

Colchester Quarterly Economic Report

Issue 9: September 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 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)

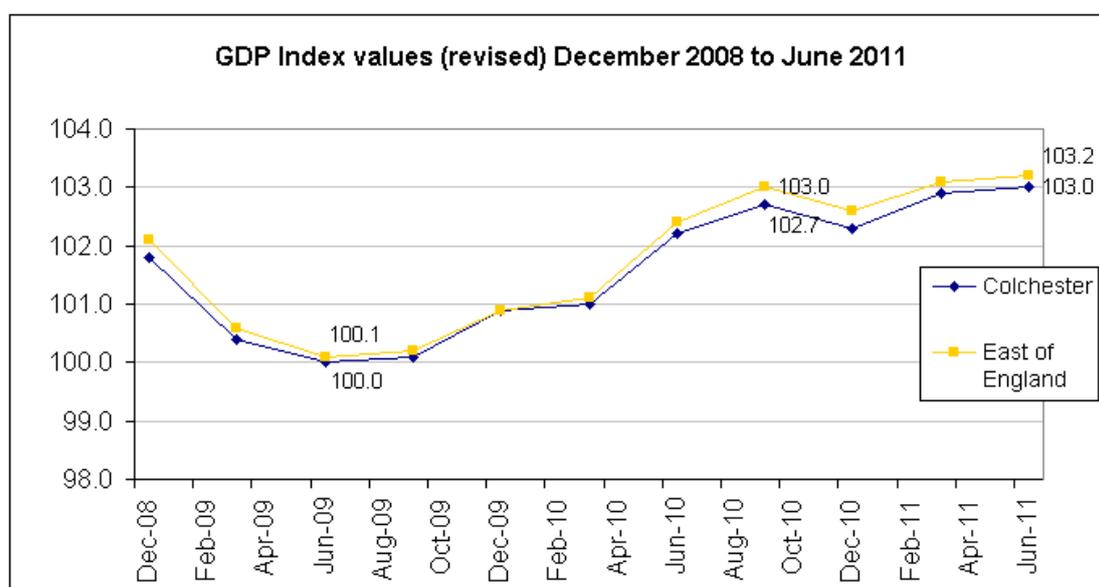
Gross Domestic Product (GDP) provides a measure of total economic activity in a region. GDP is often referred to as one of the main 'summary indicators' of economic activity and references to growth / fall in the economy usually refer to the growth /fall in GDP during the latest quarter.

It should be noted that this latest 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.

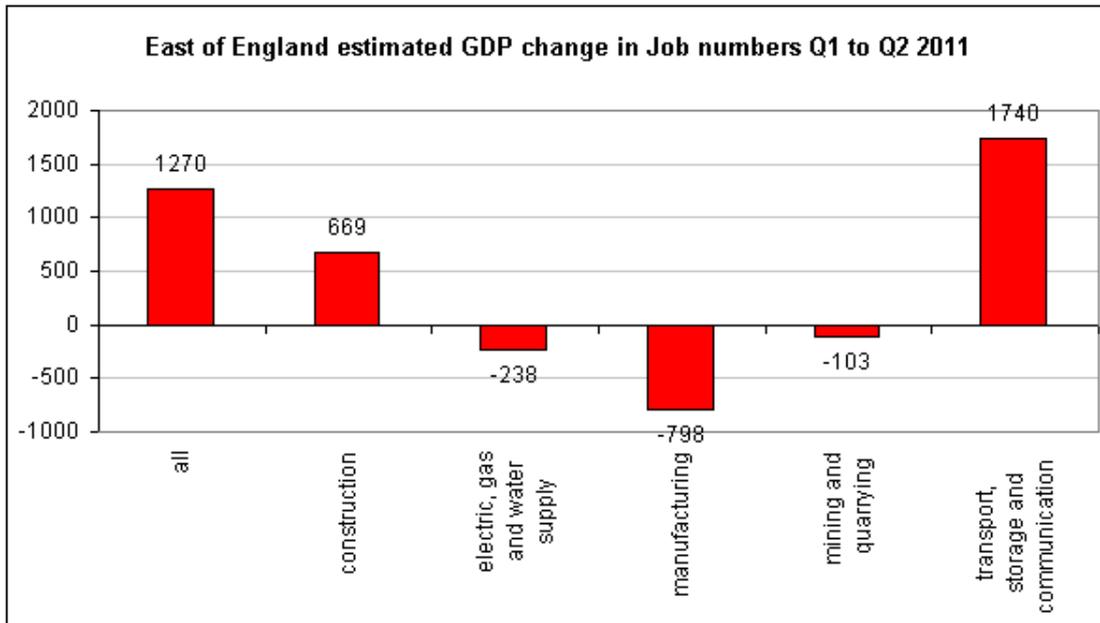
Official Government data shows GDP growth / decline by industrial sector (manufacturing, construction etc). The data does not show regional or local difference.

