

Economic Events Diary

November 2010–December 2011

November 2010

In a deal reportedly worth billions of pounds to the UK, China Aviation Supplies Holding Company (CAS) substantially expanded its order from **Airbus** to 102 aeroplanes. Final wing assembly for Airbus is carried out at its Broughton, Flintshire facility.

Japanese company **Sharp PV** announced a £35m investment at its **solar panel production** facility in Wrexham. The new investment will fund three new assembly lines and double production capacity. In early 2011 the company revealed details of an expansion in jobs at the site, which exports throughout Europe (see *Comings & Goings* section).

The Welsh Assembly Government announced the **closure of six out of the ten Technium innovation centres** in Wales. In a statement from the Deputy Minister for Science, Innovation & Skills, Lesley Griffiths, it was noted that a review of the centres (which provide incubation support, such as office space, for new and growing businesses) had found parts of the network were "...not delivering or providing value for money..."

December 2010

According to research by the Prince's Trust and RBS (which was based on work conducted by the Centre for Economic Performance at the London School of Economics), the **price of youth disadvantage in Wales had hit a new high**. Lost productivity from youth unemployment was estimated to range from between £2.6m a week (based on productivity being equal to Jobseeker's Allowance) to £8.4m a week (based on productivity being equivalent to the average weekly wage for the age group).

According to the Manpower Employment Outlook Survey, hiring intentions for the first quarter of 2011 amongst employers in Wales were more optimistic than any other region in the UK. The seasonally adjusted net employment outlook for Wales was +9%.

January 2011

The Welsh Assembly Government announced its backing for **Swansea University's science and innovation campus**, a £400m regeneration scheme for 69 acres of land on Fabian Way, previously owned by BP. The scheme, which would aim to attract industry research and development centres, as well as being a base for 5,000 students, was given a funding pledge of £15 million from the Assembly.

UK gross domestic product (GDP) figures released for the last quarter of 2010 revealed an unexpected decrease of 0.5% from the previous quarter. Inclement weather, contributing to very poor December retail sales in the UK and reduced activity for transport firms, combined with the end of a construction 'blip' (that had buoyed figures in previous quarters), were held up as major factors for the disappointing GDP figures.

February 2011

Support from the Welsh Assembly Government worth £10m, utilising monies from funds including the Heads of the Valleys programme and European Regional Development Fund, was announced for the **redevelopment of Abertillery town centre**. This is to be combined with £3m of investment from Blaenau Gwent County Council and the private sector.

Following the launch of the Economic Renewal Programme (ERP) for Wales in July 2010 by the Assembly Government (which indicated that the focus of the Department for the Economy and Transport would be on six sectors), the names

of the **six sector external panel chairs** were announced as: Sir Chris Evans (life sciences); Gareth Jenkins (advanced materials and manufacturing); Chris Nott (financial and professional services); Kevin McCullough (energy and environment); Thomas Kelly (ICT); and Ron Jones (creative industries).

March 2011

Following a **referendum** which took place on March 3rd, the people of Wales voted for the National Assembly to have **law-making powers** in 20 policy areas *excluding* defence, foreign affairs, fiscal, monetary and economic policy, broadcasting, social security, immigration, employment law, policing and criminal law. Wales can follow different pathways from the rest of the UK in education, health and economic development.

The Wales Manufacturing Forum unveiled its **manufacturing Strategy for Wales**. Amongst its aims was to encourage leaders in the sector to "...establish and develop many more high value-added manufacturing companies capable of identifying, capturing and exploiting new market opportunities through an innovative and technology-led approach..."

Valero, the new owners of the former Chevron **oil refinery in Pembroke**, stated its intention to retain the facility's workforce of 600 permanent and 800 contract staff. There had been a year long period of uncertainty for workers as a buyer for the site was sought.

April 2011

Following the devastating **earthquake and tsunami damage in Japan** in March, Toyota put in place an engine production slowdown at its Deeside plant. Forecasted difficulties in obtaining parts resulted in the site being shut down for the week after Easter, and production volumes being reduced in May.

