

Welcome to the thirty fifth edition of the quarterly economic bulletin for Gloucestershire, produced jointly by the Gloucestershire Labour Market Information Unit (GLMIU) and Gloucestershire First.

The bulletin aims to provide a reference source of economic statistics and business news to key players in the local economy.

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## Triple Crunch – why “green” is money

It's being called “the Triple Crunch”.

**The credit crunch** we know about – excessive lending tumbled the entire global financial system into instability.

**A second crunch?** Lord Nicholas Stern has made clear that climate change has the potential to do exactly the same thing – if rainfall and droughts, storms and heat waves go unpredictably erratic; the underpinnings of all our economies will do the same.

Lord Stern, former Chief Economist and Senior Vice President of the World Bank, made a powerful case for early action and investment in his influential 2006 *Stern Review on the Economics of Climate Change*. This argued that the cost of inaction will be far greater than the cost of action. He outlined the second crunch in the form of a stark choice – invest 2% of global GDP each year to reduce our carbon emissions, or accept the costs and risks from climate change equivalent to losing 5% (potentially rising to 20%) of global GDP each year.

**But what is the third Crunch?** Little mention is given in the news to the *other* consequence of pulling fossil fuels out of the ground as fast as we can extract them and then burning them into the air. The faster we use them, the sooner they will run out. Fossil fuels are finite. Oil producers, in particular, have tended to over-estimate their reserves – for OPEC countries in the 80s, higher reserves meant higher production quotas, meant higher annual GDP.

Globally, we may in fact be very near peak production – ‘*Peak Oil*’, as it has become known. Many of us are already over it – the continental US is reckoned to have peaked in 1970, the British North Sea in 1999, Europe as a whole in 2000. The detail is debated, but the principle now widely accepted. New fields are smaller, more difficult to access and more expensive from which to extract. Once beyond the peak, oil or gas is still produced, but less each year, ever more expensively. The effect on all our lives, all our businesses, is already an ever-accelerating cost of energy.

How many crunches do we need? All this is why “green” is again a much heard word. It is why, in the gaze of smart management, the “environment” has moved from peripheral to central vision. Increasingly, in the very near future, carbon will become an important new ‘currency’ and it will link straight to big cost and big risk.

How to manage it? Actually, it's very simple. Manage consumption. It is consumption of energy and materials that emits carbon and depletes fossil fuel. Adapting your business activities to consume less *costs* you less. Manage consumption and you manage cost, and carbon.

So how to do this? In Gloucestershire, the Parklife Environmental Business Management programme exists to help you do *exactly* this. For more information please contact Shaz Siddiqui on 07790 226875, [parklifeshaz@glosfirst.co.uk](mailto:parklifeshaz@glosfirst.co.uk).



|   |                |
|---|----------------|
| Population<br>(2008 mid-year estimates)   | <b>582,600</b> |
| Working age population<br>(2008 mid-year estimates)                                   | <b>348,700</b> |
| Economically active population<br>(Working age people)<br>(APS Apr'08-Mar'09)         | <b>291,900</b> |
| Economic activity rate<br>(Working age people)<br>(APS Apr'08-Mar'09)                 | <b>83%</b>     |
| Total employees in employment<br>(ABI 2007)   | <b>258,000</b> |
| Employment in Manufacturing<br>(ABI 2007)   | <b>39,200</b>  |
| Number unemployed<br>(Claimant count Sep'09)  | <b>12,370</b>  |
| Gloucestershire unemployment rate<br>(Claimant count Jun'09)                          | <b>3.5%</b>    |
| Cheltenham unemployment rate  | <b>4.2%</b>    |
| Cotswold unemployment rate  | <b>2.2%</b>    |
| Forest of Dean unemployment rate  | <b>3.4%</b>    |
| Gloucester unemployment rate  | <b>4.5%</b>    |
| Stroud unemployment rate  | <b>3.1%</b>    |
| Tewkesbury unemployment rate  | <b>3.1%</b>    |
| Annual Gross Value Added<br>(Current basic prices, 2006)                              | <b>£11.1bn</b> |
| GVA per head<br>(Current basic prices, 2006)  | <b>£19,172</b> |
| Average weekly Earnings - Resident based<br>(Full time, gross, median)<br>(ASHE 2008) | <b>£476</b>    |

## Funding Secured for Parklife

Parklife is a service unique to Gloucestershire that links together companies in the same geographical areas, on business parks, industrial estates or in the same vicinity to take advantage of business to business networking, skills development, staff recruitment and business advice.

