

## Great Yarmouth and Waveney Quarter 1: April-June 2009



## Introduction

Quarter one has seen some positive signs, with the sub-region's economy beginning to show some signs of stabilising.

For the first time in a year unemployment has fallen this quarter.

It's also worth bearing in mind that whilst unemployment levels have risen sharply year on year in the sub-region, the rises have been lower than other parts of Norfolk and Suffolk, and reductions in both Norfolk and Suffolk have been ahead of the national and regional trends.

Businesses have been hit by the downturn, seeing lower turnover and difficulties in accessing credit. A survey of GY businesses in June found a sharp rise in businesses affected by the downturn compared with November.

Research by SNF into availability of finance for businesses found 32 percent of businesses found overdrafts and bank loans were less available.

But insolvency levels have reduced in this quarter compared with the last quarter of 2008 and the first quarter of 2009.

## Conclusion

This quarter has seen some positive signs for the Great Yarmouth and Waveney sub-region. Unemployment has reduced – although some of this can be attributed to seasonal employment and numbers of people being made redundant has reduced.

However business confidence remains fragile and availability of finance remains an issue together with the strength of forward order books.

## Trading Climate & Confidence Levels

### **Key Facts**

Tourism and food processing showing some positive signs, with a more mixed picture in engineering and general manufacturing. Retail shows some signs of recovery, but confidence levels across all sectors remain fragile.

### **Agriculture & Food Processing**

Adnams, Southwold – brewer – big slump in profits due to a combination of the economic downturn and pressures specific to the pub trade. 2008 profits tumbled from 64pc from £4.2m to £1.5m, with a turnover down slightly at £47.1m. However, the company said it was taking action to weather the storm such as freezing beer prices for its pub. The company launched three new beers last year and is expecting to launch another two this year, it has 74 pubs in its estate and has been brewing beer in Southwold since 1872 and now employs 320 people.

However, a boutique hotel is set to reopen this summer now that new management partners have been found. Southwold based brewers and hoteliers Adnams have signed up to run Fritton House on the Somerleyton Estate.

Plough Inn, Wissett – pub - unveiled a new village store behind their existing business. Providing basic provisions and locally sourced produce, the landlords have spent £30,000 on the project with £5,000 of that provided by Suffolk County Council's rural economy scheme. Under the scheme rural pubs can benefit from a cash injection of up to £5000 to help them diversify their business. Mr and Mrs Sumner have a local girl from the village to work full time in the shop and plan to offer other local services such as dry cleaning and a prescription collection service.

Sam Cole Food Group, Great Yarmouth – fish merchant wholesalers – moving into a £2.25m purpose built factory in the town, creating 10 new jobs and safeguarding a further 40 existing jobs.

### **Energy**

BIS Salamis, Lowestoft - provides services to the energy and industrial sectors - reported significant growth in its onshore business. BIS Salamis, whose portfolio includes scaffolding, painting and insulation services, saw its pre-tax profits soar by almost 170pc to £1.6m, with a turnover up nearly 50pc, from £25.8m to £38.6m. The winning of a large contract at Humber based oil giant Conoco Phillips is believed to have played a large role in the growth of the company, which employs about 30 staff in Lowestoft and more than 700 nationwide. The Lowestoft office accounts for about 40pc of the company's sales.

### **Engineering**

Brooke Marine Yachts, which was based in Commercial Road, has closed down just over a year after starting work to transform a former Scottish fisheries vessel into a luxury yacht. At its height in the 1950s and 60s, a new yard was opened

on the south side of Lake Lothing and Brooke Marine employed about a thousand local workers.

EnerMech, Great Yarmouth - crane maintenance and engineering company- invested £1m in larger new premises for its Yarmouth base. £500, 000 invested in a new state of the art crane simulator which will enhance the training and assessment services provided to crane and heavy lifting industries.

Gardline, Great Yarmouth – marine contractor with activities ranging from marine sciences to satellite communications and shipbuilding – celebrating it's 40<sup>th</sup> year of trading. The company has an annual turnover of £100m and employs 1,000 people.

### **ICT**

Spring, Southwold - Design & Advertising – has won several new accounts. They have been commissioned by Choose Suffolk to work on the Visit Suffolk tourism account. Spring is also working alongside Choose Suffolk to create the branding for “Bring the Torch to Suffolk”, an exciting opportunity for the county to join together and generate bright ideas to ensure that the Olympic Torch comes to Suffolk on its tour of the UK.

### **Manufacturing**

Promens, Beccles - plastics packaging factory, 220 staff - 13 people could lose their jobs as the company aims to restructure. Promens said it wants to transform the business in order to make it more efficient in the economic downturn. Promens, one of the world's largest manufacturers of its kind that makes plastic packaging for cosmetics, food, chemicals and pharmaceuticals, has three factories in the UK. It clients include household brands such as Dettol, Radox and Tresemme.

### **Tourism**

Waveney District Council had to print an extra 10,000 copies of its tourism brochure in April – its stock was expected to last until October 2010.

