

## • Information for monthly Regional Intelligence Snapshot

From Suffolk County Council 23 July 2009

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

### SUMMARY

- Accountancy firm KPMG has warned of a “second wave” of administrations in the East of England, despite reporting a substantial drop in the number of corporate insolvencies during June.  
“We have seen average numbers of around 350 administrations a month since the beginning of the year but the latest monthly figures are much lower at 178, said Ian Corfield, director of restructuring at KPMG in East Anglia. “While we are entering the quieter summer months, such a dramatic drop of almost a half is very unusual given the current economic climate. We are not convinced, however, that this indicates an upturn in sentiment; more a temporary reprieve in advance of a second wave of insolvencies.”  
Mr Corfield said the decision by HM Revenue & Customs to allow companies to delay tax payments had been buying time for some companies while lenders, following a recent emphasis on debt for equity swaps, were now preparing for a “significant” increase in insolvencies towards the end of the year.  
“The total number of insolvencies so far this year is at 1571, some way behind the 5,000 we predicted for 2009, but our conversations with businesses and lenders suggest this number will be reached quickly after the holiday season with a wave of insolvencies in quarters three and four,” he said.  
Mr Corfield added that time was running out in particular for businesses in a number of sectors where conditions had not improved and were unlikely to do so for some time.  
“We expect to see further fall out in the automotive sector, particularly the supplier base, where many companies have ever decreasing options in the absence of demand,” he said.  
“Commercial property is a sector whose problems can't be brushed under the carpet for much longer. With billions of refinancing needed by the end of the year, it looks set to suffer in the latter half of the year. September is likely to be the crunch month for many businesses in tourism and leisure with the busiest period of the year over. With demand expected to be at new lows, even larger industry players could be affected. EADT 3/7/09

### HOUSING MARKET

- According to data from the Land Registry (below), house prices in Suffolk dropped for the 16<sup>th</sup> month in succession in May (based on actual sales). The latest data for sales volume (March) shows a slight increase on the previous month. This is in contrast to a report from the Nationwide Building Society, which claims that house prices in the East of England increased by 5.2% in the past quarter, the largest rise in the UK.

House price and sales volume - Suffolk



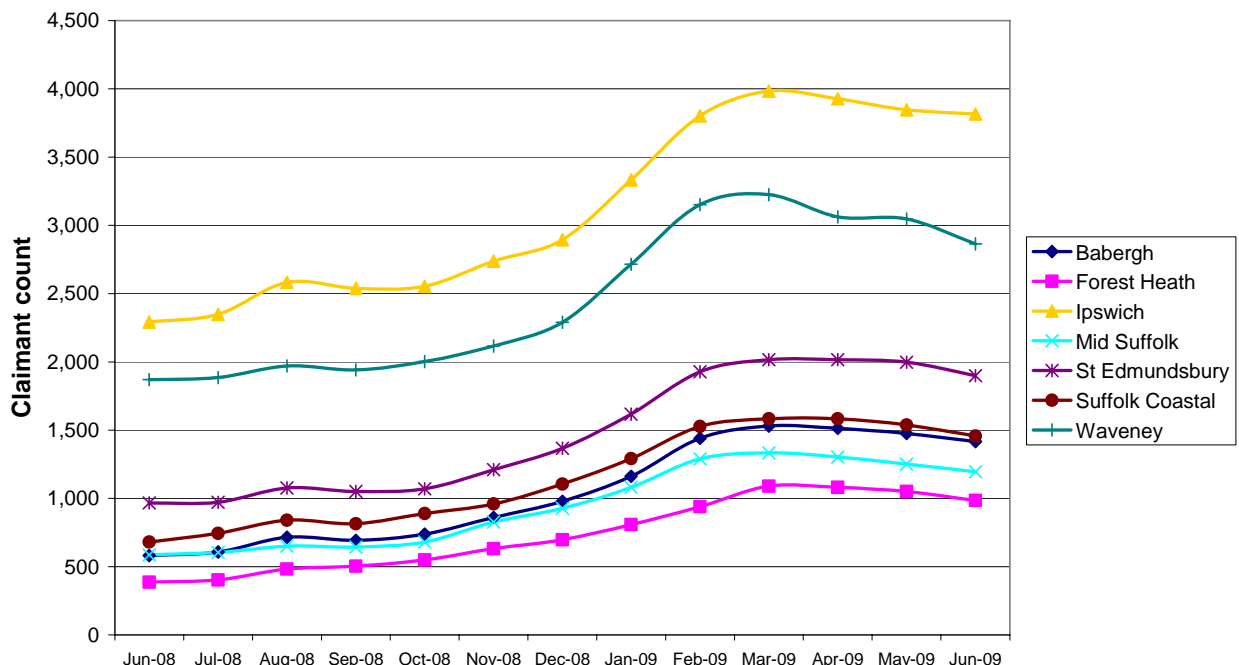
**House Price Index report - Suffolk  
(May 2008 - May 2009)**

