

Colchester Quarterly Economic Report

Issue 11: March 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.

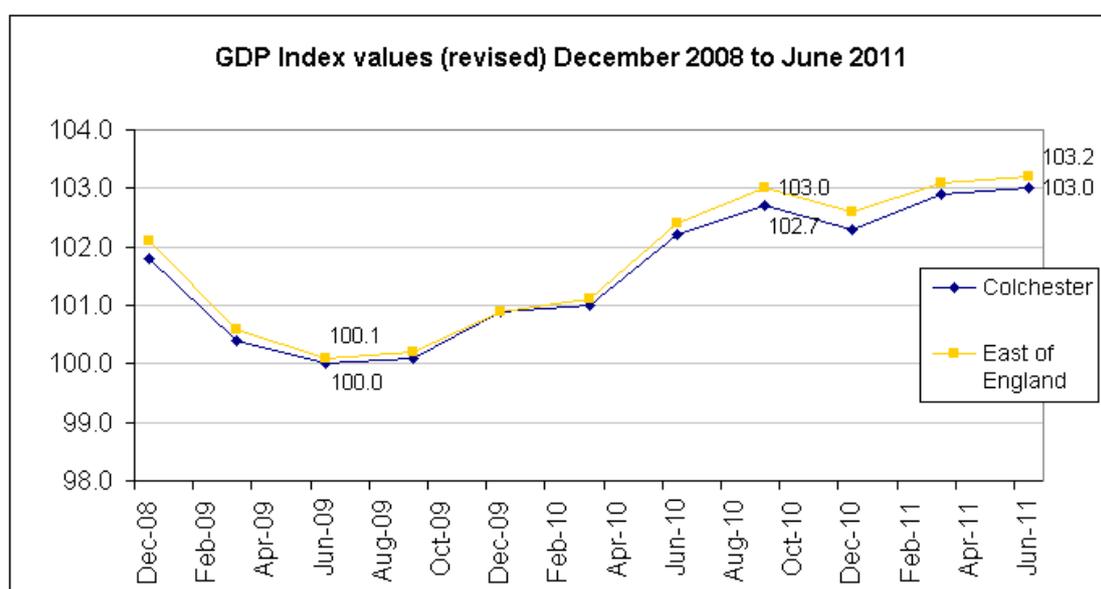
Thanks go to Essex County Council, Connexions Integrated Youth Services and Jobcentre Plus (Essex District and Colchester offices) for providing data towards this report.

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

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 available¹. 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.

