

## ECONOMIC STATE OF THE REGION AND RESPONSE: EAST OF ENGLAND

**ORGANISATION** Suffolk County Council

**DATE** 7 November 2008

### STATE OF THE REGION

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

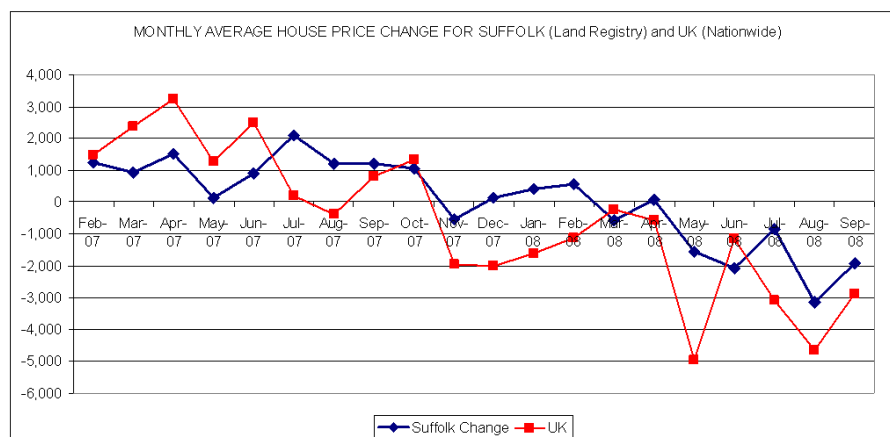
### RESPONSE

#### Housing

- *E.g. commercial, funding, repossessions*
- Nationwide Building Society reported that house prices fell 14.6% over the past year and are set to fall further. The Land Registry recorded a more modest fall of 8% over the same period .EADT 31/10/08
- However house sales in East Anglia showed tentative signs of recovery. Regional agents Bedforths said it had sold 10 homes in 5 days from its Bury St Edmunds office. Savills New Homes based in Ipswich said Suffolk Coastal was still proving popular with more than half of the new homes in the first phase of the Snape Malting development having been sold. EADT 1/11/08

#### Monthly House Price Update

Sales volume and average price continue to decrease, but the rate of decrease is less than the previous month.



#### Current activity

- *E.g. programmes, announcements, casestudies*

## Employment

- SUFFOLK-based civil engineering group J Breheny Contractors is to make around 10 people redundant following a downturn in work from housebuilders. Breheny, which is based at Creting St Mary, near Needham Market, and also has operations in Cambridgeshire, Kent and Lincolnshire, carries out a wide range of civil engineering work from road building and coastal defences to groundworks and infrastructure for residential and commercial developers. EADT 6/11/08
- Local intelligence suggests two further firms linked to the construction industry in Ipswich are having problems. A mechanical and electrical contractor may close its Ipswich office whilst another based in Ipswich is to shed around 17 staff.
- Sudbury-based diesel filter and injectors manufacturers Delphi has laid off all its hourly-paid agency staff, around 110 people. This is due to the downturn in the motor trade. [EADT](#) 6/11/08
- About 100 workers at Milbank Floors, who make precast concrete floors for builders, based at Brandon have been told to stay at home for more than 10 days as a result of a drop in orders and financial troubles at the family firm. This follows the laying off of 99 staff in August and there are now concerns for the future of the firm that has been in business for 60 years. EADT 6/11/08
- More than 100 redundancies have been made at Omar Homes, also in Brandon, over the past few months. The company, which makes holiday homes, is set to reduce its working week from five days to three in November. EADT 4/11/08
- Concrete masonry producer Lignacite has also made about 25 redundancies at its sites in Brandon and Essex. EADT 4/11/08

## Reprioritisation

- *E.g. stopping, reshaping, new initiatives, including preparations for economic recovery*
- The Government has urged High Street banks to take up the offer of £4billion of EU money to make credit more easily available to small businesses. This could make a significant difference if it is passed on as loans to struggling companies by the banks. 31/10/08
- This week Snoasis finally got the go ahead on the Great Blakenham site just outside Ipswich. The £300million winter sports complex will contain Europe's largest indoor ski slope, provide nearly 1,500 jobs and an estimated £70m boost to the local economy. The plans include a new railway station for Great Blakenham and a 421 housing development. Work is expected to start preparing the site in spring 2009. The managing director of the developer, Onslow Suffolk, Godfrey Spanner thought the credit crunch would not affect the plans. He noted that material prices had escalated but have now dropped and there was now less concern about the labour pool working on the Olympic village as there are now a large number of people looking for work. . EADT 6/11/08

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

- Take up of grants from the Suffolk Rural Economy Scheme suggests optimism in the rural retail sector. 22 application forms have been sent out as a result of a mailshot in the last 3 weeks, inferring that rural retailers are still prepared to invest in their business despite the credit crunch. The Suffolk Rural Economy Scheme is a small grants scheme to support the rural economy, by offering grants of up to £5000 for improvements to economically viable rural shops, post offices and public houses in Suffolk. The scheme provides specialist business advice to successful applicants in addition to the grant. The scheme started in October 2007 and runs until October 2009.

