



## **Rural Economies Recession Intelligence**

January 2009

Briefing note from CRC to Hilary Benn

### **Business Performance**

#### **Summary of key messages**

1. Communities and businesses across rural England face increasing deterioration – business closures, job losses, reduced working, lower consumer demand, and difficulty in securing bank funds. Bad news far outweighs the good.
2. Rural businesses rely more heavily on finance secured on mortgage lending, overdrafts and credit card borrowing.
  - Many will need help with business planning and accounting to support applications to convince lenders of their viability and credit worthiness, and to exploit future opportunities.
  - There may be scope for enhancing banking services and credit availability by making more use of the Post Office and Credit Unions – and by Government working directly with the Co-operative Bank and others to increase lending in rural areas.
3. The impact of major retail closures in market towns is very visible and could go one of two ways – either independents exploit the opportunity and flourish; or, perhaps more likely, consumers are no longer attracted to market towns and opt instead to get in their cars and drive to urban centres.
  - Local authorities and economic agencies should be encouraged to develop task forces to recognise and tackle the cumulative effect of smaller closures and job losses as well as large-scale, urban closures.

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## Credit Availability

1. Rural businesses – like their urban counterparts – are suffering from reduction of credit and tighter lending terms. The Bank of England's Credit Conditions Survey for the fourth quarter of 2008 showed decline in both supply and demand for business credit. This was sharper than expected and has contributed to an increase in defaults among businesses – with consequential effects in the real economy.
2. This tightening of credit has particular implications for rural businesses given the prevalence of micro and small businesses in rural areas and their pattern of credit use. Rural businesses are more likely to draw on sources of household finance, including finance secured via mortgage lending, overdrafts and credit card use, according to research by Cambridge University (see below).
  - The Pre-Budget Report and recent government announcements and actions have focused on the need to improve the terms and volume of credit flowing into small businesses – it is important that rural businesses are **aware** of these initiatives and that they are easily **accessible**.
  - The impact of credit card terms and costs is wider than the effect on personal finance, given the patterns of credit card use for rural small and micro businesses. The government's recent 'statement of fair principles' with the credit card industry helped to clarify agreed operating terms but must be implemented. Continued government dealings with the sector should acknowledge the small business implications of restricted credit and the need for **creditor flexibility**.
  - Weaknesses of rural small businesses in formal business planning and accounting, highlighted by borrowing arrangements and dependence on credit cards, could present difficulties for these businesses in persuading lenders of their viability and credit worthiness. Access to proper and timely **support and advice** is vital.
3. Loss of credit is being accompanied by a sharp downturn in other measures of business health – from declining orders, expenditure and investment and employment. This has been highlighted by JCB's experience, hit by declining orders from customers unable to secure credit. Similar examples from the building industry and other supply chains, often in rural areas, have received national publicity.
4. Government is considering providing insurance cover to release the pressure on banks in relation to toxic mortgage debt; no such support is currently proposed for individual business people who wish to use more secure assets as collateral.
5. There may be scope for enhancing banking services and credit availability by making more use of the Post Office and Credit Unions – and perhaps by Government working directly with the Co-operative Bank as well as others to increase lending in rural areas. We discussed these matters recently with BERR Minister Pat McFadden.
6. A study published in 2008 by the Centre for Business Research at the University of Cambridge, 'Financing for UK Small and Medium Sized Enterprises' confirmed that all SMEs (urban and rural) made most use of credit cards (55% of firms using external finance); overdrafts (53%) and leasing or hire purchase funding (38%) over the three years 2005-2007.

Re-analysis commissioned by the CRC show higher levels of this type of borrowing amongst rural firms. In less sparse villages 60% of SMEs used credit cards, and 57% used overdraft funding, compared with 55% and 51% of SMEs in less sparse urban firms.

7. This explains, at least in part, why one of the key requests from the Country Land and Business Association's recent Rural Economic Index from a survey of a panel of members running enterprises in a wide variety of sectors in rural England and Wales was to secure lower interest rates on credit cards. Such a move could also assist firms dependent on direct sales to household consumers.
8. In the light of such high dependency on these sources, it is vital that recent cuts in Bank of England base rates are substantially passed on by credit card companies.
9. In November and December the National Farmers Union (NFU) conducted a survey of farmer members' experiences with the banks. This sample of around 400 farmers included almost 300 with overdraft funding, 90% of which came from Barclays, HSBC, RBS/NatWest and Lloyds TSB.
10. Around 80% of the 167 who expressed a perception of how the credit crunch is affecting lending reported increased costs and more stringent conditions. And approximately 36% of the 400 surveyed had experienced an increase in the rate of interest charged for business overdrafts, although the majority of those giving details of such changes had experienced no change or decrease in rates of interest charged. Little difference was recorded either between sectors or tenants and landlords.
11. Overall the survey confirms that whilst some farmers are faced with higher borrowing costs, at this early stage of the recession they appear to be being reasonably treated by the banks. Anecdotally the NFU note that they may be better treated than other sectors when it comes to borrowing funds.

## **Retail sector**

12. Market towns are the most noticeable losers from large job losses, and closures of firms and premises. Our evidence supports the attention in national media about the challenges being faced by rural towns. Action for Market Towns is commissioning a survey of conditions and possible actions from the Centre for Local Economic Strategies.
13. Several have suffered from multiple business closures and job losses, through failures of chains such as Woolworths, Roseby's and Adams clothes, and closure of Marks & Spencer's 'Simply Food' stores. The market towns of Evesham in Worcestershire and Market Harborough and Melton Mowbray in Leicestershire have witnessed the closure of at least three of these national chain stores. Whilst some reports consider this an opportunity for independent traders, many more express fears about the scale of loss of retail jobs and reduced attractiveness of the towns to customers. Independent shops and retailers are not immune to the downturn – closures are reported of independent womenswear shops in Norfolk, a toy shop in Marlborough which has traded for 84 years, and rural pubs, both independent and chains. Market towns are reporting growing number of empty high street premises, with fears of rising crime levels.

