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17 September 2009

-
- Recession and what it means
 - Future growth and development
 - Where next?

RECESSION: THE HEADLINES

- + In recession – contraction, closures, job loss
- + UK economy contracted by 5.6 per cent Q2 2008 to Q2 2009
- + Employment has fallen 24,000 in the last quarter
- + Unemployment now 6.5 per cent (4.6 per cent a year ago)
- + 190,000 officially unemployed
- + Claimants – have doubled over past year (119,000 in July 2009)
- + Redundancies – still happening, but fewer than Dec-Feb peak
- + Consensus = the worst is over, recovery is around the corner

East of England claimant count by District and Unitary Authority

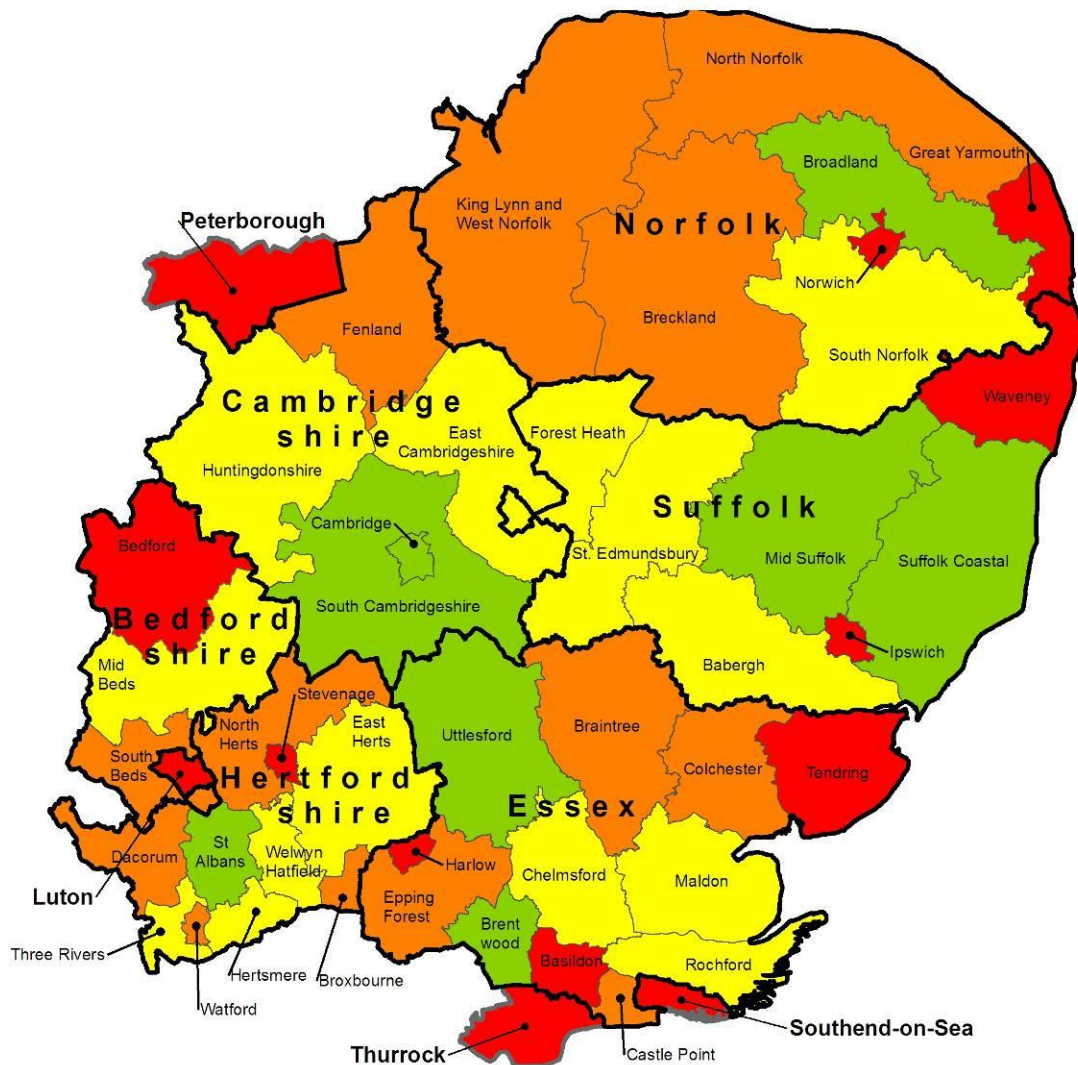
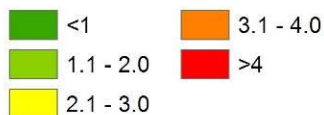
Monthly claimant rate (Proportion of resident working age population estimates)

