Economic Events Diary October 2004 to March 2005

October

Professor Peter Sloane, of the Welsh Economy Labour Market Evaluation Research Centre at the University of Wales, Swansea, commented that delays in getting vital economic statistics are hampering important economic projects, with out-of-date information being used to make key government decisions.

A survey by Mitial Research International, commissioned by the Welsh Development Agency and the Welsh Call Centre Forum revealed that employees in Wales’ call-centre industry are now being paid at rates higher than the UK call centre average, and that the industry in Wales has the best staff retention levels in the UK. Andrew Davies, Minister for Economic Development and Transport, welcomed the report’s findings; ‘Wales has a strong and successful track record in attracting and supporting contact centre organisations, which now employ around 24,000 people at operations in 29 towns and cities across Wales’.

Figures published by the Assembly Government show a net loss in manufacturing jobs every year since 1997, despite Britain enjoying a sustained period of economic growth. Manufacturing now accounts for just 17% of all Welsh jobs compared to 21% in 1998.

Cardiff-based civil engineering and construction company Opco has been identified as Wales’s fastest growing business in this year’s Western Mail Fast Growth 50. 39 of the 50 businesses have a turnover of more than £1m. Five of these, including Opco, had turnovers exceeding £10m.

November

The Welsh Assembly Government has awarded Biss Lancaster Euro RSCG, a London-based firm, a £150,000 a year contract to promote Broadband Wales. The initiative aims to recruit people and businesses to the faster internet network.

Redrow, the house builder based in Flintshire, has seen reduced activity in the housing market, with customers taking longer to commit to buying a new house and house-buying chains lengthening. However, the business’s current position is strong. In September 2004 Redrow reported record pre-tax profits of £124.1m in the 12 months to June 30th 2004, representing an increase of 17% on the figure of a year earlier.

The Streetcar, a hybrid form of public transport (a cross between a tram and a bus) is being developed by transport company FirstGroup. The vehicle will go into service in 2005 in Swansea.

Figures released by the Land Registry showed that the average price for a detached house in Wales reached £200,000 for the first time, compared to £163,000 to the end of October 2003. Seven out of the top 10 highest average price rises measured at the Unitary Authority level were in Wales.

Building the Dragon Economy - Innovation in Wales, a report compiled by PricewaterhouseCoopers with CBI Wales observed that fewer than half of the 737 businesses surveyed had introduced new products or services over the previous three years. The report also showed that companies adopting formal structures to innovation are statistically more likely to produce better financial results than those that do not.

December

The Property development and investment company Quest Property has gained planning permission for 165 waterside apartments at Swansea’s SA1 Waterfront development. The SA1 development is also likely to include a £16m De Vere Group hotel, creating 300 jobs.

Radnor Hills Mineral Water company was named as Welsh Exporter of the Year at the 2004 Food from Britain Export Awards sponsored by the Welsh Development Agency.

A high court judge has given the go-ahead for the £60m Bluestone holiday park project. The chief executive of the Bluestone project said ‘This will create 600 full time jobs and 300 spin off jobs and will provide a huge economic boost to what is an Objective 1 area’. Bluestone, near Narberth, should open to the public in the summer of 2006.

January

In 2005 Cardiff celebrates its 100th birthday as a city and 50th birthday as the capital of Wales. A whole year of events is planned to mark these milestones.

According to latest estimates from Customs and Excise, Welsh exports were £1.98bn, in the three months to the end of September 2004, compared to £1.73bn in the same period of 2003; a growth of 7.3% over the year. This was the third highest percentage increase among the UK regions over the 12 month period, with only Northern Ireland and south-west England achieving higher percentage rises over the year. The main destination for Welsh exports was the European Union, which accounted for £1.25bn during the period.

The urban regeneration company Newport Unlimited began the first stage of work on Newport’s historic Old Town Docks. The projects are valued at approximately £500m in total, and will create 4,000 jobs over the next five years. The £1.5m initial remediation phase, funded by the Welsh Development Agency, will clear 18.7 hectares of derelict land in preparation for 1,500 new homes and apartments, a business district, 80-room hotel, local shops, restaurants, bars and cafes.

The car insurance company Admiral announced profits in line with forecasts after its number of policy holders exceeded one million in 2004. However, the company was expecting slower growth and lower profits in 2005. The company employs around 1,700 staff in Cardiff and Swansea. Henry Engelhardt, the Chief Executive, is featured in the Interview section of this Review.

Airbus announced that it had secured another contract for its A380 super jumbo in the United States. Airbus, which employs 8,000 people producing aircraft wings at Broughton in Flintshire, delivered 320 planes in 2004, exceeding the 285 aircraft delivered by Boeing.

