



Nottinghamshire Economic Insight Issue 32: September 2012 The economy

International:

South Korea unveiled a fresh \$5.2bn (£3.2bn) stimulus package, in a bid to boost domestic demand as a slowdown in exports continues to hurt its economy. The package will include tax breaks on personal incomes and purchases of homes and cars. South Korea's exports, which account for almost half its economic output, have been hurt by slowing demand from the US and eurozone.

BBC News Business (10.9.12), [South Korea gets \\$5.2bn stimulus boost as economy slows](#), BBC © 2012

Japan revised down its growth numbers for the second quarter, raising concerns about a slowdown in the world's third-largest economy. The Government said that economy grew at an annual rate of 0.7% during the April to June period, down from its earlier estimate of 1.4%. Compared with the previous quarter, the economy grew by 0.2%, also lower than the previous figure of 0.3%. Slowing exports and subdued domestic demand have hurt Japan's growth.

BBC News Business (10.9.12), [Japan revises down growth numbers for second quarter](#), BBC © 2012

China's exports grew less than forecast and imports fell in August 2012, adding to fears about a sharp slowdown in its economy. Exports rose by 2.7% from the previous year as global demand continued to remain subdued. Imports fell 2.6% from the previous year, indicating a decline in home-grown consumption. China has been trying to boost domestic demand in a bid to rebalance its growth and offset slowing demand for exports. Analysts said that the fall in imports indicated that domestic consumption was not growing fast enough.

BBC News Business (10.9.12), [China trade data raises fear of economic slowdown](#), BBC © 2012

The UK rose to eighth from 10th place in an annual study of global competitiveness. The World Economic Forum's (WEF) survey said the UK had benefited from a more efficient labour market compared with more "rigid" European economies. The US economy fell from fifth to seventh place, although WEF said it remained the top innovator. Switzerland topped the table, followed by Singapore and then Finland in the survey of 144 economies. The survey placed China as the most competitive major emerging economy. The ratings are compiled using public data as well as executive opinion.

BBC News Business (5.9.12), [UK rises in WEF competitiveness rankings survey](#), BBC © 2012

Australia's economic growth rate slowed in the second quarter amid a drop in global demand for its resources and lacklustre domestic consumption. Growth was 3.7% in the April to June period, from the previous year. This was down from 4.3% annual growth in the same period the previous year. Compared with the previous quarter, the economy expanded by 0.6%. There are fears that Australia's growth may slow further as demand for its resources slows.

BBC News Business (5.9.12), [Australia's economic growth slows in second quarter](#), BBC © 2012

China's manufacturing activity fell to a nine-month low in August, adding to fears that its economy is slowing faster than estimated. The official Purchasing Managers' Index (PMI) fell to 49.2, the lowest reading since November 2011, data released over the weekend showed. PMI is a key gauge of manufacturing activity and a reading below 50 shows contraction. Analysts said China was being hurt by a slowdown in global and domestic demand.

BBC News Business (3.9.12), [China manufacturing dips to a nine-month low in August](#), BBC © 2012

Japan's industrial output unexpectedly dropped in July as a slowdown in global demand hurt exports. Trade ministry figures showed output was down 1.2% in July, a steep reversal from the 0.4% rise recorded in June and way out of line with analysts expectations of a 1.7% increase. Earlier that week the Japanese government downgraded its economic assessment for the country.

BBC News Business (31.8.12), [Japan's industrial output falls on weak global demand](#), BBC © 2012

India's economy grew faster than expected in the three months to the end of June, easing some fears about a sharp slowdown in Asia's third-largest economy. Growth was 5.5% in the April to June period from the previous year. Most analysts had forecast a rate of 5.2%. That compared with a 5.3% annual growth rate in the previous quarter. However, there are concerns that a lack of reforms, slowing factory output and investment may hurt long-term growth.

BBC News Business (31.8.12), [India's economic growth better than forecast](#), BBC © 2012

The head of the US central bank said that he had not ruled out further action to boost the US economy. "The Federal Reserve will provide additional policy accommodation as needed," said Fed chairman Ben Bernanke in a much-watched speech made at an annual conference in Jackson Hole, Wyoming. In particular, he suggested that the Fed may pump more money into the economy via so-called quantitative easing.

BBC News Business (31.8.12), [US Fed chief Ben Bernanke hints at further measures](#), BBC © 2012

Global food prices leapt by 10% in the month of July, raising fears of soaring prices for the planet's poorest, the World Bank warned. The Bank said that a US heatwave and drought in parts of Eastern Europe were partly to blame for the rising costs. The price of key grains such as corn, wheat and soybean saw the most dramatic increases, described by the World Bank president as "historic". The Bank warned countries importing grains will be particularly vulnerable.

