



Nottinghamshire Economic Insight Issue 33: October 2012 The economy

International:

The World Bank lowered its growth forecast for China citing weak demand for its exports and lower investment growth. The Bank said it expected China's economy to grow by 7.7% this year, down from its projection of 8.2% in May. China's exports have been hurt by economic problems in the eurozone and the US, two of its biggest markets. Meanwhile, policymakers have found it tough to boost domestic demand enough to offset the decline in foreign sales.

BBC News Business (8.10.12), [World Bank lowers China forecast amid growth concerns](#), BBC © 2012

The Federal Reserve is likely to keep US interest rates at the current near-zero rate until 2015, minutes from its September rate-setting meeting showed. US rates have remained at between zero and 0.25% since December 2008, as the Fed aims to help boost the US economy. The minutes also confirmed that the central bank wants to specifically help the housing market.

BBC News Business (5.10.12), [US Fed says low interest rates are likely until 2015](#), BBC © 2012

India's finance minister P Chidambaram promised more reforms after it opened up its retail sector to foreign supermarket chains and cut diesel subsidies. He also told the BBC that it was unfair to single India out for corruption, but said more was being done to tackle the problem. The Government is facing criticism of the reforms it announced in September to try to boost the slowing economy. Opponents said the measures, which include opening up India's massive retail sector to competition from foreign supermarkets, will hurt the poor.

Andrew North, BBC News India (3.10.12), [India minister Chidambaram promises more reforms](#), BBC © 2012

The Asian Development Bank (ADB) cut its growth forecast for Asia for the current and next year, as economic problems in Europe and the US hurt developing countries. The lender projected that Asia, excluding Japan, expanded by 6.1% in the current year, down from a July estimate of 6.6%. It also forecast inflation would be 4.2% rather than 4.4%. The ADB said countries in Asia must reduce their dependency on exports. It singled out slowing growth in China and India, two of the biggest economies in the region, as the main driver of the revision.

BBC News Business (3.10.12), [Asian Development Bank cuts growth forecast for Asia](#), BBC © 2012

Latin America grew at a slower pace than the previous year, primarily due to weaker growth in Argentina and Brazil, a United Nations report suggested. The Economic Commission for Latin America and the Caribbean (ECLAC) forecast the whole area would slow to 3.2% in 2012, down from 4.3% the previous year. It was also less than the 3.7% that ECLAC predicted in June. ECLAC blamed the global economy, which has been hit by the eurozone debt crisis and slowing Chinese growth.

BBC News Business (2.10.12), [Latin America growth to slow in 2012, UN report says](#), BBC © 2012

US manufacturing activity gained after three months of contraction, according to the Institute for Supply Management's monthly survey. The index gained to 51.5 in September, from 49.6 in August, driven by a jump in new orders. A reading above 50 signals growth.

BBC News Business (1.10.12), [US manufacturing activity gains, ISM survey shows](#), BBC © 2012

Manufacturing in China contracted for a second month, another sign of economic slowdown in the world's second largest economy. The Purchasing Managers' Index (PMI) rose to 49.8 in September, government data showed. That came after a reading of 49.2 in August. A reading below 50 indicates a contraction in activity, while a reading above 50 indicates expansion.

BBC News Business (1.10.12), [China manufacturing activity shrinks again in September](#), BBC © 2012

Japanese businesses sentiment worsened in the three months to September, the Bank of Japan's Tankan Survey indicated, underlining the weakness in the country's economy. It measures pessimism and optimism among large manufacturers. The index showed the mood deteriorating to minus 3, compared with minus 1 in the June survey. It had been negative for four straight quarters. Analysts said demand had been hit by a weak global economic picture.

BBC News Business (1.10.12), [Japan Tankan survey shows business mood worsening](#), BBC © 2012

Japan's industrial output fell more than expected in August, as cars and electronics suffered from weak global demand. Output fell by 1.3% from the previous month, and by 4.3% compared to a year earlier, official data showed. Analysts were expecting a 0.4% drop. The fall in industrial output in July was revised down to 1.0%. Analysts said the drop in exports to China was most worrying. China is Japan's biggest export market.

BBC News Business (28.9.12), [Japan's industrial output slips as demand remains subdued](#), BBC © 2012

Growth in the US economy between April and June was been revised downwards. Gross domestic product (GDP) in the second quarter grew at an annual rate of 1.3% in the second quarter, down from the previous estimate of 1.7%. One of the reasons for the cut was the worst drought for 50 years, which cut farm inventories, the Commerce Department said. Analysts said that the figures available for the third quarter suggested even slower growth.

