

Colchester Quarterly Economic Report

Issue 10: January 2012



Background information

This quarterly economic report for Colchester aims to give a better understanding of the Borough's economic makeup and performance and in comparison to national and local trends.

The report also aims to inform policy-making through providing an objective understanding of Colchester's communities of interest and geography.

Data on a range of variables including:

- Regional changes
- The demographics of recession impacts
- Jobs advertised and sought through Jobcentre Plus
- Unemployment
- Worklessness
- Levels of 16-19 year olds Not in Education, Employment or Training (NEET)
- Housing market data
- News from the business and economy

is analysed.

In addition, each report provides a topical focus or briefing section highlighting particular issues or economic developments.

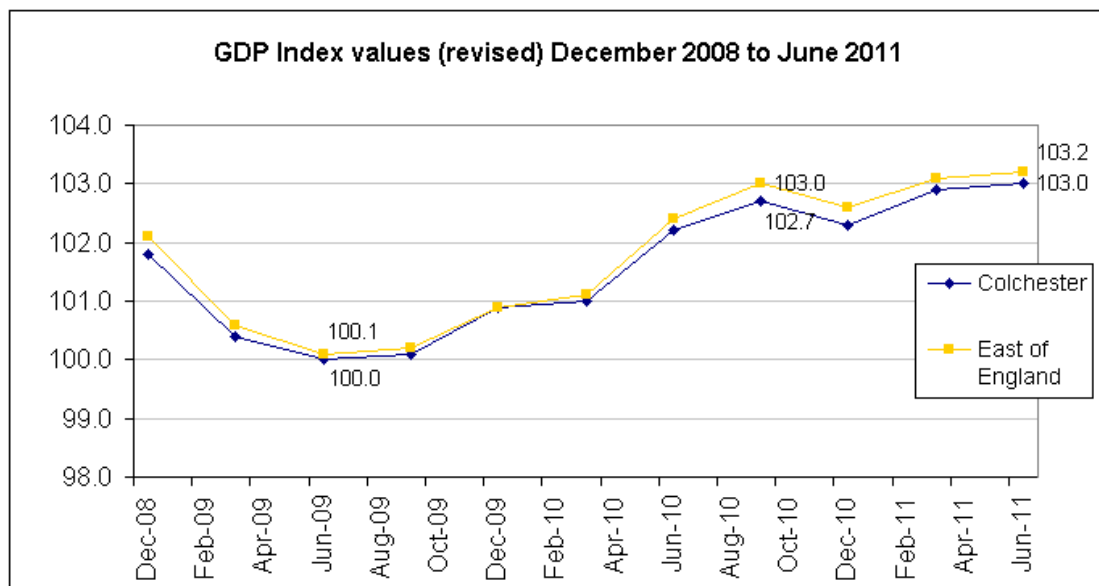
Thanks go to Essex County Council, Connexions Integrated Youth Services and Jobcentre Plus (Essex District and Colchester offices) for providing data towards this report.

For more information or questions about this report, please contact Mandy Jones in the Research and Engagement team at Colchester Borough Council (01206) 282501 or email Mandy.Jones@Colchester.gov.uk

Gross Domestic Product (GDP)

Gross Domestic Product (GDP) provides a measure of total economic activity in a region. GDP is often referred to as one of the main 'summary indicators' of economic activity and references to growth / fall in the economy usually refer to the growth / fall in GDP during the latest quarter.

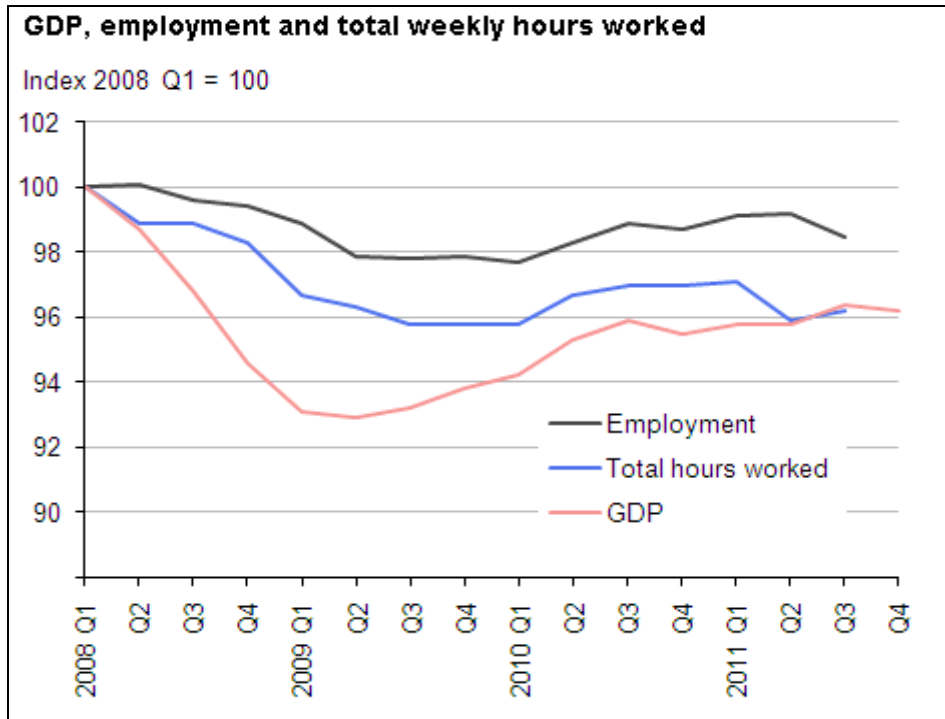
It should be noted that this latest local estimate is for quarter 3 of 2011. Unfortunately, local authority level data for quarter 3 & 4 of 2011 is not currently available. However, we will hopefully be able to provide this data in the next economic report. Local modelled estimates had showed a general increase in GDP index values in previous quarters, in line with regional trends. Please see the chart below (reproduced from previous report), that shows trends up until June 2011. For further information please see the September 2011 economic report.