14. The cumulative loss of businesses from market towns can challenge the wider sustainability of that community. National chains often attract shoppers, boosting the local economy - their departure can lead to trade being lost to larger urban centres with negative effects on local economic and environmental sustainability.
15. A number of local measures have been implemented by market towns, including free car parking, voucher/loyalty schemes and 'buy local' initiatives. We would encourage local authorities and economic agencies to develop task forces to recognise and tackle the cumulative effect of smaller closures and job losses as well as the major, headline-grabbing closures.

### **Business and Manufacturing**

16. Job losses and business closures are not confined to high streets of market towns. Many are in manufacturing – engineering, paper, food processing, tool-making, clothing and caravan and boat manufacturing – and distribution. In many towns these may be the largest and longest-established single employers, providing work for several members and generations of related households, including opportunities for apprenticeships. Engineering industry spokesmen and RDAs are expressing fears about the risk to jobs in the major car manufacturers – finding similar replacement work may involve commuting long distances. Again, action is needed to offset the cumulative effects of small losses and closures.

### **Challenging and different trends in employment**

17. Labour Force Survey statistics from the Office of National Statistics reveal interesting changes of direction for rural and urban areas over the past year and between the second and third quarter of 2008. Whilst the trend over quarter three (July-September) between 2007 and 2008 was for increases in employees in higher skilled occupations (managerial, professional to skilled trades) in urban areas, they declined in rural areas. Analysis shows that in rural areas the rate of change (growth or decline) has slowed and in professional occupational groups and personal sales staff, has even reversed between April to September. In many cases the opposite has happened in urban labour markets. Indeed some Job Centre Plus offices are now seeing a rare experience of managerial and professional redundant staff now seeking their help. Such trends will be closely monitored to see if they extend to rural areas.
18. Barclays Bank quarterly report on new businesses, (as recorded through new business accounts opened in high street banks), shows an upwards trend in new business start-ups since final quarter of 2007. The increase in the most rural (r80) districts was 256 new businesses per 1000 population in 2008 quarter three, second only to major cities (325/ 1000) while all other urban categories showed lower rates of increase in 2008 than in rural districts.

### **Business performance**

19. Loss of sales and jobs in the global car companies is not confined to large urban centres – manufacturers of brake linings, automotive heating/ cooling systems and car parts in the Peak District and Oxfordshire have shed jobs.
20. Two rural areas have been particularly hard hit by decline in car and vehicle design and manufacturing.

The market towns and villages in Northamptonshire and north Oxfordshire around Silverstone are home to several high-performance motor racing design, manufacturing and test engineering companies. They are now suffering from planned losses – of up to 700 jobs in Brackley, Northamptonshire where new owners are sought for the Honda Formula One operation; and as a result of Subaru withdrawing from the World Rally Championship, the Banbury motorsports company which ran Subaru's rally team have placed up to 184 jobs at risk.

21. With the decline in construction, JCB announced loss of 75% of business over the last year and plan a further 684 redundancies in addition to 1000 job cuts across their plants in Staffordshire, Derbyshire and Cheshire.
22. Food and drink processing companies from North East England to Wiltshire are reporting or initiating redundancies.
23. Whilst large-scale job losses grab media headlines, smaller scale losses attract less attention and rarely secure the same response from the agencies such as Job Centre Plus and regional/ area rapid response joint agency teams. Advantage West Midlands is seeking flexibility with its response service for firms laying off fewer than 20 people to allow engagement before staff are made redundant. Nevertheless such closures, job losses and non-renewal short-term contracts are being felt across rural England. For example, 22% of firms surveyed in December by Cumbria Tourism had reduced staffing levels and 11% made redundancies resulting in loss of 53 posts. In the south west, Clinton Devon Estate was reporting or planning for closures of several rural tenants and had laid off a quarter of its workforce in smaller rural manufacturing and retail operations.
24. Although rural pubs are closing, the Rural Shops Alliance is reporting that the fall in house prices and sales is reducing pressure for closure of small village shops. In previous years, villages shops were bought by couples who saw the property as their pension; resulting in closure of the shop on retirement or departure.
25. As with urban businesses, rural firms and communities are adopting a variety of responses, for example, some are investing in IT and websites and undertaking overseas missions in the search for new markets, while others in the same sector and areas are cutting back on advertising and internet tools and putting investment plans on hold. A telephone survey of more than 1000 Leicestershire firms in October found that over 50% of rural firms had made 'changes to their marketing activities' compared with in less than 40% of urban firms. More rural firms in Leicestershire (59% compared with 46% of urban firms) had increased prices in response to increased costs.
26. Cumbrian tourism businesses have been reporting marked declines in profitability relative to 2006 and 2007 for the last six months of 2008, with reported profits down in 44% of businesses in October, 56% in November, 61% in December, and over two-thirds forecasting lower year on year profits in January 2009.

### **Good news stories**

27. Good news stories range from continuing good performance of niche car-makers such as Morgan in Malvern; several food firms in Herefordshire and Worcestershire securing new contracts from continental trade missions; to new firms starting or expanding.

28. Confidence is higher in 'the rural economy' than in the wider or national economy according to the Country Land and Business Association's Rural Economy Index of 100 firms surveyed, and from users of the Enterprise Nation website – the website for home-based businesses.