Pembrokeshire Marine Group began work on the **£5m redevelopment of Milford Marina**. The five year scheme, involving promotional and management partners Milford Haven Port Authority and Cardiff Marine Group, will incorporate a new dry stack berthing facility, upgraded berthing pontoons, and new safety equipment.

May 2011

Plans were unveiled for the further development of 38 acres of land in Cardiff Bay in a joint venture between regeneration company Igloo and the Welsh Government. The **Porth Teigr development**, which incorporates the BBC Roath Lock Studios, includes proposals for new commercial, retail and residential space.

June 2011

Following the announcement that 21 **enterprise zones**, offering business-friendly planning and lower business rates, were to be set-up in England, the Welsh Government First Minister, Carwyn Jones, revealed that similar plans were being developed for Wales. It was indicated that in Wales, enterprise zones were likely to take a cluster approach, looking to base particular industries and business together geographically. (See also *September 2011 below*.)

In a report commissioned by HSBC investigating potential growth areas for sectors, north Wales was identified as being at the forefront of renewable energy technology over the next decade. **The Future of Business 2011 report** also noted that Swansea has a potential lead in the transformational

technology of plastronics (where instead of circuits being etched onto boards they are created through a printing process), and that Cardiff is well positioned to build itself up as a creative industries hub.

Wylfa on Anglesey was confirmed by the UK Government as one of eight sites in the UK suitable for a new nuclear power station. The proposals will go to Parliament for debate.

After operating as a pilot scheme for two years, **The EADS Foundation Wales**, which provides funding for research and technology projects, was formalised. Partners in the not-for-profit company which includes the Welsh Government, defence/electronics group EADS and Cardiff University, are to make available £0.5m per year for research bids from Welsh small to medium-sized enterprises (SMEs) and universities.

July 2011

According to research by the Office for National Statistics (ONS), Wales experienced a loss of 49,000 jobs or 3% of the workforce, during the recent recession (2008Q1 to 2009Q3). This was the second highest percentage loss overall when compared to English regions. **The Impact of the Recession** report notes that manufacturing jobs accounted for 32,000 of the job losses in Wales.

Inward investment performance figures reported from the Welsh Government (covering the financial year to March 2011), showed that 38 investment projects had been attracted, expanded or created (the latter through mergers and acquisitions) in the region. This represented 2.6% of the UK total (Wales had secured 6.4% in the financial year to March 2010). These 38 projects secured 2,444 jobs and safeguarded a further 1,100.

August 2011

Deputy Minister for European Programmes, Alun Davies, revealed details of the **Business Information Communications Technology 2 (BICT2)** project aimed at increasing ICT skills in the Welsh workforce. The £1.6m scheme, incorporating £0.66m of European Social Fund monies, aims to support 800 small to medium-sized enterprises and train 1,000 people, with the overall goal of improving business performance.

September 2011

The Welsh Government confirmed that the first five **enterprise zones** in the region would be: Cardiff central business district (financial enterprise zone); Deeside in Flintshire (advanced manufacturing); Ebbw Vale (automotives); St Athan (aerospace); and Ynys Mon (energy). The Welsh enterprise zones are to receive a Barnett formula consequential (*see note 1 at end of section*) of £10m of funding from the UK government, to be spread over five years.

Three further priority sectors to receive focussed support were identified by the Welsh Government. Edwina Hart, the Business Minister, revealed that the food and farming, tourism and construction sectors had been selected, and that their advisory sector panels would be chaired by Dr Haydn Edwards, Dan Clayton Jones and David Joyce, respectively.

Tata announced a **week-long production shut down** at its Trostre tin packaging facility for November. The 700 workers at the site were to be temporarily transferred to training and maintenance activities during the production halt.

October 2011

A High Pressure Compressor Centre of Excellence was opened at **GE Aviation** in Nantgarw, to reduce turnaround times for aircraft engine maintenance and overhaul. The investment included skills training for existing staff and the recruitment of 50 new workers.

First Minister, Carwyn Jones, led a **trade and academic delegation to China** with the intention of increasing the profile of Wales and helping to develop business links between the regions. A memorandum of understanding was signed between the Chinese municipality of Chongqing and Wales, forming an agreement to work together on areas including science, health, agriculture, the environment and tourism.

