

LMI Bulletin

North East and Cumbria



Issue No: 491

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NATIONAL AND REGIONAL NEWS

Our tech sector is buzzing

The North East's tech sector has been getting a lot of attention over the last few months, with many announcements highlighting its growth. Since 2021, a number of large global companies have expanded their headquarters into the North East. Just Eat, Amazon, Xplor, Monstarlabs and Thoughtworks were among the first ones to pave the way for making the region a growing digital hub, followed by other global firms, such as Artic Wolf, Version 1.

The hope is that many of the above companies will grow their teams over the next few years. Another established tech firm is the internet service provider [Aspire](#) which moved its headquarters to Gateshead last year and has announced its plans to take on



more than 150 new staff this year. A recruitment drive is also expected from the tech consultancy [Opencast](#) which will be hiring 200 new staff in 2022.

North East England's tech sector is going from strength to strength

Taking a closer look, below are some of the emerging areas which are seeing the biggest growth:

- **Cybersecurity** - not surprisingly, as organisations increasingly focus on their IT security – a trend which has exacerbated with the shift to remote working
- **Fintech** – financial technology is an emerging industry which has seen considerable growth in the last few years as more and more banks employ digital solutions and new entrants join the market providing financial services
- **Immersive technology** (or alternative/virtual reality (VR) technologies) - the pandemic has contributed to the development of these technologies, when people were spending most of their time at home, choosing virtual reality entertainment
- **Esports** – bringing Sunderland to the spotlight, is the British Esports Association (BEA), a national body promoting esports. Partnering with Sunderland College to open the [National Esports Performance Campus](#), a training centre for people to develop their skills in this emerging activity. Considering that local colleges and the University of Sunderland are also providers of e-sport courses, this anticipated development is expected to put the region at the forefront of the national e-sport activity

Digital Minister predicts 13,000 new tech jobs in North East by 2025

More recently, the launch of the £10m Digital Growth and Innovation Programme* offered another positive forecast about the region's tech sector. This came from the Digital Economy Minister who spoke at the event and predicted the creation of more than 13,000 new jobs in the North East over the next three years. His projection was based on an analysis provided for a digital ecosystems report which revealed the region's potential to grow by at least £460m by 2025 and create 13,800 jobs.

*The Digital Growth and Innovation Programme is funded by the North of Tyne Combined Authority and aims to support start-ups as well as the development of more established tech companies.

Sage invests £1.4m to tackle digital skills gap and promote higher paying careers

In order to meet the growing demand for advanced tech roles, it is necessary to provide relevant training provision to tackle the current skills shortage and prepare a skilled workforce.

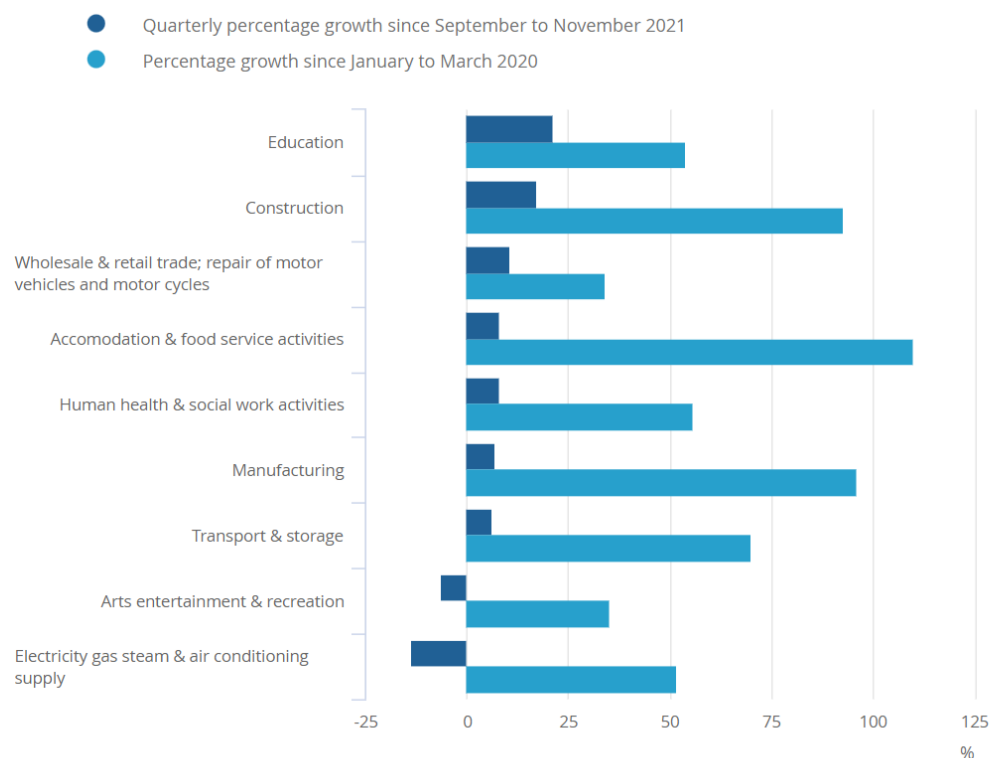
Sage is investing in programmes to help 90,000 young people from deprived areas across the North East to develop the skills they need for high paid careers in tech.



