

Information for monthly Regional Intelligence Snapshot

Suffolk | 31 December 2009

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SUMMARY OF ECONOMIC CONDITIONS (E.G. BUSINESS CONFIDENCE, BUSINESS CONDITIONS – OUTPUT, ORDERS, EXPORTS, ETC, LABOUR MARKET, HOUSING MARKET, ANY INDUSTRY SPECIFIC TRENDS)

SUMMARY

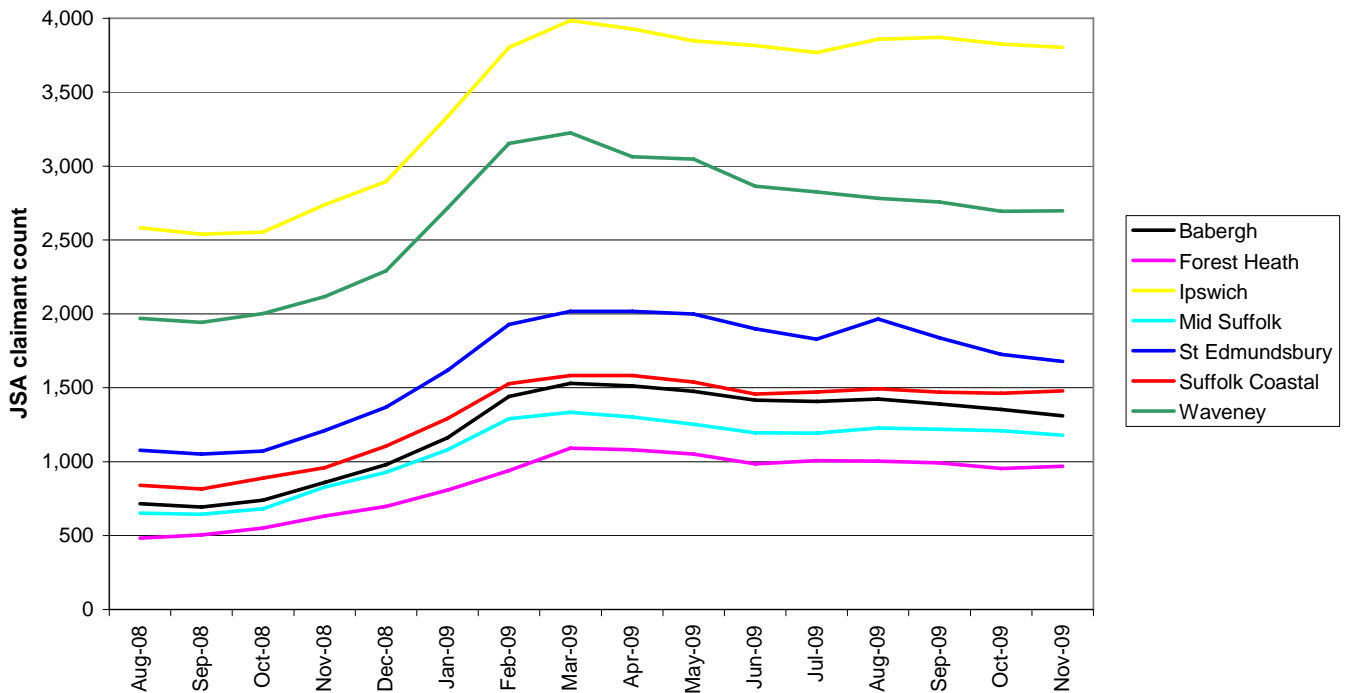
- A 0.83% drop in the Job Seekers Allowance claimant count in November means that there has been a fall in JSA claimants for 7 of the last 8 months.
- However, there were around 99 redundancies during November (as reported by Jobcentre Plus and local press), with a further 250+ in December.
- The Suffolk total of redundancies now stands at **4,752** since October 2008 (as reported by Jobcentre Plus and local press).
- House prices continued to recover, increasing for the fifth month in succession.
- Commercial property sales in the county have declined by 7% in 2009 compared to 2008, following two years of considerable growth. However, the retail and leisure sectors have shown growth this year, with industrial growth slowing considerably and office growth also slowing. Source: Choose Suffolk
- The pre-Christmas cold snap may have caused difficulties and lost revenue for local businesses. Gridlock on the A14 and other major routes, combined with the closure of the Port of Felixstowe due to high winds, meant lengthy delays for haulage operators during the week prior to Christmas, representing lost business and increased fuel and labour costs. The icy conditions also affected all sectors, making thousands of people late for work and deterring some from even attempting the journey. The weather may have also caused a set-back for local retailers hoping for the seasonal boost provided by Christmas sales, with the weather keeping many shoppers at home. EADT 18/12/09