insighteast
economic intelligence for the east of england

July 2009

Su	M	Tu	W	Th	F	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Legend



Source: ONS (c) Crown Copyright Reserved

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East of England Development Agency

0 4.5 9 18 Miles

space for labels

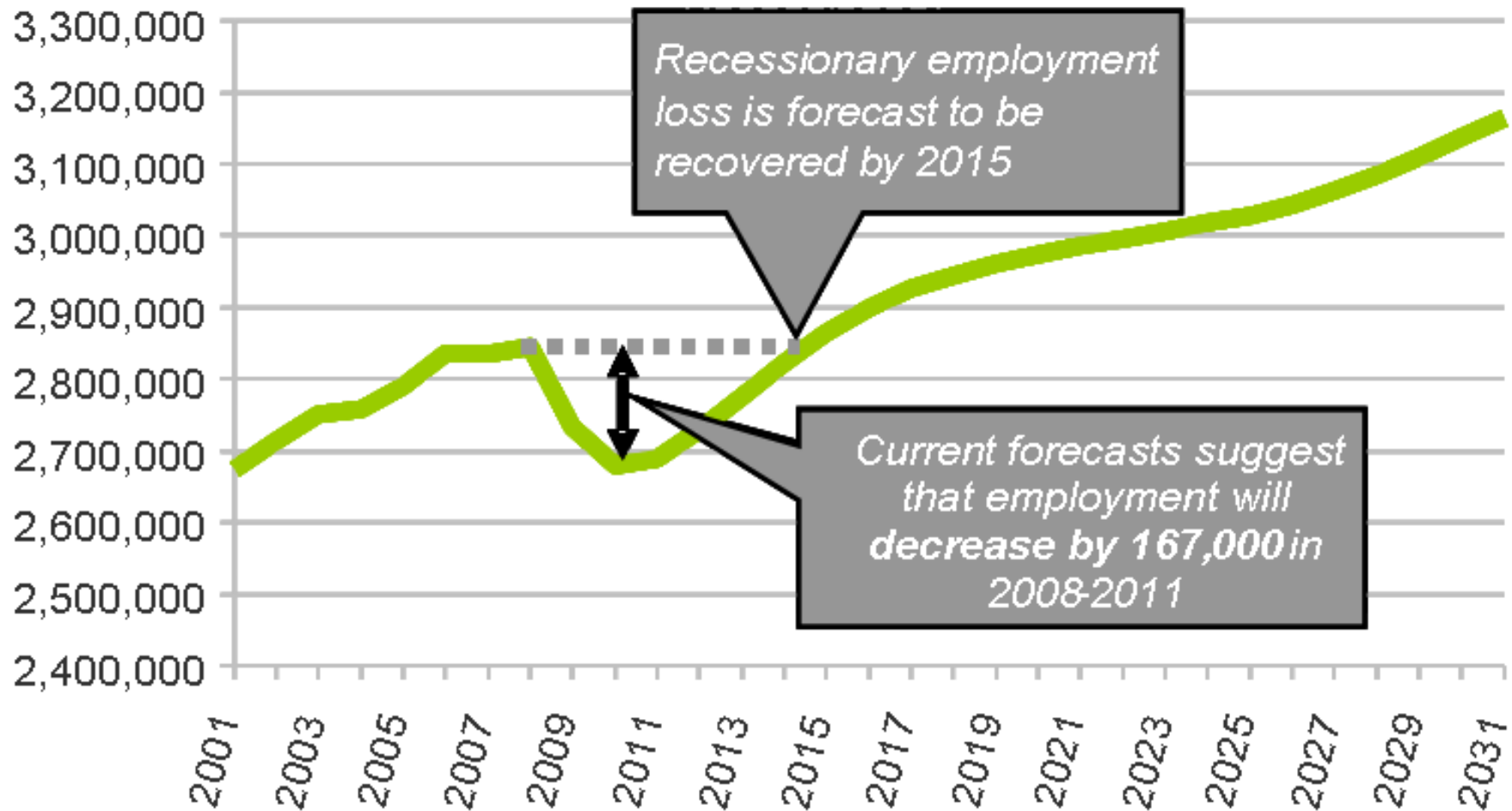
SECTORAL IMPACTS OF RECESSION

