

In the Region

Recession Impacts Upon Women, White-Collar and Graduate Workers

The recessions of the 1970s and 1980s mainly affected blue-collar workers in traditional industries such as coal mining, steel making and ship building. These jobs were concentrated in particular geographical areas, including many parts of the North East. In addition, those most affected were males from traditional working-class communities. However, the current downturn appears to be broader in scope and threatens to affect a wider range of people, including graduates, white-collar workers and women.

The majority of the 1,600 Woolworths employees made redundant in the North East were women. Females also make up the bulk of workers in sectors which, according to the Institute of Directors, are expected to be most adversely affected during the current recession including financial services, hospitality, tourism and leisure. Indeed this is perhaps the first recession where women will be effected directly on a mass scale. Of course, men are also losing their jobs in large numbers too with construction, motor vehicle manufacturing and transport and logistics also being hit hard. These are sectors which tend to employ high proportions of male workers.

Another notable feature of this recession is its impact upon white-collar workers such as those working in administrative, professional and managerial roles. Whilst those working in these roles were not immune from previous recessions, changes in the structure of employment in the last twenty years mean that there are simply many more people employed in these types of job than there used to be. An analysis of new Job Seekers Allowance claims in the region from December 2008 shows that 9% were made by people who had previously been employed in managerial and professional jobs. An additional 21% of new claimants had worked in sales, customer services or administrative roles.

Unemployment in the region has been on the increase and now stands at just over 67,500 people signing-on and claiming Job Seekers Allowance. This represents an increase of 44% over the year December 2007 to December 2008. However, the Government's alternative unemployment count shows that the North East now has the highest rate of unemployment in the country at 8.2%, representing 104,000 people unemployed and actively seeking work. There is a consensus amongst economists that unemployment levels will continue to rise throughout the year.

What's inside

In the Region	Page 1
Graduates	Page 2 - 3
Other Stories	Page 3
Regional Jobs Round-Up	Page 4 - 7

Graduates

Graduate Job Market Shrinks

A recent survey by Higher Flyers Research shows that job prospects for new graduates are to get much tougher in 2009. The findings reveal that the top 100 major graduate recruiters were planning to reduce their graduate intake by 17% in the coming year. Some sectors will be affected more than others. For example, the financial services sector is expected to take only around half the number of new graduates compared with last year. The research suggests that the biggest reductions in graduate jobs will be in investment banking, retailing, accountancy and engineering. The public sector was the only area which was forecast to increase its graduate intake. It is expected that almost 400,000 new graduates will be leaving university this year and the recession means that they will be chasing fewer jobs than in previous years. Some universities, along with the National Union of Students, are advising students who are due to complete their studies this year to look for a job now before the number of vacancies falls even further. However, a survey from the Higher Education Careers Service Unit revealed that 62% of people due to graduate in 2009 were not confident that having a degree would help them to get a job. The Association of Graduate Recruiters advises that new graduates should be prepared to take low skilled jobs such as bar work or shelf-stacking until the situation improves.

Are There Too Many Graduates Now?

The Confederation of British Industry claims that universities are producing too many graduates and that there are not enough graduate jobs in the economy. They claim that there are over 10 million graduates in the UK, but only 9 million graduate level jobs. This means that many people have to take jobs for which they are over-qualified. The Confederation of British Industry claims that by 2020, 42% of jobs will require graduate level skills. Whilst this may be a high figure, the Confederation of British Industry claims it

shows that the government target of getting 50% of the population through university is too high. However, the Government maintains that the UK needs more graduates if the country is to compete in the global economy. The Government's position is supported by research from the Institute for Employment Research (2003), which shows that there has been strong growth in graduate employment over many years and concludes that there was no evidence of an over-supply of graduates.

New Graduate Internship Programme

The Government is planning to introduce an internship programme to help graduates who cannot find a job after completing their degree course. The new internships would last for three months. Those graduates taking part would be paid a modest allowance, believed to be in the region of £300-£350 a month. The details of the internship need to be ironed out, but graduates would be placed with an employer and the programme would be administered by universities. Many universities already have

internment programmes in place. These usually involve an employer placement in combination with a programme of employability training delivered through the university. These internships may prove to be a useful way for graduates to gain valuable work experience and help them onto the careers ladder. They can also be a cost effective way for a business to take on a graduate trainee. A number of companies have already pledged their support for the programme, including Barclays and Microsoft.