BBC News World (30.8.12), [Food prices jump will hit poor, World Bank warns](#), BBC © 2012

The Philippines economy grew at a slower pace in the second quarter as a fall in global demand hurt its exports and industrial output. Growth was 5.9% in the April to June period, compared with a year ago. That is down from 6.3% annual growth in the first quarter. Compared with the previous three months, the economy expanded by just 0.2%. Growth was also hurt by a slowdown in the farming and services sectors. However, analysts said that strong domestic demand had helped cushion the impact of a dip in foreign sales.

BBC News Business (30.8.12), [Philippines sees growth rate slow in second quarter](#), BBC © 2012

US shoppers spent a little more in July compared with June, according to the US Commerce Department, raising hopes that the country's economy is continuing to recover. Consumer spending rose 0.4% in July, the largest increase for five months and following no change in June. The measure is closely-watched as consumer spending accounts for about 70% of US economic activity. Other figures also showed US citizens earned 0.3% more after tax in July.

BBC News Business (30.8.12), [US consumer spending up 0.4% in July](#), BBC © 2012

The US economy grew at an annualised pace of 1.7% from April to June, more than the 1.5% previously estimated, according to the Commerce Department. This was a slowdown from 2% in the first three months of the year. The US Congress's budget office (CBO) the previous week warned that spending cuts and tax rises could trigger a sharp economic slowdown in 2013.

BBC News Business (29.8.12), [US economy expands more than estimated](#), BBC © 2012

Profits at China's industrial firms dipped for the fourth successive month, adding to fears about a sharp slowdown in China's economy. Earnings fell by 5.4% in July from a year earlier. That compares with a 1.7% annual drop in June. Chinese firms have been hurt by a slowdown in global demand as well as lacklustre domestic consumption.

BBC News Business (27.8.12), [China industrial firms see profits dip as economy slows](#), BBC © 2012

The US middle class is in a "lost decade" as its share of the country's income has been surpassed by affluent earners, a report by the Pew Research Center said. It found that 62% of middle class Americans reported they were being forced to reduce spending, and 43% expect their children's standard of living will be better than their own, down from 51% in 2008.

BBC News US & Canada (23.8.12), [US middle class in 'lost decade' as income falls](#), BBC © 2012

A study by the United Nations suggested the gap between the rich and the poor in much of Latin America is widening. The report by the UN Agency for Human Settlements said that the richest 20% of the population on average earn 20 times more than the poorest 20%. According to the study, Guatemala is the country with the widest disparity, and Venezuela the most equitable one. The survey said the region is the world's most urbanised, with eight out of 10 people living in cities.

BBC News Latin America & Caribbean (22.8.12), [UN study says wealth gap in Latin America increases](#), BBC © 2012

Thailand's economy grew more than forecast in the April to June period helped by domestic consumption and continued recovery in manufacturing. Growth was 3.3% in the second quarter, compared to the previous three months. Compared with the same period the previous year, the economy grew by 4.2%. Thailand has taken various measures to boost domestic demand to help recover from the previous year's devastating floods. Analysts said the steps had helped offset a decline in global demand for exports.

BBC News Business (20.8.12), [Thailand economy: Robust domestic demand boosts growth](#), BBC © 2012

Europe:

The Italian economy shrank by 0.8% between April and June, slightly more than previously estimated, official figures showed. A bigger drop in investment and consumer spending accounted for the downward revision from the 0.7% contraction estimated in August. Meanwhile, the French central bank said it expects the country's economy to contract in the third quarter, despite figures showing a surprise rise in industrial production.

BBC News Business (10.9.12), [Italy recession deeper than first estimated](#), BBC © 2012

French President Francois Hollande outlined a series of budget measures, including cuts, aimed at achieving economic recovery within two years. During a televised interview, Mr Hollande outlined a series of measures, including spending cuts and extra taxes totalling 30bn euros (£24bn).

BBC News Europe (9.9.12), [France's Hollande vows economic recovery in two years](#), BBC © 2012

International financier George Soros called for Germany to "lead or leave the euro" days before a crucial ruling on the eurozone's bailout fund by Germany's constitutional court. Mr Soros argued that the eurozone should target 5% economic growth. That would require the bloc to abandon German-backed austerity measures and accept higher inflation, he said. He also backed a new European Fiscal Authority financed by VAT receipts to oversee eurozone government finances.

BBC News Business (9.9.12), [Soros calls for Germany to 'lead or leave euro'](#), BBC © 2012

Mario Draghi, president of the European Central Bank, unveiled details of a new bond-buying plan aimed at easing the eurozone's debt crisis. He said the scheme would provide a "fully effective backstop" and that the euro was "irreversible". The ECB aims to cut the borrowing costs of debt-burdened eurozone members by buying their bonds.

