

Colchester Quarterly Economic Report

Issue 13: September 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.

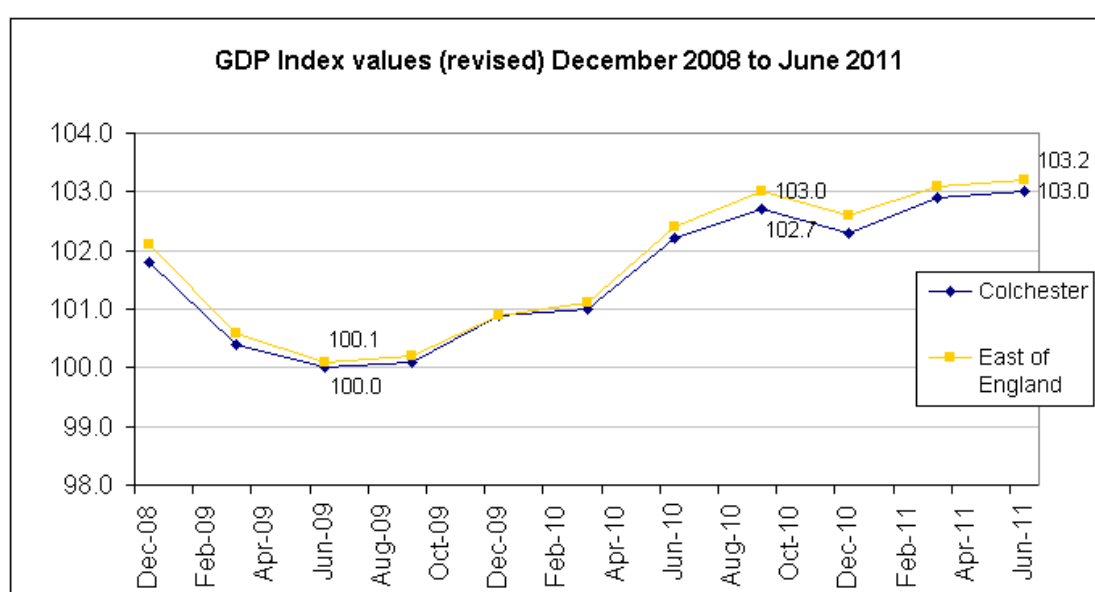
Thanks go to Essex County Council, Connexions Integrated Youth Services and Jobcentre Plus (Essex District and Colchester offices) for providing data towards this report.

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.



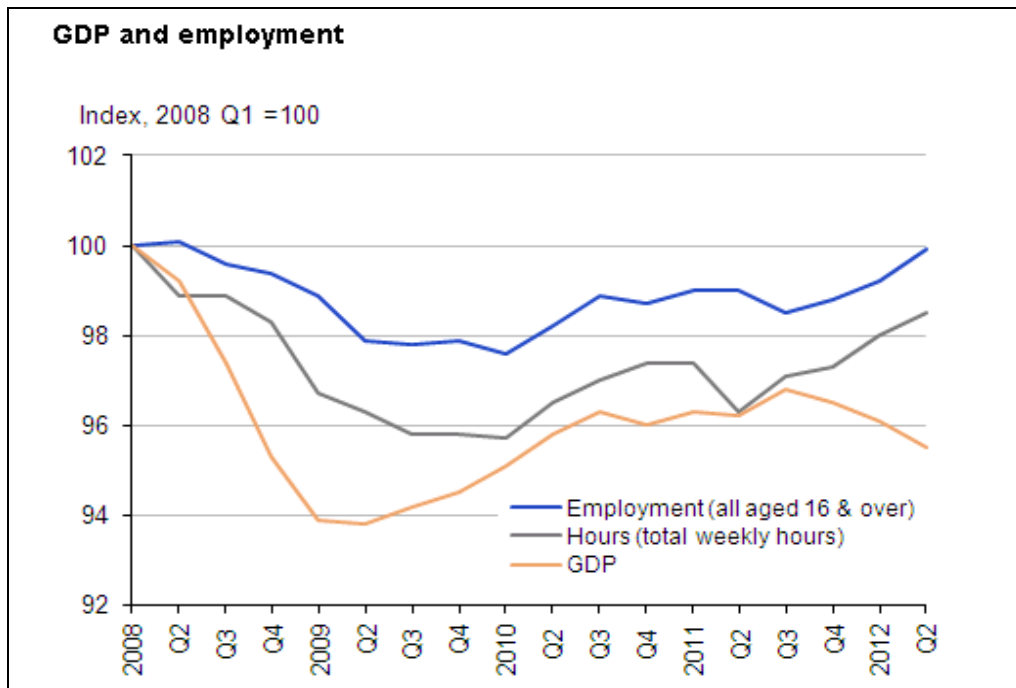
ONS regional GDP data accessed from Gavurin recession map, © Crown Copyright, 2011

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. UK gross domestic product (GDP) decreased by 0.5% the second quarter of 2012, this has been revised from a previously estimated decline of 0.7%. Seventeen quarters have passed since the start of the 2008 recession, and GDP growth remains significantly below its historical average, and is 4.2% lower than its pre-recession peak. GDP growth has been broadly flat over the past two years.

