

Sources

- WISERD project on local economic impact of the recession in Mid Wales, 2009 + follow-up
- Wales Rural Observatory report, 'The Impacts of the Current Recession in Rural Wales', 2009
- WRO household and business surveys
- Official statistics



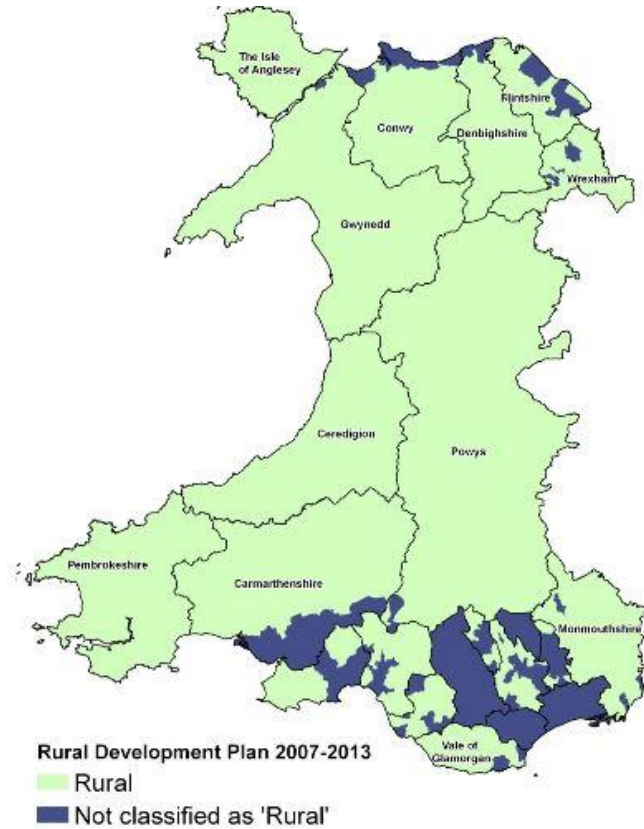
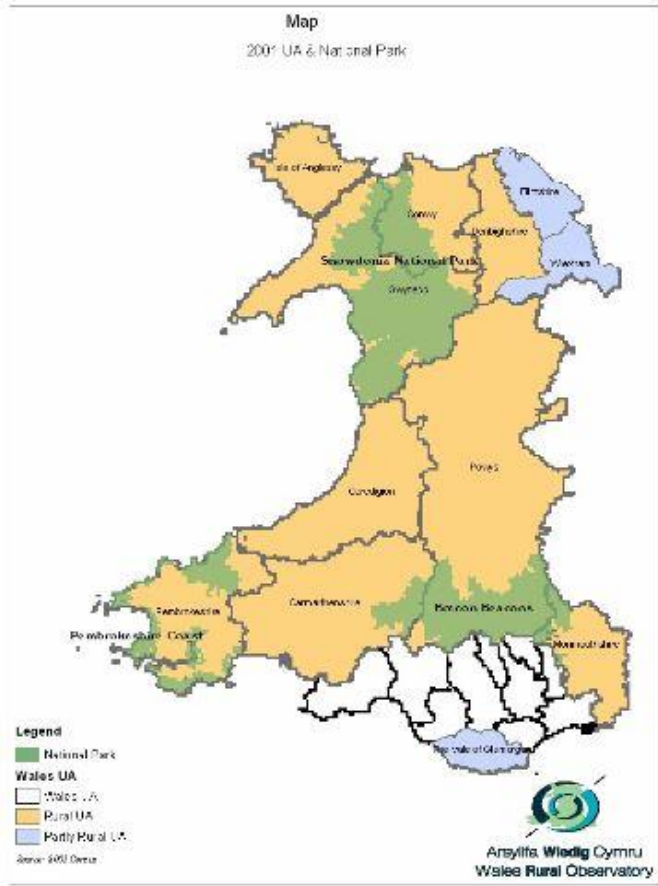
Cronfa Amaethyddol Ewrop ar gyfer Datblygu Gwledig Ewrop yn Buddsoddi mewn Ardaloedd Gwledig
The European Agricultural Fund for Rural Development: Europe Investing in Rural Areas



