

ECONOMIC STATE OF THE REGION AND RESPONSE: EAST OF ENGLAND

ORGANISATION: Suffolk County Council	DATE 14 November 2008
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STATE OF THE REGION <i>(n.b. qualitative and quantitative, include feedback on impact of new initiatives etc.)</i>	RESPONSE
<p>Housing</p> <ul style="list-style-type: none"> • <i>E.g. commercial, funding, repossessions</i> • Nationally the annual rate at which house prices are falling is continuing to accelerate according to CLG figures. However the biggest drop is now in Northern Ireland (15.8%), followed by East Midlands (7%) and West Midlands (6.8%). In East of England prices are down 4.6% over the past year. EADT 12/11/08 	<p>Current activity</p> <ul style="list-style-type: none"> • <i>E.g. programmes, announcements, case studies</i>
<p>Employment</p> <ul style="list-style-type: none"> • <i>E.g. skills, training, redundancies, R2R, closures, recruitment freezes, short-time working etc.</i> • Good news this week is that Debenhams has started recruiting for 100 workers in the new store to be opened in Arc centre on the Cattlemarket development in spring 2009. JCP 10/11/08 • Lowestoft has been shortlisted to host a new government department, the Marine Management Organisation (MMO). It could provide 400 jobs. Lowestoft was among more than 20 locations around the country to put forward a bid and has now made it to the final stage of the competition. Eastern Daily Press 10/11/08 • Glasswells furniture retailer is now fitting out a 73,000 sq ft showroom on the Orwell Business Park in Ipswich and will officially open on December 6. The store will create 100 jobs and represents an investment of £5m. It is 4 times the size of a showroom at Martlesham Heath which is currently holding a closing down sale. EADT 11/11/08 • The Spectra Group hopes to expand its Halesworth based manufacturing business by re-locating to a purpose built 	<p>Reprioritisation</p> <ul style="list-style-type: none"> • <i>E.g. stopping, reshaping, new initiatives, including preparations for economic recovery</i> • In Haverhill plans are being developed to improve post 16 education and persuade more young people to stay on in further education. The Learning and Skills Council (LSC) has asked for proposals to be submitted as part of a competition for a new way to deliver A levels, vocational courses and specialist diplomas. At the moment 200 students leave Haverhill to carry on their education in Cambridge, 250 go to other places including Bury St Edmunds and 300 have decided not to carry on learning. This leaves 200 16-19 year olds in Haverhill and hence a 'brain drain' to other parts of the region. The initiative is similar to one in Ipswich which has resulted in plans to replace some 6th forms with the South West Ipswich and South Suffolk Centre (SWISS) in 2010. EADT 8/11/08

production and warehouse facility. The company manufactures colour concentrate for plastics and plastic containers for the global cosmetic and toiletries sectors. A planning application has been submitted. If successful employment could rise from 35 to 200. EADT 12/11/08

- BT which has its research and development HQ at Martlesham Heath, just outside Ipswich and an office in Ipswich, announced a further 6,000 redundancies between now and March 2009. 4,000 jobs have already been cut. The job losses will be mainly among agency workers and sub-contractors. The company said it was not planning to make any compulsory redundancies. It is not clear exactly how the company restructuring will affect staff in Suffolk offices and in particular the arrangements with Mahindra BT that brings large numbers of workers over from India. If jobs cuts are made across the board in the group it could mean 160 jobs going at Adastral Park. News of the departures came as the company revealed the first increase in its consumer residential business for four years. Also Adastral Park and land around it has been earmarked by BT for an innovation park, homes and university accommodation. A planning application has been submitted and it is understood that the plan is not affected by the restructuring. The scheme is to provide for BT's future needs and could create 1,000 jobs and include 2,000 homes, sports and leisure facilities, a new primary school, health centre, hotel and renewable energy plant. The proposal would push the value of Adastral Park to the area's economy to more than £1 billion a year. EADT 13/11/08
- Job vacancies (as reported by the Dept of Works and Pensions) in Suffolk are down 1144 in October 2008 compared to October 2007, a fall of 24%. This is not the lowest figure for the year as there is large seasonal variation.
- Textile retailer Rosebys has closed its Ipswich shop with the loss of 2 jobs. The sale of the chain to Duvetco Ltd, a subsidiary of the Edinburgh Woollen Mill, has saved nearly 500 jobs including 6 jobs at Newmarket, 5 at Felixstowe and 6 at the store within Carpetright at Bury St Edmunds. EADT 7/11/08

Business *(n.b. SMEs, larger businesses)*

- *E.g. support, funding, business-specific intelligence, exports, start-ups, growing/vulnerable sectors, investment plans/cancelled plans*
- Enterprise Agencies deal directly with people that wish to start or develop a business. Agencies have historically been funded through 2 sources - income generation via managed workspace and the funding from Business Link Suffolk (approx £250K revenue shared between them and district councils) for the delivery of service, skills workshops plus one to one support. In the current economic climate fewer new businesses are establishing themselves within the managed workspace (or are moving out - to smaller areas or becoming home based) and there is no direct funding from agencies such as Business Link East, although pockets of funding remain subject to eligibility criteria. Some agencies are now experiencing direct costs for the property they own, because of low or reduced tenancies and as such can not cover the direct cost of property. Agencies are still offering advice and guidance to those wishing to start in business, however if this is not being funded from alternative sources then the reserves that any agencies have generated are rapidly becoming depleted on delivery of service and overhead of properties. Furthermore the onset of the EEDA business simplification model means there will be no direct funding for prestart advice and support. Enterprise Agencies are under considerable pressure and no one is championing them. Economic development officer observation 13/11/08
- East of England Co-op, the largest independent retailer in East Anglia, has announced strong trading figures for the first half of 2008, defying the current economic trends. Profit increased 9.4% on the equivalent period last year. Updating and re-branding has taken place in Felixstowe and a major extension to Elmswell Co-op food store will be completed shortly and further work planned at Framingham Solar. The society has acquired the former E.On site at Wherstead which will become its new head office. EADT 10/11/08

Additional requirements

- *E.g. policies, flexibilities*

Other

- *E.g. other economic shocks, at risk/reprioritisation projects, social impacts*
- Suffolk Deaf Association has made 3 employees redundant because of funding shortages. West Suffolk Blind Association said it had been a good fundraising year but voiced concerns for the future because of the economic downturn. However Bury Volunteer Centre has observed more people taking early retirement and putting themselves forward for voluntary work. It currently has 1,200 volunteers that contribute about £670,000 based on each volunteer 'earning' the minimum wage for 2 hours a week – to organisations in the Bury area. It thinks that figure is likely to rise next year. EADT 8/11/08

Other actions

- Economic summit. The County, District and Borough Councils are committed to working together to:
 - share an common understanding of the impact of the downturn in Suffolk;
 - To develop practical ways - both collectively and as separate organisations - to support people and businesses in Suffolk through these difficult times.To start this process, the Councils are holding an economic summit on 4th December which will involve around 100 partners in the voluntary business and community sectors from across Suffolk. The summit will be focussed on obtaining a common understanding of the issues and a shared commitment to take specific actions to help.
- Babergh is providing financial and other assistance to organisations and businesses affected by the credit crunch. They are giving Sudbury CAB £57,000 with past of that specifically funding a debt advisor and an active role in the Suffolk redundancy network whose role is to provide advice and practical support to employees who are about to be made redundant. EADT 10/11/08
- Forest heath is to organise a jobs Fair in January to help anyone facing redundancy. EADT 10/11/08
- Ipswich Borough has received enquiries from national businesses who are considering moving to the area and there is some evidence of companies expanding. EADT 10/11/08