



## **Responding to the Recession – Organising for the Upturn**

**March 2009**

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# Greater Cambridge Partnership Responding to the Recession – Organising for the Upturn

March 2009

This quarterly report from the Greater Cambridge Partnership (GCP) aims to provide a means of co-ordinating the response of economic development partners to the recession and a basis for leading the area out of recession as the upturn develops. The report follows the sequence of the presentation of key economic data and analysis, followed by mapping of current activities and then policy options and project recommendations.

## 1. Economic Trends based on Hard Data across Greater Cambridge

### 1.1 Introduction

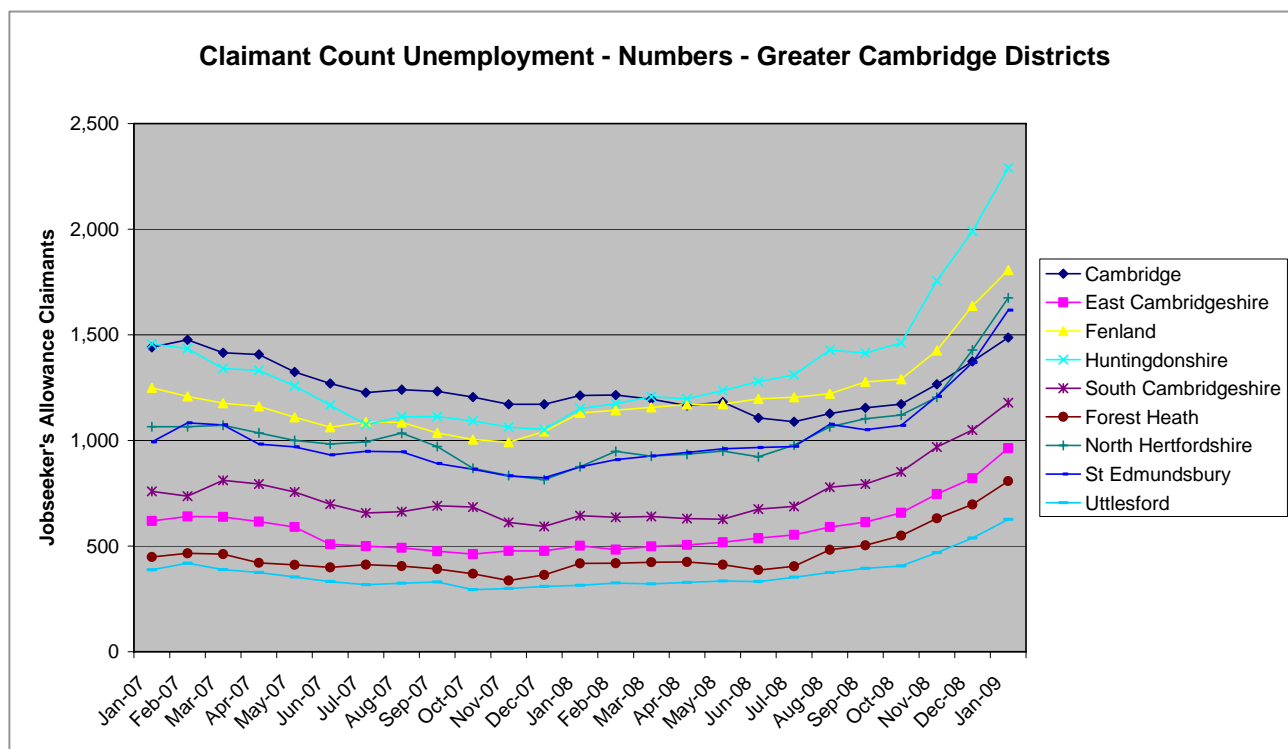
This section details changes and trends in hard data collected for the following economic variables across Greater Cambridge districts:

- Unemployment levels
- Job Centre Plus vacancy levels
- Out of work benefits claimant levels
- House price levels and housing affordability

A full range of graphs and tables relating to these variables is in appendix 1.