Call for More Science and Engineering Graduates

A think-tank called Reform, which carries out research into education, claims that schools and colleges are not adequately preparing young people for traditional degree subjects in areas such as maths, medicine, sciences, engineering and IT. As a result, it claims, few students are able to progress into studying these subjects at university. Reform claims that these subject

areas are the ones which are most valued by employers and offer the best career and salary prospects. Yet they conclude that UK based students are under-represented in these high value degree options. In addition, Reform claim that there are too many students following, what it claims are, soft degree options.

Graduates into Non-Graduate Jobs

There is a range of evidence to show that that even in buoyant labour markets many graduates, typically around 40%, enter a non-graduate job as their first position after leaving university. However, over time many of these do find a graduate job. One problem which many graduates

face is that whilst they may be highly qualified, many lack work experience and the skills which employers want. Moving into a non-graduate job can therefore be a useful way to build up employability skills.

Media Exaggerates Graduate Earnings

The newly released annual survey, from High Flyers Research, provides data on average starting salaries for graduates across a number of sectors. The survey highlights that the overall average salary is £24,500 a year, whilst average starting salaries in law were £37,400 with retail having the lowest average starting salaries at around £22,500. However, Focus LMI claims that these figures may create a false impression and therefore could mislead young people. This is because the survey is based on a survey of only 242 major graduate recruiters in the UK. These tend to be blue-chip corporations that have special graduate

schemes. Often these firms are looking for what they see as the best graduates. Rather than representing the reality of graduate starting pay across the economy as a whole, the survey arguably represents salaries for the top-end of the graduate job market. Focus LMI claims that the majority of graduates should not expect to earn these salaries in their first graduate job unless they are working for one of the companies in the survey.

Up until recently the consensus of opinion on graduate earnings was that over a working life-time the average graduate would earn

£400,000 more than a non-graduate. Indeed this figure was widely quoted by government ministers and those working in the field of education and skills. However, more recent research has challenged this figure and the consensus now appears that over a working life-time graduates can earn £100,000 more than a non-graduate. However, graduate earnings tend to vary significantly depending upon what subject was studied, which university was attended and what class of degree was obtained.

Other stories

Long-Term Unemployed to Work for Benefits

Under Government proposals to reform the welfare benefits system a pilot scheme is planned which will see those who have been claiming Job Seekers Allowance for two years or more having to work for their benefits. This idea is based on a scheme which has been operating in Australia, called Work-for-the-Dole. The scheme is based around the concept of mutual

obligation, that those who are claiming welfare benefits paid for through taxation have a duty to give something back by working for their benefits. In Australia, those who refuse to take part lose their entitlement to unemployment benefits for eight weeks. The Australian Work-for-the-Dole programme targets three groups (i) 18-19 year olds who have been claiming

unemployment benefits for three months or more, (ii) adults up to the age of 49 who have been claiming unemployment benefits for six months or more and (iii) single parents with children of school-age. If the pilot is successful these programmes could be extended across the country.

Class Discrimination

A new report from the Runnymede Trust claims that white boys from working-class backgrounds are losing out in terms of educational and employment opportunities. The report concluded that social class is the primary factor in determining opportunities and that many people from poorer backgrounds did not have access to the material and psychological support needed to achieve success. In addition, the Government commission on Social Mobility has concluded that billions of pounds of tax-payers money had been spent on improving social mobility, but this had failed to make any meaningful difference to working-class communities. Instead it was the middle-classes which had benefited most.

In an effort to improve levels of social mobility, the Government is considering introducing new legislation to outlaw discrimination on the grounds of social class. There are already rules in place to prevent discrimination on the basis of race, sex, disability, sexual orientation and age. A range of evidence clearly shows that people from poorer socio-economic backgrounds are less likely to go to university or get a high paying job than their middle-class counterparts. It is hoped that the legislation will help improve the levels of social mobility. The changing nature of work and the expansion of further and higher education in the 1950s and 60s has been credited with

enabling many people from working-class backgrounds to move up the economic ladder. However, in recent years, there have been concerns that people from poorer backgrounds have less chance of social mobility than in previous decades. Critics of the proposed policy argue that it is not new laws which are needed, but improvements in education and progress in reducing social problems such as family breakdown and drug and alcohol abuse.

Regional Jobs Round-Up

BAE Systems is making around 200 people redundant from its UK operations. This will include around 20 redundancies at the company's site at Newcastle.

