

East of England Local Government Association

Overview of Prospects for the East of England Economy

Presentation and discussion of baseline projections

August 2020



Overview

- Changes since EEFM 2017
- Outlook for the UK
- Outlook for the Regions
- Outlook for the LEPs and Local Authorities

Changes since EEFM 2017

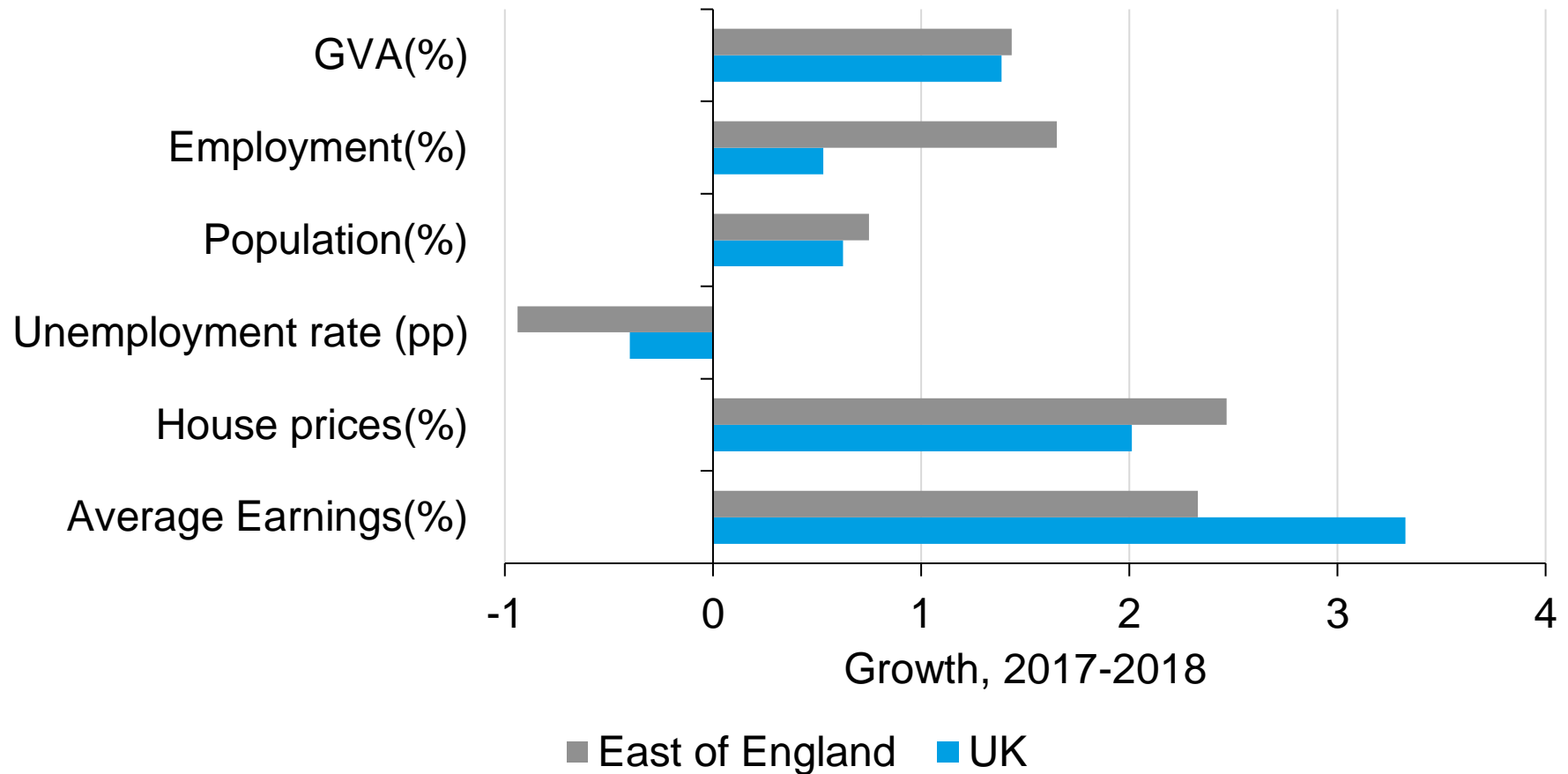
- UK and regional forecasts dated July 2019
- Additional data for 2016-18 (and revised historical data)
- New 2016-based ONS sub-national population projections and household projections
- New ONS local authority GVA (balanced approach) data
- Re-estimated unemployment and migration coefficients based on more recent (1992-2018) data