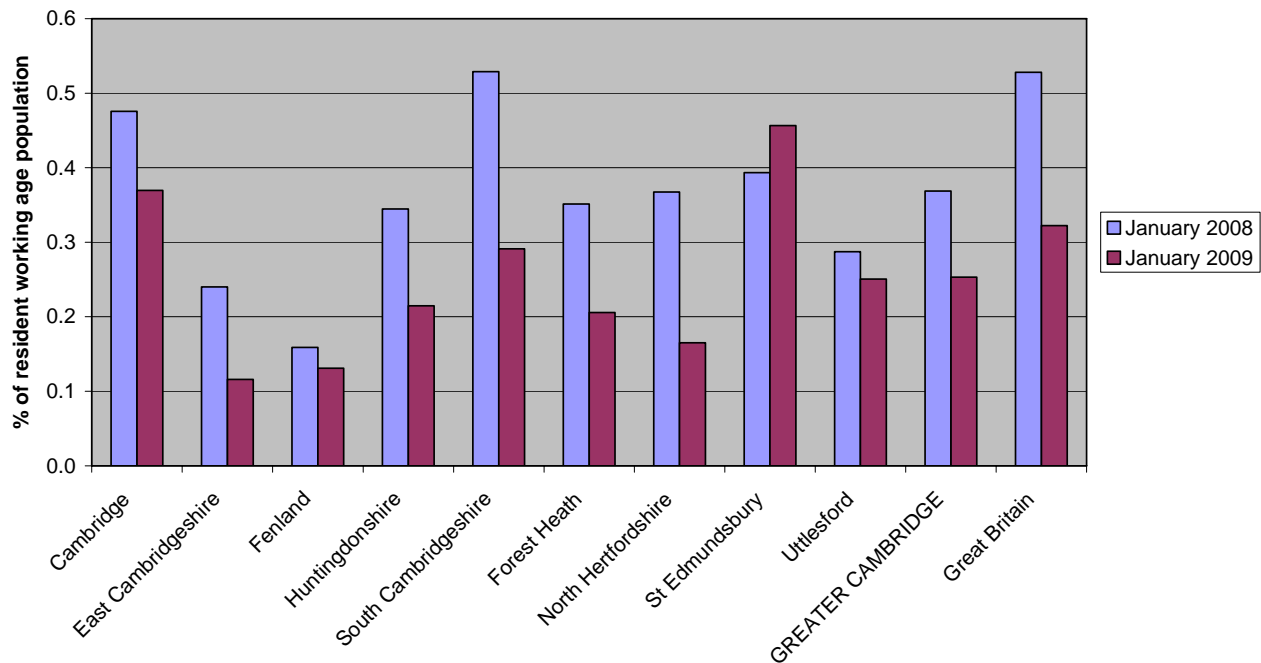
### 1.2 Key Trends

The unemployment rate which began to rise from autumn 2008 has continued to increase across all Greater Cambridge districts.



