Northern West Sussex Economic Growth Assessment for Mid Sussex

Addendum

Mid Sussex District Council

10 February 2026

LICHFIELDS

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Contents

1.0 Introduction

1.1 Mid Sussex District Council ('the Council') commissioned Lichfields to prepare an update to the Northern West Sussex Economic Growth Assessment Focused Update for Mid Sussex 2022 (the '2022 EGA'). The purpose of this report ('the Addendum') is to provide updated economic growth scenarios and employment land requirements to inform the reconvened hearing sessions as referenced in the MS-TP3: Employment Topic Paper (Topic Paper paragraph 2.7).

1.2 On this basis, the Addendum partially updates the findings of the 2022 EGA and should be read alongside it. In particular, it updates the 2022 EGA Chapter 4 *Growth Scenarios and Employment Land Requirements* to take account of the latest economic outlook, specifically to reflect the most up-to-date forecast metrics and data to estimate future economic growth needs for the District.

1.3 In accordance with Planning Practice Guidance ('PPG') and for consistency with the 2022 EGA, the following economic scenarios have been updated as part of this report:

- Scenario 1: Labour Demand
- Scenario 2: Past Development Rates
- Scenario 3: Labour Supply

1.4 The updated scenarios cover the revised plan period, which the Inspector has confirmed should extend from 2021 to 2040 (i.e., previously to 2038). The outputs are presented in terms of employment floorspace (sq.m) and land (ha) requirements, utilising a methodology consistent with the 2022 EGA for consistency purposes.

Report structure

1.5 Section 2.0 provides an update to Chapter 4 of the 2022 EGA focused update, and Section 3.0 presents overall conclusions.

2.0 Growth Scenarios and Employment Land Requirements

2.1 This section considers future employment space requirements in Mid Sussex District for the plan period to 2040 drawing on the most up to date assumptions and data regarding future economic growth prospects for the District.

2.2 In accordance with Planning Practice Guidance and for consistency with the original 2022 EGA, a number of potential future economic growth scenarios have been developed to provide a framework for considering future economic growth needs and employment space requirements over the Local Plan period of 2021 to 2040. These scenarios draw on:

1 Projections of employment growth (**labour demand**) produced by Experian (using the latest available October 2025 release) to consider short- and long- term effects of macro-economic trends upon economic growth prospects for the District over the plan period;

2 Considerations of **past development trends** in completion of employment space based on the latest available monitoring data provided by West Sussex County Council; and

3 Estimates of future growth in local **labour supply** based on the District's updated housing need (i.e., Standard Method) of 1,090 dwellings per annum (dpa) and the estimated jobs supported by this, based on assumptions consistent with the 2024 Mid Sussex Strategic Housing Market Assessment ('2024 SHMA').

2.3 All these approaches reflect different factors, and careful consideration needs to be given as to how appropriate each is, considering the circumstances in the District. These approaches provide an updated quantitative analysis of the economic needs across the District and should be considered cumulatively with other qualitative factors, such as property market signals, to inform the plan-making process.

Scenario 1: Labour Demand

2.4 Employment growth forecasts for Mid Sussex District for the period from 2021 to 2040 (i.e. a 19-year forecast) were obtained from Experian (October 2025 release, which is the latest available forecasts at the time of analysis). These take account of the latest macro-economic factors available, including, for example, the cost-of-living crisis and impacts on inflation.

2.5 These local-level employment forecasts are consistent with Experian's October 2025 UK macro forecast, with further detail on key assumptions summarised below.

Experian Scenario Assumptions: October 2025

According to the Experian Data Guide (October 2025), the UK economy in September 2025 is experiencing modest growth amid persistent inflationary pressures and a softening labour market.

Economic output increased by 0.3% in Q2 2025, representing a slowdown from the 0.7% recorded in Q1. Growth was driven mainly by the services sector and construction, while production output declined. For the year as a whole, GDP growth is now forecast at 1.4% in 2025, easing slightly to 1.3% in 2026 before strengthening to 1.5% in 2027.

Inflationary pressures remain a key challenge. CPI inflation rose to 3.8% in June 2025, reflecting higher air fares and food prices, and is expected to peak above 4% in autumn 2025. This outlook is influenced by the October increase in the OFGEM energy price cap and the pass-through of higher business costs linked to National Insurance changes. Against this backdrop, the Bank of England is expected to delay further interest rate cuts until February 2026, as it seeks to balance above-target inflation with a fragile economic recovery.

The labour market continues to cool, with unemployment edging up to 4.7% in Q2 2025 and projected to reach 4.9% in 2026. Job vacancies have declined for the 37th consecutive period to 718,000, now well below pre-pandemic levels. While nominal earnings growth remains relatively strong, real wage growth is subdued, reflecting ongoing cost-of-living pressures. Business confidence showed some improvement over the summer, although consumer sentiment remains weak amid uncertainty surrounding the Autumn Budget.

Further detail is contained in Appendix 1.

2.6 Table 2.1 summarises employment changes implied by these latest Experian forecasts by office-, industrial- and distribution- based sectors as well as total employment change in Mid Sussex over the plan period. A total of 10,700 workforce jobs are forecast to be generated in the District across the Plan period of which 1,414 (or 13% of the total workforce jobs) are expected to relate to office, industrial and distribution sectors. It is expected that jobs in light industrial and office-related sectors will drive employment growth, while jobs in 'traditional' manufacturing/industrial sectors are anticipated to decline.