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

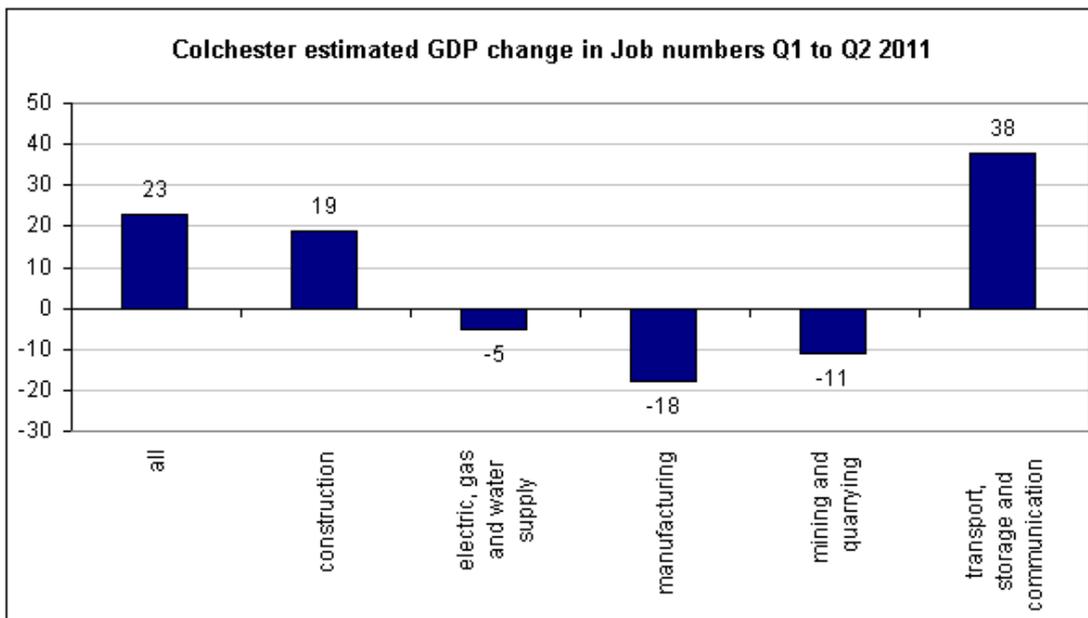
Between December 2008 and June 2009 both Colchester and the East of England saw a steep decline in GDP index values. In Colchester, the June 2009 index score was 100, which was the same as the 2006 base rate for the economy. Between September 2009 and September 2010 this successively increased to a peak of 103 in the East of England and 102.7 in Colchester. However, this dropped again in December 2010 for both geographies. For the two most recent periods, there has again been an increase in the GDP values, in Colchester, the GDP index score for June 2011 was 103.0 which is the highest it has been since December 2008.



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

Between the first and second quarter of 2011, the East of England was estimated a net increase of 1270 jobs across all sectors. Within the sectors the job estimates varied.