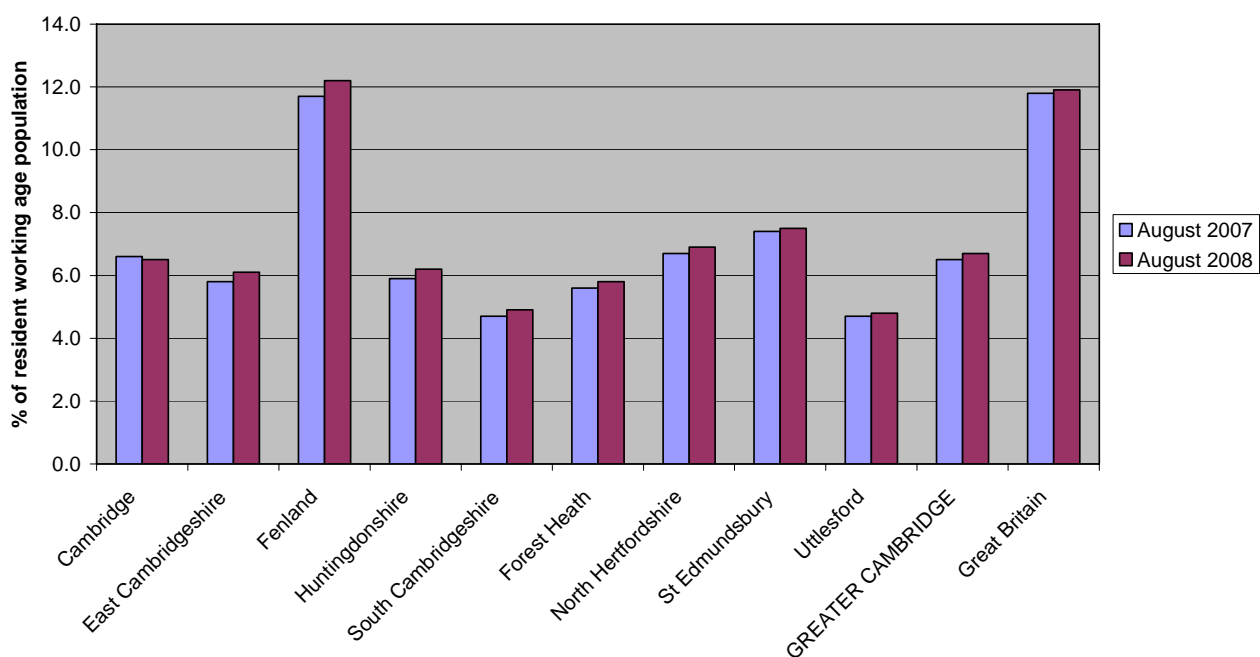
Job Centre Plus vacancy rates are, for the most part, lower than 12 months ago. Although it should be noted that the month of January is a low point in the normal cycle of job vacancies. Job Centre Plus vacancies also only represent a proportion of all available job vacancies in the economy.

**Jobcentre Plus Vacancies - Rates - Greater Cambridge Districts**



The rate of out of work benefits claimants (this includes Job Seekers, Incapacity, Lone Parent and Income-Related benefits) is marginally higher across all Greater Cambridge districts (except Cambridge City) since August 2007.

**Out-of-Work Benefits Claimants - Rates - Greater Cambridge Districts**



House prices have fallen across Greater Cambridge districts since December 2007, with the exception of Fenland.

### Average House Price Change by District, December 2007- December 2008

|   | Dec-07   | Dec-08   | Difference | % change |
|---|----------|----------|------------|----------|
| Cambridge City                              | £298,700 | £291,200 | −£7,500    | −2.5%    |
| East Cambs                                  | £227,100 | £212,700 | −£14,400   | −6.3%    |
| Fenland                                     | £169,700 | £171,900 | £2,200     | 1.3%     |
| Huntingdonshire                             | £220,800 | £208,100 | −£12,700   | −5.8%    |
| South Cambridgeshire                        | £309,700 | £287,400 | −£22,300   | −7.2%    |
| Forest Heath                                | £180,100 | £177,800 | −£2,300    | −1.3%    |
| St Edmundsbury                              | £233,000 | £223,600 | −£9,400    | −4.0%    |
| Cambridge Housing Sub-Region<br>(Hometrack) | £235,120 | £229,270 | −£5,850    | −2.5%    |

## 2. Economic Trends based on Soft Data across Greater Cambridge

### 2.1 Introduction

This section details the key economic intelligence and news from businesses in the Greater Cambridge area and, as such, reflects the mood or sentiment across the business sectors.