Llywodraeth Cymru
Welsh Government



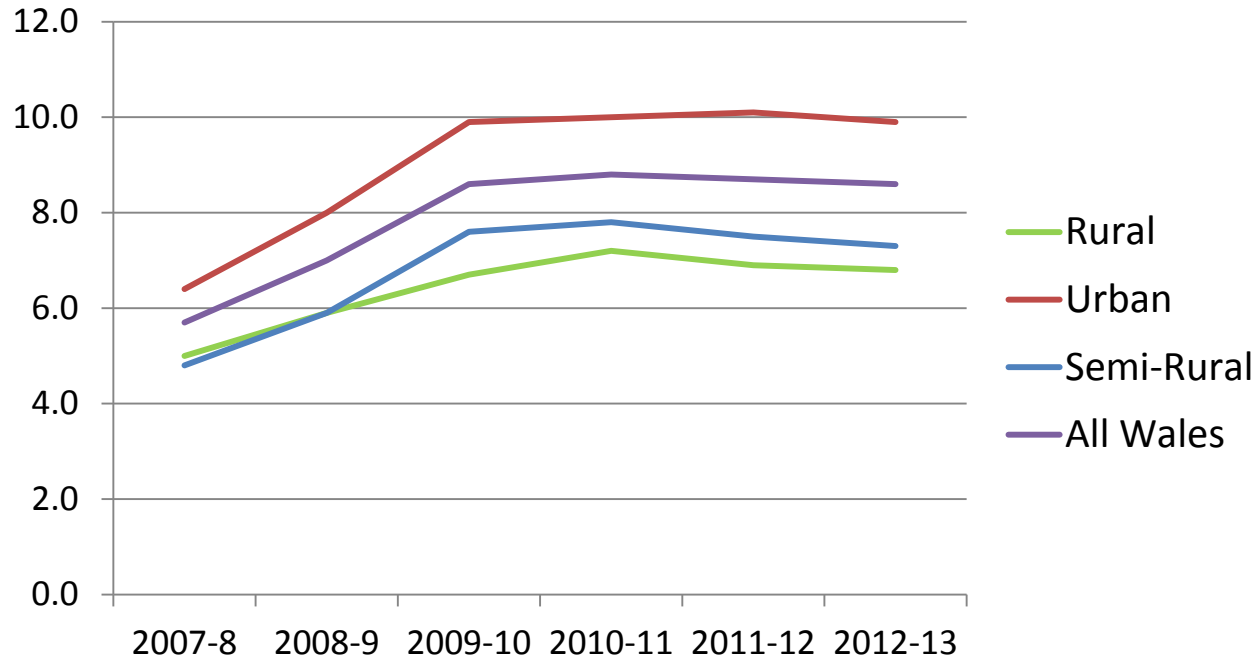
Arsyllfa Wledig Cymru
Wales Rural Observatory



Source: Welsh Assembly Government (2010)



Unemployment



Unemployment rate

% of economically active population (aged 16-64)

Yearly average, April-March

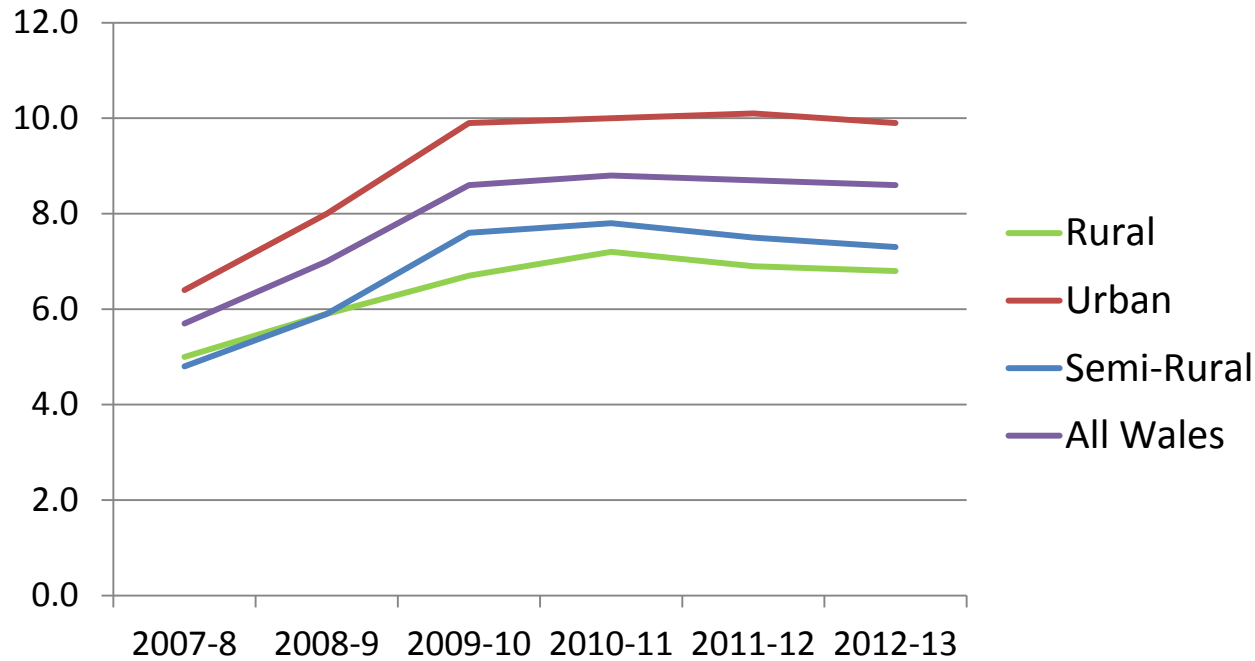
Change in number unemployed
2007-8 to 2008-9

Rural +17.7%

Urban +25.2%



Unemployment



Unemployment rate

% of economically active population (aged 16-64)

