

Information for monthly Regional Intelligence Snapshot

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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

The Suffolk economy is more “sheltered” than many parts of Britain exposed to the recession, according to Phil Eckersley from the Bank of England, speaking at a Suffolk Chamber of Commerce event in August. Eckersley expressed guarded optimism about the future of the economy but warned there was still a long way to go.

He thought a diverse business base, from farming, to a reasonable amount of manufacturing and a good services industry meant that Suffolk had weathered the recession more readily than regions such as Northern Ireland, although there were businesses, such as Felixstowe port, which would feel the full brunt of outside forces. The eastern region, London and to a certain extent the south east had been relatively sheltered.

He suggested we are starting to see some easing in the rate of contraction of the economy however unemployment was likely to rise. Also that there was a lot of strong evidence to suggest wage growth was “quite muted”, and wage flexibility had enabled companies to cut costs without cutting head count quite as much as they might have done in previous recessions.

The soundings he was taking from the region, in his job at the Bank of England, were “probably more positive” than his colleagues elsewhere in the country, he added.

However, companies had taken a lot of remedial action to deal with their short-term problems, such as through cutting workforces. Moving into the first quarter, they had set their budgets at quite depressed levels and a lot of companies were “pretty pessimistic”. Sales falls had not met their pessimistic forecasts and they were “surprised on the upside” when revenues shrank less than anticipated. Now “intentions have picked up, but not actions”, as businesses moved beyond hunkering down and began to look at future plans.

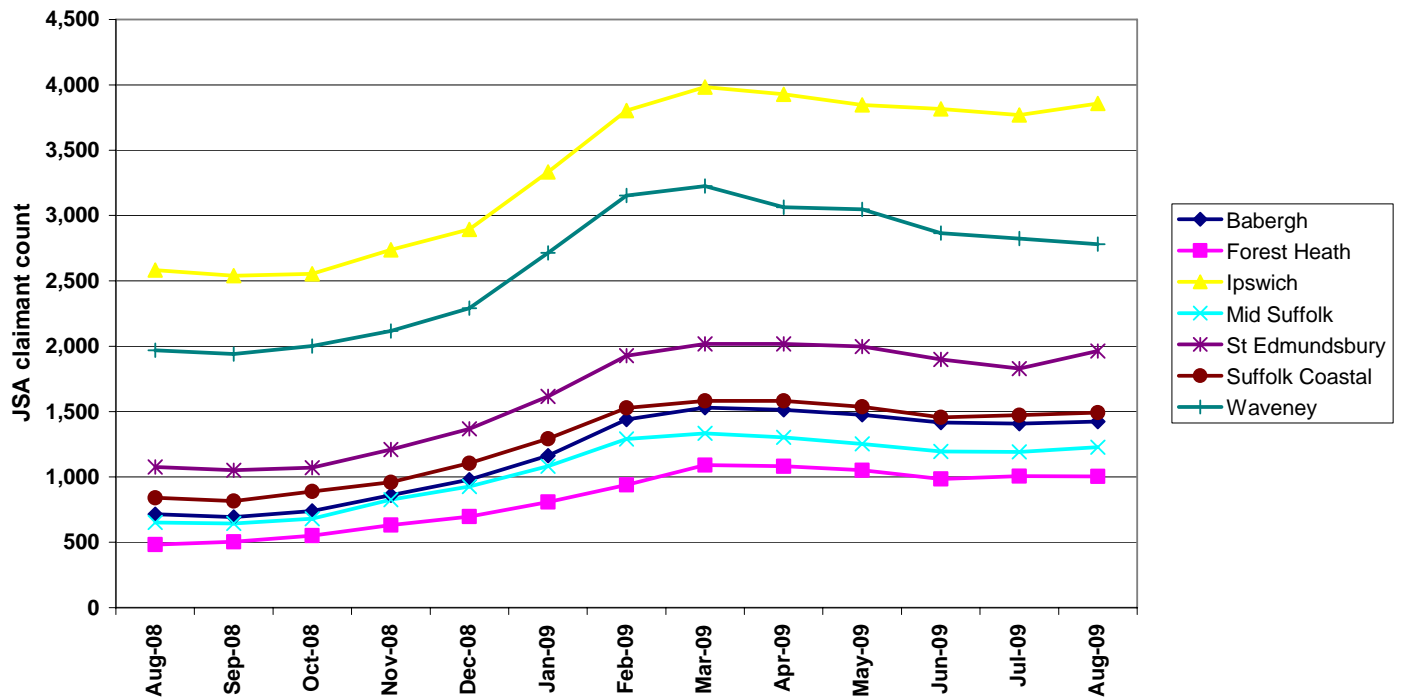
He anticipated that when they did decide to carry out their ambitions, the financing issue would come to the fore, challenging the Bank of England to restore lending to previous levels.

John Dugmore, Suffolk Chamber chief thought the county had been helped by its entrepreneurial flair through difficult times. EADT 21/8/09

The Suffolk JSA claimant count has remained below the levels seen in Quarter 1 reflecting East of England trends. However Suffolk’s figures rose from 13,500 in July to 13,750 in August. Average house prices started to rise in June 2009, for the first time since January 2008. The average is now £142,485, back to the levels experienced in March/ April 2009.