Other affected sites are outside the region at Leeds, Leicester, Barrow and Telford. The job cuts are linked to a decision by the Ministry of Defences (MoD) to reduce spending on its armoured fighting vehicle programme. Trade union representatives are hopeful that any redundancies can be made on a voluntary basis. The BAE Systems plant at Scotswood Road in Newcastle will still employ around 650 workers. The plant was formerly operated by Vickers but was bought by BAE Systems in 2004. BAE Systems is the UK's largest arms manufacturer and the third largest in the world. It employs 97,500 people across the world, with the bulk of these being based at several sites across the UK.



A new £7 million wildlife reserve and visitor centre has opened at Saltholme at the mouth of the River Tees, close to Seaton Carew.

Around 20 new jobs have been created as a result of the project, which was developed by the Royal Society for the Protection of Birds and Teesside Environmental Trust. It is expected that up to 100,000 people will visit the Saltholme wildlife reserve each year. The project has taken many years to come to fruition and was funded from a wide variety of sources.

Around 1,600 Woolworths workers in the North East have lost their jobs as the company ceases to trade.

Woolworths would have been in business for one hundred years this year. It is the largest and best known of several high street retailers which have recently gone into administration. The company has made around 27,000 workers redundant across the UK. Woolworths had been losing money and was £385 million in debt.

Redcar and Cleveland Borough Council is aiming to save £8 million on its annual budget and will be seeking voluntary redundancies amongst its 3,500 staff.

There are fears that other local authorities in the region may also make staff redundant in an effort to balance their books. The Local Government Association claims that one in seven of the 388 councils in England plan to make redundancies this year. This could amount to 7,000 job losses across the country, including hundreds in the North East. The problems have arisen because local authorities have been hit by the slump in the housing market, which has led to a reduction in income from property developers and land-search fees. In addition, local councils had a total of £850 million invested in collapsed Icelandic banks.

Corus has announced that it is to cut 2,500 UK jobs. This equates to over 10% of the company's 24,000 UK based workforce.

The bulk of the job losses are across Corus's sites in Wales and in Rotherham in South Yorkshire. However, Corus has also revealed that it is seeking to sell a majority stake in its Teesside Cast Products site. Corus has already shed 49 jobs at its Hartlepool site. Steel is mainly sold to the construction sector, ship-builders, car producers and heavy engineering companies. However, all of these sectors have experienced sharp falls in the demand for their products and so have reduced the amount of steel that they are buying from steel making companies such as Corus. The company is still a major employer in the North East region with around 3,000 employees. The bulk of these are based at the company's Teesside Cast Products site in Redcar. During the 1970s and early 1980s British Steel, which later became Corus, employed around 28,000 workers in the Teesside area alone. Most of these were made redundant in the late 1970s and early 1980s.

A Middlesbrough based sandwich producer, called On a Roll, has moved to new premises at the town's Riverside Park Industrial Estate.

The company has been awarded a Selective Finance for Investment grant of £175,000 to help with its expansion. The firm hopes to create 40 new jobs.



Barclays is to make 4,200 of its workforce redundant, equivalent to around 6% of its UK based staff.

Barclays currently employs around 70,000 in the UK with a further 86,500 overseas. Barclays had already announced the loss of 400 jobs from its IT department. The latest jobs will be cut from its retail and commercial departments. It is not yet known if any job cuts will be made from Barclay's North East workforce. According to the Centre for Economic and Business Research, 34,000 financial sector jobs could be lost across the country this year in addition to the 28,000 that had been lost in 2007.

Frozen food retailer, Iceland, is to buy-up 51 of the former Woolworth stores and reopen them as Iceland stores. The plan will create 2,500 new jobs across the UK.

Two of the 51 stores are in the North East region at Hexham and Morpeth. Prior to the purchase of these 51 stores, Iceland already had over 600 outlets in the UK employing around 17,000 staff and it is the country's fastest growing food retailer.

The Institute for Digital Innovation at Middlesbrough has secured £1.9 million of European funding, which it will use to help generate 90 new businesses in the region.

Part of the Institute for Digital Innovation's strategy is to assist in the development of a cluster of digital and creative businesses.



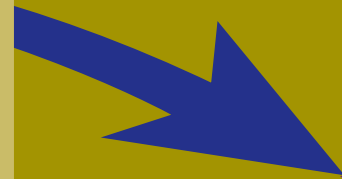
A new 54 bed-room floating hotel extension is to be built onto the existing Premier Inn at Hartlepool Marina.

This will be the first design of its type in the UK. The extension will generate 25 new jobs at the Premier Inn. The work is expected to be completed by spring 2010. Premier Inn is owned by the Whitbread Group and is a major employer in the region with 26 hotels and over 1,500 employees.