Month	Index	Average Price (£)	Monthly Change (%)	Annual Change (%)	Sales Volume
May 2008	304.3	171,404	-1.0	1.7	891
June 2008	302.1	170,159	-0.7	0.3	771
July 2008	300.8	169,443	-0.4	-1.6	741
August 2008	296.8	167,176	-1.3	-3.2	696
September 2008	291	163,905	-2.0	-5.6	621
October 2008	283.6	159,760	-2.5	-8.5	731
November 2008	277	156,024	-2.3	-10.5	562
December 2008	269	151,544	-2.9	-13.2	695
January 2009	265.9	149,802	-1.2	-14.5	435
February 2009	260.4	146,704	-2.1	-16.2	424
March 2009	255.2	143,773	-2.0	-17.2	526
April 2009	252.5	142,215	-1.1	-17.8	-
May 2009	249.8	140,679	-1.1	-17.9	-

- A Bank of England report suggests that there has been little change in the amount of regular repayments on mortgages or lump sums being made this year, despite the base rate of interest being cut to an all-time low of 0.5%.

**LABOUR MARKET**

**JSA Claimant Count Aug 08 - June 09**



- June 2009 Job Seekers Allowance claimant count figures (released on 15<sup>th</sup> July) show the second successive monthly drop in claimants in all districts in Suffolk. Countywide, the count fell by 575 claimants, to the lowest level since January of 13,634.
- In a regional context, Suffolk saw the largest percentage drop in claimants of any East of England county/unitary (-4.05%, with Norfolk recording the second largest drop of -2.76%). All counties/unitaries recorded a fall in claimants except Peterborough and Cambridgeshire.

- The UK economy shrank at its fastest rate for more than half a century during the first three months of 2009, revised official figures have shown. Gross Domestic Product (GDP) fell by 2.4% in the first quarter of the year – worse than the 1.9% fall previously estimated by the Office for National Statistics (ONS). EADT/ONS 1/7/09

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

- Felixstowe's shopping centre is to be given a £2.8 million revamp to make it people-friendly and cut traffic congestion and danger. The project is a major part of the blueprint being drawn up to regenerate the resort and will make shopping a more attractive experience, create an outside performance area for bands and street entertainers, and change some of the most-used traffic routes. EADT 9/7/09
- Haverhill's 37-year-old leisure centre re-opened in early July following a £5.2 million refurbishment. EADT 2/7/09
- Independent traders and St Edmundsbury Borough Council have teamed up to offer a book of discounts aimed at boosting the economy by drawing more visitors to Suffolk. The voucher book scheme will be launched next month by St Edmundsbury Borough Council which is hoping its range of special offers will encourage more people to explore the area. One example is a family ticket to West Stow Anglo-Saxon Village with a voucher is £5 rather than £15, and there is a further 30% discount on all meals in the Edwards and Blake Café there. EADT 27/6/09
- Communities across Waveney have benefited from more than £1m in contributions from developers building in the area. In 2008/09 Waveney District Council has spent about £1.4m, which has come through planning obligations and contributions from developers. The cash ensures money is spent on improving infrastructure and providing suitable open spaces. Money spent in the district includes a £443,000 contribution towards affordable housing, £45,000 to improve play spaces and £940,000 for works completed on the south Lowestoft relief road. EADT 4/7/09
- The plan for the wholesale rebuild of the West Suffolk College campus in Bury St Edmunds has been scrapped as the Learning and Skills Council (LSC) can no longer afford to fund it. The £80 million redevelopment project would have created scores of new jobs but funding has been cut to £20m of the college's own funds/bank loans after the LSC could not provide the £60m of funding they had originally pledged. The college will now draft a more modest scheme for the site in Out Risbygate. EADT 30/6/09

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

##### **REDUNDANCIES**

Redundancy information from Jobcentre Plus:

- 19 redundancies at Mildenhall firm English Architectural Glazing which manufactures glass building parts
- This brings the Suffolk running total of redundancies since October 2008 to **3,500**
- Around 750 jobs will be lost at the card chain Birthdays with the closure of 136 stores. Within Suffolk, 5 redundancies have been confirmed in Sudbury, with another store in Ipswich also closing. EADT 26/6/09
- BT employees have been offered the chance of long-term holidays if they agree to huge pay cuts. One option available to staff is taking a year off with a 75% drop in salary, in return for receiving the remainder of their wages as an up-front payment. It is unknown whether any specific measures are being taken at BT's Suffolk sites such as Adastral Park. EADT 6/7/09
- Direct Choice call centres in Newmarket and Claydon are closing this month, with potential for 220 redundancies. The staff have been given the option of moving to Kent to work in the Folkestone office, but this will require taking a pay cut of £8,000. EADT 29/6/09