Covid-19

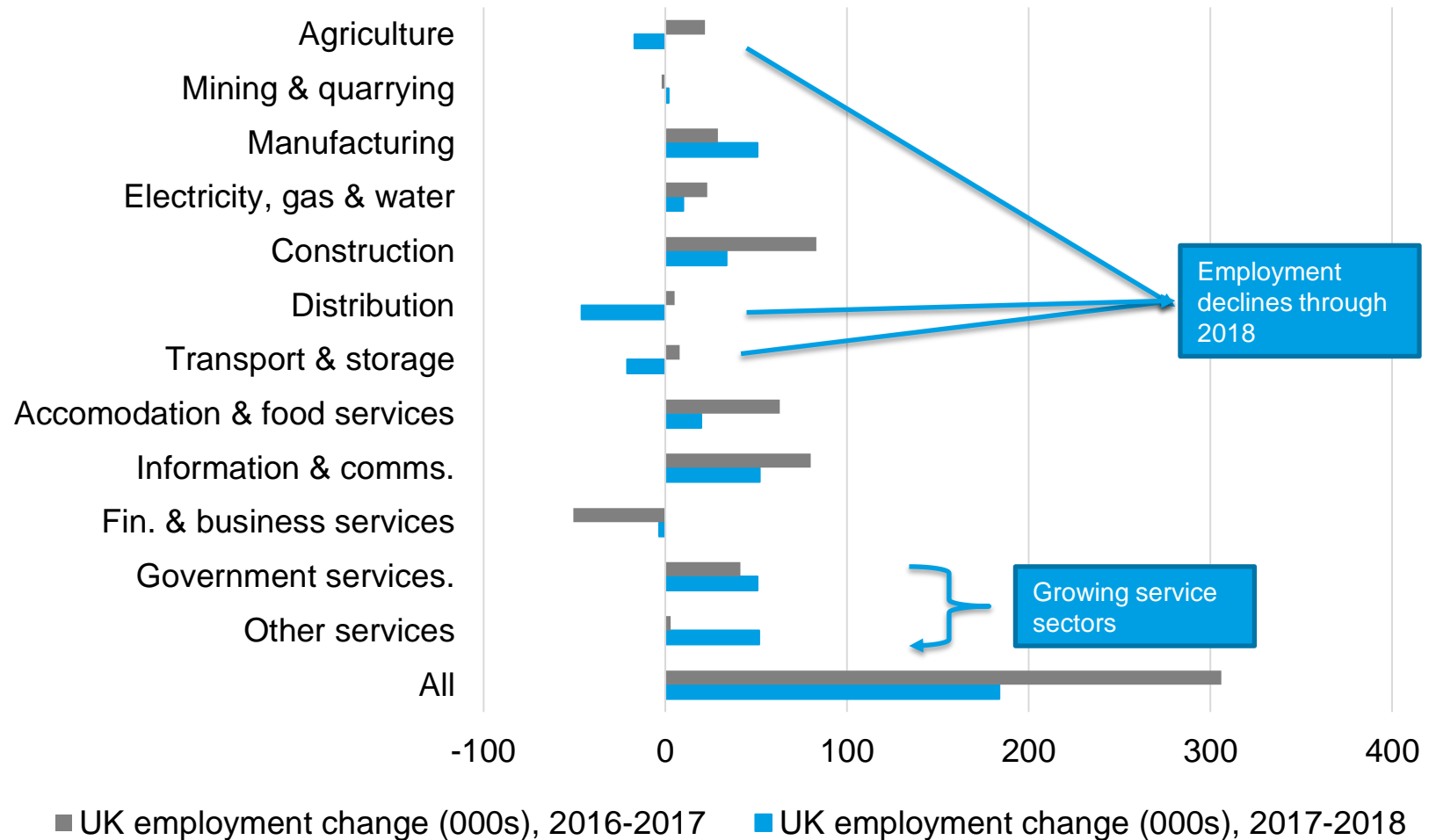
- EEFM 2019 was developed before the Covid-19 pandemic.
- The forecasts do not include any Covid-19 specific assumptions or impacts.

The UK economy outlook

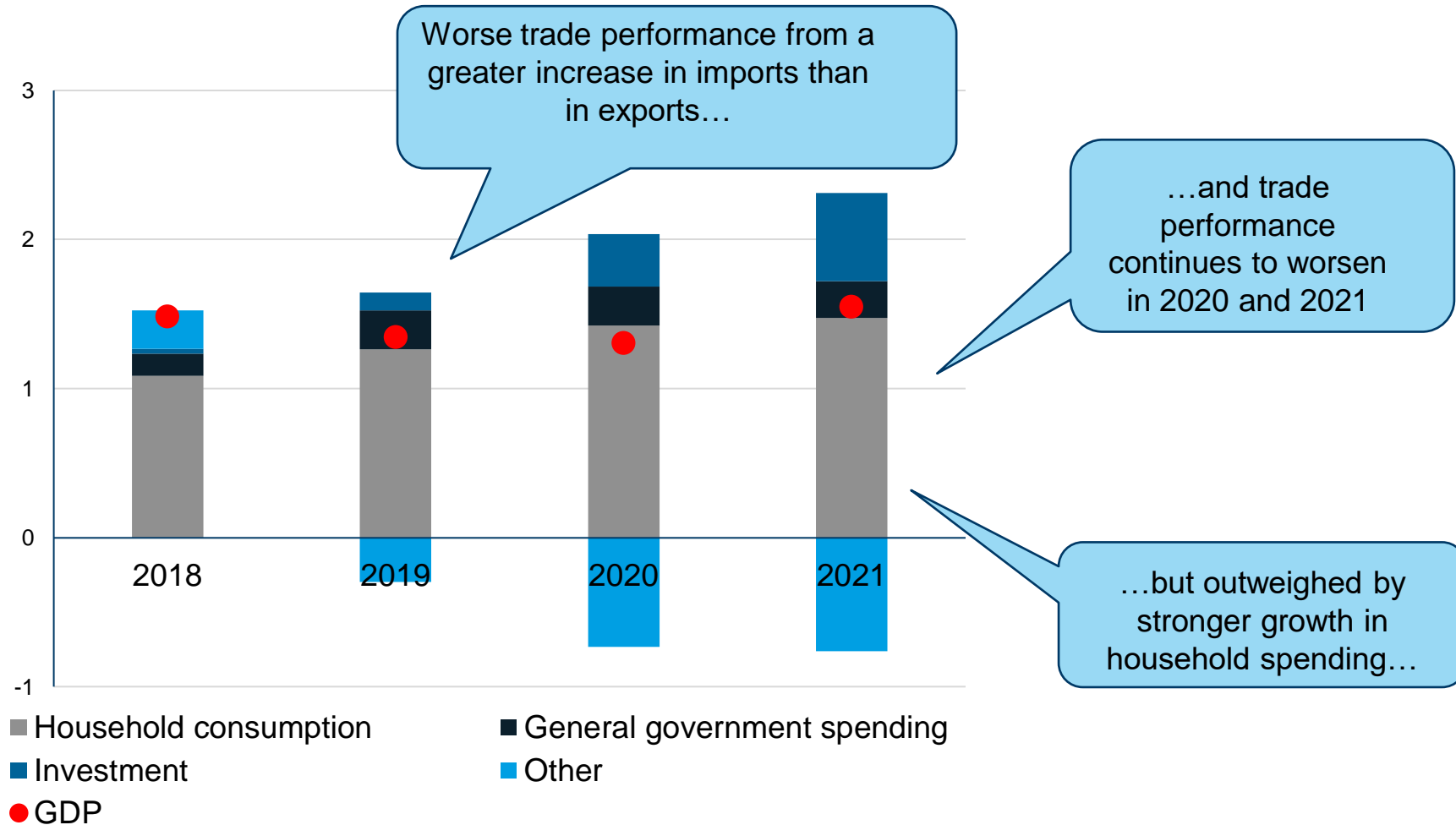
Recent developments in the East of England better than UK