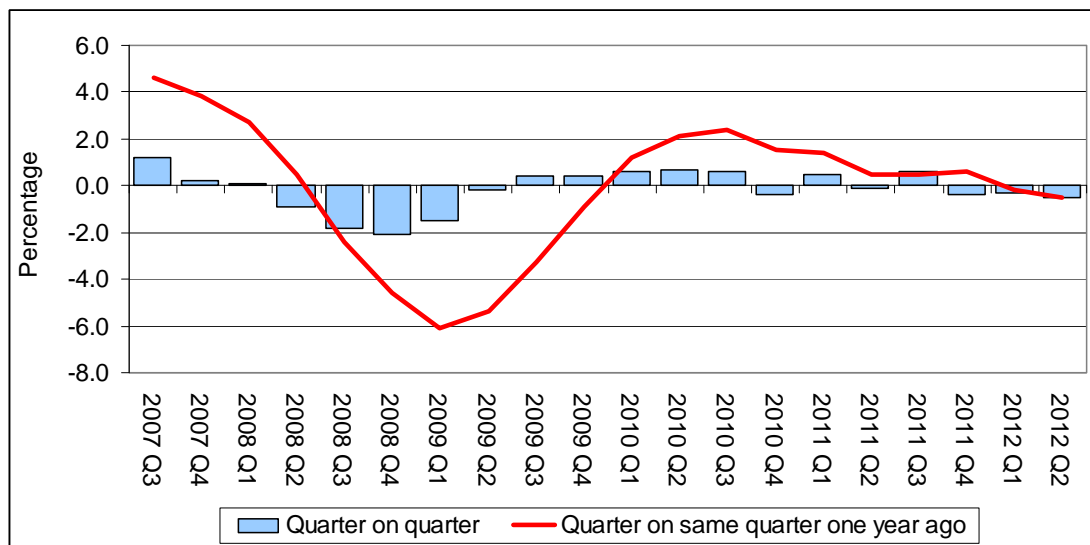
¹ Data was previously provided by Gavurin Recession Map at not cost. Changes implemented by Gavurin mean that this data now costs approximately £1,800 per annum. Currently the resources are not available to fund the inclusion of this data.

Quarterly construction growth has been revised upwards from minus 5.2% to minus 3.9% in the second quarter of 2012. However this sector remains the largest contributor to the negative growth of GDP. Services output composes over three-quarters of total output, contracted by 0.1%, following a modest growth of 0.2% in the previous quarter.



ONS data, © Crown Copyright, 2012

Real GDP Growth



ONS data, © Crown Copyright, 2012

Unemployment and Worklessness Data

Employment and unemployment (Apr 2011-Mar 2012)				
	Colchester (numbers)	Colchester (%)	East (%)	Great Britain (%)
All people				
Economically active [†]	100,900	79.7	79.7	76.5
In employment [†]	94,800	74.7	74.3	70.2
Employees [†]	81,200	65.1	63.6	60.4
Self employed [†]	13,100	9.2	10.3	9.4
Unemployed (model-based) [§]	6,000	5.9	6.6	8.1