- + **Worst affected sectors reflect decline in demand – manufacturing, construction, transport/logistics**
- + **Least affected sectors helped by value of £sterling – agriculture, tourism**
- + **Mixed picture – retail, high technology, financial services, business services**
- + **Sectors likely to recover faster post 2011**
 - Business services
 - Financial services
 - Construction likely to bounce back

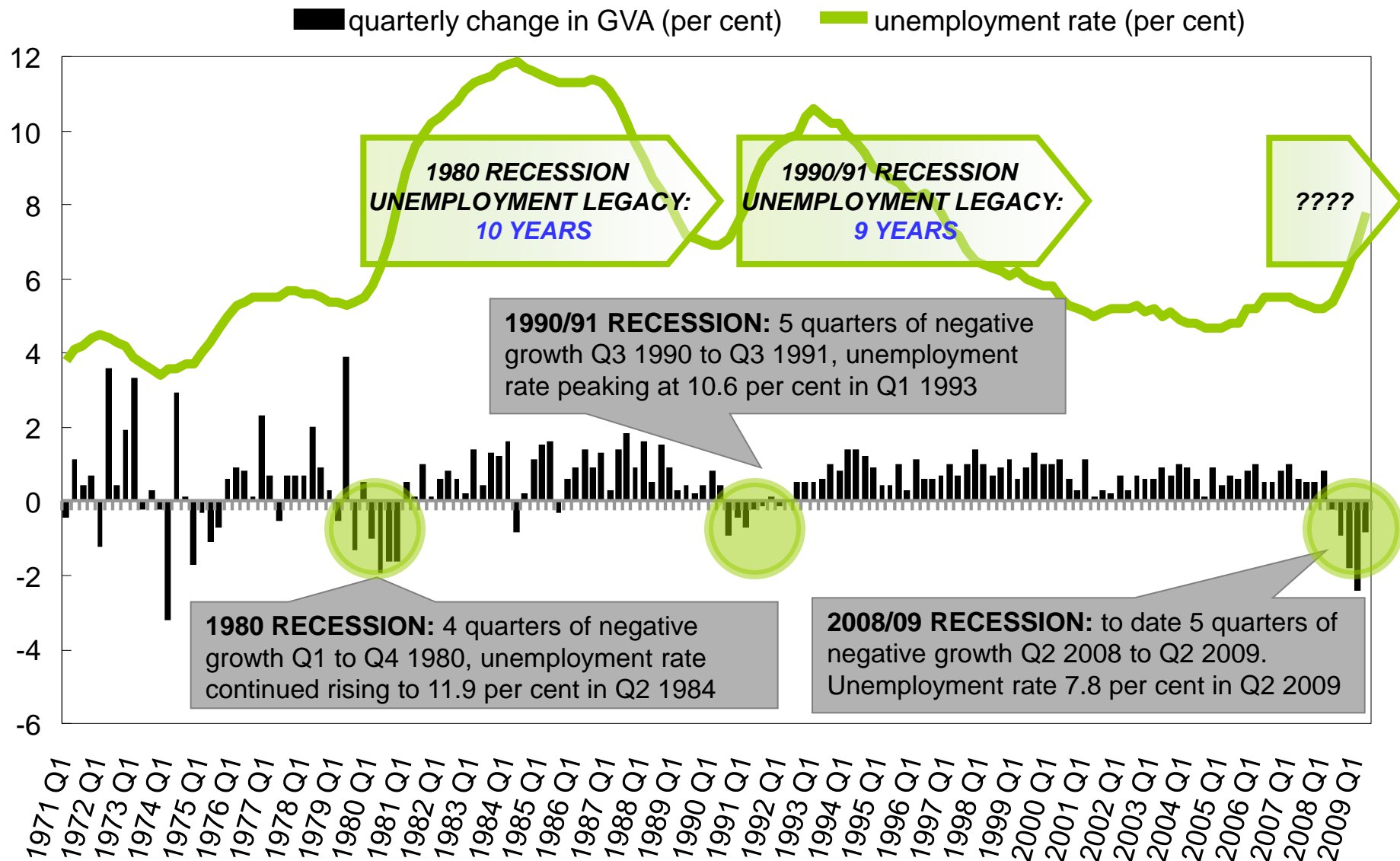
WHEN WILL THE RECESSION END?