Labour market was stronger through 2017 than 2018 in the aggregate

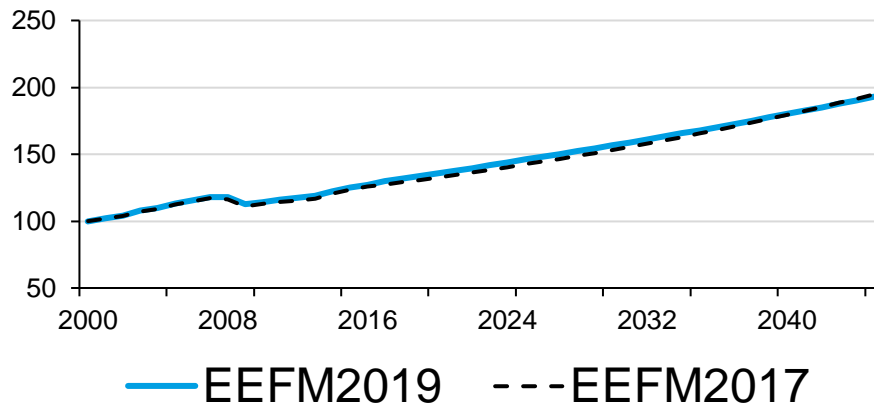


Short-term UK growth, 2018-21

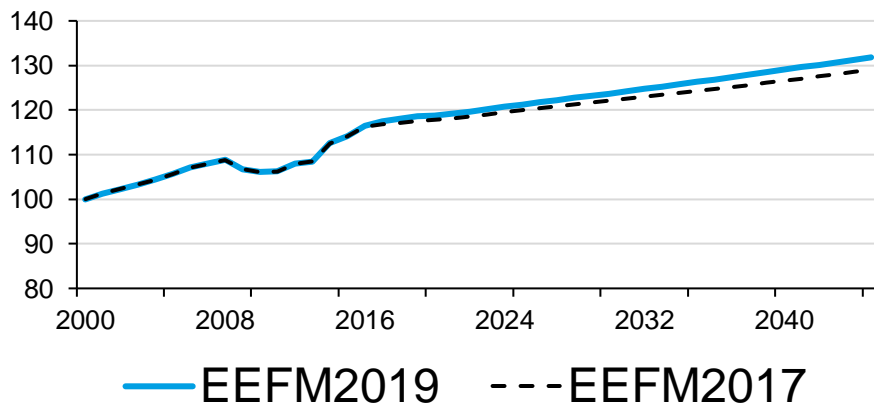


Long-term UK growth, 2022-45

UK GVA

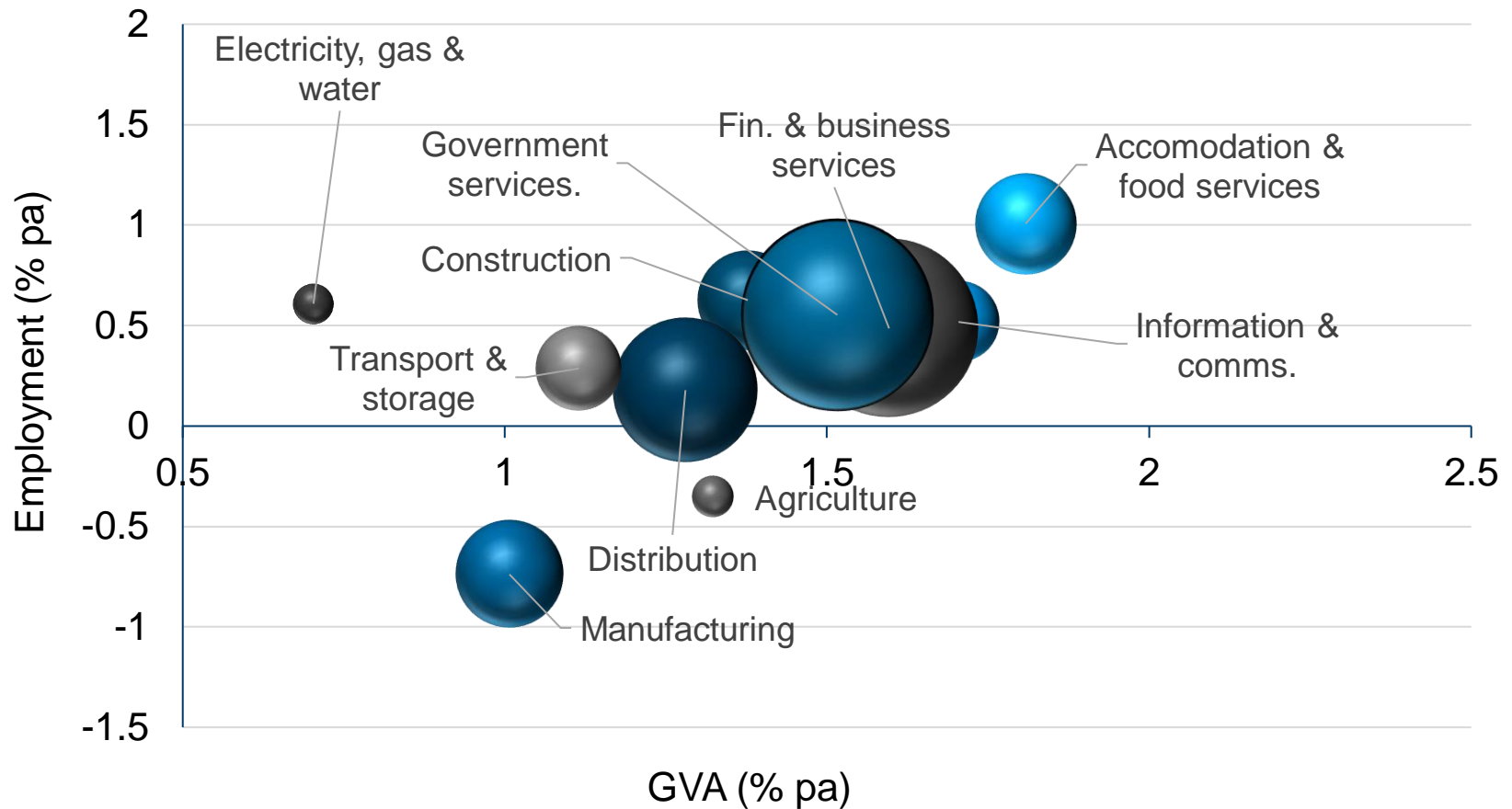


UK Employment



- Long-term GVA growth expected to maintain on a similar trajectory as previous forecast round
- Employment at the aggregate level expected to have stronger growth in the long term

UK sectoral prospects, 2022-45



Note: Size of bubble indicates number of jobs in sector in 2018.

Outlook for the regions

Short-term prospects for the regions

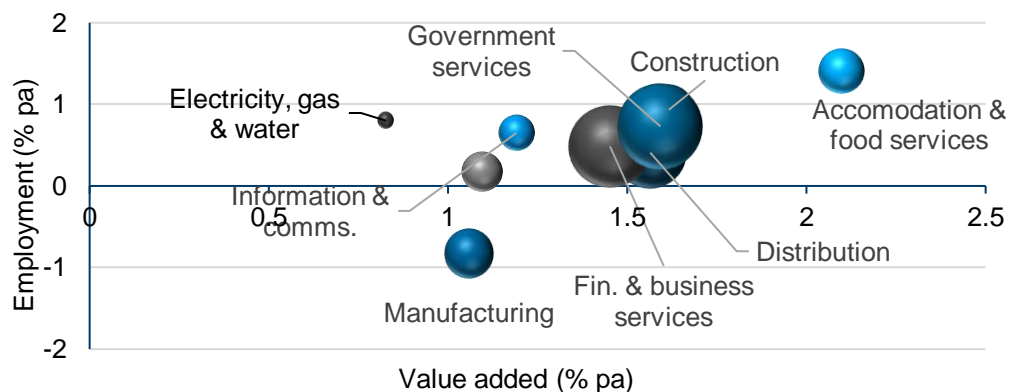
	2018	2019	2020	2021
GVA (% pa)				
South East	1.4	1.4	1.4	1.5
East of England	1.4	1.6	1.5	1.5
East Midlands	1.3	1.4	1.4	1.5
UK	1.4	1.5	1.5	1.5
Employment (% pa)				
South East	-2.2	0.3	0.1	0.3
East of England	1.7	0.7	0.3	0.5
East Midlands	-1.5	0.3	0.2	0.3
UK	0.5	0.4	0.2	0.3