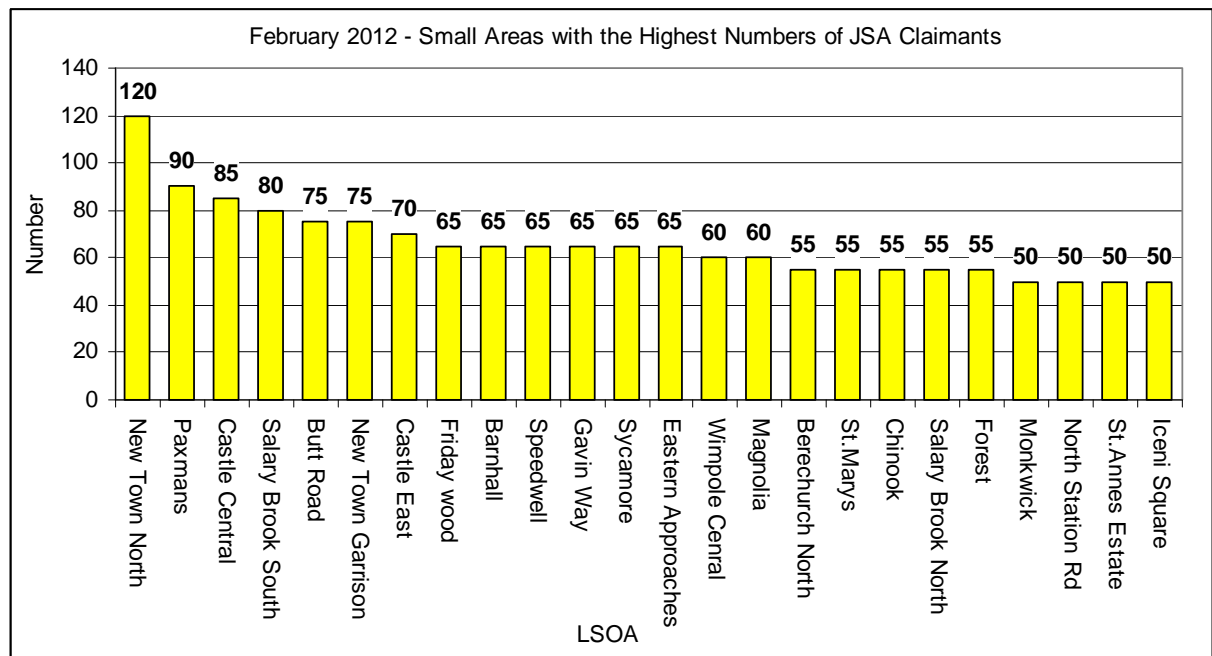
Source: ONS annual population survey

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

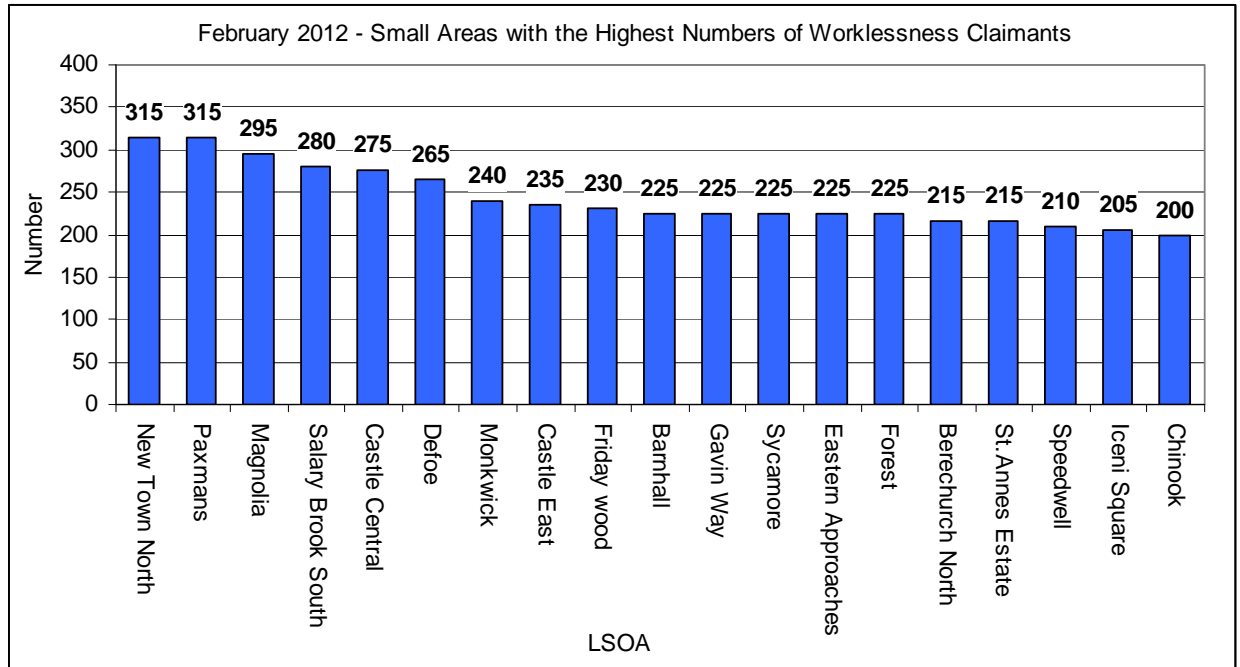
The previous report for October 2010- September 2011, showed that Colchester had a lower unemployment rate - 6.0%, compared to other areas. Data above for April 2011- March 2012 shows the same trend. The percentage of unemployed individuals for Colchester is slightly lower than in the June 2012 report (0.1% lower). In the East the unemployment rate remained stable at 6.6%. However, the rate for Great Britain increased by 0.2%.



Source: DWP NESS Dataset, August 2012

New Town North had the highest number of Job Seekers Allowance claimants in February 2012, as was the case in previous economic reports. However the number of claimants has risen slightly, from 105 in November 2011 to 120 in February 2012. Paxmans and Castle Central had the second and third

highest number of JSA claimants respectively. Paxmans had 90 claimants and Castle Central had 85. Both Paxmans and Castle Central saw a 10 claimant increase from November 2011 figures. In November 2011 there were 21 small areas in Colchester with 50 or more JSA claimants resident, compared to 24 in February 2012.