Yearly average, April-March

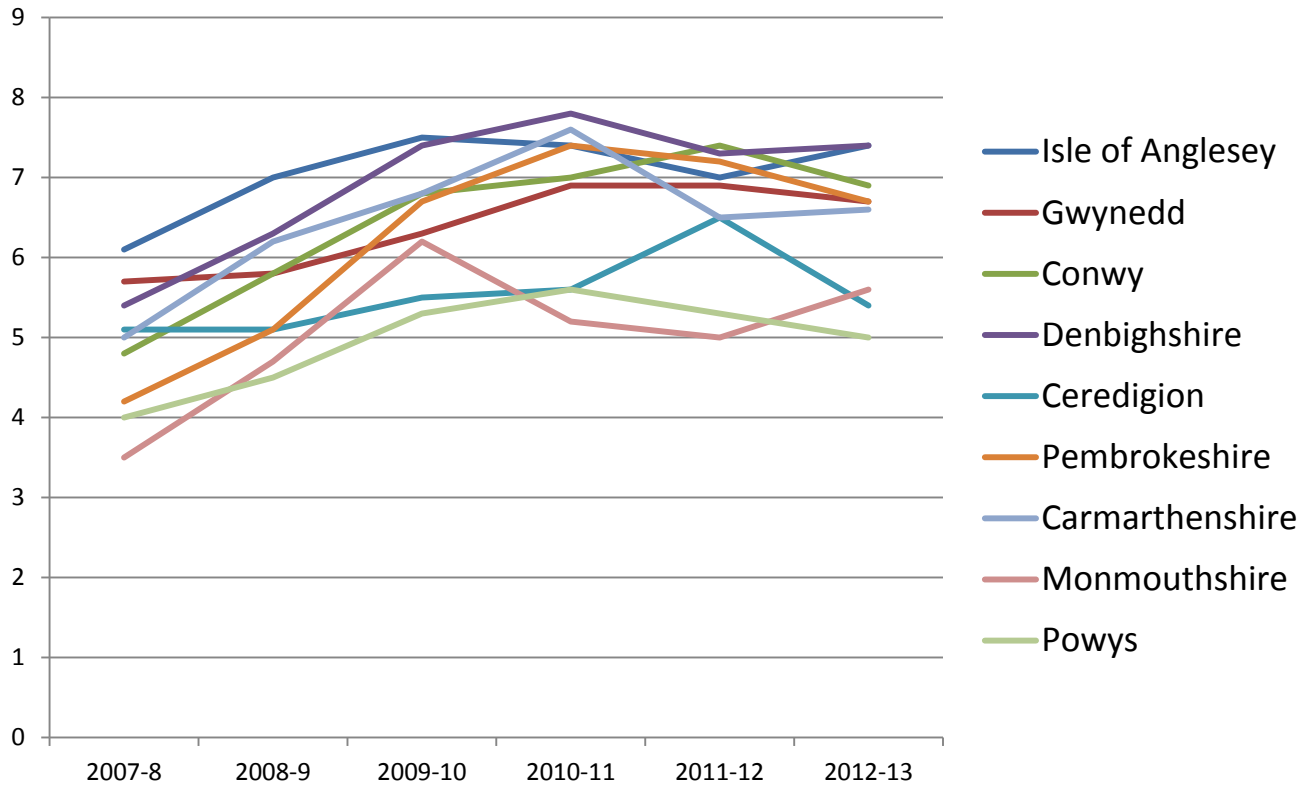
**Change in number unemployed
2007-8 to 2012-13**