So far, Parklife has delivered many business benefits ranging from successful collaborative purchasing initiatives that reduce business overheads through to strategic planning that is giving organisations a clear understanding of where they want to be in three to five years' time.

The issues facing businesses today are amongst the most challenging for a generation. Employers are faced with examining every aspect of their operations to plan for a sustainable future. Following a successful application for further funding, Parklife is now focusing on five key areas to help in this business critical task:

- **Recession busting** is focusing on the key areas of coping with the downturn, the threat of redundancy, employment and preparation for alternative employment.
- **Putting power in the hands of businesses** where Parklife is supporting the local business networks to help them unite to buy the products, services and skills training they need at competitive prices.
- **Location, location, location** is vital to businesses in realising their potential. It should be an advantage, not a hindrance. Parklife works with local authorities on behalf of businesses to address site specific issues that impact on commerce.
- **Business to business** is concentrating on the business benefits of collaboration between businesses and through inter-park trading.
- **Effectiveness, profitability and sustainability** are the end point for all businesses. Parklife's aim is to continue to be the catalyst for commercial success for many years to come.

In addition, the current Parklife programmes include:

- The **Redundancy Support Programme** which assists employers having to make redundancies and providing support to staff who will be losing their jobs.
- The **Graduate Challenge Programme** where the University of Gloucestershire and Gloucestershire First have joined forces to fund a scheme that provides local businesses with the opportunity to hand-pick recent graduates to undertake projects during a structured four-month work placement.
- An **Environmental Business Management Programme** designed to help improve both business and environmental performance making your company leaner and greener, whilst achieving reductions in operating costs.
- A **Business Development Programme** which is a proven facilitated programme dedicated to enabling business owners and directors to optimise their resources and get the best out of their company

## Acquisitions/Mergers

**Lincoln Financial**, the Gloucester based UK headquarters of American-owned life & pensions provider, is now owned by **Sun Life Financial** of Canada in a deal valued at £195m.

**Apex Self Drive**, a family-run vehicle rental company has recently changed ownership. Managing Director Dave Organ is retiring and has concluded a deal with Andrew Marshall for an undisclosed sum.

The **St Paul's Tavern** will shut because owners Admiral Taverns have decided to sell up. Formerly known as the Victoria, the pub, in St Paul's Road Cheltenham, has been a focal point for the community since it opened before the Second World War. It is understood that it will be re opened with new management.

The former **Hurrans Garden Centre** is back in business after being closed for eight months. It has been taken over by **Evergreen Nurseries** which has created 20 jobs with more to follow if trade levels are good.

## Contracts

**MX Group**, the leading manufacturer of shower trays and accessories has won a £3m deal with a major retail chain which has created 21 new jobs in the County.

**Bond Aviation Group** has created 80 new jobs after the helicopter specialist secured five new long-term contracts worth £153m.

**GE Aviation** has won part of a £300m order to upgrade and enhance the RAF's fleet of Puma helicopters.

The County's food research centre, **Campden BRI**, signed a deal to help make Korean food more available worldwide. Under the "memorandum of understanding" the South Korea Food Research Institute will work with Campden BRI to improve food safety.

**Central Compressors** of Stroud has been appointed by Gardner Denver, one of the world's leading manufacturers of compressed air as its compressor distributor and service agent in the UK.

