

# **Colchester Quarterly Economic Report**

**Issue 12: June 2012**



## Background information

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

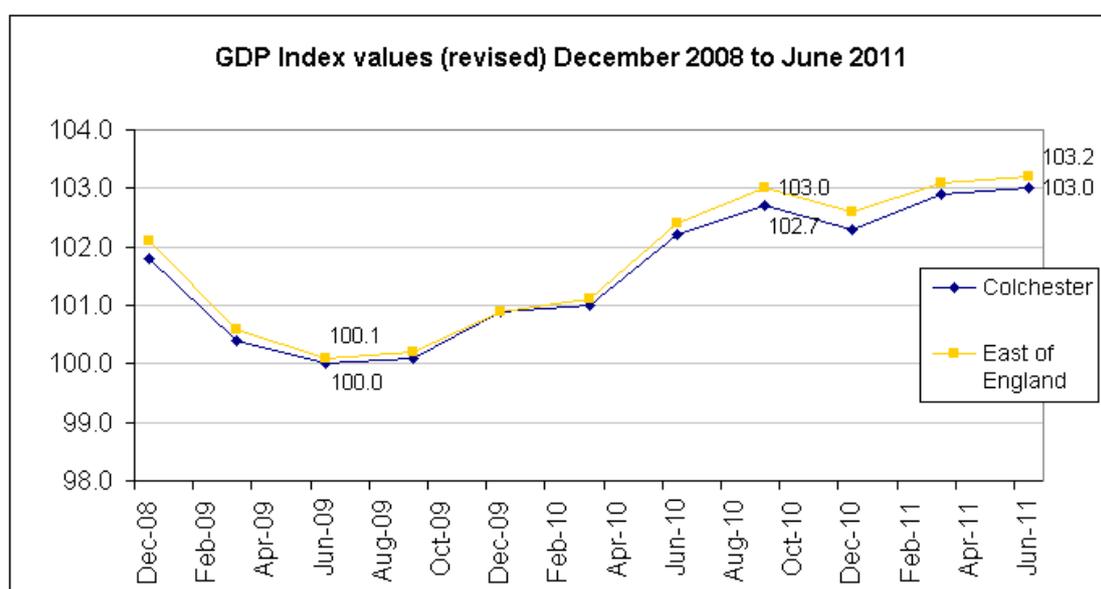
Thanks go to Essex County Council, Connexions Integrated Youth Services and Jobcentre Plus (Essex District and Colchester offices) for providing data towards this report.

For more information or questions about this report, please contact Natacha Bines in the Research and Engagement team at Colchester Borough Council (01206) 282575 or email [Natacha.Bines@Colchester.gov.uk](mailto:Natacha.Bines@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 4 of 2011 is not currently available<sup>1</sup>. 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.



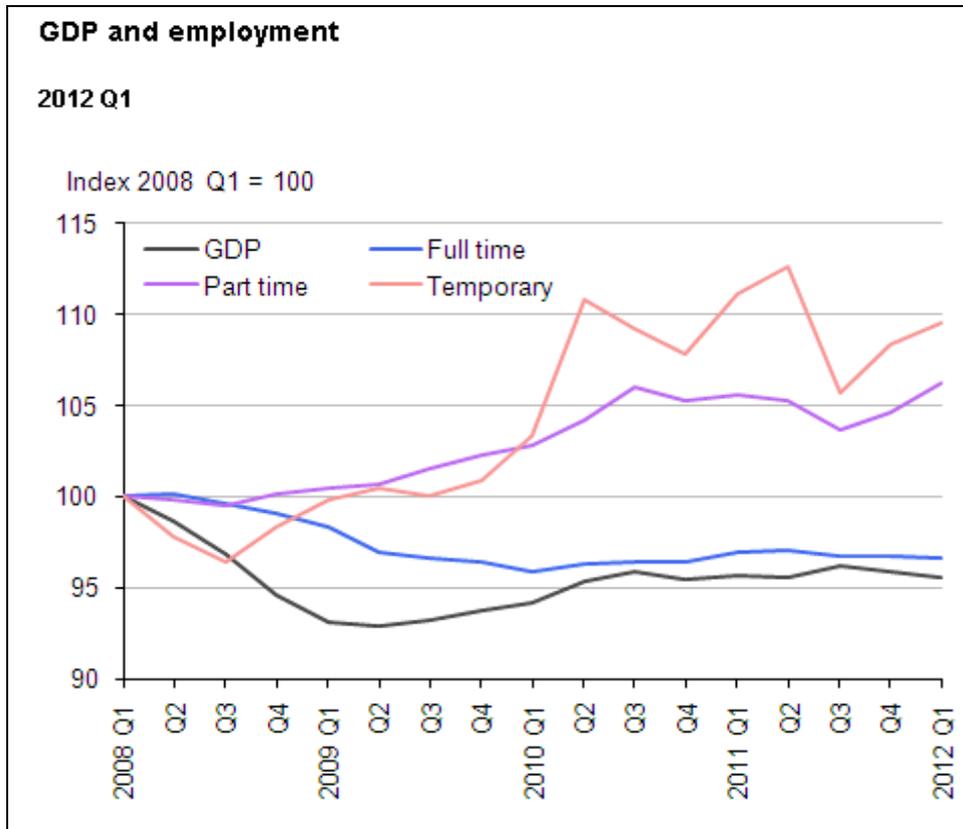
ONS regional GDP data accessed from Gavurin recession map, © Crown Copyright, 2011

