Haven Gateway Intelligence and Advocacy Framework

State of the Sub Region

Quarterly Report

January – March 2010

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Headlines:

- *The claimant count stabilised year-on-year at 3.4 per cent. From February 2008 to February 2009 the claimant count rose from 1.8 per cent of the working-age population to 3.4 per cent, but following minor fluctuations is at the same point 12 months later in February 2010.*
- *After steady, but small increases in house prices, more often caused by a lack of supply, during the last three quarters of 2009, the first two months of 2010 have seen prices flatten or slightly decline.*
- *The creation of new jobs in retail has continued into 2010 by large chains, but there are significant numbers of empty units in most town centres across the region with the demise of smaller chain stores.*
- *Tourism surveys anticipate increased business for 2010.*
- *University Campus Suffolk was recognised in the best employer awards in February 2010. This concludes a strong year for the further and higher education sector with developments in further and higher education facilities in Suffolk and Essex.*
- *During the last 12 months traditional manufacturing experienced redundancies, but food/agricultural manufacturing companies have had better fortunes.*
- *Construction firms experienced mixed fortunes with a lack of finance holding back projects.*
- *Local government continues to seek efficiency savings which could mean job losses in 2010.*

1. Summary

A review of the year (2009/2010) in the Haven Gateway area shows stability in most sections of the economy. In the twelve months to March 2010, the economic situation has not worsened after a very difficult 2008. The claimant count has remained steady, and house prices have increased slightly. The number of job vacancies has risen, but nowhere near the numbers required to given employment to over 15,000 claimants.

There are signs in the first quarter of 2010 that the sub-regional economy is improving. The number of company closures is declining. The local tourism industry anticipates increased business after a “bumper” 2009 (as more people took holidays in the UK). The larger supermarket chains continue to dominate employment growth in the area, with an increasing number of planning applications for ambitious new developments, while high street premises often remain empty.

Manufacturing and construction have seen job losses, and transport and logistics has not been immune from the trend. There have been some takeovers/consolidation in the transport and logistics sector while business starts to improve from the “lows” experienced in late 2008/early 2009.

The challenge for the sub-region is to maximize the opportunities available from the renewable energy industry offshore. Providing port capacity to move large infrastructure has already started. The next task is to ensure engineering and technical support staff are trained and ready for employment in this burgeoning industry.

Higher and further education organizations have featured prominently in quarterly reports over the last year, with new buildings and expansive developments to support new areas of employment. Meanwhile, the broader public sector has been under pressure to reduce headcount, and this trend is likely to continue. For Haven Gateway, continuing expansion of the transport and logistics sector is essential for the local economy. Meanwhile encouragement of new knowledge industries is required to move the area forward in 2010/2011.

(All the data used in this report is the latest publicly available. This is usually first quarter 2010, but some agencies take time to collate and publish, and therefore some data refers to the last quarter of 2009. The time periods are clearly referenced.)

2. The UK economic position and news from the Haven Gateway Partnership.

The *Financial Times* (9 April 2010) sums up a range of economic indicators for the UK. It quotes statistics showing that manufacturing increased by 1.3 per cent in February, and industrial production generally was 1 per cent higher in February month-on-month. It also cites the recent OECD report which suggests the UK will have grown by 0.65 per cent overall in the first quarter 2010, and will continue to grow by a further 0.8 per cent in the second quarter. These are some of the highest estimates for a “developed” economy worldwide.

The issue for the Haven Gateway is how to take advantage of this anticipated growth.

One significant step forward has been the award of £3.9 million Growth Funding for 2010/2011 announced in January. John Healey, Minister for Housing and Planning, confirmed that the Haven Gateway will receive £3,464,424 for capital Growth Funding for 2010/11, a total of £14,118,053 for the three years 2008/09 - 2010/11. In addition, £414,888 of revenue funding will be received in 2010/11, a total for the 3 years of £1,422,473.