ONS regional GDP data accessed from Gavurin recession map, © Crown Copyright, 2011

National GDP Data from the Office for National Statistics

Official Government data shows GDP growth / decline by industrial sector (manufacturing, construction etc). The data does not show regional or local difference. Provisional quarter 4 data for 2011 has just been released, showing a shrink in the UK economy, with a decrease of 0.2% in GDP. This is based on the 2008 index. This decrease has been attributed to weakness in the production sector. When comparing 2011 to the previous year, the economy has exhibited subdued growth. GDP grew by 0.9% in 2011 compared to 2.1% in 2010. The quarter 4 data has also shown a 0.9% drop in manufacturing and a 0.5% fall in the construction sector.



ONS data, © Crown Copyright, 2012

Recently it has been announced that the Colchester based printing firm Polestar may be ceasing operations in the area. This could be a significant cause for concern to the local economy, as the company offers employment for many local residents. Polestar is currently engaged in a 90 day consultation period with staff, with the potential loss of 400 jobs. Colchester based retail chains Past Times and Peacocks have also entered into administration, which may affect unemployment numbers in future months.

Unemployment and Worklessness Data

Employment and unemployment (Jul 2010-Jun 2011)				
	Colchester (numbers)	Colchester (%)	East (%)	Great Britain (%)
All people				
Economically active [†]	97,800	79.0	78.9	76.2
In employment [†]	93,400	75.3	73.5	70.2
Employees [†]	82,400	67.5	63.2	60.7
Self employed [†]	10,700	7.5	9.9	9.1
Unemployed (model-based) [§]	6,100	6.1	6.7	7.7

Source: ONS annual population survey

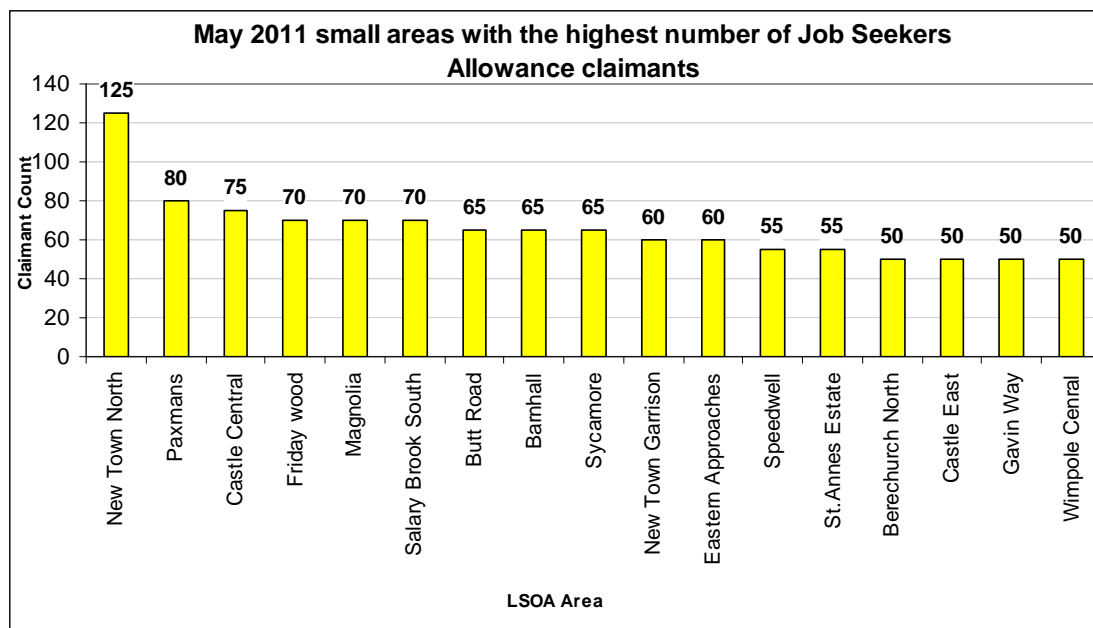
Sample size too small for reliable estimate ([see definitions](#))