REGIONAL AND NATIONAL TRENDS

- Economic conditions in the East of England are continuing to improve according to the East of England Purchasing Managers' Index (PMI) report for November. The report shows that both output and new business increased at "robust" rates during the month. A further marked increase in new work led to the first rise in backlogs in more than two years, while staffing levels were reduced at the slowest rate in 19 months of decline. The headline seasonally adjusted Business Activity Index – which measures the combined output of the East of England manufacturing and service sectors – remained above 50.0 in November at 55.6, down from 56.8, extending the current period of expansion to seven months. The rate of growth remained marked, despite slowing from the previous month to a pace weaker than the UK economy average. Higher activity was recorded across both the manufacturing and service sectors. New orders grew, but at a slightly slower pace than in October, and outstanding business also increased during November, ending a 25 month period of declines. However, backlog growth during the month was only marginal. Despite a further expansion of new orders and a slight increase in backlogs over the month, East of England companies continued to reduce their staffing levels. However, the rate of job cuts eased to the lowest levels in 19 months. While services companies were cutting staff, manufacturers posted a slight rise. For the seventh successive month, input costs at East of England private sector firms increased while the rate of inflation accelerated to its fastest since September 2008. Higher input prices reflected rising fuel costs and salary payments, as well as increased raw material prices. Output charges also rose in November, although only slightly, and higher output prices in the East of England contrasted with the UK economy as a whole, where falls were recorded. Firms attempted to pass on higher input costs to their clients, but competitive pressures limited companies' pricing power. Glenn Athey, director of Insight East, said: "The latest PMI results provide encouraging news that the East of England has begun its economic recovery. However, the fragility of this recovery is underlined by rising costs and static prices. We can see tentative signs of recovery in demand and increases in levels of output and orders, but they are not yet strong enough to be fully optimistic that we are about to enter a period of sustained growth. EADT 15/12/09
- According to the Office for National Statistics index of productivity, national productivity declined by 0.1% in Q3 of 2009, compared to a rise of 0.3% in the previous quarter. This is 3.1% less than the same quarter in 2008. In contrast, manufacturing productivity increased by 1.2% in Q3 2009. <http://www.statistics.gov.uk/instantfigures.asp>

LABOUR MARKET

**Job Seekers Allowance claimant count by district
August 2008 to November 2009**



- The Suffolk Job Seekers Allowance claimant count has remained below the average level seen in Quarter 1, reflecting East of England trends. Suffolk's figures again dropped slightly from 13,225 in October to 13,115 in November (a fall of 0.83%). This is considerably below the highest claimant count recorded during this recession, 14,764 in March 2009. The percentage of the working age population in Suffolk claiming JSA remains at 3.1%, compared to a high point of 3.5% in March 2009.
- Suffolk continues to follow the overall trend of the East of England, which also recorded a small drop in JSA claimants from October to November (-1.34%). However, the percentage of the working age population claiming JSA in Suffolk is still lower than in the East of England as a whole (3.1% in Suffolk compared to 3.4% in the East of England). JSA claimants also decreased across the country as a whole, with the claimant rate standing at England and GB rate standing at 4.1%.
- Four of the seven districts in Suffolk recorded a decrease in claimants from October to November. Babergh (-3.25%), Mid Suffolk (-2.56%) and St Edmundsbury (-2.78%) recorded sizeable falls in the claimant count. Forest Heath, Suffolk Coastal and Waveney all recorded slight increases in the claimant count, though the increase across all three districts totalled only 35 people.

