>Gainford Care Homes</b> . Its <b>expansion</b> plans are to open the first of three £3m new-built care homes at Seaham (Co. Durham) in January 2007, then Newbiggin-by-the-Sea in <b>Northumberland</b> and Newton Aycliffe in <b>Co Durham</b> . Gainford operates four homes in <b>Gateshead</b> .	(J 27/11)
[TWRI estimates that around <b>156 jobs</b> in culture could be created in <b>TW</b> – Ed.]	The <b>Arts Council</b> England’s North East <b>Cultural Sector Development Initiative (CSDI)</b> is <b>set to create 390 jobs</b> and safeguard 860 in the NE.  It has been awarded £6.1m from Europe to invest in skills and business development. The now £16m boost to the region’s cultural sector will benefit 60 projects across 6,000 businesses. It will also generate £3.8m of turnover for the participating organisations.	(J 27/12)

### 3.2 Job losses

(-1,569 announced in the press October 1<sup>st</sup> – December 31<sup>st</sup> 2006).

\* means closure.

-790 job losses [TWRI estimate at its 16 Tyne & Wear offices, two-thirds by 2008 – Ed.]	<b>HM Revenue &amp; Customs</b> is to cut <b>891 jobs</b> at 18 offices in Tyne & Wear, Durham and Northumberland by 2010. Across England, HMRC plans to cut 12,500 by 2008 and 17,548 by 2010. These are part of the Gershon “efficiency savings” planned across government.	(J 17/11)
up to -300	<b>GNER’s</b> , some in Newcastle The owners, <b>Sea Containers</b> , warned of cuts at the rail operator after seeking legal protection from its creditors under Chapter 11 of the US bankruptcy code. Sea Containers was believed to owe around £330m to creditors.	(J 17/10)
-160 (“at least”)	<b>Amaro</b> , based in Gateshead. Direct mail distribution company <b>Amaro</b> has been bought by <b>Mediaforce</b> after the loss of at least 160 jobs and racking up debts of £700,000. Amaro, which was formed in 1999 and turned over £3m, has kept 120 staff.	(J 05/10)
-100 in 2007 (Closure “between March and June”)	<b>Corning “Life Sciences and Speciality Materials”</b> factory in Deptford, <b>Sunderland</b> . American company Corning announced the closure, blaming high operating costs. The factory produces glassware for laboratories.	(J 03/10)
“fewer than” -100	<b>Greggs</b> , based in Gosforth, Newcastle Bakery, now cutting fewer jobs (previously estimated at 200) at its under-performing Baker’s Oven chain. It operates 1,334 shops across the UK.	(J 4/11)
63* (date of closure was to be decided in November).	<b>British Bakeries</b> , Westerhope, Newcastle. The maker of Hovis and Mother’s Pride is closing its plant and moving production to the South of England after a strategic review of the business. In 2004, the company cut 100 jobs at the Newcastle plant after reducing speciality lines.	(J 26/10)
[TWRI estimates 40* job losses in TW – Ed.]	<b>DP Furniture Express, HQ in Sunderland</b> Closure of its 12 stores in November with the loss of 76 jobs. 30 jobs will be lost at its Sunderland head office, including the warehouse and factory. In the NE, stores in North Shields, Sunderland, Darlington and Stockton will close with the loss of 20 jobs [which TWRI estimates at 5 jobs per store] The company went into administration in October for the second time, managing to sell only its Carlisle store.	(J 17/11)
-16*	<b>ZeroPlus UK</b> , in Newcastle. The <b>audio-visual</b> business went into <b>liquidation</b> in November with debts of £475,000. It was set up in 2003.	(J 04/12)

### Potential job losses

The **Metroland** fun park is under threat of **closure** with the loss of **120 jobs**. The MetroCentre's owners, Capital Shopping Centres, are looking at plans to **replace** it with a **cinema and a fitness centre** under plans to modernise the Yellow Mall. (J 3/11)

### 3.3 New Orders and Contracts to Local Firms (at least £8.5m to local firms)

<b>£7m</b> its <b>biggest</b> <b>contract</b> – to build an undersea vehicle.	<b>SMD Hydrovision</b> , two bases in Newcastle and North Tyneside Hi-tech engineering company - employs 100 staff. The Remotely Operated Vehicle (ROV) will be ready in August 2007 and will specialise in <b>pipe burial</b> .	(J 30/10)
<b>£2.5m</b>	<b>Elanders Hindson</b> , North Tyneside <b>Printing</b> company won contracts from <b>Land Rover</b> and <b>Vauxhall</b> . It will supply thousands of sets of vehicle manuals and owner literature.	(J 3/11)
<b>£1m</b>	<b>TNEI</b> , the <b>Newcastle</b> -based, Environmental firm. Order to <b>fit large wind turbines</b> at 31 <b>Tesco</b> stores. TNEI's turnover is expected to rise 185% to £10m by 2009.	(J 31/10)
Unspecified	<b>R Blackett Charlton</b> (a subsidiary of Chieftain plc) <b>Newcastle</b> -based <b>3-year</b> service and <b>maintenance</b> contract <b>with</b> chemical company <b>Huntsman Pigment</b> on Teesside. Since 2005, it has won four other major contracts with <b>BASE</b> , <b>ConocoPhillips</b> , <b>Hydro Polymers</b> and <b>PX</b> . The deal is set to create 70 jobs during the period.	(J 19/12)

## 4.0 FEATURES

### 4.1 North East Economy – Recent Evidence

Two recent pieces of work by Robert Huggins and the Financial Times highlight the North East's improvement, but also the weakness of the private sector (at least up to 2004). Some further catching up is very possible in 2007 – after fast employment growth in 2006 and good forecasts for 2007.

Dr Huggins' UK Competitiveness Index shows that;

- the **three North regions** have begun to **close the gap with the South** for the **first time** [since 2000].
- The **NE's competitiveness index rose 3.1%** to 84.2 in 2006, compared with 2005 [UK average = 100] (J 13/11, [www.hugginsassociates.com](http://www.hugginsassociates.com)).

The index is measured using a number of 'input, output and outcome factors'. Oddly, the index also showed that, on innovation, the North East was second only to London.

[Caution: the **NE remained bottom** of the 12 regions and actually fell further behind the next two – Ed.]

The **NE economy managed private sector growth of only 1.4%** a year (between 1997 and 2004) compared with **4.1% in London** – ONS and calculations by the FT. Newcastle is one of the region's few bright spots.

