

Colchester Quarterly Economic Report

Issue 8: June 2011



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, including GDP
- 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 Cheryl Pashley in the Research and Engagement team at Colchester Borough Council (01206) 505390 or email Cheryl.Pashley@colchester.gov.uk

Gross Domestic Product (GDP)

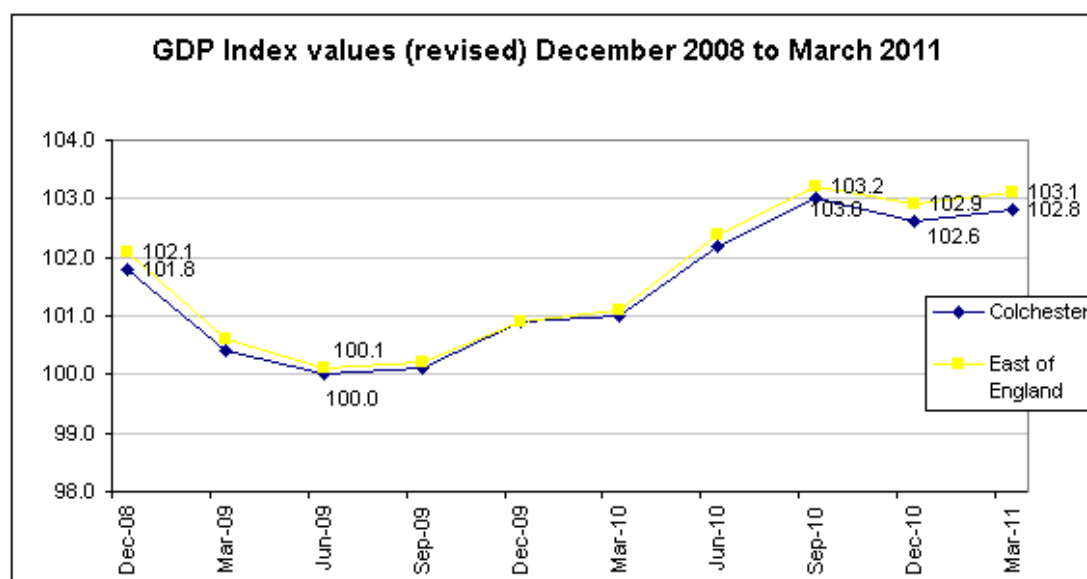
Gross Domestic Product (GDP) provides a measure of total economic activity in a region. GDP is often referred to as one of the main 'summary indicators' of economic activity and references to growth / fall in the economy usually refer to the growth /fall in GDP during the latest quarter.

It should be noted that this latest estimate is only preliminary for the latest quarter and is subject to revision.

This data is primarily concerned with change in GDP rather than the actual level of GDP; it has been indexed (so GDP at the first quarter of 2006 for each area equals 100) to allow the degree of change to be appreciated.

Official Government data shows GDP growth / decline by industrial sector (manufacturing, construction etc). The data does not show regional or local difference.