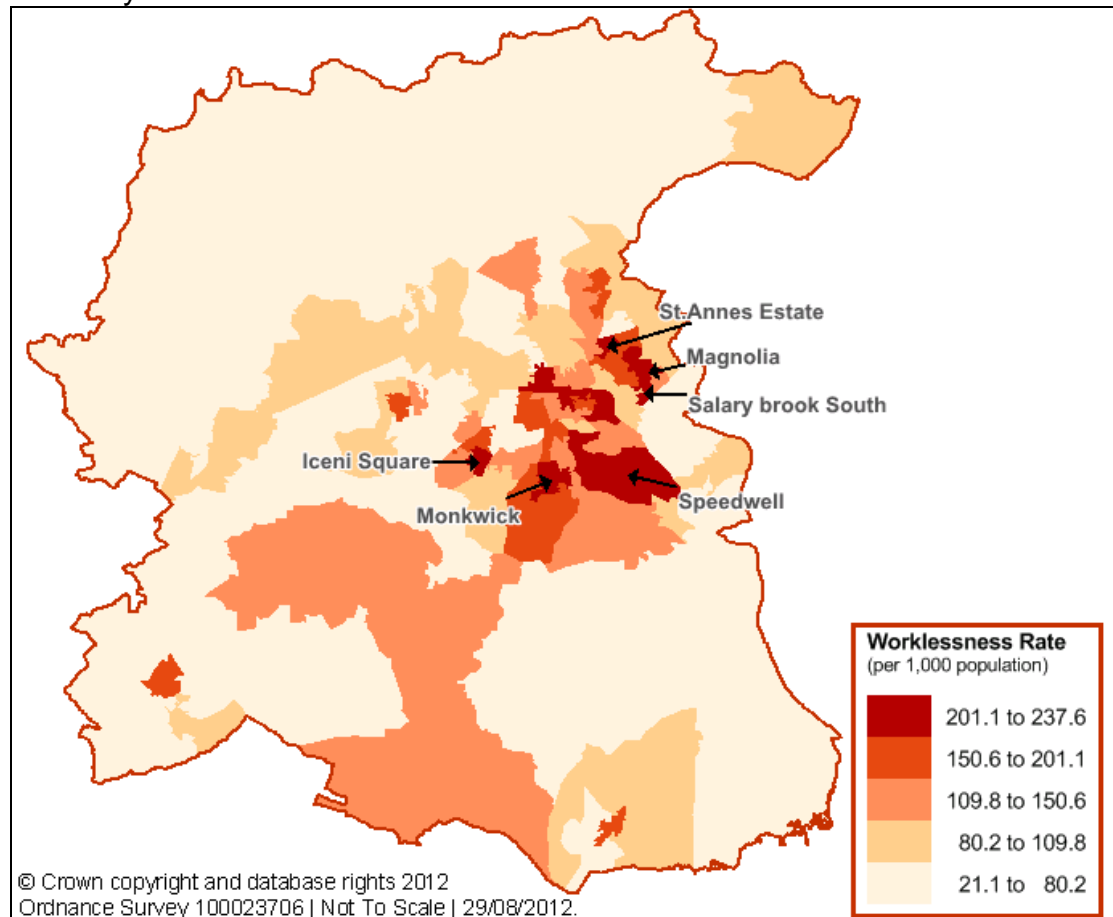
Source: DWP NESS Dataset, August 2012

In a change from November 2011 data, in February New Town North & Paxmans had the joint highest total number of worklessness claimants (315), whereas in the previous report New Town North & Magnolia had the highest claimant numbers (305 each). In November 2011, there were 16 small areas in Colchester, where 200 or more people were claiming worklessness benefits, by February 2012 this had risen to 19.

In previous reports Magnolia and New Town North have consistently remained 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, Paxmans has now entered into second position, pushing Magnolia into third place. Overall, the small areas ranked 1st -6th in February 2012, featured in the top 6 in November 2011, they just switched positions. Of these 6 small areas, Paxmans experiences the largest rise – a 5% increase from November 2011, the number of claimants in Dafoe fell by 3.6%.

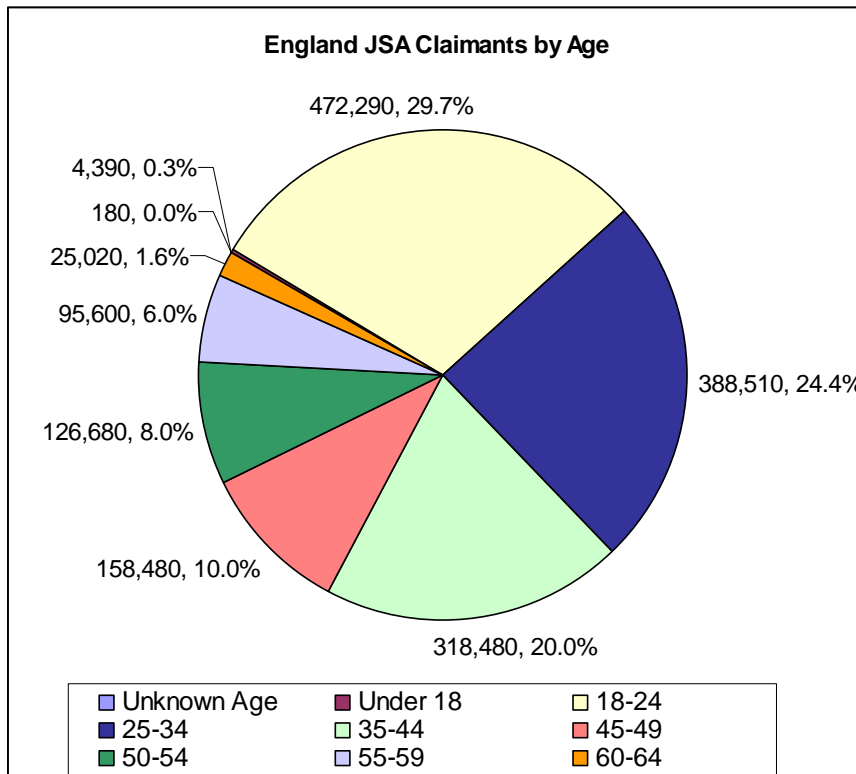
In addition a map of 'hot spot' worklessness areas has been produced for the borough, and can be found below. This shows a calculated crude worklessness rate, as a proportion of the total population of the small area, for Colchester. When calculated in this way the top 3 'hot spot' areas are; St Anne's, Monkwick and Icen Square. Other notable small areas are labelled for reference

Crude Rate per 1,000 Working Age Population, Worklessness Claimants, February 2012