Great Yarmouth hotels are reporting summer bookings up by as much as 20 percent on last year.

Haven, Great Yarmouth – holiday parks – bookings are up 15 percent on last year at 4 of the parks,

All America Holidays, Lowestoft – holiday company specialising in trips to America - ceased trading after 7 years.

Park Holidays- holiday firm - proposals to build a £4.5m seafront holiday park in Lowestoft, which was due to be open in time for the summer season, have fallen through. It had been hoped that the North Denes site would be redeveloped and ready to be open for business this summer, but now Park Holidays has decided not to go ahead with the deal. Last year the holiday firm revealed it had agreed to spend £1.5m on a 99 year lease for the site and a further £3m building the

park. Park Holidays has said it is not going to develop the site because it wants to expand its existing holiday parks to meet growing demand for UK Holidays. The council was now looking for a new operator for the site and contract would be re-tendered.

Hoseasons, Lowestoft – holiday group - saw pre-tax profits rise by close to £1m due to growing demand for short breaks and a surge in late bookings last year. Hoseasons said a "sharp increase in popularity" for its new lodge-style holidays and the introduction of new city break apartments helped increase profits from £2.15m in 2007 to £3.13m last year - with sales rising from £13.7m to £15.6m. A cut of about 20 jobs last year has been followed by the recruitment of about 20 staff this year to cope with rising demand at Hoseasons' call centre. Chief executive Richard Carrick said that the east of England was "outperforming the rest of the UK put together" when it came to the volume of holiday bookings.

### **Other**

QD have confirmed that they will be taking over the vacant Woolworths store in Beccles. But it is thought at least 1,000 people could be chasing just 25 jobs at the store with the QD team saying it had received almost 1,000 inquiries by email and about 700 people turned up at an open day at the Kings Head Hotel to see advisers and pick up an application form.

Tescos officially handed in its proposal to build a new store in Halesworth. The store which would measure 22,000sqm is slightly smaller than the one in Beccles and is expected to generate around 200 jobs. Tesco also owns land in the Thoroughfare and if the new plans are given the green light there is an agreement to set aside money to help build a community centre on that site or another location.

The Waveney Valley will finally have an hourly train service to London as part of a £35bn investment in Britain's rail network. Network Rail announced a five year spending programme and one of its key projects was the passing loop at Beccles. An extra stretch of track to let trains pass at Beccles will enable train operator National Express East Anglia to timetable hourly services on the Lowestoft to Ipswich line, doubling the current frequency of trains.

Gordon Dean Solicitors - specialising in employment law and personal injury claims - opened a branch in Great Yarmouth. Expansion come on the back of a surge in employment tribunal redundancy claims, with actions for "failure to inform and consult" up by 65 percent on last year's figures.

Victoria Arcade – gone in to a spiral of decline that has seen a large exodus of traders and the appearance of many empty shop units → EnterpriseGY agreeing with the centre owner to make units available to entrepreneurs looking to start up or expand a retail business (6 of the 40 been made available). They will be offered a 12 week rent free period in combination with a business support package. Depending on the progress of the business after 12 weeks they may

enter a stepped rent basis lease, have further support with the possibility of a further rent free period or it will be turned over to a new business if there is no chance of progress.

King of Shaves, founded in Lowestoft – razors, shaving and skincare producer – offering customers the chance to buy savings bonds (£1000 bonds which pays 6 percent interest a year for three years). The firm has been operating for 16 years and has a £30m a year brand.

## Business Climate Quarterly Questionnaire from Great Yarmouth Borough Council

	November 2008	March 2009	June 2009
<b>Number of companies</b>	<b>15</b>	<b>13</b>	<b>16</b>
<b>Question One</b>	<b>Which industry sector does your business relate to?</b>		
Manufacturing		7	7
Engineering		7	4
Construction		2	0
Leisure and Tourism		1	1
Transport & Storage		0	2
Financial / Legal Services		0	0
Real Estate		0	1
Marine Services		1	6
Energy		6	4
Retail		0	0
Other		2	1
<b>Question Two</b>	<b>Is the 'credit crunch' affecting your business in Great Yarmouth?</b>		
Yes	5	9	12
No	10	4	4
Reduction in orders	4	6	11
Investment put on hold	1	5	4
Increase in costs	2	3	6
loss of jobs	0	1	5
Other	2	1	1
<b>Question Three</b>	<b>What impact is the current situation having on your future plans?</b>		
Reduction in recruitment	1	6	8
Delay in further investment	2	9	8
No impact	9	5	4
Other	1	0	1

