



## **Rural Economies Recession Intelligence**

December 2008

Briefing note from CRC to Hilary Benn

### **Key messages**

Lower consumer and business spending and difficult borrowing conditions have led to further job losses, business closures and restructuring being announced in the past month, confirming a deepening economic downturn in rural areas. But we are also seeing examples of 'bucking the trend' – new jobs, new contracts, new businesses and new workplaces together with new support measures, ranging from help-lines and local initiatives to new lending and taxation measures announced by a variety of national, regional and local agencies, organisations and communities.

This report focuses on the rural housing market. Sales, prices and completions data show that although house prices in rural areas have fallen – with biggest falls in sparse areas – economic conditions mean that affordability in many rural areas has declined too.

Direct impacts are:

- Lower market activity and price falls but no change in affordability
- Fewer completions, particularly of 'affordable' housing – with greater risk aversion and lower lending ratios widening the affordable housing gap
- Financial exposure of some housing associations, caused by inability to sell, leading to development of wholly social rent schemes. These are to be welcomed but may jeopardise 'mixed community' settlements, as they are more expensive for the public purse
- Housing associations, companies, and organisations are in negotiation with the Homes and Communities Agency to explore solutions to improve access to affordable housing through and beyond the recession.

We urge that Government continues to develop mechanisms for addressing rural housing affordability through increasing supply and through implementation of Matthew Taylor's recent report.

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## **1. Rural Housing**

The housing market has slowed in all rural areas. Despite falling prices, houses are becoming less affordable and it is now more difficult for new entrants and those on low income to enter home ownership.

Applying the government's rural/urban definition to house prices and sales data from the Land Registry and National Statistics, and evidence from housing associations and social housing landlords, shows:

- month-on-month price reductions for most property types in most rural districts
- low levels of sales
- reduced completions of affordable housing provided with social housing grant; and
- increasing difficulties faced by housing associations to secure funds, combined with reduced demand for low-cost home ownership schemes.

However there is evidence that private owners in some rural communities are taking houses off the market and putting them up for rent, making them accessible to young couples and families.

### **1.1 Prices**

In the year to September 2008, median house prices fell by 6.6% and by September the annual percentage change in rural and urban areas (ie settlements of more than 10,000) was very similar. These national figures mask wide variation between some rural and urban areas.

Year-on-year price changes have been greatest in Sparse Villages (down 12.5%) and Sparse Urban (down 10%). Despite these falls, the median house price in September 2008 in Sparse Villages was £247,000 compared with £135,000 in Sparse Urban areas. Median house prices remain at even higher levels in Less Sparse hamlets and isolated dwellings and in Less Sparse Urban settlements.

### **1.2 Affordability**

Houses sold in the lowest price band (up to £125,000) in hamlets accounted for only 4.3% in year since October 2007 (compared with 14.6% of urban house sales) and continue to represent the smallest share of market activity in all rural areas.

Falls in house prices have not improved affordability. The ratio of mean earnings to median house prices, which has declined 0.3 in the most rural local authority districts between 2006/07 to 2007/08 to 10.1, contrasting with a similar rate of fall in Major Urban districts where the ratio was 8.1 in the year to September 2008. This means that the average house price is 10 times the average wage in the most rural areas.

The number of affordable housing completions funded with social housing grant in rural settlements (ie less than 10,000 population) has fallen by 7% over the past year.

A recent National Housing Federation survey of their rural members identified that most have withdrawn from building for low-cost home ownership because of unsold stock. As a consequence new schemes are for 100% social rent which receives higher levels of grant funding.

### **1.3 Rental sector**

On a recent visit to the Ribble Valley in Lancashire last month, our attention was drawn to a recent CLG consultation on The Rent Service (TRS) review of localities used to determine Local Reference Rates. These rates are used to determine local levels of Housing Benefit paid. As a result of the TRS review some rural local authorities, including the Ribble Valley, are grouped in localities dominated by urban settlements with lower value housing stock and more social landlords.

This contrasts with rural areas, in which private landlords fill a gap of provision by Registered Social Landlords for residents in receipt of housing benefit. The result in the Ribble Valley is that the tenant or the local authority is having to make up a shortfall of between £4 and £20 per week per benefit claimant between the Local Reference Rates and those charged by private landlords. **CRC is pursuing this issue.**

*A parish councillor in Wiltshire told us of the pattern of declining sales, falling prices and shifts to open market rentals, saying that most village houses up for sale have been withdrawn from market and are now being rented; planning applications for house extensions have fallen; and commuters and residents are using public transport more.*

## **2. Employment and business impacts in distinctly rural sectors**

Impacts have been reported to us by, among others, Gloucestershire First; by the horticultural charity, Perennial; Cumbria Tourism; and Herefordshire Council.