### 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. UK gross domestic product (GDP) decreased by 0.3% the first quarter of 2012 (in volume terms), this has been revised from a previously estimated decline of 0.2%. There has been a 4.8% decrease in output in the construction sector, as well as a 0.4% decrease in output in production industries. The fall in GDP, coupled with the negative growth in the fourth quarter of 2011, means that total output has declined by 0.6% over the last two quarters. The economy has been broadly flat over the past year, and the number of full time positions available reflects this. Weak earnings growth, increasing part time employment, and a fall in vacancies portray a more

<sup>1</sup> Data was previously provided by Gavurin Recession Map at not cost. Changes implemented by Gavurin mean that this data now costs approximately £1,800 per annum. Currently the resources are not available to fund the inclusion of this data.

subdued picture of the labour market than might be obtained from looking exclusively at the behaviour of total employment and hours.



ONS data, © Crown Copyright, 2012

## Unemployment and Worklessness Data

Employment and unemployment (Oct 2010-Sep 2011)				
	Colchester (numbers)	Colchester (%)	East (%)	Great Britain (%)
<b>All people</b>				
Economically active <sup>†</sup>	97,700	79.0	78.8	76.1
In employment <sup>†</sup>	93,800	75.8	73.5	70.0
Employees <sup>†</sup>	80,800	67.4	63.0	60.5
Self employed <sup>†</sup>	12,700	8.2	10.1	9.1
Unemployed (model-based) <sup>§</sup>	6,000	6.0	6.6	7.9

Source: ONS annual population survey

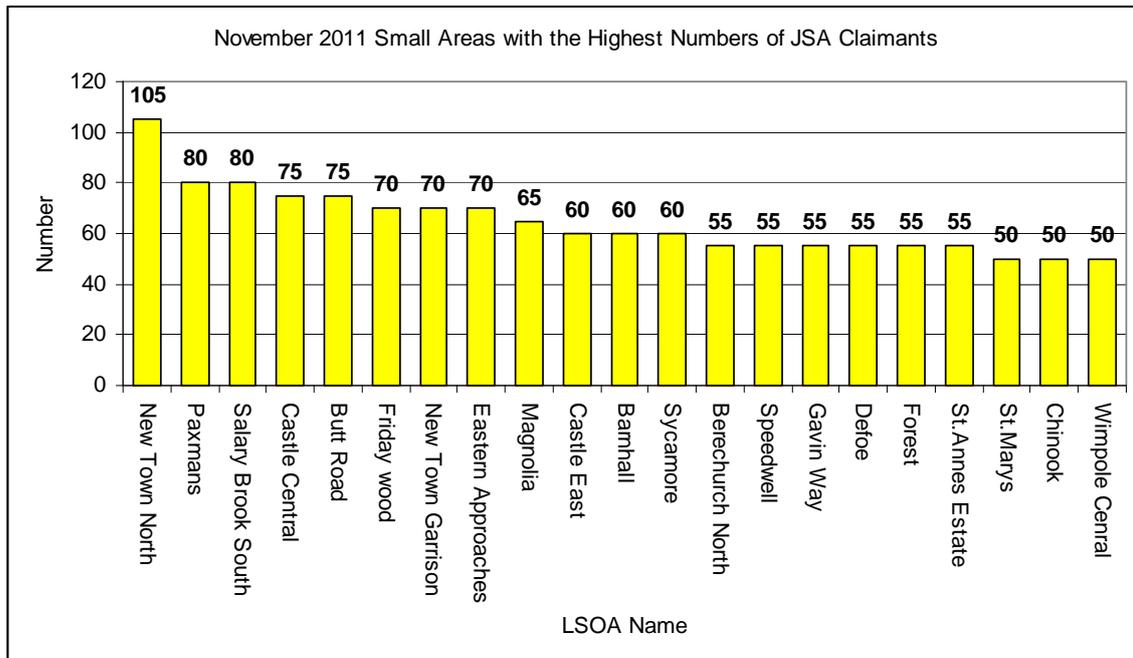
# Sample size too small for reliable estimate ([see definitions](#))

