# North East faces job losses and business closures amid ongoing economic challenges



The North East region has faced ongoing economic challenges through the start of 2025, as several significant job losses and company collapses have affected the local labour market. Despite a slight easing in the region’s unemployment rate according to recent official statistics, instability within key industries has continued to result in redundancies and business closures.

One of the notable closures occurred at the Gateshead-based door manufacturer Virtuoso, which issued redundancy notices to just over 100 employees over the Christmas period. Virtuoso, part of the Customade Group, was placed into administration after failing to secure a rescue package that had otherwise preserved 400 jobs elsewhere in the group. Will Gold, CEO of Customade Group, expressed his deep disappointment at being unable to save the Tyneside workforce, explaining that the firm had been under significant financial strain due to a shrinking market for composite doors.

Shortly after, in January 2025, Fablink, a metalwork firm based in Evenwood, County Durham, also entered administration, resulting in approximately 200 job losses. The company had been previously rescued by investors only months before. Fablink’s difficulties were attributed to a loss of contracts and financial strain including £5 million in Government grant funding that failed to materialise for relocating its Wolverhampton site, as well as a £1.5 million bad debt stemming from the 2023 insolvency of an electric vehicle customer.

In the video games sector, Ubisoft announced late in January that it would cut around 100 jobs across its Tyneside and West Midlands sites as part of a reorganisation by its French parent company aimed at saving €200 million in costs. The Newcastle-based Ubisoft Reflections studio, employing about 200 people and known for producing blockbuster games, was significantly impacted by these measures.

The manufacturing industry faced further strain in mid-February when Union Electric Steel UK, a Gateshead plant specialising in rolling mills, initiated a consultation on potential closure plans threatening about 180 jobs. The US-owned factory cited multiple challenges including three consecutive years of financial losses, unpredictable and high energy costs, declining demand in the UK market, tax increases, and ongoing Brexit-related effects. Directors have indicated that no final decision would be made before the end of 2025 and are currently working through existing orders.

Meanwhile, digital and e-commerce firm Visualsoft, with bases in Stockton, Newcastle, and Manchester, reported a reduction of just over 30 jobs in its technology team as revealed in 2024 accounts filed earlier this year. The restructuring coincided with the firm’s new partnership with online sales giant Shopify, a move expected to expand its market reach and increase revenue.

In the call centre sector, contrasting developments were observed. Energy Compare, once a major employer on Wearside, closed after losing a significant contract, resulting in approximately 120 redundancies in March 2025 following previous job cuts in 2024. However, rival firm Betr Outsourcing quickly intervened, rescuing 100 jobs by transferring those roles to its Wearside operation near the Stadium of Light. Betr Outsourcing, which also has a Glasgow base and now employs about 140 people at its Sunderland site, has been supporting former Energy Compare workers with weekly payments after their sudden redundancy.

In a related development, more than 160 jobs were safeguarded when Bespoke Metering Solutions, a Washington-based smart meter installation company, was sold out of administration to Southampton-based Utilita Field Services Limited and Killingworth-based Next Generation Utilities Limited. Bespoke had encountered financial difficulties, including a disclosed £6 million tax liability alongside several years of losses. Nonetheless, administrators noted the company maintained a strong underlying business, leading to its acquisition.

The Chronicle Live is reporting that the North East’s labour market has been marked by both disruptions and efforts to mitigate job losses across various industries during the first quarter of 2025. These events exemplify the complex and evolving economic landscape faced by workers and businesses in the region.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.necc.co.uk/unemployment-rate-falls-in-the-north-east-despite-economic-inactivity-rising/> - This link corroborates the article's claim that the North East region saw a slight easing in the unemployment rate between October and December 2024 despite ongoing economic inactivity challenges.
* <https://www.chroniclelive.co.uk/news/north-east-news/gateshead-door-manufacturer-virtuoso-collapses-26000042> - This news article confirms Virtuoso, the Gateshead-based door manufacturer, entered administration and issued redundancy notices to over 100 employees during the Christmas period due to financial difficulties.
* <https://www.thenorthernecho.co.uk/news/23485329.fablink-metalwork-firm-collapses-evenwood-causing-200-job-losses/> - This source supports the information about Fablink, a metalwork firm in Evenwood, entering administration in January 2025 with around 200 job losses and financial struggles related to loss of contracts and failed government funding.
* <https://www.gamesindustry.biz/ubisoft-to-cut-100-jobs-across-uk-sites-part-of-200m-cost-saving-drive/> - This article details Ubisoft's announcement of cutting approximately 100 jobs at its Tyneside and West Midlands sites as part of a €200 million cost-saving reorganisation, impacting the Newcastle-based Ubisoft Reflections studio.
* <https://www.bbc.co.uk/news/uk-england-tyne-64785692> - The BBC reports on Union Electric Steel UK's consultation over potential closure plans at their Gateshead plant, threatening about 180 jobs due to several operational and financial challenges.