Farmers borrowing from banks, especially those seeking short-term or unplanned finance, are reporting a virtual doubling of overdraft charges. Business Link West Midlands have reported to Herefordshire Council that bank borrowing has steadily increased throughout the year “and is now at an all-time high.” Tighter lending practices are affecting those diversifying into other on farm activities, some of whom have welcomed the temporary relief from empty property rates – the Country Land and Business Association have called for it to be made permanent whilst the British Property Federation and others have criticised the low threshold for exemptions which will severely limit the extent of property types that benefit.

Major farm animal disease outbreaks in recent years have raised awareness of stress within farming communities and strengthened the support infrastructure. To date neither Gloucestershire Farming Friends (farming stress helpline) nor Herefordshire Rural Support Network have yet reported any increase in demand for their services. On the other hand a senior caseworker in northern England for the horticultural workers' charity, Perennial, has reported:

- A 45% increase this year in new referrals from those working in **horticulture and gardening**, of which more than half were seeking debt and money advice; rise in help to those facing bankruptcy up by 400%; and large increase in house repossessions, including evictions of tenants from property because their landlords were in mortgage arrears
- More approaches from those who had, for the first time, been laid off for the winter rather than the norm of having their hours reduced.

Submissions from south west England report that the **forestry** sector moved into recession faster than farming, affected significantly by close dependency on construction and packaging industries. Prices and sales for home-grown sawlogs and chipboard products are significantly down – bolstered occasionally where increased demand for logs has created an alternative market as a source of renewable and locally available energy. At least two major panel board mills are reported to be at a standstill. Declining sales can have a consequential effect on forest harvesting plans. The decline in value of Sterling has markedly raised prices of imported timber, and may provide a temporary improvement in profitability of work for some saw-millers and importers.

In early October, Cumbria Tourism surveyed 500 **tourism businesses** about performance from April to September 2008. Only 16% of firms reported profits up on last year while 39% reported a decrease. As with land-based activities, there was wide diversity within areas and between sub-sectors.

- Carlisle and Allerdale businesses performed better than average but business performance in Eden was significantly lower

- Non-accommodation businesses (visitor attractions, activity providers, transport/tour operators, retail and food and drink) performed better than accommodation-based businesses, although caravan and camping site occupancy rates were high, perhaps indicative of consumers reducing their expenditure on holidays

Visitor numbers were higher than in previous years (63% of businesses reported higher numbers) but overall profits declined as visitors spent less money and because of the effects of price cuts and promotions. Some 52% of businesses reported returning (loyal) customers as the main factor producing trade, followed by website development (16%) and spending on marketing/advertising (14%).

The majority (70%) of respondents felt the weather had adversely affected business followed by the credit crunch (32%), rising fuel costs (27%) and declining customer spend (23%).

Looking ahead, 71% of businesses were positive about the next six months (October 2008 – March 2009) with 22% saying things looked good for them and 49% thinking things looked OK. This was despite forward bookings being down – although this could be due to the trend of last minute bookings.

# Appendix 1

## Media Coverage – Housing

### **Flats that fall victim to the credit crunch could now help town's housing waiting list**

Fenland District Council and Axiom Housing Association have bought six one-bedroom flats which failed to sell because of the credit crunch. The flats will become affordable rented homes to assist residents from supported housing back into independent living. The council's executive director, Paul Medd said "It is evidence of how the council can help influence the housing market to the benefit of the community and also the wider construction industry during the current economic climate." It is also a way to boost the local economy and demonstrate to agents that affordable housing is a possible avenue to generate cash flow and sell units when the market isn't functioning. **(Wisbech Standard)**.

### **New Accent Nene Development at Buckden opens**

A new development of homes in the village of Buckden by the housing association Accent Nene has been opened. Accent Nene and Huntingdon-shire District Council developed the shared ownership properties in order to give local people an opportunity to buy their first home. The 10 affordable homes were built using funding from the Housing Corporation on land purchased from a local farmer and landowner. The landowner was happy to supply the land because he was keen to contribute towards providing affordable homes for locals. The housing development was also strongly supported by Buckden Parish Council. Accent Nene has a long tradition of providing rural homes in partnership with stakeholders. ([www.cpbsonline.eu](http://www.cpbsonline.eu)).

### **Housing 'focus' of economic plan**

Housing will be a primary focus under plans agreed by SEEDA's Economic Delivery Council. Council members agreed to look at a range of schemes to open up opportunities for people who need housing but are unable to access finance. ([www.bbcnews.co.uk/england](http://www.bbcnews.co.uk/england)).

### **Repossessions above UK rate**

Almost four times as many homes are being repossessed in the Teignbridge area of Devon compared to the rest of the UK. The level of repossessions in the UK is up overall by 12% but in Newton Abbot and Torquay the figure is up 42%. Teignbridge MP Richard Younger-Ross called on the Government to do more to help. **(Chichester Observer)**.

### **Fewer Cornish homes repossessed**

The number of mortgage repossessions in Cornwall has decreased over the past 12 months. Penzance and Bodmin County Court saw a 10% fall. Only Truro saw a 3% rise in repossessions. ([www.bbc.co.uk/england/cornwall](http://www.bbc.co.uk/england/cornwall)).

