

Economic Events Diary

December 2008 - October 2009

December 2008

Automotive company **Toyota** announced that they were **suspending plans for a £88m investment at their Flintshire factory** as part of a review of investment decisions. The difficult market conditions arising due to the global economic downturn were reported as being behind the decision.

James Purnell, the Work and Pensions Secretary, presented a White Paper to the House of Commons containing plans to reform welfare payment schemes. Under the new proposals nearly all unconditional State benefits would be stopped, with those receiving benefits having to prove in future that they had a plan for finding a job or see their payments reduced or stopped.

January 2009

Following decisions made at the Welsh Assembly Government's first economic summit to address impacts of the recession, the launch took place of a **£48m initiative to provide wage and training subsidies** to companies for their employees. The **ProAct** scheme, initially piloted to automotive companies, was to be extended to any company putting in place temporary restrictions on working hours or production.

It was revealed that a proposed **new large-scale gas power station project at Angle in Pembrokeshire** was awaiting final planning approval from the Department for Energy and Climate Change. Integrated energy company **RWE npower** signed a deal for French engineering company Alstom to carry out the construction of the 2,000MW power station which, if approved, could take up to four years to build and reportedly generate 2,000 jobs in the construction phase.

According to research by the Trade Union Congress, Welsh employees did an estimated £952m of **unpaid overtime work in 2008**, with the numbers of workers engaged in such work increasing for the second year in a row. Fears over job security were given as a likely reason for this rise.

American **energy from waste** company, **Covanta**, revealed plans for an **incinerator at Cwmbargoed** that could reportedly create 500 jobs in the construction phase, 100 full time jobs, and 70MW of electricity. The site of the £400m project, for which a planning application was expected to be submitted later in the year, is near to the controversial Ffos-Y-Fran opencast mine site. Because of its designated "strategic importance" any planning decision would be made by Whitehall's Department for Business, Enterprise & Regulatory Reform.

February 2009

The Welsh Assembly Government's **Social Enterprise Action Plan** was published outlining 20 key actions to strengthen this sector in Wales. A Ministerial Advisory Group, along with an organisation to raise awareness and promote the sector to be named the Social Enterprise Coalition Cymru, are to be established as part of the plan.

It was revealed that a **fund of £250m**, secured by RBS from the European Investment Bank, was to be made **available to small and medium sized enterprises in Wales** as an extra assistance during the recession. Support available includes short-term trade finance, invoice finance products and

flexible business loans.

The **China-Britain Business Council**, a business led partnership between government and industry dedicated to helping British businesses develop in China, opened an office in Cardiff, one of nine in the UK.

Automotive firm **Bosch** revealed that it was to **introduce reduced working hours and flexible shifts** in a bid to react to a sharp decline in customer orders in the last quarter of 2008. The company was also to begin releasing 250 employees who had volunteered for redundancy at its Miskin plant from March. Matters were to become critical in October 2009 (see later).

March 2009

The **Institute of Welsh Affairs** published a report examining the major concerns for landscape policy in Wales. Amongst the issues looked at within **Living With Our Landscape**, are the effects of climate change and economic activity within protected areas. The report calls for sustainable land management to be put at the heart of Welsh rural space policy.

The **Step up to Learning campaign** was launched by trade union Unite to increase skills in more than 50 companies in Wales. Funded through the Assembly Government Wales Union Learning Fund, the £124,000 project also brings together the Sector Skills Councils and the Wales TUC.

Research by Semta, the sector skills council for science, engineering and manufacturing technologies, indicated that £31m per year was being lost in the Welsh economy because of **difficulty in filling engineering vacancies**. The findings were published in the report *Engineering Skills Balance Sheet - Wales*.

April 2009

It was announced that a former Ministry of Defence supplies depot site at Llangennech in Carmarthenshire will be turned into a business park through a £1.5m investment by R&A Properties. The site is to be renamed **Stradey Park Business Centre**.

A new **£150m fund to support business** was launched by **Finance Wales**, the independent company set up by the Welsh Assembly Government in 2001 to provide commercial funding to Welsh SMEs. Utilising £75m of backing from the European Investment Bank's *Jeremie* project, the fund is scheduled to run for five years, with investment support available throughout Wales.

Research from Barclays showed that **business start-ups in Wales fell** to 17,700 in 2008, a decline of 6% from the previous year.