### **Rural feedback**

29. Members and officers of most trade and representative bodies operating in rural economies have expressed disappointment or criticism of measures taken by central government in the Pre-Budget report. These extend from Rural Shops Alliance, which represented the views of small retailers that the VAT cut 'was an annoyance that helped nobody running a small general store'; the Federation of Small Businesses' rural and tourism business survey in November in which 85% felt that they were no "better placed to withstand the economic downturn following the Pre-Budget Report."
30. Companies and representative organisations met by the Rural Advocate in his visit to the West Midlands Rural Regeneration Zone in December forcefully expressed their criticism that the Empty Property Rates Relief had been given a one-year reprieve rather than being fully restored.
31. Professional and industry members of CRC's Pre-Budget Report group (Royal Institute of Chartered Surveyors, Institute of Chartered Accountants in England and Wales, Confederation of British Industry, British Chambers of Commerce, Chief Economic Development Officers Society, Regional Development Agencies and the National Farmers Union) expressed concerns about many of the measures in the PBR designed to help firms' investment and borrowing plans. Stakeholders expressed concerns, in particular:
- The 'additionality' of some of the recently announced measures, and how far they would improve access to funds for small and micro firms. The Empty Property Rates Relief was welcomed. However, the original measures drew criticism that it was limiting speculative building and reducing the incentive for rural business diversification. This echoed the views of organisations in the West Midlands Regeneration Zone.
  - There was little experience to date of the services provided by the new Business Payments Support Service, and concern that business support organisations had yet to be provided with sufficient details of how they will work. Stakeholders were concerned about the basis on which HMRC, when judging tax holidays, will determine whether financial difficulties faced by a business are only temporary.
  - The Small Business Finance Scheme appeared to be similar to the Small Firms Loan Guarantee Scheme, albeit with a larger amount of money, and administered by the same banks, potentially using the same lending criteria. As such it was difficult to see who the new arrangements would benefit.

## **Media Coverage**

- Ten of the 27 Marks & Spencer's 'Simply Food' stores recently announced to close are in market towns.
- Evesham (Worcestershire) and Newcastle-under-Lyme (Staffordshire) have lost their local Adams, Woolworths, and Marks & Spencer stores in recent weeks.
- Marlborough (Wiltshire) has similarly faced the closure of Woolworths, Marks & Spencer and Viyella from its high street.
- Rugeley (Staffordshire) has also lost its Woolworths, is losing jobs at its JCB plant; and Armitage Shanks, employing 300 in the area, are now exploring shorter working hours.

## **Business - Support**

### **University unveils downturn support plan**

Bosses at Newcastle University have unveiled a £ multi-million 10-point plan to support businesses through the economic downturn. The crisis package includes bringing forward major building programmes to create more jobs and offering training support to struggling businesses. **(14/01/09, Whitby Gazette)**

### **'Manifesto' to bolster local economy**

The North East Chamber of Commerce (NECC) has produced a 'manifesto' for 2009 aimed at helping local businesses in the face of the global economic infrastructure. It also wants the role businesses play in the fabric of the North East community to be acknowledged. The NECC said, "Despite the current economic difficulties, we are convinced the future prospects for businesses in the North East are bright." **(13/01/09, Whitby Gazette)**

### **Business park units created**

A development which has the potential to create dozens of new jobs and support business start-ups is now finished. The project, made possible after the company struck a deal to buy land from regional development agency, One North-East, is the latest in a series of developments which are breathing new life into the estate. **(09/01/09, Durham Times)**

### **Help on offer to those who are out of work**

Evesham has been hit hard by the recession. Children's clothing store Adams was the latest retailer to close. The Evesham Commerce and Tourism Association (VECTA) are meeting to discuss in what ways they can help businesses in the area. VECTA secretary said the high street changes will disrupt things, so they need to try and work out what to do to minimise disruption and help the traders. **(08/01/09, Evesham Journal)**

### **Council's cash offer to independent traders**

Financial help is to be given to independent retailers in a bid to encourage them to set up shop in south Worcestershire's market towns. Wychavon District Council hopes a £1,100 package will attract new firms to Droitwich, Evesham, Pershore and Broadway to fill the increasing number of empty premises in the towns' centres. While the initiative has been welcomed by many councillors, some members voiced concern that this alone is not enough to tackle the current economic downturn affecting the district. **(08/01/09, Stourbridge News)**

### **£9.7 million of new funding for SMEs**

Regional development agency Yorkshire Forward is investing £9.7 million into small and medium sized businesses across the region. The fund is designed to help businesses, which are struggling to find the finance they need to grow. The money is being passed on to the South Yorkshire Investment Fund and Wakefield-based Partnership Investment Finance to enable them to keep investing in local businesses. **(07/01/09, Sheffield Telegraph)**

### **Rural economy gets early £98m boost**

Natural England has paid £98m into the rural economy 10 weeks ahead of the deadline set by the European Union. The early payment is said to be great news for the natural environment and for farmers and land managers who will benefit significantly from this important cashflow boost. **(07/01/09, Yorkshire Post)**

### **Niche car companies take part in research**

Two of Worcestershire's niche car companies are set to benefit from a collaborative research programme funded by regional development agency, Advantage West Midlands. The £2.5 million Advantage Niche Vehicle Programme will promote innovation through collaborative research and development, and adoption of accelerated technology. The niche Vehicle Network, a group of 25 car manufacturers from the region, helped develop the project. **(05/01/09, Stourbridge News)**