- + **Our forecasts (Spring 2009):** recovery in 2010
- + **Latest news (09 Sept 2009):**
 - View that recovery (in GDP) begins in Q3 (NIESR)
 - Marginal increases in recruitment (Markit)
 - Manufacturing output increases for second month in a row (ONS)

EMPLOYMENT LOSS MAY BE MADE UP BY 2015



THE UNEMPLOYMENT LEGACY OF THE RECESSION WILL BE SIGNIFICANT



POST-RECESSION: UNLIKELY TO BE 'BUSINESS AS USUAL'

- + Structural change in economy
- + Uncertainty:
 - macro factors (interest rates, inflation, £ sterling)
 - markets (demand, new competition, new protectionism)
- + Continued increase in globalisation/competition
- + Finance availability and terms for business
- + New markets, innovation and ways of doing things
- + Local 'regeneration' challenges likely to (re-) emerge
- + Public expenditure outlook

Exploiting the East of England's areas of comparative advantage

- *Health and life sciences*
 - Norwich – Cambridge – Herts arc
- *Low carbon*
 - Energy (Yarmouth/Lowestoft); engineering (Peterborough)
- *Digital industries/ICT*
 - Ipswich to Cambridge + city nodes
- *Advanced manufacturing*
 - London Arc + city nodes

