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Report to: LEP Board

Date: 16 January 2018

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 are based on the latest available economic and business intelligence information at the time of writing. The report and dashboard cover the main local, national and international economic developments since the last Board meeting.

2.2 Owing to the lack of substantial new local/regional data as a result of the relatively short period since the Board's last meeting, this report is a shortened version of the regular update. The report will return to its normal format for the Board's next meeting.

2.3 The main national and international headlines include:

- Global growth remains solid and is strengthening, according to the latest analysis from the World Bank and OECD.
- In the UK, GDP increased by 0.4% in Q3 2017, expanding at a similar rate to Q2. Manufacturing output increased by 1.1% in Q3. Survey data suggests all of the service, manufacturing and construction sectors continued to grow in November.
- The number of people in work fell UK fell by 56,000 in the three months to October, compared to the previous three months. The employment rate has dipped from 75.3% to 75.1%, but remains high by historic standards.
- Inflation in the UK increased to 3.1% in November, its highest level in almost 6 years. Wage growth is showing signs of picking up, with average weekly pay up by 2.3% in October, though this still lags behind inflation.

2.4 At the regional / city regional level:

- Yorkshire & Humber business activity continues to expand in line with UK performance, according to the latest Lloyds Regional PMI.

- The region has also matched UK performance on export growth with goods exports up 15% over the first three quarters of 2017 compared to the same period in 2016.
- Leeds City Region has outperformed the UK so far this year on the number of new business bank accounts opened. Over 14,000 new business bank accounts have been opened so far in 2017, an increase of 0.5% on 2016 compared to a 3.7% decline across England.
- As with the national picture, employment in Yorkshire & Humber declined in the three months to October, falling by 37,000 from the preceding three months.

2.5 In conclusion, the UK economy has remained more robust than many analysts had anticipated through 2017, though it still seems that growth will have dipped from 2016 levels and relative to other major economies. This suggests that Brexit, specifically the associated uncertainty and the cost pressures driven by the fall in sterling, have inhibited growth somewhat this year. Although data suggests that the labour market may have peaked, employment remains at historically high levels and vacancy levels suggest workers remain in high demand. Businesses both nationally and in Yorkshire and Humber say they expect to continue creating new jobs through the start of 2018.

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.