- In the NE, the **public sector accounted for 32%** of economic growth during the period, twice as much as the **16% in London** and the South East.
- **After 2000, private sector growth in the south** has been **0.7pp a year higher** than in other regions. A significant narrowing in the performance gap was seen in 2004, with the private sector creating 0.2% more value than in other regions.
- Gaps widened between rich and poor. 20% of the population living in the poorest local areas contributed 13.9% of national GVA in 1997, falling every year to 13.2% in 2004. Meanwhile, the 20% in the richest areas saw their share rise from 30.3% in 1997 to 32.2% in 2004. (FT 16/12)

[The FT must have obtained data by sector from the ONS' GVA figures in order to make these calculations. TWRI has asked the FT to explain, but has received no reply – Ed.]

The **NE economy is forecast to grow faster than the UK average in 2007, at 3%**, whilst the UK grows 2.5%-2.7% - Lloyds TSB Financial Markets.

Also NE businesses are the **most confident**, expecting turnover to grow by 7.3% in 2007 - according to the Institute of Chartered Accountants (J 29/11)

**NE productivity is 5% above the national average** – article in *Northern Economic Review* (NER) highlights that if Gross Value Added (GVA) is measured making allowances for regional pricing differentials, where NE prices are 9% lower than in the UK, productivity would be above average. (J 18/10) [The Journal attributed this analysis, actually by Julian Gough of Teesside University, to the NER's publishers Durham University Business School -Ed.]

**NE employment rose by 34,000** [an incredibly rapid 3%, according to LFS] to 1,158m in the year to September.

The **employment rate** rose to 70.9% in September, up 1.2% on a year ago. (J 16/11).

[This combination suggests incredibly rapid growth, 3%+, of the NE Population of Working Age – Ed.]

## 4.2 Housing Market – Now A Potential Threat to Economic Stability

The housing market presents a potential threat to economic stability. This is because households' indebtedness has doubled in the last five years. If interest rates are pushed much higher, house prices could weaken significantly. House prices have fallen recently in similar economies, notably in Australia<sup>1</sup> and the USA. Although there is a risk of higher interest rates<sup>2</sup> (to return inflation to its target), in the UK this risk currently seems low because earnings growth remains modest.

Note: if house prices fall, re-possession will rise very quickly, because borrowers will not be able to sell without a loss. Tyne & Wear firms and employment could be particularly affected because of the HQs of Northern Rock (a fast-growing mortgage bank) and two of the largest UK housebuilders, Barratt and Bellway.

The new Home Information Packs, due from June, might reduce house sales.

The following gives some recent highlights in a developing situation:

**Lenders have adopted more risky lending practices** in 2006:

- **Multiples** up to **five times** salary level. [Abbey announced 5 times incomes over £50,000 – Ed.] (FT 1/11)
- **100%+ mortgages;** Mortgage brokers have seen the take-up of mortgages of over 100% of the property value rise 70% in 2006. HBOS is also offering new mortgages at 125% of value of the house. (FT 4/11)
- **Interest only mortgages** accounted for about one-in-six new mortgages in 2006. They account for a third of first-time buyer mortgages (EcN. March)
- **Term length** lasting **40 years** or more. A third of mortgage lenders will allow borrowers to take on mortgages as long as 40 years – research by MoneyExpert.com. The study found that 38 out of 126 lenders offered maximum terms of 40 years or more. (FT 9/11).

These practices have enabled the mortgage market to **expand** despite very high house prices. Mortgage **approvals rose 5%** to 126,000 in September (their highest level since 2004), compared with August – Bank of England. (FT31/10)

This sort of lending is akin to the “sub-prime lending” in the USA which has created a crisis there for some lenders because (**crucially**) **US house prices have also fallen.**

In the UK this higher-risk mortgage lending is called “non-conforming”.

So far, UK house prices have not fallen. There was, however, some evidence of a fall in NE house prices in summer 2006 – but it was brief.

**House prices (mix-adjusted) fell** in the **North East & Cumbria** in the **3 months to September 2006** (compared to the previous 3 months) – FT House Price Index Mix Adjusted (FT HPI MA) by Acadametrics. Uniquely, of all regions in England & Wales, the three-month moving average in the North East fell successively for each of the 3 month periods ending in July, August and September. This largely coincided with weak growth in house prices in England & Wales in the 3 months to June, July and August. (FT 11/11 and [www.acadametrics.co.uk](http://www.acadametrics.co.uk)).

[Note: the FT's Index uses Land Registry data, each FT month and makes it 'Mix-Adjusted' (that is, it weights the price indices for each of the 4 house types so as to remove the effect of changes in the mix). The resulting rate of house price inflation is very much more robust than from the lenders or DCLG. It is currently lower than others because it excludes Scotland and only includes transactions

<sup>1</sup> In Sydney, Australia, house prices are down by 10% from their 2004 peak even though the economy continues to grow strongly (Ec N.).

<sup>2</sup> Base rate has been raised three times since August 2006, reaching 5¼% in January 2007.

completed. Land Registry *initial* figures, however, had showed a rise of 2.5% in the North East in Q3 compared to Q2, up 8.5% on Q3 2005]

FT House Price Index Regional Data (Mix-Adjusted)							
	Month	Monthly (%)	Annual (%)		Month	Monthly (%)	Annual (%)
<b>North*</b>	July 06	-0.4	6.4	<b>E&amp;W</b>	July 06	0.2	6.1
	Aug 06	-0.2	5.7		Aug 06	0.2	6.1
	Sep 06	-0.1	4.6		Sep 06	0.5	6.5

\* 'North' means NE & Cumbria. Figures are for the 3 months to month stated.

**Re-possession**s were **up** a sharp **76%** in the first half of 2006, on the same period last year. At over 8,000 they are still very low [under 1%]. Growing numbers of buy-to-let properties are being repossessed and offloaded at auction – Allsop Auction House. (Note: It is not known how many of these re-possession were buy-to-let) (FT 12/11). [IMPORTANT: Re-possession remain low because lenders prefer borrowers to sell instead; this is not so easy in a falling market, as in the US. ]

**Mortgage arrears**, which account for over 80% of outstanding consumer debts, started to **rise again** since 2005 – Standard & Poor (the credit rating agency). The report, however, stated that only 0.3% of all home loans are more than six months in arrears. (FT 18/12)

The **total** amount of household debt **outstanding** now stands at **£1,268bn**. (FT 30/11) [This is **over £50,000 per household**. Over £1,000bn of the household debt is mortgages. As over half of households have no mortgage, £100,000 can be regarded as a typical mortgage. Household debt is up about 150% since 1997–Ed.]