This is delivered through a partnership between Sage, Newcastle United Foundation, the Institution of Engineering and Technology (IET) and the National Innovation Centre for Data (based at Newcastle University) and will be providing interactive learning experiences on STEM subjects. University students will also have access to artificial intelligence (AI) and machine learning, while getting guidance from Sage's experts.

Vacancies and jobs in the UK - Office for National Statistics

There were 1,318,000 vacancies in the UK labour market for the three-month period Dec 2021 to Feb 2022 - another high. All sectors have increased since the immediate period before the coronavirus measures started in late March 2020 (the pale blue bar) but not all have increased in the last quarter (the dark blue bar) – see below.



Source: Office for National Statistics – Vacancy Survey

The total number of jobs in the economy - employee jobs and self-employed jobs - has been increasing since its low point in December 2020 but is still down by almost half a million since December 2019.

There has been a shift, however, in the balance. There are now more employee jobs than there were in Dec 2019 – up by 204,000, but a lot less self-employed jobs – down by almost 700,000.



Economic inactivity and the over 50s

Since March 2020, another change in the labour market has been the increased number of people who are economically inactive - that means they are not in work and not looking for work. This has increased by half a million. While there were different age groups affected at different times over the two years – the initial impact was most felt by the 16-24s – the ‘final’ figures for the last quarter of 2021, show that the lion’s share of this increase in inactivity (94%) is in 50+ age group. This has bucked the trend going back to the 1970s of increasing economic activity for older workers.

The detail shows that the people most likely to make this move were in professional or associate professional occupations followed by people in caring and service roles.

The ONS [Over 50s Lifestyle Study](#) sheds further light on the reasons behind this. While there are many circumstances and reasons for people leaving work, what appears to be common in most cases for the 50-60 age group was that their decision to leave work was sooner than they had expected to. This could be to take early retirement or due to the pandemic directly or ill health, or just a general desire to not work anymore.

Around two-fifths of those who left work or lost their job during the pandemic would consider returning to work in the future, with those in their 50s almost twice as likely to consider this (58%) than those aged 60 years and over (31%).

Flexible working and working from home were the most important aspects when choosing a new job for those who would consider returning to work.

BBC and NHS among employers to recruit up to 1,500 apprentices on new flexi-job apprenticeships.

Flexible apprenticeships, or [flexi-job apprenticeships](#) will soon be allowing apprentices to work with different companies and on multiple projects at the same time within the period of 12 months. The minimum duration of 12 months for apprenticeships has been a barrier for employers operating in sectors such as construction or the creative industry, as their work is mostly based on short-term projects. However, they will now be able to take on apprentices thanks to the new government scheme.

Some of the employers who will recruit thousands of apprentices in the coming months include BBC, NHS, ScreenSkills and Sky, among others.

The North East’s automotive sector

Up to 12,000 new jobs are expected to be created in the North East’s automotive sector in the next three to four years, thanks to various multi-billion-pound battery factories which are expected to open across the region in the coming years. Some of the big names include Britishvolt’s gigafactory in Cambois, and Nissan’s £1bn Electric Vehicle (EV) Hub among others.