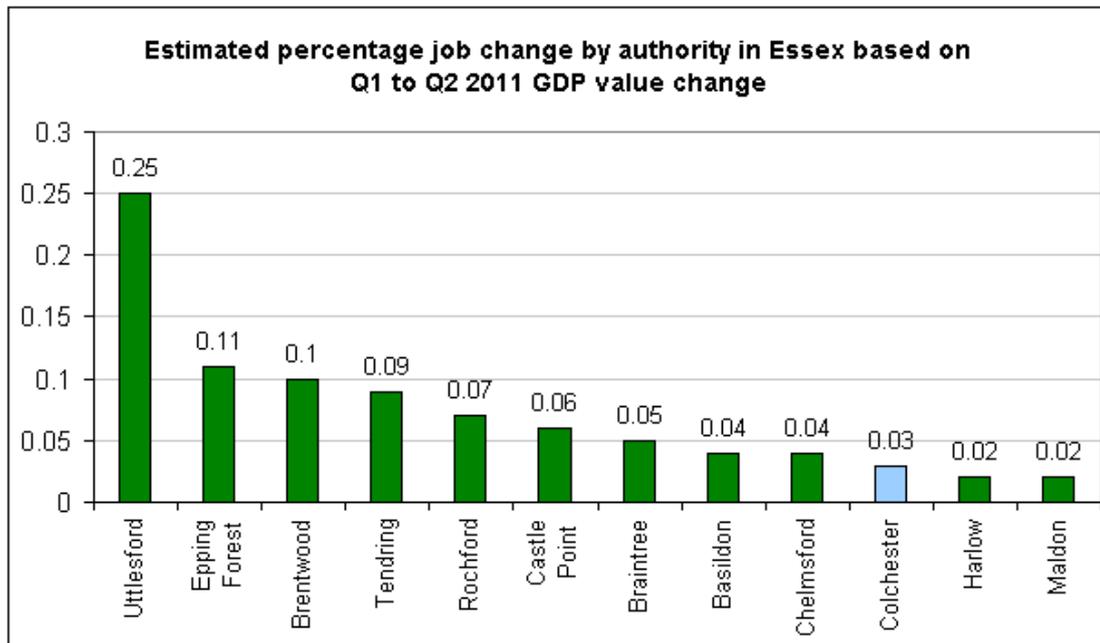
Transport, storage and communication was estimated to have the largest increase in jobs at 1740, and the largest decrease in jobs was estimated to be in manufacturing at a reduction of 798.



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

Between the first and second quarter of 2011 Colchester was estimated a net increase of 23 jobs which was an improvement from the estimated reduction of 27 jobs in the last economic report. Between sectors the job estimates varied. The largest increase was estimated in transport, storage and

communication at 38 and the largest decrease was estimated in manufacturing at 18 lost.



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

The GDP estimate data for the first quarter to the second quarter of 2011 led to an estimated increase in job percentages for all Essex districts. The highest increase was estimated in Uttlesford at 0.25%, and the lowest in Maldon and Harlow, both at 0.02%. Colchester had the third lowest estimated percentage job change at 0.03%. However, in comparison with the last report where the Borough was estimated a 0.04% decrease in jobs, these figures are more positive, as they show a relative improvement.

Unemployment and worklessness data

Employment and unemployment (Jan 2010-Dec 2010)				
view time-series	compare other areas	query dataset...		
	Colchester (numbers)	Colchester (%)	East (%)	Great Britain (%)
All people				
Economically active [†]	94,300	76.8	78.7	76.2
In employment [†]	89,700	72.9	73.4	70.3
Employees [†]	78,500	64.0	62.7	60.8
Self employed [†]	10,400	8.2	10.3	9.1
Unemployed (model-based) [§]	5,800	6.1	6.5	7.7

Source: ONS annual population survey

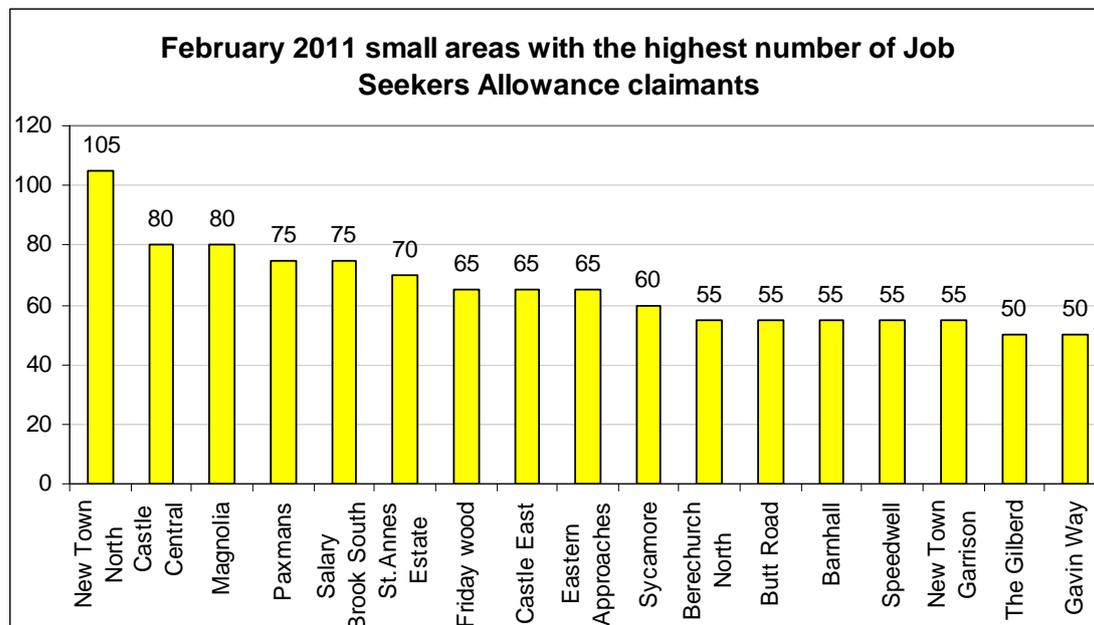
Sample size too small for reliable estimate ([see definitions](#))