Rural +34.5%

Urban +59.8%



Unemployment

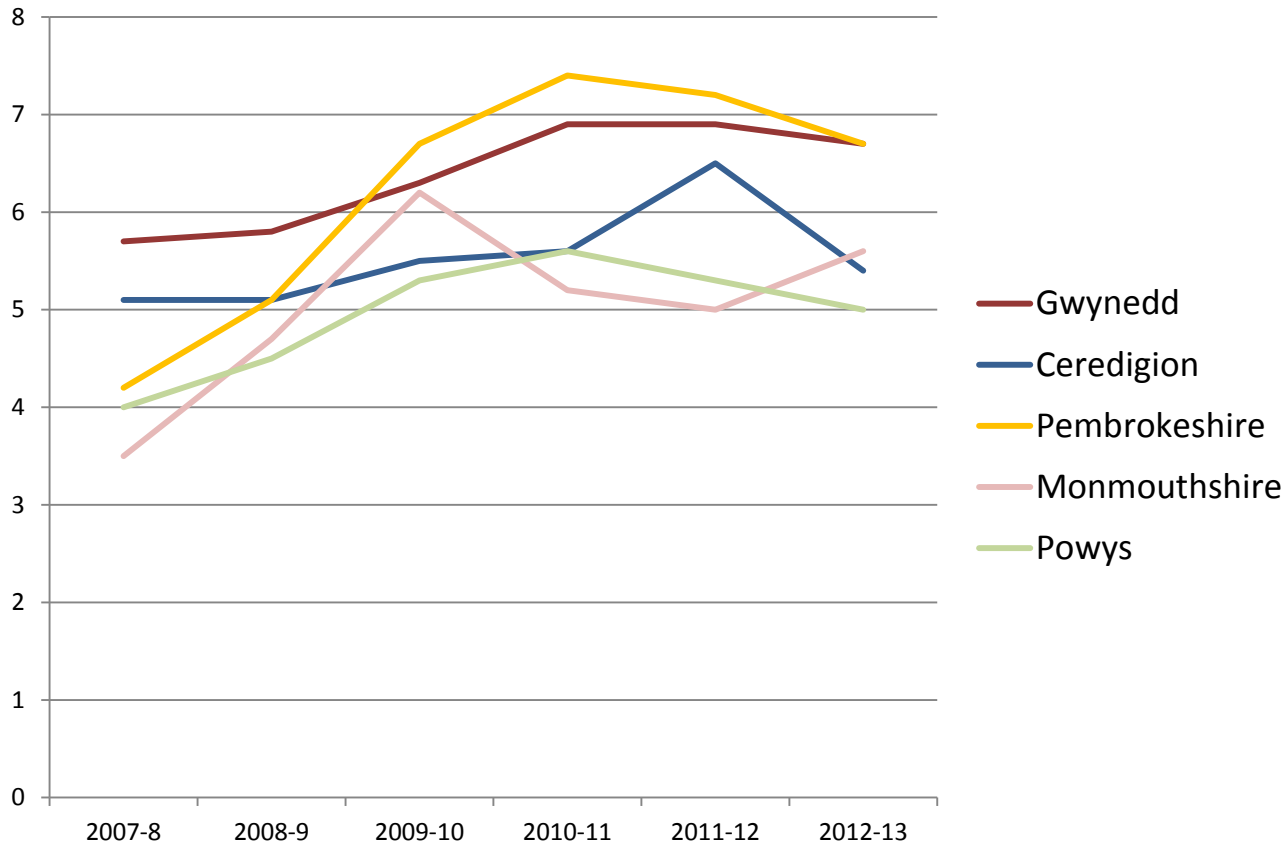


Unemployment rate by rural LA
 % of economically active population (aged 16-64)

Yearly average, April-March



Unemployment

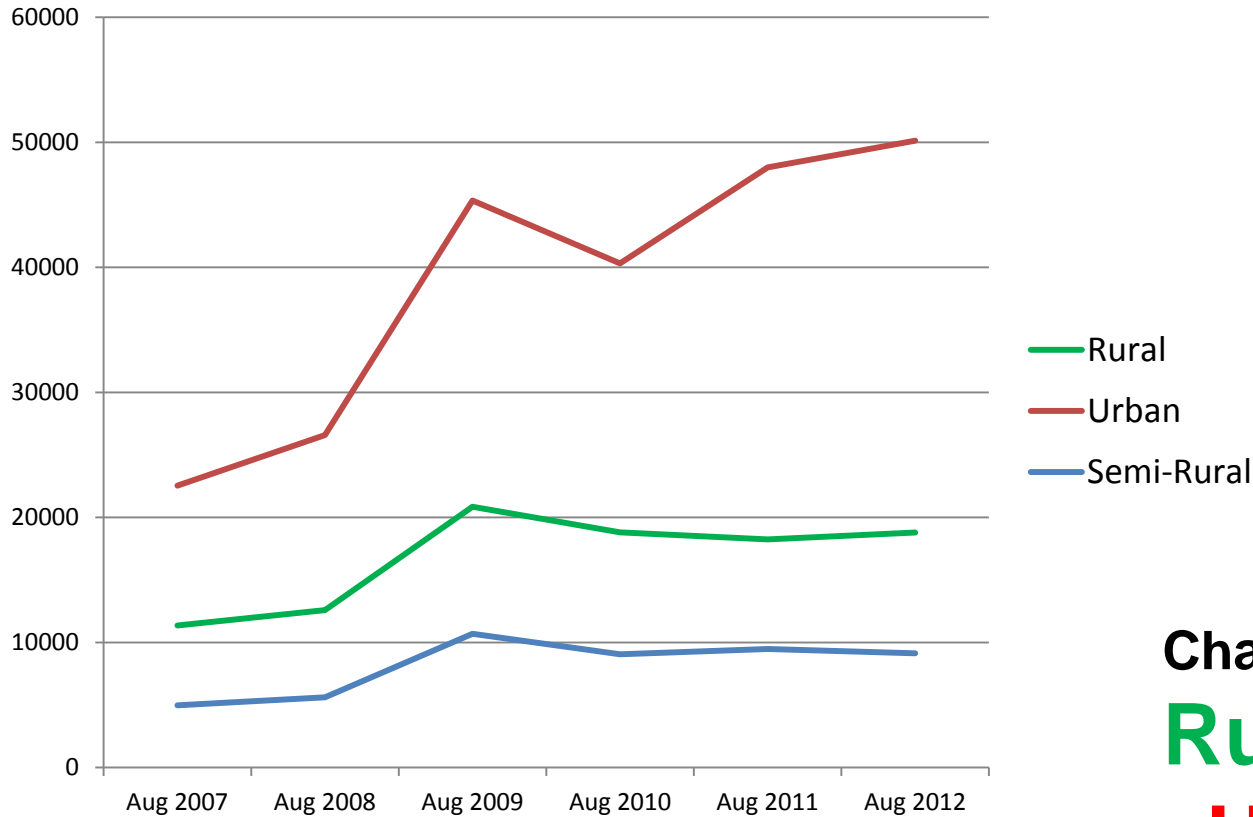


Unemployment rate by rural LA
 % of economically active population (aged 16-64)

Yearly average, April-March



Unemployment



**Number of
Jobseekers'
Allowance
Claimants**

Change 2007 – 2012

Rural +65%

Urban +123%



Benefit Claims

Table 4.4 Households receiving benefits

Benefits or Tax Credits	2007	2010-11	2013
	% of households	% of households	% of households
Income Support	5	4	5
Jobseeker's Allowance	1	2	2
Incapacity Benefit	7	8	6
Disability Living Allowance or Attendance Allowance	10	13	17
Working Tax Credit	9	10	9
Council Tax Benefit	9	12	18
Housing Benefit or Local Housing Allowance	4	6	12
Training Allowance	-	<1	<1
Education Maintenance Allowance	1	3	2
Winter Fuel Payments	19	38	39
Carers Allowance	3	4	5
Others	1	13	33
None of these	54	36	31