BBC News Business (27.9.12), [US economy grows less than thought](#), BBC © 2012

The International Monetary Fund (IMF) looked likely to cut its forecast for global growth in October when it updated its projections for the world economy. IMF head Christine Lagarde said in a speech that global growth would "likely be a bit weaker" than anticipated. Problems in the eurozone and worries about the US economy continued to weigh on investors' confidence, she said. She also warned of a slowdown in some of the emerging nations that previously bolstered global economic growth. In July, the IMF cut its global growth projection for 2013 to 3.9%, but left its 2012 forecast unchanged at 3.5%.

BBC News Business (24.9.12), [IMF's Christine Lagarde warns of more global growth cuts](#), BBC © 2012

There are fears over the economic impact of the dispute between China and Japan if the row over islands in the East China Sea is not resolved soon. Several major Japanese companies suspended operations in China after attacks on shops and car dealerships. Shares in some of those firms fell in Tokyo on Tuesday 18 September. The Japanese government has asked Beijing to do more to protect Japanese businesses. (See also 'business news' pages).

BBC News Business (18.9.12), [China protests: Fears rise over Japan-China trade ties](#), BBC © 2012

India's inflation rate rose to a higher-than-expected 7.55% in August on the previous year, official figures showed. Higher food prices were mainly behind the rise.

BBC News Business (14.9.12), [India inflation rate rises faster than expected](#), BBC © 2012

US industrial output fell 1.2% in August, its fastest decline for three years, after Hurricane Isaac shut down oil and gas rigs in the Gulf of Mexico. At the same time, factory production fell 0.7%, a sign that US retailers remain reluctant to buy stock in the uncertain economic climate. Retail sales also rose for the second month in a row in August, according to official data. The increase was largely due to higher spending on fuel.

BBC News Business (14.9.12), [US retail sales rise in August](#), BBC © 2012

The G20 group of leading world economies reported slower growth in the three months ending in June. National output as measured by GDP grew at an annual rate of 3% in the second quarter compared with 3.2% in the first quarter, official data from the Organisation of Economic Cooperation and Development (OECD) showed. However, economic health varied with China's output growing 7.6% and Italy's shrinking 2.6% due to recession. Taking global population growth into account, G20 output is effectively stagnating.

BBC News Business (13.9.12), [G20 economic growth slows in 2012](#), BBC © 2012

India's industrial output was flat in July, adding to fears the country's economic growth spurt was over. The data, from the Central Statistics Office (CSO), showed output at factories, mines and utilities rose by 0.1%, a far better performance than the shrinkage of 1.8% in June. The improvement came after a recovery in production of some consumer goods. It was, however, below expectations of growth of 0.3%, meaning that it has grown just once in the past year. Output grew at 3.7% in July 2011.

BBC News Business (12.9.12), [India's manufacturing flat in July](#), BBC © 2012

Europe:

The eurozone's permanent fund to bail out struggling economies and banks was launched on Monday 8 October at a meeting of finance ministers in Luxembourg. The European Stability Mechanism (ESM) will have a full lending capacity of 500bn euros (£400bn; \$650bn) by 2014. It will initially run alongside, and then eventually replace, the European Financial Stability Facility (EFSF). Europe's largest economy Germany will make the biggest contribution to the fund, about 27% of its total. Countries were due to make their first payments into the fund that week.

BBC News Business (8.10.12), [Eurozone rescue fund launch due](#), BBC © 2012

Portugal announced several new austerity measures, which were met with a call for a huge strike in November. These include reducing Portugal's income tax brackets from eight to five. This replaces a social security tax rise that was shelved due to its deep unpopularity. Portugal must get its deficit below the European Union's target of 3% of GDP.

BBC News Business (3.10.12), [Portugal announces higher taxes as strike is called](#), BBC © 2012

The downturn in the manufacturing sector in the eurozone eased slightly in September, according to the Markit Purchasing Managers' Index (PMI). The figure for the region was 46.1 in the month, up from 45.1 in August. Any score below 50 indicates contraction. Despite the slight upturn, manufacturing in the eurozone has now contracted for 14 consecutive months.

BBC News Business (1.10.12), [Eurozone manufacturing downturn eases, PMI suggests](#), BBC © 2012

Greece predicted its economy will shrink by 6.5% in the current year, worse than a previous estimate of 4.8% in March suggested to its bailout lenders, it said in a draft budget submitted to parliament. About 8bn euros worth of cuts were proposed for 2013, covering public-sector pay, pensions and welfare. The economy will contract by 3.8% in 2013, the Greek government predicted. The deeper contraction in the economy means that Greece will have to find extra money. This may occur through further spending cuts and tax rises, or through additional money from its lenders - perhaps in the form of write-offs or postponements of what Greece already owes them.