Gyrus, the Cardiff based medical equipment manufacturer announced higher than expected annual profits, despite the strong pound against the US dollar. The company, which specialises in equipment used in keyhole surgery, expected
sales to rise by 11% to around £87m following strong demand in the final quarter of 2004.

February

The North Wales venture, DeepStream Technologies announced that it had secured a £5m development and supply order with a major European electrical device manufacturer. The firm achieved £10m in initial funding, including £2.8m from venture capitalists Doughty Hanson Technology Ventures and ongoing bank support from HSBC. It employs 26 people but will have 65 employees by the middle of 2006.

The latest RBS Purchasing Managers Index for Wales found that levels of business activity in Wales grew robustly in January, as the Welsh index posted its 2nd consecutive month of positive growth. It was the second month in which growth in Wales outpaced that of the UK as a whole.

Monmouthshire-based Frank Sutton is investing £1.5m in a new sales outlet near Pencoed. The firm recently won the British Agricultural and Garden Machinery Association (BAGMA) dealer of the year award 2004 for agricultural equipment.

Companions 2 Travel (www.companions2travel.co.uk), based in Corwen, has recently been set up to offer a secure automated travel companion matching system, allowing people to share trips. The service has already attracted 3,000 subscribers since going live and new members are currently signing up at the rate of around 300 a week.

GeraldEve’s Prime Retail report rated Cardiff as the 11th best shopping destination in the UK. In terms of retail growth prospects for the next five years Cardiff ranked 7th overall.

Boomerang Television, based in Cardiff, has acquired two of its rival independent production houses Alfresco and Fflic for undisclosed sums. Gwenda Griffith, managing director of Fflic, and Ronw Protheroe, managing director of Alfresco, have been appointed directors of Boomerang.

Finance Minister Sue Essex confirmed that over the next three years more than 1,000 civil servants are to move to new Assembly Government offices in Aberystwyth and Llandudno. The Aberystwyth office will hold 500 staff, including 179 relocating from Cardiff, and will house the Environment, Planning and Countryside department and some other smaller offices. The Llandudno Junction office will house 525 staff, including 130 posts from Cardiff.

March

This month, the £7.5m Galeri theatre opened in Caernarfon. The 400 seat Galeri will show four films a week, and will also be able to accommodate concerts, workshops, conferences, lessons and other activities.

The Knowledge Exploitation Fund (KEF) is to finance a £300,000 pilot project which is intended to attract young people into engineering and to improve the competitiveness of small and medium engineering enterprises through the enhancement of staff skills.

Following a difficult 5 year period which saw 3,000 job losses in Wales, Corus posted a pre-tax profit of £559m, for the first time since the merger in 1999 of British Steel and Dutch firm Hoogovens.

Comings and Goings: Companies’ Activities in Wales

Aldi, the German discount supermarket chain is creating nearly 300 jobs in South Wales, through a £30m investment in an office and distribution headquarters for Wales and the west of England. The company intends to build a 340,000sq ft centre at Capital Business Park, Wentloog.

In November 2004 the Peacock Group revealed it was intending to open 100 new stores in the UK creating 1,300 jobs. In June 2004 the company expanded by purchasing the Fragrance Shop chain for £11m. The Group now has a total of 783 stores, with 411 trading under the Peacocks name, 336 trading under the Bon Marche name, and 36 Fragrance Shop stores. In total the company employs more than 5,000 staff.

In December, EnviroWales, a car battery recycling plant announced it is to open in Ebbw Vale, creating more than 120 jobs. The enterprise has secured £2.5m in regional selective assistance funding, to part finance a new 80,000 sq ft purpose-built car battery recycling facility at Rassau Industrial Estate.

A new management consultancy CMC Partnership is hoping to double its turnover to £2m this year and plans to employ 100 people within the next five years. CMC Partnership, which has secured a number of major government contracts to support change programmes and projects, was formed by Rhiannon Cooke who is based at Dingestow, near Monmouth. She and her fellow co-directors previously led the management consultancy division of the international consultancy firm Atkins. The firm currently employs 11 staff and 18 associate consultants.

GDS Publishing, a publisher and event organiser, is expanding its operations to Wales and hopes to create 75 jobs over the next 12 months with the opening of a Cardiff office.

Communications Direct, a mobile phone business, is planning to create 200 jobs at its Cardiff headquarters and at a new satellite operation in Swansea. The company, part of CDL Europe, is a direct sales operation that sells third generation broadband and other communication services across all five mobile networks.

Following the takeover of Deeside-based Big Food Group by Icelandic firm Baugur, Mr Malcolm Walker has been appointed as Chief Executive of Iceland, the company he originally founded. He has announced plans to reduce job numbers in Iceland’s Flintshire head office by one third.