% Households claiming benefits,
WRO Household Survey



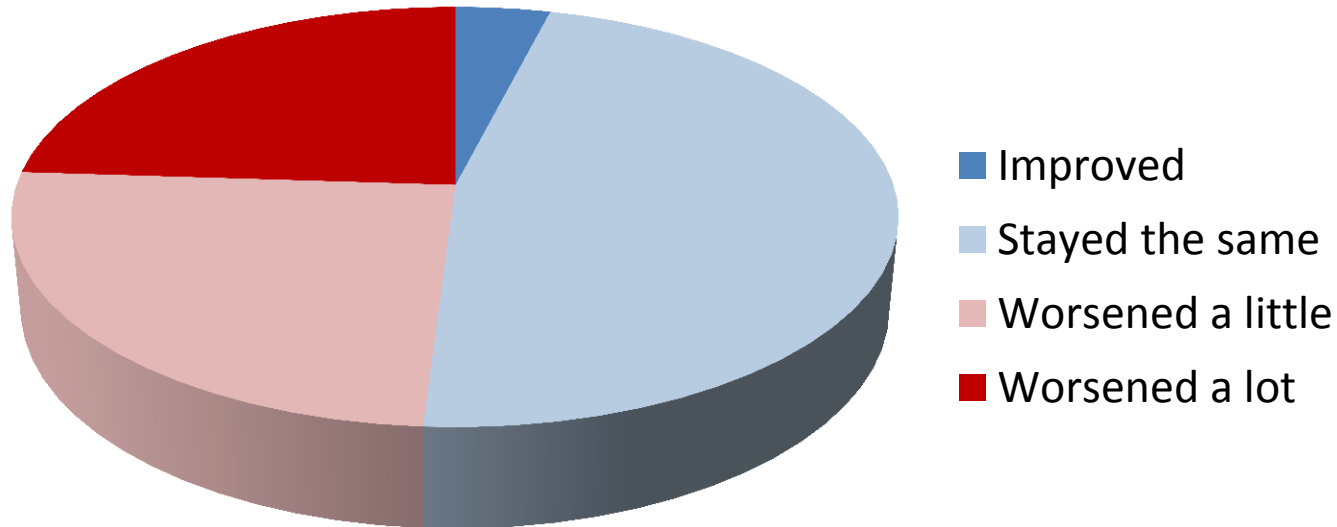
Household Income

	2004	2008	2010-11	2013
< £5000	7%	5%	3%	3%
£5000-£9999	19%	13%	14%	14%
£10000-£20999	33%	31%	31%	30%
£21000-£51999	36%	39%	40%	40%
> £52000	8%	12%	12%	13%

Annual Household Income,
WRO Household Survey



Income



Perception of change in income levels in local area in recent years, % of respondents replying

WRO Household Survey 2013



Savings

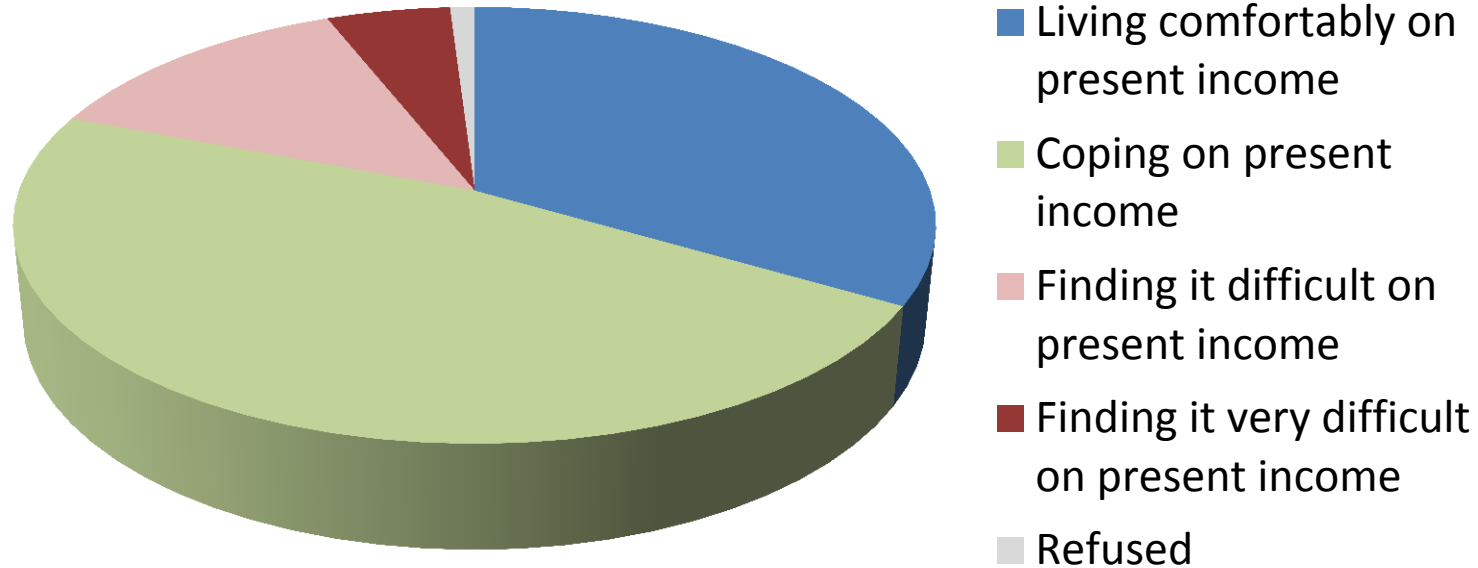
Table 4.5 Household Savings (excluding value of property)