BBC News Business (1.10.12), [Greece predicts deeper 2012 recession](#), BBC © 2012

French Prime Minister Jean-Marc Ayrault said that nine out of 10 citizens will not see their income taxes rise in the new budget. He confirmed that there is to be a new 75% tax rate for people earning more than 1m euros (£800,000; \$1.3m) a year. He had not yet detailed how much taxes will rise for the rest of the top 10%.

BBC News Business (28.9.12), [France budget: Top 10% of earners to see taxes rise](#), BBC © 2012

Greek finance minister Yannis Stournaras said the three parties in the country's governing coalition had reached a "basic agreement" on the austerity package for 2013-14. The measures were likely to be presented to Greece's international lenders on Monday 1 October before going before parliament. The cuts are necessary if Greece is to continue receiving bailout funds.

BBC News Business (27.9.12), [Greek government in 'basic agreement' on cuts](#), BBC © 2012

Spain set out its austerity budget for 2013, with new spending cuts but protection for pensions, amid a shrinking economy and 25% unemployment. Deputy Prime Minister Soraya Saenz de Santamaria called it "a crisis budget designed to exit the crisis". The new programme of savings, tax rises and structural reforms will be overseen by a new budget authority. Expectations were growing that Spain would seek a financial bailout from its eurozone partners.

BBC News Business (27.9.12), [Spain budget imposes further austerity measures](#), BBC © 2012

The Spanish prime minister rejected a call from Catalonia's leader for fiscal independence, days after a giant pro-autonomy rally in Barcelona. Mariano Rajoy received Artur Mas for talks in Madrid at which he told him that Spain's economic crisis had to be overcome jointly, a statement said. Mr Mas said he was disappointed and did not rule out early regional elections.

BBC News Europe (20.9.12), [Spanish PM Rajoy rebuffs Catalonia over budget powers](#), BBC © 2012

The value of bad debts held by Spain's banks in July rose to 169.3bn euros (\$221bn; £136bn), according to figures from the central bank. The Bank of Spain said 9.9% of banks' total loans were in arrears, up from 9.4% a month before. It was the highest bad loan ratio since the central bank began compiling the data in 1962.

BBC News Business (18.9.12), [Spain: Banks' bad debts at new record](#), BBC © 2012

Prices rose faster in August across the 27 nations of the European Union (EU) compared with July, according to official figures. The EU statistics agency Eurostat said inflation hit 2.7% in August, compared with 2.5% the previous month. In the 17-nation eurozone, inflation also rose to 2.6% from 2.4% in July.

BBC News Business (14.9.12), [European inflation rises in August](#), BBC © 2012

EU Commission President Jose Manuel Barroso called for the EU to evolve into a "federation of nation-states". Addressing the EU parliament in Strasbourg, Mr Barroso said such a move was necessary to combat the continent's economic crisis. He said he believed Greece would be able to stay in the eurozone if it stood by its commitments. Mr Barroso also set out plans for a single supervisory mechanism for all banks in the eurozone.

BBC News Europe (12.9.12), [EU Commission chief Barroso calls for 'federation'](#), BBC © 2012

National:

This page links to the pocket databank, which is a weekly HM Treasury statistical publication containing major economic indicators and series for both the domestic and international economies.

HM Treasury, [Weekly economic indicators](#), © Crown copyright

The UK's trade deficit more than doubled in August, according to the Office for National Statistics. The difference in goods and services imported and exported widened to £4.2bn in August, from £1.7bn in July. The UK's deficit with the 27 countries of the European Union - including the crisis-plagued eurozone - widened to £4.9bn in August from £4.4bn in July. Separately, the UK's industrial production fell in August for the 17th month in a row.

BBC News Business (9.10.12), [UK trade deficit widens sharply in August](#), BBC © 2012

The UK is going through a "slow and difficult healing process" as it rebalances its economy, Prime Minister David Cameron said. His comments came as the International Monetary Fund (IMF) said it expected the UK economy to shrink by 0.4% this year, compared with its forecast of 0.2% growth in July. According to the IMF, the prospects for the global economic recovery have weakened as government policies across the world have failed to restore confidence. The fund downgraded its overall estimate for global growth, with one of the biggest individual country downgrades applied to the UK.

BBC News Politics (9.10.12), [David Cameron: Rebalancing UK economy 'slow and difficult'](#), BBC © 2012

The UK economy's outlook remains "weak" despite experiencing a recent growth spurt, according to the respected think tank, the National Institute for Economic and Social Research (NIESR). It said the economy grew 0.8% in the last three months compared with a year ago. It is the best performance since July 2010, but NIESR attributed it to special events, including the Olympics. The economics research group said that the UK would return to its trend growth rate of 0.2%-0.3% in the coming months.

