

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

- A 2.3% drop in the Job Seekers Allowance claimant count in October means that there has been a fall in JSA claimants for 6 of the last 7 months.
- However, there were up to 318 redundancies during October (as reported by Jobcentre Plus and local press), with a further 44 so far in November.
- The Suffolk total of redundancies now stands at **4,279** since October 2008 (as reported by Jobcentre Plus and local press).
- House prices continued to recover, increasing for the fourth month in succession.
- Details of some large projects have emerged which could conceivably help the county recover more quickly and push on after the recession. Autumn run figures from the East of England Forecasting Model, (commissioned by EEDA and regional partners and produced by Oxford Econometrics, see <http://insighteast.org.uk/viewArticle.aspx?id=17083> for more details); suggest that employment levels in Suffolk will recover to 2008 levels (pre-recession) in 2014. Projects such as those described in this briefing could bring the investment and employment required to meet or surpass the timescale of this forecast.

MONITORING THE RECESSION

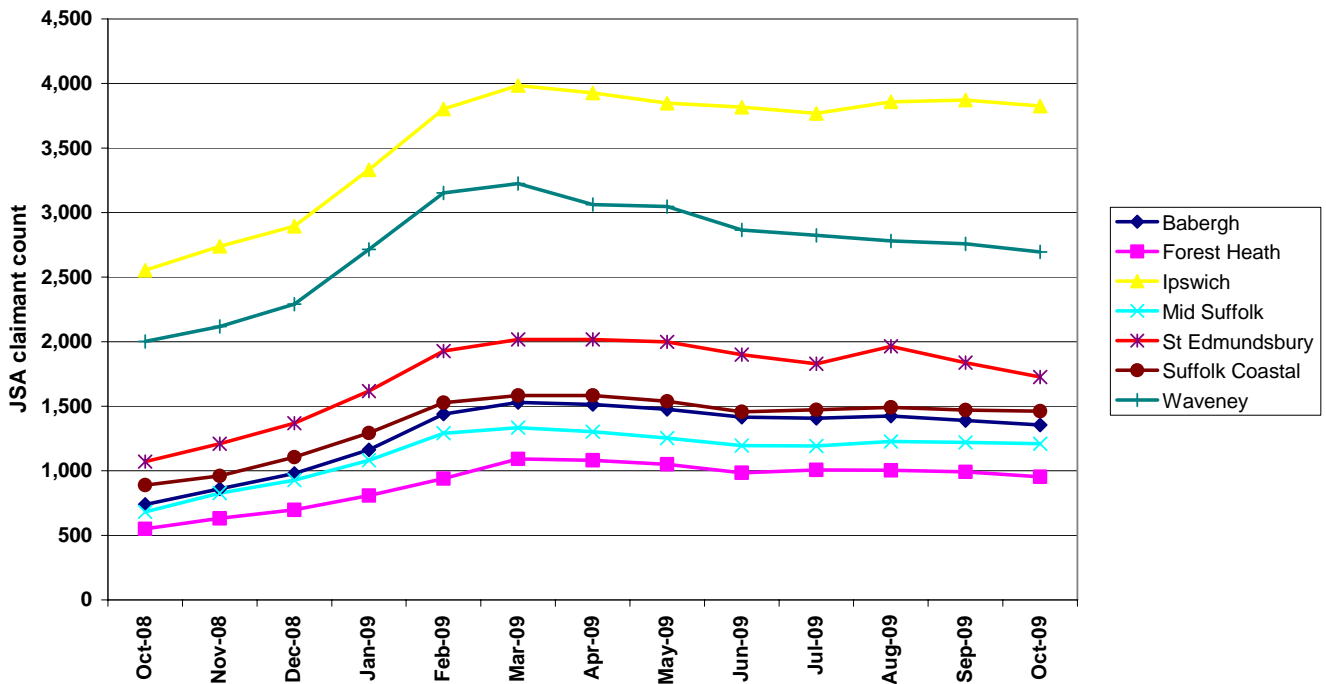
- According to the Insight Report for Q4 2009 from information services company Experian, the impact of the recession on Suffolk has been less severe than many areas of the country. Combining detailed regional economic forecasts on output and employment with data on individual businesses and sector performances, the report ranks all Local Authorities in the country into 5 categories according to the several impacts of the severity of the impact of the recession.
 - In terms of the overall impact of the recession, Ipswich, St Edmundsbury and Suffolk Coastal are among the least affected Local Authorities. Babergh, Mid Suffolk and Waveney are in the second least affected category while Forest Heath is in the middle category. The East of England region overall achieves a similar level.
 - Local unemployment stress is also addressed with a similar method by the report; with Mid Suffolk and Suffolk Coastal being among the least affected Local Authorities, Babergh and St Edmundsbury among the second least affected and Forest Heath, Ipswich and Waveney in the middle category of the index.
 - The county fares slightly worse in the household financial stress index, with all districts and boroughs in the middle index category or worse. Babergh, Mid Suffolk, St Edmundsbury and Suffolk Coastal are in the mid category while Forest Heath and Ipswich are in the second worst category. Waveney, neighbouring Great Yarmouth and Tendring are the only areas in the East of England in the worst category.
 - According to the report, growth prospects in the county are moderate, with all districts and boroughs with the exception of Waveney being in the middle of the five index categories. Waveney is in the second worst category.
 - Gross Value Added (GVA) growth during what is anticipated to be the immediate post recession period (2010-2012) is also treated in the report. It suggests that GVA in the county will increase fairly strongly during the period, while many other areas of the country will still be in decline. Ipswich is anticipated to be among the fastest growing Local Authorities in the period in terms of GVA, with forecast growth of between 1% and 1.4%. GVA in the rest of the county is expected to increase by 0.5% to 0.9%. However, the aforementioned East of England Forecasting Model suggests that GVA will increase by just under 0.6% in the county during this period, with Ipswich forecast to perform just below the county average at +0.52%, although it should be noted that forecasting GVA at Local Authority level is difficult and may lack the accuracy of forecasts of larger areas such as counties and regions.