Question 4	Is there anything that could be done to assist you in this current economic climate?
November 2008	<ul style="list-style-type: none"> <li>• An increase in the level of support for new and early stage businesses to provide 1-1 help and bespoke training.</li> <li>• Improve perception of GY eg highlight alternative industries [not just the plight of tourism] to aid companies attract the required industry specialists.</li> <li>• Improve transport links.</li> <li>• A stable and developing energy strategy for the future</li> <li>• A clear and concise inventory of the assistance open to businesses, how to access the same and who can help in the application process</li> </ul>
March 2009	<ul style="list-style-type: none"> <li>• Reduce business rates and service charges</li> <li>• Government could assist by deferring VAT payments</li> <li>• Freeze on business rates</li> <li>• Reduction in corporation tax</li> <li>• Awareness of what is being done within Great Yarmouth that could be used to make businesses more competitive e.g. how will/can the outer harbour benefit our business with respect our customers.</li> <li>• Not much can be done where companies are dependent on consumer demand</li> <li>• Keep business rates down for SMEs</li> <li>•</li> <li>• No we have adequate assistance from our bank in lending, we just need more companies to start ordering again.</li> </ul>
June 2009	<ul style="list-style-type: none"> <li>• Financial assistance by way of grants for training of existing staff.</li> <li>• Greater emphasis on encouraging local shipping activity</li> <li>•</li> </ul>
Question 5	Do you have any further comments regarding the current financial situation and business in Great Yarmouth
November 2008	<ul style="list-style-type: none"> <li>• At this time I would say that GY is better placed than most to weather the storm with the Energy sector, as yet, not seeing the same slow down. Unfortunately this cannot be said for many other sectors</li> <li>• We as a business community need to 'talk up' GY and build confidence in our community</li> <li>• The transport links in and out of the town remain a concern, especially with the additional traffic resulting from the outer harbour.</li> <li>• A lack of a high profile hotel chain in the town puts visiting client off, preferring to stay in Norwich and travel in / out each day, this seems a missed opportunity for Great Yarmouth.</li> </ul>
March 2009	<ul style="list-style-type: none"> <li>• Thinks Great Yarmouth is well placed with energy sector and local tourism which could be busy this year to possibly not be affected by the downturn as much as other areas</li> <li>• Lower cost new factories should be made available</li> <li>• Use benefit of weak pound to drive up exports</li> </ul>

June 2009	<ul style="list-style-type: none"> <li>• We must all guard against talking up the troubles and further harming business confidence. We should not hide the truth, but not over-dramatise it either</li> <li>• 2010 is likely to be a difficult year as SNS offshore operation will have to compete for internal funding with worldwide operations from a smaller 'pot' than previous years.</li> <li>• Exports are holding up, but new projects are few and far between.</li> <li>• The town is well placed to weather the storm of the recession with all the previous investment that has taken place and an energy sector that is still fairly active</li> <li>• Sort out the infrastructure and routes to London and the Midlands,</li> </ul>
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## Insolvencies

### Key Facts

- **Norfolk has seen insolvencies rise by 122% over the course of a year between quarter 1 2008 and quarter 1 2009.**
- **Suffolk has seen insolvencies rise by 54.55% over the course of a year between quarter 1 2008 and quarter 1 2009.**

**This first period between April and June (quarter 2 for McTear, Williams & Wood) has had fewer insolvencies which may suggest that business is picking up with new orders; security of funding or the introduction and take up of new government schemes.**

2008	Norfolk	Suffolk	Cambs	Essex	Total
Qtr 1	18	22	15	18	73
Qtr 4	28	21	29	21	99
2009					
Qtr 1	40	34	22	33	129
Qtr 2	30	23	26	17	96

The mw-w.com index has risen from 100 in quarter three 2007 – the baseline for the index - to 263 in quarter one 2009.

Put another way, the number of corporate insolvencies has risen just over two and a half times in 18 months. In quarter one 2009 the number of corporate insolvencies was up 77% on the same period a year ago.

*Source: McTear, Williams & Wood*

## Surveys & Research

### Key Facts

**There has been mixed findings in the numerous surveys which have taken place this quarter. The local perspective from Norfolk is that there are a proportion of businesses struggling to access the credit they require and are looking at letting staff go, where others are seeing their turnover increase.**

Shaping Norfolk's Future – survey of local businesses regarding access to credit. Findings include:

- Funds from banks: 57% of respondents say there is no change in availability of finance, 19% say it is worse
- Funds from banks: 32% of respondents stated overdrafts and bank loans are less available
- Demand for funds: relatively unchanged but 60% stated less bank finance for mergers and acquisitions
- Demand for funds: 50% that banks had not passed on interest rate reductions
- Problems caused solely by lack of credit? 17% say that turnover has increased
- Other factors? 61% say turnover has reduced and 43% reduced capital investment

Shaping Norfolk's Future – interviews with local banks regarding access to credit. Findings include:

- There are sufficient funds to lend to Norfolk businesses by this bank. Demand is weak. Proposals need to be well put together. This can be done in house, but care needs to be given to detail a sound business plan, cash flow and future income streams. SNF could usefully focus on the educational angle in showing businesses how best to apply for funds to banks.
- The banking system has been an integral part of the current problems. Norfolk's businesses will have suffered. Some may not have received funding from banks in Norfolk, or anywhere else. In the good times banks are prepared to take risks but in bad times, less so. Some businesses may well have had a rough deal and there will be such examples. This bank is continuing to support its existing customers and, in some cases, increase that support. It has not withdrawn long-term overdraft support facilities.
- There is not a lack of available credit for Norfolk's businesses. However, they have been hit by the wider economic situation. This will, no doubt, affect firms' financial performance and their desire to borrow money from the banks. This bank has the money to lend and the desire to do so if right proposals are supported.

