

SURREY CONNECTS – SURREY ECONOMIC PROSPECTS – FEBRUARY 2014

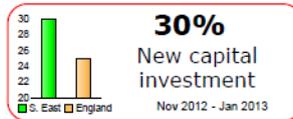
HEADLINES

- The unemployment rate (JSA claimants) remained at 1.1.% in January, but the number of claimants rose to 8,105
- The Bank of England Agent's Summary of Business Conditions highlights a strengthening housing market and falling inflation
- Eskmuir have commenced the development of 68,180 sq ft of offices at The Square, Leatherhead
- Bisleigh-based bike rental company HourBike has been appointed to operate a new project in Liverpool – set to be the largest in the UK outside of London
- Surrey Big Debate continues to stimulate key business opinion www.surreyconnects.com/Surrey-Big-Debate
- Support for businesses affected by flooding announced www.gov.uk/government/news/new-measures-to-help-communities-hit-by-flooding

NATIONAL AND REGIONAL BUSINESS TRENDS¹



Business confidence is improving in the South East. It increased from 23.9 in Q3 2013 to 35.9 in Q4 2013.



New capital investment in the South East has remained steady at around 20-30% since April 2012. In Nov 2012 – Jan 2013 it was 30% i.e. 30% of workplaces (weighted by employment) expected to make new capital investment.

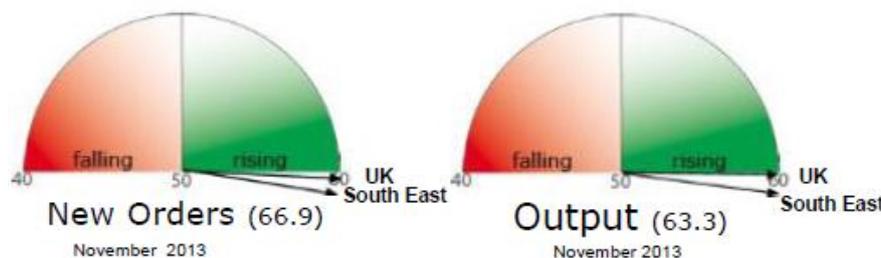


Consumer confidence remains fragile.



In the South East 20% of workplaces (weighted by employment) reported higher wages and other labour costs in July - October 2013. This figure should increase as the recovery gathers pace.

NEW ORDERS AND OUTPUT (DECEMBER 2013)



The volume of new orders in the South East increased at the sharpest pace on record in November 2013. New orders increased from 64.4 in October to 66.9 in November. The level of output in the region also increased rapidly in the latter months of last year, increasing from 61.9 in October to 63.3 in November (>50 indicates expansion).

¹ Quarterly business dashboard - Surrey, Hampshire County Council, December 2013

UNEMPLOYMENT

The most up-to-date way of measuring unemployment is by using Jobseeker's Allowance (JSA) claimant data. In January 2014, the JSA claimant count for Surrey totalled 8,105 (1.1% of the working age population). This was an increase in claimants compared to the previous month but the rate remained the same (see Table 1 and Figure 2 below). The increase was probably related to seasonal factors and a similar increase was witnessed last year.