May 2009

A walk-out by workers at the **Milford Haven liquefied natural gas terminal** over a **contract labour dispute** was resolved with Hertel UK agreeing to withdraw the 40 non-UK workers at the centre of the disagreement and look to employ suitably skilled UK workers. Employees at energy sites across the UK, including Nottinghamshire and Lincolnshire, had walked out in support of the workers in Wales.

The Welsh Assembly Government launched its **One Wales One Planet** green strategy, with First Minister Rhodri Morgan noting that sustainability "...needs to become the number one principle of everything we do..."

June 2009

Dulas, based in Machynlleth, were named **British renewable energy company of the year** at the industry annual awards ceremony in London. The company is a framework supplier to the UK government's Department of Energy and Climate Change (DECC), Low Carbon Buildings Programme. Other Welsh company finalists included Enviroparks, Eco2 and United Welsh.

Working Links, the specialist provider of skills and employment services for disadvantaged people and communities, was awarded a five year contract to deliver the New Deal programme in South Wales for the Department for Work and Pensions.

July 2009

Welsh Secretary Peter Hain was in Merthyr to launch one of the ten **Future Jobs Fund schemes in Wales** targeted at the unemployed young. Over 2,000 public sector jobs for people aged under 25 are expected to be created across Wales over the next two years, paying at least the minimum wage and last for at least six months. The scheme is run by the Department for Work and Pensions.

Transport issues in South Wales were in the news with the Assembly Government's announcement that it had **cancelled plans for an M4 relief around Newport** due to the project's expense. Also, a scheme to **electrify the rail link between Swansea and London Paddington** by 2017 was revealed by Prime Minister Gordon Brown. The cost of the upgrade, aimed at cutting journey times and increasing reliability, was estimated at over £600m.

According to figures from UK Trade and Investment, 60 **inward investment** projects were attracted to Wales in the year to end of March 2009 - a decline of 15% on the previous year. An estimated 2,185 jobs were forecast to be created from these projects.

Motor vehicle manufacturer **Toyota** revealed plans **to build a new hybrid engine at its Deeside, Flintshire factory**. Production of the engine for the company's Auris model was confirmed to start in mid 2010.

August 2009

The Welsh Assembly Government announced a further £20m **regeneration investment in coastal towns of North Wales** to address issues of skills, employment, education and tourism. The funding, which is additional to £38m committed in May, will be used to support schemes such as a sustainable energy strategy for Rhyl.

A report published by the Bevan Foundation, **Good to be here: Positive aspects of the Heads of the Valleys**, sought to address outdated perceptions of the Welsh Valleys. A principal aim of the report, which includes independent evidence to highlight the changing nature of the region, is to better inform public policy.

Calsonic, the automotive component manufacturer, announced an **£11.4m investment at its Llanelli site**. With support of £3.2m from the Assembly Government's Single Investment Fund the investment will help safeguard 237 existing workers at the factory, and create 37 new jobs.

A **£7m research and development partnership programme** to support products and specialist workers in the Welsh steel industry was announced. Swansea University will lead the **Steel Training Research and Innovation Partnership (STRIP)** which will involve collaboration between 22 companies, and the Universities of Bangor, Cardiff and Glyndwr. The Convergence European Social Fund will contribute £4m to the partnership.

September 2009

Chancellor Alistair Darling, in Cardiff to deliver the Callaghan memorial lecture, spoke of the requirement to rebuild fiscal strength in the UK, noting that on public spending matters there were "*hard choices*" to be made. Meanwhile, First Minister Rhodri Morgan warned of cuts to public service programmes in Wales as a result of **budget tightening in the coming years**. The Spending Review and Evaluation Exercise (SpREE) undertaken by the Welsh Assembly Government was used to help identify low priority public sector programmes.

According to **research from the University of Glamorgan, social enterprises in Wales generate £2.1bn a year**. The work, commissioned by the Wales Co-operative Centre, noted that Glas Cymru, the company formed to own, finance and manage Welsh Water, was the largest social enterprise in Wales- accounting for nearly a third of the sector's turnover.

A **temporary amendment** by the Assembly Government to the rules governing the **Single Investment Fund** enabled small firms in areas of Wales not covered by European convergence funding to access support. To help the small business community during the recession the geographic area covered by the fund was expanded to include East Wales until March 2010.

Plans for a high quality office development in Cardiff were called in by the Welsh Assembly Government, a joint venture partner in the scheme. The **proposed International Business Park** at junction 33 of the M4, is backed through Westgate Park (Cardiff) by Hodge Curzon Properties and Macob.