BBC News Business (6.9.12), [ECB's Mario Draghi unveils bond-buying euro debt plan](#), BBC © 2012

Moody's lowered its outlook for the European Union's AAA credit rating to "negative" and warned that the bloc's rating could be downgraded. It said the move reflected the negative outlook for the ratings of the EU's key budget contributors. Earlier in the year, Moody's put ratings of Germany, France, Netherlands and the UK on a negative outlook. It said that these nations were all exposed to the region's debt crisis, hurting their creditworthiness.

BBC News Business (4.9.12), [Moody's lowers EU rating outlook to 'negative'](#), BBC © 2012

Manufacturing output across the 17-country eurozone shrank again in August, according to a widely-watched survey. The Purchasing Managers Index (PMI) showed the region's manufacturing sector contracted despite factories cutting prices. Markit's final PMI was 45.1, above July's three-year low of 44.0. However, the figure was the 13th month in a row that it was below the 50 mark that indicates growth.

BBC News Business (3.9.12), [Eurozone manufacturing PMI falls again in August](#), BBC © 2012

Spain's Andalusia requested a financial lifeline from the central government. The region had asked for 1bn euros (£791m) worth of aid to be granted immediately, said Susana Diaz, a senior politician from the region. She said that Andalusia was following in the footsteps of other regions and made the request for an advance "because we need liquidity". Valencia, Murcia and Catalonia had requested bailouts in the previous few weeks.

BBC News Business (3.9.12), [Andalusia requests 1bn euros from Spanish government](#), BBC © 2012

The head of the Organisation for Economic Co-operation and Development (OECD) called on the European Central Bank (ECB) to take action on the eurozone crisis. The ECB was due to meet that week amid much speculation it would resume buying the debt of countries with high borrowing costs. Germany and others oppose such a move.

BBC News Business (2.9.12), [European Central Bank urged to take eurozone action](#), BBC © 2012

The Spanish government is creating a "bad bank" into which all the toxic property assets of its debt-laden banking sector can be off-loaded. The move is aimed at helping the country's troubled banks draw a line under the debt crisis and move on. The Bank of Spain will assess the value of the assets being transferred into the "banco malo" and the banks will receive cash, debt or shares in return, said economy minister Luis de Guindos. The bad bank could last 10 to 15 years.

BBC News Business (31.8.12), [Spain creates 'bad bank' for toxic property assets](#), BBC © 2012

All banks in the eurozone would be supervised directly by the European Central Bank (ECB) in Frankfurt under new EU proposals to be unveiled in September. The European Commission wants to create a single supervisory mechanism for the 6,000 banks, with the ECB at its heart. It would replace the current system of national regulators supervising banks. However, it requires EU leaders' approval.

Matthew Price, BBC News Europe (31.8.12), [Brussels pushes for ECB supervision of eurozone banks](#), BBC © 2012

Retail sales in Germany fell in July, with analysts citing rising fuel prices as the reason why shoppers reined in their spending. Sales in Europe's largest economy fell 0.9% compared with the month before, the Federal Statistics Office said. However June's figure was revised up from a drop of 0.1% to show a rise of 0.5%. It came a few days after a separate report showed that German business confidence had fallen for the fourth month in a row to a 29-month low.

BBC News Business (31.8.12), [German retail sales fall 0.9% in July](#), BBC © 2012

Spain's economy contracted further in the second quarter of the year as the country remained mired in recession, figures from the Instituto Nacional de Estadística showed. The economy shrunk by 0.4% between April and June after a 0.3% drop in the previous three months. On an annual basis, Spain's economy contracted by 1.3% in the second quarter. Speculation has persisted that the country will have to request a full financial rescue.

BBC News Business (28.8.12), [Spain's economy contracts again as recession deepens](#), BBC © 2012

German business confidence fell for the fourth month in a row to a 29-month low, according to the survey compiled by think tank Ifo. The index fell to 102.3 in August from a downwardly revised 103.2 in July. The survey of 7,000 firms suggests businesses are increasingly nervous about Germany's ability to withstand the weak eurozone economy. Growth in Europe's largest economy slowed between April and June to 0.3%.

BBC News Business (27.8.12), [German business confidence falls again, says Ifo](#), BBC © 2012

Greek Prime Minister Antonis Samaras was to hold meetings with eurozone leaders, which could determine the fate of his country in the bloc. Mr Samaras was expected to request more time to meet deficit cutting targets.

