

# Economic Events Diary

November 2009–December 2010

## November 2009

**Anglesey** was revealed as one of the ten locations in the UK where the new generation of **nuclear power** stations could be built. Plans to streamline the planning process for new energy projects, so that decisions on new facilities could be made within a year, were also announced.

Land developer **St Modwen** secured 2,000 acres of former BP owned land at **Llandarcy**, near Swansea, unveiling plans for around 4,000 new homes, a second campus for Swansea University, as well as employment and leisure space.

Cardiff came 6<sup>th</sup> in the Experian UK **Retail Centre Rankings** for 2009, trailing only London, Glasgow, Birmingham, Manchester and Birmingham. The opening of the St Davids 2 development was instrumental in the rise from 10<sup>th</sup> place in the hierarchy in the previous year.

## December 2009

**Carwyn Jones** became **First Minister for Wales** and Welsh Labour Leader, following the retirement of Rhodri Morgan. Committing to fulfilling the coalition deal with Plaid Cymru, the First Minister also noted the goal of a referendum on law-making powers for the Assembly, on or before the 2011 election.

An additional £20m of funding for the **social housing sector** in Wales was secured from the European Investment Bank, extending the total allocation to £95m, or 30% of the UK total. The funding was to be administered through the not-for-profit Housing Finance Corporation.

**The Sunday Times Virgin Fast Track 100** league table, ranking the fastest growing privately owned companies in the UK, included two from Wales. The MSS Group, who provide facilities management and support services from their Cardiff base, came 78<sup>th</sup>, and CMC Partnership, the change management consultants based in Monmouth, were 98<sup>th</sup>.

## January 2010

The announcement of the companies winning the right to exclusively develop **offshore wind farms** in nine zones in UK waters was made by the UK Government and Crown Estate. RWE Npower Renewables were awarded the Bristol Channel Zone (11 miles off the south Wales coast), and Centrica Renewable Energy, with the RES Group, the Irish Sea Zone (9 miles from Anglesey).

It was revealed that Coleg Menai will be the home of a **National Academy for Nuclear**, helping create, develop and improve skills needed for the industry. The Academy, to be based at the college's £6m Energy and Fabrication Centre at Llangefni, will work closely with the nearby Wylfa nuclear power station.

**BBC Cymru Wales** confirmed plans to build a **new drama centre in Cardiff Bay**. Projected to cost around £25m, the drama village would replace two production sites based at Llandaff in Cardiff, and Upper Boat, near Pontypridd, and be operational by around autumn 2011.

## February 2010

The Assembly Government announced a **£15m skills growth initiative for business**, to follow the ProAct

programme which was due to end in June. The skills growth initiative will reportedly be focussed at firms that can display evidence of potential for job creation and growth.

According to research from the Royal Institution of Chartered Surveyors (RICS) prices of **farmland in Wales** had remained strong in the last six months of 2009. The Rural Market Survey 2009 (H2) indicated that while demand for both residential and commercial farmland had risen, supply was relatively low as farmers were increasingly optimistic about the outlook for agriculture.

The cross-party **Energy and Learning Committee**, of the National Assembly for Wales, published its **Manufacturing Strategy report** to better enable companies in the sector to innovate and grow. Amongst the report's recommendations were that focus should be on firms with high growth potential, and that to ensure long term competitiveness, the Welsh manufacturing strategy should be based on the development of sustainable energy solutions.

## March 2010

**Horizon Nuclear Power**, a joint venture between RWE npower and E.ON, revealed plans to build a new power station on **Anglesey** that would be able to enter service in 2020. The company stated it would apply for planning permission in 2012. A new facility would replace the existing Wylfa site that employs around 650 workers, and which is due to close in 2012.

Details were revealed by Coastal Housing Group of a **£30m mixed-use development to regenerate Swansea High Street**. The plans, drawn up by Holder Matthias Architects, include offices, apartments, new retail frontage and a customised facility for creative industries.