### 2.2 Headlines: week to 5 February 2009

#### Highlights

- The **Cambridge Index** put in a strong performance during the week, rising 5.7% supported by gains in eight of the top 10 index heavyweight stocks.
- 2.4% of **South Cambridgeshire District Council's (SCDC)** proposed 4.9% council tax rise will be earmarked for targeted initiatives aimed at keeping local people in work
- **Pure Leisure Group** have unveiled plans for an ambitious new £5 million leisure development at Tydd St Giles golf club. Thirty-five luxury holiday homes with a lake as a focal point and a leisure, beauty therapy and fitness centre have been planned at the 154 acre site. The new development will create up to 50 jobs for local people.
- Plans for a new renewable energy plant at **March** could create between ten to 15 jobs
- A group of business people and entrepreneurs are planning to set up their own bank employing staff experienced in the world of commerce.
- The **Bank of England** has reduced **interest rates** to a record low of 1% from 1.5%

#### Lowlights

- **Nimbus Interiors** (Cambridge) collapses with loss of 10 jobs
- **Moy Park** (Wisbech) announce 27 confirmed redundancies
- **High street sales slumped** for the tenth consecutive month in January
- **Developers** downing tools across the county are blowing a hole in council budgets. Cambridge City Council expects to lose almost £500,000 over the next year because of the slump in the building trade. The council has seen a 55 per cent drop in fees from planning applications, a cut from an expected £1 million to just £440,000. And the downturn is expected to get worse next year with a 60 per cent drop in income totalling £600,000. Figures are not expected to return to normal until 2011. Meanwhile, staff at Huntingdonshire District Council's planning department - which had been overwhelmed by the number of plans it was receiving - may have to be redeployed to help other departments. There were just 17 planning applications on the council's list this week and most of those were for minor work such as house extensions.

## 2.3 Headlines: week to 12 February 2009

### Highlights

- The **Cambridge Index** increased 8.5% to settle at 4,284.2
- **NatWest and RBS** are to make an additional £250 million funding available to SMEs in the East of England in 2009.
- 44 jobs have been saved after **Marks & Spencer** plan relocation to the Beehive Centre, Cambridge
- 24 new jobs being created in the Huntingdon area with the expansion of **24 Hour Steve's Taxis**
- Three new jobs have been created with the opening of an agency for the **Yorkshire Building Society** in St Ives.
- Roofing firm **TR Freeman** has won a series of contracts with schools and colleges totalling £720K.
- Construction company **Morgan Ashurst** in £2.5m programme funded by Cambridgeshire County Council is creating 21 jobs
- Over 60 businesses attended the first **GCP Olympic Contracts/Public Procurement Breakfast** in Ely
- CamrivoX Ltd (Cambridge), an innovator and developer of Unified Communications (UC) software has secured additional funding to accelerate development of the company's Flexor UC platform to support mobile telephony.
- Antenova (Stow-cum-Quy) announced that the Company's unaudited results show their annual turnover grew by more than 85% in 2008, resulting in an average annual growth of nearly 92% over the past four years.
- Proposals for a railway station in Chesterton have been recommended by EERA to receive £19.8 million in Government Funding.
- The Wellcome Trust has awarded a company in Babraham, **PHICO Therapeutics**, £1.03million for pilot work on a treatment aimed at combatting MRSA.
- **NUJIRA**, based in Camboure have developed a technology aimed at military application, TV broadcasts and handsets that allow the user to cut power consumption. This follows a Smart Award that the company won from the DTI of £45,000 and investments from companies like Hermann Hauser's Amadeus, Cambridge Capital and Cambridge Angels, 3i, to name some. Another £10million was raised from September last year and investments have come from companies such as Mitsubishi and UFJ Capital. NUJIRA is currently recruiting with **10 vacancies** for analogue engineer and power supply experts.

### Lowlights

- UK **unemployment** rose to 1.97 million between October and December
- 19 People have been made redundant from manufacturing plant **JDR Cable Systems**, Littleport
- 10 jobs have been lost at **Elsome Engineering Ltd**, Wisbech

## 2.4 Headlines: week to 19 February 2009

### Highlights

- **Histon** based recruitment agency has seen a 150% increase in flexible working in the last six months
- **County Council** singled out as an example of best practice in helping individuals and businesses to cope with the recession
- **Innova Biosciences Ltd (Cambridge, UK)**, a leader in the field of bioconjugation, has been awarded €455,000 of a €3,000,000 European grant. Through the PROACTIVE consortium, a unique high throughput plasma screening platform will be developed for the discovery of biomarkers of early stage cancer.
- **Baufritz**, the award winning German pioneers of sustainable home technology have recently expanded into the UK, choosing Cambridge as their base for extending the brand.
- **Admiral Homespace**, in Alconbury, a business that started life in the last recession is thriving in this one in spite of operating in one of the hardest-hit sectors of the economy. It diversified three years ago when the conservatory market started to shrink. Although it still builds sun-room extensions for "discerning clients", it has moved into top-end timber windows, loft conversions and high-quality flat roofs.
- **TTP** has announced a steady growth of 14% per year.