BBC News Business (9.10.12), [UK economic growth outlook still weak, NIESR says](#), BBC © 2012

The UK's rural rollout of fast broadband was given a boost as the EU competition commissioner approved the state-funded scheme. There have been concerns that the effort could break EU competition rules because all bids so far had been won by BT. Councils cannot begin projects until full EU approval is given; now expected to happen soon.

BBC News Technology (9.10.12), [Rural broadband gets green light from Europe](#), BBC © 2012

A report by the Confederation of British Industry (CBI) said the UK needs a gear change in investment, performance and efficiency if it is to develop a road network fit for the 21st century. Launching 'Bold Thinking: A model to fund our future roads', John Cridland, the CBI's director-general, said with public finances constrained, the Government must show bold thinking in how to secure new sources of funding to help support economic growth in the long-term.

this is Nottingham (8.10.12), [CBI demands gear change in road investment](#), © 2012 Northcliffe Media Limited

Output in Scotland's private sector contracted for the first time in 20 months, according to a Bank of Scotland survey of purchasing managers. The Bank of Scotland Purchasing Managers Index (PMI) stood at 49.6 - down from 50.3 in August. It attributed the slight fall in September to a drop in the amount of new business firms were picking up. The contraction contrasted with modest growth seen across the UK as a whole.

BBC News Business (8.10.12), [Scottish private sector output 'contracts'](#), BBC © 2012

At the Tory conference, Chancellor George Osborne promised to cut £10bn more from the welfare bill by 2016-17, on top of the £18bn cuts announced in 2010, as the economic downturn lasts longer than expected. One idea he suggested was limiting the number of children in a family that should be supported on benefits. He ruled out a levy on high-value properties sought by Lib Dems. Mr Osborne told the BBC the better-off would have to pay more in taxes, but the budget could not be balanced "simply on the wallets of the rich".

Brian Wheeler, BBC News Politics (8.10.12), [Tory conference: George Osborne in £10bn benefit cut vow](#), BBC © 2012

Shoppers stocking up on winter clothing helped consumer spending to rise at its fastest rate for more than three years in September, the Visa Europe's UK expenditure index found. Sales rose 3% in September, the biggest rise since May 2009. As well as clothing sales, consumers were spending more in hotels and restaurants, the survey found.

BBC News Business (5.10.12), [UK consumer spending 'rose in September'](#), BBC © 2012

Britain risks running out of energy generating capacity in the winter of 2015-16, according to the energy regulator Ofgem. Its first annual Electricity Capacity Assessment predicted that the amount of spare capacity could fall from 14% now to only 4% in three years. Ofgem said this would leave Britain relying more on imported gas, which would make price rises more likely. The Government said that its forthcoming Energy Bill would ensure that there was secure supply. Ofgem blames the risk on coal-fired power stations being closed sooner than expected and EU environmental legislation.

BBC News Business (5.10.12), [Power shortage risks by 2015, Ofgem warns](#), BBC © 2012

The Bank of England's Monetary Policy Committee (MPC) decided at its monthly meeting not to introduce any new stimulus measures. It kept interest rates at their record low of 0.5% and did not raise the amount of quantitative easing (QE) from the current level of £375bn.

BBC News Business (4.10.12), [Bank of England's MPC uses no new stimulus measures](#), BBC © 2012

The UK economy is "in a very deep crisis", Business Secretary Vince Cable told the BBC, refusing to be drawn on when growth would resume. Speaking at the launch of an initiative to support fast-growing small businesses, Mr Cable said: "We are in a very deep crisis, quite unlike any we have experienced before because it's centred on the collapse of the banking system. We are overcoming problems with a massive government deficit, difficult broken banks, levels of personal indebtedness. Projecting and predicting how we get out of this crisis is very difficult indeed."

BBC News Business (3.10.12), [UK economy in deep crisis, Vince Cable says](#), BBC © 2012

UK consumers and businesses are set to get comprehensive next generation mobile broadband services in the first half of 2012, as the four main mobile operators agreed significant progress and the 4G spectrum auction is on track. Culture Secretary Maria Miller made the announcement following a meeting with mobile operators.

Department of Culture, Media and Sport (dcms) (3.10.12), [Speed up of 4G roll-out to boost economic growth](#), © Crown copyright

Nearly half a billion fewer litres of petrol and diesel were sold between April and June than during the same period the previous year, the Department of Energy and Climate Change said. The reduction came despite a fall in fuel prices during the period. It followed a big rise in the amount of petrol bought at the beginning of the year when the threat of a tanker drivers' strike led to panic buying. The AA motoring organisation called it a "huge drop." The figures showed that overall more than two billion fewer litres of petrol and diesel were sold compared with the same period in 2008.