An economic impact study of the **£250m Barry Waterfront redevelopment proposal** claimed that up to 2,400 jobs could be created across south east Wales by the project, with around 510 full-time equivalent jobs created by employers within the scheme. The findings form part of a study by Nathaniel Litchfield and Partners, which was commissioned by the Barry Waterfront Consortium. An outline planning application had been submitted by the consortium, made up of the house builders Barratt Homes, Persimmon Homes, and Taylor Wimpey, to the Vale of Glamorgan County Borough Council.

## April 2010

Following a two year building programme the first stage of the 245,000sqft **St Catherine's Walk shopping centre in Carmarthen** was opened. When completed the £74m development is predicted to create around 450 jobs in the town.

According to research from the Confederation of Business Industry (CBI) Wales, published in the Welsh Industrial Trends survey for April, the **manufacturing labour force in the Principality had increased for the second consecutive quarter**. Relatively good export volumes were given as a strong factor in this improvement in a period which saw domestic orders decline.

## May 2010

The new UK **Conservative/ Liberal Democrat coalition government** came into power at Westminster. As part of financial cuts to address the economy's deficit, figures released from the Treasury indicated that the Assembly Government would initially experience a decrease of £187m from its budget of £15.7bn. Welsh language broadcaster S4C was informed its budget was being decreased by £2m.

It was revealed that **Finance Wales**, the independent company set up by the Assembly Government in 2001 to provide commercial funding to Welsh SMEs, had invested £37m in Welsh businesses in the financial year to March 2010. This was an increase of £11m on the previous financial year, and included 246 equity and debt investments.

## June 2010

Deputy First Minister Ieuan Wyn Jones was in Newport to officially open the new **Phoenix Park industrial estate**. A joint venture between the Assembly Government and the Centre for Business, the industrial park consists of 45 high-specification units offering 43,000sqft of industrial space.

## July 2010

In his capacity as Minister for the Economy and Transport, Ieuan Wyn Jones launched the **Economic Renewal Programme (ERP)**, outlining the way the Assembly Government will refocus its economic development budget to support better infrastructure and workforce skills. Five priorities for delivering the vision were set out in the programme as: investing in high quality and sustainable infrastructure; making Wales a more attractive place to do business; broadening and deepening the skills base; encouraging innovation; and targeting the business support offered.

The ERP notes that the Department for the Economy and Transport (DE&T) will focus its support on work with six sectors: ICT; energy and the environment; advanced materials and manufacturing; creative industries; life sciences; and financial and professional services. The ERP commits the Assembly Government to move more towards an investment culture, and away from a business grant model. **International Business Wales**, the inward investment division of the assembly government, will no longer be a separate function within DE&T.

InsourceEnergy began work in Rogerstone, Newport, on a **£5m facility to turn food waste into energy** at Premier Food's **RF Brookes ready-meal factory**. The anaerobic digestion plant, planned to be completed by the end of the year, is projected to provide savings in energy costs, reduce waste disposal, and cut carbon emissions by an estimated 8,500 tonnes per year.

In a study by forecasting consultancy **Oxford Economics** for the Financial Times, it was predicted that **Wales** would be the region in the UK to experience the **lowest net employment growth** (in both job numbers and percentage terms) between 2010 and 2015. Current employment structure and predictions on future employment growth areas were taken into account in the analysis.

## August 2010

Performance figures released for the Assembly Government inward investment arm, **International Business Wales**, covering the financial year to March 2010, showed that 65 investment projects had been attracted. These safeguarded or created a reported 7,362 jobs.

Tata Steel Europe announced a **£185m investment** to rebuild a blast furnace at its **Corus steelworks** in Port Talbot, giving an indication of its commitment to the site.

## September 2010

Plans for a **£39m development to the seafront at Mumbles** were submitted to Swansea Council by Ameco, the firm who run Mumbles Pier. An element of housing, reportedly required to finance the restoration of the Victorian Pier, is included in the scheme, along with a hotel and café bars. A Protect Mumbles Headland group was formed to oppose the plans.

The Assembly Government announced funding of £11.7m in its joint venture with Swansea Council for developing the **former Felindre steelworks** site into a business park. Of the funding total, £9.7m was reported to have come from the EU European Regional Development Fund (ERDF) and Targeted Match Fund (TMF).