In anticipation of this, the Haven Gateway Board agreed a revised capital investment programme and confirmed funding for its 3 strategic priority projects:
- A12 Junction at Cuckoo Farm and Northern Approaches
- Flood Defence for Ipswich
- Innovation Martlesham

In early March 2010, the Haven Gateway Partnership hosted a breakfast seminar in Ipswich where its chairman suggested that large construction projects would help the Haven Gateway sub-region emerge from recession significantly faster than other areas of the UK. The seminar marked the launch of the new eConstruction Directory of 300 local construction firms, and a brochure which detailed many of the current and forthcoming developments in the region. Alongside Greater Cambridge, the Haven Gateway is leading the way regionally in demonstrating how economic strength is forcing housing growth - outstripping the other sub-regions in the East of England. The HGP chairman expressed confidence that many of the projects to be created locally, such as the new A12 junction at Colchester, will benefit local construction businesses.

Previously, in February 2010, HGP published a major study into the future land and property needs of the Suffolk Haven Gateway for employment purposes. The area has been set a target of delivering 30,000 new jobs between 2001 and 2021 by the adopted East of England Plan and the study assessed whether current land allocations would be adequate to meet this target.

“Based upon economic forecasts made in Spring 2009, the study notes that the jobs target is unlikely to be met, but highlights the existence of several key economic drivers in the sub region: the Port of Felixstowe, planned expansion at Adastral Park, the Ipswich functional economic area and the potential for new energy related development at Sizewell. It suggests that with appropriate support, these could offer the prospect of additional growth to meet the target.”

“The study puts forward a total of 32 recommendations at sub regional and individual local authority district level. Whilst it concludes that, overall, the area has sufficient allocated employment land in terms of quantity; it identifies supply issues in terms of quality, location and suitability as a result of assessing market needs in specific key clusters. Finally, it sets out how a co-ordinated sub regional approach between the authorities can help to ensure that the right balance of sites, particularly on the Ipswich fringe, is achieved. The report was commissioned by the Haven Gateway Partnership, using Growth Point funding, on behalf of Ipswich Borough Council, Suffolk Coastal and Babergh District Councils and Suffolk County Council.”

3. Business news

3.1 Hospitality and tourism

In January 2010, the Suffolk Regional Intelligence Report cited sources suggesting that tourism firms in the region are hoping for another successful year in 2010 with more people holidaying in the UK rather than abroad. It said that two thirds of Suffolk tourism businesses expected their business to do even better this year despite an excellent year in 2009, with 84 per cent of East of England tourism-related businesses believing that their turnover will either improve or stay the same. It continued by saying that 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.

The EADT reported in January that holiday operator Arena Travel was moving to larger premises on the Martlesham Heath Business Park following the sale of the business by David Wade to Ali Naqvi. The company was expecting to expand over the coming months.

One beneficiary of the anticipated strength of UK tourism is likely to be Seckford Hall Hotel in Woodbridge which has undergone a major refurbishment enabling it to gain four star status from both the AA and Visit Britain. Biz East reported on these developments – in March – at the family owned 32-bedroom hotel which employs 100 staff. Recession has made some impact on visitor numbers, but the hotel remains busy.

The tourism industry will also benefit from the £230,000 facelift planned for The Hard, in front of the Butt and Oyster pub in Pin Mill, which "is set to be restored … and provide space for Thames sailing barges to be restored and maintained".

3.2 Retail

Each quarter over the last year, this report has identified planning applications by large retail chains for expansive new shopping areas. This quarter is no exception. In March, Ipswich Borough council members approved a broad-based application including a new Tesco superstore, 129 flats, two hotels with 247 bedrooms, four other shops, restaurants and cafes, and 700 car parking spaces. This £70 million regeneration project on Grafton Way has to go to Government Office of the East of England (Go-East) for final approval. Tesco is hoping to be able to start work on the site in September and have the superstore ready by Christmas 2011, if the final planning consent is given.

The Ipswich proposals coincide with other reports on the region and sub-region indicating the volume of vacant lots on the area's high streets had increased.