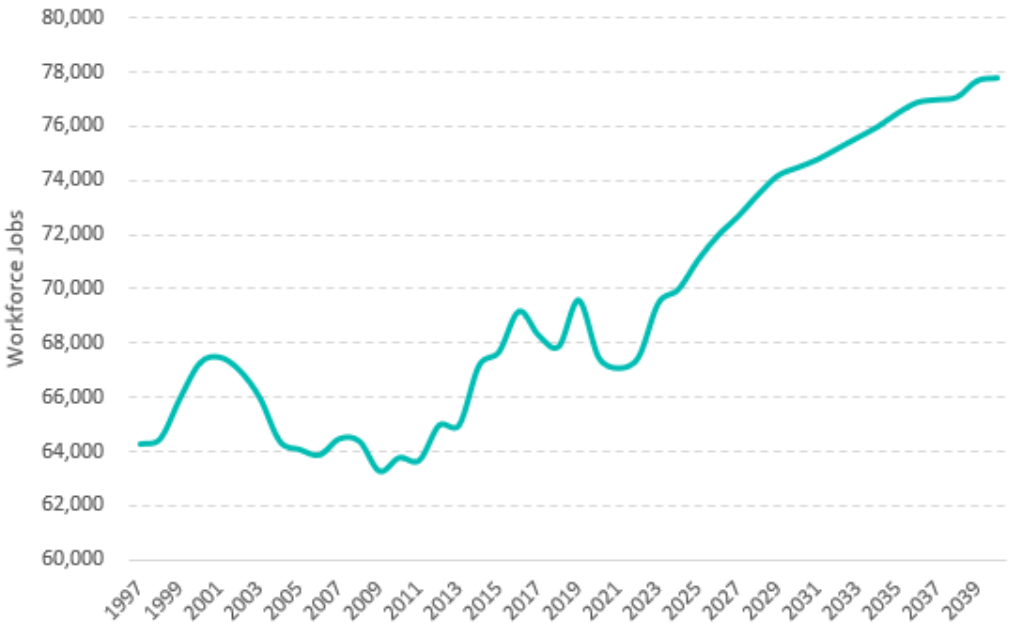
Table 2.1 Forecast Employment Change in Mid Sussex District, 2021 to 2040

Type of Space/Use Class	Number of Workforce Jobs		Change (2021-2040)
	2021	2040	
Office E(g)(i)/(ii)	14,564	15,253	+689
Light Industrial E(g)(iii)	3,533	4,100	+567
General Industrial B2	3,286	3,127	-160
Storage and Distribution B8	5,305	5,624	+318
Total Office, Industrial and Distribution Jobs	**26,689**	**28,103**	**+1,414**
Total Workforce Jobs	**67,100**	**77,800**	**+10,700**

Source: Experian (October 2025) / Lichfields analysis

2.7 Figure 2.1 presents the trajectory of total job growth implied by the latest Experian forecasts for Mid Sussex. Under this scenario, workforce jobs are projected to grow steadily across the plan period from 2021 to 2040, resulting in an overall increase of 16%. In contrast, growth in office, industrial and distribution employment is more modest, with these sectors collectively expected to increase by around 5% over the same period. It should be noted that, according to Experian, total employment levels in the District rebounded from Covid-19 by 2023 (i.e., the period between 2019 and 2023).

Figure 2.1 Historic and Forecast Employment Growth in Mid Sussex, 1997 to 2040



Source: Experian (October 2025) / Lichfields analysis

2.8 Table 2.2 overleaf identifies the fastest growing and declining sectors in the District in employment terms over the Plan period. Those sectors forecast to see the highest job growth include accommodation & food services, recreation, education and health. However, there are also some office, industrial and distribution-related sectors, such as construction and professional services, that are expected to grow significantly across the Plan period.

2.9 Those sectors forecast to see the largest employment losses in the District over the period to 2040 include retail, manufacturing of computer & electronic products, and office related sectors such as computing & information services and administrative & supportive services.

Table 2.2 Fastest Growing and Declining Employment Sectors in Mid Sussex, 2021 to 2040

Sector	Forecast Change in Workforce Jobs 2021 to 2040	
	No.	%
Fastest Growing Employment Sectors		
Accommodation & Food Services	+3,000	+63%
Recreation	+1,600	+70%
Education	+1,600	+22%
Health	+1,300	+23%
Residential Care & Social Work	+1,000	+32%
Professional Services	+900	+15%
Specialised Construction Activities	+700	+22%
Fastest Declining Employment Sectors		
Retail	-500	-8%
Manufacture of Computer & Electronic Products	-200	-33%
Computing & Information Services	-200	-12%
Administrative & Supportive Services	-200	-4%

Source: Experian (October 2025)/ Lichfields analysis

Converting Jobs to Employment Floorspace Requirements

2.10 The office, industrial and warehousing component of these employment growth forecasts are converted to future employment space and land requirements by applying latest density ratios based on the 2015 HCA guidance and recent development activity. This takes account of trends in terms of changing utilisation of employment space, including more efficient use of office floorspace due to a higher frequency of flexible working and hot-desking. Densities all relate to Gross External Area (GEA).