BBC News Business (20.8.12), [Greek PM to meet eurozone leaders this week](#), BBC © 2012

The eurozone's trade surplus hit 14.9bn euros (\$18.3bn; £11.7bn) in June up from 200m euros a year ago, according to Eurostat. The surplus was the highest since the European Union's statistics agency began collecting data in 1999. Germany, the Netherlands and Republic of Ireland recorded the biggest surplus among the 17-member euro area and the wider 27-member EU. The EU's trade surplus was 400m euros, compared with a 15.3bn-euro deficit a year earlier. The switch to a surplus was helped by increased exports to Asia and emerging markets including Russia, Japan, Brazil and South Korea.

BBC News Business (17.8.12), [Eurozone trade surplus rises to record high in June](#), 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

Just 2,400 jobs have been created so far by a £1.4bn scheme that Deputy Prime Minister Nick Clegg predicted would lead to hundreds of thousands of new posts in the country's unemployment blackspots, according to a damning report by the Commons Public Accounts Committee (PAC). It condemned the performance of the Regional Growth Fund as "scandalous", and protested that only £60m had reached businesses, with a further £240m "parked" with councils and banks over which ministers have little control.

Nigel Morris, The Independent (11.9.12), [How Nick Clegg's growth fund makes jobs – at £200,000 a time](#), © independent.co.uk

The UK's first fourth generation (4G) mobile service will launch in 16 UK cities before the end of 2012. Everything Everywhere, which will now be known as just EE, will continue the rollout into the New Year, and aims to provide 4G to 98% of the UK by 2014. 4G coverage in London, Birmingham, Cardiff and Bristol is currently being tested ahead of launching in "weeks". Rivals have voiced concerns that EE had been given an unfair headstart by launching first. Nottingham will get the high-speed connectivity along with Belfast, Derby, Edinburgh, Glasgow, Hull, Leeds, Liverpool, Manchester, Newcastle, Sheffield and Southampton.

BBC News Technology (11.9.12), [EE to launch 4G mobile services in 16 UK cities in 2012](#), BBC © 2012

The UK's trade deficit narrowed in July, led by an increase in oil exports to the European Union. The deficit in July totalled £1.5bn, compared with £4.3bn in June, figures from the Office for National Statistics (ONS) showed. Exports of goods rose 9% to £25.8bn, while imports shed 2.1% to £32.9bn. For services, exports fell 0.9% to £15.6bn, while imports declined 0.4% to £10bn. ONS said that in addition to higher oil sales to Europe, exports were lifted by a rise in the sale of chemicals and consumer goods to non-European Union countries.

BBC News Business (11.9.12), [UK trade deficit narrows in July as oil exports rise](#), BBC © 2012

The year's dreadful weather has cost rural Britain at least £1bn, according to an investigation by BBC One's Countryfile. Data from farmers, tourist businesses, insurers and events organisers showed the wettest summer for 100 years has hit the countryside hard. Factors include reduced visitor numbers at countryside attractions such as stately homes and camp sites. Meanwhile, some country events were cancelled due to bad weather.

Tom Heap, BBC Countryfile, BBC News Science & Environment (9.9.12), [Weather 'cost rural Britain £1bn'](#), BBC © 2012

Growth in Scotland's private sector slipped "well below" the UK average the previous month, according to the Bank of Scotland Purchasing Managers Index (PMI). It found activity grew slightly in August, but at its weakest rate for 20 months. The report said the loss of momentum reflected "a broad-based and accelerated drop" in new business. The index fell for the second month running, to 50.3 - down from 51.0 in July. Any figure above 50 indicates growth, while numbers below 50 point to contraction.

BBC News Scotland Business (10.9.12), [Scottish private sector growth 'well below' UK average](#), BBC © 2012

Moves to fast-track the roll-out of superfast broadband were announced by Culture Secretary Maria Miller. Under the new plans, the planning process will be streamlined to hasten the installation of superfast broadband.

Department of Culture, Media and Sport (7.9.12), [Fastest broadband in Europe - Delivering infrastructure to boost UK businesses](#), © Crown copyright

The UK's economy is set to contract by 0.7% in the current year, according to the Organisation for Economic Co-operation and Development (OECD), the club of industrialised nations. The prediction was a sharp revision to its earlier estimate made in May, when it forecast growth of 0.5%. The OECD also cut growth forecasts for other major developed economies, saying that the eurozone debt crisis posed the greatest risk to global growth.

BBC News Business (6.9.12), [UK economic growth forecast cut by OECD](#), BBC © 2012

The most vulnerable pre-school children are falling behind their peers even before they start school, due to an "inexplicable" gap in funding. Deputy Prime Minister Nick Clegg created extra funding to support children from the most deprived backgrounds, promising that the Government would intervene "at every stage of a child's education journey". However, according to research by children's charity Barnardo's, while disadvantaged children are given additional funding from the ages of two to 18, this stops between the ages of three and the age at which they start school. This has the potential to undo all the early financial investment given to two-year-olds. Its report recommends that the Government could fill this gap – at no extra cost – by stretching the existing pupil premium so that it covers the age groups equally.