Overall, the £3 billion electrification investments that the North East has attracted in the last 12 months is another testament the region’s potential in the green industry.



The North East's skill shortage

A reminder of the current missing link between job creation and economic growth, which is skills provision. Although the below insights are from the motor industry, they reflect an issue that businesses are facing in many sectors.

According to the Institute of the Motor Industry, there are currently more than 20,000 vacancies in the industry - hitting the highest number in 20 years – which remain unfilled due to the lack of skilled technicians, panel beaters and mechanics.

More broadly, despite a slight rise in the number of employed people in the region by 7,000 compared to the previous quarter, there were 13,000 fewer people working over the last three months (November 2021 to January 2022) compared to last year, as ONS latest figures reveal. At the same time, the regional employment rate is also nearly 5% lower than the national rate.

NORTHUMBERLAND, TYNE & WEAR AND COUNTY DURHAM

Northumberland well placed for vital jobs growth, says Levelling Up Minister

A number of recent major green energy investments have established Northumberland as a renewable's hub which makes its economic future look promising.

Blyth has been the centre of these activities, which is also home to Britishvolt battery gigafactory in Cambois, Port of Blyth training centre, as well as [Energy Central](#), which is a cluster for businesses working across offshore energy, subsea engineering, decommissioning, battery manufacturing and energy storage.

A number of those investments have secured government funding to support businesses and create high paid jobs across the county.

Cramlington cleaning firm aims to grow workforce with 100 new employees

Having already seen considerable growth since it was founded in 2006, NECS is looking to further expand its team by 100 new staff, to meet the increasing demand for its cleaning services.

Newcastle makes bid to become home for Great British Railways headquarters

Newcastle has the potential to relive its old railway legacy after bidding to host the UK's new public rail body. If successful, the investment would bring special significance for the region, both symbolic – being the former birthplace of railways - as well as economic, creating hundreds of new jobs.



The next announcement will be in May which will reveal the shortlisted locations and will then be followed by the announcement of the final location in summer.

It is also worth mentioning that the region already hosts a railway training centre – the [Newcastle College Rail Academy](#) in Gateshead - that would complement the new investment.

Cafe Andaluz, Jollibee and Scream For Pizza: the new hospitality businesses that have opened in Newcastle last year 'bounce back'

Following the long-term issues that the hospitality industry has been suffering across the country due to staff shortages and lockdowns, there is finally some positive news for Newcastle, showing that things are changing – for the better.

Data from an industry-leading food and drink insights company place Newcastle among the northern cities that have seen the biggest increase in new hospitality openings.

After welcoming several new restaurants, bars, and pubs between September and December 2021, Newcastle was ranked as the fifth city in the UK in terms of hospitality growth, outstripping London.

Newcastle city centre developments to provide 18,500 new jobs

Newcastle will soon see a major regeneration scheme in its city centre which is expected to create more than 18,500 new jobs – of which 15,000 will be direct – across the region. During its development, it will also be creating more than 500 construction jobs.

One of the scheme's highlights is the HMRC head office which is set to be completed in 2024 and it is anticipated to be the largest single office development that has ever started in the North East which will bring 9,000 jobs. The Pilgrim Street developments which are currently in progress will also include hotels – such as a five-star hotel which will replace the old fire station - and leisure facilities.

Newcastle property specialist creates 200 jobs via £23m city centre regeneration scheme

More jobs are coming to Newcastle city centre and North Tyneside, which will both see the development and renovation of various sites, thanks to another regeneration project funded by HSBC UK.

The work will start this year by Malhotra Group and is expected to be completed in the next 36 months. By that time, we are anticipating seeing the construction of 13 private apartments that will host well-known retailers on its ground floor, including a Co-Operative store in Cullercoats, North Tyneside, and will replace the former Sandpiper pub. Newcastle will also see the redevelopment of its Market Lane site on Pilgrim Street, and its New Northumbria Hotel in Jesmond.