Long-term regional economic growth

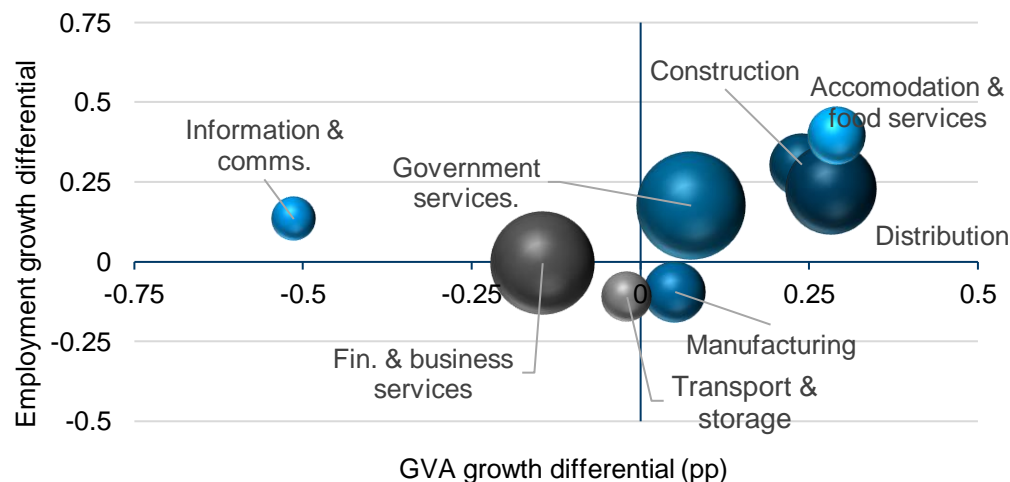
	Growth (% pa, 2022-45)			
	South East	East of England	East Midlands	UK
EEFM2019				
Value-added	1.4	1.4	1.3	1.4
Population	0.5	0.5	0.4	0.4
Working age population	0.1	0.2	0.1	0.1
Employment	0.3	0.6	0.3	0.4
Value-added per capita	0.9	0.9	0.9	1.0
Value-added per job	1.0	0.9	1.0	1.0
EEFM2017				
Value-added	1.5	1.6	1.4	1.6
Population	0.6	0.6	0.5	0.5
Working age population	0.3	0.4	0.2	0.1
Employment	0.3	0.5	0.3	0.4
Value-added per capita	0.9	0.9	1.0	1.1
Value-added per job	1.2	1.1	1.1	1.2

Sectoral prospects for the East of England

Sectoral outlook, 2022-45



Relative performance with UK, 2022-45



- Accommodation & food services and construction sectors' outlook brightest – expected to outperform the UK
- Employment expected to contract significantly in primary and manufacturing sectors
- GVA expected to grow at similar rates (over 1% pa) across most sectors, with outliers in accommodation & services, and primary sectors
- East of England expected to outperform the UK in terms of total employment and GVA growth

Note: Size of bubble indicates number of jobs in sector in 2018

Outlook for the LEPs and local authorities

Things to remember when using the LA forecasts

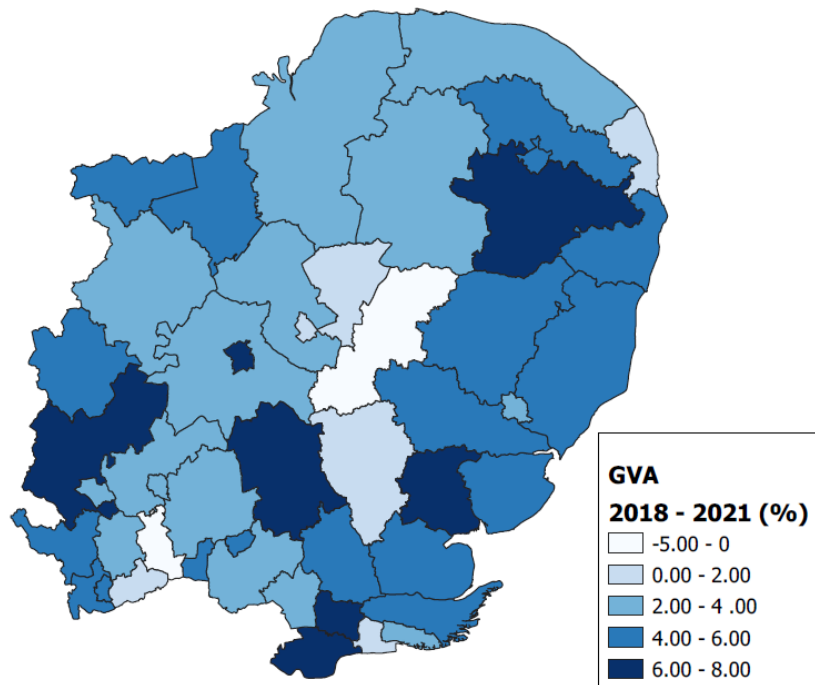
- Data source – issues with raw data
- EEFM is based on observed past trends only
- LA forecasts are constrained to the region
- The forecasts are policy-neutral and unconstrained
- Reality is more complex than any model
- Forecasting models will not all agree