† 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

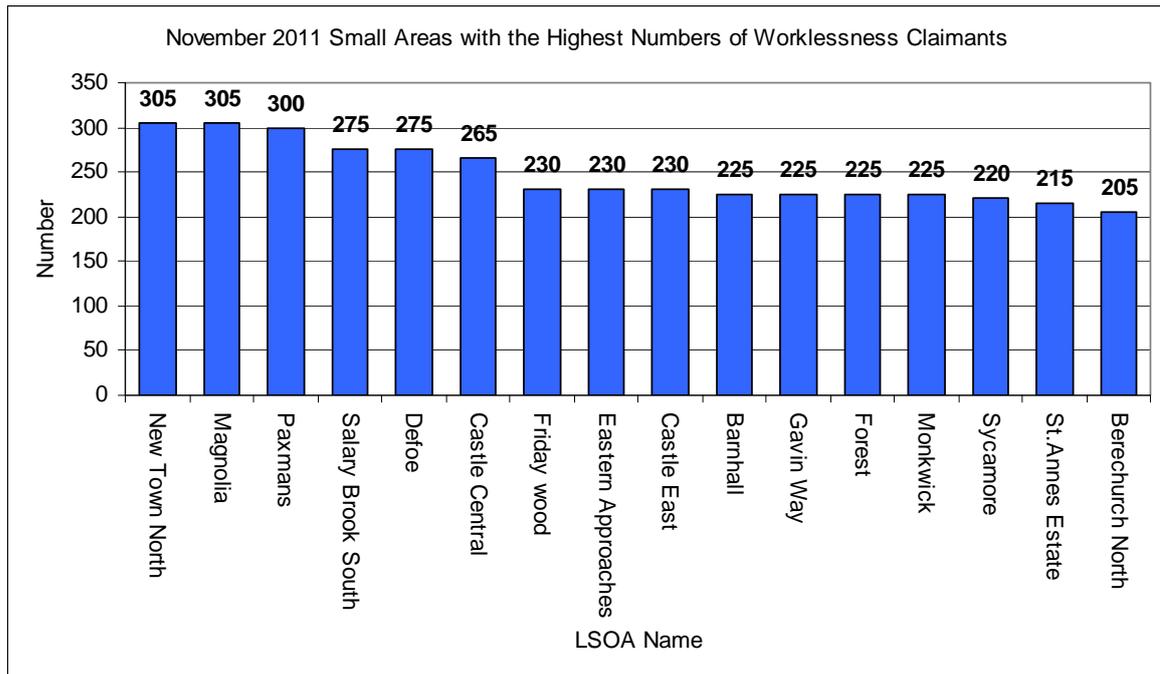
The unemployment percentage shown in the March 2012 report for July 2010– June 2011, showed that Colchester had the lowest percentage of unemployed individuals at 6.1%, whereas the East and Great Britain had rates of 6.7% and 7.7% respectively.

Data above for October 2010- September 2011, shows that Colchester still has a lower unemployment rate - 6.0%, compared to other areas. The value for Colchester is slightly lower than in the March 2012 report. In the East the unemployment rate has decreased by 0.1%, to 6.6%. However, the rate for Great Britain has increased by 0.2%.



Source: DWP NESS Dataset, June 2012

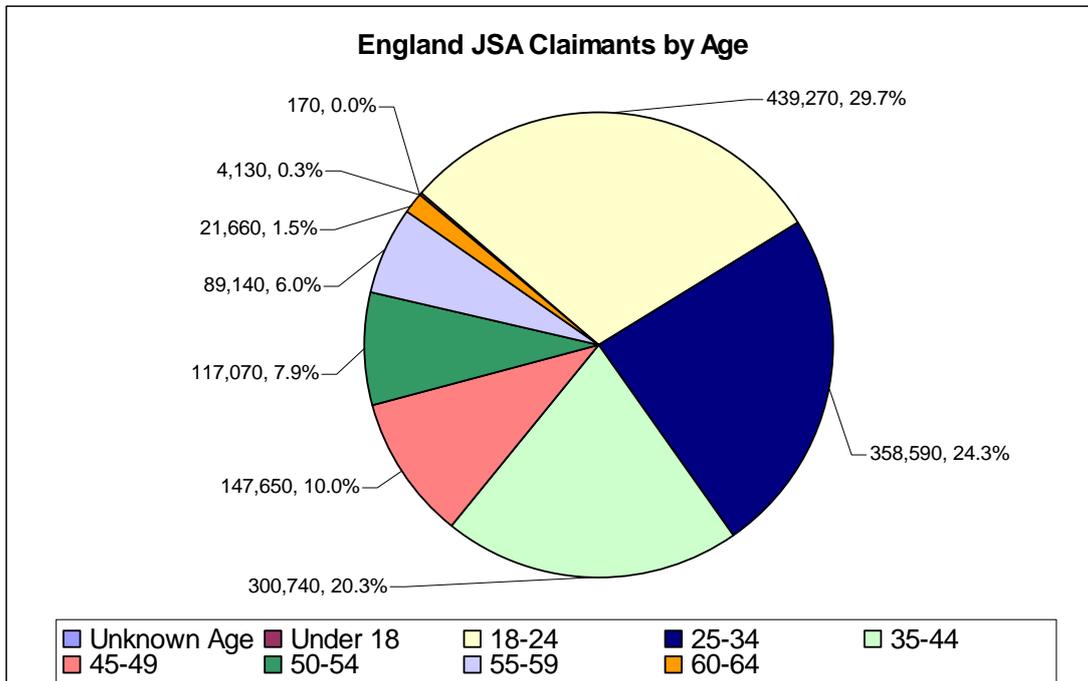
New Town North had the highest number of Job Seekers Allowance claimants in November 2011, as was the case in previous economic reports. However the number of claimants has fallen slightly, from 110 in August 2011 to 105 in November 2011. Paxmans and Salary Brook South had the joint second highest number of JSA claimants at 80 claimants each (the same as in August 2011). In contrast to the previous economic report, the number of claimants in Castle Central has decreased from 90 (second position in August 2011) to 75 (joint fourth position in November 2011). In August 2011 there were 20 small areas in Colchester with 50 or more JSA claimants resident, compared to 21 in November 2011.