The Assembly Government, through its **Heads of the Valleys strategic regeneration programme**, introduced a **fund to support company start-ups** by residents in the area. With match funding from the private sector a total of £252k is to be made available to increase access to financial assistance, acting in concert with other programmes, such as Flexible Support for Business.

A **£15m scheme to reduce carbon emissions from manufacturing processes** in the Principality was unveiled by the Carbon Trust Wales. The Industrial Energy Efficiency programme with financial backing from the Government, aims to reduce carbon emissions in manufacturing by 28%.

October 2009

In a further blow to the automotive sector in Wales (see also *Comings & Goings*), **Bosch** announced it was starting a 90 day consultation period to consider the future of its factory in Miskin. The company was reported to be evaluating two options: closing the plant with the loss of all 900 jobs in 2011; or cutting 300 jobs in 2010 while continuing to operate on a smaller scale.

A major report into the performance of **International Business Wales (IBW)** and its predecessor the Welsh Development Agency (WDA), was published by Glen Massey. Reductions in staff numbers and budgets of over 30% since

2005 were noted, and performance was described as being at best 'mixed'. However, Wales met its target of securing 5% of new UK jobs from inward investment in 2008/9.

The Assembly Government launched two large schemes to increase the competitiveness of the Welsh economy. The £25m **South West Workways** project is seeking to improve the skills and employment prospects of the economically inactive and long term unemployed. Led by Neath Port Talbot Council in collaboration with Swansea, Pembrokeshire and Carmarthenshire, the three-year project aims to help 9,000 people, while utilising £17m from the European Social Fund.

Meanwhile, the £37m **Enhancing Leadership and Management Skills in Wales** programme will provide grants for staff development for businesses in West Wales and the Valleys. This project is supported by nearly £16m from the Convergence European Social Fund.

Comings & Goings: Companies' Activities in Wales

The automotive sector in Wales has continued to experience employment shocks due to the economic downturn in demand over the last year:

- specialist pressings and panels company **Stadco Powys**, based in Llanfyllin, near Welshpool, announced it was to cut around 100 jobs;
- car parts company **Floform**, also in Welshpool, ceased trading with 80 staff made redundant;
- **Musashi Auto Parts** began consulting on the loss of all 124 workers at its Blackwood, Caerphilly site; and
- car speaker supplier **Harman International** revealed it was to move production to Hungary and shed 216 jobs at its Bridgend facility.

In December of 2008 **Barclays Bank** announced it was to outsource jobs from a Cardiff department that had required significant technological investment in order to operate efficiently. The 109 jobs were to be transferred to a third-party supplier in Stratford-upon-Avon.

Also in the financial and business services sector, **HSBC** closed its Newport call-centre with the loss of 90 jobs following a review of its banking services, and **LloydsTSB** revealed 200 jobs were to go in Newport and West Yorkshire following the combining of general insurance support functions with HBOS. There was better news in Swansea with **Admiral** revealing it was to expand its commercial vehicle insurance arm, increasing its workforce by 119 in the city.

Over 200 jobs were created in the seven months to May 2009 by **Conduit** at its outsourcing contact centres in Cardiff and Swansea - primarily due to new contracts being signed with BSKyB. Meanwhile, **SWALEC** began recruiting 70 new staff at its Cardiff customer service centre.

As part of a UK-wide cutback of 3,400 jobs, beginning in the Spring of 2009, **HM Revenue and Customs** announced it was to close 11 offices throughout Wales with the loss of around 470 jobs.

Housing association **Linc Cymru** created 90 jobs at Glyn Anwen community nursing home in Newport, while **Home Instead**, the care company, began recruiting 100 staff in the Swansea area. Employment services provider **Working Links** also created 100 extra posts to help deliver the Flexible New Deal contract in South Wales (*see Diary - June*).

Steel manufacturer and recycler **CMC UK** announced in December 2008 that it was setting up an operation in Cardiff after signing a deal to take on 187,000 sq ft at Trident Park.

There was no immediate indication of employment details.

In January 2009, as part of a global functional review, **Corus** announced it was to mothball its Llanwern hot strip mill with the loss of 528 jobs, and close plants in Ammanford and Pontarddulais with 73 and 52 jobs respectively being lost. In the summer, Corus announced a further cut of a total of 149 jobs at its Port Talbot and Llanwern facilities.