2009	JSA Claimants		Vacancies		JSA claimants per vacancy	
	October	November	October	November	October	November
Babergh	1,354	1,310	379	270	3.6	4.9
Forest Heath	954	969	272	491	3.5	2.0
Ipswich	3,825	3,803	1,048	1,004	3.6	3.8
Mid Suffolk	1,209	1,178	267	347	4.5	3.4
St Edmundsbury	1,726	1,678	729	696	2.4	2.4
Suffolk Coastal	1,462	1,479	487	380	3.0	3.9
Waveney	2,695	2,698	490	461	5.5	5.9
Suffolk	13,225	13,115	3672	3,649	3.6	3.6

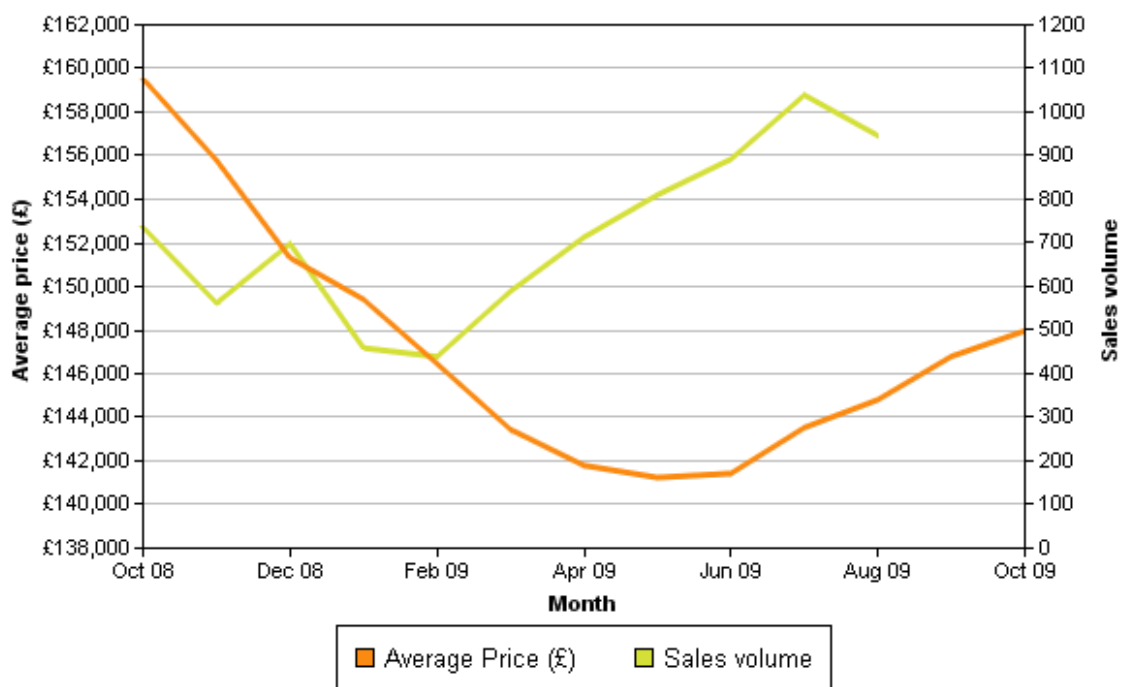
- Vacancy data shows a mixed picture in terms of the ratio of JSA claimants per Jobcentre vacancy. The overall county JSA claimant per vacancy figure remains the same as for October.
- Data from NOMIS Official Labour Market Statistics <https://www.nomisweb.co.uk/>

HOUSING MARKET

House Price Index report - Suffolk (October 2008 - October 2009)