#### **Affordability is fully stretched in the NE:**

House Price to Income ratios are **ten or more** for lowest quartile income households - NERIP's '2005 Annual Summary of Housing Market Activity and Dwelling Stock' report (Nov 2006), [www.NERIP.com](http://www.NERIP.com). The calculation follows [odd] DCLG guidance in relating lowest quartile incomes to lowest quartile house prices.

[Caution: it is not clear whether the house price data are from Land Registry or DCLG].

The **highest percentages** (in Tyne & Wear) of **low income households** with an affordability ratio (to purchase a lower quartile house locally) of 10 or more are in **Newcastle**, at **72.7%**, and **North Tyneside 70.6%**.

**The other three Districts** are **under one-fifth** with Gateshead at only 8.8%, South Tyneside 19.5% and Sunderland 13.5% (J 13/11).

[The Journal *wrongly* titled this front page story "Ten to one you will not buy a house"].

**Turnover** of the **owner-occupied stock** has **fallen by a third** - according to research by Hometrack. Currently, 6-7% of the housing stock is sold annually, compared with 10% in the late 1980s. This suggests that a typical home owner now moves every 15 years, compared with 10 years in 1980s. Home-owners are living far longer in their properties as lower inflation, higher house prices and the cost of moving discourages housing market turnover (FT 14/10).

### 4.3 Moving to a Low-Carbon Economy

The policy measures to tackle carbon dioxide emissions have become clearer in the last six months.

#### a) The problem is getting worse much more quickly:

Greenhouse gas [GHG] **emissions rose four times as fast as in the 1990s between 2000 and 2005** – UNESCO [The average annual growth in emissions was 0.8% and is now 3.2% - Ed.]. The research was presented to governments meeting in Nairobi to discuss ways of extending the Kyoto protocol on climate change beyond 2012. The rapid rise is a result of rapid economic growth in developing countries and a failure of developed countries to ‘mitigate’ [i.e. cut or offset] their GHG output. (FT 11/11). China’s emissions are on course to exceed the US by 2009 (Ec N).

#### b) Costs of action appear bearable, and early action reduces the overall costs

The **Stern Report** suggested that **1% of global GDP** (\$651bn) must **be spent** each year to tackle climate change. This would involve a **25% cut by 2050** in carbon emissions. (FT 31/10) [Stern used a low discount rate. This reduced the future value of losses due to climate change by less than would standard economic practice.]

#### c) Emissions trading can be said to be ‘half the solution’:

The **EU’s Emission Trading Scheme**, started in 2005, which **caps about half** of the **UK’s emissions**. It may have *cut global emissions by about 1%* of CO<sub>2</sub> equivalent - from the Economist Newspaper feature – Ed. The European Commission said, from 2008-12, the ETS is to cut capped emissions EU-wide by 6% - so as to hit the Kyoto target.

#### d) The North East is set to pioneer Carbon Capture & Storage (CCS):

On **Teesside, a £1bn ‘clean’ coal-fired 800MW power station** has been outlined by **Centrica**, the owner of British Gas. The [pioneering] plant will use both clean-coal and **carbon capture** technology [storing CO<sub>2</sub> in redundant fields under the North Sea - Ed.] and will emit one-sixth of the CO<sub>2</sub> of a traditional plant. The new plant, which could be operational by 2012, will create 1,000 construction jobs and 50 operative jobs. (J 10/11)

**Local Authorities can play** a role in this process of moving to a low-carbon economy through (at least) the following main routes:

#### Transport via

- ‘Demand Management’ / Local Transport Policies / Better Public Transport.
- location of new buildings – controlled by the [Land Use] Planning system.

#### Buildings;

- new buildings through **building control regulations** (which set energy efficiency standards) and
- through ‘**planning gain**’ **negotiated with developers** (which can include delivering micro-renewables etc.) [including using Section 106 agreements];
- existing buildings; through **improvements in energy efficiency** (through retro-fitting). [Local agency EAGA has experience of this.]
- **own LA buildings** (including housing and schools etc.); also install energy efficient systems and switch to low-carbon fuels; and/or
- Enter **emissions trading agreements to buy off-sets** elsewhere, where this is more cost-effective.
- [Late news: EU leaders agreed in March on a 20% cut in emissions by 2020.]

## 5.0 INVESTMENTS

### 5.1 Investment & Development Trends

**Demand** for property is **rising** – CBI and GVA Grimley. In the six months to December, a balance of +21% property occupiers increased their property holdings.

Demand for;

- retail property grew for a balance of +18% (above the long term average of +13%).
- Office property grew +1% (*below* the long-term average of +5%),
- In manufacturing, it remained stable. (J 20/12)

Strong growth in output and employment has been feeding demand for property.

**Total [annual] returns** for **office** buildings **rose to 23.2%** in the quarter to September, up from 22.3% in June (and from 17.1% in Q3 2005) - **Investment Property Databank**. **Retail** returns **dipped to 20.7%**, from 21.9% in 2005. **Industrial** returns also dipped to **19.1%** from 20.6% in 2005. (J 15/11)

The amount of **office space let in Newcastle fell [60%] to 63,000 sqft** in the six months to September, from 160,000 sqft in the same period in 2005 – King Sturge. This was due to a **shortage of supply in city centre** office space (which is driving rents for Grade A to £22 per sqft, up from £18 in 2005) and fewer out-of-town lettings. The survey of lettings over 10,000 sqft saw Newcastle slip from seventh to 12th out of a table of 16. (J 29/11)

Thus the **office investment market** in **Newcastle** was the **second strongest** behind central London in Q3 2006, according to property agents Knight Frank. Newcastle posted the second largest drop in initial rental yields – from 5.75% to 5.5% - in the UK. Prime office rents have topped £22 per sq ft. (J 11/10)

A **shortage of business space** in **Gateshead** has **increased rents** up to **20%** in some locations over the past year - Naylor's Chartered surveyors. Rents are said to have increased by 50p to £1 per sq ft to between £5.50 to £6 per sq ft. (J 18/10)

### 5.2 Investment & Development News

**Grainger Trust** has **turned down** a £870m **takeover bid** from Regus, the property group. The Newcastle-based residential property landlord announced it was on track to revalue its £1.6bn residential portfolio by 9%. It has recently been selected as preferred developer for a £90m mixed use development in London – its largest scheme so far. (J 05/10)