### **Shoppers urged to back rural businesses**

Country Land and Business Association director, Douglas Chalmers, is urging shoppers in Craven to back rural businesses. He states that if the region is to keep its healthy food industry the region must support their local producers, explaining, "their successes is vital in supporting other businesses in our rural areas." **(03/01/09 Craven Herald & Pioneer)**

### **Bid to help region's small rural businesses**

The Federation of Small Businesses is calling for a raft of measures to be put into place to help small businesses in rural areas such as Dorset. The FSB proposals include scrapping the fuel duty rises planned for 2009, and ensuring a substantial proportion of the Government's £7 billion for small firms is actively promoted to rural-based businesses. **(01/01/09, Dorset Echo)**

### **Loan fund boosted to £9m to help regional businesses**

Advantage West Midlands is topping up the Advantage Transition Bridge Fund (ATBF) to a total of £9m in order to help regional businesses which are having difficulties obtaining credit during the economic crisis. The ATBF has experienced a very high level of inquiries from companies in the West Midlands since it was first launched by Business Secretary Lord Mandelson on November 14. **(24/12/09, Advantage West Midlands)**

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

### **Debt and regulation threatens future of British pub**

Too much debt and regulation is 'running down' the institution of the British pub, the founder of JD Wetherspoon has warned. Tim Martin, chairman of the leading pub chain, said private equity groups and property investors were having a 'pretty disastrous' effect on the industry by taking on excessive debt. **(12/01/09, Birmingham Post)**

### **Crisis 'impacting' on firms**

Few managers believed their firms could ride the wave of the economic crisis and most complained that work pressure had increased as a result of the downturn, according to a report. A survey of 850 managers showed three out of five believed the state of the economy had had a negative impact on their organisation. The study, by research group Roffey Park, found that the number of organisation planning job cuts had actually fallen over a third, to one in four despite the current economic problems. The director of the research said, "Managers are increasingly aware of cost spending restrictions in reaction to the economic downtown." **(14/01/09, Ludlow & Tenbury Wells Advertiser)**

### **Gloomiest outlook for future: business survey**

Business leaders in the North East have the most pessimistic outlook for the local economy in any region, a British Chambers of Commerce study has found. In its fourth quarter economic survey, BCC showed the dire situation for manufacturing and service sectors. In a sign that unemployment is set to rise across the UK, all 12 regions recorded negative balances for employment expectations in both sectors.

The North East fared worse for both sectors, with a balance of 66% in manufacturing and 48% in services, indicating they would shrink their workforce in the next three months. The region has been particularly hard hit by the economic downturn, with 1,300 employees made redundant at the Northern Rock, mainly at its sites in Gosforth, Newcastle, and Doxford Park, Sunderland, which has also been hit by Nissan UK's 1,200 job cuts. **(14/01/09, Whitby Gazette)**

### **High Street fighting for survival**

Closure of major retailers Woolworths and M&S – and more to follow – leaves market town traders fearing they face a bleak future. The plummeting retail fortunes of historic Marlborough in Wiltshire are seen as a reflection of the tough times ahead for market towns. The closure of Woolworths in the heart of the town centre followed the recent departure of independent toy shop Sucks after 82 years at the same premises. Now the loss of M&S and Viyella will mean more job losses and leave three large retail premises empty within a short space of time." **(14/01/09, Western Daily Press)**

### **Mergers and acquisitions at their lowest ever level in the Midlands**

New figures have shown the extent to which the world of financial deals has crashed in the Midlands over the last few months as a result of the global financial freeze. Merger and acquisition activity in the Midlands fell to the lowest-ever recorded level at the end of last year, according to market analysis group Experian. **(12/01/09, Birmingham Post)**

### **Credit crisis will close of one in six shops**

One in six high street shops will stand empty by the end of 2009, underlying the devastating knock-on effect that the credit crunch has had on the consumer economy. Small market towns are expected to be particularly badly hit by the closures, leading to fears that so-called 'retail deserts' could become widespread across the UK. By the end of next month, some 90,000 shops, around 10% of all shops, will be vacant on the UK's high streets following a spate of retail failures, according to new research from Experian. Jonathan de Mello, director of retail consultancy at Experian, said: "The unprecedented level of retail vacancy will be disproportionately spread across Britain, so that smaller retail destinations, in particular market towns, will be worse affected." **(07/01/09, Telegraph)**

### **Wrayram Engineers enter administration after sales plummet**

A Midlands manufacturing firm has gone into administration after seeing a drastic decline in sales because of the drop in demand resulting from the global financial crisis. Wrayram Engineers, based in Hereford, supplies hydraulic cylinders for use in lifting vehicles in a number of sectors including construction and agriculture. It has a turnover of about £5 million and employs 50 people. **(07/01/09, Birmingham Post)**

### **Final Woolies stores close**

Staff at Woolworths branches in Wiltshire were saddened as they left their jobs and colleagues, some of whom have worked at their local store for more than 35 years. More than 150 people have lost their jobs across the four Wiltshire stores. **(07/01/09, Wiltshire Times)**

### **Sadness over Pontin's closure**

The new owners of Pontin's, Ocean Parcs, stated that declining bookings and escalating costs have resulted in a decision to close its Hemsby site immediately. Ocean Parcs is launching a consultation process to find the 55 employees jobs at its other sites, but stated that redundancies cannot be ruled out. However, the company are confident in the future of their other six sites, where bookings are increasing year on year. **(06/01/09, Norwich Evening News)** (NB: this region has also seen Woolworths and Adams store closures)

### **Will your local pub be next to close?**

One pub in the North East closes every 10 days. The impact is being particularly felt in rural areas across the North East, where a pub's estimated £80,000 annual contribution to its local economy can be invaluable. **(03/01/09, The Journal)**