Month	Index	Average Price (£)	Monthly Change (%)	Annual Change (%)	Sales Volume
October 2008	283.3	159,528	-2.5	-8.4	736
November 2008	276.7	155,789	-2.3	-10.4	562
December 2008	268.7	151,312	-2.9	-13.1	698
January 2009	265.3	149,411	-1.3	-14.5	459
February 2009	260.1	146,460	-2.0	-16.1	439
March 2009	254.7	143,443	-2.1	-17.1	589
April 2009	251.8	141,793	-1.2	-17.8	713
May 2009	250.8	141,240	-0.4	-17.4	810
June 2009	251.1	141,426	0.1	-16.7	892
July 2009	254.9	143,531	1.5	-15.1	1,039
August 2009	257.2	144,808	0.9	-13.2	946
September 2009	260.7	146,793	1.4	-10.3	-
October 2009	262.8	147,967	0.8	-7.2	-

House price and sales volume - Suffolk



- Average prices rose for the fifth consecutive month in Suffolk.
- The gain for the month of October was £1,174, a smaller increase than those of July, August and September, but still a significant increase.
- Average price now sits at £147,967, back to levels experienced in January and February of this year.
- There is speculation as to whether or not this will be a sustained rise, as buyer interest is reported to have slowed; hence a lack of supply may no longer support the market.
- Sales volumes have increased in recent months following a low in February of this year, however no data is provided for the two most recent months.
- Sales volumes have increased in recent months as is normal for the time of year

Data from the Land Registry <http://www.landregistry.gov.uk/>

FELIXSTOWE PORT

During the second half of 2009, volumes have been stronger than in the first half of the year and are close to the 2008 levels at Felixstowe.

Of note, compared to the same quarter in 2008 at Felixstowe:

- Total traffic in quarter 2 of 2009 was down 13 per cent compared to the same quarter in the previous year. Inwards traffic fell by 14 per cent, whilst outwards traffic fell by 11 per cent compared to quarter 2 2008.
- Unitised traffic was down 15 per cent compared with the same quarter in 2008. Inwards unitised traffic was down 16 per cent and outwards unitised traffic was down 14 per cent compared to quarter 2 2008.

Figures for containers only are not published but total units (including trade cars) at leading ports were as follows:

- Felixstowe -10%
- Southampton -23%
- London (inc Tilbury) -16%
- Medway (inc London Thamesport) -37%
- Tees & Hartlepool -22%
- Bristol -33%

Typically of course this is the busiest time of the year and it remains to be seen what November/December and January results are like once the Christmas peak is over.

Nevertheless, the last three months represent the first positive improvement witnessed in 2009 and as such may be the start of an improving trend, though it remains to be seen whether this will be sustained improvement.

Information from Haven Gateway Partnership

KEY CHALLENGES AND HOTSPOTS (E.G. BUSINESS FEEDBACK ON GOVERNMENT POLICY, INVESTMENTS UNDER THREAT, SKILLS SHORTAGES, IMPACT OF BUSINESS CLOSURES, AREA-BASED CHALLENGES...)

- An initiative has been launched to help more than 200 businesses across the East of England to save money and become more efficient with their resources. In its latest bid to drive productivity across the region, Resource Efficiency East (REE) has secured funding to run the Supply Chain Network, with the aim of improving the resource efficiency of small and medium enterprises (SMEs) by working with the supply chain of up to eight larger regional organisations. The network is designed to improve resource efficiency on a collective basis by enabling larger organisations to mentor and engage SMEs that are connected through their supply chain to many other organisations. Applications to become a host within the network have been invited from public and private sector organisations in the East of England who are keen to work with and mentor their supply chain to deliver improvements in resource efficiency. More information www.resourceefficiencyeast.org.uk/supply-chain-network.asp EADT 1/12/09

BUSINESS SPECIFIC INTELLIGENCE (E.G. REDUNDANCIES, NEW JOBS OR BUSINESSES AT RISK) / INFORMATION ON KEY QUESTIONS*

REDUNDANCIES/BUSINESSES AT RISK

SUMMARY

- The total number of redundancies in Suffolk since October 2008 now stands at **4,752**, according to information from Jobcentre Plus (JCP) and local press.