† 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 October 2009 to September 2010, showed that Colchester had the lowest percent unemployed, at 6.2%, where the East and Great Britain had rates of 6.6 and 7.7% respectively.

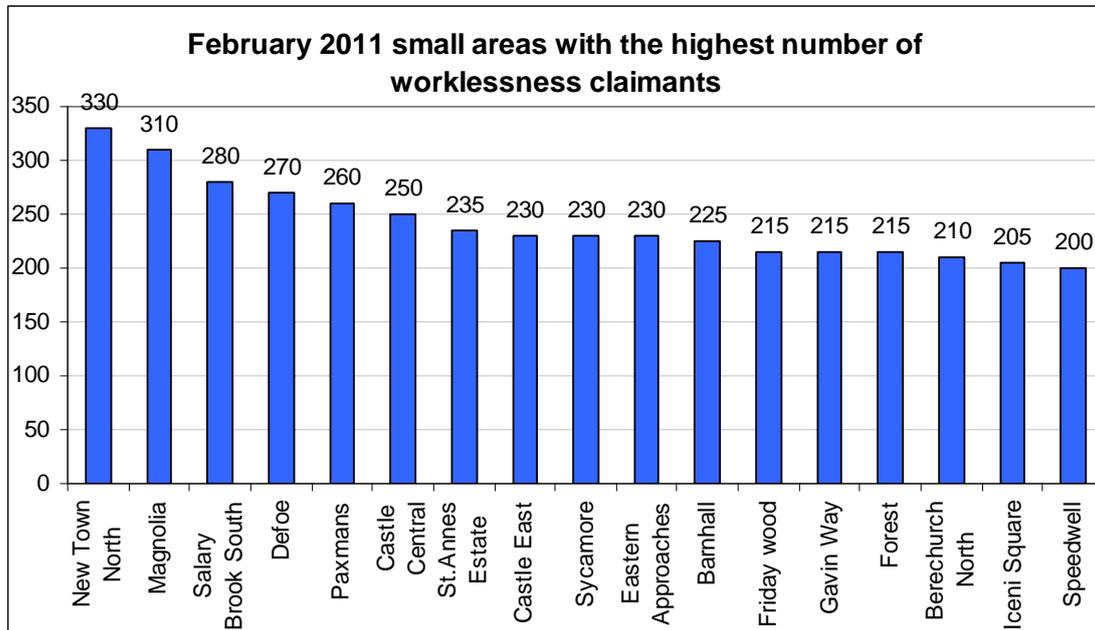
Data above for January to December 2010 show that Colchester still has a lower unemployment rate, at 6.1% which had reduced since the last report by 0.1%, In the East the value had also dropped by 0.1% to 6.5% estimated as unemployed, but the rate for Great Britain remained the same and the highest at 7.7%.



Source: DWP tabulation tool data downloaded September 2011.