### Lowlights

- **Marshalls** of Cambridge will not be relocating to Mildenhall
- **Cambridge Index** closed 1.1% lower this week
- **Pike Textiles** of Wisbech have made 19 people redundant
- **Phytopharm** in Cambridge is to axe almost 40 per cent of its workforce of approx 30 and slash expenditure by 20 per cent to provide the group with a financial platform capable of supporting a new development-based strategy.

## 2.5 Headlines: week to 26 February 2009

### Highlights

- More help will soon be on offer for Huntingdonshire businesses who sign an **Environmental Pledge** to improve their environmental performance
- Estate agents **Sharman Quinney**, which has 17 branches in and around the Huntingdonshire district, reports January sales up 37 per cent on January 2008.
- The possibility of aerospace engineers **Marshalls** of Cambridge moving their headquarters to RAF Wyton received a boost this week
- Rewards confirmed to local Councils through the **Local Authority Business Growth Incentives (LABGI) Scheme** of £1,326,760.
- Cambridgeshire's rural businesses are set to benefit from a £4.5 million cash boost in new skills and training across the counties of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk through a new partnership, called **Landskills East**
- **Bio-wisdom** reports that it enjoyed another record year
- **Cambridge Consultants** has been brought on board an international £1 billion project to build the world's largest radio telescope
- A spin-out from legendary Cambridge research lab - the **MRC's Laboratory of Molecular Biology (LMB)** - has raised a credit crunch-busting £21m (\$30m) in Series A venture capital funding.
- **TTP** has teamed up with Scandinavian genomics company, **LingVitae** to form **Plarion** - a new venture that will rescue technology - and expertise - from a failed Cambridge company and rechannel it
- The Government has launched a new website trying to do for the nation the same as Cambridgeshire Together's [www.weatherthestorm.org.uk](http://www.weatherthestorm.org.uk) site does for Cambridgeshire. See [www.realhelpnow.gov.uk](http://www.realhelpnow.gov.uk)
- The February edition of The Cambridgeshire Together quarterly e-magazine is now available on line [www.cambstogether.org.uk](http://www.cambstogether.org.uk)

### Lowlights

- The **Cambridge Index** sank 6.2%.
- Approximately 100 jobs are at risk at St Neots manufacturing facility **Gates Hydraulics Ltd**
- One of the largest employers in St Neots, **Sealed Air Ltd** food packaging said operational changes in the coming months meant it would be cutting 21 manufacturing staff throughout 2009
- Seventeen people will lose their jobs in the region after administrators of shoe chains **Barratts** and **PriceLess** announced store closures.
- **Melbourn Community Sports**, the company which managed Melbourn Sports Centre, has entered insolvency proceedings after income did not live up to expectations
- Mobile phone chip maker **Qualcomm** is considering laying off up to 40 engineers at its Cambridge labs. (source: [www.theregister.co.uk](http://www.theregister.co.uk))
- **Cambridge Building Society** is to close four of its branches, the News can reveal. Two of them are in **Cambridge**, and the others are in the Huntingdonshire area - at **Huntingdon** and **St Neots**.
- **Charities** feeling the downturn through less donations of money and items and dropping numbers of volunteers
- **Petrol prices** are rising at a penny a litre each week. There are calls for the Government to suspend plans for a 1.8p per litre rise in April.

### **3. Analysis of Key Data**

#### **3.1 Introduction**

This section draws out the key issues facing the economy in Greater Cambridge based on the data and other local business intelligence.