On a smaller scale, a new Tesco Express store was opened on the site previously occupied by the Racecourse public house on Nacton Road, creating new jobs. A new Kwik-Fit was also opened in Ipswich.

3.3 Construction and property

The RICS' survey published in March 2010 suggested that house prices may temporarily fall back in East Anglia. By contrast Biz East had reported on a Colchester property seminar in March. Delegates from prominent estate agents, accountants and finance organizations were very positive about the residential property market with two thirds of delegates expecting rises in residential property values, however, only 44 per cent thought that there would be increases in commercial property values.

According to Biz East also, one development that is proceeding is the site around the proposed Snoasis indoor winter sports centre. Work has started on the scheme at

Great Blakenham, near Ipswich, “which will provide 350 new homes, community facilities plus provide land for a primary school, railway station and businesses….. it will virtually double the size of the village. ….”.

The RICS’ survey for the east of England showed improving levels of confidence for industrial, commercial and retail property, but this had not really transformed itself into increased enquiries and/or rental increases. One Colchester surveyor quoted in the survey said it is a “weak market, still very short of stock, and [a lack of] mortgage finance continues to stifle activity”. It continues: “[it is] notable that some agencies are starting to upvalue or over-value, in order to buy instructions”. Another Colchester surveyor suggested there was continuing sluggishness. “Talk of a double dip recession, and worries about the forthcoming General election are putting the market on hold”. These issues “seem to have conspired to persuade the public not to put their houses on the market”.

3.4 Manufacturing

Food manufacturing/agriculture
In February, Suffolk seeds company Thompson and Morgan expanded its product range with the acquisition of leading plant food manufacturer Chempak, and will extend its offer to retailers.

Other manufacturing
Biz East reported in March that Colchester-based GFV Goldstar, a leading supplier of commercial kitchens, equipment services and ventilation systems, had seen a marked increase in new enquiries over the previous six months thanks to an upturn in the hotel industry. The managing director was seeing both repeat business from existing large clients as well as new business.

3.5 Marine leisure

The Department for Business, Innovation and Skills (BIS) published the *UK Marine Industries Strategic Framework* in March 2010. The document included all marine industries including marine leisure and renewables (see sections 3.6 and 3.9 below). Haven Gateway is well placed to take forward the demands of the strategy, but organisations such as BIS also need to recognise the potential of the Haven Gateway to contribute to the implementation of the strategy.

3.6 Transport and logistics

At the beginning of the year, Felixstowe-based transport company Maritime Group Ltd acquired the container business of DHL. The deal – which was for an undisclosed sum – “involved the entire container transport activities of DHL Container Logistics, including its container lifting, storage and repair operations at Felixstowe”. Maritime stated that the enlarged business would have a fleet of 900 vehicles, which is 200 more than it has at the present time. This expansion means that it will have transport depots at every major seaport and conurbation in England.

Also in January, the Port of Felixstowe was included for the first time on the schedule for Maersk Line's AE7 Asia – Europe service. The significance of this development is that this service uses the world's largest container ships. It is both an acknowledgement and an endorsement of Felixstowe that it can host such large ships. The CEO of Hutchison Ports UK was quoted as saying that the port has "a capacity and capability that no other port in the UK, existing or planned, will be able to match."

On a different aspect of the Port of Felixstowe's operations, Biz East reported in March that it "won an award, and is runner-up in a second category at Suffolk County Council's 'Creating the Greenest County Awards 2010'". The port's travel plan won the Business Transport Award. "The travel plan seeks to reduce the environmental impact of the port's 2,400 employees as they journey to and from work."

The quarterly report mentioned previously the involvement of Harwich International Port in offshore wind farms, with the transfer of large-scale infrastructure moving through the port. Now it is occupying a support role in relation to the Thanet Offshore Wind Farm development situated 12 km off Foreness Point in Kent. This farm will eventually involve 100 turbines, and an installation vessel and barge worked out of Harwich.