BBC News Business (3.10.12), [Spring petrol sales decline despite lower forecourt prices](#), BBC © 2012

Taxpayers who have missed tax returns from years past must admit to their absence on Tuesday 2 October or face larger fines, the UK tax authority warned. After 2 October, HM Revenue and Customs (HMRC) will use its legal powers to pursue those who have failed to submit self-assessment forms and have tax payments outstanding. Letters were sent to those who have gaps in their returns records. The Tax Return Initiative is aimed primarily at higher-rate taxpayers.

BBC News Business (2.10.12), [Tax return deadline warning from HMRC](#), BBC © 2012

The UK economy returned to growth in the third quarter, according to the British Chambers of Commerce (BCC). Based on its survey of 7,593 UK firms, the BCC said the economy grew by 0.5% between July and September, after three consecutive quarters of contraction. The BCC said it did not agree with the Office for National Statistics' "gloomy estimation" that the UK has been in recession for the whole period. However, fixing the UK's finances will take longer than previously hoped, it said. It called on the Government for additional measures to boost economic growth, such as implementing quickly plans to create a "British business bank" as well as unlocking infrastructure investment.

BBC News Business (2.10.12), [UK economy 'grew in third quarter'](#), BBC © 2012

Shadow chancellor Ed Balls called for 100,000 new affordable homes and a two-year stamp duty holiday for first-time buyers to kick-start the economy. He said the £3bn to £4bn funding should come from the 4G mobile spectrum sale. Mr Balls used his speech to Labour's conference in Manchester to stress the need for "urgent" action on growth. He also announced that the chairman of the Olympic Delivery Authority, Sir John Armitt, would review long-term infrastructure planning and finance.

Brian Wheeler, BBC News Politics (1.10.12), [Labour conference: Ed Balls calls for stamp duty break](#), BBC © 2012

The value of loans to individuals fell in August by £400m - the third largest monthly drop on record. The Bank of England said this left the stock of outstanding personal debt in the UK at just under £1.413 trillion. The figures reflected the continuing recession and the reluctance of banks to lend. The stock of mortgage lending fell by £300m and consumer credit lending, via credit cards and other loans, dropped by £100m.

BBC News Business (1.10.12), [Personal borrowing still stagnant in August](#), BBC © 2012

The UK's financial services sector cut jobs in the third quarter of the year as activity levels fell, a report from the Confederation of British Industry (CBI) said. The fall in activity was the first for more than two years. The survey, which is produced with the consultants PricewaterhouseCoopers, found 49% of financial services firms saw business volumes fall.

A separate survey indicated that manufacturing output shrank during September. The CIPS/Markit Purchasing Managers' Index (PMI) for the manufacturing sector fell to 48.4 in September from an upwardly revised 49.6 in August. A reading below 50 indicates falling activity.

BBC News Business (1.10.12), [Financial services sector cutting jobs, says CBI](#), BBC © 2012

Official data showed the UK service sector bounced back in July, raising hopes of an economic recovery in the third quarter of this year. The Office for National Statistics (ONS) said that services output, covering a range of sectors from retail to finance, rose 1.1% on the month. However, this followed a decline of 1.5% in June which was affected by the extra Diamond Jubilee bank holiday. The service sector accounts for about 75% of UK economic output (GDP). All the main areas registered increases in activity in July, with the category covering retail, hotels and restaurants showing the biggest rise of 1.8%. Business services and finance output were up 1.2%.

BBC News Business (28.9.12), [UK service sector bounces back in July](#), BBC © 2012

The UK economy contracted by less than thought in the second quarter, official figures showed. The economy shrank by 0.4% in the April-to-June period, the Office for National Statistics (ONS) said in its third estimate of gross domestic product (GDP). The ONS had initially estimated a contraction of 0.7%, before revising that to 0.5% last month. A 3% slump in construction output in the second quarter of 2012 remained the main drag on the economy, although this was better than the first estimate of a 5.2% fall and the second estimate of a 3.9% decline in the sector. Production output, which includes manufacturing fell by 0.8%, revised from a 0.9% fall.

BBC News Business (27.9.12), [UK economy shrank less than thought](#), BBC © 2012

Services for the elderly and disabled are under "enormous strain", the Care Minister, Norman Lamb, acknowledged as he promised extra help for family members who give up work to look after relatives. Mr Lamb's pledge followed the disclosure in The Independent that the crisis in social care is costing the British economy more than £5bn a year in carers' lost wages and tax contributions as well as benefit payments. (See item below).

Nigel Morris, The Independent (27.9.12), [Carers forced to give up work will get extra help](#), © independent.co.uk

Britain's economy is losing £5 billion a year as a result of a growing crisis in social care funding aggravated by the Government's austerity measures, according to a report from Age UK and Carers UK. They claimed people are giving up an estimated £4 billion in pay because they are being forced to leave work to care for elderly or disabled relatives. The Treasury is also missing out on £1 billion in taxes. (See item above).