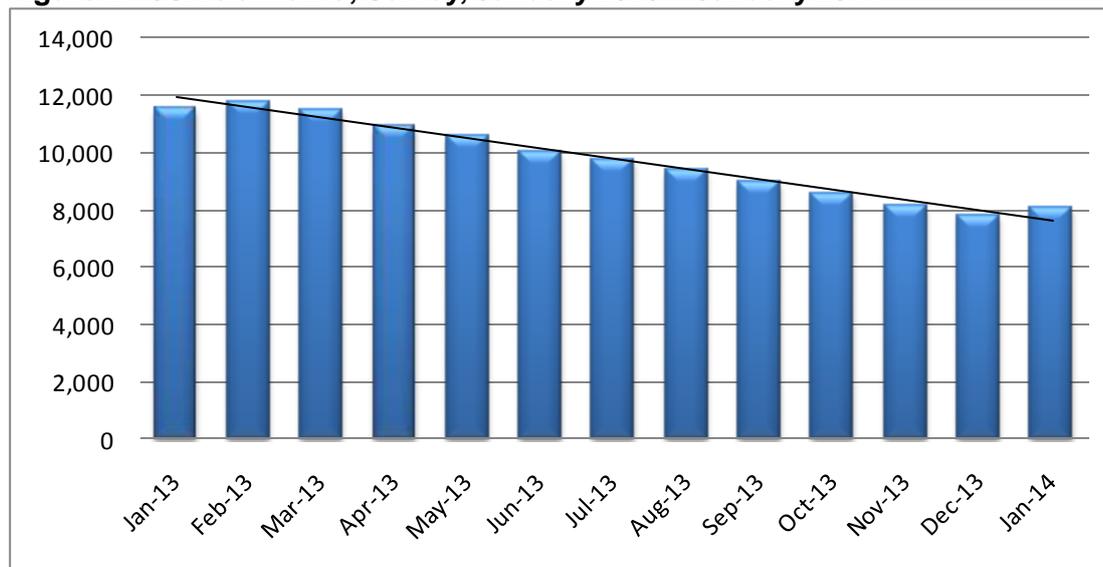
Surrey's claimant count rate continues to be low relative to the South East (1.8%), England (2.8%), Great Britain (3.0%), the Coast to Capital LEP (1.9%) and the Enterprise M3 LEP (1.2%). It also remains low relative to economic comparators; Oxfordshire (1.1%), Buckinghamshire (1.4%), Cambridgeshire (1.5%) and Berkshire (1.6%)². The graph in annex 2 shows JSA claimant count rates as a percentage of the working age population across comparative economic areas. For a borough and district breakdown, see Table 4 (page 3).

Table 1 – Surrey Jobseeker's Allowance Summary

| Month | JSA Claimants (% resident working age) | Off-Flow | On-Flow |
|---------------|--|----------|---------|
| January 2013 | 11,593 (1.6) | 2,024 | 2,482 |
| October 2013 | 8,589 (1.2) | 2,666 | 2,326 |
| November 2013 | 8,181 (1.1) | 2,829 | 2,494 |
| December 2013 | 7,837 (1.1) | 2,139 | 1,815 |
| January 2014 | 8,105 (1.1) | 1,548 | 1,840 |

Source: Nomis

Figure 2 - JSA claimants, Surrey, January 2013 – January 2014



Source: Nomis

The total number of people claiming JSA for six months or more in January 2014 (2,855) increased relative to the previous month (Table 2, below). The total number of job seekers claiming for more than 12 months (1,795) fell; 22.2% of all claimants were claiming JSA for more than 12 months in January 2014.

² An average of the JSA claimant rates in Bracknell Forest, Reading, Slough, West Berkshire, Windsor & Maidenhead and Wokingham

Table 2 – Duration of claims for Jobseeker’s Allowance

| Month | Claiming for over 6 months | | Claiming for over 12 months | |
|---------------|----------------------------|----------------------|-----------------------------|----------------------|
| | Number | % of total claimants | Number | % of total claimants |
| January 2013 | 4,000 | 34.8 | 2,335 | 20.3 |
| October 2013 | 3,130 | 36.7 | 1,945 | 22.8 |
| November 2013 | 2,965 | 36.3 | 1,880 | 23.0 |
| December 2013 | 2,835 | 36.2 | 1,810 | 23.1 |
| January 2014 | 2,855 | 35.3 | 1,795 | 22.2 |

Source: Nomis

Youth unemployment

The total number of people aged 24 and under claiming JSA increased in January 2014 to 1,605 (Table 3, below). Young people account for 19.8% of all JSA claimants. The number of young people claiming for over 6 months (320) increased slightly relative to the previous month but the number of young people claiming for over 12 months fell (to 175).