#### **3.2 Key Issues**

- Unemployment continues to rise across Greater Cambridge but more steeply than since the upward trends began in the autumn of 2008.
- Districts to the north and east of Cambridge, such as Fenland, Forest Heath and St Edmundsbury, are being disproportionately affected by the recession in terms of higher unemployment and fewer job vacancies.
- Unemployment is rising on average across Cambridgeshire at half the regional and national rate.
- Nearly all districts are witnessing fewer new job vacancies in January 2009 compared to January 2008 (note this is based only on Job Centre Plus vacancies which are only a proportion of total vacancies).
- Managerial and senior officer positions have seen the sharpest rise in unemployment by occupation category between January 2008 and January 2009.
- Fenland district has seen the greatest rise in out of work benefits (Job Seekers, Incapacity, Lone Parent and Income-Related benefits) claimants between August 2007 and August 2008.
- Housing sales continue to decline, as does the average house price across most districts.
- There is some evidence that multinational companies based in Greater Cambridge are downsizing or closing their local facilities e.g. Qualcomm
- Manufacturing and engineering companies continue to report job losses, such as at Sealed Air, Gates Hydraulics and Elsome Engineering.
- However major contract wins have been announced by a number of local companies across a broad range of sectors: Phico Therapeutics (biomedical), Morgan Ashurst (construction) and Cambridge Consultants (ICT).
- The drivers of the economy in the recent past – retail, leisure, residential and financial services – appear to be the sectors being impacted most by the recession.
- Knowledge-based firms engaged in technological and creative activity are likely to be more important than ever as providers of experts and the skills of the future.

#### 4. Activities by Partners (based on trends and analysis)

##### 4.1 Introduction

This section details the key mainstream sources of help for businesses in the recession. In this section **The Business Map** and **Real Help for Businesses Now** are key one-stop-shops for a range of support activities and should be promoted as such by all the agencies and authorities involved in economic development across Greater Cambridge. Also included in this section are innovative examples of GCP business support partner activities that highlight best practice, enable sharing of ideas or help to avoid duplication.

| Issue   | Organisation                          | Contact                     | Website  |
|---|---------------------------------------|-----------------------------|--|
| <b><i>Business Support</i></b>  |                                       |                             |  |
| <b>Real Help for Businesses Now.</b> Menu of business support solutions                     | Business Link East                    | Steve Clarke                | <a href="http://www.businesslink.gov.uk/realhelp">www.businesslink.gov.uk/realhelp</a> |
| <b>The Business Map</b> outlines full range of business support available across the region | EEDA / Business Link East             | Lynn Morgan<br>Steve Clarke | <a href="http://www.bizmapeast.co.uk">www.bizmapeast.co.uk</a>                         |
| Intensive support for businesses. 1-to-1 advice in the recession                            | EEDA                                  | Lynn Morgan                 | <a href="http://www.bizmapeast.co.uk/growth">www.bizmapeast.co.uk/growth</a>           |
| Anonymous telephone line for businesses   | Business Link East                    | Steve Clarke                | <a href="http://www.businesslink.gov.uk">www.businesslink.gov.uk</a>                   |
| Fenland DC letter to all businesses detailing business support                              | Fenland District Council              | Clive Gibbon                | <a href="http://www.fenland.gov.uk">www.fenland.gov.uk</a>                             |
| Huntingdonshire DC leaflet included with NNDR invoice detailing Business Support            | Huntingdonshire District Council      | Ben Hooson                  | <a href="http://www.huntsdc.gov.uk">www.huntsdc.gov.uk</a>                             |
| Recession rescue plan   | Chambers of Commerce                  | John Bridge                 | <a href="http://www.cambridgeshirechamber.gov.uk">www.cambridgeshirechamber.gov.uk</a> |
| GRANTnet service detailing funding available for SMR/HE partnerships                        | i10                                   |                             | <a href="http://www.i10.org.uk">www.i10.org.uk</a>                                     |
| Commitment to process supplier invoices in 20 days  | South Cambridgeshire District Council | Nicole Kritzinger           | <a href="http://www.scambs.gov.uk">www.scambs.gov.uk</a>                               |
| <b><i>Employment Support</i></b>  |                                       |                             |  |
| Jobs Fair – Spring 2009   | Cambridge Network                     | Peter Hewkin                | <a href="http://www.cambridgenetwork.co.uk">www.cambridgenetwork.co.uk</a>             |
| <b><i>Training &amp; Skills</i></b>   |                                       |                             |  |
| Train to Gain breakfast seminars  | Greater Cambridge Partnership         | Lucy Brock                  | <a href="http://www.gcp.uk.net">www.gcp.uk.net</a>                                     |
| Skills package  | LSC & Job Centre Plus                 | Tom Cunningham              | <a href="http://www.lsc.gov.uk/eastofengland">www.lsc.gov.uk/eastofengland</a>         |
| Higher skills at work. Work based learning 50:50 EU/employer funded                         | Anglia Ruskin University              | Jemma Little                | <a href="http://www.anglia.ac.uk">www.anglia.ac.uk</a>                                 |
| Economic Challenge Investment Fund. Training for unemployed for if under redundancy threat. | Anglia Ruskin University              | Jemma Little                | <a href="http://www.anglia.ac.uk">www.anglia.ac.uk</a>                                 |
| Land Skills East rural business training initiative   | EEDA                                  | TBC                         | <a href="http://www.eeda.org.uk">www.eeda.org.uk</a>                                   |