New Town North had the highest number of Job Seekers Allowance claimants in February 2011, as was the case in previous economic reports. However, since the November 2010 data, the figure for JSA claimants in this small area

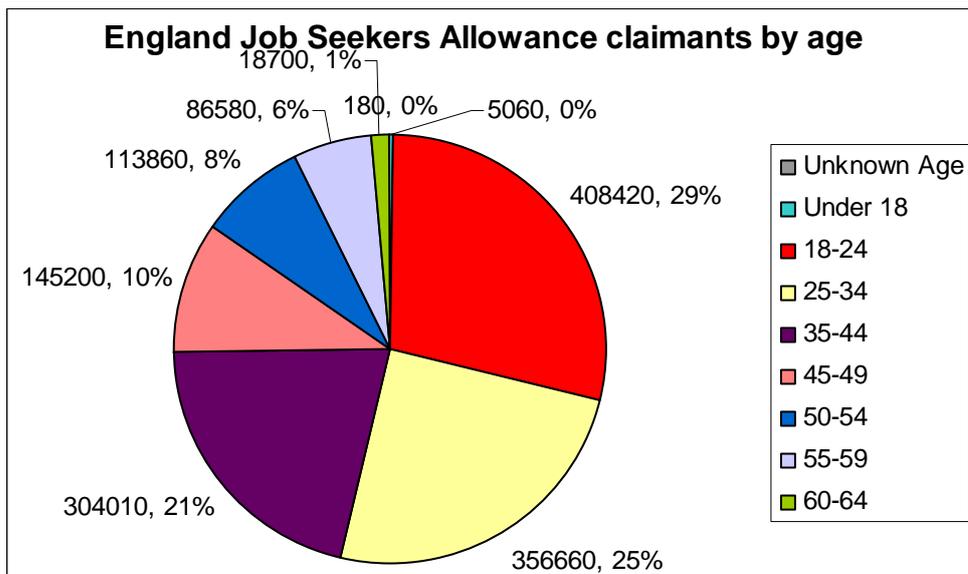
had decreased from 115 to 105. Castle central had the second highest number of JSA claimants at 80, which had not changed since the November 2010 data. In November 2010 and February 2011, there were 16 small areas in Colchester with 50 or more Job Seekers allowance claimants resident.



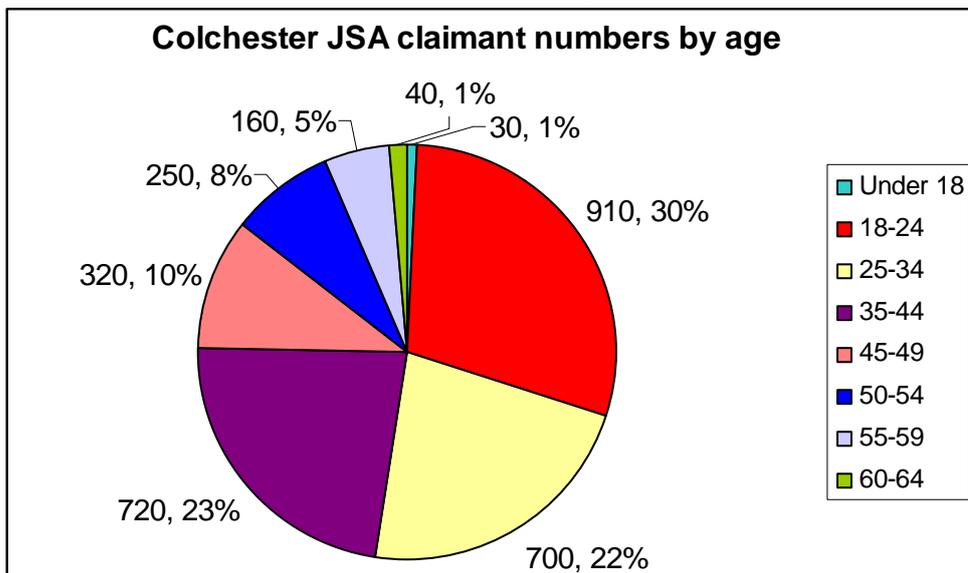
Source: DWP tabulation tool data downloaded September 2011

As in November 2010 data, New Town North also had the highest overall number of worklessness claimants, with a figure of 300 in both periods. In both November 2010 and February 2011, there were 17 small areas in Colchester where 200 or more people were claiming worklessness benefits. Between this and the last report the top three small areas remained in the same positions and with the same number of worklessness claimants.