† numbers are for those aged 16 and over, % are for those aged 16-64

§ numbers and % are for those aged 16 and over. % is a proportion of economically active

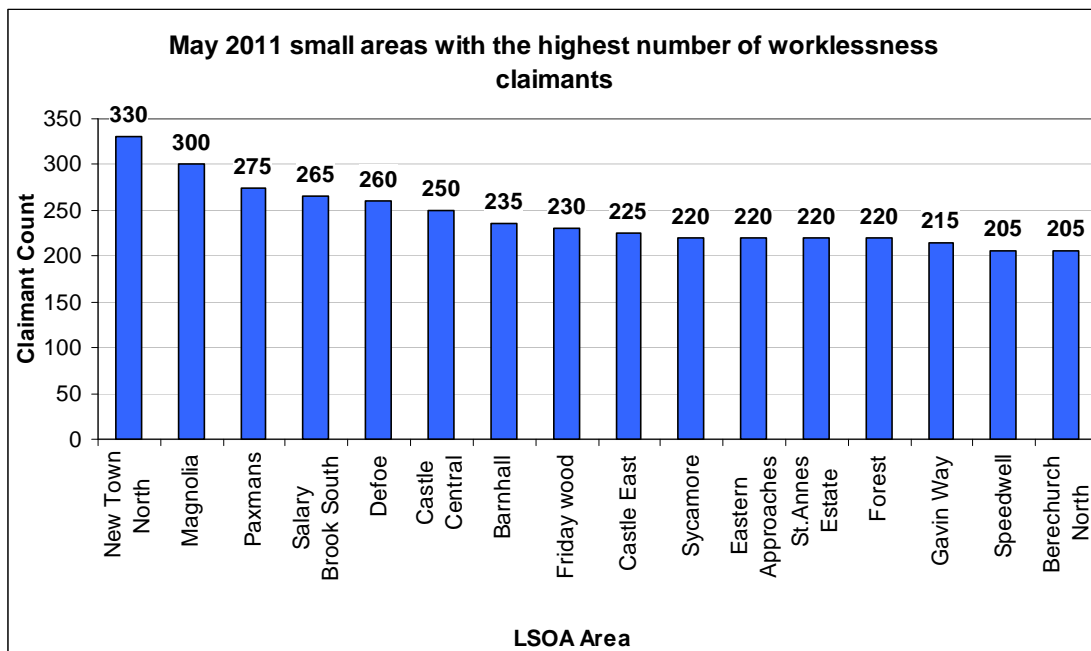
The unemployment percentage shown in the last report for January - December 2010, showed that Colchester had the lowest percentage of unemployed individuals, at 6.1%, whereas the East and Great Britain had rates of 6.5% and 7.7% respectively.

Data above for July 2010 – June 2011, shows that Colchester still has a lower unemployment rate - 6.1%, compared to other areas. The value for Colchester is the same as in the last published report. In the East the unemployment rate has increased by 0.2%, to 6.7%. However, the rate for Great Britain has remained stable when compared to the last report, and this is still the highest figure at 7.7%.



Source: DWP NESS Dataset, December 2011

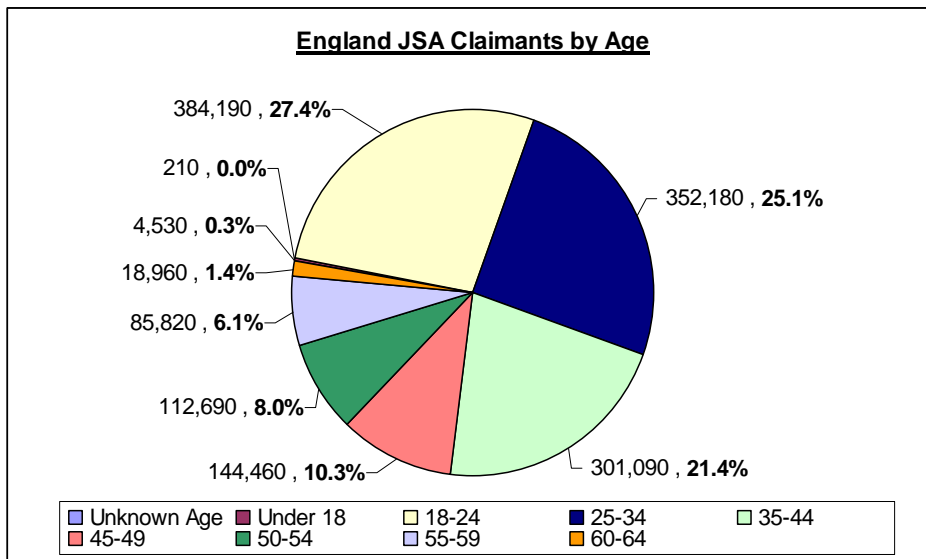
New Town North had the highest number of Job Seekers Allowance claimants in May 2011, as was the case in previous economic reports. Since the February 2011 data was published, the figure for JSA claimants in this small area had increased from 105 to 125. Paxmans had the second highest number of JSA claimants at 80, whereas in February 2011 Castle Central had the second highest JSA claimants (80 claimants). In February 2011 there were 16 small areas in Colchester with 50 or more JSA claimants resident, compared to 17 in May 2011.