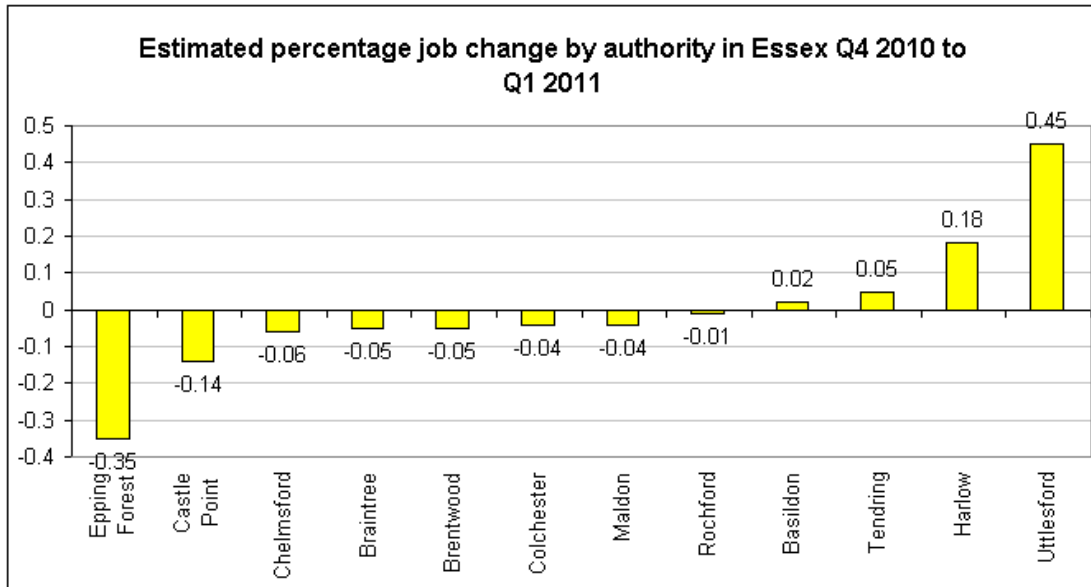
Gavurin have considered the proportion of local employment by sector, and the national GDP change by sector, and apportioned accordingly. They have then indexed each Region and Local Authority against its 2006 first quarter position. It is therefore important to remember that these figures and modelled and therefore indicative and not conclusive.



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

Between December 2008 and March 2011, both Colchester and the East of England had their highest GDP Index value in September 2010. However, after five periods of successive GDP increase from June 2009 to September 2009, both saw a decline between September 2010 and December 2010.

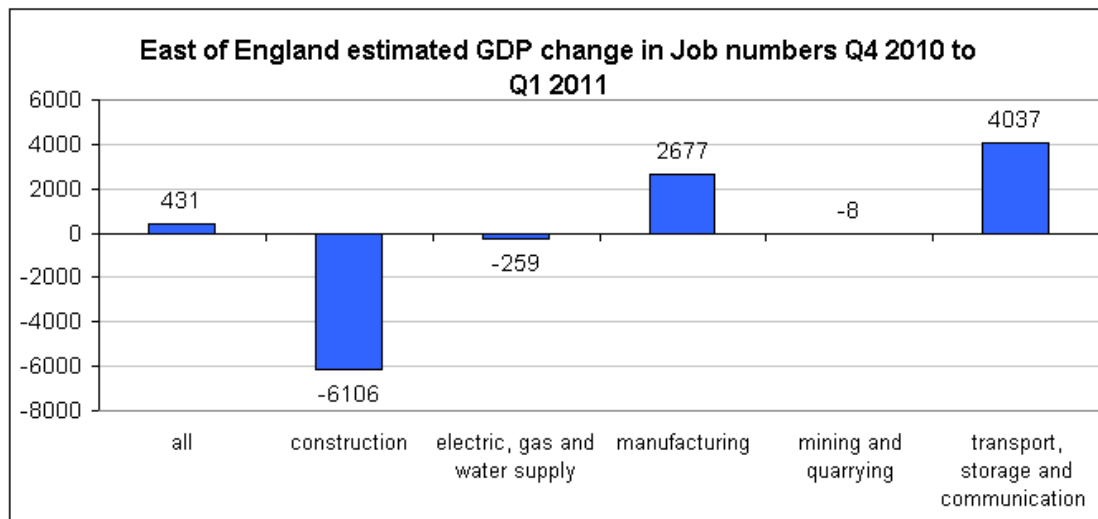
Both geographies saw a slight recovery from this, with an increase in GDP index values between December 2010 and March 2011. Both increased by 0.2, the East of England from 102.9 to 103.1 and Colchester from 102.6 to 102.8.



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

The last report illustrated that between the third and fourth quarter of 2010 only one Essex authority (Harlow) saw an estimated increase in job numbers. Between the fourth quarter of 2010 and the first quarter of 2011, there were four authorities (Basildon, Tendring, Harlow and Uttelsford) with an estimated increase.