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## Future Jobs Fund

### Proposal

The Future Jobs Fund (FJF) is a key strand of the Gloucestershire Economic Recovery Plan and will create 130 new jobs across the public, voluntary and community sectors to support the progression of young people back into employment. Gloucestershire First is leading the delivery of this proposal.

The employment opportunities available are specifically targeted at encouraging the career aspirations of young people, meeting existing employment needs in the local economy and generating tangible community benefits. The jobs will also ensure that more young people have substantive work experience which will benefit them individually and the future workforce in the County.

A bid has been made for £832k from the FJF to support this proposal.

### Employment Opportunities

One third of the new job opportunities proposed by delivery partners have been identified in the Third Sector and two thirds within Public Sector Employment Partners. These are all new jobs which do not already exist within the organisations and are needed to enhance service delivery and provide community benefits. A full list of the range of employment opportunities which will be offered under this FJF proposal is available.

Typical illustrative examples include, but are not limited to, the following:

- Engineering and ecology programme assistants within British Waterways Trust and Cotswold Canals Trust and jobs within Cotswolds AONB.
- Telephone sales and warehouse assistants, supporting Furniture Recycling Project activities in the community.
- A range of community engagement and community development assistant and resident engagement roles in Neighbourhood Projects and Local Authority community housing organisations.
- Children's Centres support workers, trainee child care workers, play workers, sports coaches, young people support workers in Young Gloucestershire, Vision 21, Local Authorities and Fair Shares.
- Shop assistant in a community shop.
- Community based healthcare support posts within Gloucestershire NHS Trust.
- E-marketing assistants, customer support assistants, community focused office support workers and administrative assistants in Local Authorities and in organisations such as the Gloucestershire Afro-Caribbean Association to increase contact and improve delivery capacity of services to communities.

### Community Benefits

All the jobs included in this bid are focused towards the communities that they are designed to serve, rather than the needs of the employing organisation. Jobs have been designed to add value to existing provision and improve capacity within communities. Many jobs will provide a proactive role in raising awareness of information and services available to communities. Some roles are specifically designed to improve communications and engagement with minority ethnic groups or to groups with disabilities.

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A new **British Heart Foundation** store has opened specialising in furniture and electrical goods. Believed to be the largest charity shop in the County, the store sells a mix of both new and donated items.

Former Olympic swimmer Sharon Davies officially opened **NFU Mutual's** new branch office on Cheltenham's Promenade.

A huge new **Marks & Spencers** furnishing superstore employing 45 people opened its doors in Cheltenham. It is the biggest in the chain within the South West, covering 23,000 square feet.

A state-of-the-art gym has been opened in Lydney. **Club Ginger** opened after receiving approval for the High Street venue.

**Fashion In Training** or **FIT** is an online shop which specialises in ladies' sportswear and was launched in Cheltenham.

The **Gloucester Quays** Designer Outlet has opened its doors to **CK Jeans**, a diffusion brand of the Calvin Klein label with its range of clothing, underwear and denim. This joins a number of designer stores at the centre.

**Carters Paint Repair** in Prestbury has opened offering a mobile car body work repair service.

Closures

Award winning florist, **Robert Young's**, became another victim of the recession, leading to the loss of 27 part and full-time jobs.

**Barnwood Post Office** permanently shut, after having received a six month reprieve thanks to protest from residents and councillors.

**Russell's Butchers** has called time on trade. The arrival of a Sainsbury's superstore near the community shop has been blamed for the closure.

South West RDA's Annual Review

During the past year, the RDA has seen the effects on the region's people and businesses from the economic downturn. To respond to these challenges and position the region for recovery the Agency has adjusted its work and priorities. It has focused on getting the right support delivered to the region's businesses and people in an increasingly tough commercial environment.