2.11 On this basis, the following job density and plot ratios have been applied:

- **Offices (E(g)(i)/(ii)):** 1 workforce job per 12.5 sq.m, and a plot ratio of 2.0 for 50% of future requirements reflecting high density town centre developments and 0.4 for the remaining 50% reflecting developments in lower density business parks;
- **Light industrial (E(g)(iii)):** 1 workforce job per 47 sq.m and an average plot ratio of 0.4;
- **General industrial (B2):** 1 workforce job per 36 sq.m and an average plot ratio of 0.4;
- **Warehousing (B8):** 1 workforce job per 65 sq.m for smaller scale warehousing (i.e. up to 6,500 sq.m, which according to VOA data accounts for 85% of the existing warehousing stock in the District) and 1 workforce job per 87.5 sq.m for large scale (over 9,000 sq.m), lower density units which account for 15% of the existing warehousing stock[1]. The plot ratio applied to estimate storage and distribution land requirements is 0.4.

[1] According to latest VOA property records, there are no warehouse properties in the District of 'medium scale' (i.e. 6,500 sq.m to 9,000 sq.m)

2.12 An allowance of 8% is added to all positive floorspace requirements to provide for a level of market vacancy in employment space to allow for flexibility and choice. Where a reduction in jobs is forecast (i.e., for B2 industrial, in this case, a decrease of 160 jobs is forecast), the associated negative floorspace is halved. This reflects that while there may be ongoing manufacturing job losses (e.g. as firms use more efficient production approaches), it does not automatically imply that all of the existing employment floorspace will be lost.

2.13 Considering the above, Table 2.3 presents the net employment space requirements for the Local Plan period derived from the employment growth (labour demand) scenario.

Table 2.3 Net Employment Floorspace Requirements (2021 to 2040): Labour Demand Scenario

Type of Space/Use Class	Net Employment Floorspace Requirements 2021-2040 (GEA sq.m)	Net Employment Land Requirements 2021-2040 (ha)
Office E(g)(i)/(ii)	9,300	1.4
Light Industrial E(g)(iii)	28,800	7.2
General Industrial B2	-2,900	-0.7
Storage and Distribution B8	23,500	5.9
Total	**58,700**	**13.8**

Source: Experian (October 2025) / Lichfields analysis (rounded figures)

Scenario 2: Past Development Rates

2.14 Monitoring data on past completions of employment space between 2011/12 and 2024/25 has been provided by West Sussex County Council. This shows that during the last 14 years, average annual net completions for employment uses in Mid Sussex District amounted to c.6,850 sq.m, of which 73% related to light industrial, industrial and warehousing development[2].

2.15 One view of future growth in the Mid Sussex District could assume these past development trends continue in the future. This annual rate is applied to the period 2025–2040 to estimate projected employment floorspace, while net completions recorded between 2021/22 and 2024/25 (i.e. within the Plan period), as reported in the monitoring data, are incorporated directly.

2.16 A significant quantum of light industrial, general industrial, and distribution floorspace totalling c 39,700 sq.m (net) was delivered during this four-year period (i.e. 2021/22 to 2023/25). This is largely attributable to two major distribution (B8) developments completed in 2023, totalling c 18,200 sq.m. These completions include:

- Maryland Nursery site on Cowfold Road, Bolney (ref: DM/20/2640), which delivered 10,600 sq.m of B8 storage and distribution floorspace across three buildings.
- Demolition of the Cedars site and the construction of four buildings on Brighton Road, Pease Pottage (ref: DM/20/2332), providing a further 7,600 sq.m of storage and distribution space.

[2] A more detailed split is not available within the monitoring data.

2.17 When these net completions from the first four years of the plan period are added to the projected floorspace requirements for 2025–2040, they establish the total net employment floorspace requirement for the Local Plan period 2021–2040, as presented in Table 2.4.

Table 2.4 Net Employment Floorspace Requirements (2021 to 2040): Past Development Rates Scenario

Type of Space/Use Class	Net Completions Delivered (2021/22 to 2024/25)	Assumed Annual Net Floorspace Change (sq.m) (2011/12 to 2024/25)	Net Employment Floorspace Requirements 2025-2040 (sq.m)	Net Employment Floorspace Requirements 2021-2040 (sq.m)*	Net Employment Land Requirements** 2021-2040 (ha)
Office E(g)(i)/(ii)	950	1,120	12,920	13,330	2.7
Mixed B1	410	680	16,800	17,750	3.3***
Light Industrial E(g)(iii)/General Industrial B2/Distribution B8	39,730	5,050	75,750	115,480	28.9
Total	**41,090**	**6,850**	**92,550**	**146,560**	**34.9**

*The net completions delivered between 2021/22 to 2024/45 are added to the net employment forecast for 2025-2040
**The estimate of land requirements is based on plot ratio assumptions presented in paragraph 2.11
**The 'Mixed B1' category, which is aligned with data availability as published by West Sussex County Council, assumes plot ratio for 'Mixed B1' is 0.4.

Source: West Sussex County Council (2025)/ Lichfields analysis (rounded figures)

2.18 Similar to the 2022 EGA, it is important to note that there are a number of limitations associated with this past development rates approach. In particular, the monitoring data is only available as a combined figure for light industrial, general industrial and storage and distribution uses. Moreover (as described in 2022 EGA, paragraph 4.15, there are further limitations associated with gaps in data across some of the monitoring years. Given these limitations, this scenario is presented for completeness in line with the PPG and considered as a scenario for sensitivity testing purposes.

Scenario 3: Labour Supply

2.19 A labour supply scenario has been considered based on population projections and other demographic assumptions that have been used to inform the 2024 Strategic Housing Market Assessment ('2024 SHMA') for Mid Sussex. The 2024 SHMA provides an assessment of the growth in resident workforce associated with the local housing need in Mid Sussex and what this means for potential total labour supply, after taking account of commuting, unemployment rates and double-jobbing.