Monitoring of redundancies shows losses of 3,962 jobs since last October but at least 1,300 jobs have been created in this time.

Job Seekers Allowance claimant count by district - August 2008 to August 2009



- The Suffolk JSA claimant count has remained below the levels seen in Quarter 1 reflecting East of England trends. However Suffolk's figures rose from 13,500 in July to 13,750 in August. This is still considerably below the highest claimant count recorded during this recession, 14,764 in March 2009. The percentage of the working age population in Suffolk now claiming JSA is 3.3%, 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 increase in JSA claimants from July to August. However, the percentage of the working age population claiming JSA in Suffolk is still lower than in the East of England as a whole (3.3% in Suffolk compared to 3.5% in the East of England). JSA claimants also increased across the country as a whole, with the claimant rate now standing at 4.2%.
- Five of the seven districts in Suffolk recorded an increase in claimants from July to August, these being Babergh, Ipswich, Mid Suffolk, St Edmundsbury and Suffolk Coastal. Of these, St Edmundsbury recorded by far the largest percentage increase of 7.38%, compared with below 3% for all other districts.
- Forest Heath and Waveney were the only two districts to record a fall in JSA claimants, although in both cases the drop was very small (Forest Heath -0.3%, Waveney -1.52%).

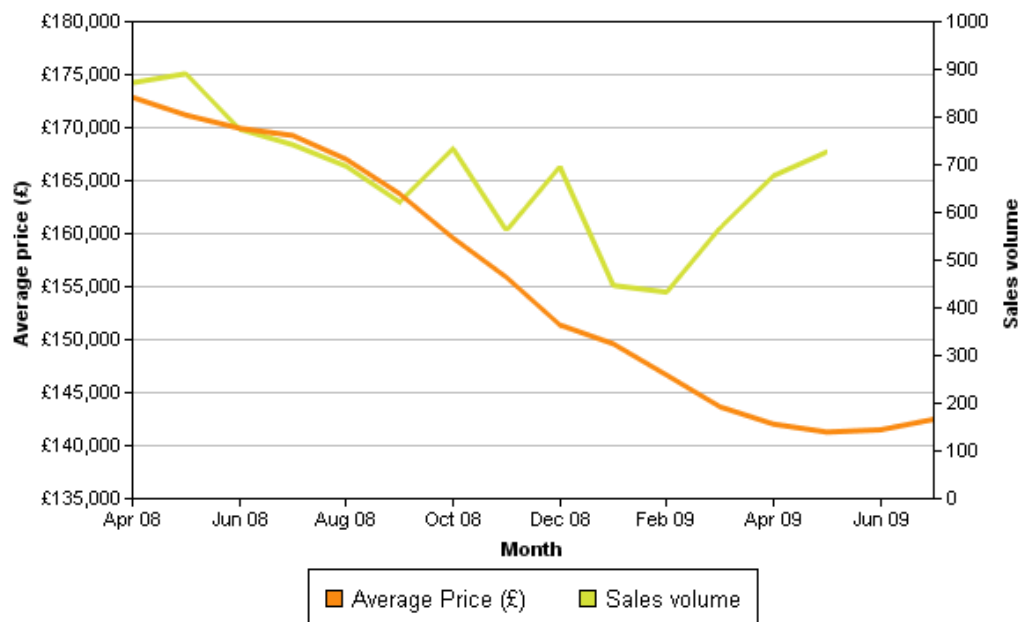
Data from NOMIS Official Labour Market Statistics <https://www.nomisweb.co.uk/>

HOUSING MARKET

House Price Index report - Suffolk (April 2008 - July 2009)

Month	Index	Average Price (£)	Monthly Change (%)	Annual Change (%)	Sales Volume
April 2008	307	172,867	-0.3	2.9	872
May 2008	304	171,189	-1.0	1.7	891
June 2008	301.8	169,951	-0.7	0.3	775
July 2008	300.6	169,265	-0.4	-1.6	742
August 2008	296.6	167,027	-1.3	-3.2	697
September 2008	290.9	163,769	-2.0	-5.6	622
October 2008	283.5	159,600	-2.5	-8.5	734
November 2008	276.9	155,885	-2.3	-10.4	562
December 2008	268.9	151,392	-2.9	-13.1	696
January 2009	265.7	149,607	-1.2	-14.5	447
February 2009	260.5	146,656	-2.0	-16.1	433
March 2009	255.2	143,663	-2.0	-17.1	568
April 2009	252.3	142,031	-1.1	-17.8	677
May 2009	250.9	141,283	-0.5	-17.5	727
June 2009	251.3	141,493	0.1	-16.7	-
July 2009	253.1	142,485	0.7	-15.8	-

House price and sales volume - Suffolk



Data for the two most recent months are not used as comparisons due to the lag in the registration of sold properties.