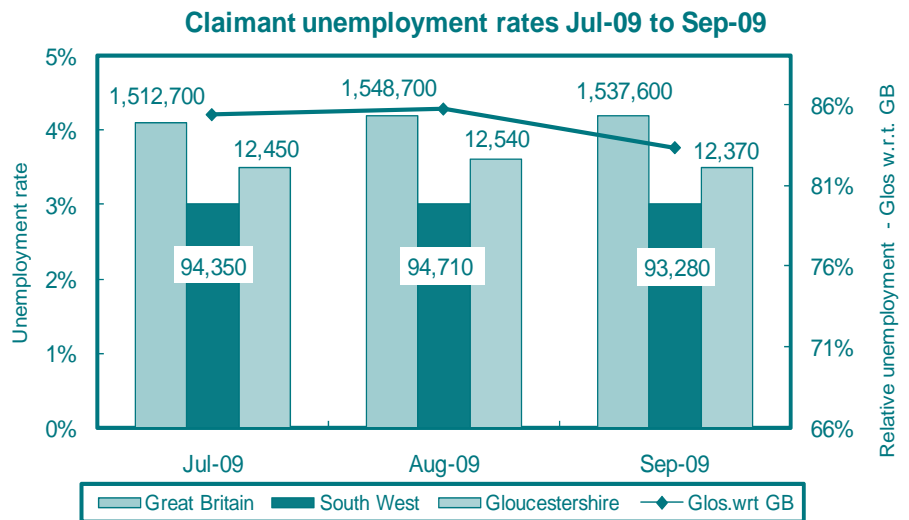
The Annual Review which has recently been published provides some examples of the work undertaken over the year and the impact the interventions have had on the region. It can be found on [www.southwestrda.org.uk](http://www.southwestrda.org.uk) and search under 'Publications'.

Jane Henderson, Chief Executive, says "The last year has been a major challenge for the region's economy, one which has tested us to think creatively, define new paths for prosperity and focus on the need for a stable infrastructure for future economic growth. Despite many new challenges and distractions, I am proud of what we continue to achieve in partnership with businesses and organisations across the region".

"I hope you will download our Annual Review to see what has been achieved over the past year."

Unemployment Data for July to September 2009

In September 2009 unemployment in Gloucestershire amounted to 12,370 people at a rate of 3.5%. Male unemployment was 8,980 at a rate of 4.9% and female unemployment was 3,390 at a rate of 2.0%. Unemployment in Gloucestershire relative to Great Britain was 85.4% in July, it increased to 85.7% in August before declining to 83.3% in September.



Source: Claimant Count (ONS Crown Copyright Reserved) (Numbers are rounded)

The recession has made for a tough few years at the **Golden Lion** in Cinderford and the landlords have decided not to renew their lease.

## Awards

**Old Spot Inn**, a pub in Gloucestershire has been voted the best in the South West according to the Campaign For Real Ales' Good Beer Guide 2009. It will now compete with 15 regional winners for the title of National Pub of the Year which it won in 2007.

**Cedars Health & Beauty**, a Gloucester based beauty salon won national accreditation as 'Retail Salon of the Year' at the British Beauty and Spa Awards.

A Stroud company which exports some of the UK's best known brands around the world has received royal recognition. **Tudor Rose International** was presented with the Queen's Award for international Trade.

**Thirty Two**, a boutique hotel in Cheltenham's Imperial Square has been listed as one of the top 5 in the world by the travel editors of posh website Mr & Mrs Smith.

**Tungum**, a tube manufacturing company became the 37th organisation in Gloucestershire to gain Beacon status. Beacon South West brings together more than 200 of the region's most pioneering and rapidly expanding organisations.

**Hazlewoods LLP**, business advisers and chartered accountants, was voted the Specialist Due Diligence Provider for the year at the 2009 M & A Awards (Mergers & Acquisitions).

**VT Nuclear Services** has received the prestigious President's Award from the Royal Society for the Prevention of Accidents, in recognition of the company's dedication and exceptional health and safety performance.

## Company News

The information contained in the Bulletin relating to acquisitions, contracts, awards, job losses and creations, closures and other news has been taken from the local press within Gloucestershire between July and September 2009. Full copies of relevant articles are available from the GLMIU.