The Prime Minister, David Cameron, officially opened the **new 46,000 sq m Airbus wing building facility in Broughton**. The £400m investment at Airbus North Factory, which will be used to build carbon-fibre wings for A350 type aircraft, included £29m of funding from the Welsh Government (the latter being utilised to enable workers to upgrade their skills and transfer from metals to composite wings).

Proposals for a **transport hub and lorry park at Parc Cybi Business Park on Anglesey** were revealed. A planning application in support of the £5m scheme, being prepared by Conygar Investment Company, was expected to incorporate a HGV service centre, driver facilities and fuel provision.

November 2011

Two industry support funds were unveiled by Business Minister, Edwina Hart: the £40m **Wales SME Investment Fund**, which will be managed by Finance Wales (the independent company set up by the Welsh Government in 2001 to provide commercial funding); and the £15m **Wales Economic Growth Fund**, offering short term, fast-track funding via non-repayable grants to businesses in Wales.

The Business Minister also announced a £38.9m **Economic Stimulus Package for Wales** - the funding being made available to Wales as a Barnett consequential following the UK Government's decision to freeze council tax in England. Included in the package were plans for spending £9.26m on capital maintenance in schools; £6m for the Ely Mill housing development in Cardiff; and £4.9m for employers to support apprenticeship programmes.

December 2011

It was reported that **Corlan Hafren**, a private sector consortium including Halcrow and Ove Arup, were developing ideas for a **tidal energy scheme in the Severn estuary**. Although the UK Government's Severn tidal power feasibility study, carried out between 2008 and 2010, concluded that there was not at present a case for public investment in such a scheme, it did not preclude a privately financed project.

According to research from LloydsTSB, **private sector business activity in Wales was continuing to decline**. The *Wales Business Activity Index*, which measures changes in output of manufacturing and service sectors was 49.0 for November (below the important 50.0 mark which indicates no change), and therefore showing a deterioration for the second consecutive month.

Comings & Goings: Companies' Activities in Wales

Cardiff based aluminium product fabricator **Glamalco** went into administration in November 2010 following reported cash flow difficulties. A total of 140 staff were made redundant at the company's three sites.

Headland Foods, who produce frozen ready meals for supermarkets, closed its Castle Park, Flint facility with the loss of 318 jobs. Intense competition in the frozen meal market was cited as a major factor for the decision.

As part of a company supply chain transformation aimed at reducing operational costs and increasing productivity,

Burton's Foods cut 70 jobs at its Llantarnam, Cwmbran factory. The company produces biscuits and snacks.

Diamond Holidays, the coach tour operator based in Swansea, went into administration at the start of 2011, with increased costs (particularly for fuel) given as a main cause. The business, which also included Brian Issac Coaches Ltd, had employed around 80 staff.

There was encouraging news from the aviation sector in Wales with US-owned **GE Aviation** announcing that 100 aircraft engineering jobs were to be created at its servicing facility in Nantgarw, Caerphilly. Additionally, at the **Airbus** wing-making plant in Broughton, 770 agency staff working as contractors and employed by Blue Arrow, were taken on permanently by Airbus.

Solar panel manufacturer **Sharp** revealed that it was to create 300 jobs at its Wrexham site as part of plans to nearly double existing production capacity. The company noted that "feed in tariffs" (FITs - see Note 2 at end of section) had generated substantial demand in the sector.

Contact centre company **Nationwide Energy Services** announced it was to recruit 300 staff at its Swansea Enterprise Park headquarters as part of a diversification strategy. With a core business providing help for people to claim government grants for loft and cavity wall insulation, the company also operates in the financial services market.

Morrisons, the supermarket chain, revealed plans for a new store to be built in Bargoed by the end of 2011. It was estimated that 300 jobs would be created.

In February 2011, following the termination of a contract worth £200m over eight years (to streamline fire service control rooms in England), Newport-based high-technology company **Cassidian** began a 90-day consultation process with staff on the future of over 200 jobs.

Swedish-owned **Tetra Pak**, the drinks carton manufacturer, revealed it was to cut 150 jobs at its Wrexham facility. Falling export orders were reported as a main contributing factor.