Table 3 – JSA claimants aged 24 and under

| Month | No of JSA claimants aged 24 and under ³ | % of all JSA claimants aged 24 and under | Claiming for 6+ months (% of total claimants aged 24 and under) | Claiming for 12+ months (% of total claimants aged 24 and under) |
|---------------|--|--|---|--|
| January 2013 | 2,445 | 21.3 | 550 (22.5) | 285 (11.6) |
| October 2013 | 1,775 | 20.8 | 395 (22.2) | 220 (12.3) |
| November 2013 | 1,685 | 20.7 | 340 (20.2) | 200 (11.9) |
| December 2013 | 1,560 | 19.9 | 310 (19.9) | 185 (11.8) |
| January 2014 | 1,605 | 19.8 | 320 (19.9) | 175 (10.9) |

Source: Nomis

Table 4 (below) highlights the number of JSA claimants and the number of JSA claimants aged 24 and under by district and borough. In January 2014 Spelthorne and Reigate & Banstead had the highest proportions of the working age population claiming JSA (1.4%). The lowest rate in Surrey was in Waverley, where 0.9% of the resident working age population was claiming JSA. Spelthorne had the highest proportion of JSA claimants aged 24 and under (24.2%), Epsom and Ewell had the lowest rate (15.8%).

Table 4 – JSA by district and borough, January 2014

| District/ Borough | JSA Claimants (% resident working age) | Trend (relative to previous month) | % of all JSA claimants aged 24 and under | Trend (relative to previous month) |
|--------------------|--|------------------------------------|--|------------------------------------|
| Elmbridge | 1.0 | ↑ | 18.4 | ↑ |
| Epsom & Ewell | 1.2 | ↑ | 15.8 | ↓ |
| Guildford | 1.0 | - | 18.8 | ↑ |
| Mole Valley | 1.0 | ↑ | 18.9 | ↑ |
| Reigate & Banstead | 1.4 | ↑ | 21.1 | ↑ |
| Runnymede | 1.1 | - | 20.7 | ↓ |
| Spelthorne | 1.4 | ↑ | 24.2 | ↑ |
| Surrey Heath | 1.2 | - | 21.0 | - |
| Tandridge | 1.2 | - | 22.6 | ↓ |
| Waverley | 0.9 | ↑ | 16.6 | ↓ |
| Woking | 1.2 | - | 17.7 | ↓ |

Source: Nomis

³ Data rounded to nearest 5

BUSINESS SPECIFIC INTELLIGENCE

Businesses are set to benefit from **grants of up to £100,000** after the **Coast to Capital Local Enterprise Partnership (LEP)** and the Greater Brighton City Region secured additional funding for the area. The grants are designed to help businesses that have growth plans but need funding to help unlock their projects. Small businesses looking to expand can apply for a funding of between £5,000 and £100,000. Eligible companies have to be in West Sussex, Brighton and Hove, Lewes, the Gatwick Diamond, Croydon or East Surrey (including Epsom and Ewell, Reigate and Banstead, Mole Valley and Tandridge). More information can be found [here](#).

John Peel is to step down as chairman of the **Coast to Capital LEP** after three years in the post. The organisation said the hunt was now on for his successor.

Bisley-based bike rental scheme provider **HourBike** has been appointed to operate a new project in Liverpool, which is set to be the largest in the UK outside of London. The company has been chosen to run Liverpool City Council's scheme after a tender process. There will be an initial roll-out of up to 100 bikes at ten city centre bike stations this spring. By March 2015 there is set to be 1,000 bikes at 100 stations across Liverpool.

Plans for a direct rail link between the Great Western main line just east of Slough and **Heathrow Airport** have been unveiled by Network Rail. Under these proposals rail services would use a five-kilometre tunnel under the M4 and M25 which would link Heathrow's Terminal 5 with the main rail line between Langley and Iwer, connecting passengers via Slough to Reading and the west. Known officially as the **Western Rail Access Programme project**, the proposals are now being worked up for development consent as a Nationally Important Infrastructure Project.

Croydon Council has granted planning permission to developers Westfield and Hammerson for their £1 billion **redevelopment of Croydon's Whitgift Centre**. The proposals include the conversion of the existing shopping centre into a 1,500,000 square foot retail and leisure activities hub with between 400 and 600 new homes.

A Surrey County Council challenge to fill **500 apprentice places in a year** has reached its target two months early. 540 young people have landed apprentice roles since last April as part of three schemes run by the council. Businesses hired more than 410 apprentices through a cash incentive initiative, the council took on a further 100 young people and contractors filled around 25 places. Now Surrey aims to fill 500 more apprentice roles by next April after the Cabinet agreed to invest another £750,000 in boosting young people's job prospects.