BUSINESS CONFIDENCE

- Suffolk's leading companies managed to maintain their profitability as the economy began to slide into recession but had to work harder to do so, according to the results of an annual survey by chartered accountants and business advisers Grant Thornton. The firm's "Suffolk Ltd" report is based on the most recent accounts filed by the 100 leading independently owned businesses in the county, ranked by turnover, with this year's findings relating to the early months of the downturn. Turnover across the companies grew by 12%, from £4.633billion in 2008 to £5.237bn, but operating profit fell by 13%, from £194million to £169m and a pre-tax levels profit was 24% down, at £127m against £167m. Employment among the Suffolk Ltd companies fell by just 26, to 31,264, and the average salary rose by 7% to £22,198, slightly ahead of the overall county average of £22,055, as recorded by the Office for National Statistics Annual Survey of Hours and Earnings. All sectors of the economy but one recorded an increase in turnover, with the exception being property and construction where sales fell by 5%. Leading the way were services and food and agriculture, with growth of 29% and 25% respectively. EADT 10/11/09

LABOUR MARKET

**Job Seekers Allowance claimant count by district -
October 2008 to October 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 13,536 in September to 13,225 in October (a fall of 2.3%). 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 now claiming JSA is 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 September to October. 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 3.4% in the East of England). JSA claimants also decreased across the country as a whole, with the claimant rate standing at England and GB rate standing at 4.1%.
- All seven districts in Suffolk recorded a decrease in claimants from September to October. For the second successive month St Edmundsbury recorded by far the largest percentage fall of 6.04% (in contrast to the largest increase in August), followed by Forest Heath with a fall of 3.73%.

	JSA Claimants		Vacancies		JSA claimants per vacancy	
	September	October	September	October	September	October
Babergh	1,390	1,354	289	379	4.8	3.6
Forest Heath	991	954	275	272	3.6	3.5
Ipswich	3,872	3,825	873	1048	4.4	3.6
Mid Suffolk	1,219	1,209	283	267	4.3	4.5
St Edmundsbury	1,837	1,726	761	729	2.4	2.4
Suffolk Coastal	1,470	1,462	456	487	3.2	3.0
Waveney	2,757	2,695	475	490	5.8	5.5
Suffolk	13,536	13,225	3412	3672	4.0	3.6