Short-term prospects, LEPs

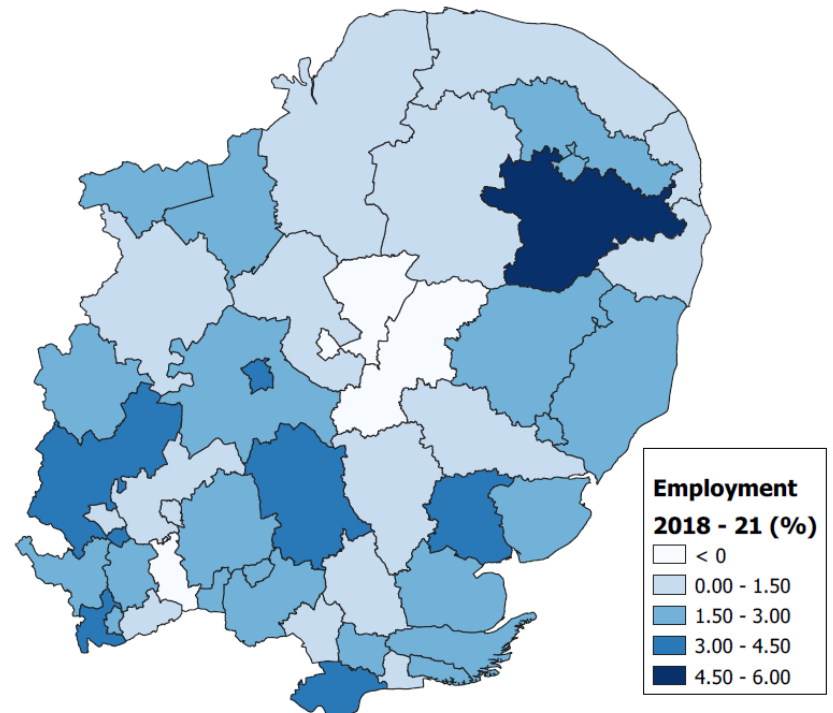
	Growth (% pa, 2018-21)					
	East of England	GCGP LEP	Herts LEP	New Anglia LEP	South East LEP	South East Midlands LEP
Value added	1.5	1.5	1.4	1.4	1.9	1.7
Employment	0.5	0.2	0.3	0.2	0.7	0.5

