

The Economic Impact on Norfolk

Chris Starkie (Chief Executive SNF)

Norfolk Ambition
The sustainable community strategy for Norfolk, 2003-2023



The County Economic Development Partnership

The Credit Crunch

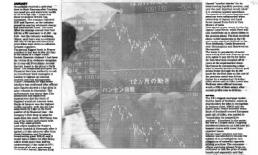
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The County Economic Development Partnership

- Origins in the United States
- Sub-prime lending
- Collapse of confidence in the banking sector
- Unsure of each other's exposure to toxic debt
- Banks unwilling to lend to each other
- Inflated asset values
- Trade deficits in US (and UK)
- Personal debt levels
- Lehman- the \$500bn black hole

The year of the crunch



Impacts

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Cash dries up



Worldwide recession



Major impact on:

- Individuals
- Families
- Businesses
- Entire communities



- Rising unemployment
- Lack of credit for businesses
- Reduced consumer confidence
- Falling asset prices
- Fear and uncertainty

Impacts

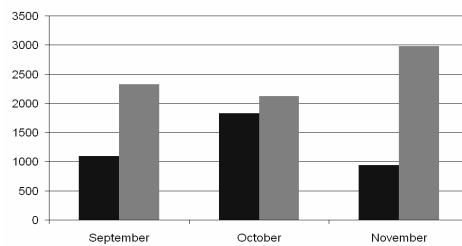
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Rising unemployment, East of England

Redundancy Notifications: Comparisons

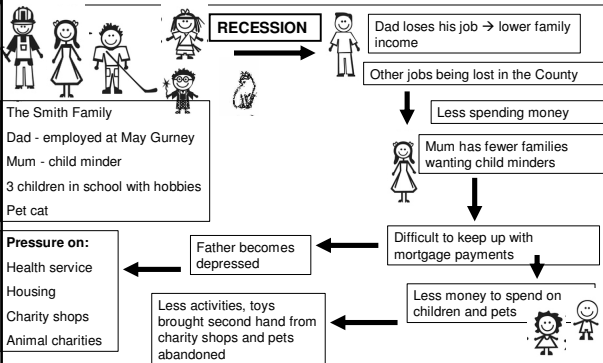


Impacts

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Chamber Survey

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- 43pc firms expect to freeze wages
- 34pc expect to make redundancies

Results of the Chamber of Commerce Survey

Payment terms

50% said that the customers that they supply take longer to pay their bills compared with six months ago. Almost a quarter (24%) said that they now take longer to pay their customers than six months ago.

Credit insurance

12% of businesses surveyed found that credit insurance was hard to obtain or had been withdrawn (though more than three quarters said they didn't use credit insurance).

Wages

43% stated that wages would be frozen next year. 9% reported there would be a cut in wages. 38% said that next year's wage increases would be smaller than this year. Almost one third of respondents (31%) stated that they would be changing the wage structure within the business to keep staff on.

Employment

35% of businesses said that they would be reducing the working hours of employees in 2009. More than a third (34%) of businesses responding to the survey stated that they expect to make redundancies in 2009.

Credit

30% of businesses surveyed with overdrafts stated that the terms of their overdraft facility had become tighter over the last six months. 56% of businesses stated that credit was harder to access than six months ago.

Financial Services



- Some redundancies
- Money Centre
- Retail banking shake-up
- But resilience in insurance



Construction



- Huge drop in activity levels
- Redundancies at house builders
- Some job losses in construction
- Impact on supply chain and professional services



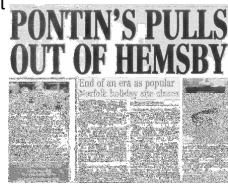
Tourism



- Troubles include:
- Cash-flow and availability of credit

- Job losses
- Pontins, Hemsby
- Norfolk Lavender

- But some opportunities...
- £ ↔ \$ Euro
- More UK holidays
- Richardsons investing



Advanced Engineering



- Troubles include:
- Cashflow and availability of credit
- Falling orders
- Low confidence
- But opportunities for export
- Weak £



Creative Industries



- Early casualties
- Archant and ITV Anglia
- Trisha Goddard Show
- Advertising and marketing
- Discretionary spend
- Continuing impact