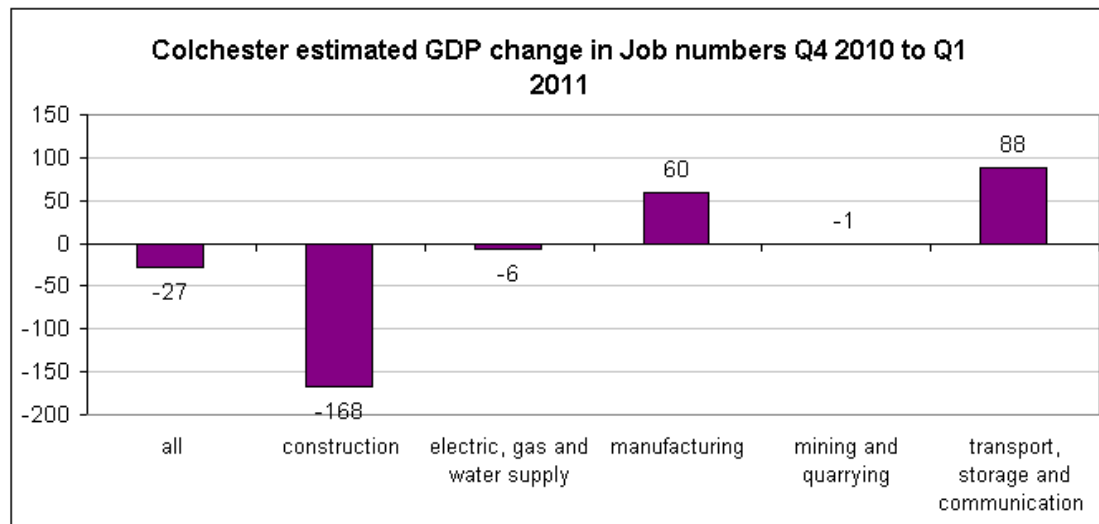
Colchester was estimated a 0.04% decrease in jobs for this period. This was marginally lower than the previous period, where a 0.09% decrease was estimated.



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

Overall, the East of England was estimated a net increase of 431 jobs between the fourth quarter of 2010 and first quarter of 2011. The largest estimated decrease in jobs was in construction, with an estimated loss of 6,106 jobs across the East of England. There was an estimated increase in jobs in manufacturing and transport, storage and communication, with the

largest in transport, storage and communication with an estimated 4,037 across the East of England from the fourth quarter of 2010 to the first quarter of 2011.



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

Overall, Colchester was estimated a net decrease of 27 jobs between quarter four of 2010 and quarter one of 2011 based on GDP figures. The largest decrease was estimated in construction, with a job loss of 168. Both manufacturing and transport, storage and communication were estimated an increase at 60 and 88 jobs respectively.

Employment and Unemployment (including Job Seekers Allowance (JSA) claimants)

Employment and unemployment (Oct 2009-Sep 2010)

	Colchester (numbers)	Colchester (%)	East (%)	Great Britain (%)
All people				
Economically active [†]	94,000	76.8	78.8	76.3
In employment [†]	89,100	72.7	73.5	70.4
Employees [†]	77,100	63.5	62.9	60.9
Self employed [†]	10,800	8.2	10.2	9.0
Unemployed (model-based) [§]	5,900	6.2	6.6	7.7