Unlocking growth

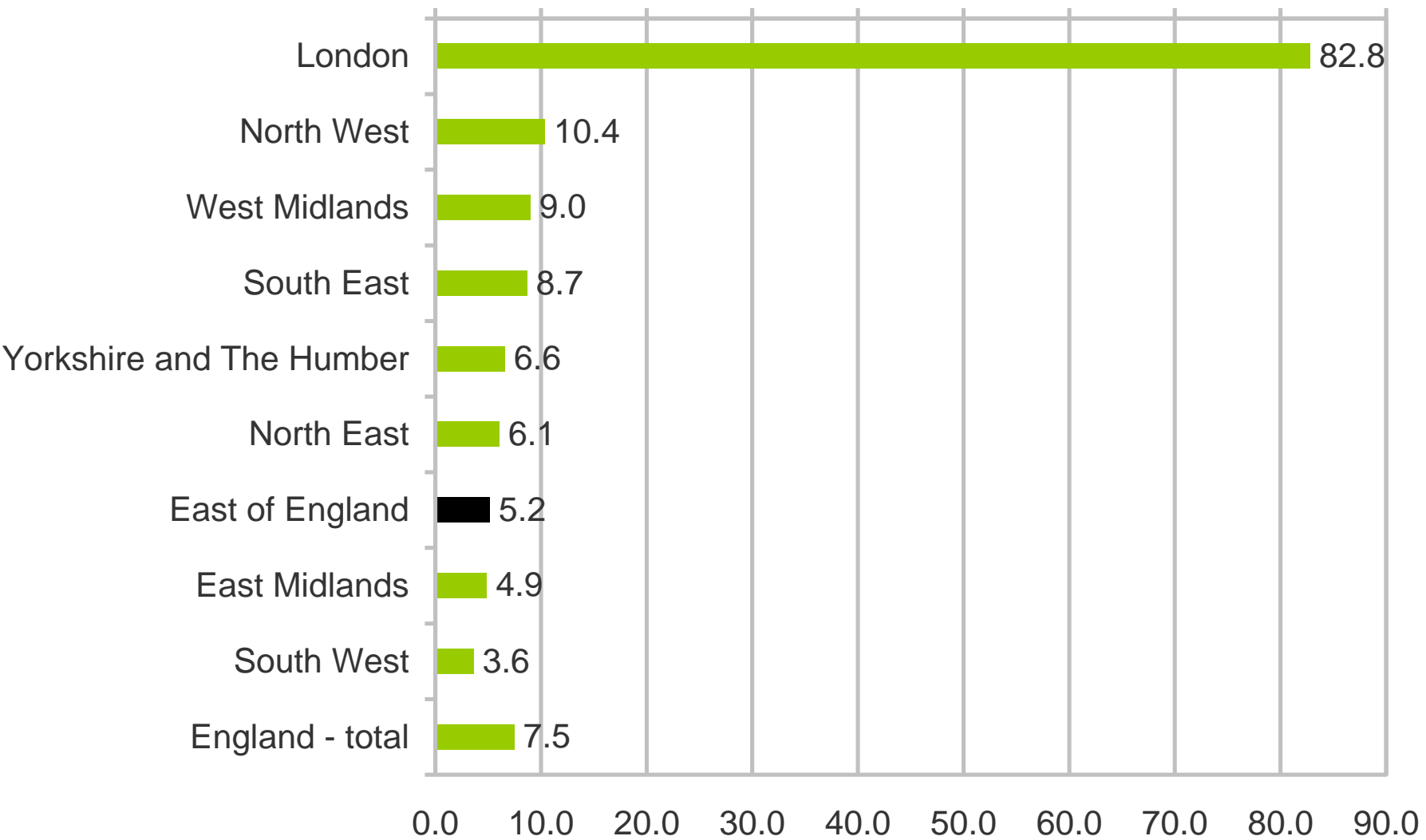
Create a 'total business environment':-

- *Business support*
- *Innovation*
- *Talent*
- *Infrastructure*
- *Planning*
- *Public sector decision-making*