Headland Foods, who produce frozen ready meals, cut 95 jobs at its Flint site following poor sales, and Serious Foods subsidiary **Sunjuice** in Llantrisant went into administration with 310 people losing their jobs. Around 90 staff were kept on as a buyer was sought by administrators PricewaterhouseCoopers.

A drop in sales in key markets was given as the reason behind Pontycymer - based plastics company, **Thompson Technik**, being put into administration in January. Around 100 employees were based at the Bridgend site.

Bakery company **PV France** chose Llangefni, Anglesey, as its new base, relocating from Merseyside in order to expand its business. An assembly government Single Investment Grant was utilised to bring 105 jobs to the area.

Following a review of its global operations, **Panasonic** revealed in February that it was cutting up to 139 jobs at its Newport site and a further 70 in Cardiff.

In March, **Airbus** confirmed it was to reduce the number of agency jobs by 250 at its Broughton, Flintshire site following a fall in orders for the Hawker business jet, and **Novelis** announced it was to shutdown its sheet mill in Rogerstone, Newport with the loss of 440 jobs. This followed a significant fall in orders.

Penn Pharmaceuticals unveiled plans to create 133 jobs as part of a £12m redevelopment at its Tredgar site. The plan, backed by the Assembly Governments Single Investment Fund, will also help safeguard 100 existing jobs at the location.

The **International Baccalaureate** organisation announced it was to scale back its education centre in Cardiff as part of an international restructuring. A total of 330 jobs were to be transferred to Amsterdam, with around 40 remaining at the Cardiff Gate office.

Hotel capacity in the capital continued to expand with the completion of a new 219 bedroom **Radisson Blu Hotel** in the city centre, and the opening of the **Legacy Cardiff International Hotel** in Tongwynlais. The latter, at the site of the former Quality Hotel, will create 75 new jobs.

A reduction in the number of patent applications during the economic downturn was reported as a major reason behind plans announced in April to cut up to 100 jobs at the **Intellectual Property Office** in Newport

DeepStream Technologies, a manufacturer of hi-tech energy use sensors, confirmed in May that it was to go into administration. This was reportedly due to difficulties in raising finance in the current economic climate. The company employed 80 staff at a production facility in Bangor, Gwynedd.

A decline in sales during the economic downturn was reported as one of a number contributing factors to the closure of the **Rexham Plastic Packaging** facility in Deeside. A total of 70 jobs were lost.

Indesit announced it was closing its washing machine factory in Bodelwyddan, Denbighshire, with the loss of 302 jobs. A declining market for the product and increased manufacturing costs had reportedly contributed to the decision. Indesit had recently opened a washing machine production facility in Poland.

US company **Air Products**, who supply gas and related goods, announced in July the closure of its Acrefair plant near Wrexham. Around 200 jobs were to be lost as production moved to China, closer to the company's growing Asian customer base.

Also, in July it was revealed that an expansion of the **Fibre Associates** distribution centre in Mochdre, Colwyn Bay, will create 100 jobs over the next year. The company, which is part of the i3 Group, designs and manufactures fibre optic products.

Sterecycle are to create 60 permanent jobs at a £50m recycling plant in Cardiff. The facility, planned to be operational in Wentloog by spring of 2011, will reportedly have the capacity to process 200,000 tonnes of unsorted waste per year.

In September smelting operations ended at **Anglesey Aluminium** with the loss of 400 jobs, as efforts to secure a discounted energy deal failed. The company rejected a £48m UK government aid offer over four years, indicating that the amount was not sufficient for the Holyhead facility to break

even. Up to 80 staff were expected to remain employed at the plant, which had been Wales' largest electricity consumer, in order to carry out maintenance and produce aluminium sheets.

In October, retailer **Asda** created 350 jobs at a new 40,000 sq ft store in Newport.

Also in Anglesey, consultation began in October on the closure of the Holyhead **Eaton Electric** plant which produces miniature circuit breakers. Production is to be shifted to lower production cost sites in Europe, resulting in the loss of 265 jobs in Wales.

Anglia Homeserve, the property maintenance company, announced it was to close its office at Dyserth in Denbighshire after an insurance sector client decided not to renew a major contract. Around 200 jobs are to go.

In October 2009, the 967,500 sq ft **St Davids 2** shopping centre opened in Cardiff, creating a reported 4,000 jobs in over 160 shop and catering units. Retailers such as **Crabtree & Evelyn, John Lewis, Kurt Geiger, Radley, and Reiss** launched their first Welsh stores as part of the £675m development.