

## Information for monthly Regional Intelligence Snapshot

**Suffolk | 21 January 2010**

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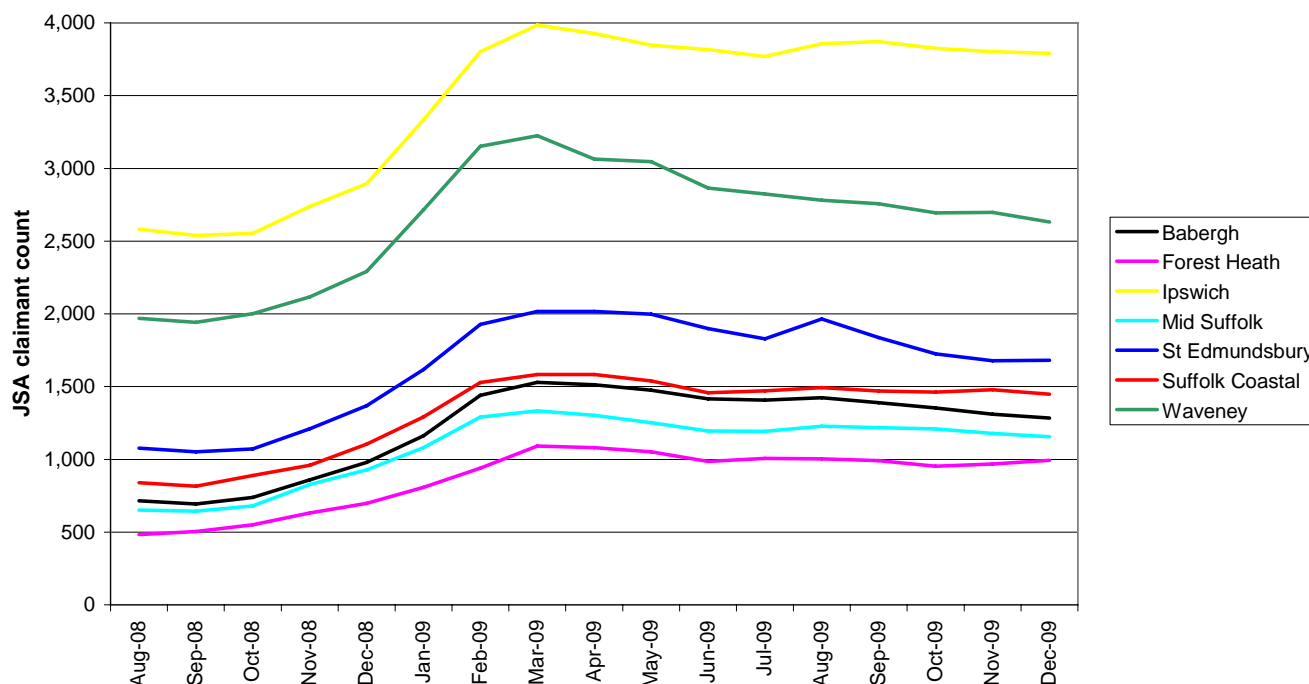
**SUMMARY OF ECONOMIC CONDITIONS (E.G. BUSINESS CONFIDENCE, BUSINESS CONDITIONS – OUTPUT, ORDERS, EXPORTS, ETC, LABOUR MARKET, HOUSING MARKET, ANY INDUSTRY SPECIFIC TRENDS)**

### **SUMMARY**

- A 0.99% drop in the Job Seekers Allowance claimant count in December means that there has been a fall in JSA claimants for 8 of the last 9 months.
- However, there were around 423 redundancies during December (as reported by Jobcentre Plus and local press), with a further 70+ in January.
- The Suffolk total of redundancies now stands at **4,827** since October 2008 (as reported by Jobcentre Plus and local press).
- House prices continued to recover, increasing for the sixth month in succession.

**LABOUR MARKET**

**Job Seekers Allowance claimant count by district  
August 2008 to December 2009**



- The Suffolk Job Seekers Allowance claimant count has remained below the average level seen in Quarter 1, reflecting East of England trends. Suffolk's figures again dropped slightly from 13,115 in November to 12,985 in December (a fall of 0.99%). This is considerably below the highest claimant count recorded during this recession, 14,764 in March 2009. The percentage of the working age population in Suffolk claiming JSA remains at 3.1%, 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 drop in JSA claimants from October to November (-0.2%). However, the percentage of the working age population claiming JSA in Suffolk is still lower than in the East of England as a whole (3.1% in Suffolk compared to 3.3% in the East of England). JSA claimants also decreased across the country as a whole, with the claimant rate in England and Great Britain standing at 4.1%.
- Five of the seven districts in Suffolk recorded a decrease in claimants from November to December. Babergh (-1.98%), Ipswich (-0.29%), Mid Suffolk (-1.87%), Suffolk Coastal (-2.1%) and Waveney (-2.48%) recorded sizeable falls in the claimant count. Forest Heath and St Edmundsbury recorded slight increases in the claimant count, though the increase across both districts totalled only 27 people.