| <b>Issue</b>  | <b>Organisation</b>                   | <b>Contact</b>    | <b>Website</b>   |
|---|---------------------------------------|-------------------|--|
| "How to Win Contracts" event – May/June 2009  | South Cambridgeshire District Council | Nicole Kritzinger | <a href="http://www.scambs.gov.uk">www.scambs.gov.uk</a>                   |
| Business Support Task Force Meeting to respond to Economic Downturn – Allied to LPSA project  | Huntingdonshire District Council      | Ben Hooson        | <a href="http://www.huntsdc.gov.uk">www.huntsdc.gov.uk</a>                 |
| Investing in Communities Programme. Skills, employment and enterprise focused and also bending projects to address the recession. Programme value of £1.5m in 2008/9 and £1.9m in 2009/10 | GCP                                   | Ank Michielsen    | <a href="http://www.gcp.uk.net">www.gcp.uk.net</a>                         |
| <b><i>Redundancy Support</i></b>  |                                       |                   |  |
| Regional Redundancy Plan & Employers Guidance   | EEDA                                  | TBC               | <a href="http://www.eeda.org.uk">www.eeda.org.uk</a>                       |
| <b><i>Positive News Stories</i></b>   |                                       |                   |  |
| GCP Partnership Board press release on positives business views   | Greater Cambridge Partnership         | Martin Garratt    | <a href="http://www.gcp.uk.net">www.gcp.uk.net</a>                         |
| Feel-good presentation of Greater Cambridge   | Cambridge Network                     | Peter Hewkin      | <a href="http://www.cambridgenetwork.co.uk">www.cambridgenetwork.co.uk</a> |

## 5. Policy Options & Project Initiatives

### 5.1 Introduction

This section details both recommendations for a shift in policy direction and more immediate project interventions that will provide real help to businesses in Greater Cambridge in the recession. The policy options and project initiatives are based on:

- The analysis of data;
- Gaps in current business support provision; and
- Best practice from elsewhere