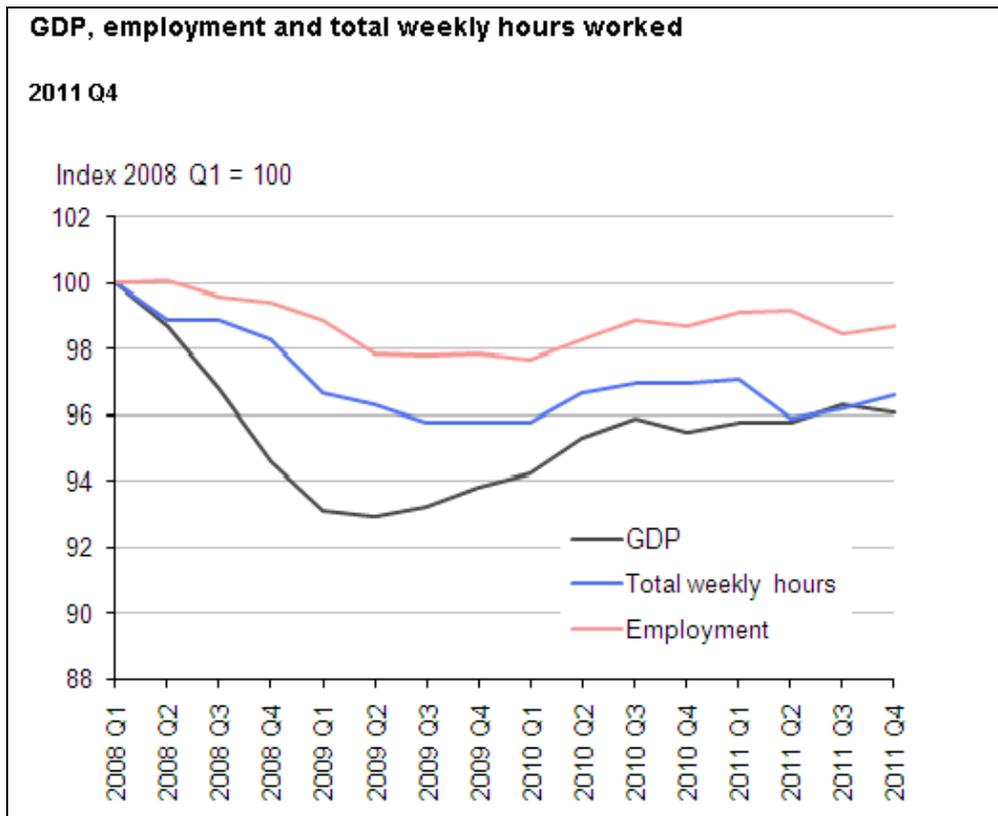


ONS regional GDP data accessed from Gavurin recession map, © Crown Copyright, 2011

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. Quarter 4 data for 2011 was updated in February 2012, akin to the provisional figures, this data showed a shrink in the UK economy, with a decrease of 0.2% in GDP. This is based on the 2008 index. Although real GDP fell slightly in the final quarter of 2011, employment and hours both rose. The employment rate rose to 70.3% in quarter four, with an increase in 60,000 people in employment.

¹ 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.



In the previous report Colchester based printing firm Polestar were on the brink of ceasing operations in the area. Since then it has been announced that the threat of closure is no longer imminent, and a number of changes have been implemented in order to save the Colchester base. These changes include; a move from a 35-hour week to 39 hours for employees, an average basic rate reduction of 10%, and moving to flat rate overtime without premium. There have also been 11 voluntary redundancies, and a slight reduction in holiday entitlement, these elements are estimated to result in a cost reduction of £1.7 million annually.

Data Sources:

Print Week (20/03/12) <http://www.printweek.com/Business/article/1121409/polestar-keep-colchester-site-open/>

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

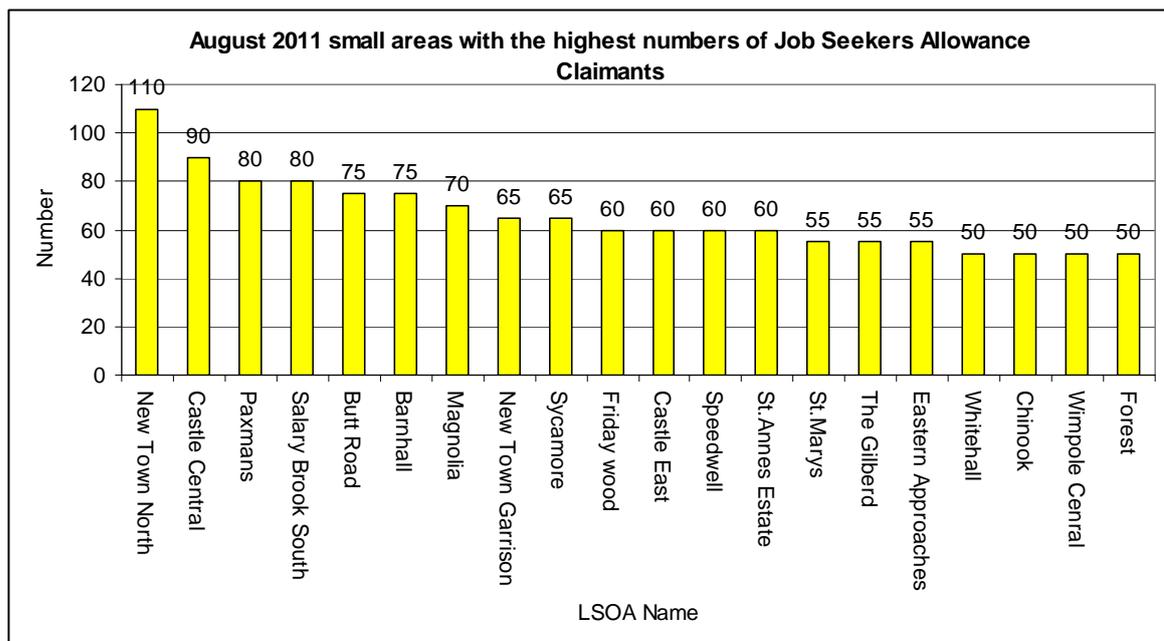
Sample size too small for reliable estimate ([see definitions](#))