##### **NEW JOBS/EXPANSION**

- Southwold-based brewer and hotelier Adnams has signed up to run Fritton House on the Somerleyton Estate, near Lowestoft (just on the Norfolk side of the border). Operations at the 9-bedroom hotel were suspended in January as the economic downturn worsened, but Adnams is injecting new life into the picturesque 15<sup>th</sup> Century former coaching inn at the gateway to Fritton Lake country park. The move has led to the creation of 25 full-time and 15 part-time local jobs and more opportunities may become available in the future. EADT 4/7/09
- Around 200 jobs will be created when the new Asda store on Stoke Park in Ipswich opens in August. Interviews began in July and the store had already received around 100 applications by the beginning of the month. The Advertiser 2/7/09
- Tristel, the infection and contamination control company based near Newmarket, has acquired the intellectual property and manufacturing rights for the portfolio of infection control products manufactured by Medichem International (Manufacturing) Ltd. Tristel said it believed that the acquisition was "highly complementary" to its

existing product portfolio. The deal is valued at a minimum of £2.15 million and this may rise to a maximum of £2.4m depending on the sales performance of the Medicchem range. EADT 4/7/09

- Whybrow Chartered Surveyors, acting for Suffolk Mental Health Partnerships NHS Trust, have acquired a substantial office building in central Ipswich from Wrenbridge Ltd after an exhaustive search for suitable properties in and around Ipswich. Mariner House, fronting Handford Road and alongside Portman Road, is a detached building over four floors and extends to 21,200sq.ft with 40 on site car spaces. The trust has entered into a 15 year lease with 5 yearly rent reviews and significant rent incentives. EADT 30/6/09
- New services on both sea and rail have started at the largest port in Britain at Felixstowe, a welcome boost in what has been a slow year so far. Executives at Felixstowe have been working hard to try to attract new business, with cargo throughput down around 16% because of the recession. The port welcomed the first visit of Maersk Line's AE1 Asia-Europe service, and – linked with it – the container terminal's 28<sup>th</sup> daily train service. Operated by Freightliner and dedicated to Maersk Line, the 24-wagon train provides a new daily connection to Birmingham International Freight Terminal. EADT 13/6/09
- Classic-car trim-manufacturer Newton Commercial (based in Leiston) says it is taking on additional staff to cope with a rise in demand for its products. Its 50-strong workforce, which has been making car trim for classic British and European cars since 1978, produces more than 13,000 lines for worldwide sales, predominantly to wholesalers. EADT 26/6/09
- Euro Car Parts has acquired a 4,117 sq ft business unit on a 15-year lease via property agents Strutt & Parker; at Artisan UK's Quantum Business Park, Ipswich. The company now has over 65 branches across the UK, employing more than 1800 people nationwide. The Ipswich unit boasts a capacity for over 20,000 product lines, as well as a fully stocked retail shop catering for all the needs of motorists and garages. EADT 30/6/09

#### **JOBS SAVED/NEW OWNERSHIP**

- Co-op department stores across East Anglia have come under new ownership. Vergo Retail Ltd officially took over the department store in Ipswich and the Home Stores in Felixstowe and Stowmarket in mid-July. The deal protects the employment of about 350 Co-op employees across the region. EADT 13/7/09
- More than 50 jobs have been saved with the sale of East Anglian-based footwear retailer Mr Shoes Ltd. The company was placed into administration on June 22<sup>nd</sup>, but it has now been bought by Glayone Ltd, which has been formed by the previous directors of Mr Shoes Ltd. Nine out of the original 24 stores will continue to trade, including the store in Bury St Edmunds. However, the Ipswich store was one of those to close and this had already taken place by 13<sup>th</sup> July. The final total of 15 closures is thought to have involved more than 70 job losses. EADT 13/7/09
- Recession-hit hemp processing operation Hemcore Ltd, which has a £4million factory in Halesworth, has been saved after a buyer was found. The business and assets of Hemcore Ltd have been sold to Oxfordshire-based low carbon products manufacturer Lime Technology, which says it will continue operations in Halesworth under the new name of Hemp Technology Ltd. 25/6/09

#### **OTHER**

- Car parking in Ipswich town centre will be available for £1 every Sunday from the 19<sup>th</sup> July. Car parking at NCP's Foundation Street multi-storey car park will be available from 10am to 6pm, and on every Sunday thereafter, for £1. Park for a Pound is one of the initiatives organised by Ipswich Central aimed at increasing visitors to the town centre. Ipswich Central's executive director Paul Clement said: "Ipswich Central fully anticipates that Park for a Pound will be of benefit to businesses and consumers alike". EADT 13/7/09