3.7 Education and culture

In February, "University Campus Suffolk (UCS) [was] recognised as one of the country's best employers following the *2010 Best Companies to work for* survey. UCS entered the survey for the first time and has subsequently been accredited by Best Companies as being 'One to Watch' in 2010."

In February, Essex-based Phelan Construction completed a refurbishment project that has transformed the University of Essex Lakeside Theatre complex. The £560,000 project took 13 weeks to complete and "involved ….the creation of a new entrance, staircase and lift, the installation of a mezzanine floor and refurbishment of the foyer area".

Meanwhile, Ipswich Borough Council and Suffolk New College are exploring plans to create a major new contemporary art gallery and museum housing an international collection at the former Art School. The building currently stands empty. The Borough Council is also intending to bid for Heritage Lottery funding for a multi-million refurbishment of a proposed cultural hub in the High Street.

3.8 Financial and business services

In its March reporting, the Ipswich Building Society recorded an increased asset base and higher lending activity during 2009. "The society's balance sheet grew by £39million, or 9%, to £462m, with mortgage and savings balances both growing strongly". The Society had a pre-tax profit of £384,000, (£271,000 after tax).

3.9 Energy

An article in the EADT in March raised issues about workforce availability in the North Sea renewables industry. It suggested that the “employment opportunity offers tremendous growth from where we currently stand, which is about 5,000 (UK workers) employed in renewable energy ……. We are looking at taking that to between 45,000 and 60,000 [in the next ten years].” The expert quoted in the article suggested that the UK needs to increase the number of skilled engineers to take advantage of this demand, or the gap will be filled by overseas contractors.

Meanwhile, Consense in Martlesham Heath “has been appointed by the renewable energy team at construction and house building group, Galliford Try, to manage community consultation for a series of planned wind farm projects”. Consense will be involved in supporting Galliford Try Renewables both before and after applications are made.

3.10 Public and third sectors

The Brightspace complex, off Hadleigh Road, Ipswich, has been created by community organisation Suffolk ACRE (Action with Communities in Rural England) as a base for social/third sector enterprises. The centre, which officially launched in March, provides
“affordable office space, complemented by a wide range of business, administrative and technological support for not-for-profit organizations” committed to providing social, environmental, cultural and other support to communities.

There is a £6 million plan to redevelop the Hartismere Hospital site in Eye which would involve creating a 21st century health centre, a nursing home, sheltered homes, and a housing development. However, there are still several hurdles to be crossed before the proposals are approved and developers invited to tender.

3.11 Other services

The telecoms firm Unicom is creating 200 new jobs across the UK, including 30 in Ipswich. Unicom supplies business telecoms and broadband services. It plans to continue recruiting with the recession officially over, and feels it benefits from its base in Ipswich.

4. Claimant count – unemployment

The claimant count figures for March will not be available until later this month – after the EEDA reporting deadline – therefore February 2008, February 2009, December 2009, January 2010 and February 2010 have been used.

One of the strongest indicators of the state of the local economy is the claimant count showing those claiming unemployment-related benefits. The following two tables illustrate the annual and the quarterly trend.
The impact of the recession can be seen in table 1.

This shows that between February 2008 and February 2009 the claimant count rose 88 per cent from 8,063 (1.8 per cent of the working-age population) to 15,137 (3.4 per cent of the working-age population). Some 12 months later in February 2010, the percentage figure has remained the same, with the claimant count marginally advancing to 15,274 and 137 more than February 2009.

The Haven Gateway area claimant count has not worsened, but the area is still a long way from returning to the lower, pre-recession unemployment levels.