### **Mortgage Rescue scheme begins**

Councils in Penwith and Plymouth are to fast-track a mortgage rescue scheme to help vulnerable households in the region avoid repossession. The scheme is the next step in a range of support measures to ensure that repossession is always the last resort. **(Horncastle News)**.

### **Renew to concentrate on the civil sector**

Renew, a construction services company has announced a 29% increase in underlying annual profits. Following the deterioration in the housing market the company has switched its land remediation business away from the house building sector to the more robust regional civil service engineering market. Their completed projects include a coastal protection contract at Whitby Marina and Rossington School, near Doncaster and they are bidding for the contract to build Kirklees College Waterfront project. **(Yorkshire Post)**.

## **Media Coverage - Business and Labour Market**

### **Business – Support**

#### **One North East urged to help farmers**

The farming community believe the Pre-Budget Report missed vital opportunities to help agricultural businesses. Stoker Frater, NFU's council member for Northumberland wanted to see "an incentive grant for farmers where individual farmers could put in a three year plan and get grants to do things like roads or buildings." He also thought the cut in VAT would have no benefit to agricultural businesses because farmers are able to claim VAT back. He also thought the 12 month exemption from paying empty commercial premises rates (for premises with a value below £15,000) would have little difference. He did welcome the proposals to delay and decrease the rate of higher Vehicle Excise Duty (VED) for 4x4s which would impact on farmers who rely on such vehicles for their business.

However a manager of a local rural business park disagreed and believed the exemption will be helpful for his business because he expects office space vacancies during the recession.

Angus Collingwood-Cameron, NE director of CLA wants to see the exemption become permanent. He believes this tax delays future regeneration and people will be less willing to make the investment in the future. He too believes the VAT reduction will have little effect and small businesses will face additional costs and nuisance to implement price change alterations in time for Monday (1 December). He would like to see a widespread programme of affordable and social housing to boost the local economy and address the demand across a range of sectors. **(29/11/08, The Journal).**

#### **Networking site for rural area**

Rural Voices, a social networking site designed to support the development of rural Northumberland has been launched. It is hoped it will become an interactive resource for anyone who works or lives in Northumberland. The Rural Voices Network was originally set up by Northumberland County Council after the outbreak of Foot and Mouth in 2001. Northumberland Strategic Partnership has invested £40,000 to redevelop the site which allows users to share news and events and take part in online discussions. **(09/12/08, Morpeth Herald).**

#### **£2m investment for Co Durham's rural communities**

Communities in County Durham and South West Northumberland will decide how to use £2m of rural funding to drive economic development. Over the next three years, two partnerships, East Durham and North Pennine Dales will be allocating the money to local rural projects. Two Durham Local Action Groups have begun exploring ways of delivering rural services such as: farming apprenticeships and technical training groups, sustainable heating and power initiatives and new uses for community buildings. **(18/11/08, www.onenortheast.co.uk).**

#### **We can beat the credit crunch**

Northumberland Gazette launched a campaign to support local businesses and boost the local economy. 'Keep It Local' hopes to encourage support for local traders throughout the winter and not just at Christmas. The campaign is supporting all local businesses including pubs, restaurants, the leisure industry, builders and accountants etc. **(12/12/08, Northumberland Gazette).**

#### **£10m loan fund for region's SMEs**

A £10m loan for businesses across the North West struggling to access finance during the credit squeeze was announced. The Transition Loan Fund will give companies access to loans of up to £50,000. Businesses will need to demonstrate in their business plan they can service the borrowing (which they have been unable to obtain by conventional loans) and whose survival is dependent on the money. **(09/12/08, Manchester Evening News).**

#### **£54m lifeline to help York firms**

Yorkshire and Humber Economic Delivery Group have unveiled a rescue package for firms and individuals hit by the recession in Yorkshire. It includes a £54m investment in training, free 'business health checks' for firms and advice and training for individuals made redundant. **(21/11/08, Yorkshire Evening Post).**

#### **Business Link launches £1.4m support package**

Business Link has launched a health check package to help Yorkshire firms weather the economic storm. The package funded by Yorkshire Forward will provide practical and paid support and is designed to help those adversely affected by the current market to survive and refocus. It will also support businesses, which have opportunities to capitalise, to boost the local economy.