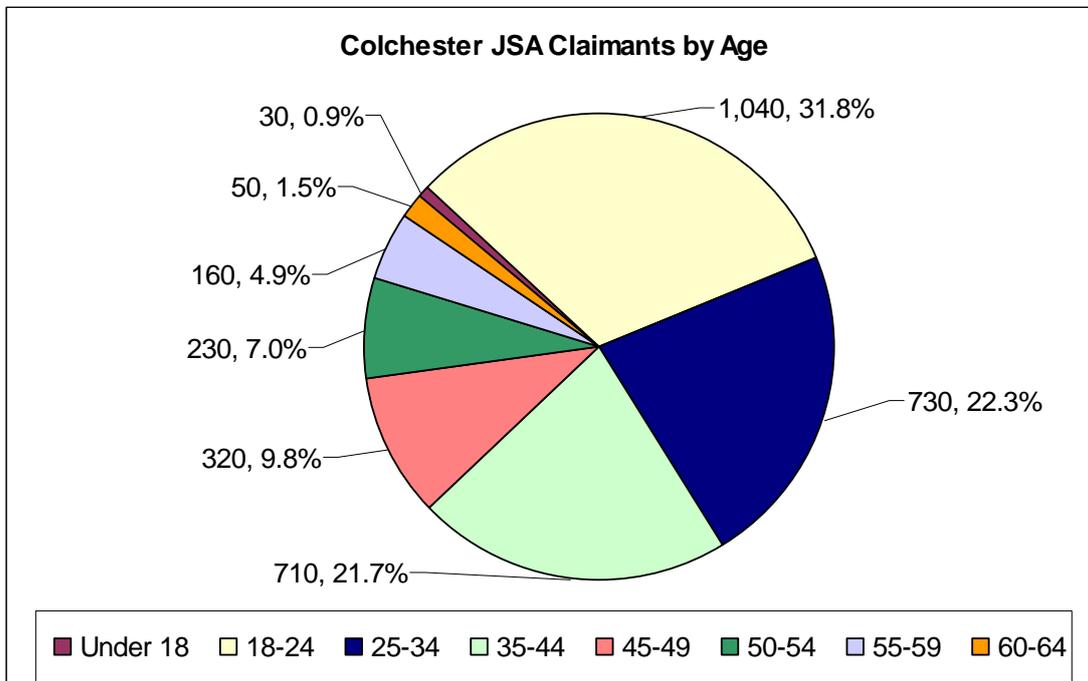
Source: DWP NESS Dataset, June 2012

In a change from August 2011 data, in November 2011 New Town North & Magnolia had the joint highest total number of worklessness claimants (305), whereas in the previous report Magnolia had the highest number (320). In August 2011, there were 16 small areas in Colchester, where 200 or more people were claiming worklessness benefits, and this remained the same in the November 2011 dataset. Magnolia and New Town North consistently remain in the top two positions in terms of total numbers of worklessness claimants (they just tend to alternate between first and second position in terms of ranking). However, the number of claimants in Magnolia decreased by approximately 4.7% from August to November 2011, with the number of worklessness claimants in New Town North decreasing by approximately 1.6%. Overall, the small areas ranked 3<sup>rd</sup> -6<sup>th</sup> in November 2011, were the same areas as in August 2011, of these only Salary Brook South saw a decrease in worklessness claimants from August-November 2011.