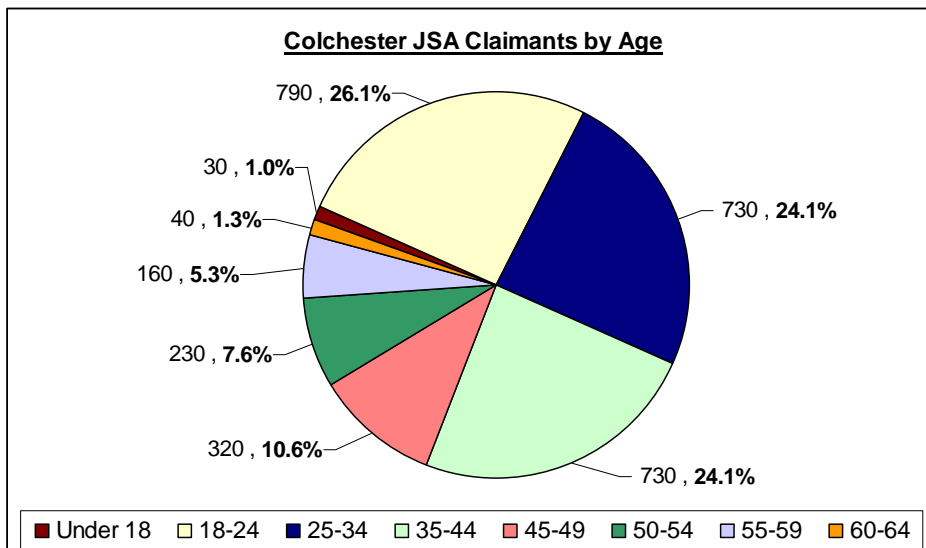
Source: DWP NESS Dataset, December 2011

Identical to February 2011 data, New Town North also had the highest overall number of worklessness claimants, with a figure of 330 in May 2011. In February 2011, there were 17 small areas in Colchester where 200 or more people were claiming worklessness benefits, compared to 16 areas in May 2011. New Town North and Magnolia remained in the top two positions in terms of total numbers of worklessness claimants. However, the number of claimants in Magnolia decreased by 3% from February to May 2011. In February, Paxmans had the 5th highest number of worklessness claimants (260). By May 2011, Paxmans had the 3rd highest number (275), an increase of 6%.

May 2011 Job Seekers Allowance JSA Claims by Age



Source: DWP tabulation tool data downloaded December 2011



Source: DWP tabulation tool data downloaded December 2011

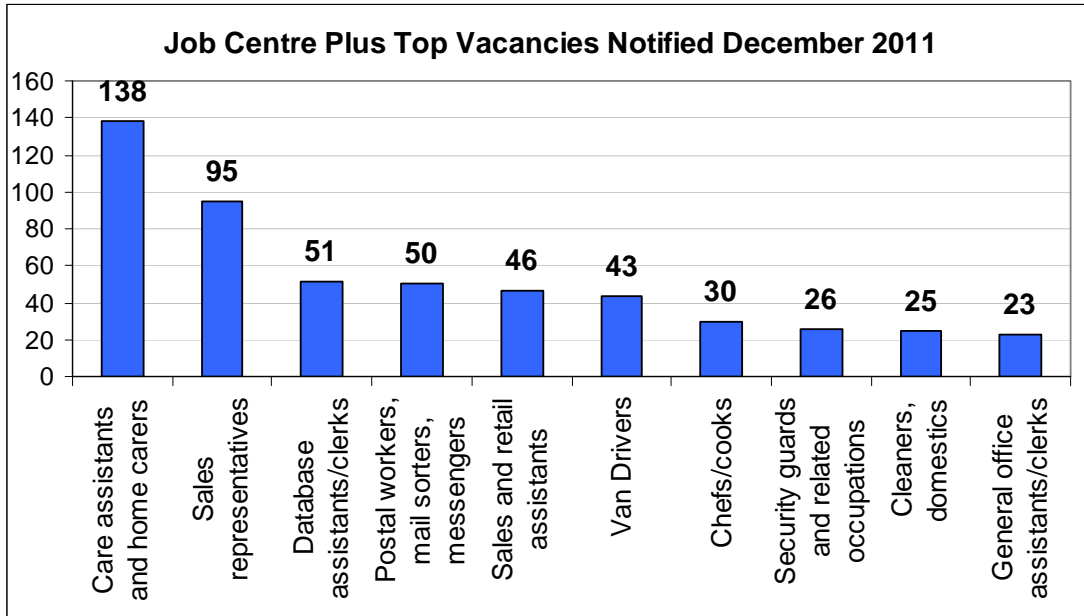
In May 2011 in both England and Colchester, the largest proportion of JSA claimants were the 18-24 age group. In England they made up 27% of all claimants, this was slightly higher than in Colchester (26% of claimants were 18-24).