A Scottish linen and textile rental supplies company is opening up a new operation in North Shields. Fishers Services Ltd will create 30 jobs immediately with an additional 49 jobs by 2012.

The firm will be based at the Tyne Tunnel Trading Estate. The company has been given a £0.5 million Grant for Business Investment from One North East to help them develop the facility. The company will hire linen and textiles to food manufacturers and the hotel and catering trade. It will also run a laundry service.

Regional Jobs Round-Up



A food manufacturing company, called Newcastle Productions, is to close with the loss of 387 jobs.

The Norwegian owned firm was licensed to produce frozen food products for Findus, including its popular fish fingers and crispy pancakes ranges. Administrators Zolfo Cooper claimed that the company had been under-performing for some time and had made a loss of almost £1 million in 2007. Increased production costs, including the high price of fish, had added to the company's problems. The food production plant had been operating at the Longbenton site since 1983.

Newcastle Building Society has announced 150 redundancies

The job losses are linked to the loss of one of the Building Society's key corporate clients, the Icelandic bank Landsbanki. Newcastle Building Society used to manage on-line savings accounts on behalf of the Icelandic bank. But its collapse last year has brought that deal to an end. The job cuts will take total staffing levels to around 1,150 employees. The Building Society had benefited from the fall-out after Northern Rock collapsed, with many depositors moving to Newcastle Building Society. Last year the Newcastle Building Society created 200 new jobs as part of ambitious expansion plans. However, it is unlikely that these expansion plans will come to fruition until after economic conditions improve.

Regional Jobs Round-Up

Darlington Building Society is to cut 19 jobs from its regional workforce due to the decline in new mortgage business.

It is expected that the job cuts can be made through voluntary redundancies and a freeze on recruitment. Darlington Building Society, including its private arm, has a total workforce of 300 employees.

Car dealership, De Vries, has gone into administration.

The company runs a Honda dealership in Stockton-on-Tees, as well as other dealerships in Yorkshire and Humberside. The company employs 130 staff in total, including 30 at the Stockton site. The company has been the victim of the drop in vehicle sales.

Electronics company, Cleveland Circuits, has won a half million pound contract which will help secure the jobs of its 160 strong workforce.

The company has a base in Skelton in East Cleveland, where it manufactures printed circuit boards for use in electronics products.

Furniture retailer, Land of Leather, has gone into administration.

The company employs around 850 staff across the country including dozens of staff in the North East region at outlets in Darlington, Gateshead and Stockton-on-Tees.

Greggs the bakery is planning to open another 60 bakery shops around the country.

The Newcastle based firm is one of the region's success stories and is in the FTSE 100. The announcement comes after Greggs had revealed increased sales. Greggs currently employs 2,500 staff in the North-East and 19,000 across the whole country.

Garlands Call Centres is to make up to 90 people redundant from its Middlesbrough and Stockton sites.

Garlands is one of the largest home grown employers in the region with around 3,000 staff. Garlands carries out a range of call centre activities for several well known companies. However, one of these companies, Vodaphone, has decided to restructure its operations and, as a result, is moving some call centre operations from Garlands to other call centre operators around the UK.

Construction vehicle producer, Caterpillar, has made 75 workers redundant from its fabrication facility in Stockton-on-Tees.

In addition, the company is planning to lay-off 170 more workers at its plant on the North West Industrial Estate in Peterlee. All of the affected staff are agency workers on temporary contracts. Caterpillar employs around 1,000 staff at its Peterlee site and 200 in Stockton.

Marks and Spencer is to close 27 stores including one store in the North East region.

The company has struggled to maintain its market share in recent times and is having to restructure its workforce. The store closures are part of a plan that will see 1,200 staff made redundant across the UK. This includes 450 head-office jobs. All but two of the store closures will be 'Simply Food' outlets, which have been underperforming. Marks and Spencer expect to save £200 million a year as a result of this restructuring. The Simply Food store in Whitley Bay will be amongst those stores to be closed.

Cleveland Bridge is set to create up to 200 new jobs.

The Darlington based company is involved in the design and construction of bridges and other large civil engineering projects. A number of new contracts mean that the business needs to take on extra staff to cope with the increased workload.

Marlow Foods is planning to invest £35 million into its Quorn production facilities at Billingham in Teesside.