## November 2011 Job Seekers Allowance (JSA) Claims by Age



Source: DWP tabulation tool data downloaded June 2012



Source: DWP tabulation tool data downloaded June 2012

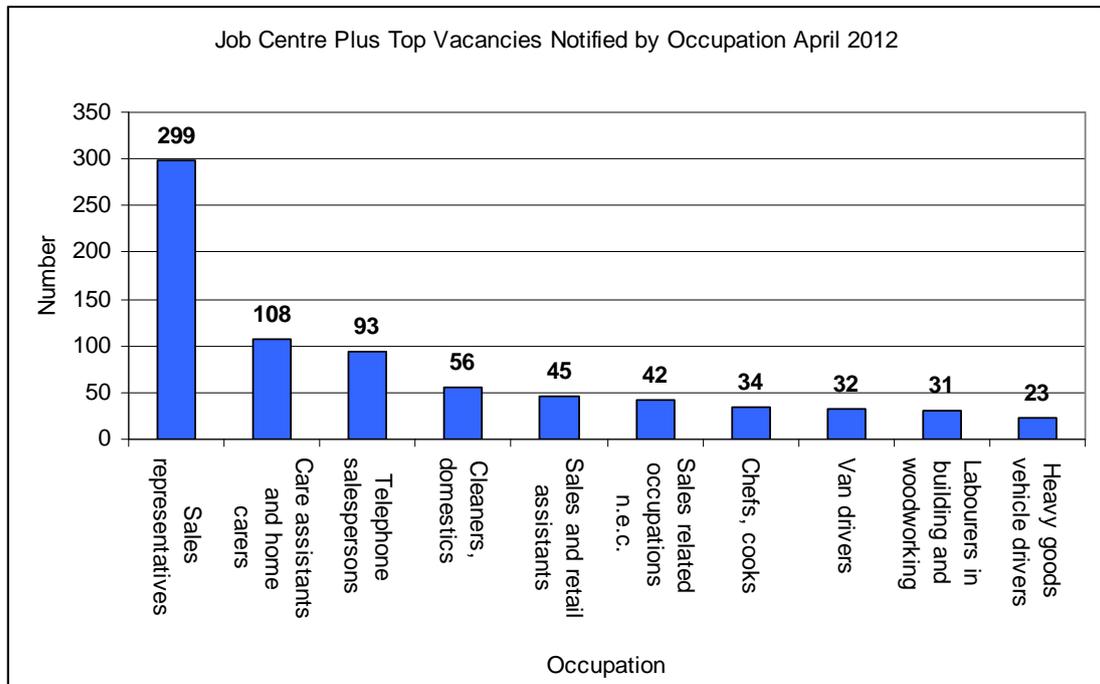
In November 2011 in both England and Colchester, the largest proportion of JSA claimants were the 18-24 age group. In England they made up approximately 29.7% of all claimants (a slight decrease from the 30.1% figure

in August 2011 data), this was slightly lower than in Colchester where 31.8% of all claimants were 18-24 (a 0.5% rise from 31.3% in August 2011).

In Colchester in November 2011, the age group with second largest proportion of claimants, were those aged 25-34. This age group represented 22.3% of total claimants, equating to approximately 730 individuals. Colchester mirrors national statistics, in England the second largest claimant group were those aged 25-34, this group represented 24.3% of all claimants.

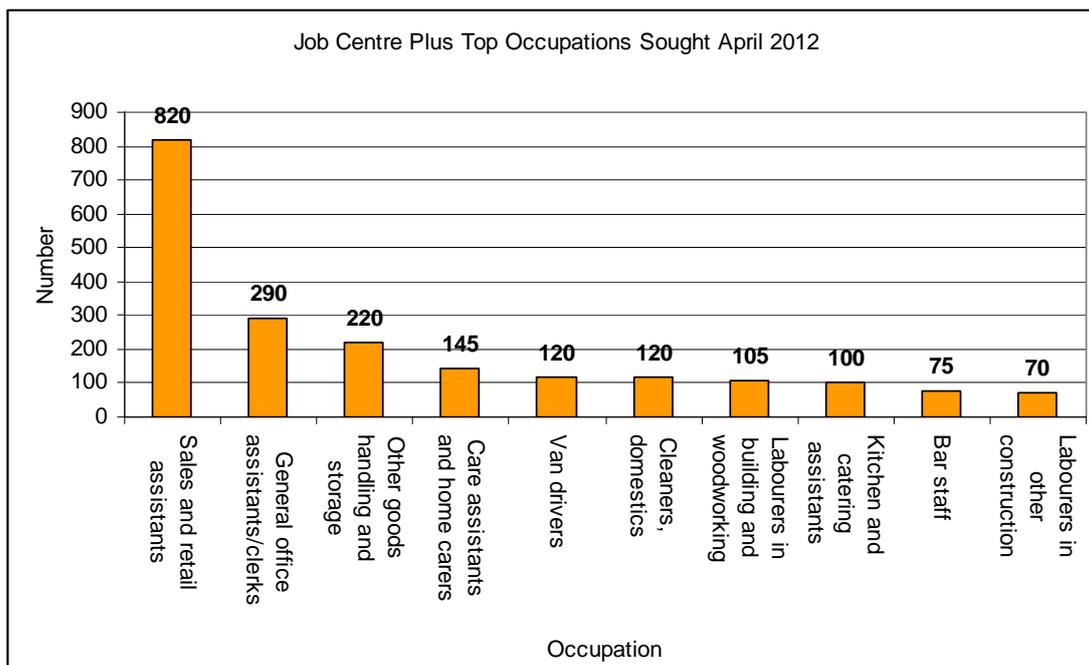
In both geographies the under 18s made up the smallest proportion of overall JSA claimants, but this may largely be due to eligibility. If they still live in the family home they may not be entitled to income based claims, and lack of previous work may mean they are not entitled to contribution based 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: Nomis, Colchester branch site level occupations sought, June 2012

In April 2012 the total number of vacancies notified appears to have increased compared to February 2012 (1,418 in April 2012 compared to 1,299 vacancies February). The top occupation in April 2012 (sales representatives) was different from the February 2012 data where care assistants and home carers occupied the top spot. Data for April 2012 shows that compared with February there was a 211% increase in sales representative vacancies (299 vacancies in April). This occupation accounted for the highest number of vacancies, and falls in the top position in relation to the top ten occupations sought (under sales and retail assistants).