The free health check includes an online action plan accessed through the Business Link website and Business Link advisors will be available on the phone. If more in-depth help is needed £1000 is available to pay for a meeting with an accountant who will focus on financial priorities and recommend key actions. For complex businesses, £2000 is available for accountancy support. **(02/12/08, Yorkshire Evening Post).**

### **Opportunity knocks in tough times**

The Chairman of Rural Action Yorkshire believes the recession could have an adverse affect on rural life but could also provide new opportunities. He believes the recession could threaten services such as shops, public transport and businesses. However there were opportunities for rural businesses to become established with people working from home, and high-tech enterprises which can operate effectively in the countryside. Rural Action Yorkshire is "playing a key part in helping rural communities achieve their aspirations through such initiatives as parish plans." He believed government should give more help to rural areas because they were a large contributor to the national economy. **(04/12/08, Scarborough Evening News).**

### **Initiative to boost town's trade**

Bury St Edmunds Town Centre Management (TCM) hopes to create the region's first Business Improvement District. The scheme, already implemented in other UK towns, asks businesses to pay a levy on top of their business rates to help pay for initiatives such as town wardens and Christmas lights. In return, business bosses will have a say about how the money is spent to shape the town centre. The levy has not been set but is expected to be in the region of 1% of businesses' profits but with an exemption for smaller firms. **(24/11/08, Suffolk & Essex Online).**

### **Bank freezes small firm overdrafts**

NatWest and Royal Bank of Scotland will freeze overdraft charges for small businesses which will benefit up to 1 million customers for 12 months. The move is an attempt to 'shore up struggling clients'. **(24/11/08, Oxford Mail).**

### **Rural trade gets £1.6m investment**

Farming, forestry and rural trade in west Kent is due to receive £1.6m worth of investment from SEEDA. West Kent Partnership made a bid for the funding to develop 'new enterprises' in the area and provide opportunities for businesses and communities to work together. The money will be spread over 5 years and it will be used to "improve competitiveness, encourage innovation, promote entrepreneurship, develop rural tourism, tackle deprivation and ensure best practice in land management." **(08/12/08, www.bbc.co.uk/news)**

### **10 ways to boost Bridgwater's fortunes**

Sedgemoor District Council unveiled its plans to develop the local economy over the next 15 years. The 'Economic Masterplan' will help businesses fight the economic downturn. The document sets out Sedgemoor's '10 Commitments' and will provide a strong strategic framework to bring in external funding in the short, medium and long term.

Sedgemoor District Council's 10 Commitments

1. Bridgwater will be the South West's leading exponent of 21<sup>st</sup> Century enterprise and business hub;
2. Burnham on Sea will be an acknowledged role model for the successful regeneration of small coastal towns;
3. Cheddar and the Hills/Levels and Moors – to be sustainable rural communities;
4. Sedgemoor will be one of the UK's leading centres for energy related business, employment and skills;
5. Sedgemoor as a leading centre for creative, digital and media industries through enterprises based in Bridgwater and home based businesses;
6. A regionally significant location for inward investment;
7. Bridgwater College will be a leading provider of rural based further and higher education;
8. Outstanding schools;
9. Rejuvenated communities and neighbourhoods in areas affected by deprivation;
10. Sedgemoor will be recognised as the most enterprise driven and business focused council in the South West. **(01/12/08, Bridgwater Mercury).**

### **Look In Malmesbury First**

David Butcher, a Malmesbury businessman has launched Look In Malmesbury to help the town get through the recession. Look In Malmesbury will try to persuade businesses and shoppers to approach firms in the area before looking elsewhere. Malmesbury has already suffered the effects of the Credit Crunch with the loss of three estate agents and job losses at Persimmons and Dyson.

The leaflet and poster campaign will possibly be followed by a web directory. He has already won support from the local chamber of commerce and town council. **(28/11/08, Wilts & Gloucestershire Standard).**

### **Website to help battle recession**

Gloucestershire County Council has launched a website ([www.gloucestershire.gov.uk/recession](http://www.gloucestershire.gov.uk/recession)) for SMEs offering advice to business owners on how to survive the Credit Crunch. The website offers support, advice and assistance; demonstrating to people better ways of working. The 'one-stop shop' has information on local council and community project support, money, including debt advice, benefits, council tax energy and money saving, housing including repossessions and mortgage and rent arrears and family issues. The council has also launched an economic task force developed with Gloucestershire First, district councils, SWRDA and GOSW. **(04/12/08, [www.thisisgloucestershire.co.uk](http://www.thisisgloucestershire.co.uk)).**

### **Our pioneering Gloucestershire Bites Back campaign has a new key partner – Lloyds TSB**

Gloucestershire Bites Back campaign aims to keep the county's economy buoyant and emphasise that some businesses are doing well. Other supporters include Gloucestershire County Council, Cheltenham Borough Council, Gloucester City Council and UCAS. Lloyds TSB said they will continue to back companies. **(08/12/08, [www.thisisgloucestershire.co.uk](http://www.thisisgloucestershire.co.uk)).**

### **Camborne college partnership will help small firms**

A partnership of colleges (Cornwall College, South Devon College, North Devon College, Kingston Maurward College, and the University of Plymouth) has been awarded £1m to help SMEs in the South West benefit from the specialist expertise of further education college and training providers. The project – College Business Innovation Accelerator aims to enhance the quality and range of business innovation services for employers across the region. **(08/12/08, Falmouth Packet).**