2.20 It should be noted that this scenario assumes that the local housing need as identified by the 2024 SHMA is met in full over the Plan period; any deviation from this assumption may have a knock-on impact in terms of labour supply growth and associated employment space requirements under this scenario.

2.21 Based on the 2024 SHMA findings, the demographic projections associated with the housing need figure of 1,090 dwellings per annum (derived using the Standard Method) are

estimated to support between 18,000 and 21,300 jobs[3] over the plan period (2021–2040). This level of job growth is double the growth implied by the Experian forecasts (+10,700 jobs) for the same period (i.e. labour demand).

2.22 Once this job growth is distributed proportionately to various sectors (in line with the projected patterns of sector-based growth from the Experian forecast, see Scenario 1 above), this suggests that 2,380-2,820 of these jobs (13%) could relate to office-, industrial- and distribution-based sectors, as follows:

- Office-based sectors (1,160-1,370 jobs);
- Light industrial-based sectors (950-1,130 jobs);
- General industrial-based sectors (-270 to -320 jobs); and
- Distribution-based sectors (540-630 jobs).

2.23 These are further translated to net employment floorspace requirements by applying the same assumptions as presented in paragraph 2.11.

Table 2.5 Net Employment Floorspace Requirements (2021 to 2040): Labour Supply Scenario

Type of Space/Use Class	Net Employment Floorspace Requirements 2021-2040 (sq.m)	Net Employment Land Requirements 2021-2040 (ha)
Office E(g)(i)/(ii)	15,650 to 18,510	2.4 to 2.8
Light Industrial E(g)(iii)	48,400 to 57,280	12.1 to 14.3
General Industrial B2	-6,180 to -5,220	-1.6 to -1.3
Storage and Distribution B8	39,540 to 46,790	9.9 to 11.7
Total	**98,360 to 116,400**	**23.0 to 27.3**

Source: Iceni (2024) / Lichfields analysis (rounded figures)

Planning Requirements

2.24 It may be appropriate for the Council to make an allowance for the replacement of future losses of employment space that may be developed for other (non-office/industrial/storage) uses over the plan period. Where such an allowance is factored into future employment space needs, it seeks to ensure that sufficient space is re-provided to account for employment space that could be lost moving forward. It is intended, therefore, to provide some protection against the erosion of employment space over the plan period.

2.25 There are typically four approaches to calculate the level of this allowance, including:

1 Forecast the quantity of floorspace that will be lost in future and assume that a proportion of this space may need to be replaced. The issue here is that there is no robust or scientific way of forecasting how much space will be lost, and the future may be very different from the past. If this method is used, the authority needs to look carefully at past losses and use local knowledge to make a judgement on how the future might compare with the past.

[3] Iceni (2024), Mid Sussex Strategic Housing Market Assessment, paragraph 2.12 and Table 2.6, pg. 11

2 Make an overall adjustment to the growth scenarios considered to give an allowance for some replacement. This is a simple approach and may be based on a fairly broad assumption.

3 Monitor the loss of employment space through regular reviews in the Local Plan. This would avoid the need to make assumptions about the future loss of employment space and base it on robust data. If these periodic reviews indicate losses of high-quality, occupied floorspace and sustained low vacancy rates, the Council could take steps to replace this space by increasing the floorspace requirement accordingly. However, any Local Plan review reflecting the monitoring findings would take some time to come forward.

4 As part of the employment evidence, the Council reviews through a qualitative assessment the existing employment sites and areas, to identify those which could be lost to non-employment uses, either because they are no longer suitable or viable for employment, or because they are judged as being needed for an alternative use, such as housing. Based on this assessment, the employment land calculation can develop different scenarios to illustrate possible futures and plan for new sites accordingly.

2.26 The resulting 'gross' floorspace and land requirements (or 'planning requirements') for Mid Sussex District are set out in Table 2.6 and Table 2.7. These include a 10% 'buffer' allowance for such factors as delays in development sites coming forward, and replacement of some ongoing losses of employment space during the Local Plan period. This approach follows point 2 in paragraph 2.25 and is considered the most appropriate based on the availability of monitoring data. This is also in line with the approach adopted in the 2020 EGA and 2022 EGA focused update.

Table 2.6 Gross Employment Floorspace Requirements (2021 to 2040) (sq.m)

Type of Space/Use Class	1.Labour Demand	2.Past Development Rates	3. Labour Supply
Office E(g)(i)/(ii)	10,230	19,530	17,200 to 20,360
Light Industrial E(g)(iii)	31,650	127,020	53,240 to 63,000
General Industrial B2	-2,880		-6,180 to -5,220
Storage and Distribution B8	25,860		43,490 to 51,470
Mixed B1	-	14,660	-
Total	**64,860**	**161,210**	**108,720 to 128,650**

Source: Lichfields analysis (rounded figures)

Table 2.7 Gross Employment Land Requirements (2021 to 2040) (ha)

Type of Space/Use Class	1.Labour Demand	2.Past Development Rates	3. Labour Supply
Office E(g)(i)/(ii)	1.5	2.9	2.6 to 3.1
Light Industrial E(g)(iii)	7.9	31.8	13.3 to 15.8
General Industrial B2	-0.7		-1.6 to -1.3
Storage and Distribution B8	6.5		10.9 to 12.9

Type of Space/Use Class	1.Labour Demand	2.Past Development Rates	3. Labour Supply
Mixed B1	-	3.7	-
Total	**15.2**	**38.4**	**25.5 to 30.1**

Source: Lichfields analysis (rounded figures)

3.0 Conclusions

3.1 This Addendum report considers updated economic growth scenarios for Mid Sussex District, based on the latest available local economic forecasts, monitoring data and demographic growth metrics associated with the housing need estimates for the District.