Source: ONS annual population survey

Sample size too small for reliable estimate

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

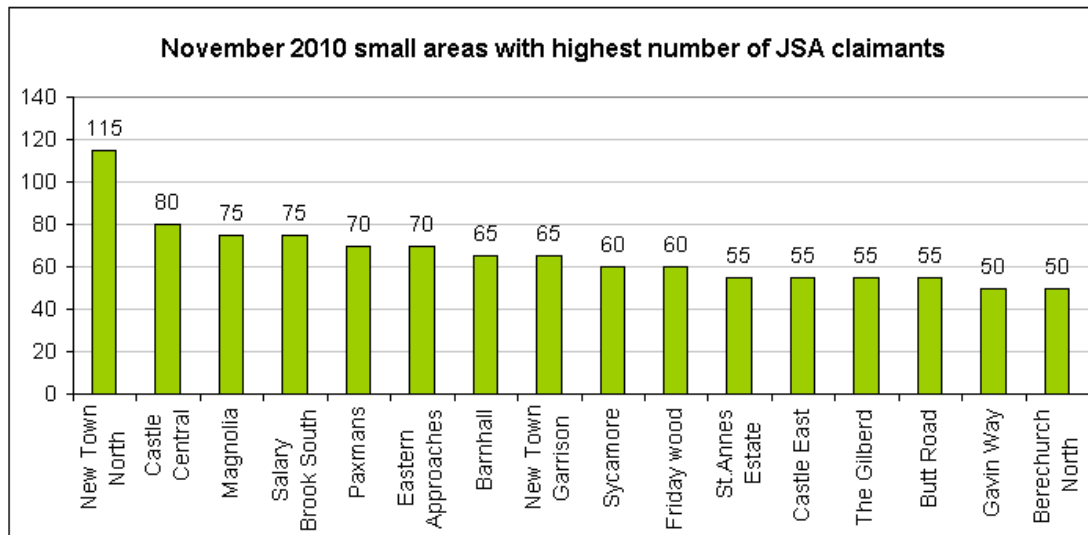
§ numbers and % are for those aged 16 and over. % is a proportion of economically active

Important note

11 Aug 2010: The population figures used to calculate residence-based proportions (rates) have changed from working age (16-59f/64m) to aged 16-64 for both males and females. This change affects rates for all dates. So rates for all dates will differ to those downloaded previously.

The unemployment percentage shown in the last report between April 2009 and March 2010 was 6.3% in Colchester, 6.6% in the East and 7.7% in Great Britain, so Colchester had relatively less unemployed people than the East of England and Great Britain.

The most recent data, shown above for October 2009 to September 2010, shows that Colchester still has the lowest percent unemployed, and that this decreased to 6.2%, where the East and Great Britain stayed at the same rate.



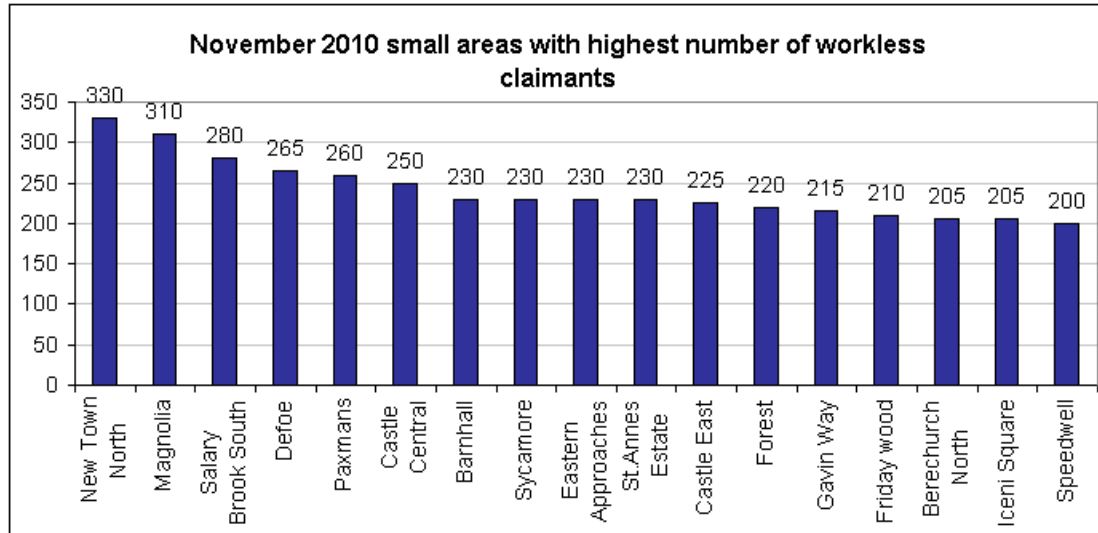
Source: DWP tabulation tool data downloaded June 2011.