The media has a part to play in terms of the level of confidence. If confidence drives everything, then the media has not done much to help this.

EDP, carried out by Larking Gowen - Norfolk Business Life Survey. Findings include:

- Fewer than 40 percent of businesses in the county expect to see a fall in profits over the coming 12 months.
- 11 percent of businesses expect to cut their workforce over the next 12 months.
- 20 percent of businesses predicting an increase in profits.
- 73 percent do not think the credit crunch has had a negative effect on their relationship with their bank.

British Chamber of Commerce - Quarter 2 Survey. Findings include:

- The worst of the recession is over.
- Turnover confidence has entered positive territory for the first time since Q3 last year and it has improved dramatically for manufacturing firms, rising 40 points from -38 in Q1 to +2 in Q2.

Royal Bank of Scotland, carried out by Markit Economics – regular monthly survey of purchasing managers. Findings include:

- Both output and new business rose in May for the first time since April 2008 in the East of England.
- Unemployment in the region is still growing and that “operating conditions are still difficult” although the rate of job cuts slowed in May compared to the first four months of this year.
- Costs facing firms rose partly as a result of “the weakening of sterling causing higher costs for some imports to the UK”.

Grant Thornton – annual farm business survey. Findings include:

- Partnerships and sole traders who realised profits on harvests in 2007 and 2008 will be facing higher tax bills in July this year and then again in January and July 2010.
- Net farm income for the top 25 percent of farmers has decreased year on year – 2007 was over £200 per acre, 2008 was £139 per acre and predictions for 2009 harvest is £112 per acre.
- Those farmers who formed syndicates in which they are sharing labour and machinery have driven down their costs per acre.

## Government Initiatives

### Key Facts

**The schemes released during this period have been very reactionary to the economic downturn in terms of helping people get in to or back in to work and offering advice to struggling businesses.**

### Initiatives Released:

22<sup>nd</sup> April - Future Jobs Fund – guaranteed offer of work or training to every 18-24 year old in Britain at risk of becoming long-term unemployed. Fund will enable

local authorities and third sector groups to submit innovative bids for jobs that will make Britain a better place and improve their local community.

15<sup>th</sup> June – the Understanding Finance for Business programme – intended to prepare firms for raising funds from either banks, venture capital, business angels or the public sector - launched by EEDA [www.eeda.org.uk/finance](http://www.eeda.org.uk/finance).

29<sup>th</sup> June – Response to Redundancy scheme – training grants worth a total of £6m have been awarded in the east of England to help people made redundant back into work. Scheme is funded by the Learning and Skills Council and the European Social Fund.

**Initiative Feedback/ Comments:**

7<sup>th</sup> May (EDP article) – Commission for Rural Communities report – demand for financial services such as face-to-face debt advice and affordable credit is outstripping supply in rural areas. Recommendations for the government include:

- Establishing a fund to support the use of new delivery mechanisms, including video conferencing for debt advice and the new credit union current account.
- Expanding support to develop credit unions and community development finance institutions in rural areas beyond 2011.
- Increasing the supply of free face-to-face debt advice in rural areas.