### **Lack of business plan puts firms at risk**

Small businesses in West Midlands are taking a chance on their survival in the economic downturn by failing to use a business plan. A survey by Lloyds TSB Commercial of more than 500 businesses found that a third of the region's firms don't have a business plan in place, with 56% of these firms saying that have never had one and don't feel it's necessary. The research also showed a third of local businesses said they would like at least some help writing their business plan. **(30/12/09, Birmingham Post)**

### **Fears over waste firm**

A recycling centre in a village near Warminster could be in 'serious trouble' if the economy does not improve, according to its worried owner. The small family-run business had waste shredded and transported to China where it was recycled, but the cost of imports from China has recently dropped dramatically bringing the business to a standstill. **(27/12/08, Wiltshire Times & Chippenham News)**

### **Animal rescue centre fears for future**

Hundreds of animals' lives could be at risk if a struggling Oxfordshire animal sanctuary is forced to close as the recession slows donations. Unless donations pick up again soon, the sanctuary are like to go bust and the staff lose their jobs. **(27/12/08, Oxford Times)**

### **Use your local, say campaigners**

Nationally, pubs are closing down at the rate of 36 a week, but Henry Mo has just taken over The Somerset in Marston. Mr Mo believes banks are making matters worse for pubs. He said that his bank "seems to have decided that it will not back pubs, as a sector... My bank manager said pubs are a 'no-go area' now for investment". An HSBC spokeswoman said she could not comment on individual cases, but stated that they were in support of business. HSBC created a new \$5bn global working capital fund for SMEs to ensure they continue to have access to appropriate credit through the current economic crisis. **(24/12/08, Oxford Times)**

### **Broads pub closes its doors**

The Ferry Inn at Horning closed its doors to the public as a result of its parent company going into administration and a failure to sell it on. Administrators have sold off all but 14 of 48 pubs owned by Orchid. More than 150 staff have been made redundant. **(24/12/08, Norwich Evening News)**

## **Business – Bucking the Trend**

### **Signs of hope in Norfolk high streets**

One in 10 shops is expected to shut in the next year, according to property consultancy firm Experian. There are serious problems in the high streets, however Norfolk's high number of market towns – hubs for large rural areas – puts it in a unique position compared to many other counties. Recent investment and new shopping centres in Lynn, Yarmouth and Norwich, as well as smaller towns like Sheringham and Cromer, have seen retail activity grown in the past two to five years. The gaps left by Woolworths and others could actually be an opportunity, according to David Dukes, business development manager for Norfolk County Council. Their prime locations could provide space for smaller retailers and other chains – Matalan moving into the centre of Norwich, or Roys planning to open in Wymondham, for example. Jon Clemo, deputy chief executive of Norfolk Rural Community Council agrees. He said, smaller, more adaptable independent shops in market towns could now have a bite at the cherry. **(12/01/09, Eastern Daily Press)**

### **Iceland snaps up Morpeth Woolworths site**

Iceland have purchased this and 50 other Woolworths sites throughout the country and marks a return to the market town after a two year absence. **(12/01/09, Morpeth Herald)**

### **Tesco plans divide town**

Ulverston's Woolworths closed down last month, now it could be replaced by a Tesco Express. Tesco will lease the Market Street building and offer between 20 and 30 jobs for local people – potentially 13 more than Woolworths. Many residents think the nationwide retailer does not fit the town's traditional market town image. Some are also concerned it will dominate trade and smaller independent traders will suffer. **(12/01/09, North-west Evening Mail)**

### **Rural Economy showing strength**

Confidence in the rural economy is higher than in the economy as a whole, according to new figures. The Country Land and Business Association surveyed a cross-section of 100 rural businesses across England and Wales and found that only five per cent had no confidence in the rural economy over the next three to six months – compared to 42 per cent with the economy in general. Furthermore, 50 per cent expected their firms to be able to perform according to their business plans and 16 per cent expected their rural business to perform well with potential for growth over the next three to six months. **(09/01/09, North West Evening Mail)**

### **Weymouth and Dorchester POs re-open**

Post offices re-opened after a shock closure the day before. Post offices in Weymouth and Dorchester opened for customers despite the franchise holder going into administration. Post Office Ltd has stepped in to run the post offices until further notice. **(07/01/09, Dorset Echo)**

### **Farm land prices expected to buck property trend**

Agricultural land looks to be one of the safest asset classes for investors in the coming year after bucking the trend in 2008. As the property market continues its decline and residential development land values drop, agricultural land has demonstrated its relative long term resilience to recessionary forces with five year growth at 135%. **(01/01/09, Birmingham Post)**

### **New Stores for Roys?**

Directors of Roys of Wroxham are expecting to expand their business in 2009. The company's growth has berated that of the major supermarkets. **(31/12/08, Norwich Evening News)**

### **Business as usual says conservatory firm**

The owner of two Norfolk conservatory firms, Peter Graves, declared that it was business as usual, despite one of his companies, Edvic, going into administration. Mr Graves said the manufacturing firms would not be making any redundancies after his other business bought the assets of Edvic. **(30/12/08, Thetford & Brandon)**

### **2009 Tourism boost predicted for county**

Dorset tourism should be set for a boost in 2009 despite the recession. Country Land and Business Association Chairman, Rupert Best, claims that new development and the 2012 Olympics should provide "real marketing benefits to tourism-based businesses." Mr Best says structural improvements to the county's business communications environment, which the sailing event in Portland should provide, can "only benefit our rural business community." **(29/12/08, Dorset Echo)**