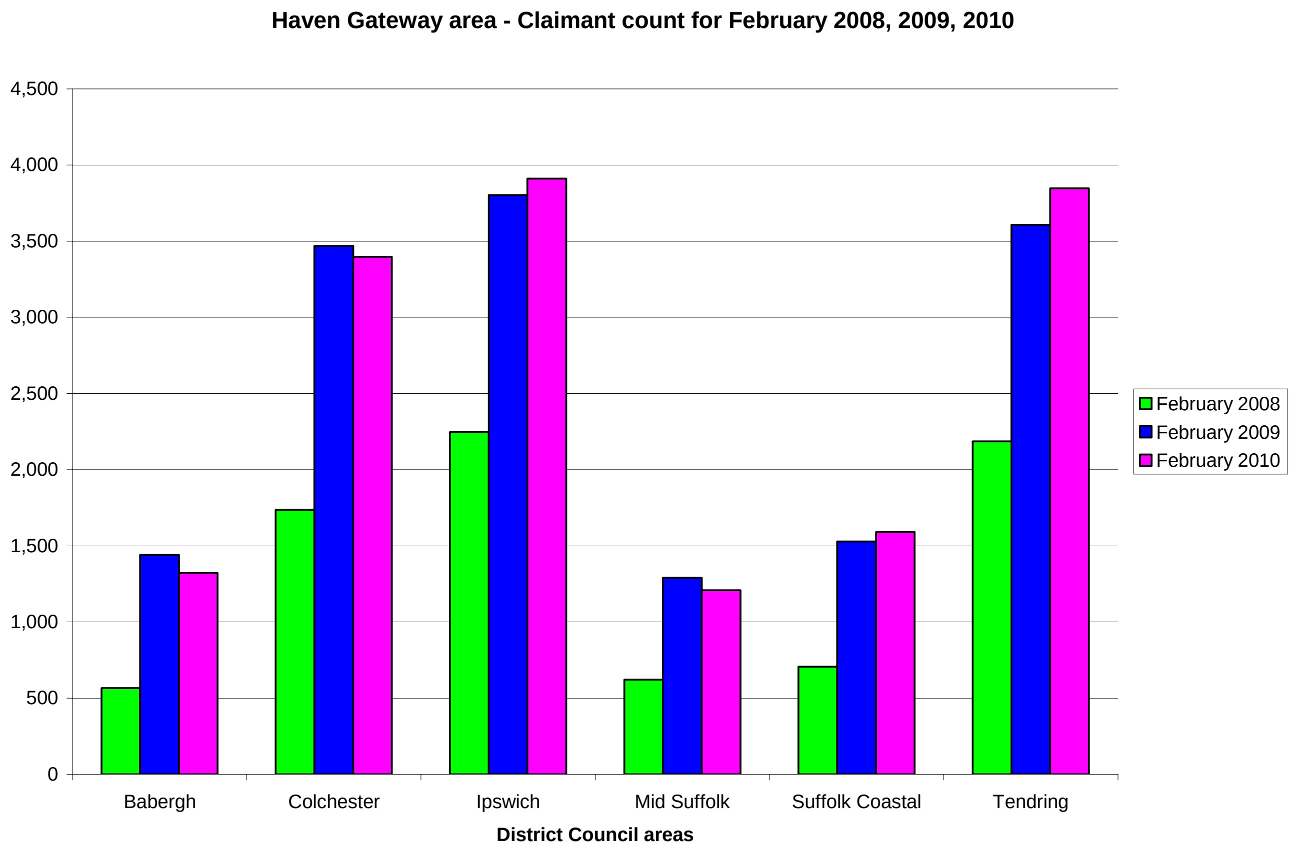


Table 1 – Haven Gateway claimant count – 3 year comparison

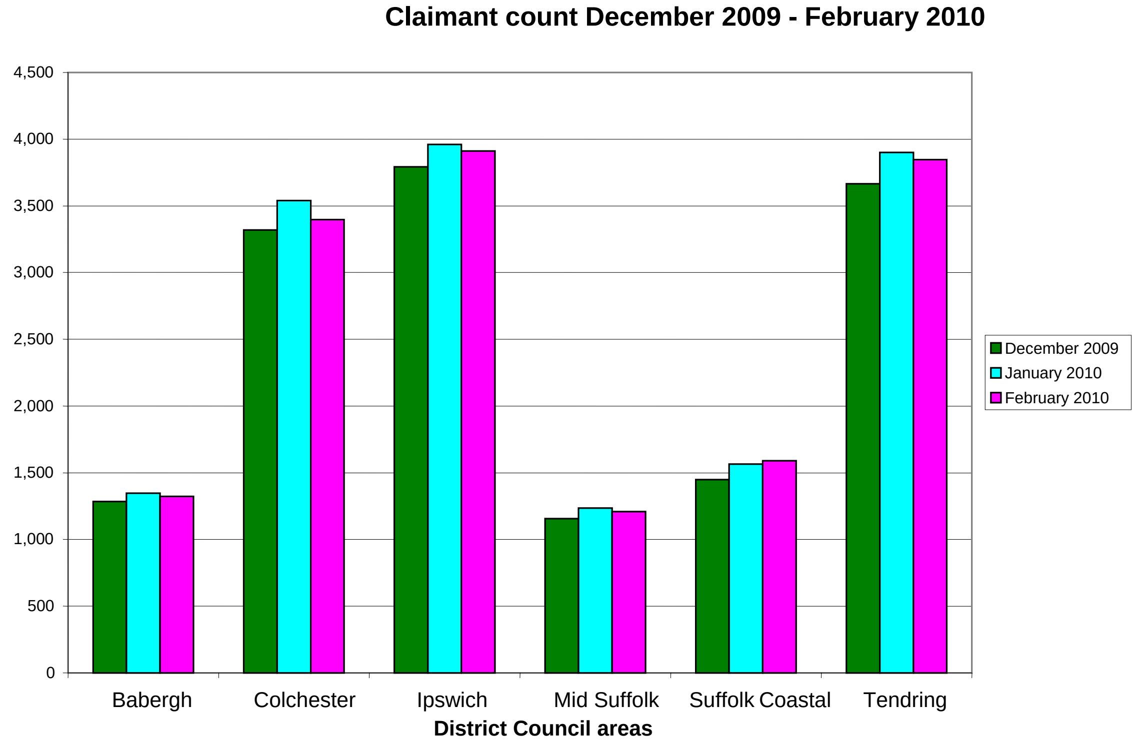
	February 2008		February 2009		February 2010	
	number	**rate**	**number**	**rate**	**number**	**rate**
Babergh	566	1.1	1,440	2.9	1,322	2.7
Colchester	1,736	1.5	3,469	2.9	3,398	2.9
Ipswich	2,247	2.9	3,803	5.0	3,910	5.1
Mid Suffolk	621	1.1	1,290	2.3	1,208	2.2
Suffolk Coastal	706	1.0	1,528	2.2	1,590	2.2
Tendring	2,187	2.8	3,607	4.6	3,846	4.9
Column Total	**8,063**	**1.8**	**15,137**	**3.4**	**15,274**	**3.4**

Source: ONS - from NOMIS, April 2010. Crown copyright

Table 2 – Haven Gateway claimant count – December 2009, January, February 2010.

	December 2009		January 2010		February 2010	
	number	**rate**	**number**	**rate**	**number**	**rate**
Babergh	1,284	2.6	1,346	2.7	1,322	2.7
Colchester	3,319	2.8	3,539	3.0	3,398	2.9
Ipswich	3,792	5.0	3,961	5.2	3,910	5.1
Mid Suffolk	1,156	2.1	1,235	2.2	1,208	2.2
Suffolk Coastal	1,448	2.0	1,565	2.2	1,590	2.2
Tendring	3,664	4.7	3,900	5.0	3,846	4.9
Column Total	**14,663**	**3.3**	**15,546**	**3.5**	**15,274**	**3.4**

Source: ONS - from NOMIS, April 2010. Crown copyright



The claimant count for the Haven Gateway from December through to February is little changed. However, in five out of six district council areas the claimant count rose in January 2010, only to fall in February. By February, the claimant count was 0.1 per cent higher than the December 2009 figure, and currently stands at 15,274.