Sarah Cassidy, The Independent (6.9.12), [Clegg's social mobility plan 'is failing youngest most in need'](#), © independent.co.uk

The Bank of England kept interest rates at 0.5% and held off from more stimulus measures. Its rate-setting Monetary Policy Committee voted to maintain rates at this historic low for three years. It also decided not to increase its programme of quantitative easing (QE), having lifted it by £50bn in July to £375bn.

BBC News Business (6.9.12), [Bank of England holds interest rates at 0.5%](#), BBC © 2012

A future Labour government could bring in a wealth tax on high-value properties to safeguard the NHS and invest in the economy, the Shadow Chancellor Ed Balls revealed in an interview with *The Independent*. Mr Balls rejected the temporary wealth tax floated by Nick Clegg the previous week but offered immediate talks with Vince Cable, the Liberal Democrat Business Secretary, on a new Lib-Lab consensus including his idea of a permanent mansion tax on homes worth more than £2m.

Andrew Grice and Steve Richards, The Independent (6.9.12), [Exclusive: Ed Balls - I'm planning a proper wealth tax](#), © independent.co.uk

The charity Save the Children, best known for helping some of the world's poorest families, launched its first appeal to help UK children. The campaign urges the Government to focus on benefits for low-paid families and ask employers to pay a living wage. Researchers for Save the Children surveyed more than 1,500 children aged eight to 16 and more than 5,000 parents, focusing on the lowest income groups. The study drew on Institute of Fiscal Studies (IFS) figures which estimate that there are 3.5 million children living in poverty in the UK and predict a steep rise in the numbers in coming years. The charity defines living in poverty as having a family income of less than £17,000 a year. More than half the parents in poverty surveyed (61%) said they had cut back on what they ate; 26% had skipped meals in the past year; 19% said their children sometimes had to go without new shoes when they needed them; 19% of children in poverty said they had missed out on school trips and 14% said they did not have a warm coat to wear in the winter. (See local section for further item).

Judith Burns, BBC News Education & Families (5.9.12), [Save the Children urges action for poorest UK children](#), BBC © 2012

Activity in the UK service sector picked up in August, according to the PMI services index from Markit/CIPS. It rose to 53.7 in the month, up from 51 in July. Any number above 50 indicates growth. The index hit the five-month high on the back of new contracts, increased marketing and, to a lesser extent, better weather, Markit said. The Olympic Games had a mixed impact on activity in the sector, with some companies reported a positive impact, while others suggested the games had hit growth through travel restrictions. The survey also found a "modest" rise in employment in the sector, as well as a rise in input costs.

BBC News Business (5.9.12), [Service sector growth accelerates, says PMI survey](#), BBC © 2012

UK construction activity unexpectedly fell in August as new orders slumped at the fastest rate since the height of the 2008 financial crisis. The Markit/CIPS construction Purchasing Managers Index dropped to 49.0 in August from 50.9 in July. A figure below 50 indicates the sector is no longer expanding. The decline was worse than many economists had expected, and will fuel doubts over the economic recovery.

BBC News Business (4.9.12), [UK construction contracts at faster pace, says survey](#), BBC © 2012

Retail sales in the UK were lower in August as the popularity of the Olympics hit traffic at stores, a survey by the British Retail Consortium (BRC) showed. Retail sales fell 0.4% on a like-for-like basis from the same month the previous year. Excluding Easter, it was the weakest month since November. "The feel good factor from the Olympics failed to inspire spending," the BRC said. In particular, online shopping grew 4.8% in August, the lowest increase since the BRC started collecting the data in October 2008.

BBC News Business (4.9.12), [Retail sales 'hurt by Olympics' in August](#), BBC © 2012

The proportion of shops lying empty increased in every region in Britain bar London between January and June, according to figures compiled by the Local Data Company (LDC), with an average of 14.6% of shops across Britain now remaining empty. LDC said a dramatic drop in consumer spending, which it calculates is now back at 2002 levels, was partly to blame for the high vacancy rate, with higher online sales and retail space expansion also being factors. (See local section below).

BBC News Business (4.9.12), [Empty shop rate rises across Britain as spending drops](#), BBC © 2012

The downturn in UK manufacturing unexpectedly eased in July as domestic orders boosted output. The closely-watched Markit/CIPS manufacturing purchasing managers' index rose to a four-month high of 49.5 in August from a downwardly revised 45.2 in July. However since the figure is still below 50, the sector is still shrinking.