Global Travel Management, based in **Woking**, were the recipients of the "Best Agent" at the Jet Airways awards. Global Travel Management Limited is one of the UK's leading privately owned Travel Management Companies. They provide a range of travel services to a wide range of companies.

A **Guildford** based gym chain owned by Phoenix Equity Partners is to merge with a rival low price operator. The **Gym Group** and Pure Gym hope their merger will allow them to take advantage of growing membership at fitness clubs and booming consumer demand for low-fee health and fitness club memberships.

Canadian oil and gas company **Antrim Energy** has agreed to sell the outstanding shares of its UK subsidiary Antrim Resources (N.I) to First Oil Export for £32 million. Antrim Energy will retain its interests in the Porcupine Basin off the southern coast of Ireland. Antrim Resources (N.I) trades from **Guildford**.

Gatwick Airport handled 138,000 more passengers in January 2014 compared with a year earlier following a surge in travellers to European destinations. The airport handled 2.2 million passengers during the month, with 1.4 million of those travelling to Europe, up 8 per cent on January 2013. Other long haul growth was up 11.3 per cent mainly as a result of increases on leisure routes such as Thailand and Sri Lanka. However, traffic to North America dropped 13.4 per cent after US Airways ceased services from London Gatwick earlier in 2013.

A new platform has been opened at **Gatwick Airport's railway station**, designed to unblock a bottleneck on the Brighton main line. Transport minister Baroness Kramer formally opened platform seven which forms part of a wider £80 million investment.

Full-year sales have surged passed the £500 million mark at Chertsey-headquartered housebuilder **Crest Nicholson**. Chief executive Stephen Stone said the results were "excellent" and praised government schemes, such as Help to Buy, for reigniting the housing market. Crest Nicholson, which returned to the London Stock Exchange last February, posted revenues of £525.7 million in the year to 31 October 2013, up from £408 million a year earlier.

Advanced Computer Software Group has agreed a deal to buy education software provider Compass Computer Consultants for £15 million. **Cobham**-based Advanced Computer Software will pay £14.5 million in cash for the Chester business.

Esher-headquartered **Dairy Crest**, the owner of the Country Life milk and butter brand, has said it expects full-year profits to be ahead of expectations thanks to the £17.6 million sale of its Nine Elms depot in London. This will allow the group to make an additional bonus payment of about £2.5 million to over 1,200 staff.

Hotel chain **Travelodge** is to create 1,000 new jobs in 2014 with the opening of 15 new hotels. The Thames-based company is opening five sites in London as well as locations in **Chertsey** and **Egham**. This is part of a £100 million investment programme which will also include a £37 million modernisation programme of some of its existing hotels.

A Surrey County Council pledge to back business could net businesses up to £60 million as part of the biggest school expansion programme in Surrey's history. About 30 primary school construction contracts worth £50 million are set to be awarded through its **BuildSurrey website** over the next two years. On top of the school work, £10 million of other council building and repair deals will be offered through the site. BuildSurrey was created to boost the council's drive to ensure 60 per cent of its spending on goods and services is with local businesses.

Chertsey-headquartered foodservices giant **Compass Group** has reported a good start to its financial year and hailed the impact of an ongoing efficiency programme. The business reported organic revenue growth of approximately 4 per cent for its first quarter, underpinned by the continuing trend to outsourcing, and said its pipeline of new contracts was encouraging. Compass Group posted revenues of £17.6 billion in the year to 30 September 2013, with £1.8 billion arising from its operations in the UK and Ireland.

Leatherhead Food Research has issued its global food industry outlook for 2014. The research identifies key issues around consumer trust, regulation and marketing, a growing focus on the supply chain and traceability, health and wellness with a balanced approach to weight management, with sweeteners and natural sugar alternatives a key area for innovation and growth.

Administrators of a **Guildford** energy company chaired by senior Conservative MP Tim Yeo are hoping to strike a rescue deal in a bid to save the stricken firm. **TMO Renewables**, a developer of "second generation" biofuels technology, collapsed under the weight of creditor pressure after a string of well-publicised multimillion-pound deals failed to materialise.