† 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

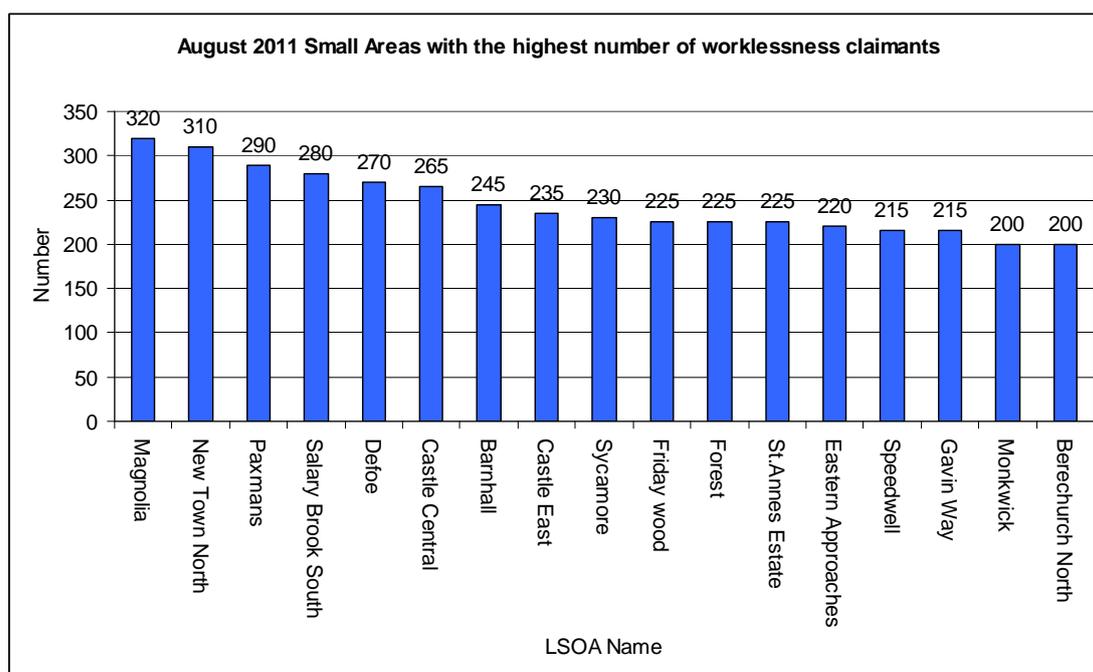
The unemployment percentage shown in the September 2011 report for January - December 2010, showed that Colchester had the lowest percentage of unemployed individuals, at 6.1%, whereas the East and Great Britain had rates of 6.5% and 7.7% respectively.

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 September 2011 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 September 2011 report, and this is still the highest figure at 7.7%.