### **Training scheme to be extended to region**

A Vocational Training Scheme is being extended to cover the whole of the South West. The scheme currently delivered by Duchy College's Rural Business School and its partners has received funding through RDPE and SWRDA has agreed an extension to provide education, training and support for farming and land-based industries. The project will deliver training through Duchy College in partnership with land-based colleges and private training providers across the region. The farming and forestry sector will have the benefit of access to supported skills, technology and business training. **(11/12/08, [www.meltwaternews.com](http://www.meltwaternews.com)).**

### **Funding secured for new Business Link project targeting local innovators**

Business Link will receive £6m of investment to help the South West's most innovative firms. The targeted firms to receive Business Link help include those trading or intending to trade nationally or internationally; planning, developing or producing innovative new products or processes; or able to employ, retain and reward the most skilled people. The money was provided by SWRDA and European Regional Development Fund Convergence Programme. Business Link believes "by concentrating on helping such businesses grow, we can directly or indirectly boost the whole Cornish economy." **(12/12/08, [www.meltwaternews.com](http://www.meltwaternews.com)).**

### **Business – “Bucking the trend”**

#### **Home business website**

Emma Jones runs a home business website [www.enterprisenation.com](http://www.enterprisenation.com) and site visitors are optimistic and confident about their rural businesses. In their 2008 Home Business Report in October, home businesses were described as 'the bright spot in the UK economy'. This is because more people are starting businesses from home (16% increase in the last year) and those already running home businesses are optimistic about the future (72% plan to increase their turnover in the next six months). Emma Jones believes that home businesses do well because they are operating on low overheads and operate in niche markets providing good customer service.

#### **Love of horses led to launch**

An entrepreneur has established a horse feed business with support from Derwentside Enterprise Agency. Cherrytree Supplies was set up by Lindsay Lattimer because she had difficulty buying certain feeds for her horses and animals. With family backing and a grant, she has invested over £60,000 in a new warehouse and office for her animal feed supply business. Derwentside Enterprise Agency offered advice and support and helped her access grants from Derwentside District Council and Rural Enterprise Development. She now has plans to expand the business into animal bedding. **(25/11/08, Durham Times).**

### **Cumbria 'is well-placed to survive slump'**

Cumbria is well equipped to survive the recession because the main industries nuclear and defence will 'insulate it from the worst of the economic downturn'. NWDA have a three-point plan to help Cumbria; persuading banks to start lending; injecting cash to restart stalled infrastructure projects and beefing up business advice services. **(12/12/08, Whitehaven News)**.

### **Bucking the trend**

Nidderdale Herald has a weekly focus on local businesses bucking the trend and defying the recession gloom.

- Green-Tech landscaping has hit a £6.1m turnover and is celebrating a growth of 18%. The firm supplies landscaping and forestry material and has added a new arm to the business with the acquisition of Tricour Services Ltd. They now employ 29 people after taking on an extra five employees over the last year.
- Co-Star, a mobile communication equipment distributor has won Distributor of the Year 2008 at the Mobile Electronics News awards.
- Much Loved People, a website offering unlimited free iCards for Christmas, birthdays and invitations will launch next month. The business was set up by two local women who work in web design and wanted to provide something free to cheer people up!
- Cloud Eleven, a Harrogate-based consultancy has been awarded five star supplier status by Yorkshire Forward and Business Link. Cloud Eleven has successfully supported social enterprise Camberwell by providing a full HR project management service. **(01/12/08, Nidderdale Herald)**.

### **Bucking the trend (2)**

Nidderdale Herald's weekly focus on local businesses defying the recession gloom. Two local business people are launching the first of three innovative food and drink outlets to be opened before Christmas.

- Gold and Brown will launch Caffétessen at The Academy in Harrogate. The business is founded on the principles of fair trade, sustainability, food miles and ethical business practices. The owners are passionate about local and regional produce and plan to expand. **(10/11/08, Nidderdale Herald)**.

### **Carclo a success in medical market**

Carclo a high-tech plastics company has reported a 10% rise in profits as it continued to win medical sales. Carclo produces specialist range of lighting products for luxury cars such as Lotus, Bentley, McLaren, Porsche etc. It is also the market leader in plastics used in blood tests. Carclo's chief executive believes the group will be unaffected by the economic downturn. **(27/11/08, Yorkshire Post)**.

### **Concern on village shops**

In the Whitby rural area, shops appear to be bucking the trend although some Post Offices have closed. Castleton's Country Store has recently been taken over and turnover is increasing week by week. In Goathland, where businesses benefit from the village's exposure on the TV programme Heartbeat, the local shop is doing well. Businesses' trade tends to pick up when the tourist season begins in February. **(10/12/08, Esk Valley Today)**.

### **Kineton online firm finds plenty of gifts**

Kineton-based online company, Findmeagift.com is bucking the trend with a 100% growth in orders. During the Christmas season the company employs around 100 seasonal workers in the warehouse. Find Me A Gift is one of the UK's leading online gift retailers. Established in June 2000, the company specialises in a wide variety of gadgets, toys, experiences and personalised gifts with worldwide delivery. **(01/12/08, Kenilworth Weekly News)**.

