

ECONOMIC STATE OF THE REGION AND RESPONSE: EAST OF ENGLAND

ORGANISATION: Suffolk County Council

DATE: 3rd April 2009

STATE OF THE REGION

(n.b. qualitative and quantitative, include feedback on impact of new initiatives etc.)

RESPONSE

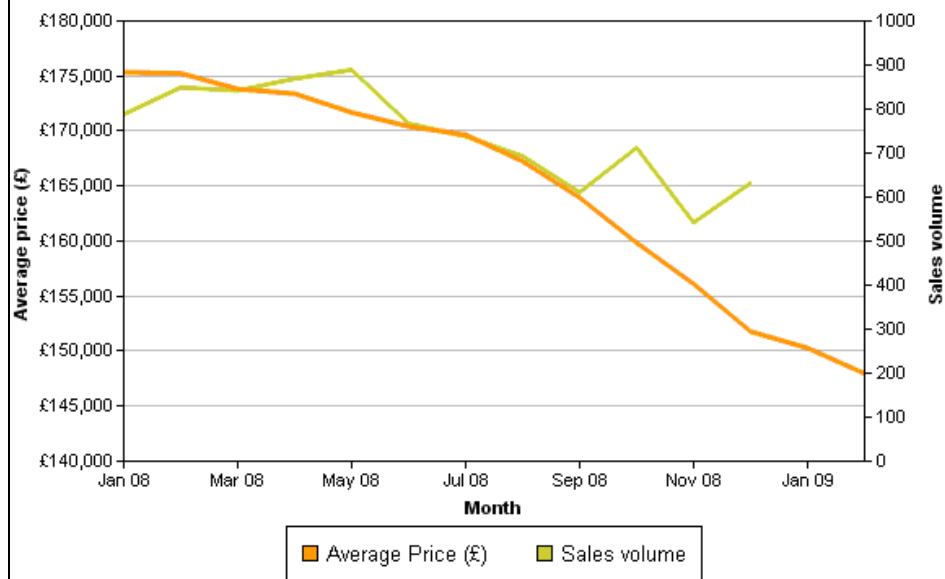
Housing

- *E.g. commercial, funding, repossessions*
- Low interest rates and a rise in affordability have sparked a renewed confidence in Suffolk's housing market. According to local estate agents, interest and activity in the market has surged since the start of the year, especially with first-time buyers. The Bank of England announced the number of mortgages approved for house purchase had jumped by 19% in February. Across the UK, a total of 37,937 loans were approved for people buying homes last month, the highest level since May last year. But for the first time in years renting has become more expensive than buying a property. Charlie Wright, a partner at Fenn Wright, said the biggest impact had come from people moving from rented properties into the buying market. EADT 31/3/09

Current activity

- *E.g. programmes, announcements, case studies*
- Run-down homes in rural Suffolk could be transformed after the Government agreed to fund a £25million housing regeneration programme in East Anglia. Areas in Suffolk and Essex are set to benefit from the work, which will be conducted by EERA.

House price and sales volume - Suffolk



Employment

- *E.g skills, training, redundancies, R2R, closures, recruitment freezes, short-time working etc.*
- The running total of redundancies in Suffolk (recorded from JCP returns, local intelligence and local press) since October 2008 is up to 2,718 this week.
- Over 200 staff at a Suffolk-based insurance company face losing their jobs unless they relocate after bosses announced they were transferring operations to Kent. A total of 220 Direct Choice employees must choose between voluntary redundancy and relocation before the company moves to its new Folkestone headquarters in July. Direct Choice currently has two call centres in Claydon and Newmarket, specialising in insurance and breakdown cover and each housing 110 staff. Paul Green, head of communications for Saga, which owns Direct Choice, said the decision was down to the rapid expansion of the company. "We have a successful and growing company fitted into two rather cramped buildings," he commented. "The office in Newmarket is a cramped listed building and the Claydon office is located on an industrial estate. It's a matter of having outgrown them. "We have been speaking with staff about our plan to close the buildings in Claydon and Newmarket and encouraging them to relocate. "We obviously can't force them to relocate but would like to take them all with us. If people don't want to move there will be an opportunity for them to take voluntary redundancy." EADT 3/4/09
- Up to 6,000 job vacancies at McDonald's could be filled by long-term jobless people, as recruitment scheme piloted by the fast-food giant in East Anglia goes national. The roll out could provide around 45 new opportunities on the Suffolk and Cambridgeshire area. EADT 1/4/09
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Reprioritisation