In Colchester in May 2011, there were 2 age groups with second largest proportion of claimants, those aged 25-34 and those aged 35-44. These age groups each represented 24% of total claimants, this equated to 730 individuals in each group. However, in England the second largest claimant group were 25 to 24 year olds only, this group represented 25% of all claimants.

In both geographies the under 18s made up the smallest proportion of overall Job Seekers Allowance claimants, but this may largely be due to eligibility. If

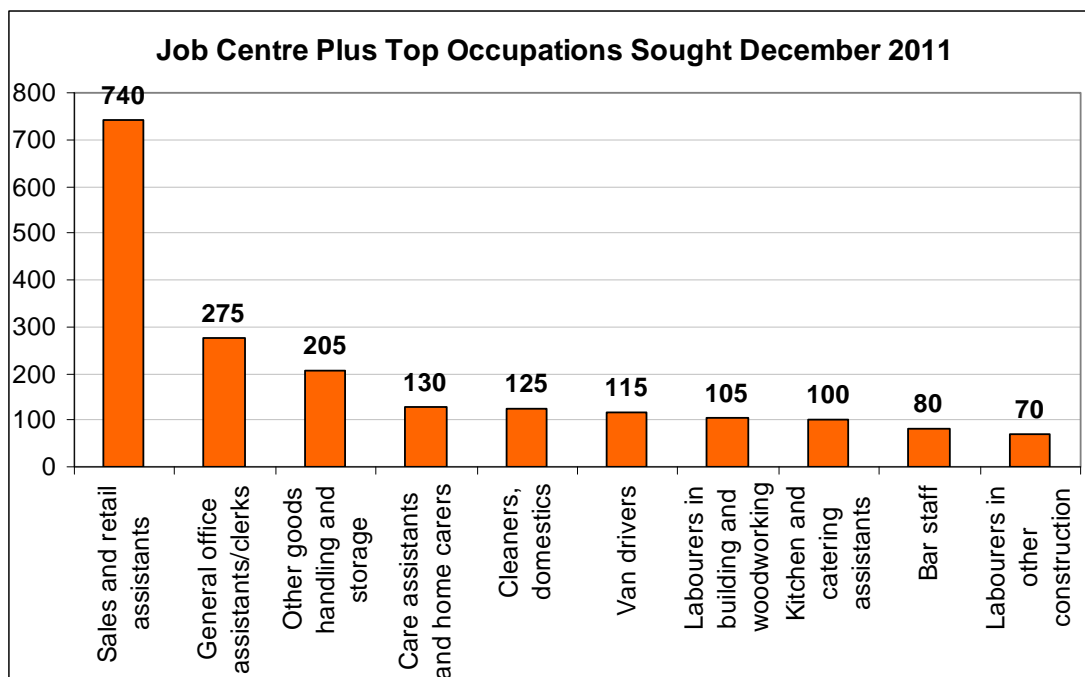
they still live in the family home they may not be entitled to income based claims, and lack of previous work may mean they are not entitled to contribution based claims. The group with the second smallest proportion of claimants was the 60 to 64 age group.

Job Centre Plus Data Vacancies Notified and Occupations Sought



Data: Job Centre Plus, Colchester branch site level occupations sought, December 2011

In December 2011, the total number of vacancies advertised appears to be lower than the June 2011 data. Although in June the top occupation showed 112 vacancies available (compared to 138 in December). In the previous economic report, the top vacancy advertised was 'sales and related occupations', however this was replaced by 'care assistants and home carers'. This occupation accounted for the highest number of vacancies, and appeared in fourth position in relation to the top ten occupations sought.



Data: Job Centre Plus, Colchester branch site level occupations sought, June 2011

As in the previous economic reports, sales and retail assistant jobs were the top occupation sought, with 740 job seekers in December 2011 - up 20% from 615 job seekers in June 2011. This was followed by general office assistants with 275 job seekers and other goods handling & storage with 205 job seekers. The top three occupations sought remains the same as in the June 2011 data. Data shows that there is a large void between notified and sought occupations. There were a total of 1,009 jobs notified in December 2011 compared to 3,630 sought occupations.