Scenario 1: Labour Demand

3.2 The labour demand growth scenario draws on Experian's October 2025 economic forecast to consider how the recent macroeconomic outlooks may shape economic growth prospects over the Local Plan period. Steady employment growth is anticipated across the Local Plan period to 2040, of which 13% relates to office-, industrial- and distribution-based sectors.

3.3 This scenario generates a planning requirement for 64,860 sq.m or 15.2 ha of employment land over the period 2021-2040, the majority of which relates to light industrial (E(g)(iii)) and distribution (B8) uses. This is higher than what was estimated in the 2022 EGA as the macro-economic outlook is more generally more positive now compared to September 2021 (the forecast's base year of 2022 EGA). This is to be expected given that the impacts of Covid-19 have largely been recovered. Of note, the distribution of employment growth across the different sectors related to employment uses remains similar, with light industrial and office-related jobs expected to see the highest growth.

Scenario 2: Past Development Rates

3.4 The past trends scenario draws on the latest Council monitoring data on completions of employment space between 2011/12 and 2024/25. During this period, average annual net completions of employment class space in Mid Sussex amounted to c.6,850 sq.m, of which 73% related to light industrial, industrial and warehousing development. This is a higher annual rate compared to 2022 EGA, mainly due to higher rates on light industrial, industrial, and distribution floorspace in recent years.

3.5 Net completions recorded between 2021/22 and 2024/25 (i.e., the first 4 years of the Plan period) total around 41,090 sq.m of commercial floorspace, of which 96% relates to light industrial, general industrial, and distribution uses.

3.6 Projecting forward the average annual net completion rates for the remaining 2025 to 2040 period and then adding the 2021/22 to 2024/25 completions, results in an employment floorspace requirement for the 2021 to 2040 period of approximately 161,210 sq.m, equivalent to 38.4 ha of land. This is higher than the 2022 EGA findings of 102,550 sqm (22.9 ha) due to the increased level of development activity since 2021.

3.7 Consequently this scenario generates the highest employment floorspace requirement. The majority of growth under this scenario is expected to be driven by light industrial, industrial, and distribution floorspace.

3.8 As discussed in paragraph 2.18 (as well as the 2022 EGA, paragraph 4.15), there are some inherent limitations regarding the net completions data based on how the monitoring data is presented, which impacts on the robustness of this scenario. Nonetheless, it should be noted that development rates over the last 4 years have shown strong activity.

Scenario 3: Labour Supply

3.9 The labour supply growth scenario aligns with the findings of the 2024 SHMA regarding the jobs that could be supported by the demographic projections in relation to the housing need figure of 1,090 dpa to 2040. This implies a gross need of between 108,720 sq.m and 128,650 sq.m, or 25.5ha to 30.1 ha. The implied growth per type of space is distributed proportionately based on the sectoral representation included within Scenario 1 – i.e., based on the Experian forecast. Compared to the findings of 2022 EGA (resulting in a need for 117,270 sq.m or 27.1 ha), this updated position appears similar.

Summary

3.10 Synthesising the above, the updated analysis indicates that an economic development need between 64,860 sq.m and 161,210 sq.m (15.2 ha to 38.4 ha) is forecast in Mid Sussex for the plan period from 2021 to 2040. This is higher than the 2022 EGA findings (39,520 sq.m to 117,270 sq.m, 9.1 ha to 27.1 ha) but not significantly. It should be noted that the difference relates to a more positive economic outlook, increased delivery rates and also an increased Plan period by 2 years. Overall, the scale of requirement is proportionately higher than the previous evidence.

3.11 Across the three scenarios, the gap is also important. The baseline job growth requirement (under Scenario 1) appears to be conservative, considering the overall levels of employment space development activity that have occurred in recent years (based on the monitoring data). The past development rates (Scenario 2) implies the highest requirements, followed by the labour supply scenario (Scenario 3). As discussed above, Scenario 2 past trends is not considered, in itself, to provide a reliable basis upon which to base future requirements for the data availability reasons explained above. Scenario 3 implies a need up to 30.1 ha, which is considered to better match the Plan's strategy, and planning for anything above this would support the higher development rates recorded in recent years.

Appendix 1 Experian Forecasts (October 2025)

Data Guide

UK Regional Planning Service

October 2025

Our main subscription website:
https://www.experian.co.uk/business/business-information/market-intelligence/economic-services/

Data Guide

UK Regional Planning Service
October 2025

Contents

Executive summary

This document outlines the current variable coverage in the October 2025 version of the UK Regional Planning Service, and the methodology behind the history and forecast.

Appendix A includes a glossary of terms.
Appendix B includes our definitions of the sectors.
Appendix C has the geography definitions.
Appendix D contains the most common Frequently Asked Questions

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1 Variable Coverage

To avoid implying spurious accuracy, we round all county and local series to the nearest tenth of a unit. This means that people or job counts are now to the nearest 100 people or jobs and money counts are to the nearest £100,000, and rates are now to the nearest 0.1 percentage points. Forecasts for series with very small levels may appear to be volatile when growth rates are considered. We therefore recommend viewing series with small values in levels not growth rates or considering growth rates over longer intervals than annually. Very small levels have been set to zero as they are essentially statistical artefacts.