Data: Nomis, Colchester branch site level occupations sought, June 2012

As in the previous economic reports, sales and retail assistant jobs were the top occupation sought, with 820 job seekers seeking those roles in April 2012, a decrease of approximately 4% from February 2012. This was followed by general office assistants with 290 job seekers and other goods handling & storage with 220 job seekers. The top three occupations sought remained the same as in the February 2012 data. Data shows that there is a large void between notified and sought occupations. There were a total of 1,418 jobs notified in April 2012, compared to 3,835 sought occupations. The number of sought occupations has decreased by approximately 4%, when comparing February 2012 and April 2012 data.

### 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 overall cohort has increased from 39,552 to 50,560. Unknowns are high, although decreasing, therefore the actual 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.

When looking at changes over a two month period (April - May 2012), all districts apart from Colchester and Tendring appear to have seen a reduction in NEET numbers. In the previous report covering January - February data, all areas apart from Rochford, had a decrease in NEET numbers. In May 2012, the areas with the highest percentage of individuals NEET were; Basildon (6.5%), Tendring (6.2%), Maldon (5.6%) and Colchester (5.1%). The number of young people reported as unknown is also down in all areas (when comparing April – May 2012), apart from Brentwood. The highest unknown

areas are in Epping Forest 18.4% and Harlow 18.1%. Ideally unknowns should be below 10%.

Between April and May 2012, there was an increase of 4 individuals classed as NEET in Colchester. In May 2012 in Colchester, 5.1% of the total 16-19 age cohort were NEET, compared to 6.0% in February 2012. Total Essex NEET numbers have seen a reduction of approximately 19% from 2840 individuals in February to 2307 Individuals in May 2012.

#### NEET Adjusted Figures by District, April - May 2012

District	NEET Adjusted					Unknown				
	%		Numbers			%		Numbers		
	May-12	Apr-12	May-12	Apr-12	DOT*	May-12	Apr-12	May-12	Apr-12	DOT*
Basildon	6.5%	6.6%	414	424	↓	16.3%	17.3%	1097	1162	↓
Braintree	4.9%	5.3%	242	262	↓	15.1%	16.5%	785	856	↓
Brentwood	3.1%	3.4%	76	84	↓	11.8%	11.7%	296	295	↑
Castle Point	4.9%	5.2%	160	172	↓	14.9%	15.7%	514	540	↓
Chelmsford	4.2%	4.4%	246	256	↓	11.9%	12.0%	727	739	↓
Colchester	5.1%	5.1%	289	285	↑	13.0%	14.5%	771	861	↓
Epping Forest	4.2%	4.7%	135	152	↓	18.4%	19.2%	627	655	↓
Harlow	5.0%	5.2%	139	145	↓	18.1%	20.3%	543	609	↓
Maldon	5.6%	5.7%	125	129	↓	14.2%	14.9%	333	350	↓
Rochford	3.5%	3.8%	110	118	↓	14.1%	15.3%	453	492	↓
Tendring	6.2%	6.0%	286	279	↑	15.6%	17.4%	773	861	↓
Uttlesford	3.6%	4.0%	84	92	↓	15.5%	17.0%	376	412	↓
<b>Essex</b>	<b>4.9%</b>	<b>5.1%</b>	<b>2307</b>	<b>2399</b>	<b>↓</b>	<b>14.8%</b>	<b>15.9%</b>	<b>7288</b>	<b>7823</b>	<b>↓</b>

\* Direction of Travel

Data Source: CCIS June 2012

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 11.5% of the total 16-19 year old resident population NEET (lower than 12.7% reported in the previous report). St Anne's is the second highest NEET ward, with 9.7% of the total 16-19 year old resident population NEET, previously this position was occupied by Shrub End ward.