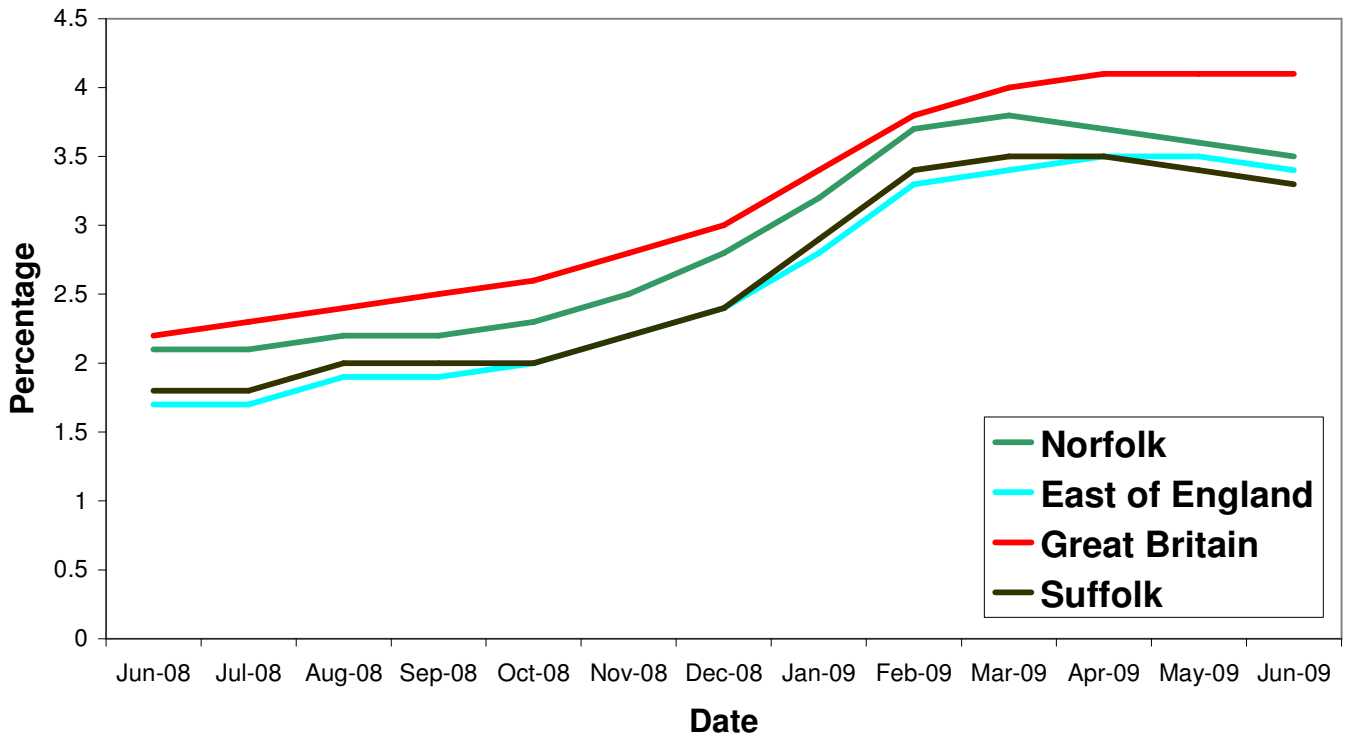
## Unemployment

### Key Facts

- Norfolk saw an average of 17, 978 people claiming JSA in this first quarter, with a fall of 961 people, -5.21% between April and June.
- Suffolk saw an average of 23, 582 people claiming JSA in this first quarter, with a fall of 215 people, -1.58% between April and June.
- Lowestoft saw an average of 2310 people claiming JSA in this first quarter, with a fall of 31 people, -1.3% between April and June.

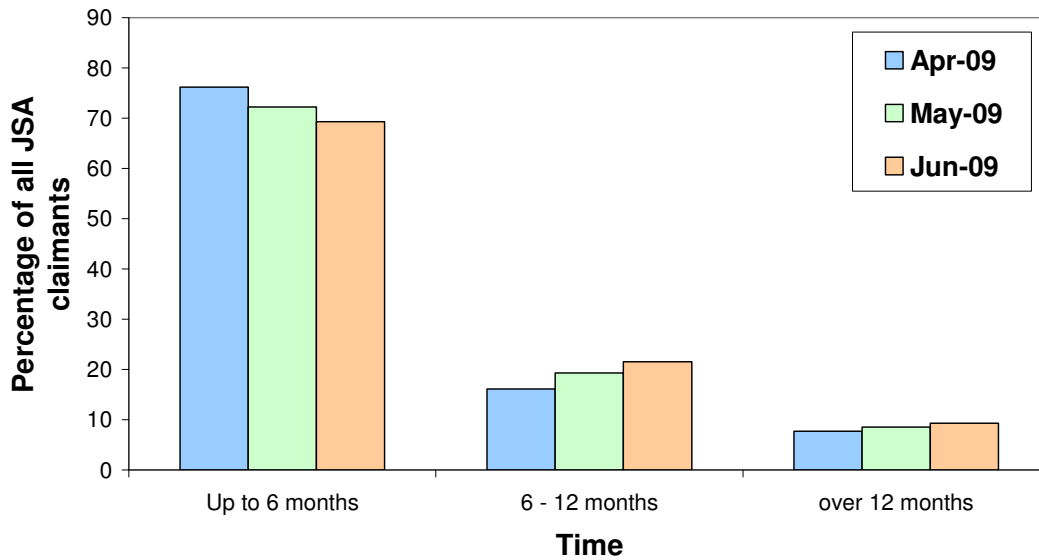
This quarter has seen the proportion of people who have been claiming JSA for less than 6 months fall, suggesting there are proportionately more people who are longer term unemployed than recently unemployed.