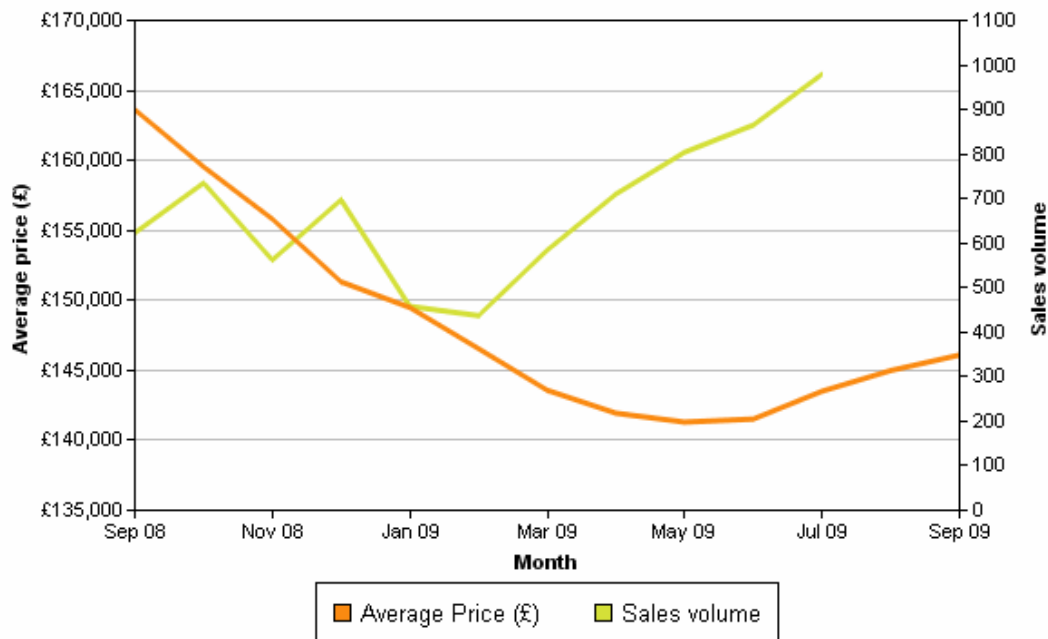
- Vacancy data shows that the ratio of JSA claimants per Jobcentre vacancy has improved in all districts in October, with the exception of Mid Suffolk.
- Data from NOMIS Official Labour Market Statistics <https://www.nomisweb.co.uk/>

HOUSING MARKET

House Price Index report - Suffolk (September 2008 - September 2009)

Month	Index	Average Price (£)	Monthly Change (%)	Annual Change (%)	Sales Volume
September 2008	290.6	163,618	-1.9	-5.6	623
October 2008	283.3	159,540	-2.5	-8.4	735
November 2008	276.7	155,811	-2.3	-10.4	562
December 2008	268.7	151,325	-2.9	-13.1	697
January 2009	265.5	149,487	-1.2	-14.4	458
February 2009	260.3	146,551	-2.0	-16.1	437
March 2009	255	143,577	-2.0	-17.1	584
April 2009	252.1	141,936	-1.1	-17.8	710
May 2009	250.9	141,300	-0.4	-17.4	804
June 2009	251.3	141,519	0.2	-16.7	865
July 2009	254.8	143,506	1.4	-15.1	979
August 2009	257.5	144,985	1.0	-13.1	-
September 2009	259.4	146,092	0.8	-10.7	-

House price and sales volume - Suffolk



- Average prices rose for the fourth consecutive month in Suffolk.
- The gain for the month of September was £1,107, a smaller increase than those of July and August, but still a significant increase.
- Average price now sits at £146,092, back to levels experienced in January and February of this year.
- 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 have increased in recent months following 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