### NEET Actual Numbers by Ward, May 2012

	May-12 NEET	May-12 NEET %
Ward		
St Andrew's	32	11.5%
St Anne's	27	9.7%
New Town	25	9.0%
Shrub End	21	7.6%
Berechurch	21	7.6%
Tiptree	17	6.1%
Harbour	17	6.1%
Castle	15	5.4%
Highwoods	14	5.0%
Stanway	12	4.3%
Prettygate	9	3.2%
Christ Church	9	3.2%
Lexden	8	2.9%
West Mersea	7	2.5%
St John's	6	2.2%
Mile End	6	2.2%
East Donyland	6	2.2%
Birch and Winstree	6	2.2%
Wivenhoe Quay	4	1.4%
Fordham and Stour	4	1.4%
Wivenhoe Cross	3	1.1%
West Bergholt and Eight Ash Green	3	1.1%
Great Tey	2	0.7%
Pyefleet	1	0.4%
Marks Tey	1	0.4%
Dedham and Langham	1	0.4%
Copford and West Stanway	1	0.4%
<b>Colchester Total</b>	<b>278</b>	<b>100.0%</b>

## In Focus/ Extra news

### Olympic Torch Route

On **Friday 6<sup>th</sup> July 2012** the Olympic Flame will visit Colchester.

Colchester Borough Council will be working with the London Organising Committee of the Olympic and Paralympic Games (LOCOG) and Essex County Council to keep any inconvenience to a minimum. Best practice will be followed and information about any changes will be provided in advance of the Olympic Torch Relay.

On 6<sup>th</sup> July when the Olympic Flame reaches Colchester, local Torchbearers will carry it, offering communities from all corners of the borough and beyond the chance to experience this once-in-a-lifetime opportunity.

Full details, including the exact route of the Olympic Torch Relay, have just been announced. The route includes; Ipswich Road, East Hill, the High Street & North Hill.

As a little background, the Olympic Flame will make its journey from Greece and arrive in the UK on 18 May 2012, ready for the Olympic Torch Relay to begin the following day. Representing peace, unity and friendship, the Flame will start its 70-day journey around the UK towards the Olympic Stadium carried by 8,000 inspirational Torchbearers from communities all over the country.

On 27 July 2012 the eyes of the world will be on London for the Opening Ceremony of the London 2012 Olympic Games. That evening the Olympic Flame will arrive at the Olympic Stadium for the lighting of the cauldron to signify the start of the London 2012 Olympic Games.

Colchester has also been included on London 2012's official Torch Relay animated 'fly through' video (about 2 minutes 15 seconds in) and you can see it here:

<http://www.london2012.com/videos/2011/olympic-torch-relay-route-animation.php>

Please visit [www.london2012.com/olympic-torch-relay](http://www.london2012.com/olympic-torch-relay) or <http://www.colchester.gov.uk/torch> for more information

## **Enterprise Skills and Employment Grant**

The creation of new jobs, new businesses, and the provision of employment and skills training to Colchester's workforce is a priority for Colchester Borough Council. Three local organisations have been awarded funding from the Enterprise, Skills and Employment Grant.

Signpost (Colchester) have received funding to enable them to assist local residents with training opportunities, CV writing and job search skills. The funding will also help run an additional session at the Greenstead Job Club, helping to meet growing demand, with over 20% more attendees in 2011

GO4 Enterprises are to receive funding to enable them to provide equipment and training to help young people in Colchester to get into work. The NEET (not in education, employment or training) group of young people aged between 18-24 make up over 1,100 of the people claiming job seekers allowance in Colchester (Nomis January 2012).

Colchester Business Enterprise Agency (Colbea) have also received funding to enable 'Step into Business' start up courses to be run for those interested in starting a business.

## **Jubilee Fund**

Local businesses can apply for grant funding as part of a new scheme launched by Colchester Borough Council. The Jubilee Fund is available to businesses that are in their first three years of trading and they can apply for grants of up to £1,000 to assist with their plans for growth.

Paper Mountain Solutions Limited is managing the grants programme on behalf of the Council and a total of £18,000 is available for specific support. This could include training, specialist mentoring, research of new markets, export licensing, software or matched investment in equipment.

Closing date is the 14<sup>th</sup> September 2012

For more information or to apply email:  
[pmsinfo@papermountainsolutions.co.uk](mailto:pmsinfo@papermountainsolutions.co.uk) or call 0844 826 0579

## Housing Trends Update

It has been reported that estate agent members of the Royal Institution of Chartered Surveyors (Rics) sold only 23% of the homes on their books in the three months to May, suggesting the property market is still in the midst of a slump. In the same period in 2007 they had sold 41% of their homes for sale. Lending is still a major issue, although there is some evidence that the market is slowly picking up.

The number of mortgages approved for house buyers, but not yet lent, was 12% higher in the first quarter of this year compared to the same period last year. Completed sales were also 13% up, however it is noted that this may just be a short lived burst of activity, caused by the ceasing of the stamp duty concession on the 24<sup>th</sup> March.

Peter Bolton King , spokesman for Rics stated: "Ongoing economic instability in the UK and overseas has continued to undermine consumer confidence, and the reluctance of many banks to offer affordable mortgage products has created something of a stagnant market".

Both the Halifax bank and the Nationwide Building Society reported similar findings, with Halifax predicting that house prices will change little by the end of the year, Nationwide reported that it has only been the scarcity of new home building that has been keeping prices up.