## All people claiming JSA

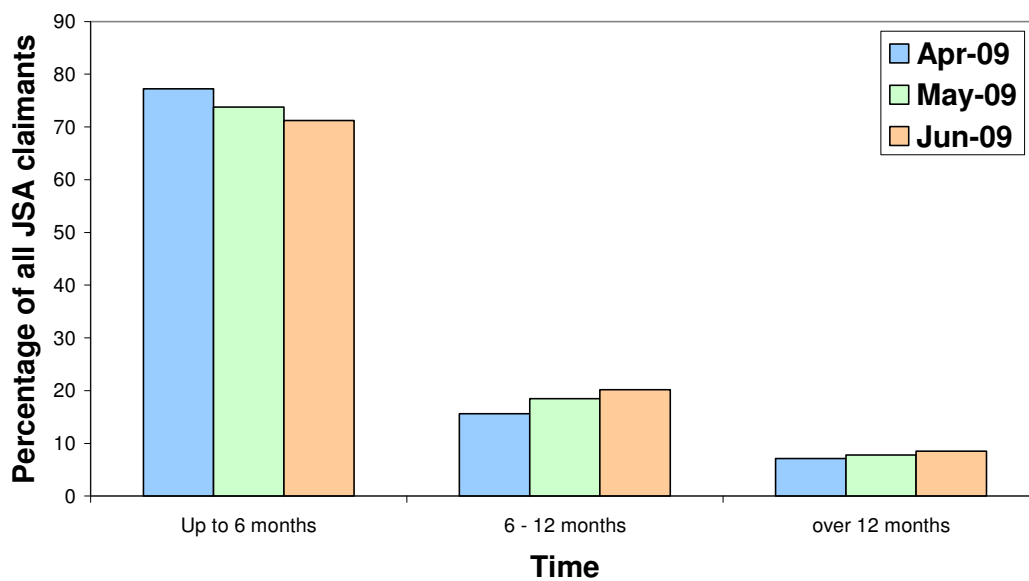


Source: Nomis

## Norfolk JSA Claimants by Duration



## Suffolk JSA Claimants by Duration



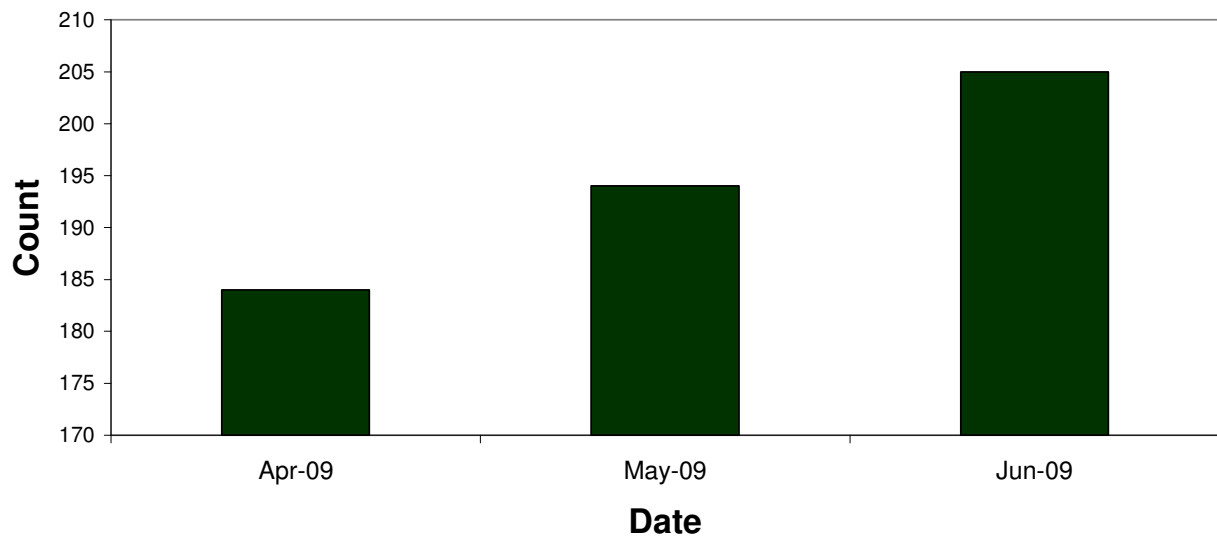
Source: Nomis

## Redundancies

### Key Facts

Redundancies in Great Yarmouth have increased slightly during this first quarter, with a rise of 21 notifications, 11.40%. For each month Great Yarmouth's redundancy figures have accounted for 4% of the total notified to Norfolk Job Centre Plus.

# Great Yarmouth redundancy notifications



Source: Job Centre Plus

## Skills

### **Key Facts**

**Institutions have realised that skills are very important during a downturn with the introduction of new courses, schemes and price cuts on adult education courses. These initiatives have increased the number of people joining the courses.**

**However, the recent NEET news does not look like the courses are attracting the younger generation, or if they are they are not going in to employment afterwards.**

Overall, the number of people on Norfolk Adult Education courses has jumped from 13, 420 in 2006/07 to 17, 710 this year – including an increase from 7, 250 to 9, 2000 taking up “informal” classes during evenings. (EDP 9<sup>th</sup> May)

A number of adult education courses have had price cuts by as much as two thirds in view of the economic difficulties many people are facing (EDP 3<sup>rd</sup> July)