It has **secured a site in Birmingham** for a **£350m development**. It bought the site for a **1.4m sq ft mixed use scheme** in a joint venture with property company Development Securities. (25/11)

It has also bought a **308-unit portfolio in Munich**, Germany and opened an office in Mannheim. (J 2/11)

Its pre-tax **profits rose 75%** to £71.7m in the year to September. It plans to expand its **new market-rented fund** to **include £1bn-worth of homes**. (J 29/11)

The property at 54-58 **Northumberland St**, a prime retail location in **Newcastle**, has been **sold** for **£31.4m** to National Farmers Mutual Insurance. The 42,000 sq ft building produces £1.4m in annual rents. (J 04/10)

#### Office Developments

At **Gallowgate in Newcastle**, **planning permission** for a **10-storey office block** to replace Wellbar House has been **awarded to Moonglade Holdings**. (J 11/11)

In **Gosforth Business Park** [in **North Tyneside**], **Hall & Partners**, a building consultancy, has commissioned a **£2m purpose-built HQ**. It is moving into the 15,000 sq ft base at the end of 2007 as it prepares to increase turnover (by 37%) to £5.5m by 2011. The company currently employs 35 people in Newcastle. (J 04/12)

At the Regent Centre, Gosforth, **Newcastle**, **Northern Rock's** construction of major office blocks continues. (See §6.14 Financial Services)

### Industrial Developments

At **Follingsby Park** in **Gateshead**, plans for a **200,000 sq ft new development of large industrial units** were announced by Leeds-based property company Evans Group. Early stage works have begun at the park, to be ready for tenants to move into by October 2007. (J 22/11)

### Mixed Developments

At the **riverside at South Shields**, a **masterplan to regenerate a 25ha brownfield site** is to be produced by a team led by Studio Egret West. The site has been earmarked for a **mixed-use scheme** that will extend the town centre with high-quality housing, commercial premises and open space in a waterfront setting. The team will spend the six months to April creating the plan for South Tyneside Council and One NorthEast. (Planning magazine, 13/10)

At **Rainton Bridge Business Park** in **Sunderland** a **£1m, 3,000-seat events centre**, has **opened**. The **Roseberry Group**, a Sunderland-based redevelopment and leisure company now plans to build a 4-star **hotel** on adjacent land. (J 19/10)

### Leisure Developments

At the **5.5 acre GQ2 site** on the **Quayside**, **Kier Property** has been **chosen** by Gateshead Council to develop the land between the Baltic and the Sage Gateshead. Bedfordshire-based Kier plans include a cinema, a 4-star hotel, shops, restaurants and 324 homes. The site is believed to have a development value of **£100m**. The developments could **create more than a 1,000 jobs**. (J 18/10) Construction work will be carried out by [the construction arm of] developer Kier Property. The site is currently used as the car-park accessible from Mill Road (J 1/11).

At **Whitley Bay**, a **£60m** scheme to **regenerate the Spanish City** and seafront was submitted to **North Tyneside Council**. The plans include the creation of an Arts & Cultural centre, a leisure pool, a new-look Whitley Park, a hotel and restaurant, a skate park and around 200 houses (J 15/11). The plan was approved (EC 21/2).

In **Newcastle** next to St James' Park a **£55m development** has been launched by property company **Hanro** including a 160-room **hotel**. It also includes 122,000 sq ft of office space, 15,000 sq ft of shops and 110-space car park. The site is bounded by Strawberry Lane and Leazes Park Rd. Hanro has already secured a commitment from the **Institute of Directors** to **occupy 110,000 sq ft** of its offices. (J 10/10)

In **Newcastle**, the **£40.2m Private Finance Initiative scheme** to **rebuild the City Library and High Heaton Library** have been **awarded** to Japanese firm **Kajima** (J 19/10). Demolition work is currently under-way.

Work has begun on the **Hancock Museum** (in Newcastle city centre) as part of the **Great North Museum** project. The back extension of the museum is being knocked down to be replaced with a new wing that will house a special exhibitions space. The £26million Great North Museum project will also see a new learning suite and a purpose-built library constructed at the Hancock.

Highlights of the new £26million museum will include:

- a large-scale, interactive model of Hadrian's Wall
- major new displays showing the wonder and diversity of the animal and plant kingdoms
- spectacular objects from the Ancient Greeks and mummies from Ancient Egypt
- a Planetarium
- a life-size T-Rex dinosaur skeleton and much more...

When the new Museum **opens in 2009** it will be a flagship visitor attraction incorporating collections from the Hancock Museum and the University of Newcastle's Museum of Antiquities, the Shefton Museum and the Hatton Gallery. More about the Great North Museum project at: [www.greatnorthmuseum.org](http://www.greatnorthmuseum.org)

Work was completed in summer 2006 to create the £9m **Northern Stage** in Newcastle, at the former Newcastle Playhouse Building. The new building has three stages and a large new foyer with glass wall. The theatre re-opened in September.

### **Business Developments**

In **Tyne & Wear**, '**Buildings for Business**', a **public-private partnership** between UK Land Estates and One NorthEast, has **started work** on **two brownfield sites**:

- At Boldon in South Tyneside, the 37,500 sq ft scheme '**Boldon Court**' includes nine hybrid office/factory units
- At **Balliol Business Park** in North Tyneside, 7,200 sq ft of high quality offices are to be built at this £2m facility. (J 22/11 & [www.onenortheast.co.uk](http://www.onenortheast.co.uk))

[Not in TW]: At **Cramlington**, Northumberland, **work** has **started** on phase 1 of **Northumberland Business Park** which is expected to help bring 3,000 jobs into the county by 2015. The **£55m** park stands at the junction of the A19 and A189, south of Cramlington. (J 15/11)

### **Housing Developments**

A **£16m housing regeneration** scheme has been **approved** by **Bridging NewcastleGateshead** [the Housing Renewal Pathfinder]. The funding will be used to **improve housing** quality in parts of Newcastle (Scotswood, Benwell and Elswick) and Gateshead (Bensham, Saltwell, Teams and Felling By-pass) by 2008. (Citylife, Nov-Dec 2006)

### **Infrastructure Developments**

The **new Eldon Square Bus Station in Prudhoe Street** opened to passengers in March following an £11m construction project. It was built by Newcastle City Council and partners Capital Shopping Centres using Government funds and will be managed on a day-to-day basis by Nexus.