Amount of Household Savings	Proportion of households 2010/11	Proportion of households 2013
	%	%
Less than £1,000	33	44
Between £1,000 and £1,999	8	5
Between £2,000 and £4,999	12	9
Between £5,000 and £9,999	10	9
Between £10,000 and £19,999	11	10
Between £20,000 and £49,999	11	10
Between £50,000 and £99,999	6	6
Over £100,000	8	8

Value of Household Savings,
WRO Household Survey



Financial comfort

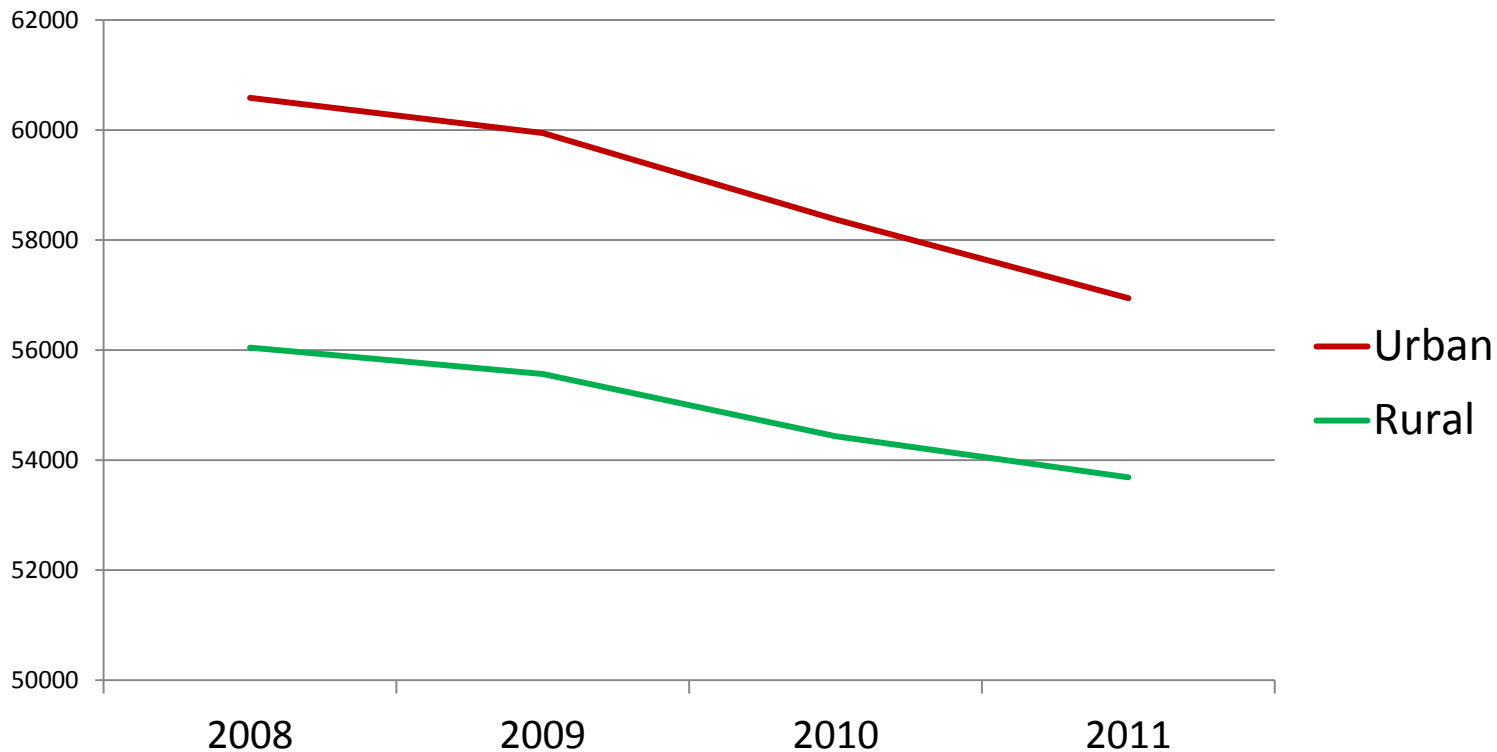


Sufficiency of household income, % of respondents

WRO Household Survey, 2013



Businesses



Number of VAT-registered businesses in Wales (local units)



Businesses



Net birth/death of businesses
in Wales, 2007-2012



Business Turnover

Annual Turnover	2007 Number of Businesses that responded: 822/1,034 80%	2010 Number of Businesses that responded: 1,190/1,308 91%	2013 Number of Businesses that responded: 1,490/1,583 94%
	%	%	%
Less than £61,000	22	24	30
£61,000 - £99,999	11	11	14
£100,000 - £249,999	20	20	22
£250,000 - £499,999	14	16	12
£500,000 - £999,999	14	12	10
£1m - £1.49m	6	5	5
£1.5m - £2.8m	6	6	3
More than £2.8m	7	6	4

Annual Turnover

% of businesses

WRO Rural Business Survey 2013



Turnover & Profit

	Increase			Decrease			Stayed the same		
	2007	2010	2013	2007	2010	2013	2007	2010	2013
	%	%	%	%	%	%	%	%	%
Turn-Over	58	36	27	18	34	39	24	30	34