Source: DWP NESS Dataset, March 2012

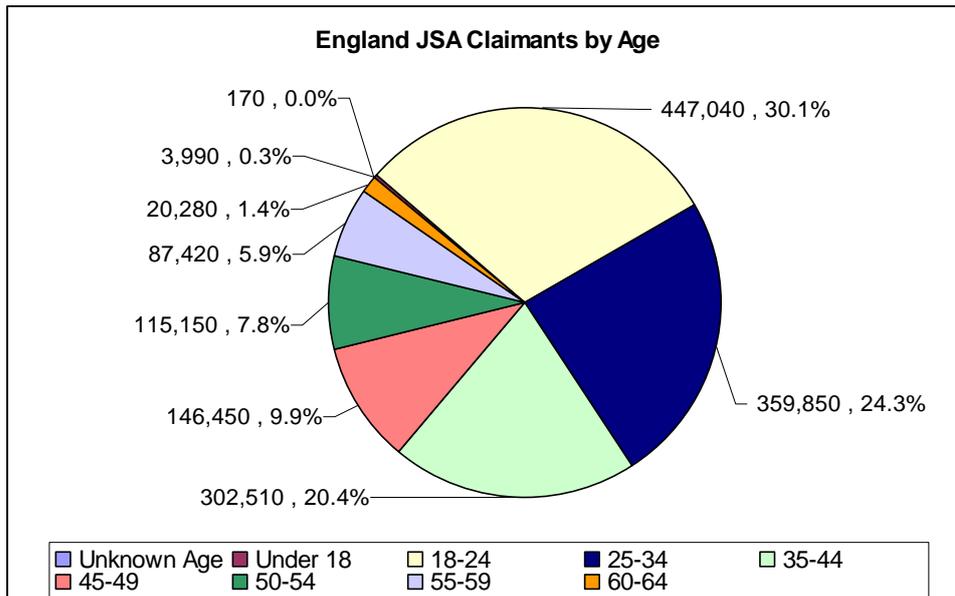
New Town North had the highest number of Job Seekers Allowance claimants in August 2011, as was the case in previous economic reports. However the number of claimants has fallen slightly, from 125 in May 2011 to 110 in August 2011. Castle Central had the second highest number of JSA claimants at 90 (a 15 person increase from May 2011), whereas in May 2011 Paxmans had the second highest JSA claimants (80 claimants). In August 2011 there were 20 small areas in Colchester with 50 or more JSA claimants resident, compared to 17 in May 2011.



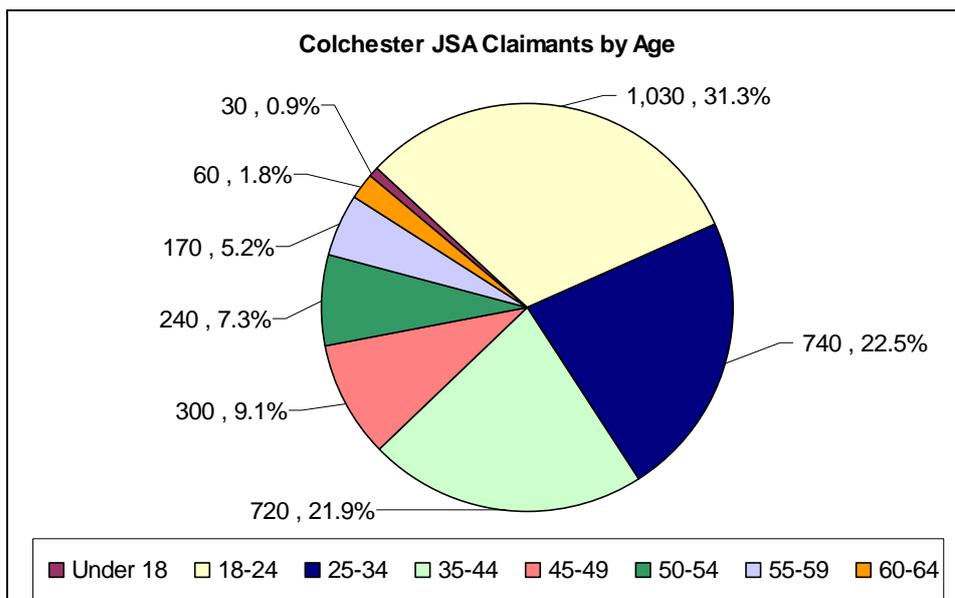
Source: DWP NESS Dataset, March 2012

In a change from May 2011 data, in August 2011 Magnolia had the highest total number of worklessness claimants (320), whereas in the previous report New Town North had the highest number (330). In May 2011, there were 16 small areas in Colchester, where 200 or more people were claiming worklessness benefits, and this remained the same in the August 2011 dataset. Magnolia and New Town North consistently remain in the top two positions in terms of total numbers of worklessness claimants (they just alternate between first and second position in terms of ranking). However, the number of claimants in Magnolia increased by approximately 7% from May to August 2011, with the number of worklessness claimants in New Town North decreasing by approximately 6%. Overall, the small areas ranked 3rd -7th in August 2011, were the same areas as in May 2011, all these small areas have seen an increase in claimant numbers in from May-August 2011.