A new entrance from the bus station to John Lewis will provide a link through to the malls. A new [£100m+] street-level shopping mall, St George's Way, is being created in place of the existing bus concourse and is due to open in spring 2008.

### **Health Developments**

At the RVI in Newcastle, work continues on £300m of new buildings.

### 5.3 Aid & Finance

EU structural funds aid to the NE has been **halved** [compared with 2000-06] to average about £50m annually in **2007-13. The award is €545m** (over **£360m**). Regional support is largely redirected to new member states in eastern and central Europe. (FT 24/10). The EU structural fund allocations for the NE are:

- €334m (£223m) from the European Regional Development Fund (ERDF), and
- €212m (£141m) through the European Social Fund (ESF).

These figures follow the UK's 'National Strategic Reference Framework'.

The total amount of funds allocated for 2007-13 is only about half of the current allocation. (European Newsletter, October 2006)

In total, the UK was awarded €3,796m, down 44% from €15,635m in 2000-06.

#### Regional Aid:

The 347 wards in the NE, classed as having 'assisted status', had been **reduced by 20%** to 278. However, the Government reinstated 15 wards, including the **Newcastle** wards of Benwell, Scotswood, Castle and Lemington (J 11/10).

[In Tyne & Wear, 76 wards have been selected. There are 15 in Gateshead, 10 in Newcastle, 20 in South Tyneside, 25 in Sunderland and 6 in North Tyneside, including Balliol Business Park in Longbenton previously not included. The UK Regional Aid map has now been sent to the European Commission – Ed.]

**Two new investment funds** worth £17m, aimed at helping **small businesses** in the NE grow, have been **launched**. The launch of

- **Evolve Mezzanine** and
- **NEL Growth Fund**

brings to £115m the total amount of finance made available to regional firms since 2000. (J 24/10)

[Regional Aid awards have been suspended from this edition - Ed.]

## 6.0 INDUSTRIES AND FIRMS

### 6.1 Business overview

Over the past quarter (Q3), **368 businesses** were **started in Tyne & Wear** - Business Link. This was **10% up on a year ago**. Ernst & Young have also said that profit warnings from the North's (NE and Yorkshire) publicly listed companies were the fewest in 2 years. (J 16/10)

### 6.2 Chemicals/Biotechnology etc.

The **Centre of Excellence for Life Sciences (CELS)** has **launched** the **CELS Healthcare Network** aimed at helping the region's healthcare economy to grow by **£1bn** by 2015. The Network is backed by £1m funding from One NorthEast. (J 31/10)

**Immunodiagnostic Systems (IDS)** has **opened** a direct **distribution** operation in **Austria** in a drive for expansion. The **South Tyneside** company makes **diagnostic testing kits** for the clinical and research market. It employs 50 people at its HQ and turned over £8m. In 2006, it received the Queen's Award for Enterprise. (J 23/10)

**UK Biometrics** is to launch **32 franchise offices** across the UK by June 2007, creating over 100 jobs. The **North Tyneside**-based **fingerprint door lock specialist** company currently employs 20 staff at its Killingworth base. (J 23/10)

Work continues to work up the £100m+ **Science City** development in **Newcastle**. This is planned for the former Brewery site (on the west side of the city centre). Demolition of the former S&N brewery has started.

### 6.3 Mechanical Engineering

**Spartan UK** is aiming to **grow into a £100m** business within five years. The Gateshead company, which produces **steel plates**, saw production grow from 30,000 tonnes to 140,000 tonnes. It has grown rapidly from start up into a £60m business since 2001. (J 23/10)

Problems at Airbus will, presumably, delay work at Rolls-Royce on engines:

**Airbus** has warned of job losses among its 55,000 staff while simplifying the structure of the company. Production of the **A380** super jumbo has been **delayed by two years** due to technical errors. (J 11/10) Nevertheless, **Airbus** received its **biggest** single order from **China** for **170 aircraft** worth about \$14bn at list prices. It also received an order for **65 Airbus A319s** from Skybus, a US low-cost start-up airline. The aerospace manufacturer plans to open an assembly plant in China, with work beginning in 2009 and the aim of increasing production to four a month by 2011. (FT 27/10)

[In 2005, **Rolls Royce**, which employs around 400 people at its factory in **Sunderland**, won a **£500m** contract to supply the new A380 aircraft with its Trent 900 engines – Ed.]

**AAP Metal Fabrication Services** is **doubling** the size of its Jarrow factory in **South Tyneside** to 16,000 sq ft. Its managing director and new owner Paul Bradley is investing £350,000 to meet an increase in demand. The 21-year old company aims to grow turnover by **10% a year** for five years to £3m. (J 07/10)

### 6.4 Shipbuilding/Offshore

**Swan Hunter** will **closed down** by the **end of 2006**. Fewer than 10 people were still working at the yard in November. Swan Hunter owner Jaap Kroese announced that the shipyard's cranes and other

equipment have been sold to an unnamed North East buyer. Kroese [who has owned the yard since 1995] said he cannot find any shipbuilding work and described plans for ship breaking at the yard as a ‘non-starter’. (J 23/11 and www.bbc.co.uk/tyne).

[The McNulty offshore engineering yard remains open at South Shields – Ed.]

## 6.5 Motor

**Nissan** (the Japanese company) reported a **15% drop in operating profits** to Y348bn (£1.56bn) in the six months to September, compared with the same period in 2005. Global vehicle **sales fell 7% to 1.7m vehicles**. Its operating margins had fallen to 7.7% from 9.2% a year ago.

The Sunderland plant has;

- A goal to **cut manufacturing costs by 15% by 2008**, from the current £1.5bn. To handle **parts** from **low-cost** locations such as **China**, it is drawing up plans for **warehousing** on part of its Sunderland site. The plant had a target to source 21% of its components from low-cost countries by December, up from 16% at the start of 2006. (FT 23&27/10)
- **Started production of the Qashqai** model in December, and hopes to sell 100,000 units per year. It thus **ended production of its Almera** model at the Sunderland plant. It has produced 639,000 Almeras since launching in January 2000 and has created 800 jobs.