Figure 1.1: Variable coverage in the RPS

- √ indicates that the variable is available in both the search query tool and the xls files.
- Xls indicates that the variable is available in the xls but not the search query tool.
- UK monthly forecast indicates that the variable is not produced as part of the RPS but can be found in the monthly UK macro forecast on our website.

Variable	UK	Region	County & Local Authority
PRODUCTION			
Gross Domestic Product (GDP)	UK monthly forecast		
GDP by component of demand	UK monthly forecast		
Gross Value Added (GVA)	√	√	√
GVA by sectors	√	√	√
LABOUR MARKET			
Employees by sector	√	√	√
Self-employed by sector	√	√	√
Government Trainees by sector	xls	xls	
Her Majesties Forces Total	xls	xls	
FTE Employment by sector	√	√	√
Total ILO Employment – Residence based & Workplace based	√	√	√
ILO Unemployment	√	√	√
Unemployment rate	√	√	√
Labour Force	xls	xls	Upon request
Activity Rate	xls	xls	Upon request
Inactivity Rate	xls	xls	Upon request
DEMOGRAPHICS			
Population: Total, Adult (16+)	√	√	√
Age bands: 0-15, State Working age, State retirement 16-64, 65+	√	√	√
Population by single- or 5-year age band	Upon request	Upon request	Upon request
HOUSEHOLDS			
Nominal disposable Income	√	√	√
Real disposable income	√	√	√
Nominal income by component	xls	xls	Upon request
Nominal consumer spending	√	√	√
Real consumer spending	√	√	√
Consumer spending by COICOP category	Upon request	Upon request	
Cost of Living Index	√	√	
House price Index	√	√	
Hours worked	Upon request	Upon request	Upon request

Please note we are no longer publishing Claimant Count for Regional and Local Areas. This is due to the fact that complete data is no longer available due to the shift to Universal Credit.

2 Historical Endpoints

Figure 1.2: Last historic data point

Variable	UK	Region	County & Local Authority
Gross Value Added	2025Q2	2023Q4	2023Q4
GVA by sectors	2025Q2	2023Q4	2023Q4
Labour market variables	2025Q1	2025Q1	All 2023Q4 except ILO 2025Q1
Income	2024Q4	2023Q4	2022Q4
Consumer spending	2024Q4	2023Q4	2022Q4

The historical endpoint represents the last time-period for which we apply our processes to collect, calculate or derive data, details of which can be found in ***Chapter 3: Methodology***. All time-periods that are in the past but follow the historical endpoint are Experian Economics' estimates.

We have not used any regional data published after August 2025 in producing this update of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

Population

The population data provided in the current RPS release is based on resent releases from the Office for National Statistics (ONS). We have used the 2023 mid-year estimates for the period covering 1997-2023. Population projections beyond 2023 for Scotland, Wales and Northern Ireland are based on the 2022-based national population projections (NPP), whereas figures for England and the regional division of England reflect the 2022-based sub-national population projections (SNPP). Further information on population changes is available in section 4.4 Population.

UK forecast

This forecast is consistent with an Experian Economics' September 2025 macroeconomic forecast. We explore this further in section 4.

3 Methodology

3.1 UK Methodology

The approach for the regional planning service takes the UK variables as exogenous, imposed from the monthly UK forecast.

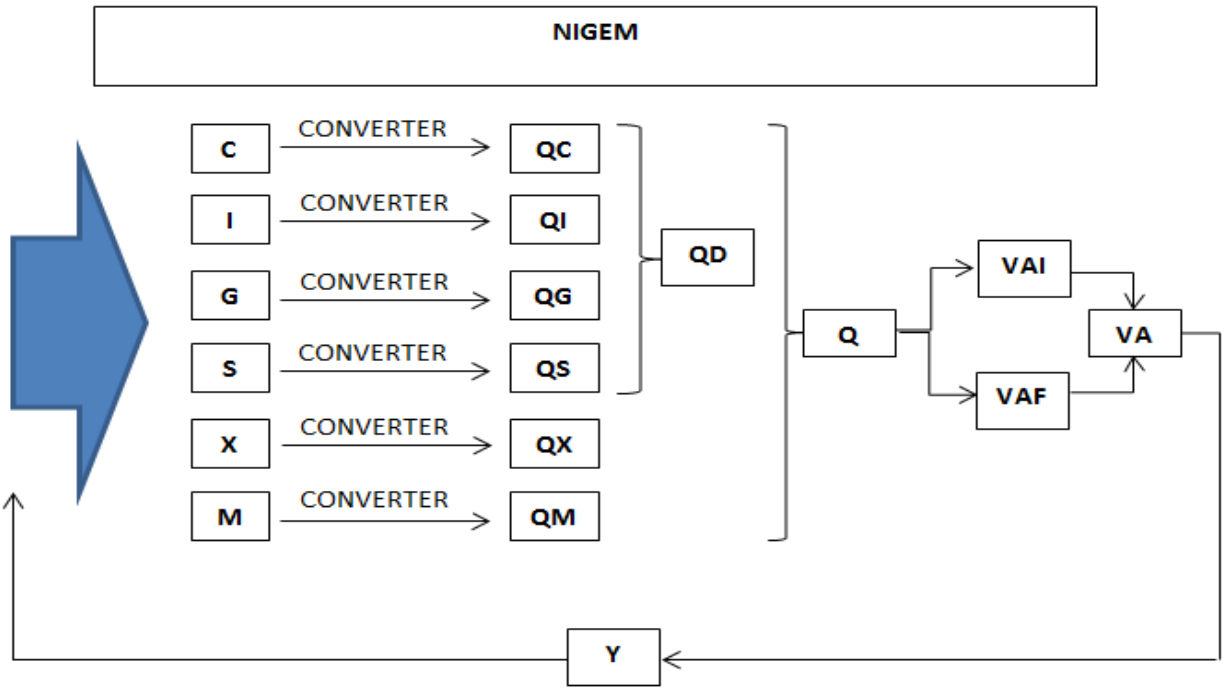
To produce the UK forecast we use a heavily customised version of the National Institute of Social & Economic Research's (NISER) model called NIGEM to provide our core macroeconomic forecast.