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

- **Construction** workloads in the East of England remained depressed for the sixth consecutive quarter with 12% more surveyors reporting a fall rather than a rise in overall workloads this quarter (Q3 2009), according to the Royal Institution of Chartered Surveyors' (RICS) Construction Survey. RICS said the figure represented a "slight" improvement on 39% in the previous quarter. Confidence about the outlook for workloads over the next 12 months is most positive in Wales followed by the Midlands and the East of England and London and the South East. EADT 7/11/09
- Indications that **tourism** in the Suffolk and the East of England has had a successful 2009 continue to be revealed. The National Trust has marked its best ever year in the region with almost 950,000 people visiting the area's 18 pay-for-entry properties between March and September – an increase of 167,000 on last year. Suffolk's National Trust properties were at the forefront of success. For example, visitors to Ickworth House increased by 21% to 127,655 while Melford Hall's rose 25% to 27,515 and the number of people attracted to Orford Ness went up 30% to 7,157. Justin Scully, assistant director of operations for the National Trust in the East of England, said: "We know how much pressure people's budgets have been under this year and believe that we have been able to offer great value, relaxing days out." EADT 10/11/09
- The Office for National Statistics **Manufacturing Index** data for September 2009 was released in early November. It shows a fairly strong rebound from the sharp drop from July to August, with the index now at 89.0, compared to 87.5 in August and 89.3 in July. This is only the second increase in the index since the recession began, and by far the strongest, suggesting that prospects for the manufacturing sector may be improving after a dramatic decline over the past 15 months, in which time the index has fallen by over 11 points. Manufacturing is an important sector in Suffolk, employing 35,400 people (over 12% of employees in the county in 2007 (ONS Annual Business Inquiry)), while over 40% of redundancies reported by Jobcentre Plus and local press in the last year have been in the manufacturing sector (c.1,800 jobs). However, given the 11 point drop in the manufacturing index nationwide, this figure does not seem so severe.

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

- Fears have been voiced over plans to cut the number of affordable homes developers are required to build to give the recession a kick-start. Community leaders say they would fight such a proposal – as social housing such as rented homes and shared equity projects are vital to give young people a place to live and stop them moving away. In the Felixstowe area, 1,410 new homes would be built – around 1,000 on new sites – under the latest housing proposals and Trimley St Mary Parish Council is willing to accept some new homes in the village as long as affordable housing is top priority. Suffolk Coastal currently expects 30% of any development to be social homes. However, there are worries it could relax the one-in-three ratio to encourage cash-strapped developers to start new projects. Trimley St Mary council vice-chairman Mary Dixon said: “We need affordable homes and the 30% is crucial – to relax that to encourage developers to start building would be a very dangerous step.”
A Suffolk Coastal spokesman said the council had been approached by one or two developers asking to renegotiate legal agreements made on their applications for new housing. “Their requests reflect the problems affecting builders across the country caused by the ongoing recession and it is an issue that the council will be considering, but this will have no impact on the current affordable housing policies as laid out in the Local Development Framework consultation document,” he said. EADT 13/11/09
- Suffolk Chamber of Commerce has joined forces with East of England International and UK Trade and Investment to launch the Suffolk International Trade Group, helping businesses in the county that are looking to trade overseas. The new group aims to provide a forum where issues can be discussed in a relaxed setting on an informal basis amongst peers. There will also be access to experienced professionals in international trade development, and each meeting will have a theme for a short presentation. Jim Fanshawe, from East of England International, said: “Suffolk companies have a strong tradition of exporting, and international growth continues to be a key part of the business plans for many Suffolk companies.” EADT 10/11/09

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

REDUNDANCIES/BUSINESSES AT RISK

BABERGH/SUFFOLK COASTAL

- Threshers and Wine Rack parent First Quench Retailing went into administration at the end of October. A total of 373 stores have been identified for closure at a cost of 1,738 jobs, including two in Suffolk. The stores due to close are the branches of Threshers in Hadleigh High Street (where four people are currently employed) and Dobbs Lane, Kesgrave (three). Across the East of England as a whole there will be a total of 35 closures. EADT 7/11/09

ST EDMUNDSBURY

- Haverhill-based fragrance chemical plant International Flavours & Fragrances is likely to shed 41 staff following a review of its operations. The company had announced in September that up to 50 jobs could be lost at the site as it began a consultation process over the potential closure of some of the plant. The firm said a "comprehensive" support programme had been put in place to help affected staff. EADT 30/10/09
- The Suffolk total of redundancies now stands at **4,279** since October 2008 (as reported by Jobcentre Plus and local press).

NEW JOBS/EXPANSIONS/IMPROVED PROSPECTS

FOREST HEATH

- A new £1million distribution centre in Newmarket, set to open in February, is the subject of mixed news for Suffolk, as it will replace an existing depot in Bury St Edmunds. Newspaper and magazine wholesaler Smiths News currently employs 11 people at Bury St Edmunds (in addition to 28 at Cambridge), while the new building at Newmarket will need 26 staff, some of whom may relocate from the existing centres. EADT 19/11/09
- The success of the Home of Horseracing project in Newmarket has moved a step closer after Forest Heath District Council pledged a further £713,000 to the scheme. It is thought the project would generate an extra £1.8million of tourism income for the area each year and bring in an extra 44,000 visitors. EADT 19/11/09