Nigel Morris, Independent (26.9.12), [Crisis in social care costs Britain over £5bn a year](#), © independent.co.uk

Consumers continued to be reluctant to take on more loans and are searching for better interest rates for savings, latest figures showed. Repayments on personal loans and overdrafts outstripped new borrowing by £351m in August, the British Bankers' Association (BBA) said. Outstanding loan amounts are almost half of the peak figure in late 2007 and early 2008, the figures showed. Meanwhile, consumers are turning to Isas to improve returns on savings.

BBC News Business (25.9.12), [Consumers reluctant to increase debts, says BBA](#), BBC © 2012

The Government is "on track" to raise £4bn this year via schemes to crack down on tax dodgers, Chief Secretary to the Treasury Danny Alexander was expected to say at the Liberal Democrat conference. The Lib Dems have pledged to raise £9bn by tackling tax avoidance by 2015.

Gavin Stamp, BBC News Politics (25.9.12), [Lib Dem conference: Tax avoidance crackdown 'on track'](#), BBC © 2012

UK public sector net borrowing was £14.4bn in August, the Office for National Statistics (ONS) said, the biggest deficit for the month since records began. The figure was marginally higher than for the same month the previous year. Corporation tax receipts fell by 2.1% and benefits payments rose 4.9%. The figures make it more likely that the Government will fail to achieve its aim of wiping out the structural budget deficit by 2015.

BBC News Business (21.9.12), [UK public sector borrowing hits record high of £14.4bn](#), BBC © 2012

Retail sales in the UK fell during in August, figures from the Office for National Statistics (ONS) showed. Sales fell 0.2% in August from July, which ONS said the decline was driven by a fall in online sales, as consumers watched the Olympics instead of shopping on the internet.

BBC News Business (20.9.12), [Retail sales hurt by Olympics in August](#), BBC © 2012

The Bank of England governor, Sir Mervyn King, said economic growth is on its way. In a wide-ranging live interview with Channel 4 News, Sir Mervyn said he did not have a crystal ball, but that the next quarter would probably show a pick-up in activity. He said he was beginning to see a few signs of a recovery, albeit a slow one. He said a lot depended on resolving the eurozone crisis, which was hanging over the UK like a "black cloud".

BBC News Business (20.9.12), [Sir Mervyn King says economic recovery on its way](#), BBC © 2012

This report considers the current state of affairs for economic regeneration. Drawing on a detailed analysis of previous schemes, it asks whether policy should focus on people, places or both? It warns that new approaches to economic development based on incentives for growth and flexibilities for local government are likely to exacerbate regional disparities and goes on to outline a range of recommendations for national and local policymakers.

Lizzie Crowley, Brhmi Balaram and Neil Lee, Work Foundation (19.9.12), [People or Place? Urban policy in the age of austerity](#), © The Work Foundation (Lancaster University).

The annual rate of inflation in the UK, as measured by the Consumer Prices Index, fell back to 2.5% in August after a surprise rise to 2.6% in July. The Retail Prices Index (RPI) inflation measure, which includes housing costs, fell to 2.9% in August, the Office for National Statistics (ONS) said. The fall was partly due to smaller rises in furniture and gas prices.

BBC News Business (18.9.12), [UK inflation rate eases in August, ONS says](#), BBC © 2012

The Government has offered over £24 million to Local Enterprise Partnerships (LEPs) which it is viewed could unlock up to £20 million locally and will enable LEPs to deliver their local plans for growth. An interim £5 million funding package will be made available immediately for all LEPs to draw upon for the remainder of the current financial year. This will be followed by up to £250,000 per LEP per year for the following two years. Where matched by funds locally the overall funding pot could equate up to £45 million over this period. The central government funding will be provided on a 50/50 basis by the Department for Business, Innovation and Skills (BIS) and the Department for Communities and Local Government (DCLG). (See local section).

Department for Business, Innovation and Skills (BIS) (17.9.12), [Local Enterprise Partnerships receive boost](#), © Crown copyright

Concerns about immigration and support for welfare reform are growing, a study of British social attitudes suggests. The data from National Centre for Social Research (NatCen) - based on the views of some 3,300 people - also shows a widespread anxiety about the prospect of further spending cuts. However, for the first time in nearly a decade, there was a rise in the number of those who think spending and taxes should be increased, the report says. (See item below).