Ipswich and Tendring remain the areas with the highest claimant counts at about 5 per cent of the working-age resident population. Colchester also has about 3,400 claimants, but this represents only 2.9 per cent of the working-age population.

The *sought occupation* table gives some indication of where the structural issues are in the economy. The numbers seeking personal service occupations increased by 31 per cent from 800 to 1,045 year-on-year. Most other increases by sought occupation categories had a maximum variance year-on-year of no more than + or – 14 per cent.

The high volumes of sought occupations remain in the lower-level occupations: claimant numbers for those seeking elementary occupations staying at the 4,400 level. Those seeking sales and customer service occupations modestly increasing to 2,345 and skilled trades claimants marginally decreasing to 2,105.

Table 3 – Haven Gateway claimants by sought occupation – February 2009, February 2010.

	Haven Gateway total Feb 2009	Haven Gateway total Feb 2010	Change from 2009 to 2010 - HG	% change from 2009 to 2010 - HG
Occupation unknown	60	35	-25	-42
Managers and Senior Officials	800	780	-20	-3
Professional Occupations	395	440	45	11
Associate Professional and Technical Occupations	795	905	110	14
Administrative and Secretarial Occupations	1,685	1,530	-155	-9
Skilled Trades Occupations	2,310	2,105	-205	-9
Personal Service Occupations	800	1,045	245	31
Sales and Customer Service occupations	2,095	2,345	250	12
Process, Plant and Machine Operatives	1,845	1,650	-195	-11
Elementary Occupations	4,345	4,415	70	2
All occupations	**15,130**	**15,250**	120	1

Source: ONS - from NOMIS, April 2010. Crown copyright

Table 4 shows the claimant numbers by district. There are hotspots for certain occupations within specific areas.

- Managers and senior officials figures were particularly high for Colchester and Tendring
- Sales and customer service claimants were highest in the urban areas
- The claimant count for elementary occupations was strongest in Ipswich and Tendring
- Tendring appears to have the highest or second highest numbers seeking jobs in all the occupational categories.

Table 4 – Haven Gateway claimants sought occupation – February 2010.

Occupation	Babergh	Colchester	Ipswich	Mid Suffolk	Suffolk Coastal	Tendring
Occupation unknown	5	10	10	5	0	5
Managers and Senior Officials	95	195	140	90	95	165
Professional Occupations	55	115	75	50	60	85
Associate Professional and Technical Occupations	100	245	175	85	115	185
Administrative and Secretarial Occupations	115	390	360	105	185	375
Skilled Trades Occupations	210	440	480	160	195	620
Personal Service Occupations	90	250	220	85	95	305
Sales and Customer Service occupations	165	545	580	180	205	670
Process, Plant and Machine Operatives	170	320	425	135	165	435
Elementary Occupations	315	870	1,435	320	465	1,010
Column Total	**1,320**	**3,385**	**3,905**	**1,210**	**1,585**	**3,840**

Source: ONS - from NOMIS, April 2010. Crown copyright

5. Vacancies

The number of job vacancies in February 2010 was 600 higher for the month compared to a year ago. The numbers have fluctuated over the 12 months with an increase showing in October 2009 compared to February 2009. With the Christmas period the number of vacancies decreased to 2,993 in December.

With the claimant count stabilising at about 3.4 per cent of the working-age population - that is 15,250 – there is still a significant mis-match between the number of notified vacancies and the number of claimants. The number of notified vacancies has dropped significantly over the year in Colchester, with the largest number of vacancies now appearing in Ipswich. Interestingly, the number of vacancies in Tendring has grown while the claimant count remains stubbornly high and the second highest of all the Haven Gateway District council areas.

Table 5 – Haven Gateway vacancies – February, October, 2009, February 2010.