- Average prices started to rise in June 2009, for the first time since January 2008 in Suffolk.
- Increasing prices in June and July means there has been a 0.85% rise over the last 2 months, increasing the average house value by £1,202.
- Average price now sits at £142,485, back to levels experienced in March and April of this year.
- There is speculation as to whether or not this will be a sustained rise, and a slow market is possibly providing buoyancy for house prices.
- Sales volumes have increased in recent months, as is usual for the time of year, following a low in February.

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

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

- Suffolk Chamber of Commerce's online trading platform www.suffolkb2b.co.uk has been set up to help Suffolk's business community to establish robust procurement chains. "How many buyers know which organisations are on their doorstep and in turn what they can supply? With 55 new members signing up to the online trading platform each month, I would urge all businesses to join as not only will they find out about new tenders as they arise, but also to place their own tenders on the site to help reduce their own operating costs", says Miles Vartan, who manages the portal. Feedback received from suppliers at events such as Suffolk County Council's Meet the Buyer; which was organised in association with Suffolk Chamber and the Ipswich and Suffolk Small Business Association (ISSBA), was that more and more organisations are choosing to reach new markets and establish more contacts. The key advantages of e-tendering include:
 - The availability of documents electronic format
 - Increased efficiency in assembling tender documents
 - Improved audit trail
 - Easier tender evaluation
 - Reduced waste

During the embryonic period when Suffolk Chamber has been establishing the online trading platform it was discovered that, in general, business concerns relating to the tendering process related to how actually to complete the tender in the first instance and that feedback is critical, especially at the stages where organisations are unsuccessful appeared to be the main areas for improvement. Other barriers to getting totally integrated into the tendering process have been listed as a lack of standard systems, legal issues, technological requirements, the cost of tendering and the amount of documentation that is required, and areas which are relatively new to some companies such as corporate social responsibility.

In recognising how difficult it can be for some companies to allocate the resource to tender effectively, Suffolk Chamber is looking to see how training could benefit these organisations focussing on tender submission and calling upon the expertise gained by www.suffolkb2b.co.uk members who have built up experience in the field. EADT 1/9/09

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

- CDC Demolition Ltd, based at Waldringfield near Woodbridge, has gone into administration with the loss of 46 jobs. The difficulties were due to cash-flow problems relating to a major contract. However, there are hopes that a buyer for the business might be found, offering a chance of re-employment for some of those affected. EADT/JCP 8/9/2009
- V A Marriott Ltd, based in Handford Road, Ipswich, is to cease building operations, putting more than 50 jobs at risk. The company plans to complete all current projects but to wind down its operations over the coming months, with building work likely to come to an end early next year. In a statement on 16th September, Marriott said: "The company has taken the decision because of recent trading results and an inability to obtain finance from its bank. A return to profitable trading is not foreseen during this recession". EADT 17/9/09
- International Flavours and Fragrances (IFF), based in Haverhill, has announced that 50 jobs are at risk following a review of its operations. The company currently employs around 300 people at the Haverhill site. EADT 9/9/09
- A Clydesdale Bank satellite unit in Ipswich has closed as part of a review of the entire business. EADT 18/8/09
- Cape Industrial Services, based at Leiston, has announced that 89 staff are to leave the site, but with most being redeployed at other locations. JCP 14/9/09
- The Queen's Head pub in Erwarnton, on the Shotley peninsula, is to be closed due to turnover halving over the past 3 years. Owner James Buckle, who also owns the Bildeston Crown and the Lindsey Rose, said the pub needs to be run by an owner-manager, as he himself lives 20 miles away and cannot give it the "personal touch" it requires. Harriet St Johnston, of Old Shotley, said: "This would be absolutely disastrous for the community, for whom this is not only their nearest pub, but indeed a place for the darts team to practise and a venue for local events". EADT 9/9/09
- Haverhill-based Ardex UK has reported encouraging figures for July and August, following a quiet first 6 months of the year. The company makes screeding, tile adhesive and grouting products for the construction industry, which has experienced a real down turn, particularly in house building over the past 18 months. The company has supplied products to a number of diverse projects recently, including the world's tallest tower in Dubai and the Haverhill swimming pool refurbishment. EADT 1/9/09
- Up to 150 new jobs could be created at the Pontin's Pakefield Holiday Park, near Lowestoft, in addition to the £50million of improvements announced for the sites in February. EADT 9/9/09
- The new offices of Experiences Connect, (provides compensation and refund of unfair charges service) which now occupies the entire first floor of Beacon House on the Whitehouse Industrial Estate in Ipswich, were officially opened by Sir Michael Lord, MP for Central Suffolk and North Ipswich. The company used the occasion to announce that, in addition to the immediate recruitment of six new members of staff, taking its total to workforce to 78, a further 20 or so jobs are expected to be created before the end of the year. EADT 15/9/09
- Suffolk brewer Adnams has seen an increase in profits this year following surging demand for its take-home beers. The Southwold-based company reported pre-tax profits of £882,000 in the six months to June 30, against losses of £148,000 a year earlier. EADT 21/8/09
- The new £10.9million Home of Horseracing project planned for Newmarket could bring in up to £2m in tourism income each year, according to the Home of Horseracing Trust. Suffolk County Council's decision making body, the cabinet, is considering whether to match the £1m of money already injected into the project by Forest Heath District Council. EADT 8/9/09