DEVELOPMENT PRESSURES

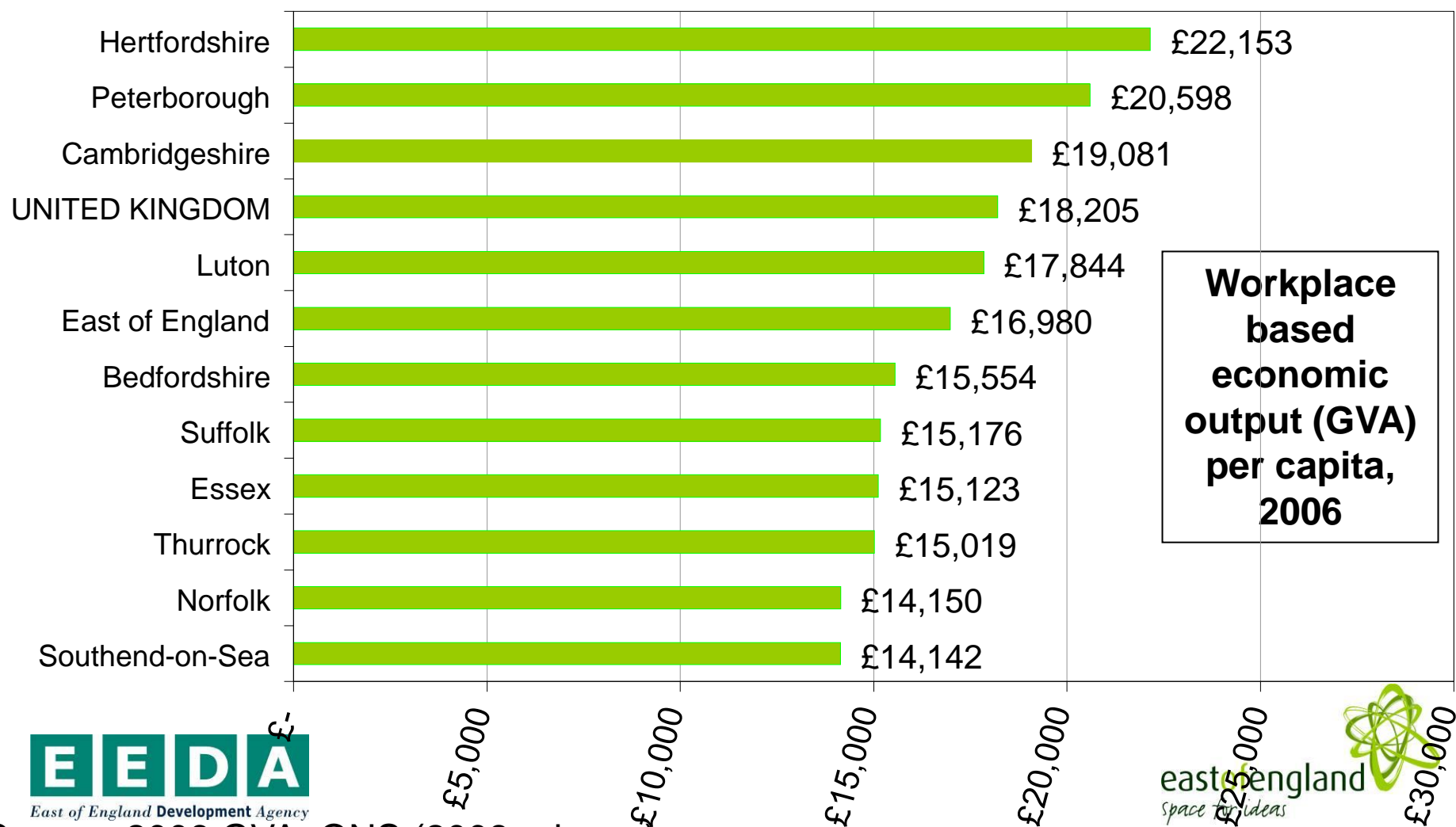
- + The East of England has one of the fastest growing populations in the UK – 4.8% growth 2001 to 2007 (2nd highest)
- + Is projected to continue growing at a faster rate than nationally – from 5.7 million residents in 2007 to 6.8 million in 2026 (20% growth against 14% growth in England)
- + Projected growth second highest in English regions
- + Population density of 300 residents per square kilometre is above the UK average of 250 but below the England average of 390.

PROPORTION OF LAND AREA USED BY SETTLEMENTS WITH OVER 1,000 RESIDENTS (2001)