	February 2009	October 2009	February 2010
Babergh	238	379	341
Colchester	1,103	1,045	734
Ipswich	759	1,048	965
Mid Suffolk	202	267	425
Suffolk Coastal	486	487	697
Tendring	420	555	646
Column Total	**3,208**	**3,781**	**3,808**

Source: ONS - from NOMIS, April 2010. Crown copyright

6. House prices

After a period of steady growth for 8 months in the last part of 2009, asking prices in the first two months of 2010 have tended to drift lower - much of the problem stemming from the lack of availability of finance to prospective buyers. It should also be noted that the lack of supply may also distort the figures in specific segments of the market. The significant rise of 20 per cent for two bedroom properties in Tendring should also be regarded with caution as it is not within the normal trend.

The following table is compiled from data compiled by Nestoria – an independent company – which reviews house prices based on a national sample of 800,000 transactions.

Average house prices by District Council area

Table 6a Babergh

beds	Dec-09	Feb-10	% Change
1	£107,000	£104,000	-2.80%
2	£183,000	£182,000	-0.55%
3	£284,000	£277,000	-2.46%
4	£398,000	£397,000	-0.25%

Table 6b Colchester

beds	Dec-09	Feb-10	% Change
1	£96,000	£95,000	-1.04%
2	£153,000	£152,000	-0.65%
3	£204,000	£209,000	2.45%
4	£280,000	£282,000	0.71%

Table 6c Suffolk Coastal

beds	Dec-09	Feb-10	% Change
1	£118,000	£116,000	-1.69%
2	£165,000	£167,000	1.21%
3	£235,000	£232,000	-1.28%
4	£341,000	£325,000	-4.69%

Table 6d Mid-Suffolk

beds	Dec-09	Feb-10	% Change
1	£100,000	£95,000	-5.00%
2	£159,000	£163,000	2.52%
3	£237,000	£239,000	0.84%
4	£324,000	£327,000	0.93%

Table 6e Tendring

beds	Dec-09	Feb-10	% Change
1	£111,000	£112,000	0.90%
2	£209,000	£252,000	20.57%
3	£232,000	£218,000	-6.03%
4	£323,000	£320,000	-0.93%

Table 6f Ipswich

beds	Dec-09	Feb-10	% Change
1	£81,000	£81,000	0.00%
2	£129,000	£132,000	2.33%
3	£155,000	£154,000	-0.64%
4	£252,000	£244,000	-3.17%

(The Nestoria data is based on asking prices – not sold prices, but these are the current trends by district council area.)

7. Mortgage Possession claims

The number of mortgage possession claims has fallen significantly over the last 12 months.

Table 7 - **Ministry of Justice Mortgage Possession claims issued 4th Quarter 2009**

	4th Quarter 2009	% Change in total since 4th Quarter 2008	Per 1,000 households
Essex	**450**	**-22%**	**0.78**
Colchester	50	-39%	0.70
Tendring	55	-23%	0.85
HG Essex	105		
Suffolk	**165**	**-26%**	**0.55**
Babergh	20	-	0.54
Ipswich	40	-33%	0.75
Mid Suffolk	20	-	0.53
Suffolk Coastal	15	-	0.28
HG Suffolk	95		
Total - Haven Gateway – 4th quarter	200		
Total - Haven Gateway – 3rd quarter	290		
Total - Haven Gateway – 2nd quarter	280		

(Note from the Ministry of Justice: "The quarterly releases are released by the Ministry of Justice and produced in accordance with arrangements approved by the UK Statistics Authority. Note that the figures represent court actions for possession and not actual homes repossessed, as not all possession orders are enforced.")

8. Insolvencies

McTear Williams and Wood has a quarterly business index which monitors the number of corporate insolvencies in East Anglia (the index tracks all corporate insolvencies other than court initiated compulsory liquidations).

In February, Chris McKay of McTear Williams and Wood, was reported in a local newspaper: "Company [in]solvencies fell 29% in East Anglia compared with 14% nationally set against the figures a year ago. Overall, the number of insolvencies across the region is 43% higher than pre-credit crunch levels compared with an increase of 69% nationally.

This follows from previous statements that also indicated that the region had fared better than the rest of the country, and that the number of companies *going under* in the region was half the number in the last quarter of 2009 compared with the corresponding quarter in 2008.