WAGES AND JOBS – JCP UPDATE

- 1/12/2008 – Implementation of the Integrated Employment and Skills Trial in Job Centres across Suffolk.
- JCP working in partnership to deliver the service with LSC and nextstep.
- Numbers of JCP customers referred to nextstep for a Skills Health Check from 1/12/08 to 30/08/09 = 2,550 customers making a new claim for Job Seekers Allowance.

REDUNDANCIES – JCP UPDATE

Jobcentreplus continues to support companies and businesses making staff redundant.

The Suffolk Redundancy Network includes Suffolk County Council, LSC, JCP and Providers. They continue to meet quarterly to ensure that businesses and their staff are supported through the redundancy process.

RESPONSE TO REDUNDANCIES – UPDATE FROM SUFFOLK COUNTY COUNCIL

The Suffolk Redundancy Network meets and coordinates responses to redundancies within the county. The prime routes to doing this are the R2R programmes funded by both EEDA and the LSC and also the nextstep programme. The threats to the programmes/network are:

- 1) Escalating redundancies
- 2) Potential shortfall of funding to sustain R2R
- 3) Problems accessing local redundancy data from JCP
- 4) JCP fatigue.

Latest figures for end of July 2009 show following achievements:

- EEDA R2R programme assisted 448 people in Suffolk
- Nextstep assisted 500

BABERGH

- A number of posts could be lost at Hadleigh-based Babergh District Council as it searches for £1.4million in savings over the next year, with £1m to be trimmed from the budget in future years. Charges are to be introduced at long-stay car parks in Sudbury and Hadleigh in an attempt to bring in further income. There are also threats to the funding of voluntary organisations in the district and community grants are to be cut or frozen next year. EADT 7/12/09
- Village shops and the rural economy have been dealt a blow after Sainsbury's announced it was scrapping a scheme supporting community stores. The Assisting Villages Enterprise – set up a decade ago to allow rural community shops the chance to buy groceries in smaller bulk – has been deemed too expensive to run. Community shops in Polstead and Monks Eleigh in Babergh will be among those affected. In Monks Eleigh, where the award-winning community shop won the Best In Britain award in 2004, manager Janet Mackie said the decision would have a serious affect on the shop's viability: "We have relied on the fact that we can buy a wide range of items based on what our customers want and Sainsbury's deliver to us twice a week." The shop, which includes a separately run sub-post office – is run by a rota of 45 volunteers. EADT 7/12/09

IPSWICH

- Information from Jobcentre Plus indicates that Hanson Building Products has made 10 redundancies at its Ipswich premises. JCP 20/11/09
- Administrators have been appointed at East Anglia-based engineering consultancy Millard Consulting Group, with the loss of 23 jobs expected. The firm is based in Norwich and has offices in Ipswich, Coventry, Sevenoaks and Slough. 16/12/09

MID SUFFOLK

- The Aldi supermarket in Stowmarket may be set to close according to local residents, although Aldi officials have been unavailable to comment. EADT 4/12/09

SUFFOLK COASTAL

- A combination of the recession and a drop in revenue has led those running Rendlesham Sports Centre to the decision to close the facility, unless a buyer could be found by the 20th December. EADT 28/11/09