BBC News Business (3.9.12), [UK factory index sees surprise jump as orders rise](#), BBC © 2012

The Government is to underwrite up to £50bn of private sector building projects which need finance, in an effort to boost growth. It will also legislate to speed up planning decisions and encourage development of Green Belt land, if certain conditions are met. Chancellor George Osborne also said a third runway at Heathrow was an option. The Treasury said the Infrastructure (Financial Assistance) Bill, which builds on a scheme launched in July 2012, would give the green light to £40bn of construction projects by using the Government's low interest rates to underwrite them. To qualify, the projects must be "nationally significant", ready to start construction within 12 months, financially credible and "good value" for taxpayers. Labour said Mr Osborne had "no new ideas" and called for a cut in VAT and tax breaks for business.

BBC News Politics (2.9.12), [George Osborne in £50bn private sector building vow](#), BBC © 2012

The British Chambers of Commerce (BCC) called for more government spending on infrastructure as it predicted that UK GDP would shrink by 0.4% in 2012. The BCC also cut its forecast for 2013, from 1.9% to 1.2% growth. The industry body said the eurozone crisis and a sharp rise in food and oil prices posed a continuing threat. The BCC also backed other growth-enhancing measures, such as creating a business bank and Bank of England support for small business borrowing. However, it said that the Chancellor George Osborne should press ahead with cuts in benefits, the state pension and the civil service, which it said were needed to retain the confidence of financial markets.

BBC News Business (31.8.12), [UK economy needs infrastructure stimulus, says BCC](#), BBC © 2012

The UK economy is set to contract in 2012, according to the Confederation of British Industry (CBI), the lobbying organisation for big business. It said it expects UK gross domestic product (GDP) to shrink by 0.3% in 2012, compared with an earlier forecast of 0.6% growth. The CBI said the change reflected "weaker economic conditions". It said the economy would recover slightly in the second half of year and grow by 1.2% in 2013, although this was down from an earlier forecast of 2%.

BBC News Business (30.8.12), [UK economy will contract 0.3% in 2012, says CBI](#), BBC © 2012

As part of the Government's response to the Portas Review, it announced a £1million Future High Street X- Fund, to reward those areas delivering the most effective and innovative plans to bring their town centres back to life. The £1 million prize fund will recognise and reward locations who have undertaken the most outstanding transformations. This prospectus provides details of the fund and how to make a nomination. The closing date for nominations is 6 December 2012.

Department for Communities and Local Government (CLG) (30.8.12), [Our Town First: Future High Street X-Fund – Prospectus](#), © Crown copyright

Chancellor George Osborne warned against "driving away" the UK's "wealth creators" after Deputy Prime Minister Nick Clegg called for a temporary additional tax on the rich. Mr Clegg argued that those of "very considerable" means should pay more into the system, leading to an angry reaction from several Tory MPs. He said this should come in addition to the Lib Dems' proposed "mansion tax". However, Mr Osborne said it was important not to deter business from the UK.

BBC News Politics (29.8.12), [George Osborne downplays Nick Clegg's 'rich tax' call](#), BBC © 2012

The UK economy shrank by less than previously thought between April and June, revised data from the Office for National Statistics (ONS) showed. The economy contracted by 0.5% during the quarter, less than the 0.7% it announced the previous month. The ONS said output in the construction sector was higher than it had previously estimated.

BBC News Business (24.8.12), [UK recession less deep than thought](#), BBC © 2012

The Bank of England defended its policy of quantitative easing against accusations that it has made pension savers worse off. Since March 2009, the Bank has tried to stave off recession by buying £375bn of government bonds, known as gilts. The aim has been to cut their returns, forcing investors to put their money elsewhere, such as in shares. The Bank said this has been successful and the net effect has been to make most people better off.

BBC News Business (23.8.12), [Bank of England defends QE policy effects](#), BBC © 2012

More than 100 quangos have been axed and a further 90 merged into other bodies since the coalition came to power, ministers said. Cabinet Office minister Francis Maude said the cull of publicly funded agencies was on track to save £2.6bn by the end of this Parliament. However, costs from the reorganisation, including redundancy payouts to staff affected, could be as high as £900m.

BBC News Politics (22.8.12), [More than 100 quangos axed by coalition, say ministers](#), BBC © 2012

Local authorities are preparing to invest in charity-run food banks to cope with an expected deluge in demand for crisis help from low income families hit by welfare cuts, raising the spectre of depression-era US "breadlines". Cuts in the social fund, which provides emergency aid to vulnerable people, mean that from April 2013 many councils will no longer be able to provide cash help to applicants. Instead they will offer "in kind" support such as referring clients to food banks and issuing electronic food vouchers. The move, which is being considered by both Labour and Conservative councils as well as the Welsh government, will for the first time build voluntarily donated food distribution into mainstream welfare provision, and will be regarded by critics as a dramatic substitution of the state's obligations in favour of ad hoc voluntary assistance.