February 2011 Job Seekers Allowance JSA claims by age



Source: DWP tabulation tool data downloaded September 2011



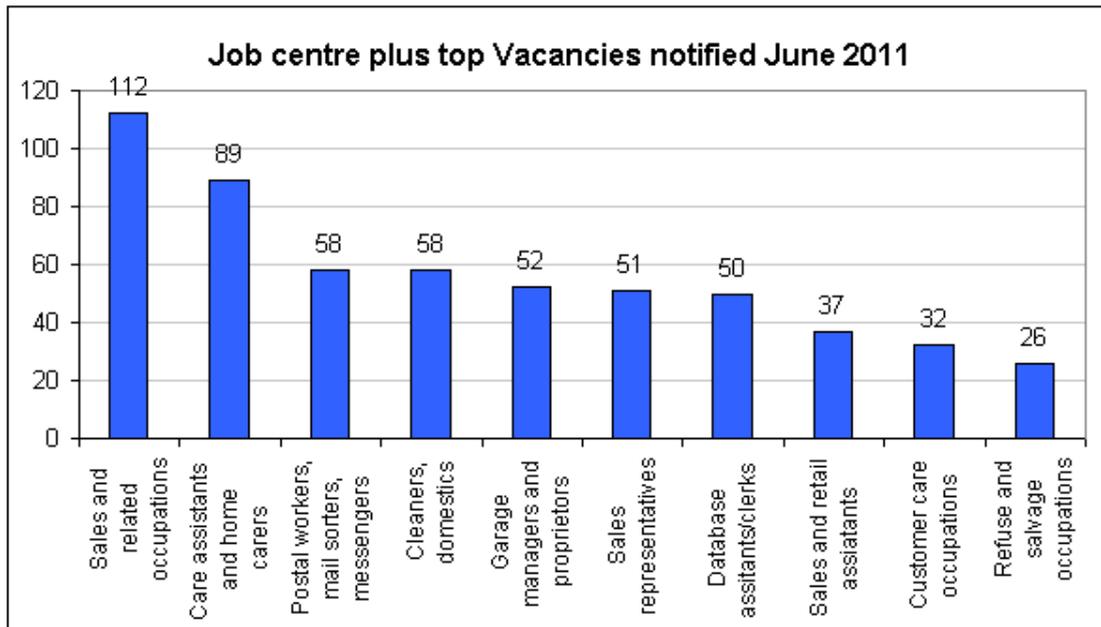
Source: DWP tabulation tool data downloaded September 2011

In both England and Colchester, the largest proportion of Job Seekers Allowance claimants were ages 18 to 24 in February 2011. In England they made up 29% of all claimants, and this was slightly higher in Colchester at 30%.

In Colchester in February 2011 the next largest claimant group were 35 to 44 year olds, who represented 23% of claimants, or 720, but in England the second largest claimant group were 25 to 24 year olds, which represented 25% of all claimants.

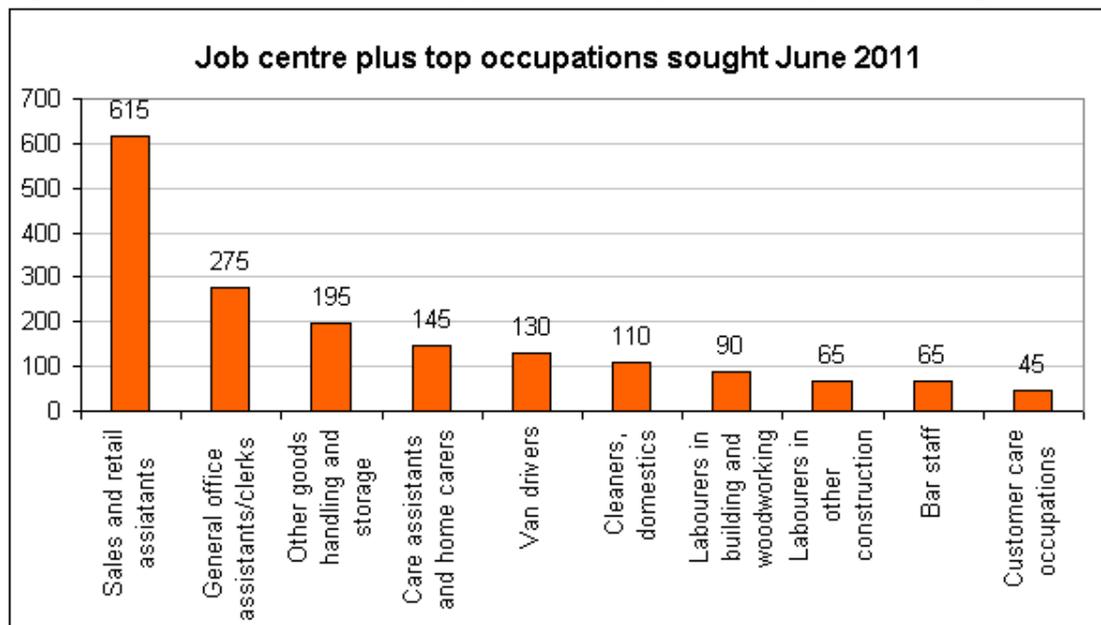
In both geographies the under 18s made up the smallest proportion of overall Job Seekers Allowance claimants, but this may largely be due to eligibility. If they still live in the family home they may not be entitled to income based claims, and lack of previous work may mean they are not entitled to 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, June 2011