Revenue has increased slightly at **Fidessa**, a supplier of software and services to the financial services sector, after a period of "turbulence" for the business. The **Woking**-based company has posted revenue of £279 million for the year to 31 December 2013 – up from £278.6 million for the same period last year.

Surrey-based photo booth operator **Photo-Me** is set to return £3.5 million to shareholders through a special dividend of 2p per share. The dividend will be paid by 15 May 2014 and comes after Photo-Me announced a net cash position of £67.8 million in October 2013.

Bytes Technology Group will be moving their UK headquarters to **Leatherhead**. The company operates three specialist divisions providing expert knowledge across Software and Licensing Services, Security Services and Document Solutions. Up to 180 staff will be employed at the new headquarters.

Eskmuir have commenced the development of 68,180 sq ft of offices across four buildings ranging in size from 9,935 sq ft to 31,205 sq ft. at **The Square, Leatherhead**. Completion is due in December 2014, with a quoting rent of £29.50 per sq ft. The buildings will be fitted to offer energy efficient, modern and flexible grade A work space. The new scheme will also benefit from a brand new landscaped environment incorporating external amenity space, as well as a generous parking provision of 1:250 sq ft.

Buckets Farm, Leatherhead has been shortlisted for the London and South East Family Business of the Year 2014.

Denbies Vineyard in **Dorking** has had its Pinot Gris voted into the top three of a list of the best English wines. In a poll conducted by The Independent, Denbies Pinot Gris, was voted the third best wine in the country. In its review of the wine priced at £13.99 and the second cheapest item on the list, The Independent said: "This vineyard in Dorking beat Mediterranean rosé wines hands down at the International Wine Challenge. Its white wine is also something to savour; pale straw in colour, the palate is full-bodied with a layered creamy texture and a crisp, acid backbone."

First-half losses have widened at **Guildford**-based **Angle** as the med-tech company invested in its Parsortix cancer diagnostic system. The business said it had made progress in the six months to 31 October towards its long-term objective of achieving widespread adoption of the Parsortix system in the diagnosis and treatment of cancer patients.

Hollybourne Hotels, which owns and operates a group of five hotels across the South East, has gone into administration. The group owns the **Manor House Hotel, Guildford; Georgian House Hotel in Haslemere** and **Farnham House Hotel, Farnham**. The administrators said the hotels would continue to trade as usual and all bookings would be honoured.

Leatherhead-headquartered **Unilever** has agreed a deal to sell the Peperami brand to US rival Jack Link's. The consumer goods manufacturer has signed an agreement for the sale of its meat snacks business for an undisclosed sum. As well as Peperami, which retails in the UK and Ireland, the sale includes the Bifi brand, sold in Germany, Benelux, Austria and Switzerland.

Charles Russell, which has UK offices in Cheltenham, **Guildford** and London, is negotiating with Speechly Bircham over a merger which would create a £126 million turnover law firm. The firms confirmed they are in preliminary talks about a possible merger.

NATIONAL NEWS

A rise in manufacturing led to a boost in production output in the final quarter of 2013, helping towards the **0.7 per cent rise in GDP**. The latest figures from the Office for National Statistics (ONS) found that GDP, the main indicator of economic growth, increased by 0.7 per cent in quarter four compared with quarter three. GDP was 2.8 per cent higher in Q4 2013 compared with the same quarter a year ago. GDP is estimated to have increased by 1.9 per cent in 2013, compared with 2012.

Starts on new houses in 2013 have hit the highest level since 2007, the government has said, with a total of 122,590, up by 23 per cent on the previous year. Despite poor weather conditions this winter, work on new homes in the last three months of 2013 was also up by 23 per cent compared with the same period in 2012. However, the number of homes completed, 109,370, was the lowest since 2010, and a fall of 5 per cent on 2012.

A **£415 million cash injection** to boost high streets, create jobs and help local economies thrive has been announced. The funding comprises:

- £300 million to give 300,000 small retail firms £1,000 off their next tax bill
- £100 million to support critical business infrastructure in enterprise zones
- £15 million to establish new university enterprise zones in the eight main UK cities.