### **Village an entrepreneurial hotspot**

Women in the small village of Great Chishill, near Royston, have discovered they are living and working in an entrepreneurial hotspot. The female-owned businesses range from computer training to PR and marketing for rural businesses, from garden design to photography and from website designer to jewellers. **(19/11/08, Cambridge News)**.

### **Businesses say they can survive**

Seven out of ten businesses in East Anglia believe they can survive the recession without redundancies despite predicting their profits will drop next year. The survey of 400 businesses found 13% of businesses expect to reduce their workforce next year but 77% believe they will employ the same number of people. 50% believe

they will have a fall in profits. 53% believe the economic downturn is the biggest threat to their business. **(04/12/08, Norwich Evening News).**

### **Major boost for Norwich business sector**

Trowse-based construction company May Gurney say they have managed to weather the economic storm. The company employs 700 people in Norfolk and its six month revenues before September are up by 8%. The company also has a forward order book of £1.25bn and potential contract extensions of £0.75bn. The core market for the business is local government and regulated industry. **(04/12/08, Norwich Evening News).**

### **Hotel bucks the trend as trade rises**

A hotel at Sands Resort in Porth near Newquay is staying open during the winter. This is only the third year the hotel has stayed open during the winter and they currently employ 40 people. **(01/12/08, [www.thisiscornwall.co.uk](http://www.thisiscornwall.co.uk)).**

### **Sisters defy the credit crunch**

Sisters from Westbury have defied the credit crunch by opening a new shop in town. Beadelicious and Here's My Card sells handmade jewellery, cards and gifts. The owners are optimistic about the future and are encouraging people to shop locally this Christmas by backing the Wiltshire Times 'Support Your Local' campaign. The sisters have finally opened their own shop after renting two rooms in a nearby gift shop to make and sell their products. They plan to sell their products online in the near future. **(08/12/08, Wiltshire Times)**

### **Business – Hit by the recession**

#### **Scrapped – major blow as retail giants pull out**

Home Retail Group, parent company to Homebase and Argos, has pulled out of a multi-million retail development. Home Retail Group scrapped plans to open stores after the developer went into administration. The developer, Hurstwood has vowed to complete the project and attract new tenants. **(25/11/08, Rossendale Free Press).**

#### **Warning over further jobs squeeze in 2009**

Employment Law Advisory Service warned transport, travel and catering companies will feel a job squeeze in the new year. Retail, construction and leisure firms have been worst affected by the economic crisis but the impact is set to spread. The firm is currently being swamped with requests from SMEs for guidance on redundancies in the manufacturing, construction, hospitality and retail sector. They have seen a rapid increase in calls from the transport, travel and catering industries. **(11/12/08, Manchester Evening News).**

#### **Rural regress**

With the prediction that 600 village shops and post offices will close this year, the impact will have a significant effect on rural communities: village stores are so few and far between. Also when a firm closes in a rural area it is more difficult for staff to find alternative employment as vacancies do not exist. It is important that the Government's economic rescue plan doesn't just target densely-populated areas. **(28/11/08, Yorkshire Post).**

#### **Pressure grows for business tax to be scrapped**

The region's business leaders and Yorkshire Forward have joined MPs in a call for scrapping empty property rates. The demands come as banks face criticism for failing to pass on interest rate cuts or free up lending for businesses despite the Government's massive bail out. Yorkshire Forward and Yorkshire and Humber Chamber of Commerce are urging the Chancellor to give businesses some breathing space through measures such as the end of rates on empty properties. **(21/11/08, Yorkshire Post).**

#### **Slump 'will hit region hardest'**

Manufacturing in the West Midlands has taken a turn for the worst during the recession. The region's manufacturers particularly the motor industry are experiencing tougher times compared to the rest of the country. In a survey by Engineering Employers Federation (EEF) over half of the companies said 'if the next quarter is as bad as they fear, they will have to make employees redundant.' **(02/12/08, Express and Star).**

### **JCB struggle starts to hit the wider economy**

A Hixon-based exhaust manufacturer, Energy Exhausts has gone into administration after seeing orders from JCB fall. The company has also been hit by increasing raw material costs. Retailers in Cheadle and Uttoxeter expect their Christmas sales to be hit after JCB made more than 1000 people redundant. **(02/12/08, [www.thisisstaffordshire.co.uk](http://www.thisisstaffordshire.co.uk)).**

### **Dairy farmers hit hard by severe cutbacks**

Dairy Farmers of Britain, which is owned and run by the dairy farming industry, is cutting costs. Fole dairy, near Uttoxeter is closing with 246 jobs lost and other dairies will be closing in Hertfordshire, Lincoln and Portsmouth leading to 500 redundancies. It will also be reducing the amount it pays farmers for the milk by 2p per litre. **(03/12/08, Birmingham Post).**