In November 2010 there were 13 small areas in Colchester where 55 or more people were claiming Job Seekers Allowance (JSA) this is the same as the last economic report.

New town north also had the top number of JSA claimants in August 2010 at 90, and whilst it was still the top area in November the number of JSA claimants had increased to 115. Castle central increased to the second

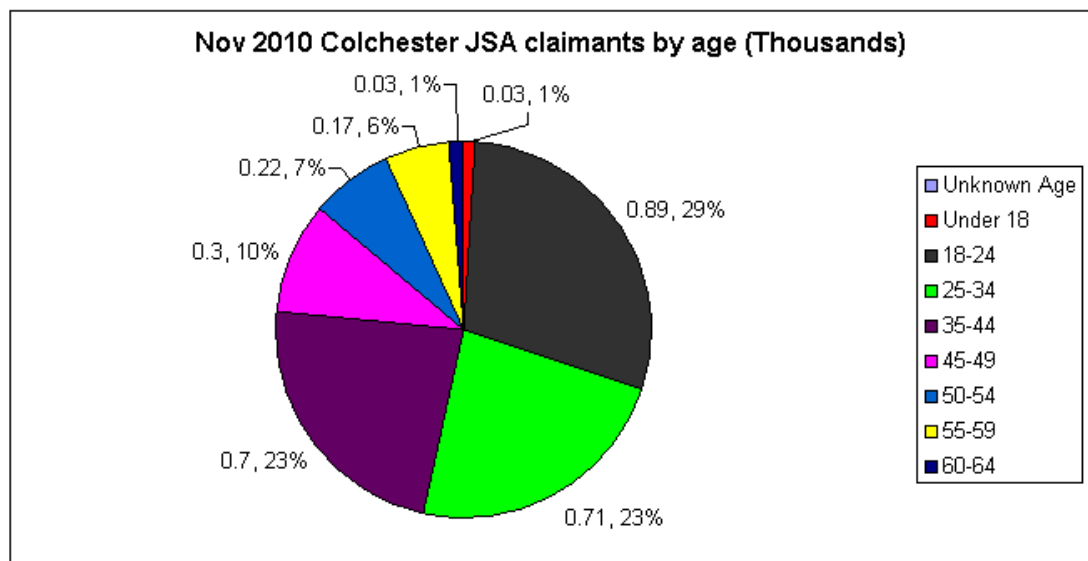
highest figure in the November 2010 data, from 70 claimants in August 2010 to 80 in November.

Magnolia had the same number of claimants at 75 between August 2010 and November 2010.



Source: DWP tabulation tool data downloaded June 2011.

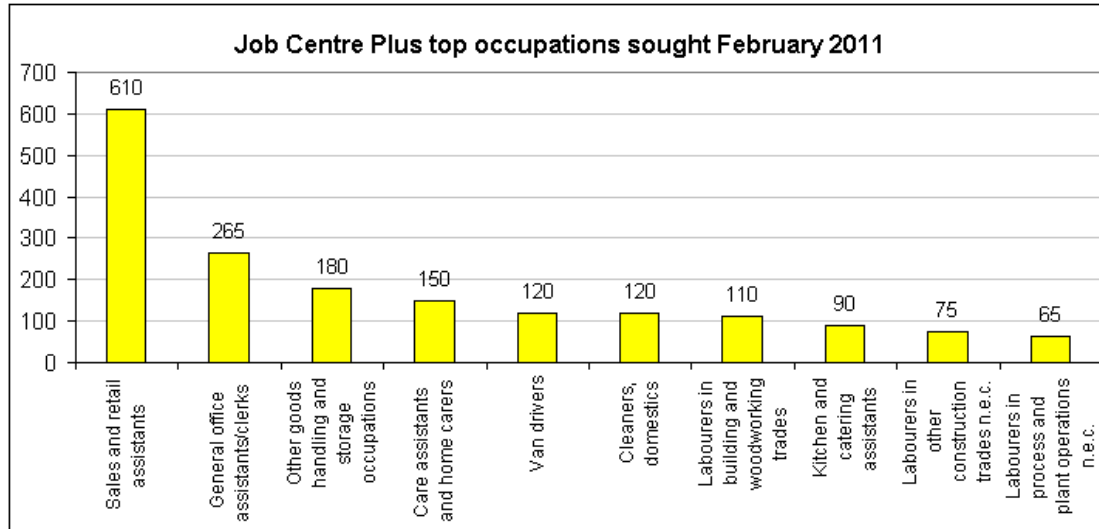
- In the November 2010 worklessness figures, there were 16 small areas with 205 or more people claiming worklessness benefits. (Same benchmark as in previous reports) This figure was the same for the last economic report.
- The top small area for the number of worklessness claimants was New Town North, but this was with 330 worklessness claimants, which was the up from 215 in the August 2010 data.
- Magnolia and Salary Brook South were also in the same position as the previous report, with the same worklessness figures.