Retail



- High profile casualties
- Some names already sick
- Woolworths
- Adams
- Continuing concern about other chains but resilience being shown



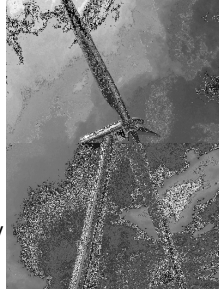
Energy

Low oil price challenge for North Sea

Opportunities for renewables

Government investment in the sector

Security of supply and sustainability key challenges



Agriculture and Food

Challenges include:

Availability of credit

Falling asset values

Supply chains

Low on government agenda

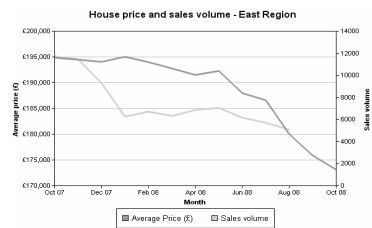
But opportunities with 'buy local' and high cost of imports



Housing

Fewer housing transactions

Lack of available finance for private and public sectors



Voluntary Sector

• Time-lag before recession hits sector, however, troubles include:

• Fall in donations

• Access to finance

• Increase in demand for services

• Dependence on LA grants

• Short term funding

• Key Issue: to ensure sector is robust so it can support people in down-turn

Health

• Increased stress leading to increased demand for mental health and psychological services

• Reduced use of private health – increases burden on secondary care in particular

• Some evidence that higher unemployment increases number of early deaths

• Financial health of private care homes

• Need for innovation in meeting increased demand from fixed resources

Crime

Expectation of increase in crime including retail thefts plus burglary in times of economic hardship.

Some local areas are responding by greater investment in CCTV.

My plan to keep city streets safe



UK Gov't Response

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Five main areas:

1. Ensuring financial stability
2. Supporting business
3. Helping people
4. Improving public services
5. Delivering on environmental goals

What others are doing

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Support for individuals:

- Scheme to ensure better access to welfare benefits
- Credit Crunch: how we can help' leaflets
- Dedicated web-pages and websites

What others are doing

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Support for businesses:

- Spread business rate payments over 12 months instead of 10
- Monthly rent payments instead of quarterly
- Changing terms of invoice payments
- Use local contractors and workers where possible
- Maintain investment in training and education

Local Actions

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Norfolk County Council

- Improved debt advice – Rapid Action Team
- Norfolk Redundancy Network
- Support for individuals considering self-employment
- Local procurement initiatives
- Additional actions being considered, including: bringing forward minor repair and maintenance works

Local Actions

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Breckland District Council

- Running a 'Shop Independent' campaign, supporting retail businesses in the market towns and villages
- Job fairs planned in partnership with Job Centre Plus to take place in March 2009 at Dereham and Watton, with further jobs fair in Thetford planned for later in the year

Broadland

- Broadland Council Training Services contacting all local business

King's Lynn and West Norfolk Borough Council

- Tracking and Tackling the Recession conference

Local Actions

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North Norfolk District Council

- Offering advice and linking to Business Link in response to queries
- Planning to hold 'Local Solutions Summit to the Economic Downturn'

Norwich City Council

- Reduce payment time from 30 to 20 days
- Use of LEGL funding to support businesses
- Vacant shop initiative

South Norfolk

- Business engagement events
- Offering advice and linking to Business Link, and where appropriate, Norfolk Rural Business Advice Services (NRBAS).
- Supporting businesses in Waveney Valley Project area to apply for funding

CSP Recession Event

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Workshop held at Park Farm, January 13

Plans being drawn up.

Areas of focus include:

- promoting Norfolk as being open for business
- marketing campaign to increase confidence levels within Norfolk businesses
- raising skills levels in preparation for when the economy turns
- co-ordinating and clarifying the support for individuals and businesses
- bringing forward public sector capital investment

Conclusion

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Reality is recession has only just started

Impact yet to be fully felt

BUT still time to take action

Need to caution against activity for activity's sake

Make most of existing resources

Efforts need to be concentrated on simplifying and explaining.