August 2011 Job Seekers Allowance (JSA) Claims by Age



Source: DWP tabulation tool data downloaded March 2012



Source: DWP tabulation tool data downloaded March 2012

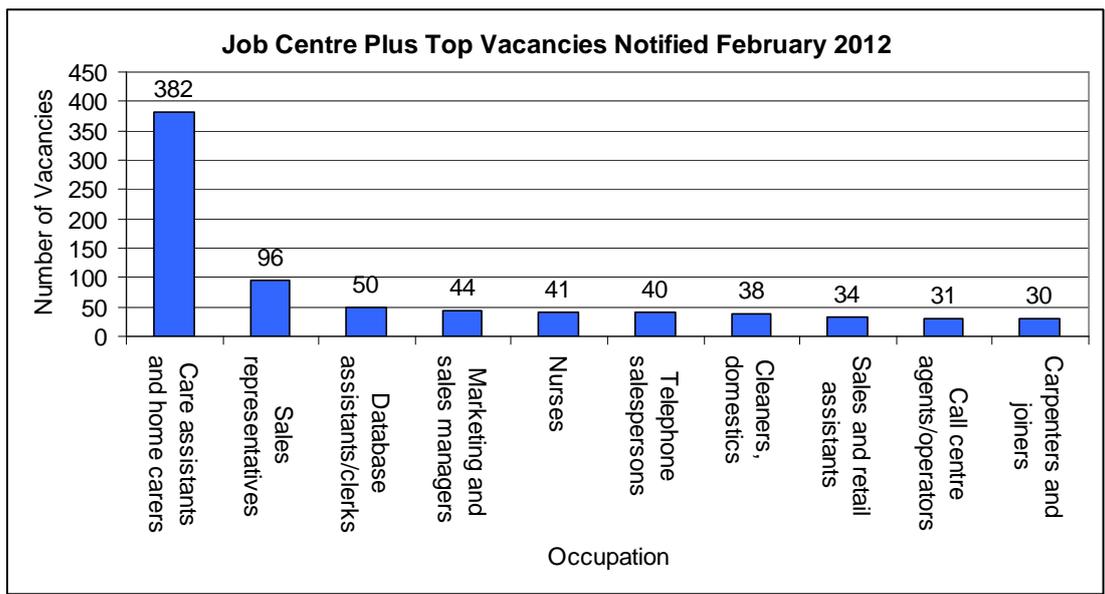
In August 2011 in both England and Colchester, the largest proportion of JSA claimants were the 18-24 age group. In England they made up 30% of all claimants (an increase of 3% from May 2011 data), this was slightly lower than in Colchester where 31% of all claimants were 18-24 (a 5% rise from 26% in May 2011).

In Colchester in August 2011, the age group with second largest proportion of claimants, were those aged 25-34. This age group represented 22% of total claimants, equating to approximately 740 individuals. Colchester mirrors

national statistics, in England the second largest claimant group were those aged 25-34, this group represented 24% of all claimants.

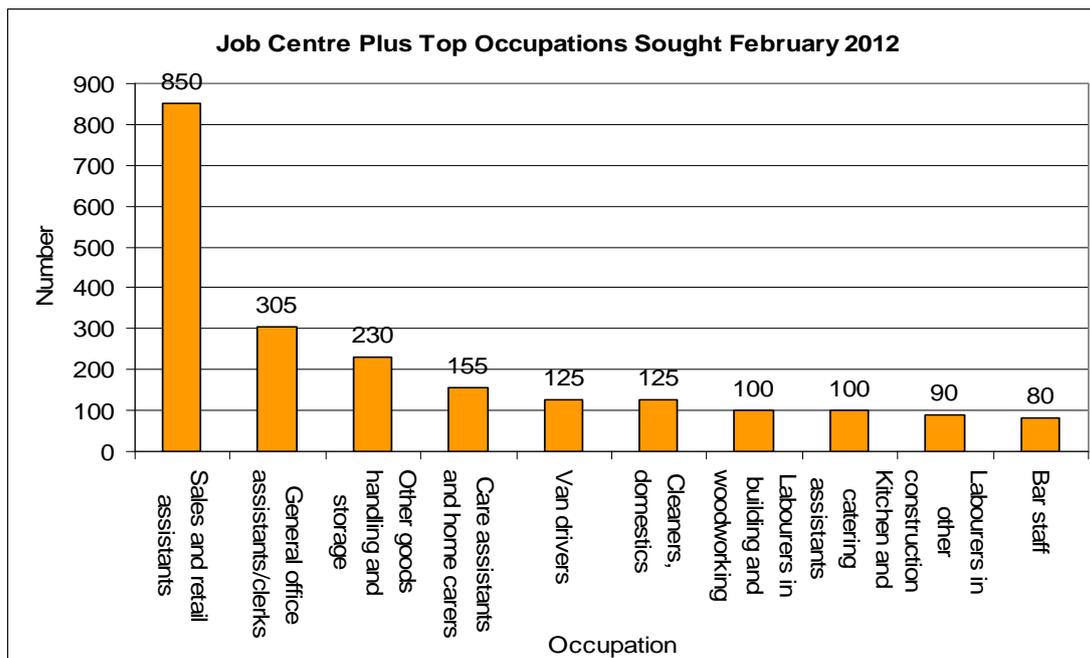
In both geographies the under 18s made up the smallest proportion of overall JSA claimants, but this may largely be due to eligibility. If they still live in the family home they may not be entitled to income based claims, and lack of previous work may mean they are not entitled to contribution based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