Half of South Tyneside firms looking to take on more staff in the next year

Half of the 400 local businesses surveyed by South Tyneside Council said that they expected to recruit new people in the next 12 months. However, they also stressed the need for training and skills support in order to fulfil their ambition.

Work underway at Hillthorn Business Park, Sunderland

A £80m industrial development of what will eventually become Hillthorn Business Park is currently in progress in Washington, Sunderland and is expected to create 1,600 new jobs. GMI Construction Group poised is carrying out the first phase of the work, with the first set of buildings expected to be completed by November.

Part of the site has been nominated Enterprise Zone status, as it has been identified by the Government and the North East Local Enterprise Partnership (NELEP) as a key location for economic development and is expected to attract more investments for businesses in advanced manufacturing.

The starting point for the growth of Sunderland's advanced manufacturing sector was in 2021 when the £1bn plan for a new EV Hub and gigafactory was announced through a partnership between Nissan UK, Envision Group and Sunderland City Council.

Heat pump skills

The replacement of gas boilers and improvement of the energy efficiency of housing is expected to be a major part of the growth in green jobs. A figure of 600,000 air source heat pumps per year is mentioned from the current 35,000 and this will require skilling/re-skilling many people. Go Green Training Academy is based in Peterlee and will offer training for people to install heat pumps.

TEES VALLEY

Labour market figures

Some of the latest labour market figures for the Tees Valley area:

- **Employment** (Oct 2020 – Sep 2021): 292,800 (similar level to pre-pandemic)
- **Unemployment** (Oct 2020 – Sep 2021): 20,400 (1,000 higher than pre-pandemic)
- **Economically inactive** (Oct 2020 – Sep 2021): 102,500 (3,000 fewer than pre-pandemic)
- **Claimant count** (Feb 2022): 23,175 (2,000 higher than March 2020)



For the latest numbers on the labour market look at the NOMIS profile. Click the link above.

Saudi energy group Alfanar to invest £1bn into North East green fuel project

Green energy and green jobs have been featured a lot in the LMI updates in recent months. In many cases it is anticipating changes to come, and this is another one. An investment in the manufacturing of a greener aviation fuel. The Lighthouse Green Fuels Project is expected to create more than 700 jobs during construction which is due to kick-off next year and 240 full-time jobs when fully operational.

Cummins is creating [a new testing facility](#) at its works in Darlington where it will develop and test engine technologies for fuels including green hydrogen, renewable natural gas, and sustainable diesel.

Providing the right skills for green jobs is part of the mix and Redcar and Cleveland College has unveiled plans for a £3.2m [Clean Energy Education Hub Green](#) to provide skills in renewable energy

Creative Middlesbrough

A successful bid by Middlesbrough Council and Middlesbrough Cultural Partnership resulting in over £5m to be spent on cultural projects at Central Library, MIMA, Middlesbrough Railway Station and The Auxiliary. The Middlesbrough projects will help create almost 90 jobs, improve mental health, attract visitors and support the town's economy

One of the big four

If they are still called this, Deloitte is one of the big four accountancy firms (along with KPMG, PwC and EY). They are expanding their work in the North East taking on 25 more staff to support businesses with exporting. Might be called a Brexit bonus.

Vinyl records

A Tees Valley business is creating 46 new jobs as the demand for vinyl records increases. Press On Vinyl has its production site on the Tees Advanced Manufacturing Park.



Labour market figures

Some of the latest labour market figures for Cumbria:

- **Employment** (Oct 2020 – Sep 2021): 222,900 (down by 21,000 than pre-pandemic)
- **Unemployment** (Oct 2020 – Sep 2021): 7,400 (similar to pre-pandemic)
- Economically inactive (Oct 2020 – Sep 2021): 66,700 (13,000 more than pre-pandemic)
- **Claimant count** (Feb 2022): 8,660 (1,700 higher than March 2020)

For the latest numbers on the labour market look at the NOMIS profile. Click the link above.

Industrial Solutions Hub

A collaborative working enterprise which helps businesses identify solutions is being created in Cleator Moor. The venture has received backing from Copeland Borough Council and is expected to create hundreds of jobs. The Industrial Solutions Hub will use expertise from Sellafield LTD and the NDA to help businesses grow in the supply chain.



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