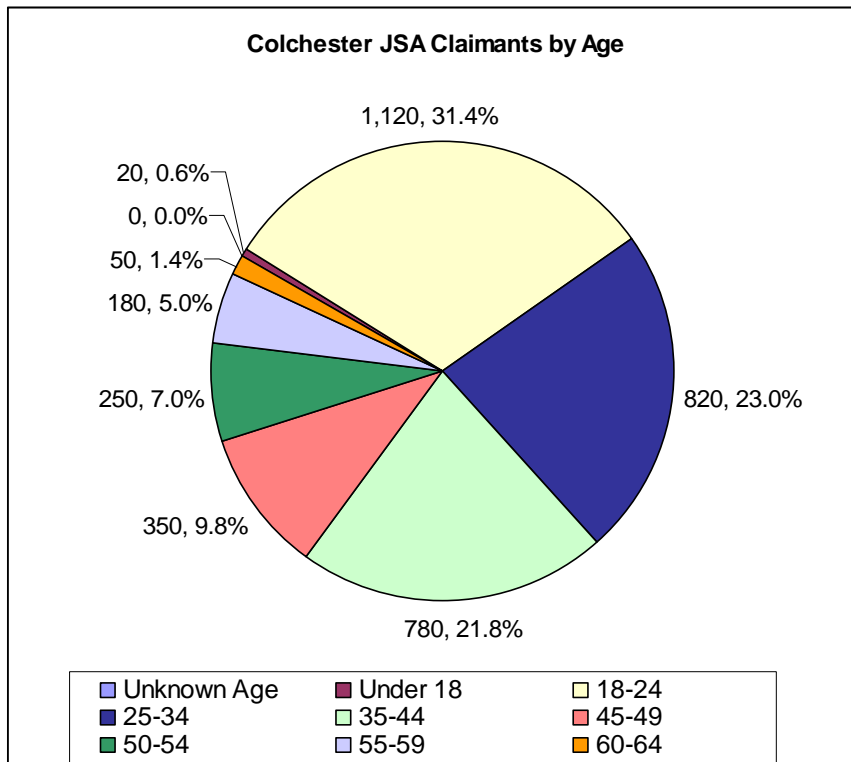


Source: DWP Benefits Working Age Client Group. LSOA rates are calculated by expressing the number of worklessness people as a percentage of the working age population from 2010 experimental mid-year LSOA estimates (ONS). 16-64 year age group totals were used for both males and females – as working age split of 16-59 years for females was not available.

February 2012 Job Seekers Allowance (JSA) Claims by Age



Source: DWP tabulation tool data downloaded August 2012



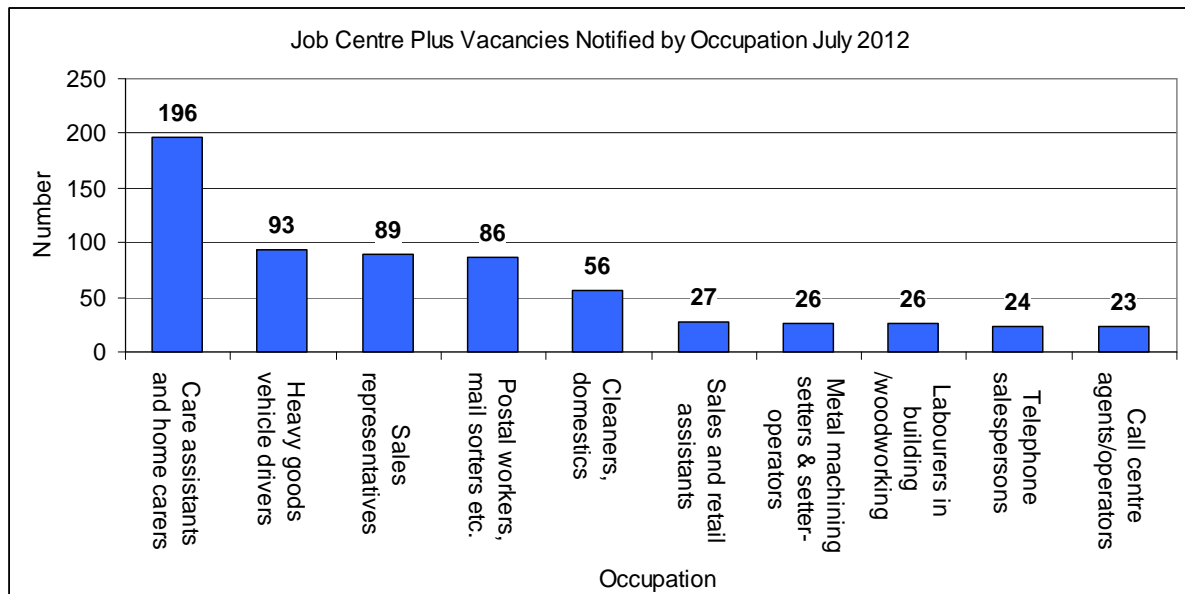
Source: DWP tabulation tool data downloaded August 2012

In February 2012 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 (the same as in November 2011), this was slightly lower than in Colchester where 31.4% of all claimants were 18-24 (a 0.4% decrease from November 2011).

In Colchester in November 2011, the age group with second largest proportion of claimants, were those aged 25-34. This age group represented 23.0% of total claimants, equating to approximately 820 individuals. Colchester mirrors national statistics, in England the second largest claimant group were those aged 25-34, this group represented 24.4% of all claimants.