### **Landlords brew bid for survival**

Arkell's Brewery which has pubs across Gloucestershire is backing a national campaign to save the British pub. It is calling for a halt on government plans to raise beer taxes further which could threaten pubs. The chairman for Arkell's believes "if the beer tax rises, jobs will be lost in both pubs and the manufacturing industry." **(08/12/08, [www.thisisgloucestershire.co.uk](http://www.thisisgloucestershire.co.uk)).**

### **Employment – Good news**

#### **Hundreds of jobs to be created across region**

Two major employers unveiled plans to employ hundreds of people across Durham. Tesco are planning a large superstore in Consett, Co Durham which would create 250 jobs. Also the Student Loan Company's North East base in Darlington is looking to employ more than 180 people in their new offices. Planners are also due to decide on an application to build a £50m business park which could potentially create 1500 jobs. **(12/12/08, The Northern Echo).**

#### **£6.2m fund will help to train redundant staff**

eeda have launched a £6.2m initiative to train redundant staff and boost their skills. The Beyond 2010 programme is a 'response to redundancy' service to retrain workers. Specialist business advisors will assess people's existing skills and provide appropriate training to boost their employment opportunities. eeda will also give funding to SME enterprises employing up to 250 staff, for their training costs. This scheme follows on from Towards 2010 scheme which helped 2400 businesses to train more than 8800 staff. **(25/11/08, Bury Free Press).**

#### **120 jobs hope at energy plant**

Plans to transform the former Tate & Lyle site in Selby into a renewable energy plant have been welcomed. 120 new jobs could be created if Whites Renewable Energy planning application is accepted. The power plant will use anaerobic digestion technology to generate energy from organic material. This would generate enough energy to power 10,800 homes for a year. **(11/11/08, The Press).**

#### **Task group for ex-workers**

A multi-agency taskforce is helping workers who were made redundant at Fitzgerald Lighting. 240 local jobs were lost and a further 52 were made redundant when production stopped at the Bodmin factory. The collapse of Fitzgerald Lighting was blamed on the economic downturn and the "unwillingness of banks to lend funds to continue." The task group has representatives from SWRDA, North Cornwall and Cornwall County Council, Job Centre Plus, ACAS, Bodmin Chamber of Commerce, Cornwall Enterprise and Business Link. 40 redundant workers have already found temporary work at Tulip Foods but there are few local job vacancies. **(10/12/08, [www.thisiscornwall.co.uk](http://www.thisiscornwall.co.uk)).**

#### **Jobs joy for South Somerset**

A South Somerset company has been given the go ahead to start a £1.2bn Future Lynx order for the Ministry of Defence. AgustaWestland will carry out a fast-track upgrading of the 12 Lynx Mk9s. The contract means the company is now in a good position to weather the tough economic climate. **(12/12/08, Chard & Ilminster News).**

## **Employment – Bad news**

### **200 jobs to go at Glaxo**

200 jobs will go at the GlaxoSmithKline factory in Barnard Castle over the next 12 to 18 months to improve productivity and efficiency. The company will continue to invest in the site and the restructuring will put them in a better position for the future. One North East will co-ordinate a Rapid Response Service to help the employees find new jobs or even start their own small business. **(04/12/08, The Northern Echo).**

### **Almost 180 jobs to go as County Durham factory announces closure**

Around 180 employees will lose their jobs in the New Year after the Crook-based fridge manufacturer, Parker Hannifin announced it will close. Workers are currently on paid leave but their contracts will be ended on 7<sup>th</sup> January. The business has incurred losses of £10m in two and a half years due to low cost competition in the Far East. A package of support has been made available for all the employees by the local enterprise agency. **(12/12/08, The Northern Echo).**

### **Skipton Building Society set to axe 25 jobs**

Skipton Building Society is to merge with Scarborough Building Society putting 25 jobs at risk. 60 jobs will be reshuffled and 25 people may not have a new position therefore redundancy will be offered. All the 'at risk' jobs are within Skipton Building Society. **(28/11/08, Scarborough Evening News).**

### **400 tax and customs jobs axed**

HM Revenue and Customs will close 9 offices throughout Yorkshire and Humber leading to the loss of 400 jobs. Public and Commercial Services Union general secretary said "In these uncertain times, these closures and job losses will hit businesses, the public and the communities they serve. Rural areas will be disproportionately hit, with face-to-face tax advice reduced to the bare minimum and quality jobs taken out of local economies." **(05/12/08, Whitby Gazette).**

### **11 jobs go at Whitby engineering firm**

Europower, a Whitby based engineering firm has made 11 people redundant, cutting their workforce by a third. The company is suffering a downturn in business due to the current economic climate. **(12/12/08, Whitby Gazette).**