The firm employs 340 at sites in Billingham and nearby Stokesley in North Yorkshire. The Quorn brand is popular with vegetarian consumers, as it is made from a vegetable protein. Its product range includes meat-free mince, sausages and burgers. Marlow Foods is part of the Premier Food Group, which also own the Bisto, Bachelors and Branston brands.

The Invista chemical plant at Wilton is to close with the loss of 300 jobs. The plant is owned by US multinational chemical company Koch Industries.

Car components manufacturer, Unipres (UK Ltd), is to lay-off almost 300 workers at its Sunderland base.

The company is on the Nissan supply chain and is suffering from a drop in demand for its car

parts. The lay-offs include 200 workers on temporary contracts. The company relies on Nissan for 80% of its sales, other customers include Honda, Mazda and Daihatsu. Around 900 people were employed at the Japanese owned plant. The company supply a range of car components including fuel tanks, door guards and car body pillars. Some automotive industry specialists predict that up to 40,000 jobs across the automotive engineering sector could be lost across the country over the next five years. Whilst large manufacturers such as Nissan may

reduce staff numbers, the fear is that some smaller companies on the supplier chain may not survive at all. According to the Society of Motor Manufacturers and Traders, UK car production in December 2008 was almost 50% lower than for the same period in the previous year. This was due to a number of plants closing down over the Christmas period. However, production across the year as a whole dropped by just under 6%. Meanwhile car sales were down by just over 11% in 2008. Three-quarters of all cars produced in the UK are exported abroad.



The Argos distribution centre at Faverdale in Darlington has placed its 560 workers on notice of redundancy whilst a 30 day consultation takes place.

It appears that some redundancies look imminent, but at the time of writing no final details had been agreed. The distribution centre was opened in 2005 and is run by DHL on behalf of Argos.



Supermarket giant, Sainsbury's, is planning to create up to 4,000 new jobs in 2009. The supermarket chain is the third largest in the UK with around 150,000 employees.



The country's largest private sector employer, Tesco, is to create 10,000 new jobs in 2009. The supermarket giant will achieve this through opening more stores across the UK. Tesco currently employs around 280,000 staff in the UK and is also expanding abroad.

Regional Jobs Round-Up

Japanese owned construction vehicle producer, Komatsu, has laid-off 30 workers from its Chester-le-Street manufacturing facility in County Durham.

The plant, which was established in 1985, still employs around 700 workers. The company remains one of the world's largest producers of specialist vehicles for the construction sector with dozens of manufacturing sites across the globe. The Chester-le-Street site is the company's only manufacturing facility in the UK.

The Cummins diesel engine production plant in Darlington has announced that it may be cutting 130 jobs from its workforce.

The plant has already made several groups of workers redundant in the last year. A decline in orders for the engines, which are used to power trucks and buses, is the reason why the company is reducing the size of its workforce. These job cuts would reduce the total number of staff at the plant to 650.

Supermarket chain, Morrisons, is to create 5,000 jobs across the country. The company has performed well in recent months, despite an increasingly sluggish economy.

It is believed that a number of supermarkets are benefiting as customers move away from some of the higher priced premium outlets towards stores that are perceived as offering good value. Morrisons is the fourth largest supermarket chain in the UK. Many of the new jobs will be in fresh food counter services including butchers, fishmongers and bakers. Morrisons currently employs around 117,000 staff across 375 stores and head-office functions. This includes 23 stores in the North East region employing an estimated 7,000 people. This means that Morrisons is a bigger employer in the region than Nissan and Garlands Call Centres combined.

Hartlepool based building company, Yuill Homes, is looking to cut 50 jobs from its workforce of 150 staff.

The company currently has 12 housing development sites throughout the North East region.

Nissan is to make 1,200 of its Sunderland workforce redundant.

A decline in new car sales has had a big impact upon the company, which has reduced production targets in order to adjust to the declining market. Around 80% of cars produced at the plant are sold to continental Europe, with the remaining 20% going to the British and Irish market. A jobs advice centre is being opened at the Nissan site to help those who have been made redundant to find a new job or training programme. Additional support will also be offered on updating CVs, interview skills and benefits advice. The centre is being run by the newly established Nissan Response Group, which includes staff from Job Centre Plus and Nissan. Help is also available to staff being made redundant from companies on the Nissan supplier chain.

The backers of a new oil refinery on Teesside have highlighted that work will still go ahead despite the recession.

The new £2 billion project is being led by the Sonhoo Development Company. The refinery is expected to generate 400 permanent jobs once it is up and running, but will also provide work for up to 2,500 building workers during the construction phase. The refinery will produce diesel.



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