## Job Creations

Over the past quarter, there have been a number of job creations announced in Gloucestershire the most significant of which are tabulated below.

| Company                          | Activity             | No. of Jobs | Date     | Comment   |
|----------------------------------|----------------------|-------------|----------|---|
| BAM Agency Ltd                   | Marketing            | 28          | 08/07/09 | The fast-growing specialist marketing firm relocated from Swansea to Cheltenham, bringing 28 new jobs.  |
| Brooks Inspection Solutions      | Advanced Engineering | 80*         | 18/08/09 | An American advanced engineering firm is to open its European headquarters in Gloucestershire creating up to 80 jobs.                                 |
| Fortis & Tesco                   | Insurance            | 300*        | 22/09/09 | Three hundred new jobs are set to come to Gloucester after a partnership to provide motor & household insurance was agreed between Fortis UK & Tesco. |
| Gloucestershire Gateway Services | Service Station      | 300*        | 17/09/09 | Plans for an eco-friendly service station between junction 11a & 12 on the M5 could generate up to 300 jobs.  |

\* denotes potential job creations

## Job Losses

The last three months have also seen some instances of job losses in the County.

| Company                        | Activity           | No. of Jobs | Date     | Comment  |
|--------------------------------|--------------------|-------------|----------|--|
| Vertex Financial Services      | Financial Services | 20          | 12/09/09 | It is understood that at least 20 staff will lose their jobs following restructuring which will see positions moved to a company in India. |
| Gloucestershire County Council | County Council     | 200*        | 30/09/09 | Stage one of the £60 million savings plan will see 200 management & administration support posts cut by October 2010                       |
| Messier-Dowty                  | Aerospace          | 55          | 04/09/09 | World leader in the manufacture of aircraft landing gear is understood to be axing up to 55 jobs because of the recession.                 |
| BPE Homemove LLP               | Law Firm           | 37          | 20/08/09 | The law firm has been forced to shed jobs after it has been unsuccessful in renewing a contract for its services. 37 staff are being made  |

\* denotes jobs at risk

## Other News

**Alder King** has been named the Most Active Agent in Gloucestershire by Online Deals Database for the second consecutive year. The awards were held by the online arm of property magazine Estates Gazette.

**Mears**, a repairs & maintenance provider for social housing has got a service contract for the London 2012 Olympics. This has helped the fast-growing West firm to a successful first-half of the year.

As part of a multi-million pound scheme to provide the Army with a new vehicle, **Dytecna** has created between 45 and 50 jobs to carry out modifications and installing electronic and communication systems to the Husky on behalf of the Ministry of Defence.

**Renishaw**, the Wotton-under-Edge metrology specialists, saw profits plunge as the manufacturing sector was hit hard by the recession. The annual report for the company reveals that profits for the year dropped from £34.6m in 2008 to just £3.5m in 2009.

A graduate from the University of Gloucestershire launched a unique trial store in Cheltenham, offering local art and produce. **ByLocal** stocked a range of products supplied by Gloucestershire students and professionals on a sale or return basis.

**Bottlegreen**, which is based in Stroud, has turned the tables on a lack lustre summer and recorded its best ever sales as revenue is up by 14% and sales across all company products have increased 10% year-on-year.

An **Esso** Station situated in Hardwicke, Gloucester is set to be rebuilt, creating up to 20 new jobs when it opens.

After having been destroyed in a blaze in August 2008, a new and improved **Next** store has reopened bringing 45 jobs to Gloucester.

Financial pressures have seen the **University of Gloucestershire** close its London campus where almost 40 students study and 9 full-time staff work, alongside part-time and academic staff.

**Vero**, a Cheltenham based software supplier has suffered a 44% fall in net profit for the first half of 2009.

**Countryman Sports**, in Westgate Street, Gloucester has opened its doors to the public. It is said to have brought a flavour of the countryside into Gloucester City centre and the owner is confident it will be a success.

CHA Marketing Communications of Gloucester has changed its name to **Oboe Marketing Communications** to reflect its expanding services.



For more information on any of the articles contained in this bulletin, please contact:

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