### **Firms key to rural economy**

Two enterprising businesses near Winchester have been recognised for their importance to the rural economy. Twyford Village Store and Post Office, and Cresson Creative near Alresford have both made the southern finals of the Countryside Alliance Awards. Organisers described the Twyford store as the "thriving hub of the community". **(29/12/08, This is Hampshire)**

### **Post Mistress to expand services**

Volunteers in Burton Bradstock have been keeping the village post office shop afloat since last November, when ill health meant the previous post master had to retire. However, the volunteers are happy to welcome their new post mistress. **(25/12/08, Dorset Daily Echo)**

### **Butcher puts 'local' back into rural village**

Two months ago, the idyllic rural village of Altarnun, near Bodmin Moor faced difficult times – the butcher's shop closed, the village post office faced the same fate and villagers feared losing their newsagent and grocery store too. However, arrival of butcher Mike Wule may help Altarnun recover once again. Villagers are delighted that his produce is largely locally sourced. **(24/12/08, This is Plymouth)**

## **Employment – Good news**

### **£1.4 million to boost county jobs fortunes**

£1.44m is to be spent in Lincolnshire to improve skills and help people gain employment, after Lincolnshire County Council was appointed Lead Body of a European Social Fund (ESF) consortium. Lincolnshire County Council will also oversee three other Local Authorities in the East Midlands in spending £3m on a number of projects over the next three years. **(09/01/09, Boston Standard)**

### **Laundry firm to create up to 79 jobs**

Fisher Services is to create up to 79 jobs when it opens a £3m base in North Tynside with the help of a £500,000 grant from regional development agency One North East. The company claims that the development will be more environmentally friendly than other commercial laundries. **(28/12/08, Malton & Pickering Mercury)**

### **Cash boost to create digital jobs**

80 jobs are set to be created as part of a new £2.6 million project. The drive to attract the best talent to the North East's digital sector has received a boost, with the go-ahead for the multimillion-pound scheme. Sunderland-based Codeworks has secured funding to continue a programme that will create 80 jobs and help 120 businesses across the region. **(12/01/09, Sunderland Echo)**

### **Job workshops on offer**

A college in Cornwall is running special workshops offering advice on how to deal with redundancy. Representative from Job Centre Plus, Next Steps, Devon and Cornwall Housing and career councillors will be available at Truro College. The drop-in sessions are intended to help people who have either recently lost their jobs or who want to make a fresh start or career change. **(11/01/09, Job workshops on offer)**

## **Employment – Bad news**

### **Waterstone's tight-lipped on jobs threat**

Books chain Waterstone's is refusing to say if staff at its Oxfordshire branches are affected by redundancy plans. About 200 jobs are to be cut at 303 stores across the country, as a new book distribution hub goes into operation in Burton-on-Trent. **(13/01/09, The Oxford Times)**

### **Bacon firm to close factory**

The last 75 jobs left at county meat processing firm are set to be axed and the plant shut down, bosses of the firm have announced. Workers at Tulip in Thetford were told that Tulip plans to halt production at the plant in Caxton road. **(13/01/09, Norwich Evening News)**

### **Nearly 700 more job losses at JCB**

JCB is to make a further 684 people redundant across its UK factories. The job losses at the Staffordshire-based firm come in addition to 1,000 jobs cuts made last year. Company officials said that a lack of available credit from banks meant its customers had been unable to afford new digger and other equipment. The company said its total business was down 75% on the same period last year. JCB said its Staffordshire plants, including the company's headquarters in Rocester, JCB Power Systems in Derbyshire, JCB Cab Systems in Rugeley and Uttoxeter-based JCB Heavy Products would be affected. Jobs are also to go at JCB Earthmovers, Cecilly Mills, and JCB Compact Products, which are all based in Cheadle.

Chief Executive Matthew Taylor said "This unprecedented situation needs to be addressed with some urgency so that confidence and stability can return, otherwise irreparable damage will be caused to the UK's manufacturing industry." **(13/01/09, BBC News)**

### **Future looks bleak as town makes it to list of UK jobs blackspots**

Uttoxeter is one of the country's top nine unemployment blackspots following three waves of redundancies at JCB. New figures for December show East Staffordshire has suffered the worst job loss increase in the West Midlands in the last 12 months. The number of jobseekers in the region could increase further during 2009 with Fole Dairy set to shut in March and the possible closure of the Fox's Biscuits factory. The statistics, released by the DWP, reveal unemployment in the borough has risen by 92% over the past year. **(12/01/09, This is Staffordshire)**

### **MacDermid Autotype makes redundancies**

Chemical firm MacDermid Autotype in Wantage has made as many as 40 employees redundant. The revelation is the latest in a string of job cuts announced by companies with a presence in Oxfordshire, including Woolworths; Stewart Mile, Alden and MFI. **(09/01/09, Oxford Times)**

### **Thirty workers axed as another firm goes**

30 workers in Bognor Regis appear to have lost their jobs after MH Technical Mouldings went into administration. The administrators are trying to find new operators for the company and sell the business as a whole, but if not, will sell it piecemeal. A highlight of the company's existence was the achievement of world class toolmaking status in 1998 to put it into the top segment of UK toolmakers. **(08/01/09, West Sussex Gazette)**

### **Workers' woe as 30 jobs go**

Workers at a clothing factory are facing an uncertain future after bosses announced 30 jobs are to be axed. The workers at Beau Brummel in Tempest Road, Seaham, have made clothing sold by Harrods, John Lewis and other leading stores. One worker, who has been with the firm for more than 30 years, said: "The company's been in Seaham since 1956 and it's been a major employer, so it's the end of an era." **(08/01/09, Sunderland Echo)**