Overall, the number of vacancies advertised seems lower than the January 2011 data, where the top occupation showed 325 vacancies available. In the previous economic report, the top vacancy advertised was care assistants and home carers, but this was replaced by sales and related occupations, with 112 positions in June 2011. Sales and related occupations accounted for the highest vacancies, but did not appear in 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, up from 610 to 615 job seekers in June 2011. This was followed by general office assistants with 275 job seekers and other good handling and storage with 195 job seekers. The top three occupations sought have therefore remained the same since the previous reports.

Not in Employment, Education or Training (NEET) Data

July 2011 data source CCIS

In Essex from April 2011 reporting is now 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 cohort has increased from 39552 to 50560. Unknowns are considerably high therefore the NEET numbers could be higher.

	NEET Adjusted numbers		
District	Jun-11	Jul-11	difference
Braintree	412	421	9
Maldon	124	125	1
Chelmsford	381	381	0
Basildon	593	617	24
Brentwood	90	94	4
Castle point	279	273	-6
Rochford	148	142	-6
Colchester	395	419	24
Tendring	583	588	5
Epping Forest	82	87	5
Harlow	119	122	3
Uttlesford	77	77	0
Essex	2852	2744	-108

All districts apart from Castle point and Rochford have had an increase in NEET numbers. Basildon is still the highest NEET district with 617, followed by Tendring at 588, Braintree at 412 and Colchester at 419. Uttlesford continues to remain the lowest district with 77 NEET.

Between June 2011 and July 2011, there was an increase of 24 NEETs in Colchester, which was the joint highest increase alongside Basildon.

Ward	Jul-11 NEET	Jul-11 NEET %
St Andrew's	58	14.0%
Shrub End	41	9.9%
New Town	38	9.2%
Berechurch	38	9.2%
St Anne's	29	7.0%
Harbour	29	7.0%
Highwoods	27	6.5%
Castle	26	6.3%
Stanway	14	3.4%
Mile End	14	3.4%
Tiptree	12	2.9%
Prettygate	10	2.4%
Marks Tey	10	2.4%
Lexden	10	2.4%
West Mersea	8	1.9%
St John's	7	1.7%
Christ Church	7	1.7%
Wivenhoe Quay	6	1.5%
East Donyland	6	1.5%
Fordham and Stour	5	1.2%
West Bergholt and Eight Ash Green	4	1.0%
Birch and Winstree	4	1.0%
Pyefleet	3	0.7%
Great Tey	3	0.7%
Dedham and Langham	2	0.5%
Wivenhoe Cross	1	0.2%
Copford and West Stanway	1	0.2%
Colchester Total	413	100.0%

This table shows Colchester District NEET by Ward. The percentage of the total NEET numbers in Colchester based in each ward is shown in the table. St Andrews continues to be the highest NEET ward with 14% of Colchester's total resident NEET population and Shrub End is now the second highest NEET ward compared to previous months where Berechurch had been the second highest NEET ward.

In Focus/ Extra news

Firstsite Opens on 25th September

Firstsite's new building, designed by internationally acclaimed Rafael Viñoly Architects, will open in Colchester at 10am on Sunday 25 September 2011.

Spread over 3,200 square metres on a landmark site bounded by Colchester's town walls, the new building will be a leading venue for contemporary visual art with purpose-built gallery spaces for major international exhibitions, a display space to showcase elements of the University of Essex's internationally important collection of Latin American art, extensive learning spaces for schoolchildren, students and community groups to engage in workshops and activities, a destination bar/restaurant and a 190-seat auditorium suitable for film screenings, lectures and events. The building will be open every day and into the evening, free to all.