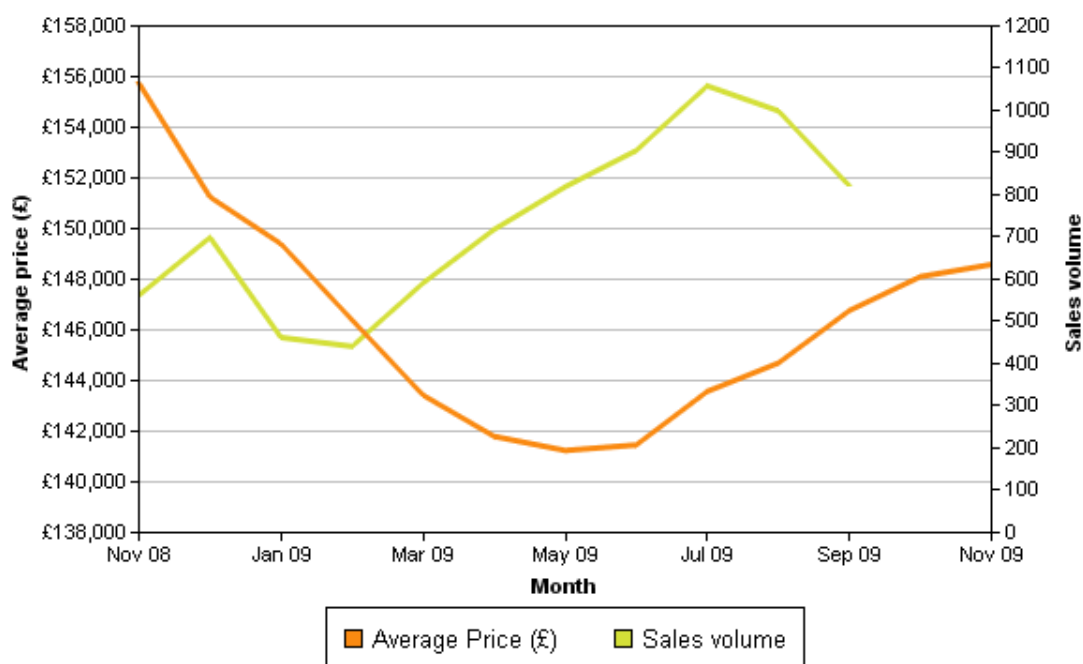
2009	JSA Claimants		Vacancies		JSA claimants per vacancy	
	November	December	November	December	November	December
Babergh	1,310	1,284	270	247	4.9	5.2
Forest Heath	969	993	491	259	2.0	3.8
Ipswich	3,803	3,792	1,004	837	3.8	4.5
Mid Suffolk	1,178	1,156	347	274	3.4	4.2
St Edmundsbury	1,678	1,681	696	491	2.4	3.4
Suffolk Coastal	1,479	1,448	380	432	3.9	3.4
Waveney	2,698	2,631	461	334	5.9	7.9
<b>Suffolk</b>	<b>13,115</b>	<b>12,985</b>	<b>3,649</b>	<b>2,874</b>	<b>3.6</b>	<b>4.5</b>

- The ratio of JSA claimants per vacancy has increased in all districts (with the exception of Suffolk Coastal) in December.

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

## HOUSING MARKET

### House price and sales volume - Suffolk



### House Price Index report - Suffolk (November 2008 - November 2009)

Month	Index	Average Price (£)	Monthly Change (%)	Annual Change (%)	Sales Volume
November 2008	276.6	155,745	-2.3	-10.4	562
December 2008	268.6	151,247	-2.9	-13.1	699
January 2009	265.3	149,396	-1.2	-14.5	462
February 2009	260	146,392	-2.0	-16.1	441
March 2009	254.7	143,422	-2.0	-17.1	591
April 2009	251.8	141,797	-1.1	-17.8	718
May 2009	250.8	141,239	-0.4	-17.3	819
June 2009	251.2	141,459	0.2	-16.6	905
July 2009	255	143,573	1.5	-15.0	1,058
August 2009	257	144,692	0.8	-13.3	999
September 2009	260.7	146,764	1.4	-10.2	821
October 2009	263	148,103	0.9	-7.1	-
November 2009	263.9	148,583	0.3	-4.6	-