Although Halifax said prices had picked up between April and May, rising by 0.5%, to an average of £160,941, these monthly figures are relatively volatile, having shown a 2.3% fall between March and April. Martin Ellis, a housing economist from the Halifax stated: "While there has been a modest improvement in the trend for house prices recently, the current average UK price is very similar to the levels both a year ago and at the beginning of this year".

Continued economic uncertainty and the eurozone crisis continue to make lenders cautious, and aid in constraining housing market activity and price rises.

It has recently been announced that the government is to give people in England the legal right to pay annual council tax bills in 12, rather than the current 10, monthly instalments. Hopefully this will aid individuals to spread the cost of living. In addition to this, the government also confirmed that up to 300,000 families in England could benefit from plans to scrap separate council tax charges for occupied annexes.

At a regional level figures from the Land Registry show there are significant price variations in different areas of England and Wales. Figures for April 2012 show that in London monthly prices rose by 5.1%, and annual figures saw also saw 5.1% increase, but in the West Midlands monthly prices dropped by 2.7%, with annual figures falling by 4.1%. In the East, monthly

figures saw a marginal increase of 0.1%, with annual prices exhibiting an modest 0.5% increase.

The most recently available Housing Trends Report (March 2012) reports that at a regional level, Colchester was the only Local Authority in the Haven Gateway to experience an increase for both the overall average and lower quartile prices from December 2010- December 2011. The housing market in Colchester for Lower Quartile price properties (flats/maisonettes) has recovered from the dip in prices in 2009, however the majority of other local authorities have not. The price of lower quartile terraced properties in Colchester has fallen by £4,000 from December 10- December 11. The price for lower quartile prices for semi-detached properties has also fallen in the same period, by £6,000. Lower quartile prices for detached properties have fallen by £5,000.

From January to December 2011, Colchester had a higher than average regional turnover in relation to housing stock, with a turnover of 3% compared to the regional value of 2.6%. During this same period there were 1,975 sales, of which 127 were new build sales, this sales figure was the highest in the region.

Data sources:

BBC News (12/06/12) <http://www.bbc.co.uk/news/business-18392878>

BBC News (12/06/12) <http://www.bbc.co.uk/news/business-18351178>

BBC News (12/06/12) <http://www.bbc.co.uk/news/uk-politics-18407116>

Land Registry (12/06/12)

[http://www.landregistry.gov.uk/\\_data/assets/pdf\\_file/0008/9971/HPI-report-April-2012-new.pdf](http://www.landregistry.gov.uk/_data/assets/pdf_file/0008/9971/HPI-report-April-2012-new.pdf)

Regional housing trend data extracted from the Greater Haven Gateway – Housing Market Trends report, March 2012

## **Retail Sales and Spending**

The Office for National Statistics (ONS) reports that in April 2012 all retail sales values increased by 0.4% when compared with April 2011. This rate of growth is the slowest rate since January 2010 when sales values were also 0.4% higher compared with a year before.

Sales volumes in April 2012 had fallen by 1.1% when compared with April 2011, which is the largest fall in sales volume year-on-year growth since August 2011 (when sales volumes fell by 1.2%).

The ONS describes how the sluggish nature of the value of sales and the contraction in sales volumes growth were driven by predominantly food stores, automotive fuel stores and textile, clothing and footwear stores.

April 2012 saw sales values in predominantly food stores increase by 0.1% compared with the year before, which is the slowest year-on-year growth in

the ONS series which started in January 1989. In April 2012 sales volumes in predominantly automotive fuel stores fell by 13.2%, this follows an increase in month-on-month sales growth in this sector in March 2012 of 5.3%.

ONS figures also report that the year-on-year implied price deflator, which can be interpreted as store price inflation, slowed in April 2012 to 1.7% from 2.6% in March 2012.

Colchester based retail chain Game recently closed one of its stores in Culver Square, as the chain entered administration. In all 277 Game stores were closed in a bid to save the brand, with many of the closures being in areas where either Game or Gamestation stores were in close proximity to each other. At the beginning of April OpCapita bought the brand for £1, pledging to also take on the brands debts of £85m.

Also struggling is Clinton Cards, entering into administration at the beginning of May, although approximately 350 stores have closed, the chain has now been bought by American Greetings. This should hopefully save nearly 400 stores (including the Colchester branch) from closure. Retail chain Halfords, which has premises along Cowdray Avenue has reported that in the 12 months to 31 March 2012, its pre-tax profit was £92m, down 27% from £126m a year before.

Data sources:

ONS (12/06/12) <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/april-2012/stb-april-2012.html>

T3 (11/06/12)

<http://www.t3.com/news/game-finds-buyer-333-remaining-stores-to-stay-open>

Sky News (11/06/12) <http://news.sky.com/home/article/16243049>

BBC News (12/06/12) <http://www.bbc.co.uk/news/business-18276593>

## Colchester Business Directory

The third edition of the Colchester Business Directory is 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](mailto: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](http://www.colchester.gov.uk/business) . If you have not already done so, you can also add your businesses details here for free.