NatCen (National Centre for Social Research (17.9.12), [British Social Attitudes 29](#), © NatCen Social Research

Concerns about immigration and support for welfare reform are growing, a study of British social attitudes suggested. The data from NatCen Social Research - based on the views of some 3,300 people - also showed a widespread anxiety about the prospect of further spending cuts. However, for the first time in nearly a decade, there was a rise in the number of those who think spending and taxes should be increased, the report says. It came after news the UK economy shrank by less than thought up to June. The latest revised data from the Office for National Statistics (ONS) found the economy contracted by 0.5% during the quarter between April and June - less than the 0.7% it announced in July. (See item above, and the 'labour market' pages).

BBC News Business (17.9.12), [UK attitudes on immigration and welfare 'toughening'](#), BBC © 2012

Activity in the UK construction sector was down 10.1% in the year to July, the Office for National Statistics (ONS) said. Taking the three months of May to July, output was also down by 10% on the same three months the previous year. However, ONS said that it was important to bear in mind that May's activity was higher than usual because a bank holiday was moved to June, and in June there were two extra days' holiday for the Queen's Diamond Jubilee leaving output unusually depressed. The ONS said that it was worth noting that the volume of construction output increased by 2.2% between June and July 2012 when the country returned to normal working patterns.

BBC News Business (14.9.12), [UK construction activity shrank by 10% in a year](#), BBC © 2012

The Government published the Rural Statement 2012 which sets out its support for rural areas, underling its commitment through the broad range of policies from across the different government departments. The Statement is based around three key priorities: economic growth; rural engagement; and quality of life. The Rural Statement highlights what Defra is doing to champion rural needs and circumstances across government.

Department for Environment, Food and Rural Affairs (Defra) (12.9.12), [Rural Statement 2012](#), © Crown copyright

Environment Secretary Owen Paterson said broadband access was crucial if the rural economy was to be reinvigorated, claiming that faster internet speeds would bring more prosperity to the countryside than canals and railways did in the industrial revolution. Mr Paterson has promised to "revolutionise" the countryside by speeding up broadband, relaxing planning rules and promoting renewable energy. He announced plans to make it easier to convert barns into offices and millions of pounds to help communities build wind farms. There will also be a complaints hotline for people to contact if the Government breaks its promises on rejuvenating the rural economy.

Louise Gray, The Telegraph (12.9.12), [Faster broadband and a new hotline for a countryside 'revolution'](#), © Telegraph Media Group Limited 2012

In response to the Communities and Local Government Select Committee's report into the European Regional Development Fund (ERDF), the Government welcomed the Committee's acknowledgement that this Government has done a good job of managing the ERDF in England, including, in particular, the transfer of programme administration from the Regional Development Agencies to the Department for Communities and Local Government. However, it did not agree with the Committee's view that the transfer led to delays in approving projects and that there was a lack of match funding which affected their development.

Department for Communities and Local Government (CLG) (11.9.12), [Government welcomes Select Committee acknowledgement of improvements to management of the European Regional Development Fund](#), © Crown copyright

The Rt Hon Margaret Hodge MP, Chair of the Committee of Public Accounts, said: "Given the dire state of the economy, it is nothing short of scandalous that so few projects funded by the Regional Growth Fund have actually got off the ground. Some two years into the programme, of the £1.4 billion allocated only £60 million had reached front-line projects..."

[www.parliament.uk](#) (11.9.12), [Committee publishes findings on the Regional Growth Fund](#), © Parliamentary copyright 2012

This is a speech by Chief Secretary to the Treasury Danny Alexander at London Stock Exchange Centre Forum on 10 September 2012. He spoke about financing capital infrastructure.

HM Treasury (10.9.12), [Speech by Chief Secretary to the Treasury, Rt Hon Danny Alexander MP; Financing capital infrastructure – London Stock Exchange Centre Forum](#), © Crown copyright

Regional:

Prime minister David Cameron gave an upbeat assessment of economic growth creating new jobs and homes in the East Midlands when he spoke to John Hess. He said no other region has seen more businesses start-ups. He dismissed the findings of an independent report, by The Smith Institute and Business School of Nottingham Trent University, which warned economic growth in the East Midlands is being hampered by government funding cuts. The report found the East Midlands is disproportionately losing out to other regions through cuts in the Regional Growth Fund; it received 5.4% in the latest rounds of allocation, while it got 8.9% of a much bigger pot under the previous government.

John Hess, BBC News England (5.10.12), [PM's upbeat message for East Midlands business](#), BBC © 2012

Confidence amongst Nottinghamshire firms in their future turnover and profitability is at its highest level since June 2007, according to the latest Quarterly Economic Survey from the Derbyshire and Nottinghamshire Chamber of Commerce (DNCC). 80% are planning to grow their business turnover over the next 12 months. This was in spite of a further slowdown in UK sales in the third quarter of the year, which fell by a net 12% in Q3. Nottinghamshire businesses did, however, report a net 10% increase in export sales.