Short-term prospects, LADs

GVA



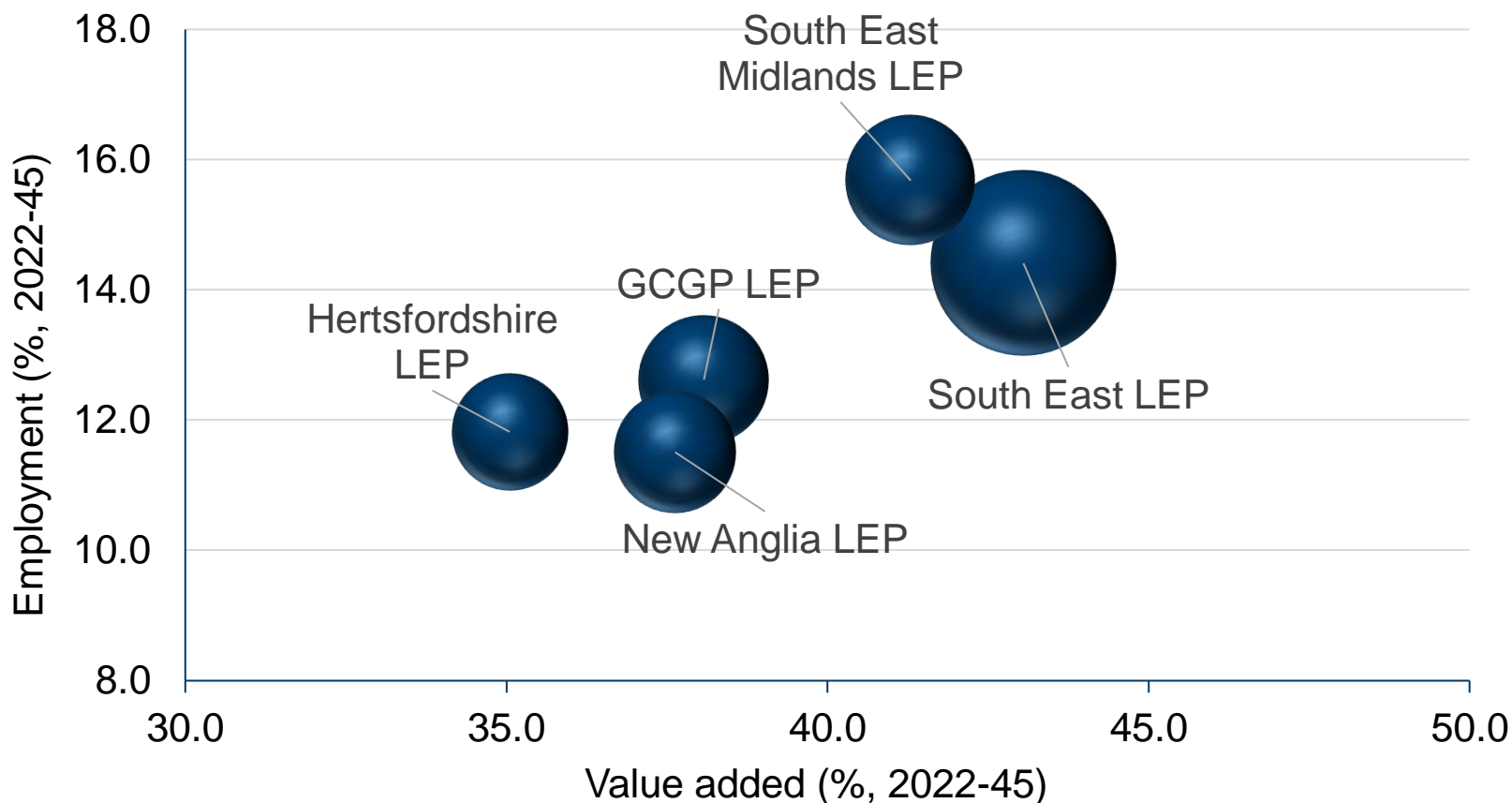
Employment



Long-term growth, LEPs

	Growth (% pa, 2022-45)					
	East of England	GCGP LEP	Herts LEP	New Anglia LEP	South East LEP	South East Midlands LEP
EEFM2019						
GVA	0.5	0.4	0.4	0.5	0.6	0.7
Population	0.2	0.2	0.1	0.2	0.3	0.4
Working age population	0.6	0.5	0.5	0.5	0.6	0.6
Employment	1.4	1.4	1.3	1.4	1.6	1.5
GVA per capita	0.9	1.0	0.9	0.9	0.9	0.8