Change in turnover

% of businesses

WRO Rural Business Survey 2013

	Increase			Decrease			Stayed the same		
	2007	2010	2013	2007	2010	2013	2007	2010	2013
	%	%	%	%	%	%	%	%	%
Profit	42	26	20	27	41	47	31	33	33

Change in profit

% of businesses

WRO Rural Business Survey 2013



Profit

Profit as a percentage of Annual Turnover	2007 Number of Businesses that responded: 815/1034 79%	2010 Number of Businesses that responded: 1076/1308 82%	2013 Number of Businesses that responded: 1409/1583 89%
	%	%	%
A loss or break-even	15	18	19
Above 0% up to 1%	7	9	11
Above 1% up to 5%	20	22	19
Above 5% up to 10%	20	20	19
Above 10%	39	31	32

Profit as % of turnover

% of businesses

WRO Rural Business Survey 2013



Exploring local economic imaginaries of mid Wales



- Project carried out in 2009, which explored the characterization of the rural mid-Wales economy from the perspective of planning discourse and local business stakeholders
- Involved interviews with 25 stakeholders, including directors of large, medium and small enterprises, representatives from the tourism and agricultural sectors, and business forums
- Interview themes included: supply chains; skills provision and training; logistics; attitudes to growth and success; IT, communications and the internet; and, current and future impacts of the recession



The local economy in mid/central Wales, 2009: policy discourse

- Set in reference to the Wales Spatial Plan, which identifies Central Wales as a site of particular opportunities and challenges, including:
 - High proportion of self employment = weakness and hindrance to significant business growth
 - Poor transport links and underdeveloped communications infrastructure = major contributor to the marginalization of the area from wider markets
 - Distance from markets + limited population = region comparatively unattractive to inward investment
- Mainstream vision, emphasising the need for greater growth, agglomeration and integration



The local economy in mid/central Wales, 2009: interview responses

- Larger (manufacturing) concerns highlighted logistical problems and limited access as presenting a break on growth, and as a factor undermining their ability to compete within a depressed market
- Medium and small businesses tended to equate success with stability as much as growth—if not more so. This narrative was allied to the social embeddedness of smaller businesses, intimate knowledge of local markets and the issue of consumer loyalty
- Peripherality was widely associated with limited competition, and in turn a sense of being sheltered from economic ‘peaks’ and ‘troughs’ experienced in urban locations ... BUT
- Some concern regarding a reliance on public sector employment and spending



Looking ahead (in 2009) ...

“The downside of being in a business in mid Wales is that we don’t see the extreme highs that the cities generate. On the plus side, come the downturn—like we are experiencing now—the market is generally much more stable. We don’t get the highs and lows; the business stays on a much more even keel”

(Manager, Building Supplies Firm, 2009)



Reflections on a recession



April 2009

“Up until a month ago, considering the doom and gloom that abounds, we were rocking along doing our thing, not as busy as we’d like, but last month’s seen a definite downturn... I think it’s up there in the mind with most of them, a lot of our customer base is forty to sixty say, and the older more rural types, they immediately contract because they like to hang onto their money anyway- oh, things are bad: don’t spend- save”

August/September 2014

“After a while people went back to spending in the same way they had done previously ... It affected us for a year or two. People were bombarded by the Press, who were saying that the end was nigh. We were not affected as badly as other places because it is such a rural community. A lot of businesses around here rely on farming. And farming over the past three or four years has done okay”

Proprietor: Mens Clothing Shop



Reflections on a recession

April 2009

Is the credit crunch impacting on your business?

“Our early evening and day time trade has dropped off. I am noticing a lot of those local customers who are, with respect, on lower incomes ... they are only going out once a week or once a fortnight, and not two or three times a week. They are more cautious of what they are spending and are thinking about their jobs and financial security. I know this because they have told me.”

“We are borrowing money from the bank to refurbish the pub. We have had good takings for three years and have equity ... but I know banks have tightened up on lending and other local businesses have been refused funds”

August/September 2014

“Thinking back to 2009, that was when the recession was big news. At the time we had just refitted the pub and invested a lot of money in the business – perfect timing! But, to be honest with you, our takings went through the roof after that, through 2010 and 2011. I like to think that it was because we had invested in the place ... It has been the last 2 years – 2012, 2013 and this year that we have been seen a drop in takings and customers”

Publican



Coping strategies

How, if at all, have you adapted to the changing economic circumstances?

“This is a small business, and we can be a bit flexible. I have had to be a bit savvy and have done a few things to cut costs and generate business. I am doing more [bar] shifts myself and reducing wage bills. I have also tried to create things, like arranging for bands to play here and making more of a thing around rugby internationals. And shop around suppliers to get a better deal”

The publican

How, if at all, have you adapted to the changing economic circumstances?

We do less forward ordering. At one point 80 to 90 per cent of our stock was forward ordered, four to six months in advance. We would have 2 big stock intakes per year. Now we have a much lower forward order in terms of volume, and the companies who supply us will retain more stock themselves. They realize that we – the vendors - are being more reactive to customer demand ... Independents are stocking less. They do not want to over-commit financially.

Proprietor: Mens Clothing Shop



Rural mid-Wales

“We do also sell a lot of clothes to people who work up at the university and the hospital. Things have not been so good there on all accounts, and so that has no doubt impacted on us to some extent. People up on the hill are not necessarily being laid off, but they are thinking a bit more carefully about what they spend their money on.”