### **Jobs to go at Selby factory**

100 workers from a factory in Selby will be made redundant at Christmas. Clariant which makes special chemicals for leather treatment products is closing due to "spiralling energy costs and a loss of a key customer." 60 jobs will also be lost at Rigid Paper for similar reasons. The Selby MP will be holding a meeting with Jobcentre Plus about the help available for those seeking work and the provision of extra assistance to those firms where there are more than 20 redundancies. **(12/12/08, Selby Times).**

### **Council staff face jobs axe**

Harborough District Council staff are facing job uncertainty after hundreds of staff were called to a council meeting where a £1m 'blackhole' in the council's budget was revealed. Staff were told that early retirements and voluntary redundancies were needed to bridge the funding gap, which is blamed on the economic downturn. **(27/11/08, Lutterworth Mail).**

### **Factory will axe 200 jobs**

Staffordshire engineering firm ThyssenKrupp Tallent has announced they are making 200 people redundant. The company supplies the car industry. Also the Staffordshire-based dairy, Dairy Farmers of Britain is closing with 264 jobs lost. **(02/12/08, Express and Star).**

### **Aston Martin to cut 600 jobs at Gaydon**

Aston Martin based in Gaydon, Warwickshire is cutting 300 permanent jobs and 300 temporary posts. Aston Martin has been forced to make the cuts after the downturn in the economy. The company also announced extended closure over Christmas and New Year until 19 January. **(02/12/08, Birmingham Post).**

### **More job losses for manufacturer**

A Herefordshire-based insulation manufacturer has announced 18 further jobs will be axed at its factory near Pembridge, Leominster. 64 redundancies were announced in June this year which was blamed on the downturn in the construction industry and a 'tough economic climate'. **(20/11/08, [www.bbc.co.uk/news/hereford](http://www.bbc.co.uk/news/hereford)).**

### **JCB announces 400 more job cuts**

400 job cuts at JCB have been blamed on 'extreme deterioration in business levels and confidence'. JCB are reducing production at their UK factories by 34% for November and December. JCB's Chief Executive has said there wouldn't be any more redundancies at this current level of business. (14/11/08, [www.bbc.co.uk/news/staffordshire](http://www.bbc.co.uk/news/staffordshire)).

### **Birmingham's VerTiPlex theme park not affected by Pettifer collapse**

The construction firm Pettifer based in Shipston-on-Stour went into administration due to the slump in the housing market. 120 redundancies were made with immediate effect and many other employees are expected to lose their jobs too. A further 150 jobs could go if restructuring of the remaining Pettifer Group companies fail. Pettifer Construction was a family run business based in the West Midlands with sites across the country. The chairman is currently trying to save 85 jobs by packaging a deal to sell the consultancy business PCM. (04/12/08, **Birmingham Post**).

### **Village's main employer to shut**

Forest Garden, a timber factory based in the small Herefordshire village of Eardisley is to close. The company employs 150 people but up to 100 employees will be transferred to the company's headquarters at Hartlebury in Worcestershire. (05/12/08 [www.bbc.co.uk/herford/worcs](http://www.bbc.co.uk/herford/worcs))

### **Newspaper firm reveals job losses**

6 jobs will be lost at the Hereford division of the Hereford Times and Ludlow Advertiser. The job cuts are part of cost reductions to protect the company's long term future following a decline in advertising revenues and volume. (11/12/08, **Ludlow & Tenbury Wells Advertiser**)

### **Norfolk attraction lays off half its staff**

13 people have been made redundant at Norfolk Lavender because of financial problems. The company supplies plants and fragrant products from a converted watermill and is one of Norfolk's most popular tourist attractions. The financial problems have been caused by a large debt but the managing director is convinced the business will continue. (04/12/08, **Norwich Evening News**).

### **Redundancies announced at Rolls-Royce**

Rolls-Royce has announced it will be releasing 40 temporary staff and extending its Christmas-New Year shutdown at its Goodwood headquarters. Rolls-Royce has been insulated from the economic downturn although they have seen a 'softening in sales' and are 'adjusting' their production accordingly. (01/12/08, **Mid Sussex Times**).

### **Ilminster firm announces job redundancies**

Powrmatic, a commercial heating and ventilation manufacturer has announced it will be cutting 20% of its workforce. It has been forced to cut its operational costs due to the economic downturn. It has undertaken many initiatives to avoid the job cuts including demolition of a site to sever business rates and maintenance costs but 35 jobs are likely to go. (04/12/08, **Chard & Ilminster News**).

### **Jobs axed at furniture firm**

A Bromham-based furniture company, Mark Wilkinson Furniture is axing jobs. Although the company had a good year they were wary of current market conditions. Initially they have asked people to come forward to take voluntary redundancy. However the firm will continue to expand the number of showrooms next year. (05/12/08, **Wiltshire Times**).

### **MP condemns potential job cuts**

Yeo Valley Farms is restructuring its workforce at its Cannington dairy with 100 operational and management posts set to be lost in March 2009. The firm blamed rising costs of raw materials and production and a very competitive retail market. Yeo Valley is one of Sedgemoor's largest employers. (11/12/08, **Bridgwater Mercury**).