

Report to: Leeds City Region Enterprise Partnership Board (LEP)

Date: 13 June 2018

Subject: **Economic reporting**

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1 Purpose of this report

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

2 Information

- 2.1 This report presents recent developments in the global, national and local economies. The report is now produced on a regular, quarterly basis. As such the latest available version will be presented to the LEP Board for each of its meetings. When no new report is available from the previous meeting, a brief update will be provided covering any recent major developments.

The version presented here is the May 2018 Economic Update. The below tables shows the version which will be presented to the Board for each of its future meetings in 2018/19.

Date of LEP Board meeting	Date of Economic Update
19 July 2018	May 2018 (with update on key developments)
20 September 2018	August 2018
22 November 2018	November 2018
24 January 2018	November 2018 (with update on key developments)
28 March 2019	February 2019

Main national and international headlines

- 2.2 The main national and international headlines include:

- GDP in the Eurozone increased by 0.4% in Q1 2018, whilst the US economy expanded by 0.6%. Both saw growth slow from 0.7% in Q1.
- UK GDP growth fell to 0.1% in the first quarter of 2018, down from 0.4% in Q4 2017 to its lowest level since 2012. Adverse weather conditions were a relatively small contributory factor.

- UK productivity increased by 0.7% in Q4 2017, the 2nd consecutive quarter of growth. Despite this, productivity remains 19.6% lower than if it had followed its pre-downturn trend.
- Employment in the UK continues to increase, with the employment rate at a record high of 75.6%.
- Average earnings increased by 2.9% in the three months to February, whilst inflation fell to 2.5% in March. Earnings are now growing faster than inflation.
- The Bank of England have revised down their growth forecasts for the UK economy in light of a sluggish start to the year. They now expect growth of 1.4% this year, down from 1.8% in their previous forecast.

Leeds City Region headlines

2.3 For Leeds City Region, the key headlines include:

- Confidence remained high among City Region businesses at the start of 2018, with increasing expectations of profitability and turnover growth among both service sector and manufacturing firms.
- Business activity in Yorkshire & Humber expanded at a faster pace than in other UK regions in April, rebounding from a slowdown in March.
- There was a 10% drop in new business bank accounts opened in Leeds City Region in Q1 2018, compared to a 13.8% drop nationally.
- Total employment in Leeds City Region increased by 6,000 (0.4%) between Q3 and Q 42017, and by 13,000 (0.9%) over 2017 as a whole.
- Over the course of 2017, goods exports from the Yorkshire & Humber region totalled £16.8bn, up 13.6% on 2016 and slightly outpacing UK growth of 13.3%.
- House prices in West Yorkshire increased by 4.6% in the year to February 2018, with prices nationally increasing by 4.4%. In absolute terms, prices remain highest and above the national average in Harrogate and York.
- In commercial property, average rents in West Yorkshire have increased moderately since 2015 to £13.70/SF in Q1 2018. This remains competitive against the UK average of £27/SF.

3 Financial Implications

3.1 There are no financial implications directly arising from this report.

4 Legal Implications

4.1 There are no legal implications directly arising from this report.

5 External Consultees

5.1 No external consultations have been undertaken.

6 Recommendations

6.1 That the LEP Board note the analysis presented in the economic update and dashboard and consider how this relates to the work of the LEP and its strategy.

7 Background Documents

None.

8 Appendices

Appendix 1 – Leeds City Region Economic Update Report – March 2018

Appendix 2 – Leeds City Region Economic Dashboard – March 2018