Nissan plans to **introduce 20 new** or re-designed **models by March 2008**. It had cut initial production costs by 30% and aimed to cut costs by another 10-20% by raising production efficiency. (J 27/11, FT 30/11)

It plans to launch its own **hybrid car by 2010**. The plan is to develop a car that will run for 100km on three litres of fuel [about 100 mpg]; launch an electric vehicle early in the next decade and establish a new subsidiary to develop, produce and market lithium ion batteries for electric cars. (FT 12/12)

[Nissan employs 4,200 at its Sunderland plant. Nissan supports a further 15,000 jobs in the NE region. Nissan is controlled by Renault – Ed.].

## 6.6 Electronics

**Atmel** plans to **sell** its £450m plant in 2007. The US microchip manufacturer wants to make [around £20m] cost savings [at the formerly Siemens factory] in **North Tyneside**, after making a £17m loss in 2005. Around 700 people are employed at the plant. (J 14/12).

**Zytronic**, the **touchscreen** maker, is poised to **invest £1.5m in its HQ** after its **profits rose 33%** [to £1.31m] with sales rising 16% to £12.3m. The company, whose order book grew 33%, employs 190 staff in Blaydon, **Gateshead**. (J 14/12).

## 6.7 Food & Drink

**Greggs**, the bakery chain, reported a **rise of just 2%** in like-for-like **sales** in the six weeks to December. (J 19/12) It had reported sales rose only 0.2% in the three months to September, compared with 2005.

[In November, the **Newcastle**-based chain of over 1,000 shops cut fewer than 100 jobs at its under-performing Baker’s Oven chain – Ed.]

Late News: Ross’ Pickles went into liquidation in February. About 15 jobs were lost. The plant is being moved to North Yorkshire.

## 6.8 Clothing

**Toffs** has signed a three-year **contract** worth **£100,000** to supply Paris St Germain shirts to the French club. The **Gateshead-based** firm specialises in **football shirts** (J 18/10)

## 6.9 Printing

**Opsec's** sales rose to **£14.4m**, up 11% from £13m in 2005. In 2004, the **Sunderland-based** anti-counterfeiting company, **formerly Applied Optical Technologies plc**, cut 163 jobs after posting a £1.2m loss. (J 30/11)

## 6.10 Construction

**Barratt Developments** has **acquired Wilson Bowden** in a £2.1bn takeover – making Barratt the UK's second-largest housebuilder. It thus radically changed strategy from organic growth to takeovers. The **Newcastle** housebuilder has grown each year since 1992 (FT 11/12) [The acquisition was completed in the first two months of 2007. The move seems to be to acquire land more cheaply than on the open-market – according to the Economist –Ed.]

**Bellway** has reported a **25% increase** in its **medium-term land bank**. The **housebuilder** also posted record revenues of £1.24bn in the year to July. The number of homes it sold rose 1½% to 7,117 (from 7,001 the year before). (J 18/10)

**Metnor Construction's** property development programme rose by more than half to £140m. Its profits are expected to exceed £6.6m, compared with analysts' forecasts of £5.15m. (J 08/12) It sold its galvanizing business to Hill & Smith plc for £10m. The **North Tyneside** company plans to invest the money raised from the sale in acquiring land for development. (J 2/11)

**Home Information Packs (HIP)** designed to reform the house-buying process, were **introduced** in **Newcastle** in November. House-sellers have to obtain a HIP prior to marketing their homes. HIPs contain an Energy Performance Certificate (EPC), searches (local and drainage), other legal documents (title and new homes warranty) and a Home Condition Report Guarantees and Warranties. The EPC is set to encourage home owners to tackle their energy usage which represents 27% of the country's carbon emissions. (J 2/11)

**Quality Timber** is set to **quadruple sales to £2m** by April 2007, rising to £3m in 2008. The **Sunderland** company has opened a new 15,000 sq ft trade warehouse in Pallion as part of a £150,000 investment programme. (J 23/12)

**RNJ Partnership**, the **Newcastle quantity surveyor**, has been **appointed** contractor to build a **£13m** Marie Curie hospice in Glasgow. (J 01/12)

## 6.11 Retailing

**The Gate**, has been put **up for sale** for a price tag of **£72.5m**. Land Securities is selling the 515,000 sq ft **Newcastle** city centre **leisure and retail complex** of bars, restaurants, a multiplex cinema and a casino five years after it opened. (J 20/12).

**Online retail sales** could **double to 20% by 2010 tenfold** - according to KPMG/SPSI Retail Think Tank (RTT). The growth rate is currently ten times as fast as shop sales (J 06/12). [This could seriously reduce demand for retail space over the next few years – Ed.]

Including Business-to-Business (B2B) sales, total online sales rose 56% to £103bn in 2005-according to ONS. They accounted for 5.5% of companies' total sales, compared with 2.2% in 2003. B2B represented 79% of the sales. (FT 14/10)

**Furniture Express** has gone into **administration** for the second time in a year. Four of the company's 13 stores, which employs around 70 staff, are located on Tyne & Wear. (J 06/10) Administrators then **closed two stores** in **Gateshead town centre** and the **MetroCentre**. They are expecting to break up the rest of the chain before they can sell it. The 76 staff at the Sunderland-based company have kept their jobs. (J 20/10)

**Peter Barratt's garden centre** is to **increase its size by a third** with the opening of its first store outside the North East. The **Gateshead**-based company, which has stores in Gosforth and Stockton also plans to recruit 4 extra staff to expand its web-based business. (J 17/10)

**ScS** has announced its **pre-tax profits rose 11% to £16.8m** in the year to September. The **Sunderland sofa company's** sales rose 24% to £195.8m. (J 22/11)

**Ethical spending** and investment **rose 11% to £29bn** in 2005 (compared with 1.4% rise in UK household expenditure) – according to the Cooperative Bank. This overtook [the £28bn] spending on tobacco & alcohol for the first time. Spending on micro-generation, such as wind turbines, rose 24%. Ethical food spending, which rose 18% to £5.4bn, still only accounts for 5% of the food shopping. (FT 27/11) [Traidcraft, a leader in ethical retailing, is based in Gateshead – Ed.]

## 6.12 Culture, Tourism and hotels

**Newcastle** was named '**Arts capital of the UK**'. It was awarded the accolade of the country's most artistic city by television channel Artsworld. The survey, which used six categories, ranked the city as the best for making the arts.