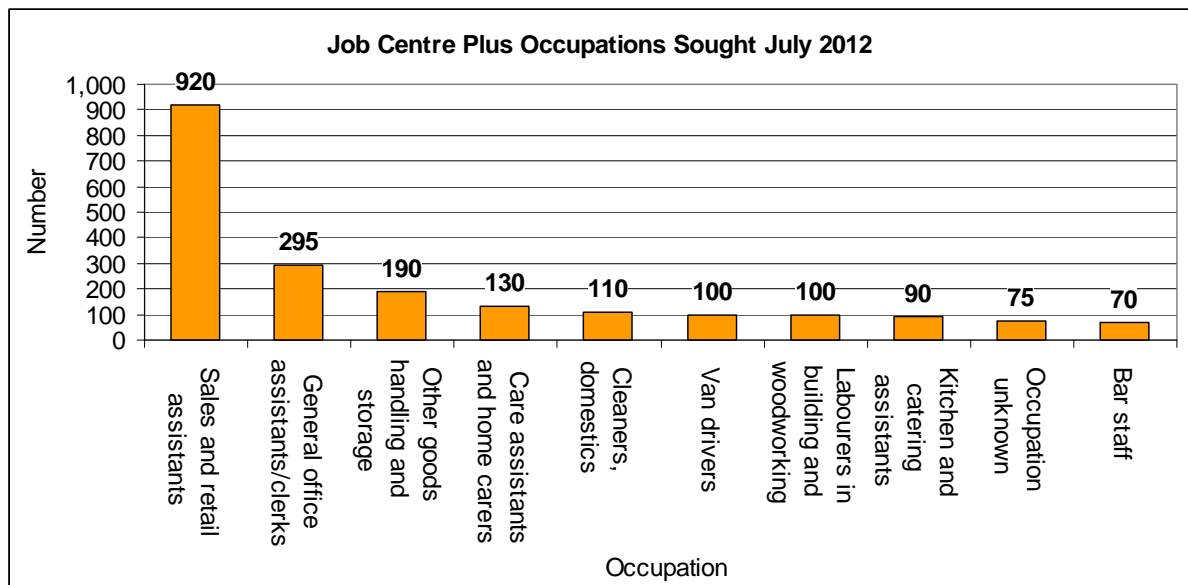
In both geographies the under 18s made up the smallest proportion of overall JSA claimants, but this may largely be due to eligibility. If they still live in the family home they may not be entitled to income based claims, and lack of previous work may mean they are not entitled to contribution based claims. The group with the second smallest proportion of claimants was the 60 to 64 age group, (those with an unknown age have been excluded).

Job Centre Plus Data Vacancies Notified and Occupations Sought



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

In July 2012 the total number of vacancies notified appears to have decreased compared to April 2012 (1,177 in July 2012 compared to 1,418 in April). The top occupation in July 2012 (care assistants and home carers) was different from the April 2012 data where sales representatives occupied the top spot. Data for July 2012 shows that compared with April there was an 81.5% increase in care assistants and home carer vacancies (108 vacancies in July). This occupation accounted for the highest number of vacancies, and falls in the fourth highest position in relation to the top ten occupations sought.



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

As in the previous economic reports, sales and retail assistant jobs were the top occupation sought, with 920 job seekers seeking those roles in July 2012, an increase of approximately 12% from April 2012. This was followed by general office assistants with 295 job seekers and other goods handling & storage with 190 job seekers. The top three occupations sought remained the same as in the April 2012 data. Data shows that there is a large void between notified and sought occupations. There were a total of 1,177 jobs notified in July 2012, compared to 3,685 sought occupations. The number of sought occupations has decreased by approximately 4%, when comparing April 2012 and July 2012 data.

Not in Employment, Education or Training (NEET) Data

Please 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 (June -July 2012), all districts apart from Brentwood, Epping Forest and Rochford appear to have seen a reduction in NEET numbers. In the previous report covering April - May data, all areas apart from Colchester and Tendring, had a decrease in NEET numbers. In July 2012, the areas with the highest percentage of individuals NEET were; Basildon (6.7%), Tendring (6.3%) and Colchester (5.4%). The number of young people reported as not known is also down in all areas (when comparing June – July 2012). The highest unknown areas are in Harlow 13.7% and Epping Forest 12.7%. Ideally unknowns should be below 10%.

Between June and July 2012, there was a decrease of 3 individuals classed as NEET in Colchester. In July 2012 in Colchester, 5.4% of the total 16-19 age cohort were NEET, compared to 5.1% in May 2012. Total Essex NEET numbers have seen a reduction of approximately 4% from 2307 individuals in May 2012, to 2210 in July 2012.

NEET Adjusted Figures by District, June - July 2012

District	NEET Adjusted					Not Known				
	%		Numbers			%		Numbers		
	Jul-12	Jun-12	Jul-12	Jun-12	DOT*	Jul-12	Jun-12	Jul-12	Jun-12	DOT*
Basildon	6.7%	6.5%	408	401	↑	11.6%	12.8%	777	863	↓
Braintree	4.4%	4.7%	213	230	↓	9.7%	10.9%	508	570	↓
Brentwood	3.3%	3.2%	78	77	↑	7.8%	8.8%	196	222	↓
Castle Point	4.4%	4.7%	139	151	↓	10.0%	10.9%	343	374	↓
Chelmsford	4.0%	4.0%	227	231	↓	8.6%	9.7%	525	596	↓
Colchester	5.4%	5.3%	291	294	↓	10.0%	10.8%	594	641	↓
Epping Forest	4.7%	4.3%	143	135	↑	12.7%	14.0%	431	478	↓
Harlow	4.5%	4.9%	119	132	↓	13.7%	14.9%	411	445	↓
Maldon	4.8%	4.8%	104	106	↓	9.0%	10.7%	211	250	↓
Rochford	4.1%	3.7%	124	113	↑	8.7%	9.9%	281	318	↓
Tendring	6.3%	6.3%	282	289	↓	11.7%	12.6%	584	629	↓
Uttlesford	3.4%	3.4%	76	76	↔	10.6%	11.6%	257	281	↓
Essex	4.9%	4.9%	2210	2237	↓	10.4%	11.5%	5112	5658	↓

* Direction of Travel

Data Source: CCIS September 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 14.2% of the total 16-19 year old resident population NEET (higher than 11.5% reported in the previous report). St Anne's remains the second highest NEET ward, with 11.1% NEET, this figure is higher than the previous report (9.7%).