For more information see [here](#).

A £30 million programme has been launched by the government for **growth vouchers** for small businesses across the UK. Speaking at a Federation of Small Business (FSB) event, Prime Minister David Cameron set out how the success of small businesses was central to the government's long-term economic plan. He added the costs of doing business would fall thanks to the package of measures announced by Cameron. Measures introduced, which the government claimed could save the country's 4.9 million small businesses up to £10,000 each a year, included:

- A £30 million programme for growth vouchers whereby 20,000 small businesses will receive up to £2,000 to help them access specialist support on hiring, financial management and marketing
- A £1.1 billion package of business rates measures
- Broadband vouchers to help more small firms boost their business by accessing faster connectivity.

A **fund of £10 million** has been launched to bring **new energy efficient products** to market. Small and medium-sized companies within the energy efficiency, building technologies, power generation and energy storage sectors can bid for up to £2 million of funding under the government's Energy Entrepreneurs Fund. Support will be given to state of the art technologies that could bring down the cost of consumer bills and reduce carbon emissions. This is the third phase of the Energy Entrepreneurs Fund.

UK Trade & Investment (UKTI) has joined forces with the Manufacturing Advisory Service (MAS) to launch **Reshore UK**, a new one-stop-shop service to help companies bring production back to the UK. UK companies are increasingly looking to reshore manufacturing, textiles, software production and call centre work to the UK instead of outsourcing overseas. UKTI has identified 1,500 manufacturing jobs reshored in the UK since 2011 and a MAS survey shows companies citing costs, quality and reducing lead times as the top three reasons for moving production back to the UK.

The Government has unveiled **£73 million of new funding** to help the public and academics unlock the potential of **big data**. It is estimated that the big data market will benefit the UK economy by £216 billion and create 58,000 new jobs before 2017. The 55 projects receiving investment will drive innovation in a number of diverse areas, including developing a better understanding of human disease, tackling obesity and solving transport problems.

The Bank of England's Agents' Summary of Business Conditions is available to download [here](#).

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ANNEX 1: KEY ECONOMIC INDICATORS

The [Surrey Local Economic Assessment](#) selected a series of key economic indicators. These are tracked over time to measure the competitiveness of the Surrey economy. The latest available data for these indicators has been highlighted below.