### 5.2 Policy Options

| Policy Options  | By Whom?  |
|---|---|
| <p>1. <b>Provide greater support to businesses in the areas disproportionately affected by the recession</b>, in particular the rural hinterland to the north and east of Greater Cambridge, such as Fenland and Forest Heath. The areas can be supported by bending existing programmes, focusing business support agency activity and prioritising any additional funding.</p>  | <p>Local authorities<br/>County/GCP wide business agencies<br/>e.g. BLE<br/>Programme managers e.g. GCP</p>                         |
| <p>2. <b>Focus business support on likely future high growth sectors that can help drive the area out of recession.</b> High value added activities will be important based upon local innovation and learning, and more sustainable sectors which feed into the low carbon agenda. Specific sectors include ICT, cleantech, biomedical, domestic tourism, high value manufacturing, food processing and the creative industries.</p> | <p>EEDA<br/>Business support agencies<br/>EEI</p>   |
| <p>3. <b>Ensure that the training courses available match the needs of local employers</b>, including across the private sector and, not least, in the future high growth sectors identified above. This will be critical for softening the blow of the recession and helping to ensure a rapid recovery. An employer led skills forum should be established to promote employer training needs.</p>                                  | <p>Local authorities<br/>Partnerships<br/>Business support agencies<br/>GCP</p>   |
| <p>4. Ensure that the 14-19 Plan and the construction programme of new secondary schools as part of the growth area, <b>reflect the needs of the economy by focusing the schools' specialisms on the future high growth sectors.</b> Northstowe or Cambridge East, for example, could be home to a new science, technology, engineering and maths (STEM) specialist school.</p>   | <p>Cambridgeshire<br/>County Council<br/>Cambridgeshire Horizons</p>  |
| <p>5. <b>Lobby central Government to bring forward the development of major capital schemes</b> in the Greater Cambridge area. Examples include the widening of the A14 and A11 and Chesterton train station.</p>   | <p>Co-ordination through GCP<br/>lobbying single hymn sheet and timetable of lobbying activities, including a range of partners</p> |

| Policy Options   | By Whom?  |
|--|---|
| 6. <b>Maximise the economic development benefits from major public sector capital schemes by aligning economic interventions with the schemes.</b> An example is the relocation of Huntingdonshire Regional College to Hinchingsbrooke, alongside a proposed high value manufacturing campus. The College will offer related engineering courses and day release opportunities to companies on the campus. Economic development interventions should be considered for aligning with all the major capital developments from the widening of the A14 to the guided busway. | Cambridgeshire<br>County Council<br>FE colleges<br>LSC<br>Cambridgeshire<br>Horizons<br>GCP |
| 7. <b>Focus improvements to the public realm in the area's market towns.</b> Public funding could lead to a multiplier of eventual private sector investment as the economy pulls out of recession. Market towns also have the critical mass to attract businesses, investors and tourists. Wisbech, St Ives, Saffron Walden and Newmarket are all examples.   | Local authorities<br>Cambridgeshire<br>Horizons   |
| 8. Capitalise on the unique Fens landscape and support the growth sector of eco-tourism by <b>promoting green linkages between the area's existing and growing attractions</b> , such as Wicken Fen, Great Fen and the nature reserves.  | Local authorities<br>Cambridgeshire<br>Horizons<br>Tourism Officers'<br>Group               |
| 9. <b>Focus inward investment on the future high growth sectors</b> , including the targeting of <b>international technical consultancies</b> within those sectors.  | EEI<br>Local authorities<br>GCP   |
| 10. <b>Monitor the economy. Promote and profile opportunities</b> for businesses as soon as trends become evident, such as Olympics procurement and overseas trade development.  | BLE<br>GCP<br>Business support<br>agencies<br>EEI   |

### 5.3 Project Initiatives

| Project Initiatives   | Lead                        | Timeline        |
|---|-----------------------------|-----------------|
| <b><i>Business Support</i></b>  |                             |                 |
| High growth business support programme  | St John's Innovation Centre | April 2009      |
| Creative Exchange Centre – provision of business advice and start up advice             | HDC / NWES                  | Ongoing         |
| SME loans initiative  | GCP / BLE                   | May 2009        |
| Cambridge & Rural Enterprise Advice & Mentoring for business start ups                  | NWES via liC                | April 2009      |
| Flexible Enterprise Workspaces in March   | NWES via liC                | October 2009    |
| <b><i>Training &amp; Skills</i></b>   |                             |                 |
| Business Workshop on surviving the economic downturn, including practical help and tips | SCDC                        | June/ July 2009 |
| Intensive SME sustainable procurement training programme                                | GCP                         | May 2009        |





