- Average prices rose for the sixth consecutive month in Suffolk according to the latest available data (November 2009).
- The gain for the month of November was £480, a much smaller increase than those in previous months.
- Average price now sits at £148,583, back to levels experienced in January and February 2009.
- There is speculation as to whether or not this will be a sustained rise, as buyer interest is reported to have slowed; hence a lack of supply may no longer support the market.
- Sales volumes dropped in August and September 2009, ending a sustained rise which followed a low in February of this year, however no data is provided for the two most recent months.
- Sales volumes have increased in recent months as is normal for the time of year

## INDUSTRY-SPECIFIC TRENDS

- Concerns over quality and the high cost of freight are causing many **manufacturing** firms to move production back to the UK from overseas. One in seven firms surveyed in a report by the manufacturing group EEF and accountants BDO said they had switched back to the UK in the last two years. Companies have been attracted by cheaper labour in Eastern Europe or Asia, but EEF said 14% had moved production back to the UK because the cost savings had not been as great as expected. Increased freight, energy and commodity costs have made producing goods overseas more expensive for manufacturers, it said. Other reasons to return to the UK were that goods from abroad were below quality standards and that products were not delivered to market quickly enough. Manufacturing is an important sector in Suffolk, employing over 12% of people working in the county in 2008 (ONS Annual Business Inquiry, 2008). EADT 31/12/09
- However, the latest Economic Prospects 2010 report from EEF and BDO suggests that **manufacturers** in the region will only see a muted recovery from the recession in the coming year, before posting a stronger performance in 2011 on the back of export-led growth. The report forecasts that manufacturing will grow by 1.2% this year before picking up 3.4% in 2011. EADT 16/1/10
- **Tourism** firms in the region are hoping for another successful year in 2010 with early signs indicating that the “staycationer” trend (holidaying domestically rather than abroad) is set to continue. Two thirds of Suffolk tourism businesses expect their business to do even better this year despite an excellent year in 2009, and 84% of East of England tourism-related businesses believe their turnover will either improve or stay the same, according to survey results. Figures due out later this year are expected to show an increase in the value of the region’s tourism industry in 2009 to around £5.46 billion, up from £5.2bn, and it is predicted that this year they will at least stay at this level.  
A variety of factors helped fan interest in rediscovering the delights of resorts and attractions in Suffolk last year, including good weather, the exchange rate and a growing interest in local products and services. Center Parcs has announced that its booking figures for this year were up 18% year-on-year, with almost 14,000 more booking for its short breaks.  
Tourism related activities are very important sector in Suffolk, employing almost 10% of people working in the county in 2008 (ONS ABI, 2008). EADT 12/1/10
- The East of England Co-op is celebrating after beating two of the giant supermarket groups in terms of growth in food sales over Christmas and the New Year. The Ipswich-based society's supermarkets and food stores achieved like-for-like sales growth of 6.9% over the festive period, compared with figures of 4.9% for Tesco and 4.2% for Sainsbury's. The achievement during the four weeks to January 9 was all the greater as the comparative period in 2008-09 was also a strong one for the East of England Co-op, which ranks as the largest independent retailer in East Anglia. In addition to good value offers, it is thought that the society's network of local food stores also came into its own during the freezing weather either side of Christmas, with many shoppers reluctant to travel longer distances due to treacherous road conditions.

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

- The latest Recruitment and Employment Confederation (REC) and KPMG Report on Jobs – published in early January – reveals positive signs of a recovery in the UK jobs market as job placements in December rose at their fastest rate for two and a half years. The December data points to a fifth consecutive month of higher staff appointments. Growth of permanent placements accelerated the fastest since July 2007, while temporary/contract staff billings rose at the fastest pace for 30 months. Demand for staff hardened as recruitment consultants reported a further rise in vacancy levels in December. Demand for permanent and temporary/contract staff increased at the strongest rates for 29 and 22 months respectively. Pay rates showed a mixed picture. Average salaries for people placed in permanent jobs increased for the second month running in December, solid growth that was the fastest since June 2008. However, hourly rates of pay for temporary/contract employees fell for the fifteenth successive month, although the latest drop was marginal and the smallest in that period. The availability of candidates to fill job vacancies continued to increase in December, although the latest improvement in both permanent and temporary/contract staff availability were the least marked for one-and-a-half years. EADT 6/1/10

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

### **REDUNDANCY TOTAL**

- According to information from Jobcentre Plus and local press, the total number of redundancies to have taken place in Suffolk since October 2008 now stands at **4,827**.