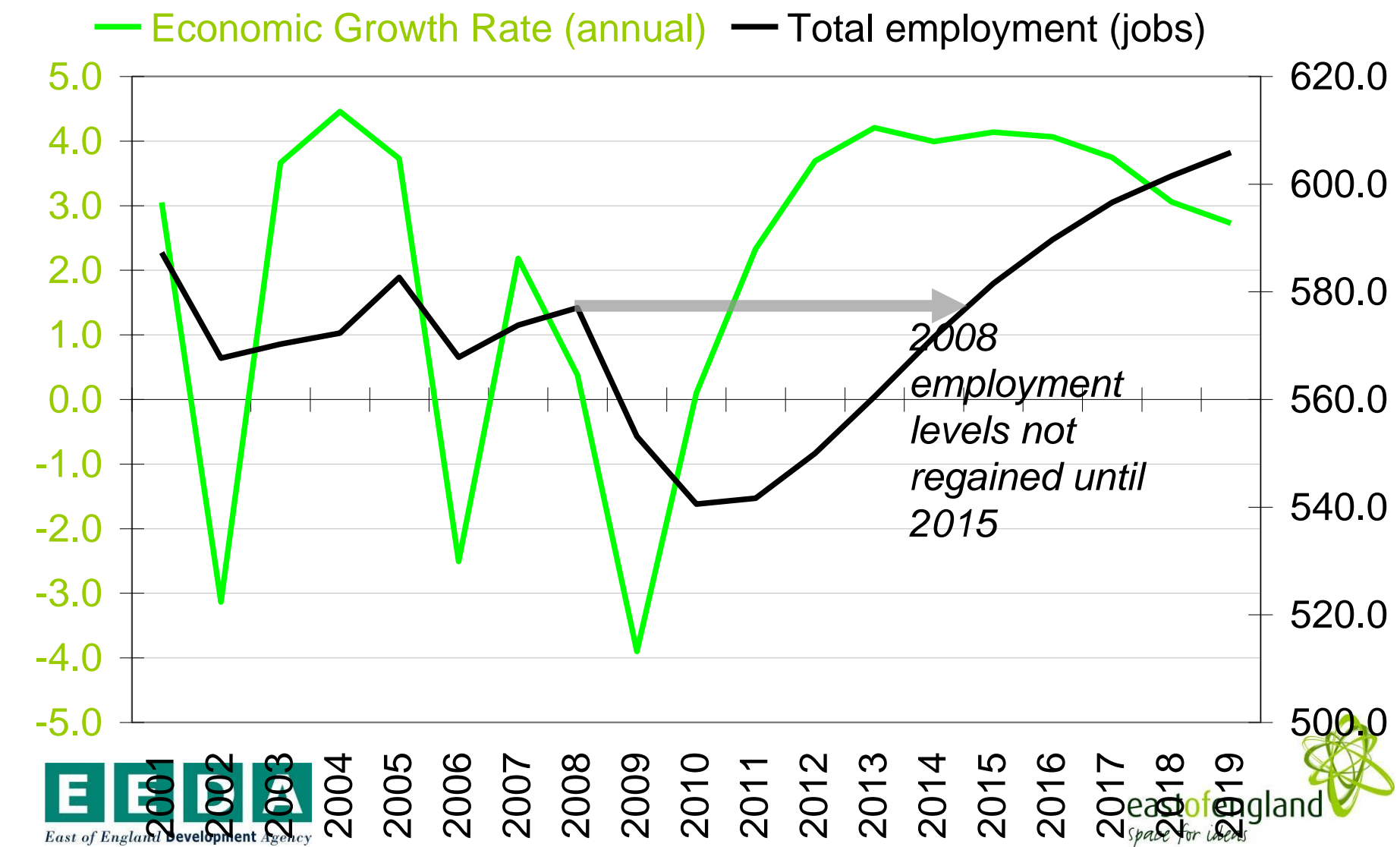


Source: CLG

Economies within the East of England



Hertfordshire - uncertainty over past growth trajectory and future job loss



Source: East of England Forecasting Model Spring 2009 edition

How are we doing?

- Housing delivery 21k pa v target of 25k pa (since 2001)
- Job growth weak, even in the good times
- Regional skills base remains weak and internationally uncompetitive
- Infrastructure improvements - but still catching up
- Future of public finances; political uncertainty

How is the region positioned?

- Major foreign owned, global businesses – vulnerable to overseas decisions
- Strength in key sectors post recession
- Competing locations for private and public capital investment
- Growth ambitions of outer London centres; Stratford City; Ebbsfleet, CTRL station London HQ alternative
- Record of growth and corporate investment in M4 corridor and other growth zones – e.g. Reading, Berkshire, Milton Keynes

Challenges

- Maintaining economic competitiveness
- Post recession low carbon economic vision
- Invest in people and communities – talent, skills, tackling worklessness
- High quality places – support key centres
- Innovative financing solutions
- Harness economic assets and opportunities: – major employers; transport gateways; London financial centre; Olympics etc
- Public sector vision, ambition and delivery - build market confidence in East of England

How? where next?

- East of England Implementation Plan
- Sub National Review - Single Regional Strategy
- New partnership between EEDA and Local Authorities – with delivery agencies, eg. HCA/NE
- Local Economic Assessments, sub regional investment plans
- Economic and political uncertainty
- Keeping our ‘eye on the ball’
- ***Lead and Feed (and don’t throttle) the Goose***

THANK YOU