IPSWICH

- A new 88-bedroom hotel will be a "catalyst" for the final phase of Ipswich's waterfront development, developers say. Work on the Travelodge, which will be situated just a few yards from a restaurant, begins in early Spring. Travelodge has signed a 25-year lease on a Key Street site, which forms part of the Regatta Quay development, and the work is expected to be completed by the summer of 2011. EADT 31/10/09
- A major engineering project costing up to £47million to enable freight trains from Felixstowe to avoid the Olympic Games site is expected to start next year in Ipswich. The scheme involves the construction of a tightly curved viaduct to link the East Suffolk line with the route to Norwich at the Hadleigh Road bridge. Once built, it will allow more container trains to use the Ipswich to Peterborough route through Bury St Edmunds, which in turn will free up capacity for additional passenger services to London. The only major decision yet to be made is whether the new viaduct should be single track, costing £32m or double track, costing £47m. EADT 19/11/09

MID SUFFOLK

- Plans for the "most advanced" chicken processing plant in the world which could create up to 900 jobs and handle two million birds a year have been unveiled, potentially providing much needed jobs for the Mid Suffolk area. The scoping opinion document reports a significant amount of traffic will be generated, with one HGV movement in or out every four minutes across the plant's 16-hour operational day anticipated. It is intended that the plant processes five days a week, 16 hours a day. However, with the associated clean down time, dispatch etc, the plant will be manned 24/7. Andrew Stringer, leader of the Green and Independent Group on Suffolk County Council, said: "The scale of this seems to be massively industrial and we would seek to protect existing businesses in the area. There's obviously going to be serious questions to be answered in the lead-up to any planning application to generally scrutinise the impact of the proposal. Certainly environmentally, as well as economically, this is going to have major impacts." Mr Stringer said the factory would have a "phenomenal" effect on the job market but could also unbalance the local chicken farming industry. Impact on wildlife would also have to be looked at closely. EADT 19/11/09

ST EDMUNDSBURY

- West Suffolk College has purchased a building to house one of its key departments as part of a modest expansion programme. Earlier this year, the £70million redevelopment plans for the college unravelled after Government funding dried up. A deal has been announced for the college to buy the CML Innovative Technologies Ltd premises in Anglian Lane. CML will remain in Bury St Edmunds but are moving to other premises. EADT 14/11/09
- Award-winning hair styling group Rush London is to open a new salon in the Bury St Edmunds Arc shopping centre. EADT 11/11/09
- Historic care home Fornham House, near Bury St Edmunds, is to be expanded as part of a £1million refurbishment. Healthcare Homes plans to add an extra eight bedrooms to the home, and create a new entrance hall and staff facilities. Work on the scheme is now under way. EADT 30/10/09
- Treetop adventure company Go Ape has been named among the national winners in the 2009 National Business Awards. The company, which is based at Hargrave, near Bury St Edmunds, and opened its first centre in 2002, took top honours in the Small to Medium Sized Business of the Year category. The company now has 350 staff and 22 forest adventure courses across the country, and is planning up to seven new courses in the UK next year plus expansion into Australia and America, involving around 100 additional jobs overall. EADT 11/11/09

SUFFOLK COASTAL

- Local firms could share in a huge multi-billion pound boom from the building of Sizewell C, nuclear industry experts say. The Nuclear Industry Association (NDA) says the eastern region is set to enjoy a "massive" economic boost from building and running the twin reactors which EDF Energy hopes to start building at the site in 2012. Its chief executive, Keith Parker, said: "It's creating long term economic benefits for the region. There will be the direct work at the site itself and the indirect impact in terms of services within the community and the benefits for local retailers." EDF Energy are expected to tender about 150 contracts worth many billions of pounds, with 5,000 jobs created in the peak of the construction of the plant alone. EADT 27/10/09
- Tesco could be set to build a massive new superstore at Felixstowe as part of a 30-acre development. The 60,000 sq ft store would be built on a field north of Walton High Road, along with 250 houses, including sheltered homes for the elderly, a 60-bed hotel, pub, private medical facility, three small shops and three small business units and a waste/energy centre. However, there is much work to be done before the application is made and talks are taking place with Suffolk Coastal District Council on a range of issues. EADT 14/11/09
- Lidl opened its new £1million-plus supermarket just off the seafront at Felixstowe in mid-November, replacing the resort's biggest eyesore, the old disused bus station, along with a former newsagent's and fish and chip shop alongside, and a council depot behind. The two-acre site off the Ordnance roundabout at the junction of Langer Road and Garrison Lane is now home to the 1,400 sq metre store – which is expected to have a £2.6m turnover – plus 100-space car park in the front. EADT 14/11/09
- Creditors have overwhelmingly backed a Company Voluntary Arrangement securing the future of Suffolk warehousing and distribution company LM Logistics. The 98% vote in favour of the CVA has enabled the Felixstowe-based company to secure new investment from London firm Merchant Corporate Recovery Ltd plc which will take effective control of the company with 51% of the shares. Depending on the level of debt recovery, creditors of LM Logistics will receive a payout of between 27p and 41p in the pound. EADT 12/11/09