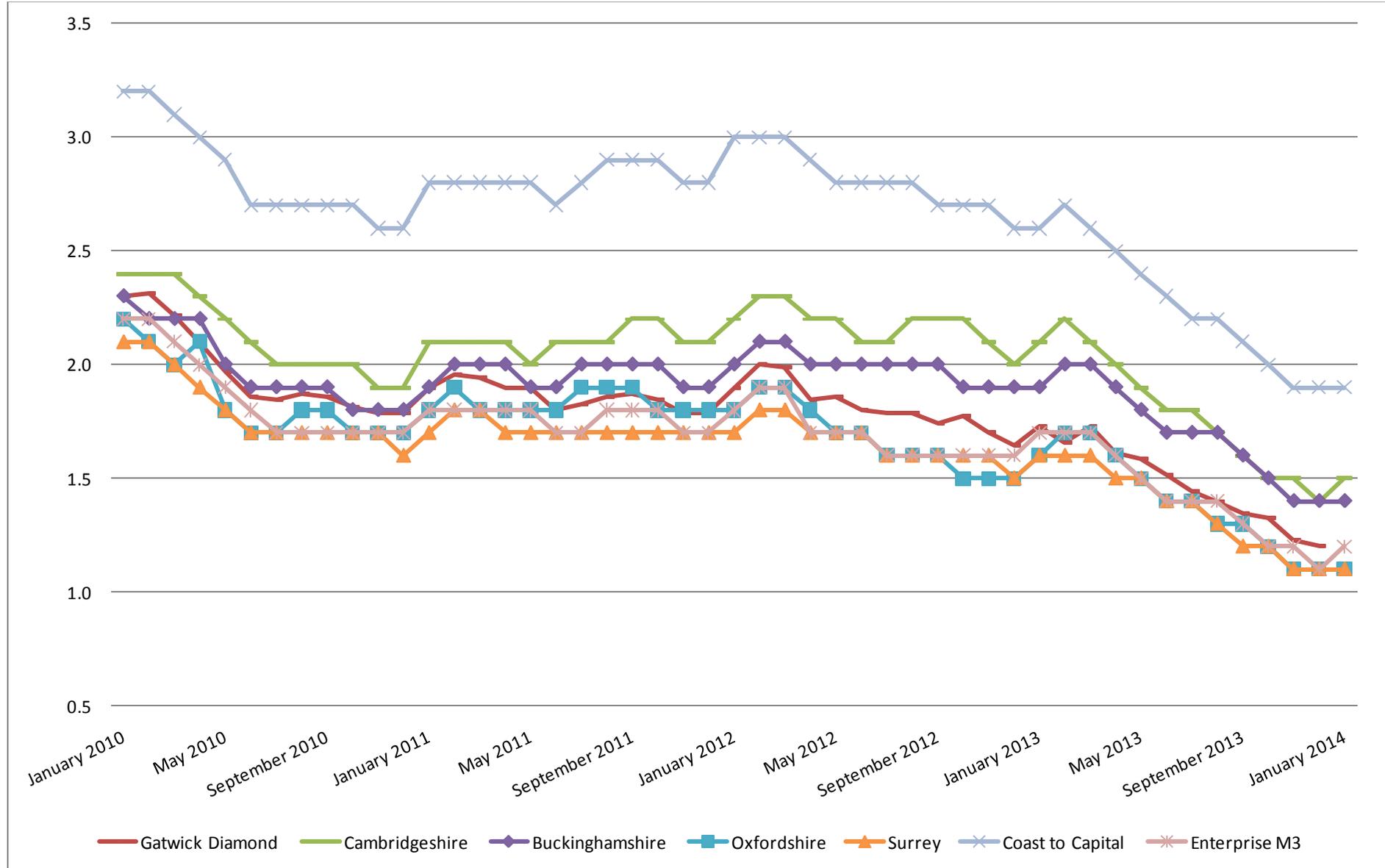
| LEA key indicator | Latest data | Previous data | Trend |
|---|---|------------------------------|-------|
| GVA (Gross Value Added) (growth) | £32,736 million (2012) | £30,344 million (2011) | ↑ |
| GVA: £ per head | £28,627 million (2012) | £26,657 million (2011) | ↑ |
| Economic activity rate (actively seeking work) ⁴ : for persons aged 16-64 | 81.1 (October 2012 – Sept 2013) | 81.2 (July 2012 – June 2013) | ↑ |
| High-level skills: Pop. of working age with an NVQ 4+ | 43.8% (2012) | 42.1% (2011) | ↑ |
| Gross weekly pay: (full time workers) | £651.60 (2013) | £649.80 (2012) | ↑ |
| Growth in gross weekly pay | 0.2% (2012-2013) | 0.8% (2011-2012) | ↑ |
| Unemployment: JSA claimants as % of population aged 16-64 | 1.1% (January 2014) | 1.1% (December 2013) | - |
| Employment rate ⁵ : % of pop. aged 16-64 in employment | 76.8 (October 2012 – Sept 2013) | 77.0 (July 2012 – June 2013) | ↑ |
| Business start up rates: Births of new enterprises as % of existing businesses | New enterprises: 7,180 as a % of existing businesses (11.4%) (2011) | 6,180 / 10.3% (2010) | ↑ |
| Business density: Active enterprises per 10,000 pop. | 552.47 (2012) | 545.18 (2011) | ↑ |
| Growth in business stock: % change in number of active enterprises since previous year. | 2.06% (2012-2011) | 0.73% (2011- 2010) | ↑ |

Data sources: [Surrey I](#), ONS: [Nomis](#),

⁴ Includes the employed and unemployed (i.e. those actively seeking work)

⁵ People who did some paid work in the reference week; those who had a job that they were temporarily away from (e.g. on holiday); those on government-supported training and employment programmes; and those doing unpaid family work (as defined by Nomis).

ANNEX 2: JSA CLAIMANT COUNT RATES IN COMPARATIVE AREAS (JANUARY 2010 – JANUARY 2014)



Source: Nomis