However, despite the increase in business confidence, firms were fairly evenly split on whether or not the Government should change its deficit reduction policies, with 31% of Nottinghamshire firms saying yes, 38% saying no and 31% undecided. ... Instead of spending cuts being the priority, businesses are looking for more investment in infrastructure projects, support for SMEs and manufacturers, getting finance flowing and reducing VAT to stimulate consumer demand.

Derbyshire and Nottinghamshire Chamber of Commerce (2.10.12), [Local businesses buoyed by renewed confidence](#), © 2012 Derbyshire and Nottinghamshire Chamber of Commerce

The local enterprise partnership (LEP) for Nottinghamshire and Derbyshire will get £125,000 out of a government funding package of £5 million intended to help LEPs across the country get the job done. The business-led partnerships were set up to help drive regional economic growth after the closure of regional development agencies. However, they have had no money and the £5 million 'core funding' is intended to help them function more effectively. The Government is also making £250,000 a year available to LEPs across the Country from next year – though this will only be handed over if each LEP can find the same sum. (See National section).

this is Nottingham (19.9.12), [Enterprise partnership given £125,000 to get the job done](#), © 2012 Northcliffe Media Limited

Local:

The Creative Quarter Company is being formed to help drive the development of an identifiable creative quarter in the city. This formed a central part of Nottingham City Council's successful bid for a Government-sanctioned City Deal, which gives it money and powers to boost the city economy. At its heart are two substantial investment funds for Nottingham businesses active in the creative and technology sectors, due to go live in February 2013; a £37 million venture capital fund comprising of £25 million from the Government together with around £10m from Nottinghamshire councils' pension funds and some cash from private investors; and a £20 million Nottingham Technology Grant Fund. Two smaller schemes, a Creative Quarter Loan Fund and a Student Start-Up fund, are due to begin in December 2012. The City Council has also been given powers under the terms of the City Deal to vary business rates, the details for which are still being worked on, but will come into force from April 2013.

this is Nottingham (2.10.12), [Devising plan for new city creative quarter](#), © 2012 Northcliffe Media Limited

A study by Nottingham Business School, Nottingham Trent University, suggests that more than £500m of investment is in the pipeline which will lead directly to job creation and money for the local economy. The business school was commissioned by Nottingham City Council to confirm that its economic growth plan is valid and has substance. Nottingham has a significant number of potential construction projects such as the widening of the A453, the refurbishment and expansion of the Broadmarsh Shopping Centre, and setting up a Creative Quarter (see item above). The growth plan identifies several capital projects which have the potential to create temporary construction jobs as and when they are firmed up and money is made available. These include a MediPark on a site adjacent to the Queen's Medical Centre, expansion of BioCity Nottingham, and the redevelopment of part of the Boots site at Beeston which falls into the Government's Enterprise Zone. These projects have the potential to supply 12,700 temporary construction jobs. It also anticipated that 232,000 sq m of offices, warehousing, industrial space and retail will be built which will support 5,500 permanent jobs. Together, Nottingham Business School estimated that the jobs will add £162.5m to the value of goods and services from the city. The business school affirmed that major infrastructure projects such as the electrification of the Midland Mainline, the widening of the A453, and access to the proposed High Speed rail project are critical to Nottingham's future success.

this is Nottingham (2.10.12), [Nottingham growth plan will boost prosperity](#), © 2012 Northcliffe Media Limited

BT announced it will be extending high-speed superfast broadband to more than 15,000 homes in Nottinghamshire. Four areas will be upgraded over the next few months, including East Leake, Edwalton, Kimberley and Warsop. The investment will take the number of homes and businesses in Nottinghamshire able to connect to the fibre network to 335,000. More than 198,000 already have access in upgraded areas, including Nottingham, Worksop, Basford and Retford, and BT is keen to bring more communities within reach by working with the public sector.

this is Nottingham (25.9.12), [Another 15,000 homes to benefit from superfast internet](#), © 2012 Northcliffe Media Limited

BT announced on Thursday 20 September 2012 that high-speed broadband is now available to 57,000 homes and businesses in Mansfield and Gedling. BT's local network business, Openreach, aims to make the high-speed technology available to around two-thirds of UK homes and businesses by the end of 2014.

this is Nottingham (21.9.12), [57,000 can now get BT's faster internet service](#), © 2012 Northcliffe Media Limited

Nottingham is set to be one of 16 UK cities to first benefit from pioneering superfast 4G technology, as part of an investment by Orange and T-Mobile owner Everything Everywhere, renamed EE. EE said the move was part of a £5.6 million investment in its network in the Nottingham area alone. (See national section).

this is Nottingham (12.9.12), [In the first wave of superfast 4G cities](#), © 2012 Northcliffe Media Limited