Patrick Butler, theguardian (21.8.12), [Breadline Britain: councils fund food banks to plug holes in welfare state](#), © 2012 Guardian News and Media Limited or its affiliated companies

The UK Government borrowed more than expected in July, traditionally a good month for tax receipts, the Office for National Statistics (ONS) said. Borrowing to cover the gap between spending and revenue was £600m in July. There was a surplus of £2.8bn in the same month the previous year. The Treasury blamed disappointing corporation tax receipts. Labour said raising taxes and cutting spending "too far and too fast" had "choked off the recovery". Analysts suggest the Government could end up borrowing about £30bn more than last year, when official forecasts had suggested borrowing would fall this year.

BBC News Business (21.8.12), [UK government borrows £600m in July as tax receipts dip](#), BBC © 2012

This page links to the latest releases of public expenditure and public sector finance statistics from HM Treasury. The public sector finance statistics for July 2012 have been added.

HM Treasury (21.8.12), [HM Treasury statistics, including National Statistics](#), © Crown copyright

This is a transcript of the speech by then Culture Secretary Jeremy Hunt given at Campus, London on 20 August 2012. He talked about the success and future of the digital sector in the UK.

Department for Culture, Media and Sport (dcms) (20.8.12), [Broadband in the UK: Faster, higher, stronger](#), © Crown copyright

The squeeze on smaller manufacturing firms was highlighted by a survey showing their worst output performance in more than two years. In the CBI's latest quarterly SME trends report, the percentage of respondents reporting weaker activity outstripped those seeing higher volumes for the first time since October 2009. The CBI said the continuing uncertainty over the eurozone and a broader loss of momentum in global growth were being felt by smaller firms.

this is Nottingham (7.8.12), [Squeeze on smaller firms uncovered](#), © 2012 Northcliffe Media Limited

Regional:

An Ofcom study found that average broadband speeds across the country have increased by almost 20% in the last six months, from 7.6Mbps to 9Mbps. In Nottinghamshire an estimated 116,000 homes and businesses are still lagging behind with speeds of less than 2Mbps or in many cases no broadband at all. The digitally disadvantaged homes, schools and businesses – which account for one in five properties in the county – are predominantly in rural areas in the Bassetlaw, Newark and Sherwood, and Rushcliffe districts but are also in other pockets across the county. Derbyshire and Nottinghamshire Chamber of Commerce (DNCC) helped the County Council to launch its Superfast Broadband in Notts campaign in July which has already received almost 3,000 pledges of support from frustrated residents and businesses.

Derbyshire and Nottinghamshire Chamber of Commerce (DNCC) (28.8.12), [Much of Notts still in slow lane of information superhighway](#), © 2012 Derbyshire & Nottinghamshire Chamber of Commerce

Manufacturing SMEs in the East Midlands continued to report increased sales and predict future growth, despite recent reports of an industry downturn. Nearly 60% of respondents to the latest Manufacturing Advisory Service (MAS) National Barometer had seen orders grow in the previous six months, with 57% anticipating a further upturn between August and the end of the year. A third of the companies surveyed were looking to create new jobs, 58% were expecting the size of their workforce to stay the same and 60% were looking to boost their turnover through exporting in the previous 18 months. Only 39% of respondents saw an increase in enquiries, compared with 43% in the previous Barometer. The number of companies considering investment in new machinery and premises over the following six months was also down, from 49% to 41%.

this is Nottingham (17.8.12), [Barometer shows positive signs for growth in region](#), © 2012 Northcliffe Media Limited

Derbyshire and Nottinghamshire Chamber of Commerce (DNCC) is holding a major policy conference on Thursday 11 October 2012 to look at the significant role that manufacturing plays in supporting the East Midlands economy. More than 100 business leaders from across the region are expected to attend the free event at the site of the world's first factory, The Silk Mill in Derby.

Derbyshire and Nottinghamshire Chamber of Commerce (DNCC) (14.8.12), [DNCC policy conference to highlight importance of manufacturing](#), © 2012 Derbyshire & Nottinghamshire Chamber of Commerce

Local:

According to the Save the Children charity, poverty - going without food, new clothes and struggling to pay for fuel and rent - affects a quarter of all children. In the East Midlands, 35% of children in Nottingham and 32% in Leicester are considered to be living in poverty. (See national section for further item).