## October 2010

The US v Europe **Ryder Cup golf tournament** was held at the Celtic Manor Resort near Newport. Pre-tournament forecasts of £15m were reported as potentially being generated from the event that was to put Wales on the global stage over four days.

The Chancellor of the Exchequer, George Osborne, unveiled the UK government's **Spending Review** detailing a £83bn reduction in public spending commitments. The Welsh Assembly's block grant settlement was to be reduced over the next four years- with initial estimates from Ieuan Wyn Jones suggesting that in 2011/12 alone the Principality would be £860m worse off when the figures were adjusted for inflation.

Additionally, a number of high profile schemes planned for the Welsh economy were hit by the government's reduction in spending commitments:

The **St Athan Defence Academy**, a £14bn private finance initiative scheme which was to be built and run by the Metrix Consortium, was cancelled due to military cutbacks resulting from the government's Strategic Defence Review. The Ministry of Defence noted that "...*Metrix cannot deliver an affordable, commercially robust proposal within the prescribed period...*" and that it would review the situation in spring 2011.

Proposals for an **energy generating barrage across the Severn Estuary** were cancelled with the £30bn potential cost of the scheme being branded as excessive by UK Energy Secretary, Chris Huhne. A feasibility study for the project noted that "...*other low carbon options represent a better deal for taxpayers and consumers...*"

Changes to the way **S4C** is to be funded were also announced, with the majority of the Welsh language broadcaster's finance to come in future from the BBC's funds, instead of through the Department for Culture, Media and Sport (DCMS). S4C currently has an annual budget of around £101m, but the proposed changes in the funding arrangements are expected to lead to substantial budget cuts in the future.

## November 2010

It was announced that six out of the ten **Technium Centres** that provided office space and support services to new companies in Wales were to close. A review of the network by the Assembly Government concluded that a number of the sites were not delivering value for money. Technium

Aberystwyth, Technium Sustainable Technologies Baglan, Technium Cast Bangor, Technium Pembroke, Technium Performance Engineering Llanelli and Technium Digital @ Sony are to be closed.

Japanese company **Sharp PV** unveiled a £35m investment at its solar panel production facility in Wrexham. The new investment will fund three new assembly lines and double production capacity.

## December 2010

A study by **Experian**, the global information services company, presented a challenge to the level of emphasis in the UK placed on fast-growth sectors and regions. The report, *"Tomorrow's champions: finding the small business engines for economic growth"*, indicated that focusing on sectors was one of the least productive ways to generate growth, and showed that, over the last ten years, less than 10% of small and medium sized enterprises (SMEs) in the UK were responsible for two-thirds of the growth in jobs in SMEs.

## Comings & Goings: Companies' Activities in Wales

**UPM** announced in January 2010 that up to 150 jobs were to be created at its paper mill in Shotton, Flintshire, with the construction of a waste recovery facility. A grant of £1.7m was secured from the Welsh Assembly Government to support the investment.

**Western Corrugated**, the Cwmbarn based board manufacturer, ceased trading at the start of 2010 with the loss of over 80 jobs in Wales and a further 50 positions in Wolverhampton. Trading difficulties due to over capacity in the sector, along with the effect of rising paper prices were reported as contributing factors in the closure.

As part of a company restructuring aimed at reducing operational costs by 20%, **Welsh Water** announced that 300 water delivery jobs were to be cut over the next 5 years.

**Fillicare**, a French manufacturer of hair styling products, revealed plans to recruit around 200 more workers over the next four years in Llantrisant at the site of the former L'Oreal factory. Investment in three new production lines is scheduled to take place.

**Bosch** confirmed it was to close its automotive components factory in Miskin during 2011 with the loss of 900 jobs. Difficult trading conditions in the UK brought about by the recession were reported as the main reason for the decision to transfer the production of alternators to Hungary.

Also in the automotive sector, **Toyota Gosei** announced that the former Valeo facility in Gorseinon, Swansea, was to be the location of its new components factory. Around 600 jobs are expected to be created at the site, with production commencing in 2011.