GVA per job	0.9	0.9	0.8	0.9	1.0	0.9
EEFM2017						
GVA	1.6	1.6	1.5	1.6	1.7	1.7
Population	0.7	0.7	0.6	0.6	0.7	0.9
Working age population	0.4	0.4	0.3	0.3	0.4	0.5
Employment	0.5	0.5	0.5	0.4	0.5	0.6
GVA per capita	0.9	0.9	0.9	1.0	0.9	0.8
GVA per job	1.1	1.1	1.1	1.1	1.1	1.1

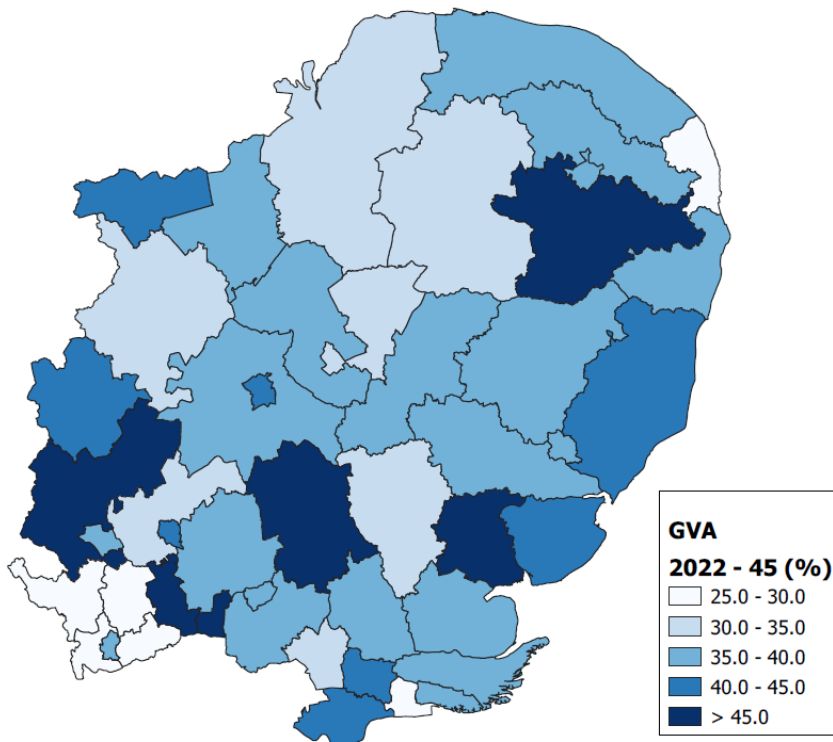
GVA and employment growth, LEPs



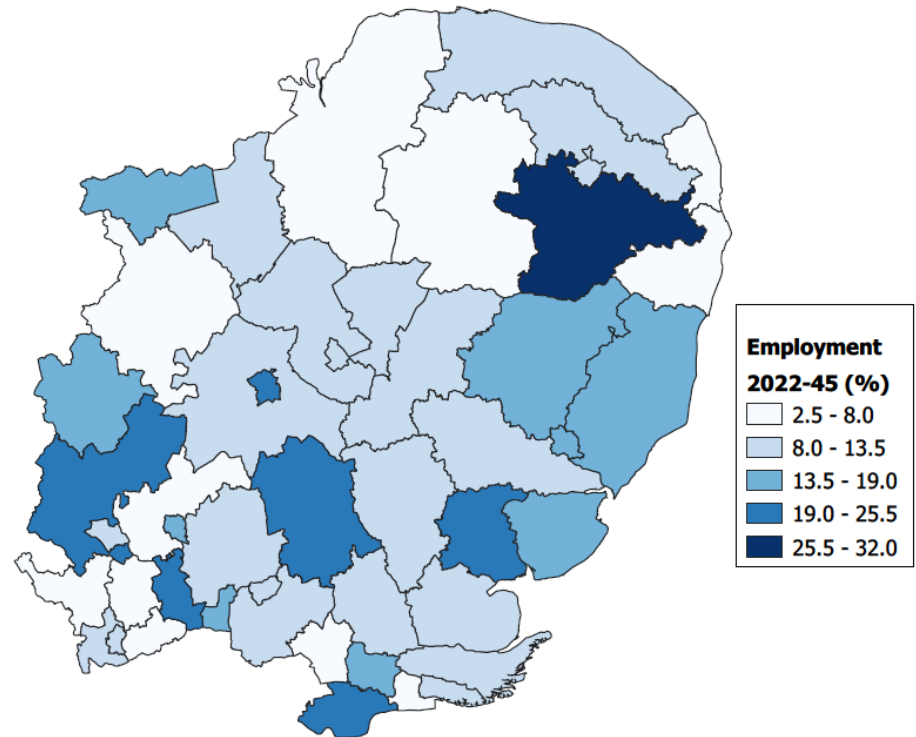
Note(s): Size of bubble indicates number of jobs in LEP in 2018.