Not in Employment, Education or Training (NEET) Data

Since April 2011, reporting in Essex has been based on 16 – 19 year olds (cohort groups 2008 – 2010) who are resident in the area. Previously the cohort was based on NEET, unknowns, in training and employment resident in the area and those who were educated in Essex LA. Therefore the previous cohort has increased from 39552 to 50560. Unknowns are considerably high therefore the NEET numbers could be higher.

Please also note that for district level NEET figures, adjusted figures are used, whereas the ward data uses actual NEET numbers. Please note that in the previous economic report, the district numbers were in fact, actual NEET numbers, and not adjusted figures as the title suggests. Therefore, the district data in this report has been compared to the adjusted July 2011 dataset, and not the actual NEET numbers published in the previous report.

When looking at changes over a two month period (September – October 2011), all districts apart from Chelmsford appear to have seen a reduction in NEET numbers. In the previous report covering June and July 2011 data, all areas apart from Colchester and Epping Forest, had a decrease in NEET

numbers (please see caveat in the paragraph above for discrepancy issues). In October 2011, Basildon was still the highest NEET district with 526, followed by Tendring at 490, Chelmsford at 476, and Colchester at 450. Uttlesford continues to remain the lowest district with 141 NEET.

NEET Adjusted Figures by District, September-October 2011

District	NEET Adjusted					
	%		Numbers		Difference	DOT*
	Sep-11	Oct-11	Sep-11	Oct-11		
Basildon	9.6%	7.9%	637	526	-111	↓
Braintree	8.9%	7.8%	451	397	-54	↓
Brentwood	7.0%	6.4%	176	159	-17	↓
Castle Point	9.5%	8.2%	323	279	-44	↓
Chelmsford	7.7%	7.9%	463	476	13	↑
Colchester	9.4%	7.8%	547	450	-97	↓
Epping Forest	7.1%	6.6%	237	221	-16	↓
Harlow	9.2%	7.4%	270	217	-53	↓
Maldon	8.1%	7.2%	190	169	-21	↓
Rochford	7.1%	6.3%	228	204	-24	↓
Tendring	11.2%	10.0%	544	490	-54	↓
Uttlesford	6.8%	5.9%	163	141	-22	↓
Essex	8.7%	7.7%	4229	3729	-500	↓

*direction of travel

Data Source: CCIS October 2011

Between September 2011 and October 2011, there was a decrease of 97 individuals classed as NEET in Colchester, which was the second highest decrease, behind Basildon. In October of 2011 in Colchester, 7.8% of the total 16-19 age cohort were NEET. When directly comparing July 2011 data and October 2011 data the overall raw number of individuals classified as NEET in Essex has increased by 36%, from 2744 to 3729.

However, Essex County Council note that historically, NEET figures peak in September as young individuals often commence college/ further training and transfer from the NEET classification to the EET (education, employment or training). Thus, numbers can be distorted in September and October, as the information is fed from college/providers on to the NEET system. The figures are expected to reduce in November 2011.

The table below shows Colchester District NEET by Ward, the percentage of the total NEET numbers in Colchester based in each ward is also shown. St Andrews continues to be the highest NEET ward with 15% of Colchester's total resident NEET population and Berechurch is now the second highest. This differs from the previous report where Shrub End had been the second highest NEET ward.

NEET Actual Numbers by Ward, October 2011

Ward	Oct-11 NEET Actual Numbers	% of All Colchester Individuals NEET
St Andrew's	53	15.2%
Berechurch	39	11.2%
Shrub End	31	8.9%
St Anne's	29	8.3%
Harbour	27	7.7%
New Town	26	7.4%
Highwoods	24	6.9%
Castle	16	4.6%
Stanway	15	4.3%
Lexden	11	3.2%
Tiptree	10	2.9%
Prettygate	10	2.9%
Mile End	10	2.9%
Christ Church	8	2.3%
St John's	7	2.0%
West Mersea	6	1.7%
Marks Tey	6	1.7%
Wivenhoe Quay	5	1.4%
Fordham & Stour	4	1.1%
Birch & Winstree	4	1.1%
East Donyland	2	0.6%
Dedham & Langham	2	0.6%
Wivenhoe Cross	1	0.3%
West Bergholt & Eight Ash Green	1	0.3%
Great Tey	1	0.3%
Copford & West Stanway	1	0.3%
Pyefleet	0	0.0%
Colchester Total	349	100.0%

In Focus/ Extra news

Firstsite Opened on 25th September

The new Firstsite building, designed by internationally acclaimed Rafael Viñoly Architects, was opened at 10am on Sunday 25 September 2011. The building was officially opened by Mayor Chuah assisted by the children of St Helena School, who helped to restore Firstsite's only permanent exhibit – the Berryfield Roman Mosaic, which dates from around AD200.