NEET Actual Numbers by Ward, July 2012

Ward	Jul-12 NEET	Jul-12 NEET %
St Andrew's	41	14.2%
St Anne's	32	11.1%
New Town	29	10.1%
Berechurch	22	7.6%
Shrub End	21	7.3%
Castle	20	6.9%
Harbour	17	5.9%
Tiptree	16	5.6%
Highwoods	15	5.2%
Prettygate	10	3.5%
Stanway	9	3.1%
Lexden	7	2.4%
St John's	6	2.1%
West Mersea	5	1.7%
West Bergholt and Eight Ash Green	5	1.7%
Mile End	5	1.7%
Fordham and Stour	5	1.7%
East Donyland	5	1.7%
Wivenhoe Quay	< 5	< 5
Christ Church	< 5	< 5
Birch and Winstree	< 5	< 5
Dedham and Langham	< 5	< 5
Wivenhoe Cross	< 5	< 5
Pyefleet	< 5	< 5
Great Tey	< 5	< 5
Copford and West Stanway	< 5	< 5
Marks Tey	< 5	< 5
Colchester Total	288	100.0%

In Focus/ Extra news

Olympics

On **Friday 6th July 2012** the Olympic Flame visited Colchester. The route included; Ipswich Road, East Hill, the High Street & North Hill.

Despite the rainy conditions, Colchester residents lined the streets to celebrate the arrival of the torch in the town. The torch was en route to the opening ceremony of the London 2012 Olympic Games, and the cauldron was officially lit on 27 July 2012.

The Olympics was a great success for Great Britain, with Team GB finishing third in the overall medals table. Local athlete Saskia Clark from West Mersea was one of the many medallists, securing a silver medal in the sailing (women's 470 class).

The Paralympic games was also highly successful for Team GB, again they finished third in the overall medal table with 120 medals. Colchester athlete Natalie Jones secured a bronze medal in swimming (S6 200 metres individual medley).

The excitement of the Olympics appears to have triggered a boost in the economy in relation to sporting goods, specifically cycling. Paul Thomas, who is the manager of Cycle Revolution in Stanway, has reported that turnover increased by about 20% following the games. Cycle Life Colchester also reported a boom in sales.

Data Source:

http://www.gazette-news.co.uk/news/local/colchester/9860036.Cycle_stars_spark_sales_boom/

http://www.gazette-news.co.uk/sport/9908064.Jones_wins_Paralympic_bronze/?ref=mmssp

Housing Trends Update

The Bank of England reports that the number of mortgages approved for home buyers, but not yet lent, rose in July with 47,312 approvals, up from 44,124 in June. However, this number was still less than the monthly average of nearly 51,000 approvals for the previous six months, suggesting the rationing of mortgage funds is continuing.

Recently published house prices for August 2012 report a surprising 1.3% rise, resulting in the biggest monthly rise since January 2010. The average UK house price is now £164,729, meaning prices are only 0.7% lower than a year ago, despite the recession and continued mortgage rationing.

The Bank's recently launched Funding for Lending scheme is set to see more, and cheaper, funds being made available to home buyers. However, it will be some months before any quantifiable evidence of this will become available.

As banks rein in their lending on mortgages, building societies have seen an increase in their share of the market. The Building Societies Association (BSA) reports that mutual lenders had approved 26% of all mortgage loans in July, and 24% in the first seven months of this year.

The effect of the banks reining in their lending has resulted in a 50% drop in the number of new mortgages being granted, compared with the years before the onset of the banking crisis in 2007.

House prices in England and Wales have risen slightly in the past year, with demand for £1m+ properties growing sharply. Figures from the Land Registry show a rise of 0.3% in July compared with a year ago and a rise of 0.8% on the previous month. Regionally, London experienced the largest price rise of 6.5% on the year.

The Land Registry also stated that the number of properties worth more than £1m sold in May in England and Wales was 562 - more than double compared to a year earlier. The average UK house price was £162,900 in July, increasing from £161,777 in June. However, many areas including the North West and the North East experienced a fall in prices. The market is still delicate, and further monitoring is required.

Halifax has reported that low interest rates were a "key factor" in boosting mortgage affordability for new buyers, and state that new homeowners need just over a quarter of take-home pay to cover loans - the lowest proportion of their disposable earnings since 1997. However, this conflicts with recent data revealing mortgage approvals to be at a 15-year low. MoneySupermarket also reports that the range of mortgages available to people with deposits of 10% or less and first-time buyers, has also slumped significantly in the last six months.

Added to the housing concerns is the worry that the fall in house prices in the last five years, has resulted in great reductions in the amount of equity that homeowners possess. This could mean that individuals cannot move up the housing ladder.