Over 100 jobs were being cut at the **Toyota** car engine plant in Deeside. This was part of a wider UK-wide workforce reduction due to the severe economic climate.

It was revealed in July that the **Linamar** car parts factory in Swansea was to close with the loss of 200 jobs. Its Canadian owners were reported as stating that it was no longer possible to retain a competitive position at the site.

It was feared that a restructuring of the Welsh Assembly Government's **Department of the Economy and**

**Transport** could lead to around 250 jobs going from the division. This followed the change in strategy for business support outlined in the Economic Renewal Programme (see Diary section - July). Opportunities for redeployment to other vacant posts within the Assembly Government for the staff affected were being investigated.

Public spending cutbacks were also observed at the local government level. **Powys Council** announced in July 2010 that up to 800 jobs (10% of its total workforce) would go as part of plans to save £16m over the next four years. In October, **Cardiff Council** revealed that it was planning to cut 250 jobs over the next year as it addresses a funding shortfall of £90m over three years.

It was announced that the **Ministry of Defence** would be scaling back activities at their Large Aircraft Business Unit in St Athan. Around 200 aircraft maintenance jobs were expected to be cut by the end of 2010, with the remaining 139 likely to go by 2013 with the closure of the facility. The site services VC10 tankers that are approaching the end of their operational life.

The **Welsh Country Foods** meat processing plant in Anglesey revealed in April 2010 that it was to cut 181 jobs. Declining sales of lamb, along with general poor trading conditions, were the major contributing factors to the decision.

**Ethnic Cuisine** in Swansea ceased trading with the loss of 220 jobs in August. This followed the loss of a contract to supply supermarket chain Sainsbury with Chinese style ready-meals.

In September 2010, **Sainsbury** recruited an extra 200 staff in Newport as it opened its largest superstore in Wales on the site of the former Crindau gasworks.

**Virgin Atlantic airline** announced that more than 200 jobs were to be created over the next two years at a new customer service centre in Swansea.

**Admiral**, the motor insurance company, recruited over 700 workers from the start of 2010 at offices in Cardiff, Newport and Swansea. This took its total workforce in south Wales to around 3,700. The compulsory nature of car insurance was noted as one of the factors helping in the company's strong growth during generally challenging economic conditions.

Welsh furniture retailer **Maskreys** announced in September that it was to close with trading being wound down by March 2011. The decision was taken after a search for a successor to take control of the family owned business failed to find a suitable candidate. A total of 87 jobs are to go in branches in Cardiff, Newport and Bristol.

Engineering company **Mabey Bridge** began recruiting workers for its wind turbine tower factory in Chepstow, planned to be operational in February 2011. The site, at Newhouse Farm Distribution Park, will eventually employ 240 workers, and be able to produce around 300 wind turbine towers a year.

In October there were a number of notable job reduction announcements. Tata Steel subsidiary based in Shotton, **Living Solutions**, a manufacturer of prefabricated houses, revealed it was to close with 180 jobs being cut. The continuing weak nature of the construction sector and the conclusion of a major contract were blamed for the decision. A consultation period with staff and unions began in October 2010.

Packaging company **Tetra Pak** announced plans to stop production at its Wrexham facility with the loss of 150 jobs. Under the proposals, being discussed as part of a 90 day consultation period, 135 jobs would remain at the site to operate a finished goods warehouse. Falling demand from Russia and the Middle East, which were now becoming self-sufficient in carton manufacture, was given as a major factor in the decision.

It was confirmed by the Identity and Passport Service (IPS) that consultation was to begin on the closure of the **Newport passport office**. Around 300 staff are employed at the site. The IPS was reported as stating that changes were necessary

to increase efficiency and reduce the size of the organisation.

In November, Cardiff based **Glamalco**, who fabricated and installed aluminium materials for customers in the construction industry, announced 140 redundancies before going into administration. Cash-flow problems were revealed as the reason for the company's inability to fund ongoing construction contracts.

The addition of a commercial development on **Swansea Waterfront SA1** created around 90 jobs. A Premier Inn Hotel, Tesco store, and Beefeater Grill restaurant were opened as part of the £9m complex.