- *E.g. stopping, reshaping, new initiatives, including preparations for economic recovery*

Business (n.b. SMEs, larger businesses)

- *E.g. support, funding, business-specific intelligence, exports, start-ups, growing/vulnerable sectors, investment plans/cancelled plans*
- Bury St Edmunds is experiencing a trading boom despite the national recession. Some firms in the town have recorded their best ever trading results with both the numbers of shoppers and revenue increasing. The news comes as Asda opened its new store in Western Way, Greene King bids to extend its bottling operation to meet soaring demands and the new £100million Arc shopping centre settles into its second month of trading. EADT 31/3/09
- The British Chambers of Commerce has released its Burdens Barometer for 2009 – the first time the study has been published during a recession. The barometer shows that the cumulative costs to business of new regulation since 1998 has risen to £76.81billion – a jump of more than £10bn from last year. There is a positive note to this year's barometer with 18 regulations since 1998 now producing a total saving for businesses worth £1.4bn. John Dugmore, Chief Executive of Suffolk Chamber, said: "Businesses are facing the toughest economic environment for a generation. Company cash-flow is being squeezed and unemployment is growing as a result. The Government needs to get serious about reducing the massive burden of regulation on business. EADT 31/3/09
- Onslaw Suffolk Ltd, the company behind the SnOasis winter sports development said yesterday that work on the complex would go ahead as planned despite the collapse of First Equity Group, an Irish investment firm connected with the project. EADT 2/4/09
- Shares in west Suffolk-based information and communication technology group Hilton Head have been suspended "pending clarification of its financial position". However, its operating companies – business IT solutions firm Sicon, voice and data solutions specialist Q/DOS Networks and cabling and fibre contractor Lan Synergy – are continuing to trade normally. Hilton Head's shares have been traded on the PLUS market (formerly OFEX) for small and mid-sized companies since July 2006. It was formed to develop an integrated consultancy-based business meeting the communications and IT needs of companies EADT 2/4/09
- The recent run of better-than-expected economic news continued yesterday after figures showed a surprise pick-up in manufacturing activity. The Chartered Institute of Purchasing & Supply (CIPS) posted a reading of 39.1 in March, the highest level since October but still well below the neutral mark of 50 signalling no change in activity. Analysts had forecast a figure of 35, itself a slight improvement on the previous month's 34.9. EADT 2/4/09

Additional requirements

- *E.g. policies, flexibilities*
- Business leaders last night welcomed the Government's decision to scrap plans to increase business rates by 5% next month – instead limiting the rise to 2%. Chancellor Alistair Darling said the remaining 3% rise would be spread out over the following two years. EADT 1/4/09

Other

- *E.g. other economic shocks, at risk/reprioritisation projects, social impacts*
- A Suffolk pub (The Plough in Wisset, near Halesworth) is offering free food (provided customers purchase a drink) in order to attract people on Monday lunchtimes, traditionally the quietest time of the week. Although free-loaders may think they are getting the better end of the deal, the landlords not only reap the rewards of those contented customers who then decide to spend the afternoon at the bar, but also find themselves welcoming drinkers and diners who may otherwise never have set foot in the country pub. EADT 31/3/09
- Waveney District Council has been told to repay nearly £9m in government benefit subsidies and learnt it will have to pay up to £3.4m to carry out vital repairs to Southwold harbour. Emergency measures to try to prevent service cuts and save major projects are expected to be required. The flagship £52.7m Waveney Campus project, in Lowestoft, is also threatened by the financial crisis. EADT 28/3/09

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