Mayor Chuah released 200 gold balloons, and in six hours more than 3,000 guests visited the building, to enjoy the Camulodunum exhibition which ran until the 22nd January 2012.

From its opening to the beginning of November, the Firstsite had approximately 50,000 visitors, which equated to 1/3rd of the total 150,000 visitors expected for a year.

Lots of exciting events are planned for the New Year including an hour long art lecture specifically for children. Guided tours of the Firstsite building are also available on selected dates until the 19th March 2012.

Firstsite is the catalyst for the regeneration of St Botolph's which will see 3 new hotels, new social spaces, a new Magistrate's Court as well as new shops, restaurants, cafes and bars.

Data Source: <http://www.firstsite.uk.net/>

Housing Trends Update

Figures from HM Revenue and Customs, show that November saw home sales hit their highest monthly level of the year. There were 85,000 property sales during November, which is an increase of 6,000 from the previous month, and 9,000 more sales compared to November 2010. However, despite this increase in the final months of 2011, the number of sales in the first 11 months of the year was lower than the equivalent period in 2010, (787,000 in 2011 sales compared to 810,000 in 2010).

The property market has been troubled for several years, with the sustained rationing of mortgages, and the initial unwillingness of sellers to reduce asking prices. Adding to this is the continued unease surrounding the overall state of the economy, as well as concerns around job prospects and opportunities. In December 2011 the Council of Mortgage advisers showed that mortgage lending had been squeezed over the autumn of 2011.

The Nationwide building society reports that UK house prices remained relatively unchanged in 2011 and more of the same is expected. They reported that the average home rose in value by 1% in 2011, but fell by 0.2% in December compared with the previous month.

There were also geographical differences, regional changes ranged from a 5.4% drop in average prices in the North East of England, to a 1.4% rise in London.

At a regional level, from February to August 2011, Colchester saw the largest increase in average housing price (an increase of £3,426 to £208,403), compared to other local authorities. Colchester saw a notable rise in the price of lower quartile terraced properties (an increase of £10,000), from August 2010-August 2011. Colchester also saw a modest increase in the price of semi-detached properties (£1,000). From January – October 2011 Colchester's average private housing stock turnover was 1.6%, this is slightly higher than the Eastern region as a whole (1.4%).

Data sources:

BBC News (21/12/11) <http://www.bbc.co.uk/news/business-16284992>

BBC News (30/12/11) <http://www.bbc.co.uk/news/business-16356568>

Regional housing trend data extracted from the Greater Haven Gateway – Housing Market Trends report, November 2011

Retail Sales and Spending

Retail Sales Fall

Retail sales in November 2011 fell by 0.4% compared to October 2011, in spite of widespread discounts on the high street. When fuel spend is excluded, retail sales fell by 0.7% on the month, the ONS reports.

Consumers had decreased their spending on personal computers, mobile phones, and jewellery items, however clothing sales had recovered. The British Retail Consortium (BRC) expressed their views on the matter, saying that these figures were "miserable". The fall follows a surprise increase in sales in October, with analysts suggesting that this rise was due to retailers commencing sale of highly discounted products.

Sales figures were also recently revised by the ONS for the three months to the end of November, as a result sales rose 0.7% over the quarter, which is the strongest three-month gain since August 2010. The Christmas period is anticipated amongst retailers, as they look to the Christmas sales to provide an increase in sales.

The director-general of the BRC Stephen Robertson, described the data findings for November as showing "a very trying month", he added in his comments to the BBC that "Non-food is having a thoroughly miserable and difficult time".

Philip Shaw, at Investec, commented that the fall in sales in November was not a complete surprise, having known that the quarter prior to this had been solid. He commented "Perhaps the rise in textile store sales (over the three months) was a little bit of an anomaly, given relatively warm weather. But in

terms of the broad trend in sales volumes, it still looks a little bit firmer than had been the case earlier in the year... But the outlook for the economy and consumer spending specifically, remains uncertain”.

Retail guru Mary Portas cautioned that the UK’s High Streets were suffering as the result of online completion, with some high streets too late to save. However, weekly figures from the week commencing the 12th December indicate a sharp increase in the number of shoppers, as promotional items were snapped up in the weeks before Christmas. Compared to the week prior to this, High Street shopper numbers had increased by 2.3%.

2012 is set to be a tough year with claims that consumer spending will grow by only 1.2% next year, the third slowest rate in 40 years. Maureen Hinton of Verdict said: "The first three months of 2012 will be the most difficult period for retailers as consumers cut back severely after the expensive Christmas period. Conditions will ease slightly with events such as Easter, the Diamond Jubilee and the Olympics improving consumer sentiment, but overall confidence will still be low."

In addition to this, recent announcements have seen an average increase of 5.9% in commuters rail fares, the changes have been implemented from the 2nd January 2012. A season ticket from Colchester to London will cost £4,376 from this date, an increase of more than £300 from the previous year.