Source: DWP tabulation tool data downloaded June 2011.

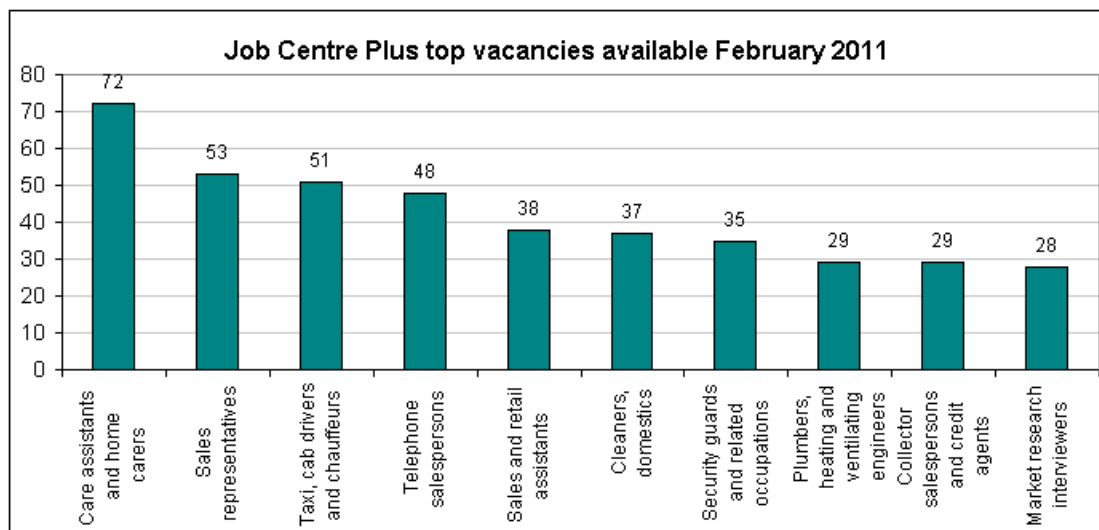
As in August 2010, the 18 to 24 year old age group accounted for the largest percentage of Job Seekers Allowance claimants, at 29% of all claimants. In August the second highest claimant age group was the 25 to 34 year old age group.

Job centre Plus Colchester data



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

As in the previous economic reports, sales and retail assistant jobs were the top occupation sought, up from 590 in the previous report to 610 job seekers in February 2011. This was followed by general office assistants with 265 job seekers and other good handling and storage with 180 job seekers. The top three occupations sought have therefore remained the same since the previous report.



Data source, Job Centre Plus, Colchester branch site level vacancies, February 2011

Overall, the number of vacancies advertised seems lower than the January 2011 data, where the top occupation showed 325 vacancies available. As in

the previous economic report, the top vacancy advertised was care assistants and home carers, at 72. Sales representatives accounted for the second highest vacancies, but did not appear in the top ten occupations sought, which was also the case for taxi, cab drivers and chauffeurs which had the third highest vacancies.