WAVENEY

- The future of one of the biggest employees in the district is in doubt after the appointment of administrators at SLP in Lowestoft. The company employs a total of 876 people, split between Lowestoft and sites at Tyneside, Blackpool and New Malden. It carries out engineering and construction work for the offshore oil and gas industry. Cash flow problems as a result of a contractual dispute have resulted in administrators being called in, with 45 management jobs already cut with immediate effect. However, the administrators said that a "significant proportion" of the workforce would be retained while work on one major project was completed, and it was hoped that similar agreements would be reached with other customers. EADT 27/11/09
- JELD-WEN, a multi national firm that makes timber doors, windows and stairs has announced plans to close its factory in Lowestoft. Some 194 workers at the former Boulton and Paul factory look set to face unemployment. They will now take part in a 90 day consultation period with bosses. The company, which employs 20,000 people worldwide, said it has been hit by the recession and a downturn in the construction industry. However, none of JELD-WEN's other UK plants in Sheffield, Melton Mowbray or Penrith is affected. A spokesperson for JELD-WEN said: "We are looking for savings in our manufacturing process in order to remain competitive." EADT 4/12/09
- It has been announced that the Halesworth branch of Norwich and Peterborough Building Society will close in March. Its chief executive said they were casualties of "cavalier behaviour" elsewhere in the financial markets, but stressed the N&P remained a good business. As many staff as possible will be redeployed. EADT 2/12/09

CROSS COUNTY

- Three businesses owned by veteran East Anglian businessman Richard Cattermole have gone into administration, putting 462 jobs at risk. The 64-year-old property tycoon's flagship hotel management business, Elizabeth Hotels Ltd, is among those involved, together with sister companies Cavendish Hotels Ltd and Elizabeth Estates (BS) Ltd. Together, the three companies include 14 hotels, of which 11 are company-operated and three leased to third parties, and 13 public houses, all leased out, between them employing 462 members of staff. Elizabeth Estates includes the following hotels in Suffolk: the Hotel Elizabeth Copdock, near Ipswich, the Mill Hotel in Sudbury, the Limes Hotel in Needham Market, the King's Head Hotel in Beccles, the Wherry Hotel, Sun Rise Inn and Hotel Hatfield in Lowestoft and the Rose and Crown in Haverhill. It also includes the following pubs in Suffolk: the Five Bells in Rattlesden, the Bell in Brandon, the Cock Inn in Polstead, the Three Tuns in Needham Market, the White Hart in Boxford and the Cherry Tree in Yaxley. EADT 10/12/09

NEW JOBS/EXPANSIONS/IMPROVED PROSPECTS

FOREST HEATH

- Newmarket Racehorse sales chief Edmond Mahony has spoken of his optimism for the economic health of the racing industry after seeing £177.8 million spent on horses this year. The total was paid for 4,432 horses sold at the town's Tattersalls sales, an increase over the previous year when £175.9m was spent on 4,304 horses. Average prices were slightly down at £40,135 compared to £40,881. However, the final week of the sales, the December Mare Sales, saw a top bid of 1.7 million guineas (£1.785m) for a horse called Song. Nearly £60m was spent at the nine-day December sale compared to more than £52m the previous year.
- Herbert Retail, based in Haverhill, has been named joint runner-up in the Environmental Achievement Category in the first-ever Future Manufacturing Awards, launched by the manufacturers' organisation EEF. David Seall, EEF south-east region director, said: "Companies such as Herbert Retail prove that manufacturers in the south-east are among the most innovative in the UK in driving business success, despite facing some of the most challenging economic conditions in many years." EADT 28/11/09

IPSWICH

- Developers say around 330 new jobs will be created in Ipswich with the latest multi-million pound project for the Waterfront. The land at Orwell Quay, which at one time housed a massive shed for Ransome's lawnmowers, has been a car park and occasional boatyard since 1997. Now London Provincial and Overseas Ltd wants to regenerate it with three boat-shaped high-rise buildings featuring 200 flats and maisonettes, a 90-bed hotel, health club and spa, offices for businesses and restaurants, a 314-space car park and public open space. Ipswich Borough Council leader Liz Harsant said that the scheme was "an exciting move in the right direction" and the jobs would be a big boost for the town. "It really would be wonderful if the recession would start to lift and we could see some development happening. We need to make it easier for developers, who are facing very difficult times. This development would create a large number of jobs, as would the proposed Tesco, which could bring 900 jobs." Ipswich Advertiser 26/11/09
- Ipswich has been identified as a potential location for growth in two key sectors of the regional economy. The Strategic Employment Sites Study, commissioned by the East of England Development Agency from consultancy firm Arup, will be used to promote the region for inward investment and assist both the public and private sectors in maximising the town's potential. Ipswich is named as a potential location for growth in financial and business services, while the Haven Gateway sub-region, which includes the town, is identified as a potential area for expansion in the creative industries. EADT 1/12/09