In February 2012 the total number of vacancies notified appears to have increased compared to December 2011 (1,299 vacancies compared to 1,009 in December). The top occupation in February 2012 (care assistants and home carers), was the same as the top occupation in December 2011. However, in February this occupation had 382 advertised vacancies – an increase of 177% from the December data (138 vacancies). This occupation accounted for the highest number of vacancies, and appeared in fourth position in relation to the top ten occupations sought.



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

As in the previous economic reports, sales and retail assistant jobs were the top occupation sought, with 850 job seekers seeking those roles in February 2012, an increase of 15% from December 2011. This was followed by general office assistants with 305 job seekers and other goods handling & storage with 230 job seekers. The top three occupations sought remained the same as in the December 2011 data. Data shows that there is a large void between notified and sought occupations. There were a total of 1,299 jobs notified in February 2012, compared to 3,980 sought occupations. The number of sought occupations has increased by approximately 10%, when comparing December 2011 and February 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 (January - February 2012), all districts apart from Rochford appear to have seen a reduction in NEET numbers. In the previous report covering September and October data, all areas apart from Chelmsford, had a decrease in NEET numbers. In February 2012, the areas with the highest percentage of individuals NEET were; Tendring (8.0%), Basildon (7.3%), Maldon (6.4%) and Castle Point (6.3%). The number of young people reported as unknown is also down in all areas, apart from Brentwood and Uttlesford. The highest unknown areas are in West

Harlow 18.8%, Epping Forest 17.7% and Uttlesford 14.9%. Ideally unknowns should be below 10%.

Between January and February 2012, there was a decrease of 9 individuals classed as NEET in Colchester. In February 2012 in Colchester, 6.0% of the total 16-19 age cohort were NEET, compared to 7.8% in October 2011. When directly comparing October 2011 and February 2012 data, the overall raw numbers of individuals classified as NEET in Essex have decrease by 24%, from 3,729 to 2,840 individuals.

NEET Adjusted Figures by District, January – February 2012

District	NEET Adjusted					Not Known				
	%		Numbers			%		Numbers		
	Feb-12	Jan-12	Feb-12	Jan-12	DOT*	Feb-12	Jan-12	Feb-12	Jan-12	DOT
Basildon	7.30%	7.70%	473	505	↓	14.30%	14.50%	963	980	↓
Braintree	5.80%	5.90%	290	294	↓	14.50%	14.90%	750	771	↓
Brentwood	4.10%	4.40%	102	109	↓	11.10%	10.90%	280	275	↑
Castle Point	6.30%	6.50%	211	220	↓	14.20%	14.40%	490	497	↓
Chelmsford	4.80%	5.20%	282	308	↓	11.80%	12.00%	727	735	↓
Colchester	6.00%	6.10%	343	352	↓	12.60%	13.30%	745	787	↓
Epping Forest	5.70%	5.80%	184	189	↓	17.70%	18.00%	602	613	↓
Harlow	6.00%	6.50%	170	188	↓	18.80%	19.30%	563	577	↓
Maldon	6.40%	6.50%	147	148	↓	12.90%	13.10%	302	308	↓
Rochford	4.40%	4.30%	141	138	↑	13.70%	14.00%	444	454	↓
Tendring	8.00%	8.80%	385	427	↓	15.00%	15.30%	743	760	↓
Uttlesford	4.80%	4.90%	113	116	↓	14.90%	14.90%	361	360	↑
Essex	6.00%	6.30%	2840	2994	↓	14.10%	14.40%	6956	7102	↓