Not in Employment, Education or Training (NEET) data

In Essex from April 2011 the Integrated Youth Service are now reporting on all 16 to 19 year olds who are resident in our area. (These are 2008, 2009 and 2010 cohort groups). Previously they reported on 16 – 18 year olds who were resident in Essex if they were NEET, Unknown, in Employment or training and if they were educated in Essex LA.

Therefore the total cohort has now increased to 50551 where as previously it was 39552.

Unknowns have gone up considerably due to the residency rule and 19 year olds being included in figures. The previous year's data is consequently not comparable and has been removed.

NEET Adjusted numbers			
District	Apr 11	May 11	difference
Basildon	575	526	-49
Braintree	383	350	-33
Brentwood	91	90	-1
Castle Point	256	229	-27
Chelmsford	367	356	-11
Colchester	342	335	-7
Epping Forest	94	88	-6
Harlow	133	118	-15
Maldon	116	110	-6
Rochford	144	143	-1
Tendring	502	467	-35
Uttlesford	79	78	-1
Essex	3088	2887	-201

Colchester 14 to 19 Area Planning Group (APG) NEET data set, provided by NE Area Integrated Youth Services, © Essex County Council (June 2010)

As there was a change in the methodology for calculating the NEET figures, the data available cannot be compared with the previous year. Instead, the data shows how the district NEET figures changed between April 2011 and May 2011.

All Essex districts saw a decrease in NEET figures. The largest decrease was in Basildon, with a reduction of 49 NEET, followed by Tendring, which reduced by 35.

The most recent data shown for May 2011, shows that the number of NEET in Colchester is 335. This places Colchester with the fifth highest NEET figure out of the twelve Essex districts. The highest was in Basildon, where there were 526 NEETs in May 2011. The lowest was Uttelsford, with only 78 NEET residents.

Ward	May-11 NEET	May-11 NEET %
St Andrew's	55	14.6%
Berechurch	38	10.1%
New Town	37	9.8%
Shrub End	35	9.3%
Harbour	30	7.9%
Castle	24	6.3%
St Anne's	23	6.1%
Highwoods	22	5.8%
Stanway	12	3.2%
Prettygate	11	2.9%
Marks Tey	11	2.9%
Mile End	10	2.6%
Tiptree	10	2.6%
Lexden	7	1.9%
West Mersea	7	1.9%
St John's	7	1.9%
Wivenhoe Quay	6	1.6%
East Donyland	6	1.6%
West Bergholt and Eight Ash Green	5	1.3%
Christ Church	4	1.1%
Birch and Winstree	4	1.1%
Pyefleet	4	1.1%
Fordham and Stour	3	0.8%
Great Tey	3	0.8%
Dedham and Langham	3	0.8%
Wivenhoe Cross	1	0.3%
Grand Total	378	100.0%

The ward with the largest number of Colchester NEET was St Andrew's, with almost 15% of the total resident NEET population, at 55. This was an increase from February, where there were 40 NEET in this ward. As in the previous economic report, Berechurch also had the second highest NEET resident, followed by New Town ward with 38 and 37 NEET respectively.

Colchester 14 to 19 Area Planning Group (APG) NEET data set, provided by NE Area Integrated Youth Services, © Essex County Council (June 2010)

Purple Flag for Colchester?

Purple Flag is a new accreditation and standard which recognises great hospitality and entertainment areas at night. Places which achieve this gold standard offer a positive experience to night-time visitors and uses. It is similar in status to Blue Flag for beaches and Green Flag for parks.

It is an objective assessment which aims to provide recognition to town centres which are managing the night-time experience and may help to overcome negative public perceptions which may exist.

Colchester's economic development and tourism team will be working with other town centre interests over the coming months to get the application together with a view to applying in October.

Purple Flag is supported by leading organisations such as: Diageo, the SIA (Security Industry Authority), Smart City Dressing, BIIAB (a qualifications body) the Association of Chief Police Officers, Keep Britain Tidy and the Association of Town Centre Managers.