### **Jobs blow for Suffolk workers**

Staff at a caravan manufacturing firm were stunned yesterday when they told the company had gone into administration threatening the jobs of the entire workforce of more than 70. Dozens of staff were sent home as they were informed their award-winning company went into a shock administration. **(07/01/09, Suffolk & Essex online)**

### **Norfolk company axes 56 jobs**

More than 50 workers have been made redundant at Norfolk construction firm May Gurney following a slowdown in the housing market. The company, based at Trowse, has confirmed 56 redundancies in the county. The company's private-sector housing and civil engineering sectors, have been most heavily affected. **(07/01/09, Norwich Evening News)**

### **Firms cut jobs after blaze**

Gary Cooper, owner of a Norfolk paving firm in Wymondham, has had to let four of his 18 workforce go after losing more than half his vehicle fleet in an arson attack. **(05/01/09, Boston Standard)**

### **Caterpillar stops for four weeks**

Construction firm Caterpillar announced on Monday that production would be halted at its Leicestershire plant for two weeks in February and two weeks in March due to a big drop in orders. In June, the firm laid off 320 temporary staff in Desford. **(05/01/09, BBC News)**

### **Up to 400 food jobs under threat**

Up to 400 jobs could be lost in Lincolnshire after Bakkavor announced it needed to restructure its business in challenging times. Bakkavor employs about 2,000 people across three sites. **(02/01/09, BBC News) (See also 'MP in talks to help Kirton factory workers' above)**

### **North East wages almost half those of Londoners**

A study by the GMB union revealed workers in the North East at the bottom of the UK pay league, earning an average of £25,551 compared to a national average of £31,300 and a London average of £46,000. **(30/12/01, Sunderland Echo)**

### **Employment queries soar at Evesham charity**

80 per cent of inquiries at Wychavon Citizens Advice Bureau in Evesham are from people who have been made redundant or who are facing redundancy. The soaring figure follows the closure of Woolworths in the town. **(30/12/08, Evesham Journal)** *(NB: written before Adams went into administration and so figure is likely to be even higher now)*

### **Economic downturn leads more professionals to retrain**

Lecturer Eric Took at Amersham & Wycombe College said that many professionals are retraining as the credit crisis leads to more job losses. Engineering and construction courses are particularly popular, with former police officers and solicitors among others retraining. **(28/12/08, Bucks Free Press)**

### **Car-parts jobs at risk**

71 workers at Sonas Automotive near Wantage face a bleak future after the firm went into administration. The firm employs 200 people. Sonas' biggest customer, Birmingham-based Wagon Automotive (employing 500 people), announced earlier this month that it was going into administration. **(24/12/08, Oxford Times)**

### **Council won't step into Morpeth jobs row**

A motion presented to Castle Morpeth Council last week by Liberal Democratic Leader David Parker calling for Coca-Cola to minimise redundancies after taking over the former Waters & Robson plant was declined. Dozens of staff at the plant are going through a 30-day consultation to decide their jobs. The council had already written to Coca-Cola seeking assurances about jobs at the Morpeth site. A Coca-Cola representative said that no decision would be taken until the consultation period is completed. **(24/12/08, Morpeth Herald)**

### **Jobs at risk at Colley Lane bottle-making firm**

The Logo Plaste group plans to cut jobs among its 56 staff at the Bridgwater bottle-making firm Sunny Plast. 100 jobs could also be at risk at the Yeo Valley dairy in Cannington. **(23/12/08, Bridgwater Mercury)**

## **Housing**

### **Dorset home prices buck trend**

House price falls in Dorset are bucking the national trend, according to new figures from the Royal Institution of Chartered Surveyors (RICS). The RICS said that 73.5 per cent of chartered surveyors indicated a fall rather than a rise in house prices, a decrease from 75.8 per cent in October. In Dorset the improvement was more pronounced with 25 per cent fewer chartered surveyors reporting a fall. **(13/01/09, Dorset Echo)**

### **Slump in number of planning applications**

Builders, architects and councils are feeling the pinch as planning application numbers slump along with the economy. All eight of the district councils in Norfolk and Waveney in north Suffolk have reported a drop in the number of planning permission requests submitted by households and businesses in 2008 compared with 2007 – with the majority seeing a fall of between 10 and 17 per cent. **(09/01/09, Norwich Evening News)**

### **House prices weathering the storm**

House prices in Middleton are weathering the recession better than properties in more affluent neighbourhoods. The latest figures from the Land Registry show that in the 12 months since November 2007, Middleton property prices have dropped by just 2.4%. This compares to a 12.2% fall across England and Wales as a whole, and 7.2% fall within the M60 ring in Manchester. **(07/01/09, Middleton Guardian)**

### **Dimbleby attacks rural homes plan**

Veteran Broadcaster David Dimbleby, along with 100 residents, has criticised plans to build more than 500 homes on the edge of the South Downs in Sussex, saying the scheme would destroy centuries of fine countryside. Pelham Holdings wants to construct 520 houses, a school, shop and doctor's surgery on rural land in Polegate. Holdings says the need for the development outweighs any of the residents' arguments. **(07/01/09, BBC News)**

### **New figures highlight housing slowdown**

The number of new homes being built in Norfolk has plummeted in the past year, according to new figures. The figures come at a time when housing should be growing in line with Government's ambitious target of bringing thousands more people and jobs to the county in the next two decades. The good news is that negotiations are going on to buy up unsold housing stock to be used as social housing. **(28/12/08, Norwich Evening News)**