Proprietor: Mens Clothing Shop

“In this part of Wales we are quite isolated from the rest of the world ... we really heavily on the public sector, the council and the hospital. They were not affected immediately by the credit crunch, but in time they have been. Wages have been stagnant for a couple of years, people have been laid off to find savings – and people are worried about their jobs. For that reason they are not going to go out so much and spend so much. That affects businesses like mine. People always need food, but they do not need beer and wine”

The Publican



Post-Recession? Looking forward



Is your moving in this direction a sign of your growing confidence in the economy and increased consumer spending?

“In some ways. I am confident there is a demand for it. It is easy dealing with people who live around here, dealing customers face to face. They get to know us and appreciate the quality of the stuff we sell. It is the wider audience which is harder to get. This website will allow us to sell stuff and, if not, at least advertise the business. “



Factors shaping the recession in rural Wales

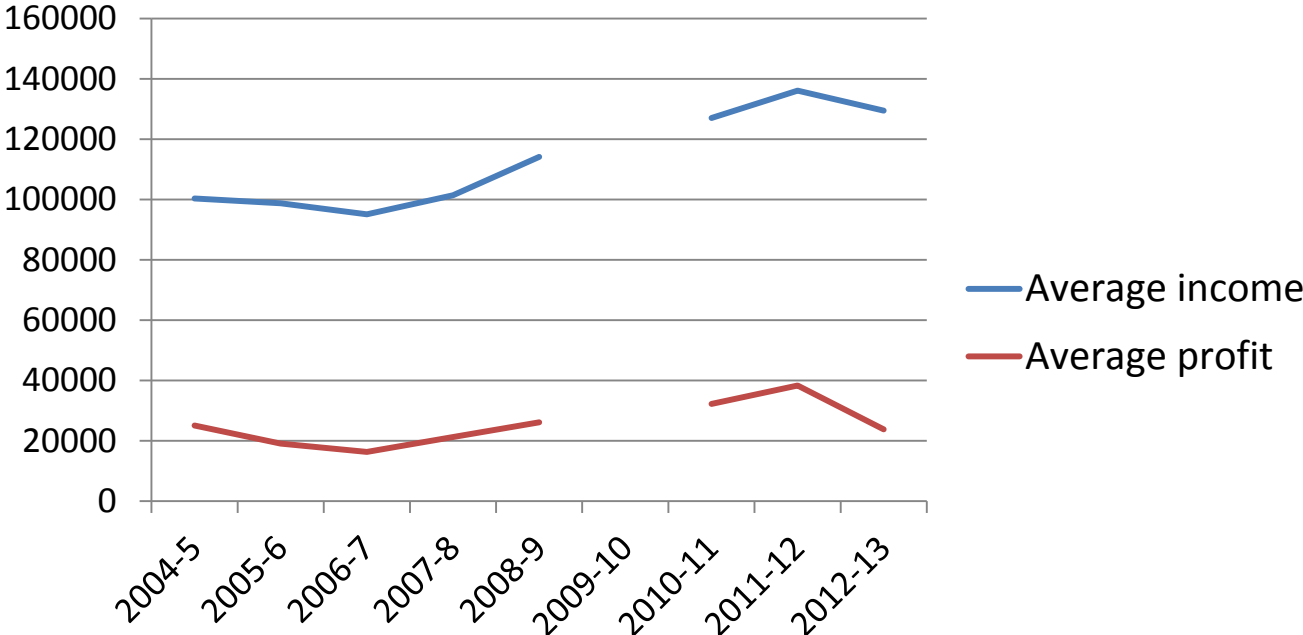


Economic Structure

- Rural Wales economy dominated by SMEs
 - Limited mass redundancies
 - But – SMEs have taken the brunt of the recession
 - 20 fewer businesses with more than 20 employees in 2011 compared with 2008
 - 2,340 fewer businesses with less than 20 employees in 2011 compared with 2008
- High rate of self-employment
- Low wage economy



Agriculture



Changes in average farm gross income and profit after rent and finance. Source: Farm Business Survey



Fixed Costs

- Transport and fuel costs
- Business rates

“High fuel costs, small local client base, poor infrastructure, government neglect customers’ low spending power, inaccessibility”

WRO Business Survey respondent 2013
on challenges faced by business



Global Engagement

- Relative protection/exposure to global economic trends
- Global engagement contributing to resilience
- Increased exports as response to declining domestic markets
 - Businesses in WRO survey exporting increased from 20% in 2010 to 26% in 2013
- Migrant labour force first to be let go?
 - Reduced numbers of Eastern European migrant workers, especially in construction and manufacturing
- Migration as a strategy for responding to recession?



Business Support

- Only 15% of respondents in WRO Business Survey 2013 rated Welsh Government business support and advice as good
- Relevance of support provided and difficulty of access
- Split of rural Wales between Convergence Region and non-Convergence Region
- Differential provision of business support & business hardship funding by local authorities



Summary

- Slower impact of recession in rural Wales than urban areas, but also slower recovery?
- Differential impact in rural Wales, both geographically and sectorally
- Evidence of significant contraction of economic resources of businesses & households
- Distinctive factors including structure of economy, different cycle of agriculture, and fixed costs of location
- Access to and appropriateness of business support and measures to boost economy