WAVENEY

- A turnaround in fortunes for one of East Anglia's best-known brands can be revealed today after Bernard Matthews Farms turned multi-million pound losses into a modest profit. The turkey giant made an operating profit of £857,000 in 2008 - a far cry from the £9.6m operating loss it suffered the year before. The company's latest accounts also reveal the extent of the restructuring that has been going on at Matthews in the last two years - telling the story of how returning to its core turkey business and sale of its sandwich and pastry operations have put the company back on track. After redundancies earlier this year, Mr Halliwell said there were "no specific plans" for future job cuts.
"We'll continue to look at all costs across the business and that can't exclude any area. Agriculture, production, sales, finance and marketing - all areas are going to have to operate more efficiently because times are tough." EDP 29/10/09
- Value fashion retailer Peacocks has created 16 new jobs with the opening of a new store in Lowestoft. Lowestoft Journal 8/10/09

- A major drive has been launched to persuade green energy firms to make Lowestoft their operations base when building wind turbines off the East Anglian coast. Lowestoft's aim of becoming the energy capital of Britain, the development of a new PowerPark in the town - which would be situated near to the landmark Gulliver turbine and would be centred on OrbisEnergy - could prove the catalyst. The future vision is for businesses to form a major energy cluster in the future under a marine engineering park. Urban Regeneration Company 1st East admitted this was "really good news for Lowestoft" yesterday, and added the first part of their 15-year-plan to transform swathes of waterfront land locally is already close to becoming reality. A new PowerPark demand and needs study is set to be unveiled next Monday.
This major report was commissioned by 1st East in conjunction with partners from EEEgr (East of England Energy Group), Renewables East, NWES (Norfolk and Waveney Enterprise Services), SLP, ABP, EEDA (the East of England Development Agency), Suffolk County Council and Waveney District Council. With this "important" document having been produced by internationally renowned consultants Bruce Valpy Associates, in conjunction with Douglas Westwood Limited, power related businesses and energy companies - which include renewables, oil and gas, nuclear, wind and wave technology – have all been spoken to as concerted efforts have been made behind the scenes in recent weeks to market the potential of this PowerPark, with this research and the town's prominent position forming part of the offer.
1st East, ABP, SLP and partners are now putting forward literature and this newly-published report to highlight the major local benefits. Lowestoft already has a track record of welcoming offshore energy businesses, which was proved last year when Airtricity chose the town as the place to locate their operations. "Airtricity was impressed by the response it had from the port and the local authority, which is a very positive message to build on," said Mr Watkins, Chief Executive of 1st East. He told The Journal: "Lowestoft and Yarmouth, often described as on the periphery, are exactly in the right location with the right skills to take advantage of the new growth sector, offshore renewable energy industry."
"We have been doing a lot of work to progress the area action plan across Lowestoft, but we are accelerating the development of a PowerPark with a powerful alliance in place of public and private sector partners, who jointly commissioned some feasibility and technical studies. With the PowerPark research showing the best option for Lowestoft is to create a "centre for operations and maintenance for the energy sector" - according to a spokesman for BVG Associates - 1000 people are being earmarked for employment on the new facility and others as part of the supply chain, Mr Watkins said: "There are expected to be about 1000 direct jobs and around 4000 other indirect support jobs created over the next ten years." EADT/Lowestoft Journal 17/11/09
- DIY specialists Wilkinson opened its store in Lowestoft on 19th November, creating 89 jobs. Lowestoft Journal, 5/10/09