* Direction of Travel

Data Source: CCIS March 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 12.7% of the total 16-19 year old resident population NEET (lower than 15% reported in the previous report). Shrub End is the second highest NEET ward, with 9.3% of the total 16-19 year old resident population NEET.

NEET Actual Numbers by Ward, January 2012

Ward	Jan-12 NEET	Jan-12 NEET %	Feb-12 NEET	Feb-12 NEET %
St Andrew's	43	12.0%	42	12.7%
St Anne's	30	8.4%	31	9.3%
Shrub End	29	8.1%	29	8.7%
Berechurch	33	9.2%	26	7.8%
New Town	27	7.5%	24	7.2%
Highwoods	25	7.0%	20	6.0%
Harbour	25	7.0%	20	6.0%
Tiptree	17	4.7%	19	5.7%
Castle	20	5.6%	18	5.4%
Stanway	13	3.6%	13	3.9%
Mile End	11	3.1%	12	3.6%
Lexden	11	3.1%	11	3.3%
Christ Church	11	3.1%	9	2.7%
Wivenhoe Quay	5	1.4%	8	2.4%
St John's	7	2.0%	7	2.1%
Prettygate	8	2.2%	7	2.1%
Birch and Winstree	9	2.5%	7	2.1%
West Mersea	7	2.0%	6	1.8%
Fordham and Stour	6	1.7%	5	1.5%
West Bergholt and Eight				
Ash Green	4	1.1%	4	1.2%
East Donyland	5	1.4%	4	1.2%
Wivenhoe Cross	2	0.6%	3	0.9%
Marks Tey	5	1.4%	2	0.6%
Dedham and Langham	2	0.6%	2	0.6%
Pyefleet	1	0.3%	1	0.3%
Great Tey	1	0.3%	1	0.3%
Copford and West Stanway	1	0.3%	1	0.3%
Colchester Total	358	100.0%	332	100.0%

The Budget 2012

The Budget 2012 was announced on the 21st March, and declared that wide-ranging reforms to the tax system were to be implemented, these are designed to reward work and support growth. The principles of these reforms are to make the tax system fair, efficient and simpler.

Tax system reforms include; reducing headline tax rates in order to increase the competitiveness of the tax system in the UK, closing loopholes to make the headline tax system fairer, restricting tax reliefs, as well as bringing forward plans to support families and reward work.

Another main area is the protection of the economy following the 2008/9 financial crisis. A comprehensive strategy has been outlined that sets out how to achieve strong, sustainable and balanced growth.

The budget also states the Government's intention to support businesses, by stimulating investment, exports, enterprise, and the employment market. These follow on from measures announced in [The Plan for Growth](#), [Autumn Statement 2011](#), and the [National Infrastructure Plan](#), involve over 250 economic reforms as well as investment in infrastructure.

A Selection of the Key Points Include:

- Age-related allowances for pensioners are to be frozen from April 2013, approximately 4m pensioners will be £83 a year worse off.
- Tax-free personal allowance is set to rise by £1,100 from April 2013 to £9,205, this should make 24m people £220 a year better off.
- The top rate of income tax will be cut from 50p to 45p from April 2013.
- The duty on all tobacco products is to rise by 5% above inflation.
- A 3.02p per litre fuel duty increase will continue to take effect on August 1st 2012, as planned.
- Stamp duty on residential properties over £2m that are bought via a company, will increase to 15%, and stamp duty on properties worth over £2m increases to 7%.
- Child benefit - If an individual in the household has an income of more than £50,000 benefit will be withdrawn at 1% for every extra £100 earned over £50,000.
- The budget deficit is expected to reach 5.8% next year.
- Major savings are being sought in relation to the administrative cost of the Carbon Reduction Commitment. If these savings cannot be found an alternative environment tax is proposed for autumn 2012.
- Operations in Afghanistan are expected to cost £2.4bn less than expected. A 100% relief on the average council tax bill for armed forces overseas was announced, and an extra £100m is to be spent on accommodation for soldiers.