MID SUFFOLK

- A major milestone was celebrated at the start of December as a new £5 million Suffolk abattoir takes shape at Eye. A cutting plant to serve the new plant has been up and running since last year and the footings to the abattoir are now complete. The company behind the project, C&K Group, launched a new brand, Glocal Pride, at a celebration on 2nd December with the aim of attracting more local customers. The Lamberts plant, supported by a £1m grant from the East of England Development Agency, will initially employ 35 staff and six sub-contractors who will transfer from an older abattoir at Earsham, near Bungay, which it will replace when it opens in the late summer or autumn of next year. However, the managing directors of C&K Meats and abattoir business Lamberts hope to more than double staff numbers to more than 80 as business grows. EADT 3/12/09

ST EDMUNDSBURY

- Flavour, fragrance and cosmetic ingredients company Treatt has reported increased sales and profits despite falling demand for its United States arm amid the recession. The Bury St Edmunds group's revenue for the year to September 30th was 13.4% ahead at £56.31 million, compared with £49.64m the previous year and representing an increase of 48% over the last two years. Chairman Edward Dawney said: "2009 has been a strong year for the group, especially given the very difficult economic environment. As has been the case in previous economic downturn, the group has performed well over the past year". EADT 8/12/09
- A franchise of Muffin Break, a coffee shop and bakery concept originating in Australia, was been launched in the Bury St Edmunds Arc shopping centre in early December, creating at least 8 jobs. EADT 26/11/09

SUFFOLK COASTAL

- Plans for a 30-bedroom five storey hotel in place of the existing pavilion on Southwold pier have been backed by Waveney District Council's development control committee. It is hoped that the new hotel will provide pier owners Stephen and Antonia Bournes with the opportunity to expand the local tourism industry and attract visitors all year round. Mr Bournes told the committee that the new hotel would create six full time and six part time jobs, in addition to the large number of staff he already employs which tops about 95 in the height of summer. EADT 18/12/09
- The Lidl store in Langer Road , Felixstowe, has created 20 jobs. Advertiser, 26/11/09
- A company is being sought to join and give funding to a £6 million-plus project to build an "innovation hub" at BT's Martlesham Heath complex. So far £5.95m has been raised for the scheme but those behind it say a bit more is still needed to secure a top quality project. The aim is to award the contract in March 2010 and open the centre in June 2011. The project would feature a new three or four-storey building of about 28,000 sq ft of space for let to create accommodation to kick start up to 30 or 40 new businesses, strengthening the Adastral Park site as a regional centre for excellence and communications technology. It is expected to create 200 jobs. EADT 28/11/09
- Tesco say they will put a local employment partnership in place if a new superstore is built in Felixstowe – to ensure jobs go to people from the immediate area. The company also claims that one of its policies is helping the long-term unemployed. It is working with landowners Trinity College on plans for a 60,000 sq ft store on a field north of Walton High Road. The development would also include 250 houses, including sheltered homes for the elderly, a 60-bed hotel, pub, private medical facility, three small shops and three small business units and a waste/energy centre. There would also be a new road through the site linking High Road and Candlet Road, the Walton by-pass of the A14. However, the proposals for such a large store are worrying the chamber of trade and some councillors, who believe the town centre could suffer, particularly after the recent opening of a Lidl superstore in the town. EADT 28/12/09

Information requested by BIS for December:

- **Christmas Trading:** What is the early indication of the performance of the Christmas/January-Sales period in your region? e.g. Footfall, trading figures.
- **Labour Market:** How is your labour market performing, are firms seeking to employ new labour or make further redundancies?
- **PBR:** What is the initial reaction of the firms in your region to the Pre-Budget Report announced on Wednesday December 10th?