NIGEM is a general equilibrium model of the UK and World economy which forecasts, amongst other variables, aggregate GVA, expenditure, income and employment based on the UK National Accounts published by the Office of National Statistics.

To split this core forecast out into industries and sub-sectors we have a Sectoral Model which expands on the forecasts from the core NIGEM model.

We disaggregate total consumption (C), investment (I), government spending (G), stocks (S), exports (X) and imports (M) from NiGEM to a finer level of detail. This provides a highly detailed model of demand (Q) for industry GVA in the UK economy. Using convertors derived from the ONS Supply and Use Tables, we convert demand into intermediate (VAI), and final (VAF) value added for each sector. This provides a comprehensive view of how value added is distributed across sectors. The growth rate of total value added (VA) for each industry determines its GVA (Y) growth rate. GVA is constrained to forecast total GVA from NiGEM. This Input-Output based model is iterative and captures intra-industry demand.

The industry GVA forecast is used together with wage forecasts to forecast employment by sector (E).



3.2 Regional Methodology

3.2.1 History

All economic history used in the RPS is derived from official statistics published by the UK's ONS. Our approach is to use existing statistics in the form they are published to the greatest extent possible. However, this is subject to the following exceptions:

- where there is a lag between an update of aggregate data and the corresponding disaggregation, the disaggregate data is constrained to match the latest aggregates;
- where ONS data is not published at quarterly frequency (for instance it is only annual data), we use a consistent methodology (described below) to construct quarterly data;
- where ONS data is not published at the geography required or in the detail required, we use a consistent methodology to add the necessary data, ensuring that it constrains to published data at a higher level of geography or detail;
- on occasion, where ONS data is internally inconsistent we apply techniques to remove these inconsistencies.

The most timely and reliable data at the regional level is the workforce jobs series, published on a quarterly frequency by the ONS. There have been revisions to estimates of Workforce Jobs going back several years caused by benchmarking to the latest estimates from the annual Business Register and Employment Survey (BRES), updating seasonal factors and taking on board late information.

Employee jobs, self-employed jobs and government trainees are published at the level of the SIC 2007 Section providing us with 22 sectors.[1] In order to disaggregate this Section-level data to 2-digit sectors from which we can construct the Experian 38 sectors we use official survey data:

- In the case of employee jobs, we use the Annual Business Inquiry (ABI) and Business Register & Employment Survey (BRES). These annual surveys are not updated after being published – further the methodology has changed over the lifetime of these surveys. We apply a principled set of rules to derive consistent employee job shares within the sections from the surveys.
- The current release uses the November 2024 BRES, which provides data up to 2023. Pre-2010 we have made a working-owners adjustment, based on an overlapping year published by NOMIS in February 2013, in line with their recommended techniques for dealing with discontinuities. There are revisions in the latest BRES data both at the regional and local level. More noticeable changes are seen at the local level, please see the local methodology for more details.
- In the case of self-employed jobs, we use data from the Labour Force Survey (LFS).

Workforce jobs measure is the sum of employee jobs, self-employed jobs, government trainees and Her Majesty's Forces (who are assigned at the sector level to Public Administration and Defence).

To estimate full-time equivalent employment (FTE), we use data on hours worked in each sector and region derived from the Annual Survey of Hours and Earnings (ASHE). ASHE is also used to derive wage data for each region and sector.[2] We also use, for this purpose, compensation of employee data from the regional accounts.

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[1] The ONS has ceased publishing official 2-digit employee jobs data for the regions. The approach we have taken is consistent with the approach recommended by the ONS to derive 2-digit estimates.
[2] We do not routinely publish sector level wage forecasts; however, it is available on request.

Previously, regional gross value-added data (GVA), was only measured on an income basis and published annually in current prices. As of March 2020, we included the ONS balanced estimate of GVA, a new measure derived by balancing the income and production approaches to calculating GVA. The data is published in greater detail than the previous income-based estimates - which were only published at a section level - and so map more directly to Experian's 38 sectors.

Historical data for UK GDP and GVA in the current release are consistent with the October 2024 Blue Book release. The current base year is set at 2022 prices.

The ONS released its latest regional level GVA data in April 2025, which has been used as the main source for the regional level data in the October 2025 run. The release includes data up to 2023, based on 2022 prices, and is consistent with the Blue Book released October 2024.
The data is then made quarterly using workforce jobs data, before being aggregated to produce a regional total.