To date:

- 12 rural shops or post offices have been considered for a grant
- 3 grants have been paid out
- 6 further grants have been approved
- 22 further applications being processed

£2,851.00 has been spent on specialist retail advice, which has resulted in £11,286.00 being paid out in grants which has generated an additional £34,349.00 being match funded by private money (retailer's contribution to the project.) A further £23,602.00 of grants have been allocated which will generate a nominal £103,789.00 in private match funding and £20,576.00 in public match funding (other grants.)

Therefore, the potential for the scheme (to date, with another 22 applications currently under consideration) is:

### **£34,888 allocated in grants**

£138,138 private match funding

£20,576 public match funding (**£158,714 in total matched**)

The good take up also suggests a small injection of cash by means of a grant encourages rural retailers to consider how they can improve their business, and thereby improve services to their rural community. The businesses advisor visits have been warmly received, has encouraged them to re-think their business and their plans for improvement. Surviving postmasters are investing in their businesses to improve services for communities above and beyond what they were offering before the network change programme.

## **Additional requirements**

- *E.g. policies, flexibilities*

- The Store in Saxmundham, an independent retailer is expanding its floorspace. The business offers a mix of end of line high street fashions at discount prices and is going to extend to include a new range in children's clothing and a dedicated Christmas shop. The owner remarked "The current economic climate means that our customers are more choosy than ever. They appreciate our discount prices and the fact that they don't have to drive all the way to Ipswich to find a winter coat, for example." EADT 6/11/08
- The Dove Street Inn in Ipswich has secured funding with the help of Christie Finance to expand its business by developing a nearby acquired property to letting rooms and a microbrewery. Planning permission has yet to be agreed. EADT 4/11/08

## Other

- *E.g. other economic shocks, at risk/reprioritisation projects, social impacts*
- A report from the Chartered Institute of Purchasing and Supply (CIPS) suggested the service sector was shrinking at its fastest pace for 12 years. It gave an overall business activity index reading of 42.4 for October, the lowest level since the survey began in 1996. Any figure below 50 represents contraction. EADT 6/11/08
- Manufacturing output declined 0.8% August and September with activity decreasing by 1.3% quarter on quarter in the 3 months to September. Output decreased in 11 out of the 13 sub-sectors. The most significant decreases in output were 2.6 per cent in the electrical and optical equipment industries, 2.3 per cent in the transport equipment industries and 1.7 per cent in the paper, printing and publishing industries. [ONS](#) 5/11/08
- Suffolk Citizen Advice Bureaux reported being overwhelmed with people seeking financial help and have described the current situation as “alarming” and “scary”. CABs are seeing increasing numbers losing their jobs as well as employers cutting back hours and wages. There have also been increases in landlords raising their tenants rent. Leiston & Saxmundham CAB dealt with 275 debts in September up from 108 in April. EADT 3/11/08
- October 2008 figures from the Society of Motor Manufacturers and Traders (SMMT) reveal that new car sales suffered their biggest monthly year-on-year fall for more than 17 years. The number of new UK registrations during October totalled 128,352 - a 23.05% drop on the October 2007 figure, and the worst year-on-year monthly drop since June 1991.
- At a national children’s and adult services conference, John Freeman the lead adviser on 14 to 19 reform at the Association of Directors of Children’s services warned that the economic downturn could deprive young people of the chance to become apprentices. He thought rising unemployment

figures would deter employers from offering apprentices. Local intelligence is now reporting a reduction in the number of other work-based training or work opportunities for young people in Suffolk. Children Young People Now 30/10/08

- A study by Siemens Financial Services has predicted that business investment in East Anglia will fall by 2.4% in the second half of 2008 compared to 2% national wide. Suffolk Chamber of Commerce is still upbeat about the situation for Suffolk highlighting that much investment is happening within the county – Ipswich waterfront and Bury St Edmunds Cattle market scheme. (To which Snoasis can now be added) . The chairman of the Suffolk branch of the Institute of Directors and managing director of the insurance company, Ryan Group, Tim Ryan commented that “As far as our own businesses are concerned, we have seen little immediate impact as we are not looking to borrow money. Our biggest fear is that of customers businesses failing and leading to a loss of income or bad debts. To temper the damage this may do, we are making sure we do not let credit arrangements fall into default”. EADT 3/11/08