At its heart, will be the newly restored Berryfield Roman Mosaic, which dates from around AD200. Unearthed in 1923 on the site where firstsite now stands, the Mosaic formed part of the floor of a Roman townhouse. After years in Colchester Castle, the Mosaic has been painstakingly restored and returned to its original home, as firstsite's only permanent exhibit.

Firstsite's opening exhibition, *Camulodunum* (the pre-Roman name for Colchester, after the Celtic war god Camulos), will celebrate the cultural and artistic heritage of the town and the region, which became established as the capital of Roman Britain.

The exhibition, which runs from 25 September 2011 to 22 January 2012, will put on show important local historic artefacts alongside works by Barbara Hepworth, Henry Moore, Grayson Perry, JMW Turner, Andy Warhol and Ai Weiwei, and major commissions by international contemporary artists Aleksandra Mir (Poland), Danh Vo (Denmark), Karin Ruggaber (Germany/UK) and Michaela Eichwald (Germany).

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.

Housing trends update

The average price of a home in the UK peaked in late 2007, then plunged rapidly in 2008 before recovering in 2009 and then reaching a plateau in 2010. Prices dipped towards the end of 2010, which - in turn - caused rental prices to increase.

The housing market was the first area to be affected by the credit crunch as banks curtailed their lending, making it more difficult for buyers to get a mortgage. This continued into 2010 and was widely quoted as the key reason for property values failing to pick up, as demand has been low, especially among first-time buyers.

Data source: Land Registry data, published on the BBC economy tracker at; <http://www.bbc.co.uk/news/10620450>

UK retail sales see weak growth in July

Source: BBC NEWS, 18 August 2011 Last updated at 12:08

More consumers are cutting back on their spending

Retail sales grew only slightly last month, as cash-strapped consumers remained under pressure, figures show. Sales volumes excluding petrol rose just 0.2% in July, a slowdown on the 0.8% increase in June, said the Office for National Statistics (ONS). Sales of household goods, clothing and footwear all declined.

Consumer spending continues to be affected by a number of factors, including higher inflation, job losses and limited wage rises. Inflation in July, as measured by the government's preferred Consumer Prices Index, increased to 4.4% from 4.2% in June. This is more than double the 2% target rate. Meanwhile, the number of people unemployed in the UK rose by 38,000 to 2.49 million in the three months to June.

'Disappointing' data

Compared with July 2010, sales volumes excluding fuel were also 0.2% lower. When fuel sales are included sales were unchanged from a year ago. The sales volumes data is adjusted by the ONS to remove the effect of inflation. When the impact of inflation is included, sales in July rose in value terms by 0.8% from June, and by 4.3% from a year earlier.

"The outlook for retail does not look particularly rosy, concerns about the growth outlook and the decline in real wages are weighing on the consumer"
Victoria Cadman Investec

The 0.2% rise in volume retail sales in July was less than the 0.3% increase expected by analysts, and was also lower than the 0.6% increase estimated by the British Retail Consortium earlier this month. The ONS said volume sales of clothing and footwear fell 0.3% in July compared with June, with household goods declining by the same amount. Food sales were up 0.7%. Since the start of the year a number of well-known retailers have gone into administration, including fashion chain Jane Norman, interior designer Habitat, and wine seller Oddbins. Others such as Mothercare, entertainment group HMV and confectioner Thorntons have announced store closures.

David Kern, chief economist at the British Chambers of Commerce, said the latest official figures were "broadly as expected". He added: "While disappointing, it is not surprising given the huge squeeze on disposable incomes as a result of higher food and energy costs and the government's austerity measures. "These figures and other economic indicators suggest growth in the third quarter of this year is likely to remain sluggish, although fears of a new recession seem exaggerated."

George MacDonald from Retail Week says people are still buying goods such as iPads

'Limping along'

Nida Ali, economic adviser to the Ernst & Young Item Club, said the latest data was "more encouraging than expected". She added: "Monthly sales growth was much weaker than June but, given that retailers had started their sales earlier than usual this year, any growth at all in July is very welcome, particularly in the current climate."

Investec analyst Victoria Cadman said UK consumers were "limping along at best". "What leaps out is that consumers are unwilling to spend on big ticket items - household goods are down 4.1% on the year," she added.

"The outlook for retail does not look particularly rosy, concerns about the growth outlook and the decline in real wages are weighing on the consumer." The UK economy grew by only 0.2% in the second quarter of the year, down from the 0.5% growth rate recorded between January and March.