Following the administration of The Swallow Group [previously owned by Vaux Group until 1999] in September, three hotels have been taken over;

- The **Imperial Hotel in Jesmond** (Newcastle) and the **Swallow in Gateshead** have been taken over by Scottish hotelier **Crerar Hotels**. Crerar has taken over seven hotels in the North East following the collapse of owners, the London & Edinburgh Swallow Group. (J 10/11)
- The **Swallow Springfield Hotel in Gateshead** has now been sold to **Legacy Hotels & Resorts** with 40 jobs saved. (J 18/11).

The **Cruise Tourism Regional Action Plan**, a new strategy to attract more **cruise ships** to the **NE**, was **launched** by One NE. It is aiming to generate £6.5m to the local economy and over 100 jobs by 2010. (J 14/11)

The **Sage Gateshead** in to host the **biggest commercial conference** in 2007. The **British Council of Shopping Centres'** (BCSC) event is set to attract over 2,500 participants from November 5 to 7. (J 14/12)

**Aquaclear**, the bar and restaurant operator, is set to **treble** in size. The **Sunderland**-based company is aiming to grow from 6 outlets to 20 **by 2009** as it has started expanding into Sheffield and Cramlington in Northumberland. (J 12/12) [Night-clubs were hit in 2005 by the liberalisation of licensing hours, which has opened opportunities for bars – Ed.]

**JD Weatherspoon** is to open **30 new pubs** in 2007, creating **1,200 jobs**. The £35m expansion programme was part of a total £60m in spending planned in 2007. (FT 29/12) [The impact of the smoking ban from July has yet to be seen, although Wetherspoon has opened non-smoking pubs – Ed.]

## 6.13 Transport & Communications

**GNER** has **lost its 10-year franchise** to run the East Coast Main Line. The Department for Transport (**DfT**) **invited fresh bids** to operate the route. GNER will operate the line under a management contract. (J 16/12).

The parent company of **GNER** (operator of the East Coast rail franchise), **Sea Containers** obtained **protection** under **Chapter 11** of the US bankruptcy code. The company has racked up **debts of \$610m** (£340m) but had only \$42m free cash at June this year. (FT 14/10)

GNER over-bid in March 2005 for a new 10-year franchise to run the East Coast main line, promising the Government £1.3bn for the privilege. (J 9/10) [GNER was heading towards crossing break-even into losses. It gave up its franchise - Ed.]

**British Airways** is selling its **loss-making** regional operation **BA Connect** to Flybe. It suffered a **27% fall** in pre-tax profits to £176m in July-September quarter, with operating profits falling 48.7% to £134m. The decline was partly due to the £100m impact of the **security disruptions** in August [it had cancelled 1,280 flights, stranding 80,000 passengers]. (FT 4/11)

[BA flies to London Heathrow and Gatwick from Newcastle Airport. It also employs over 1,000 call centre staff at Newcastle Business Park – Ed.]

**Jet2.com** will **take over** the **only direct route** between **Newcastle** and London **Gatwick** in March 2007. The airline will schedule three daily flights. British Airways announced it was ending its service to Gatwick, but said it was considering expanding its service between Newcastle and Heathrow. (J 22/11)

**EasyJet** pre-tax profits were **up 55%** to £129m in the year to September, supported by an **11.5% rise** in **passenger numbers** to 33m. It has placed a firm **order for 52 Airbus jets** for delivery between 2008 and 2010. (FT 15/11)

[EasyJet flies 16 routes from **Newcastle International Airport** – Ed.]

**Ryanair** made **record profits of £220m** in the 6 months to September (a **rise of 39%**), despite soaring fuel costs. The airline also acquired a substantial holding in Aer Lingus but has been blocked by other shareholders from a £1bn takeover. (J 7/11) [Ryanair fly to four destinations from Newcastle and are the most profitable airline in Europe-Ed.]

**UK air passenger duty doubled** from February 2007– Pre-Budget Report (PBR). It rose to £10 for European flights and £40 for long-haul. (FT 07/12) [The chancellor claimed it recognised the environmental costs of air travel, but it is not emissions-related. It also raises half the extra revenue in the PBR – Ed.]

**Port of Tyne** is to invest **£12m** in a 180m **extension** to its **main quay** by December 2007. It is on course to handle 37m tonnes of goods this year, up [16%] from 32m in 2005 with turnover up 25% to £5m. (J 25/20)

**Bus journeys in Tyne & Wear** have **fallen by 59%** since 1987 to 129.3m despite 36% of NE households having no car [42% in TW] – the highest in the country and 10pp above the UK average. In the five years to 2004/05, bus use in the **NE fell 11%, the biggest UK fall**, according to the National Audit Office. (J 24/10)

## 6.14 Financial Services

**Northern Rock's profits** rose **19%** to £367m in 2006. Its assets now exceed £100bn. Its gross lending in 2006 was £33bn, up 23%. Its net lending was £16.6bn (up 14.2%), with a market share of 13.4%. It says it expects, in 2007, house prices to rise in line with earnings – short financial report for 2006. [This statement was made *after* the rise in Base Rate to 5¼% in January –Ed.]

Northern Rock is now the UK's 8<sup>th</sup> largest bank. It “is **on track** to overtake LloydsTSB and ....Abbey to become the **3<sup>rd</sup>-biggest** player in the **UK mortgage market.**” – Business Times online.

## 6.15 Business Services

**Dickinson Dees** law firm has **merged** with **Philip Ashworth & Co** [employing 12 staff] based in York. The **Newcastle** law firm currently employs 840 staff across the NE. (J 08/12)

**Blackett Hart & Pratt** has merged with law firm **Anderson Haggie**. Its combined workforce is now 185, including 21 partners, with offices in **Newcastle**, Durham and Darlington. (J 02/10)

**Different**, an **advertising and marketing** agency, is moving to **new £1m offices** double the size of its current base. The Newcastle agency is looking to **quadruple** turnover to **£20m by 2011**. (J 04/10)

## 6.16 Software/Digital Industries

**Sage**, announced that it will meet analysts' forecasts of **£927m revenues** for the year to September. In the half-year to March, the Newcastle-based **software** giant's revenues rose 18%, compared to a year earlier, to £455.9m (J 13/10)

Sage has **acquired**;

- **Elit** Group for **£21m**. **French** company Elit is a vendor of business management software for SMEs in the French **transport** and **food distribution** sectors. (J 01/11)
- London's **Protx Group** for £20m which provides secure **online payment** services to SMEs. (J 14/11)

Its pre-tax **profits rose 14%** to £221.2m in the 12 months to September. Sales rose 22% to £935.6m. It has made **seven acquisitions** in the year to September, and now employs 13,000 people. (J 30/11)

