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**Report to:** LEP Board

**Date:** 29 November 2017

**Subject:** Economic Reporting

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## **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. The report and dashboard cover the main local, national and international economic developments since the last Board meeting.

2.2 The main national and international headlines include:

- The recent upturn in global economic activity continues, with most major economies seeing strong growth in the first half of 2017 compared to previous years.
- The broad upturn in global activity so far this year is reflected in the IMF's latest World Economic Outlook, which has revised up its forecast for global growth by 0.1% to 3.6% in 2017, an acceleration from growth of 3.2% last year.
- UK GDP increased by 0.4% in Q3 2017, expanding at a similar rate to Q2's 0.3%. However, growth so far in 2017 has averaged around half the 0.6% quarterly average seen in the preceding three years and is now below that of other G7 nations, suggesting some impact related to Brexit uncertainty.
- The UK labour market remains strong. The employment rate has now reached 75.1%, whilst the unemployment rate has fallen to 4.3%.
- Inflation in the UK increased to 3% in September, up from 2.9% in August to its highest level since 2012. The fall in the value of sterling post-EU referendum has been a key driver of rising inflation.

2.3 The main local and regional headlines include:

- The Quarterly Economic Survey (QES) with the Chambers of Commerce for Leeds City Region for Q3 2017 found strong growth for both manufacturers and service sector firms, on the back of solid expansion both domestically and in exports.
- Almost half of all service sector firms and a third of manufacturers now expect profitability to increase over the next year, both up 10 points on the previous

quarter. Despite this, concerns over cost pressures and exchange rates remain elevated.

- Goods to the value of £8.35bn have been exported from Yorkshire & Humber in the first half of 2017, an increase in exports of 17.5% on the same period last year. This broadly mirrors national performance.
- Goods exports have averaged £4bn per quarter in Yorkshire & Humber in the year since the Brexit vote compared to an average of £3.5bn in the year preceding the referendum, suggesting the fall in sterling post-EU referendum has helped to increase the value of exports.
- There are 26,000 more LCR residents in work in Q2 2017 than a year earlier. The employment rate stands at 73.4%, broadly unchanged from the 73.5% seen in Q1.
- So far in 2017, 12,600 new business bank accounts have been opened in LCR, consistent with 2016. 2.6% fewer accounts have opened across England over that period. Only 5 LEPs have seen faster growth in new business bank accounts than LCR so far this year.

### **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.