The most recently available Housing Trends Report (June 2012) reports that at a regional level, Colchester was one of three Local Authorities in the Haven Gateway to experience an increase in the overall average price from April 2011- April 2012. In relation to lower quartile prices Colchester saw the largest increase in price (£5,855), in relation to overall price Colchester saw an increase of £8,819.

Lower quartile prices for semi detached properties, from April 2011 to April 2012 increased substantially in three local authorities; Babergh by £10,000, Suffolk Coastal by £5,200 and Braintree by £5,000. The largest decrease in price was in Colchester of £5,000.

Colchester, Ipswich, Mid Suffolk, Suffolk Coastal and Tendring had a slightly higher than average regional turnover of private housing stock, 0.6%.

Babergh, Braintree, and Maldon all had a turnover of 0.5% the same as the regional average.

Data sources:

<http://www.bbc.co.uk/news/business-19421462>

<http://www.bbc.co.uk/news/business-19426318>

<http://www.bbc.co.uk/news/business-19408382>

<http://www.bbc.co.uk/news/business-19388147>

June 2012 – Greater Housing Gateway Quarterly Housing Market Trends Report

Record number of new business starts in Colchester

Research by company formation experts, Duport.co.uk has shown a record number of new companies being set up in Colchester in the first half of 2012.

New businesses will benefit from the town's many assets and they, in turn, will bring more wealth to the area.

Colchester may be the oldest town on record, but it has set a different kind of record this year. There have been 758 new companies formed in the first six months of 2012, more than any other year on record for the area, and significantly more than the 668 that were formed during the first half of 2011. Colchester is currently undergoing a major regeneration project. Over the next 9 years (by 2021) Colchester will accommodate 17,000 new homes and 14,000 new jobs. The majority of residents of the town work in the public sector, although tourism and a burgeoning cultural scene also provide employment.

Managing Director of Duport.co.uk, Peter Valaitis said:

“The regeneration of Colchester is attracting business start-ups to the area. With a rejuvenated town centre and good links to London, this is a great place to set up a new company. New businesses will benefit from the town's many assets and they, in turn, will bring more wealth to the area.”

The combination of the regeneration project and a record number of new companies could well work wonders for the economy in Colchester, making it a great place for new business to grow.

Duport Associates Ltd is a leading UK company formation agent, operating in the UK for around 15 years. Duport registers around 10,000 new companies each year using its Companies House approved software. The Company Register which is maintained by Companies House contains public information about Limited companies and directors.

Retail Sales and Spending

The Office for National Statistics (ONS) reports that in July 2012 all retailing seasonally adjusted sales volumes were estimated to have increased by 2.8% compared with July 2011. Compared with June 2012 all retailing seasonally adjusted sales volumes were estimated to have increased by 0.3%. In July 2012 the average weekly spend for all retailing £6.7 billion, compared to £6.6 billion in June 2012 and £6.5 billion in July 2011.

Compared with July 2011 average weekly internet sales were 14.2% higher in July 2012, with an estimated value of £505.1 million, and accounted for 8.5% of all retail spending (excluding automotive fuel).

The ONS describes how food stores sales volumes in July 2012 increased by 0.9% when compared with July 2011, with the value of these sales increasing by 2.9%. Predominantly non-food stores sales volumes in July 2012 increased by 4.0% when compared with July 2011.

Textile, clothing and footwear stores sales volumes in July 2012 had decreased by 0.1% compared to the same period a year ago. However, over the same period the value of sales increased by 0.5%, with average prices estimated to have increased by 0.4% in the year to July 2012.

In Colchester, it has recently been announced that Lion Walk Shopping Centre has been put on the market. After a £3.2 million refurbishment programme, current owners LaSalle UK Ventures have decided to sell the leasehold which is estimated to be worth £70 million. The centre includes shops such as BHS, Topshop, and Boots and attracts approximately 6 million visitors per year.

Work has also started on a new retail park on Peartree Road in Colchester, at an estimated cost of £2.5million. Due for completion in 2013, it will offer 35,000 sq ft of new shopping space for the west of the town.

Although certain retailers experienced an increase in sales due to the 'Olympic effect' (see the article above), town centre traders reported a slump in business during the Olympics. Lion Walk and Culver Square, both experienced a decline in trade during the two weeks of the London Games. From 12 September 2012 certain traders in the town centre will be increasing their opening hours in an attempt to encourage more shoppers.

The future of JJB Sports is also in jeopardy, the retail chain which has a store at Colchester Retail Park (Sheepen Road), has put itself up for sale. With high debts and shares valued at less than 1p, the future of the chain is in doubt.

Colchester commuters are also facing an increase in rail fares, with an increase of approximately £300 (roughly 6%) on a season ticket from Colchester to London.

Data sources:

<http://www.ons.gov.uk/ons/rel/rsi/retail-sales/july-2012/stb-rsi-july-2012.html>

http://www.chelmsfordweeklynews.co.uk/news/colchester/9899077.Lion_Walk_Centre_is_put_on_the_market/

http://www.eadt.co.uk/business/colchester_work_starts_new_2_5million_retail_park_on_pearree_road_in_colchester_1_1469659

http://www.chelmsfordweeklynews.co.uk/news/county_news/9875049.Business_was_down_in_Colchester_during_the_Olympics/

http://www.gazette-news.co.uk/news/local/9898976.Colchester_stores_to_trade_longer_on_Wednesdays_from_September/

<http://news.sky.com/story/978690/jjb-shares-collapse-as-it-loses-funding-fight>

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.