Data sources:

HM Treasury (23/03/12) <http://www.hm-treasury.gov.uk/budget2012.htm>

The Telegraph (23/03/12) <http://www.telegraph.co.uk/finance/budget/9157835/Budget-2012-key-points.html>

Olympic Torch Route Unveiled

On **Friday 6th 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 6th 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 or <http://www.colchester.gov.uk/torch> for more information

Housing Trends Update

Figures released by The Department for Communities and Local Government (DCLG) state that in January house prices across the UK rose on average by 0.7%, which meant they were just 0.2% up on a year ago. In January the Royal Institution of Chartered Surveyors (RICS) found that mortgage lenders granted 22% more home loans compared to a year ago. There is anecdotal evidence to suggest that the reintroduction of 1% stamp duty on the 24th March for homes under £250,000 has led to a few more first time buyers purchasing property. The survey conducted by the DCLG shows that the average UK house price in January was £206,523.

The government backed New Buy scheme has recently been launched, this scheme intends to let 100,000 individuals apply for mortgages for newly built homes, with the incentive being that there may only be a 5% deposit to put down. This scheme should assist in improving sales, where severe rationing of mortgages has hindered sales in the past.

Halifax stated that housing prices faced “significant uncertainties” for the rest of 2012. Martin Ellis, Halifax’s housing economist, expressed how the prospects for property prices depended on events in the Eurozone and the potential knock-on effects to the UK.

At a regional level figures from the Land Registry show there are significant price variations in different areas of England and Wales. In London prices rose by 2.8% in 2011, but in the north east of England prices dropped by 7.1%.

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 (19/03/12) <http://www.bbc.co.uk/news/business-17343346>

BBC News (19/03/2012) <http://www.bbc.co.uk/news/business-17261732>

Retail Sales and Spending

Figures for January 2012 show the value of retail sales in Great Britain in January 2012 increased by 4.4% compared with January 2011. Sales volumes were predominantly driven by non-store retailing, other stores and food stores.

£24.6 billion was estimated to have been spent in the retail sector in January 2012, compared to £42.1 billion in December 2011 (and £23.6 billion in January 2011).

The minimum wage is set to increase in October 2012, rising by 11p to £6.19 per hour, the rate for workers under 21 will remain unchanged. The most recent Consumer Prices Index (CPI) measure of inflation showed that the cost of living rose by 3.6% in the year up to January.

Inflation fell to 3.4% in February, this fall was largely due to lower gas and electricity bills, this fall in inflation has been steady since September 2011, and the CPI rate is at its lowest since November 2010. The CPI rate was also reduced due to cheaper air fares and discounting on digital cameras, but higher alcohol prices stifled a further decline.

Reuters report that although Debenhams posted an improving sales performance in its first half, showing its resilience to tough conditions, many other British retailers are struggling as disposable incomes are squeezed. Job security is a unrelenting concern amongst consumers, and rising prices mean consumer spending remains cautious. It is hoped that the fall in inflation will allow consumers to increase spending this year, which provide a much needed boost to the economy.

Locally, businesses are also feeling the squeeze, the long established school wear shop Ernest Newson entered administration in early March. The closure highlights how tough the current conditions are. Supermarket chains now stock a large range of school wear, and it is conceivable that this played a role in the closure of the business.

Data sources:

ONS (20/03/2012) http://www.ons.gov.uk/ons/dcp171778_256706.pdf

BBC News (20/03/2012) <http://www.bbc.co.uk/news/business-17429325>

BBC News (20/03/2012) <http://www.bbc.co.uk/news/business-17442343>

Reuters (20/03/2012) <http://uk.reuters.com/article/2012/03/20/uk-debenhams-idUKBRE82J08120120320?feedType=RSS&feedName=GCA-GoogleNewsUK>

Evening Gazette (20/03/12) http://www.gazette-news.co.uk/archive/2012/03/15/Gazette+News+%28ev_gazette_news%29/9592569.School_uniform_shop_closes/

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 . 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 done so, you can also add your businesses details here for free.