**Technology Services Group** (TSG) has bought CCL Technologies, its **20<sup>th</sup> acquisition**, for an undisclosed sum. The deal will add £1.2m to the **Newcastle** software company's £44m turnover and 25% to its customer base. The group now employs about 400 people. (J 4/11)

**TH\_NK**, the **Newcastle**-based **internet** business, is moving into a 3,500 sq ft office in the 55 Degrees North building from its 3,000 sq ft premises on Leazes Park Rd. The company, which employs 42 people, saw **sales rise 140% to £2.4m** in 2006 and is on target for £4m in 2007. (J 24/10)

**Enigma Interactive** aims to **treble** its **sales** to at least £3m a year by 2008. The **Newcastle** IT business, which created Play Online Music for EMI, has won over £200,000 worth of contracts in the past three months. (J 15/12)

**GreyRidge**, the **Newcastle** software firm, is on target to increase turnover fivefold to £200,000. The company was set up by two former Sage managers in 2005. (J 15/12)

## 6.17 Public Services

The public sector is awaiting its budget settlements for the period 2008-11. These are due in full in the **Comprehensive Spending Review (CSR 2007)**. Some aspects have already been announced; a lower overall growth rate of public spending (2%pa in real terms) than the overall economy. Education has been announced at 2.7% (in the Budget). The key Health settlement has yet to be reached.

IMPORTANT: This means that **public sector employment growth will slow very significantly**<sup>3</sup>. Employment is planned to fall in some sections, notably for Tyne & Wear, in HM Revenue & Customs and the Department of Work & Pensions (DWP). DWP employs well over 10,000 people at sites in Tyne & Wear.

A **£80m windfall** from their 51% stake in **Newcastle International Airport**. Has arisen for seven NE Councils, including the five TW districts councils. This followed the restructuring of its finances to **re-mortgage** the site. Tyne & Wear's five Districts will receive a total of £56.6m. (J 23/12)

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<sup>3</sup> *Public service employment growth has, for Tyne & Wear, been the overwhelming driver of overall employment growth (at least from 1998-2003). Source: ABI and Labour Force Survey (LFS).*

## 7.0 RESEARCH NEWS

### Recent Publications from TWRI

#### **Earnings in Tyne & Wear, 2006** (EB07/2, £20, 33pp)

This report presents information on average and median earnings, and the distribution of earnings; including low pay and part-time earnings as recorded by the 2006 Annual Survey of Hours and Earnings (ASHE). The analyses cover total employees and men and women employees separately. Earnings by occupation for Tyne & Wear are given, along with the UK and North East region data.

#### **Businesses Registered for VAT in Tyne & Wear, 2005** (EB07/1, £15, 34pp)

This report provides an analysis of VAT-registered businesses within Tyne & Wear. North East and UK data are provided for comparisons, and analysis extends to district-level data. The report covers mainly stock of businesses, registrations and de-registrations in 2005, and changes in these over various timescales. The report shows that Tyne & Wear's business base rose by 2.2% in 2005. This was faster than in the North East (2.0%) and, especially, the UK (1.4%) – the fourth successive year of out-performance.

#### **Housing Wealth & Small Business Start-up Indicators** (EP 07/1, £20, 17pp)

This TWRI report presents its experimental maps and data on housing wealth correlations with small business start-up indicators, including:

- a) housing wealth and self-employment [rates] (i.e. 16-74, as a proportion of all in employment) and
- b) housing wealth and professional & managerial experience (the proportion of all people 16-74 in employment working in professional & managerial occupations).

The report examines the drivers of change in the formation of new businesses, which include: housing wealth (measured by house prices) and population change

ONS publishes data on the composition of the net wealth of the household sector, from which it is possible to calculate [UK] housing wealth. TWRI has calculated UK housing wealth for 2001 at £1,988bn. From this, TWRI estimates Tyne & Wear's housing wealth in 2001 to have been about £12-13bn [as a proportion of the UK's £1,988bn]. This estimate gives a yardstick from which to test TWRI's calculation of housing wealth at LSOA level.

#### **Car Ownership in Tyne & Wear – A Census Topic Report** (CP 07/1, £20, 31pp)

This report, from Census 2001, shows that, overall, 58% of households had at least one car. The characteristics of households which vary positively and negatively with car ownership are identified. Data are presented alongside comparator areas at various regional scales. The five Tyne & Wear districts' data are also presented. For basic car ownership (i.e. car ownership by all households), data are presented for Tyne & Wear Census wards in a series of thematic maps.

#### **Tyne & Wear Research and Information Excel Workbook Census Topic Report (CTR) on Skills from the 2001 Census.** (Forthcoming)

TWRI has produced a large Excel workbook containing 36 skills-related tables based on 2001 Census data. (This workbook CTR replaces TWRI's usual written report on CTR topics.) Issues covered in the tables include; qualifications (by gender, by age-band, by industry, by occupation), 'unused' skill-levels, professional qualifications, 'workless' families, economic activity rates, former occupation, former industry and time since last worked.

#### **Health and Population Change in Tyne & Wear, 2005** (SP 07/1, £15, 37pp)

This report presents information on long-term trends in fertility and mortality in Tyne & Wear and its constituent Districts. It analyses a nine-year data series (1997-2005) and covers fertility amongst women of 'all ages', those 'aged under 18 years', '18-34' and '35+'. Mortality rates, major causes of death and natural change (i.e. population change arising from live births minus deaths) are covered. It

also gives the percentage of live births within and outside of marriage. An analysis of the Department of Health's 'Community Health Profiles', for the five Tyne & Wear LA Districts (published for the first time in April 2006) is also included. Patterns in Tyne & Wear are compared with regional and national trends.

### **Research from Other Organisations**

The **Land Registry** launched a **new House Price Index** that measures inflation counting only houses sold more than once since 2000. (FT 1/11) [This should give **more accurate** readings, but adds to the plethora of indicators – Ed.]

**CURDS** produced an excellent report for One North East on “**What Works in Economic Development; A Review of International Best Practice**” This is available from the website [www.onenortheast.co.uk](http://www.onenortheast.co.uk)

NERIP published a report by Durham University for One North East examining the skills requirements required for the RES target of 70,000 job gains. ‘**Modelling the NE Economy: Examining the Qualifications and Occupation Needs** demanded by a Scenario Assuming the Region achieves 90% of GVA/head”.

Available from nerip.com.