Colchester Bids for City Status in 2012

Colchester has applied for City Status twice before: in 1999 as part of the Millennium celebrations and again in 2001 as part of the Queen's Golden Jubilee celebrations in 2002. Earlier this year the Cabinet Office announced that there will be an opportunity for local authorities to apply for civic honours to celebrate the Queen's Diamond Jubilee in 2012. Local community and social interest group, Destination Colchester, led the bid. Having engaged widespread public support Destination Colchester also secured support from the local business community and put the bid together at no cost to the public purse.

In its history Colchester was once a city of course. As 'Colonia Claudia' Colchester was the first Capital of Roman Britain, but lost this status after AD410 when Britain had effectively ceased to be part of the Roman Empire.

There are no specific criteria for applications, just a request for an entry comprising:

- An introduction of no more than 5 pages highlighting why the area deserves city status
- A profile of the area
- Up to 50 photographs of permanent features of the area (rather than events or people)
- Two maps

The closing date for entries was 27th May 2011 and Her Majesty's decision will be announced in 2012.

Take a look at the bid here: <http://www.visitcolchester.com/news/Colchesters-City-Status-Bid.aspx>

UK retail decline (report extract from BBC)

16 June 2011 Last updated at 16:04

UK retail sales fell 1.4% in May, official figures have shown, reversing the rise seen in April when sales were boosted by the royal wedding. In April, sales had risen 1.1% on the previous month, reflecting a "spike" due to one-off factors, the Office for National Statistics (ONS) said. However, May's sales figures were worse than analysts had expected. The ONS said that food and fuel now accounted for more than half of all spending. As well as the royal wedding, the warm weather, the timing of Easter and a run of bank holidays had helped to lift sales in April. However, the ONS said that May's figures showed consumers were now cutting back because of the tough economic climate, worries about rising fuel prices and job uncertainty.

Various sectors had fared differently, with smaller retailers doing slightly better than larger ones, Joe Grice from the ONS said. Food expenditure was down 3.5% in May - "a pretty direct result of the royal wedding and the April special effects," said Mr Grice. This was the biggest monthly decline in food store sales since June 2008. The figures chimed with warnings from major food retailers earlier in the week. Tesco had said that UK sales were subdued, blaming high fuel costs and the "cautious consumer environment", while Sainsbury's also warned that rising fuel costs were reducing the amount of money people had available to spend.

Joe Grice of the Office for National Statistics reacts to the figures
Brian Hilliard, chief UK economist at Societe Generale, called the data "an absolute stinker". "We were all expecting a pullback after the exceptionally strong month of April, but surveys hadn't prepared us for something quite this bad," he said. "The basic story is clear: the consumer is not prepared to put their head above the parapet and the outlook is very soft. "But the feature for growth this year is that we shouldn't be relying on the consumer. It's disappointing, but it's not the centre of anyone's forecasts on growth this year," he added.

The British Chambers of Commerce (BCC) also said the figures were disappointing. "On the basis of these figures we reiterate our forecast that GDP (gross domestic product) is likely to grow by only 0.3% in the second quarter of 2011, much less than the OBR [Office for Budget Responsibility] and other analysts are predicting," the group's chief economist David Kern said.

The Office for Budget Responsibility said in its March forecast that it expected the economy to grow by 0.4% in the second quarter. Mr Kern also said that now was not the right time to raise interest rates. "Given the pressures facing businesses and consumers, and with the government's fiscal austerity programme continuing to bite, it would be a mistake to raise interest rates in the near future."

Nida Ali, economic adviser to the Ernst & Young Item Club, said the figures reflected subdued consumer sentiment as real incomes were continuing to

fall. On Tuesday, ONS data showed that Consumer Prices Index (CPI) inflation remains at 4.5%, more than twice the Bank of England's target of 2%. At the same time, research from Incomes Data Services suggests that pay settlements in the public sector are running at zero, while the median settlement in the private sector is 3%. "Households remain heavily indebted and are eager to reduce, rather than add to their debt burden," Ms Ali said. "These circumstances are unlikely to change in the near future and we would expect to see weak out-turns for retail sales in the coming months."