### **NEW JOBS, EXPANSIONS | REDUNDANCIES, BUSINESSES AT RISK**

#### **COUNTY-WIDE**

- The East of England Co-op is celebrating after beating two of the giant supermarket groups in terms of growth in food sales over Christmas and the New Year. The Ipswich-based society's supermarkets and food stores achieved like-for-like sales growth of 6.9% over the festive period, compared with figures of 4.9% for Tesco and 4.2% for Sainsbury's. The achievement during the four weeks to January 9 was all the greater as the comparative period in 2008-09 was also a strong one for the East of England Co-op, which ranks as the largest independent retailer in East Anglia. In addition to good value offers, it is thought that the society's network of local food stores also came into its own during the freezing weather either side of Christmas, with many shoppers reluctant to travel longer distances due to treacherous road conditions.
- Suffolk's economy is expected to have missed out on millions of pounds during the recent cold spell, despite the county council spending heavily on gritting roads. Between December 17 and January 11 the authority spent £1.15m on gritting operations. This involved more than 18,000 tonnes of salt and took the 115 drivers 7,500 hours. In total, 101,272 miles of road were gritted. However, it is thought that Suffolk's economy lost out on millions of pounds with people not able to travel to work due to poor road conditions, which also resulted in deliveries not being made to some businesses. Many people were also forced to stay at home and look after children whose schools were closed. A survey carried out by the Suffolk Chamber of Commerce suggests the bad weather had a "big financial impact" on the county's business performance, particularly in the East. Chamber chief executive John Dugmore said: "The impact of winter weather on business has varied around the county, with some areas, particularly the East of the county, being far worse hit than others. That said, our members were reporting that their business and their employees responded with characteristic common sense. Therefore, while this has clearly had a big financial impact on business trading performance across the county, by way of lost staff hours, delayed deliveries, higher energy costs etc, of the three-quarters of businesses in the survey who said their services were disrupted, they also reported relatively few absences, with high numbers of staff working from home. Taken together, business flexibility and employee diligence limited the economic impact of the latest cold snap." EADT 16/1/10
- The administrators of three hotel companies owned by Suffolk businessman Richard Cattermole remain optimistic of finding a buyer for the properties. Nearly 500 employees were left facing an uncertain future after the administrators, from accountancy firm KPMG, were appointed at the request of Lloyds Banking Group in December 2009. The administrators said at the time that all the hotels affected would continue to trade while efforts were made to sell them as going concerns. By the onset of the Christmas and New Year holiday period, only one property, near Hull, had been sold. But the administrators say they remain confident that further deals will follow. The companies in administration are Elizabeth Hotels Ltd, Cavendish Hotels Ltd and Elizabeth Estates (BS) Ltd. Together they include 14 hotels and 13 public houses, including the Hotel Elizabeth Copdock, near Ipswich, the Mill Hotel in Sudbury, the Limes Hotel in Needham Market, the Hotel Hatfield in Lowestoft, the Wherry Hotel in Oulton Broad, the King's Head Hotel in Beccles, The Bell in Brandon and The Five Bells in Bury St Edmunds. 7/1/10

#### **BABERGH**

- According to information from Jobcentre Plus and local press, the total number of redundancies to have taken place in Babergh since October 2008 currently stands at **347**, the second lowest total for any district/borough in Suffolk.

## FOREST HEATH

- Center Parcs has reported booking figures for this year up 18% year-on-year, with almost 14,000 more booking for its short breaks this coming year. EADT 12/1/10
- According to information from Jobcentre Plus and local press, the total number of redundancies to have taken place in Forest Heath since October 2008 currently stands at **499**, the third lowest total for any district/borough in Suffolk.