Long-term prospects, LADs

GVA

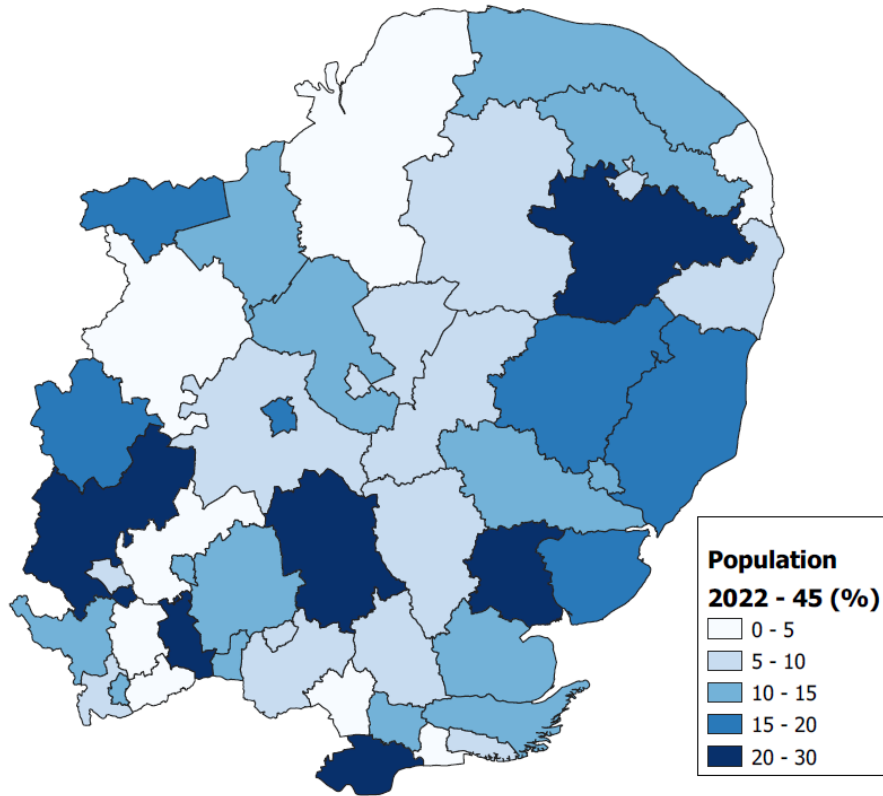


Employment

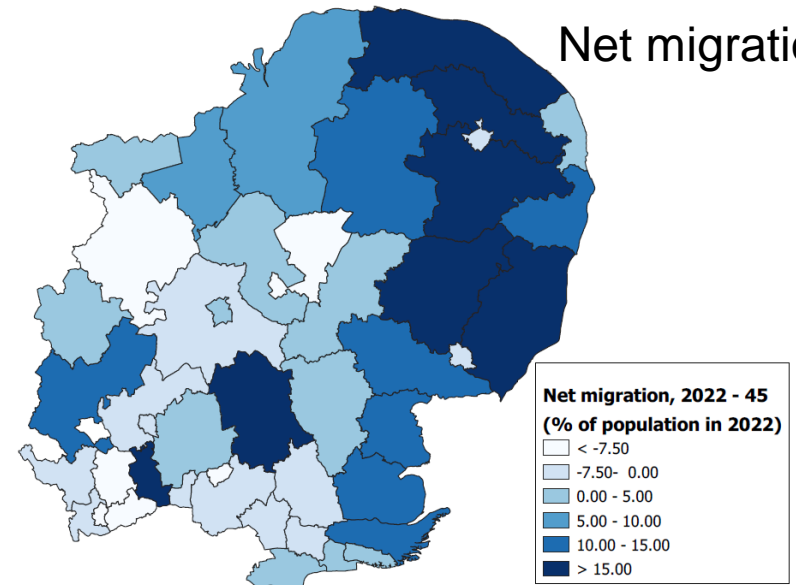


Long-term prospects, LADs

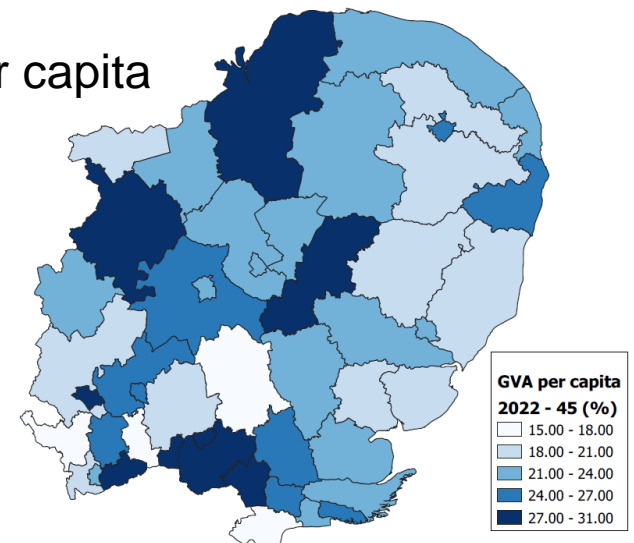
Population



Net migration



GVA per capita



Households, LADs

