Last week the UK got a downgrade. Its growth prospects were slashed by the Office for Budget Responsibility in the all important area of productivity. If it’s correct, the country faces another decade of very challenging economic circumstances having just gone through one following the financial crisis.

Sobering stuff. The stamp duty change grabbed much of the headlines. But the downgrades to the prospects for UK growth by the OBR was the most striking feature of last week’s Budget. Delays to the recovery in productivity had become familiar at Budget time. This was different. The recovery was pushed out but a scythe was taken to the expected growth rate. Back in March the forecast was 1.7% on average to 2021. That’s been downgraded to below 1%. Ouch. And that may not be the end of it. Given the woeful performance since 2007 there’s a case for the new forecast still being optimistic.

Consequences. A cut to productivity growth has consequences for household incomes and government coffers. The think-tank Institute for Fiscal Studies highlighted how the UK is in danger of experiencing not just one but two ‘lost decades’ for real household income growth. And less growth means more borrowing. Even by the end of financial year 2020/21 the budget deficit will be 1.5% of GDP, equivalent to £30bn. Back in March the forecast was £20bn. Two years ago the assumption was a surplus of £14bn. Prospects for eliminating the budget deficit have receded, again.

Supply dodged. The elimination of stamp duty for first-time buyers (up to £300k, excluding Scotland) will further boost demand and with it, in all likelihood, prices. But it’s supply where the real surgery is needed. Here it was a bit more hit and hope to get housebuilding up. £44bn is to be committed over the next five years – a combination of capital funding, loans and guarantees to support the housing market and raise the financial incentives to build. These are important likely insufficient. Measures to boost housebuilding numbers will remain a permanent feature of future Budgets.

Deals. It is perhaps unsurprising that NI featured relatively prominently in the latest budget, given the recent deal between the DUP and the Tories. Reviews of Air Passenger Duty and VAT for tourism and hospitality for NI were announced, with these to be reported on by the next Budget (though we’ve been here before with corporation tax). There was also an announcement about city deals, with a consultation to begin on one for Belfast. The concerning news for NI came in the growth projections. NI’s economic growth has lagged the UK’s since 2008 and that trend will continue. With UK growth projected to be below two percent every year in the forecast, NI is not going to see a great deal of growth any time soon.

Steady. The outlook got a downgrade but at least Q3 GDP was confirmed as being respectable. The UK economy expanded 0.4% from Q2 with services the main driver, whilst production expanded at the fastest rate of any part of the economy (1.1%). Household spending appears to have picked up slightly to 0.6%, less pleasingly business investment managed just 0.2%. But trade was the worst. Imports rose by 1.1% on the quarter whilst exports fell by 0.7%, despite robust global growth. Trade statistics are notoriously unreliable, but still, this was enough to wipe 0.5% off GDP growth. Not encouraging.

Manager’s special. Did Brexit related-uncertainty impact the UK’s business start-up scene last year? Not so much it seems. The business start-up rate (business births as a percentage of the stock of businesses) edged up in 2016 to 14.6% from 14.3%. Back in 2011 the rate was 11.2%. Business churn, as always, was highest in London which led all regions with a birth rate of 17.5% and a death rate of 14%. Once again NI had the lowest birth (10.2%) & death rates (9.2%). The ‘professional, scientific and technical’ sector had the largest number of births in the UK with 86,000. And the largest contributer to that was management consultants with 36,000. Just think of all that jargon.

Future returns. Expenditure by UK businesses on Research & Development (R&D) also appeared unfazed by events in 2016 with a 5.6% rise in spending in this area (NI posted a 4% fall). 'Motor vehicles and parts' was the product group that had the largest growth in expenditure (the move to electric vehicles perhaps?) on R&D with a 20% rise to over £3bn. And it's UK funding of R&D that's been growing in recent years. Foreign funding of R&D is becoming relatively less important it seems, accounting for just 16% of the £22.2bn of business R&D last year.

Declining. The estimated number of young people in the UK who were NEET (not in education, employment or training) was unchanged between Q2 and Q3 at 790k. Still, it was 65k down on the same quarter last year. And as a share of all young people the trend has been firmly down. Between 2010 and 2013 it averaged around 15% but is now down to 11%. The decline is largest amongst women where the rate has fallen from 17% in 2012 to below 11% now.

High achievers. 40% of the UK population of working age are now graduates, up from 29% just 10 years ago. Broadly, that investment is paying off. 82% of graduates are employed, compared to 72% of people who left school after GCSEs, or equivalent. And the gaps widen as you descend the qualifications ladder. Unemployment and inactivity amongst those with no qualifications is three times as high as graduates. But it is pay where the differences really mount. School leavers' wages reach an average of £19,000 by the age of 30 and then stagnate. Graduates' pay rise to the age of 40, reaching £35k, and adding up over half a million pounds over a working life, rather putting the cost of tuition fees into perspective.