The award of a one year £19m skills provision contract from the Welsh Government to **Associated Community Training (ACT)** is forecast to create 100 jobs. Expectations are that half of these positions will comprise new trainers and assessors in Cardiff-based ACT, while the remainder will be created elsewhere in Wales amongst other training contractors and partners. The award follows the Government's move towards concentrating delivery of work-based learning in a smaller number of high quality training providers.

Financial services company, **ING Direct**, announced it was to recruit 100 extra staff over the next two years at its call centre in Cardiff. The Dutch-owned firm noted that the employment growth would help to meet expansion in its savings and mortgage businesses.

In May it was confirmed that up to 120 jobs would be lost at the **Newport Passport Office** as part of a cost saving exercise. From March 2012 postal and on-line passport applications will no longer be processed from the office. A customer service centre and other allied functions are to remain, accounting for around 125 full-time equivalent jobs.

Note:

1. For further information see <http://wales.gov.uk/about/cabinet/cabinetstatements/2005/061005-SE-Thebarnettformula.jsessionid=1y9nPyndJ45vQgVFyjnIX4QVKyGx2hw3kDhGPYcfd6pzKlk27hG4!-587213559?lang=en>
2. The FITs scheme was first introduced on 1st April 2010 under powers covered by the Energy Act 2008, to encourage the deployment of additional small scale (less than 5MW) low carbon electricity generation, particularly by businesses/individuals not normally engaged in the electricity market. A review of this scheme by the Department of Energy and Climate Change (DECC) resulted in the rate paid for small scale solar energy production being halved from mid-December 2011 onwards.

There was mixed news for Welsh call centres in June. **LloydsTSB** announced it was to shut its office in Pencoed, near Bridgend, with the loss of 700 jobs as it moved to integrate operations with HBOS. However, **The Listening Company** (a subsidiary of global services company Serco) created 600 jobs in Cardiff managing sales and customer service activity for a variety of clients.

Sogefi Filtration, the Italian-owned car filter manufacturer, started a 90-day consultation period with staff at Llantrisant over 190 job cuts. Spiralling costs and continued difficult trading conditions were reported as the reasons behind the decision.

Financial services company **Zurich** announced that it was to cut 100 jobs at its Cardiff office due to partnership arrangements with subsidiary company Endsleigh. As part of its new low-cost model, Zurich are to concentrate on motor and home insurance.

Also in the capital, a number of new tenants started-up in the **St Davids** shopping precinct. These included: Red Hot World Buffet and Bar (creating around 60 full-time and 60 part-time jobs); VANS (footwear); The North Face (outdoor pursuits clothing); Auntie Anns (food outlet); and a third branch of the The Perfume Shop.

Tata Steel announced the closure of its construction products business based in Llanwern, Newport. Around 70 jobs were to be lost in a move reportedly attributed by management to markets not recovering from the financial crisis, and depressed activity in public procurement due to public sector cutbacks. The company also stopped production at its Llanwern hot strip mill with the loss of 115 jobs. It was reported that the steel plant is to be mothballed until market demand recovers. However, there was also more positive news from Tata as it announced the largest single year intake on its Apprenticeship Development Scheme, with 81 places for young people taken up in 2011 at Llanwern and Port Talbot. The apprenticeship positions are full-time and permanent.

Moneypenny, a Wrexham-based business that handles telephone calls for law firms and estate agents, revealed plans to recruit 100 staff as it expanded its office headquarters at Wrexham Technology Park.

In November, home delivery company **Yodel** announced it was to cut 140 jobs in Wales as part of a UK-wide restructuring to streamline operations. The network's depots in Anglesey, Carmarthenshire and Cardiff are to close in early 2012.

Following a decision to centralise operations at a single production facility to reduce costs, **Biomet**, a supplier of medical products, revealed it was shutting its manufacturing site in Swindon and creating 80 jobs in Bridgend.

Deloitte, the professional and financial services company, revealed it was creating 100 jobs in Cardiff at a new risk management centre. The centre will serve clients worldwide.

Around 250 jobs are expected to be created by Scottish and Southern Energy at a renewable energy training centre in Treforest. The **Swalec Smart Energy Centre**, which is planned to be operational by summer 2012 will house specialist teams working in the green energy sector.