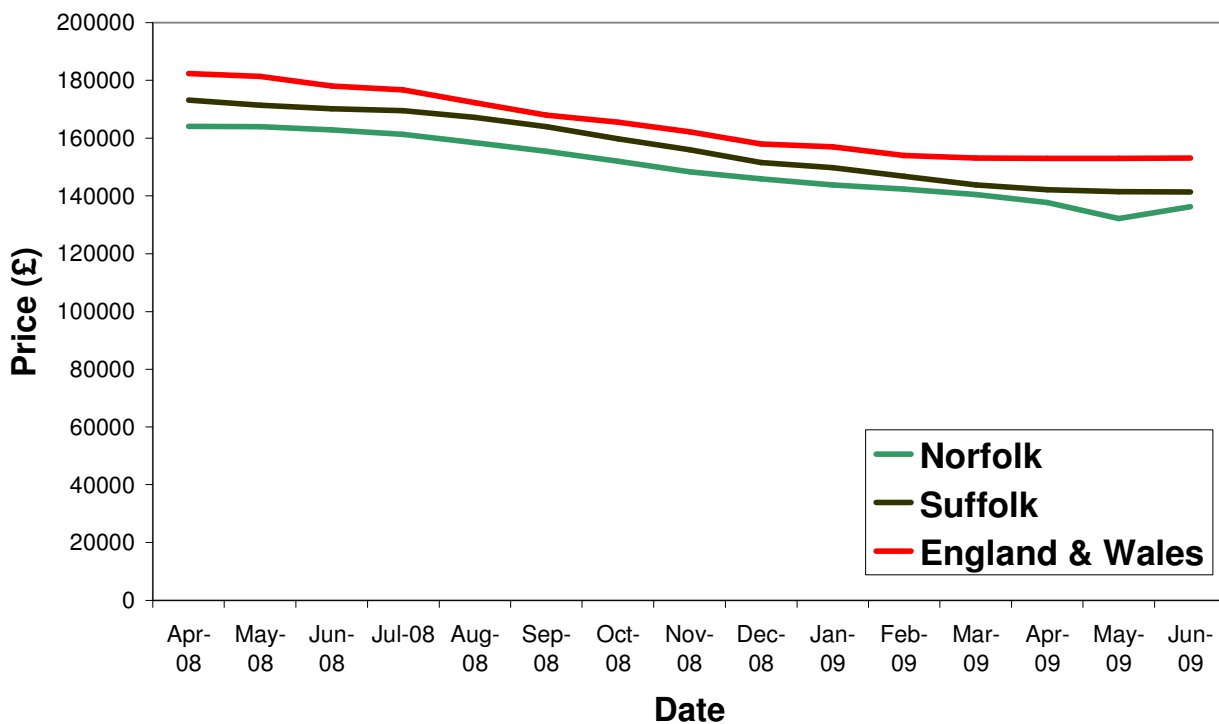
Long term unemployed people in East Anglia are to get help from colleges to find jobs. Anyone who has been out of work for more than 6 months will be eligible for free training courses as part of an £83m national government scheme. City College Norwich, COWA and Yarmouth College. (Evening News 14<sup>th</sup> May)

## Housing

### Key Facts

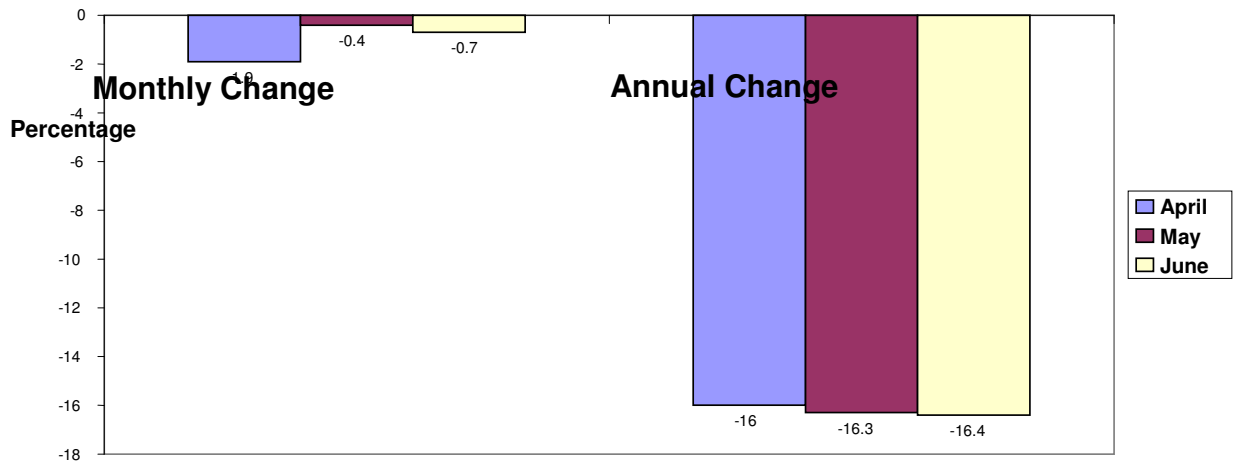
- UK house prices have averaged £156, 998 in this first quarter with a rise in prices of 1.94% between April and June.
- Norfolk house prices have averaged £135, 406 in this first quarter with a fall in prices of 1.09% between April and June.
- Suffolk house prices have averaged £141, 620 in this first quarter with a fall in prices of 0.47% between April and June.