### **Affordable homes scheme launched**

An innovative partnership designed to deliver more affordable homes across North Yorkshire has been officially launched. The North Yorkshire Strategic Housing Enablers' network will look to find solutions for rural communities facing a shortage of affordable housing. The £805,000 project is funded through the Regional Housing Board and contributions from Registered Social Landlords, National Parks, Housing Association and Local Authorities. The partnership is unique and it is the first time that a group has been created to work together to bring more affordable homes into the rural county. **(02/01/09, Nidderdale Herald)**

### **Help for home owners**

Homeowners in East Devon worried about maintaining their mortgage payments can get free advice from a new service launched this week. East Devon District Council, through the Devon Strategic Housing Group and local debt advice charity Homemaker Southwest, will offer free, independent and confidential advice to homeowners about managing their mortgage payments in the current economic climate. **(06/01/09, Mid Devon Star)**

### **New Housing support service set up**

A new housing support service has been launched in East Lindsey to help families through problems that can arise when homes are threatened with repossession. The number of requests for housing support made to the District Council has increased during the credit crunch. **(05/01/09, Horncastle News)**

## **Services**

### **£85k of credit crunch aid revealed**

North Wiltshire District Council has confirmed an £85,000 package to help residents and businesses during the economic downturn. It includes £38,000 for North Wilts Citizens' Advice Bureau for an extra credit debt case-worker and £8,000 to North Wilts Credit Union for a computer system. £10,000 will be injected into the council's own Business Start-up Scheme which encourages new and small businesses to bring vacant retail units back into use in towns and villages. **(13/01/09, Wiltshire Times & Chippenham News)**

### **Website helps Eden residents**

Eden District Council has launched a new section on its website to help residents and local businesses through the 'credit crunch'. The Council has developed the webpages to direct residents and agencies to a range of services which are offered by the local authority and other agencies which can offer support and advice during the difficult economic climate. **(08/09/01, Westmorland Gazette)**

### **Dorset charities feel the pinch**

Charities are facing a bleak New Year as donations tumble because of the economic crisis. Donations have fallen for the first time at the Weldmar Hospicecare Trust as people are less willing to donate in a time of economic recession. The Trust's income has plummeted by 20% in the last six months.

Donations are also down for many other local charities. **(27/12/08, Dorset Echo)**

### **IT benefits in North Petherton**

People in North Petherton have been boosted by a free broadband internet service on offer at the village hall. Villagers can now get online, thanks to the Somerset Broadplaces project run by Somerset County Council and the Community Council. Computer equipment and broadband internet access have been installed over the last 15 months in various rural locations across the county. **(25/12/08, Bridgwater Mercury)**

### **Counselling cash crisis cuts home visits**

Vital counselling services for Cotswold residents suffering from depression, loneliness, suicidal thoughts and other mental issues will soon be cut due to a lack of funding. Manager of the Cotswold district and Stroud service says it's a much-needed community resource but it is an expensive scheme and funders don't see it as justifiable. **(07/01/09, Wiltshire and Gloucestershire Standard)**

### **County set to combat poverty**

An anti-poverty strategy has been launched to help counteract the financial impact of the recession in Cumbria. Cumbria County Councillors have agreed to support individuals, families and communities at risk. Measures already underway include extra investment in the 2009/10 council budget to support debts advice and credit unions, and there is proposed investment to re-introduce school clothing grants. **(07/01/09, Whitehaven News)**

### **Silent rural victims**

The Government must invest in struggling rural firms in Cumbria to keep them afloat, a local small business official has warned. Regional spokesman for the Federation of Small Businesses North West, has warned rural businesses are under threat of becoming 'silent victims' of the credit crisis. **(07/01/09, Whitehaven News)**

## **General**

### **Slump may hit worse than pit closures**

The economic recession may hit a Staffordshire town worse than the coal industry's collapse, it is claimed. Rugeley has seen high street giant Woolworths close in recent weeks and more names may go in coming months. Job losses at JCB in Rugeley have been announced and it has now emerged that Armitage Shanks, which employs 300 staff at Armitage, near the town, is exploring the option of short-time working. District councillor Mick Grocott, said recent closures in the town centre were "devastating". **(14/01/09, Express & Star)**

### **Morpeth wants to woo more tourists**

Morpeth has long been one of the most popular destinations on Northumberland's tourist trail. However in the face of competition from cheap flights and people tightening their belts in the current economic climate, towns like Morpeth have to closely examine just what they can do in the future to tempt even more visitors to the town. Morpeth and Hexham will be collaborating in a Market Town Welcome initiative to look at new ways of boosting their visitor economy. **(12/01/09, Morpeth Herald)**

### **Government paints bleak picture of Bridlington**

A new Government report looking at the prospects for seaside towns in the UK has painted a bleak picture for Bridlington. It found that coastal reports were more disadvantaged than places inland and listed Bridlington as having one of the weakest local economies. It ranked England's 37 biggest seaside towns on issues such as unemployment rates, school exams results and average wages. **(08/01/09, Harrogate Advertiser)**

### **Potential of rural economy is not being exploited, says CLA East Midlands**

The Country Land & Business Association (CLA) believes that there now needs to be a dedicated Cabinet Committee that ensures the views of rural areas are recognised by Government departments and policy implemented accordingly.

The CLA are concerned that the rural economy is not being exploited and given the economic climate, it is vital rural businesses are underpinned with innovative projects. For example, broadband speed and access can mean the difference between success and failure for a small business. **(06/01/09, Country Land & Business Association)**

**Midland business leaders in call to save Learning & Skills Council**

Business leaders across the West Midlands have called on the government to postpone the abolition of the Learning and Skills Council (LSC) in the face of 'turbulent economic conditions'. HR specialist Michael Chapman said that companies need to ensure their workforce have the skills to help them ride out the recession. **(01/01/09, Birmingham Post)**