Social policy researchers at Loughborough University have produced a child poverty map of the UK, which highlights Nottingham North as one of the 10 parliamentary constituencies in Britain with the highest levels of child poverty.

John Hess, Political Editor, East Midlands, BBC News Politics (6.9.12), [Increased child poverty needs long term fix, says MP](#), BBC © 2012

Nottingham has more vacant shop space than any other large centre in the UK, according to a report by the Local Data Company (LDC). The vacancy rate increased over 12 months from 23.1% to 30.6%. LDC counted shop units in the area defined as Nottingham's "retail core", which includes areas outside of the city centre. Nottingham City Council's own survey of the city centre put the vacancy rate at 17.4% in October 2011. Councillor Nick McDonald, the council's portfolio holder for employment, skills and business, said: "The figures in this survey are not an accurate description of city centre vacancy rates in Nottingham, suggesting as they do that almost one in three shops are empty. If you walk around the city centre you can see that just isn't the case. "In fact new shops have been opening up in Nottingham and Nottingham still has the fifth highest retail spend outside London."

BBC News Nottingham (4.9.12), [Nottingham centre has 'most vacant shop space'](#), BBC © 2012

More than 10,000 homes and 600 businesses in Mansfield could get faster broadband if a county-wide campaign gets support from the public. Across Nottinghamshire there are an estimated 116,000 homes and businesses which are lagging behind the rest of the country with speeds of less than 2mps or in many cases no broadband at all. Average broadband speeds across the UK have recently gone up from 7 to 9 mbps. The County Council launched its Superfast Broadband in Notts campaign in July and has received more than 3,000 pledges of support from frustrated residents and businesses. The campaign aims to get at least 5,000 pledges of support which will then be used to prove to telecoms companies that there is a high level of demand for decent broadband speeds across the county.

James Savage, Chad.co.uk (Mansfield) (4.9.12), [Appeal to boost broadband speeds across Mansfield](#), © 2012 Johnston Publishing Ltd

A new survey showed the number of tourists heading to Wollaton Hall dropped 5.2% between 2010 and 2011. Add to that a number of city attractions with declining visitor numbers – Nottingham Castle down 36.1%, Brewhouse Yard down 32.1% and the Galleries of Justice down 8.1% – and many are concerned the city isn't fulfilling its potential. Conservative city councillor Roger Steel said the figures were "extremely disappointing" and called for more to be done to promote the attractions. Councillor John Cottee, committee chairman for culture at Nottinghamshire County Council, said the findings were encouraging for Rufford Abbey and Country Park which posted an increase in visitors from 472,000 to 499,000. Sherwood Forest Country Park saw a decline from 348,000 to 337,000, which Mr Cottee said was partly down to refurbishment work that lasted for a week in 2011.

this is Nottingham (31.8.12), [Opportunities to promote city 'are being missed'](#), © 2012 Northcliffe Media Limited

Plans to boost tourism in Nottingham, centred around the legend of Robin Hood, include the creation of a new visitor centre at Nottingham Castle and improving access to the network of caves which lie below. The proposals put forward by a working group were unveiled for public consultation on 28 August, with a deadline of 22 September for responses.

BBC News Nottingham (28.8.2012), [Nottingham Robin Hood tourism plans revealed](#), BBC © 2012

Nottinghamshire County Council is urging residents to sign up to its broadband campaign so the county does not 'lag behind'. It announced that nationally broadband speeds have increased by 20%, but in Nottinghamshire 116,000 homes – or one in five– have very slow internet, or none at all.

Eastwood&Kimberley ADVERTISER (27.8.12), [Broadband campaign](#), © 2012 Johnston Publishing Ltd

Food banks are opening across Nottingham because the number of people who cannot afford to feed their families is increasing. Charities say the development shows the seriousness of the problem as unemployment and benefit changes mean residents struggle to make ends meet. There used to be just one food bank in Nottingham, but three more opened in July, with another expected to open in September. Police have also said the numbers of people stealing food to eat is rising. Assistant Chief Constable Paul Broadbent urged people to seek out help from food banks before turning to crime.

this is Nottingham (21.8.12), [Food banks opening in Nottingham due to increase in desperate families](#), © 2012 Northcliffe Media Limited

People getting council tax benefit in Nottingham could see their money cut by up to 26% in 2013, it is claimed. The current council tax benefit system, under which the money is paid by the Government, is being abolished from April 2013. Instead, councils will be given the responsibility to decide how to help people on low incomes with their council tax bills. Nottingham City Council said it will have 10% less cash than is currently available for council tax benefit.

this is Nottingham (7.8.12), [Benefit cuts 'will increase stress and poverty' in Nottingham](#), © 2012 Northcliffe Media Limited