## IPSWICH

- Ipswich will lose two high profile names from the main shopping area in the town, as the Currys.digital and Robert Dyas stores are both set to close by the end of January. EADT 31/12/09
- Budget hotel chain Travelodge, which is opening up on Ipswich's Regatta Quay development this year, says it is bucking the recession as customers switch from mid-market accommodation. Travelodge, whose 88-room Ipswich waterfront hotel is scheduled to open in December, announced in January that it was opening 26 new sites across the UK this year and creating 500 jobs. EADT 8/1/10
- However, the collapse of the company behind much of the waterfront development has left doubts over the future of the scheme. City Living Developments, which was responsible for the part-completed Regatta Quay complex, is now in the hands of the administrators.  
National accountancy firm Grant Thornton today confirmed three members of its recovery and reorganisation team had been appointed as administrators, at the request of the company's own directors.  
Grant Thornton partner Martin Ellis said: "We are exploring all opportunities to protect and enhance the value of the development." The Regatta Quay development involves a mix of restoration and new-builds, with the first occupants having moved in last year.  
Work on a second phase of construction work was halted last autumn due to the decline in demand for residential property amid the growing recession. The main block of flats has been left standing as a concrete shell ever since. Residents and tenants are not directly affected by the administration, however, in the long-term, they are likely to end up with a new landlord when a new owner takes over. There are also three restaurants already operating within the development - the Waterfront, Quayside and Pizza Express.  
The development phase halted last October is also due to include the new 220-seat Witchbottle Theatre planned by the Red Rose Chain theatre and film company, currently based in Fore Hamlet, Ipswich. David Newborn, producer at Red Rose Chain, said the group's plans were not directly affected by the administration with construction having already been put on hold pending an upturn in the residential property market.  
Regatta Quay is also scheduled to include the construction of a new 88-room hotel for budget operator Travelodge, on the side of the development facing away from the waterfront. Travelodge has previously said that it plans to open the new hotel in December this year.  
A spokesman for the company said it was "monitoring the situation" following the appointment of the administrators but was unable to confirm whether its timescale would be affected.  
Building work started on Regatta Quay in March 2007. The plan was for the development to eventually contain 350 flats when finished. It was built on the site of the Paul's Albion Maltings, with the former building's original design incorporated into the new development. Building work stalled last year - and construction on the main block of flats was not due to re-start until summer or autumn of this year.  
It emerged last year that one in five properties in the Waterfront development were sitting empty due to the economic downturn. Evening Star, 21/1/10
- A total of 902 redundancies have taken place in Ipswich since October 2008, according to Jobcentre Plus and local press. Unsurprisingly given the town's status as the economic centre of the county, this is the highest number recorded in any district or borough in Suffolk during this period.

## MID SUFFOLK

- EDF Energy Networks has awarded a six-year contract worth more than £8 million a year to the Suffolk-based BTS Group, which specialises in vegetation clearance from overhead power cables. It will underpin recent expansion by the Needham Market-based company which has seen it recruit an additional 13 people in recent months, bringing its workforce to around 300. The contract is the largest won by BTS to date and also one of the biggest anywhere in the industry, with values more usually ranging between £500,000 and £4m. BTS was formed in 1993, achieving turnover of £35,000 in its first year. Its annual turnover is now around £16m. EADT 12/1/10
- According to information from Jobcentre Plus and local press, there have been 315 redundancies in Mid Suffolk since October 2008, the lowest total for any district in the county.

### **ST EDMUNDSBURY**

- According to information from Jobcentre Plus and local press, there have been 802 redundancies in St Edmundsbury since October 2008, the second highest total for any district/borough in the county.

### **SUFFOLK COASTAL**

- Martlesham-based holiday operator Arena Travel is moving to larger premises on the Martlesham Heath Business Park following the sale of the business by David Wade to Ali Naqvi, with plans afoot for expansion over the coming months. Arena provides a variety of special interest holidays, ranging from quilting holidays to music trips for fans of Elvis Presley and Queen, as well as trips to China. EADT 14/1/10
- Felixstowe-based transport company Maritime Group Ltd has expanded with the acquisition for an undisclosed sum of the container business of rival DHL. The deal involves the entire container transport activities of DHL Container Logistics, including its container lifting, storage and repair operations at Felixstowe. Maritime said its enlarged business would operate a fleet of 900 vehicles – compared with the group's current total of 700 – and would have transport depots at every major seaport and conurbation in England, with a total of 16 acres of dedicated container storage. EADT 1/1/10
- According to information from Jobcentre Plus and local press, the total number of redundancies to have taken place in Suffolk Coastal since October 2008 currently stands at 558.

### **WAVENEY**

- An event at Lowestoft is set to showcase the East of England's strengths and capabilities in the renewable energy sector. Sector businesses can hear about Envirotrade, a new project designed to benefit companies wanting to go international, at the event, to be held at the OrbisEnergy Centre on January 28. The project, administered by East of England International, aims to bring additional benefits to environmental technology companies which the potential to collaborate and trade internationally. Email Jacki Cornish [jackicornish@eeia.com](mailto:jackicornish@eeia.com) for information. EADT 14/1/10
- Bernard Matthews is seeking permission to build extensions at its factory site in the district. It is proposing to expand two of its buildings to improve efficiency at its site in Upper Holton, near Halesworth, that has been running for more than 25 years. Bernard Matthews wants to build the two extensions that would increase the existing gross floor area of its factories by about an eighth. EADT 8/1/10
- According to information from Jobcentre Plus and local press, there have been 637 redundancies in Waveney since October 2008, the third highest total for any district/borough in the county. This does not include any of the anticipated job losses at SLP Engineering in Lowestoft.