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Report to: LEP Board
Date: 19 September 2017
Subject: Economic Reporting

1 Purpose

1.1 To provide an update on the latest economic and business intelligence for the Board.

2 Information

2.1 This report and the attached economic update and dashboard are based on the latest available economic and business intelligence information at the time of writing.

2.2 The main national and international economic developments since the last Board meeting include:

- The UK economy grew by 0.3% in Q2 2017, a slight increase from 0.2% in Q1, but lower than other major economies and below levels seen in 2016.
- The World Bank's forecasts for global growth remain largely unchanged from their January projections. Their outlook for the UK has been revised up slightly, though growth is still expected to slow a little from 2016.
- The UK employment rate has surpassed 75% for the first time since records began, with full-time, permanent positions driving this growth.
- Inflation remained elevated at 2.6% in July, unchanged from June but down slightly from May's 2.7% peak. Meanwhile regular pay growth has risen to 2.1%, so whilst real pay growth remains negative, the gap between wages and inflation has narrowed slightly.

2.3 The main highlights for Leeds City Region include:

- Yorkshire & Humber is the fastest growing region of the UK in terms of business activity, according to the Markit/Lloyds Bank Regional PMI for July. The region's PMI of 58 is higher than any other region.
- The number of new business bank accounts opened in Leeds City Region so far this year is broadly in line with 2016 activity. There have been around 1% fewer accounts opened so far this year than at the same point in 2016 compared to a 2.2% fall nationally.
- The Chambers of Commerce QES found increasing confidence among service sector firms in Leeds City Region, though key measures of manufacturers' confidence fell to their lowest levels in almost four years.

- There are 28,500 more people in work in Leeds City Region than a year ago. This 2.1% increase in employment is higher than in any other northern LEP area, and is 2nd only to Greater Birmingham & Solihull among core city LEPs. The employment rate has increased to 73.5%, up from 73.1% in the previous quarter.

3 Recommendations

- 3.1 The LEP Board is asked to note the analysis presented in the economic update and dashboard and consider how this relates to the work of the LEP and its strategy.