Data sources:

BBC News (15/12/11) <http://www.bbc.co.uk/news/business-16194154>

BBC News (04/01/12) <http://www.bbc.co.uk/news/business-16344208>

BRC (Weekly Reporting Information) (21/12/11)
http://www.brc.org.uk/brc_news_detail.asp?id=2127

Evening Gazette (21/12/11)
http://www.gazette-news.co.uk/news/local/9432567.Rail_fares_to_soar_in_new_year/

Retail Future is Optimistic for ‘Strong’ Colchester

Colchester has a fundamentally strong retail centre and has weathered the storm of a difficult climate better than many other centres elsewhere in the country, according to the results of an independent survey published earlier this month.

Colchester Borough Council commissioned a report by independent consultants King Sturge / Jones Lange LaSalle to assess Colchester as a retail centre and highlight areas of strength and possible weakness.

These findings will help guide the Council as to how they will best support appropriate retail development in the town centre in the face of changing economic and social circumstances.

The report was launched at a free event for town centre retailers, hosted at Firstsite on the evening of Wednesday 19 October 2011. This event gave

local businesses the opportunity to find out Colchester's retail strengths and weaknesses and hear about the Council's plans to improve the town centre for businesses and consumers.

It was also chance for businesses to discover more about the major improvements in broadband access in the town centre that will be in place by next year.

Consultants King Sturge worked with key local stakeholders including appropriate members of the Council, Colchester Retail Business Association (CoRBA) and the Major Retailers' Forum, all of whom have been able to provide invaluable local market insight.

The report indicates there are no tangible threats to Colchester on the horizon and that it has a solid and rounded retail proposition. It identifies the town has a healthy balance between national multiples and local traders and a robust population and spend growth.

There are also areas for improvement including some large-scale vacant units, a negative perception amongst local residents and that there is currently an uncoordinated independent trader proposition- something the Council is already working towards developing.

Councillor Nick Barlow, Portfolio Holder for Economic Development and Sustainability said: "The results of this study will provide an extremely useful tool to assist the Council in the future with its town centre improvements. It is encouraging to get confirmation that Colchester has a strong retail centre; this will provide the town with a strong base that the Council will build on in the future.

"There are a number of exciting opportunities in the pipeline with developments in the St. Botolphs Quarter and the implementation of the new digital strategy that will provide a boost to the town's economy."

The latest report from retail analyst company CACI* also brings positive news, indicating Colchester has risen from 46th to 43rd in its annual rankings. Retail expenditure this year has totalled £540m – the same as last year, which given the prevailing economic conditions is a significant achievement.

Full results of the report can be viewed here: <http://tinyurl.com/5usls29>

*Which calculates retail expenditure across the UK retail centres and ranks them accordingly

For further information on the Digital Strategy please visit:
<http://tinyurl.com/6knaqtp>

Colchester Castle Museum plans underway for £4.2m redisplay in 2013

On 19 July the Heritage Lottery Fund awarded £3,267,400 towards a major redevelopment of Colchester Castle.

“This is fantastic news”, said Tom Hodgson, Project Manager. “We are now able to put all our planning into practice and create exciting new displays that do justice to Colchester’s nationally important heritage, the outstanding collections and the amazing building in which they are housed”.

Councillor Nick Barlow, Portfolio Holder Commerce and Sustainability, said “This funding will ensure that the Castle continues as a top quality visitor attraction for tourists and as a place in which local residents and schoolchildren can learn and take pride in the long history of their town”.

The Heritage Lottery Fund is contributing 77% of the funding towards this £4.2m project. The equally vital match funding comes from Colchester Borough Council, the European Union through the Norman Connections project, Renaissance museum hub funding, the Friends of Colchester Museums, the Essex Heritage Trust and the Friends of Colchester Roman Wall.

The story of Colchester will be told from its foundation over 2000 years ago to the Siege of Colchester in 1648. The history and features of Colchester Castle will be revealed and interpreted to give people a much better sense of the scale and importance of this unique building. The Castle displays will also be used as a starting point and a link to discovering other heritage sites in Colchester like the Town Walls and Roman Circus. A range of interpretation will appear around the town at key heritage sites.

At the same time the museum shop and other public facilities will be improved. A second lift will be installed to make it easier for all visitors to find their way around the building. The roof will be insulated for the first time and a new under-floor heating system will be installed to improve the building’s energy efficiency.

Colchester Business Directory

The third edition of the Colchester Business Directory is now available. Over 1700 local businesses have so far taken advantage of the opportunity to promote their business for free and help encourage a buy local ethos in the borough.

This new edition is available on CD rom. To get your free copy email enterprise@colchester.gov.uk . For the first time this year the business directory is also available to download via the Colchester Borough Council website at www.colchester.gov.uk/business . If you have not already added done so, you can also add your businesses details here for free.