## House Prices

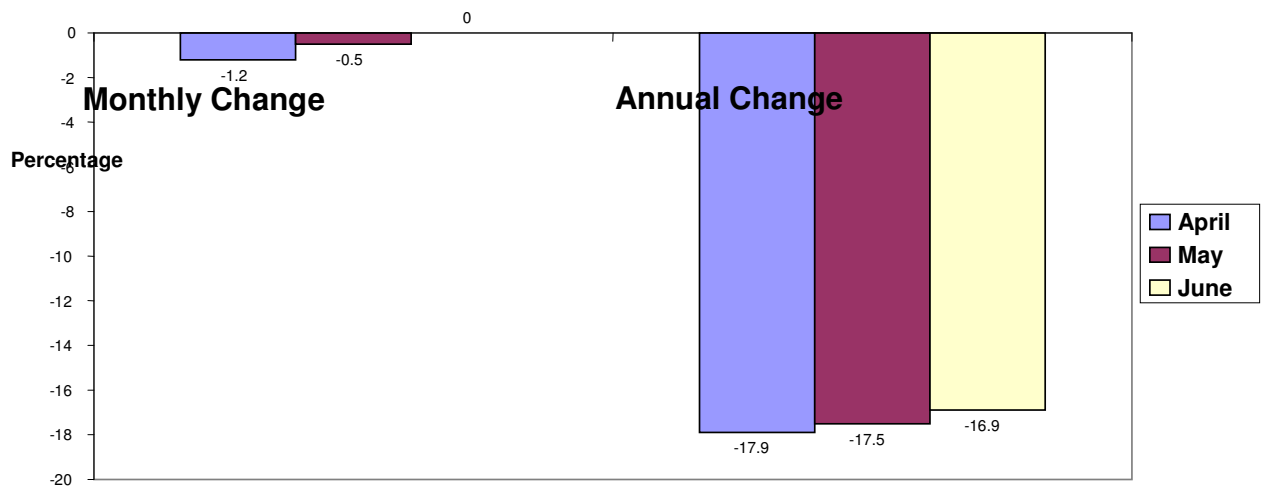


Source: Land Registry

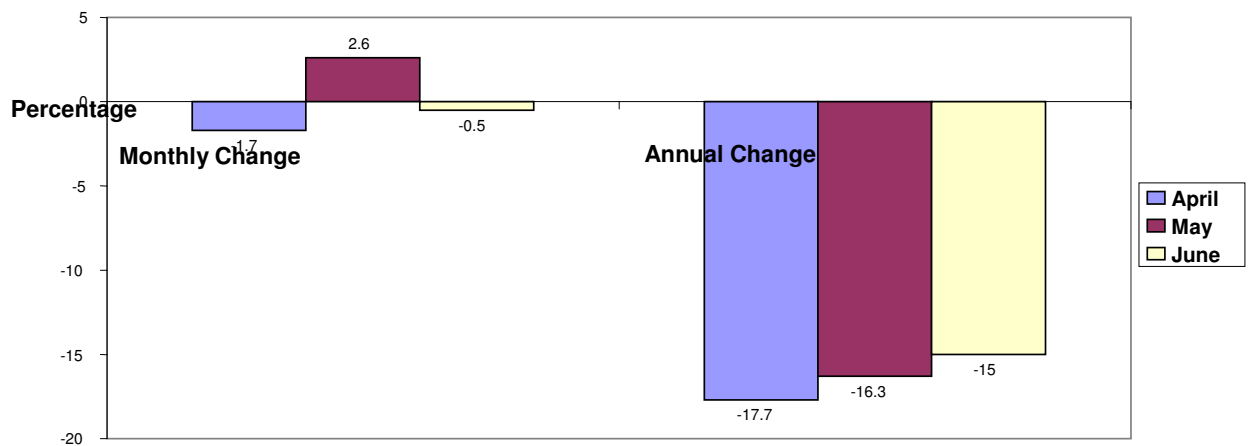
### Norfolk House Price Trends



### Suffolk House Price Trends



### UK House Price Trends



Source: Halifax House Price Index

Norfolk's monthly change in house prices are consistent with the general trend in the UK, with May being the best month, although Norfolk did not break the positive growth. Norfolk is remaining reasonably stable in terms of annual change in the quarter, with a very slight rise compared to the UK which has seen a gradual decrease in annual change.

Suffolk's monthly change in house prices have continued to become less negative, with no change between May and June. Suffolk is seeing a gradual decline in annual change at a slower pace than the UK.