Income is published in the regional accounts on an annual basis with a full breakdown of income sources and deductions. Previously official sources included income from Non-Profit Institutions Serving Households (NPISH) in the household income data due to lack of credible information to split these. Since March 2019, the ONS has improved their data accuracy by providing income data that is 'households' only, which we have used, thereby excluding NPISH from our income estimates.

Income sources are:

- compensation of employee - wages and salaries *plus* employers' social contributions
- self-employment income
- net property income - made up of property income received *less* income paid
- transfers from the state (i.e., benefits and pensions)
- other transfers

Income deductions are:

- taxes
- social contributions
- transfers to others

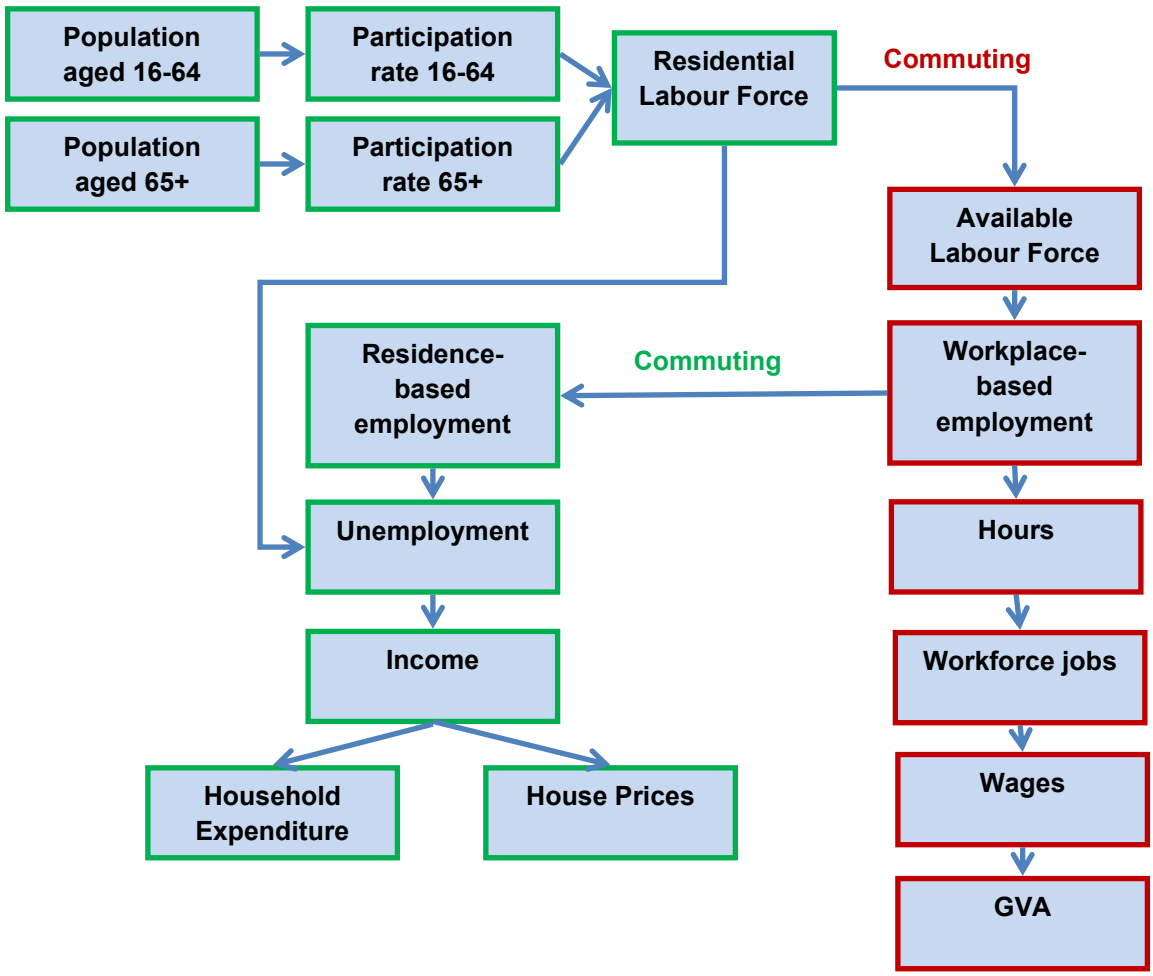
The sum of income sources *less* income deductions constitute disposable income. To convert this annual data to quarterly jobs we use (depending on the component) employee jobs, self-employee jobs or the UK quarterly pattern. We constrain these quarterly series to the official UK published data. Real disposable income is obtained by deflating disposable income by the consumer price deflator.

Household spending is derived by sharing out UK nominal expenditure using regional shares of expenditure reported in the Living Costs and Food Survey by type of expenditure. Nominal regional spending is deflated by published UK deflators and then aggregated to produce a regional total. This again implicitly creates a regional cost of living measure which we also publish.

Population data has been updated to include the mid-2023 population estimates. Population projections beyond 2023 for Scotland, Wales and Northern Ireland are based on the 2022-based national population projections (NPP) published by the Office for National Statistics (ONS). For England and the regional division of England we have used the most recent publication of the 2022-based sub-national population projections (SNPP). Due to the revision in the figures for England between the two releases, the UK population figures from the NPP were revised to reflect the numbers for Scotland, Wales and Northern Ireland from the 2022 NPP and the England figures as per the 2022 SNPP.

3.2.2 Forecast

The regional model is sequential. Each variable is dependent only on variables earlier in the sequence and not variables later in the sequence. Variables are either workplace-based (red outlined boxes) or residence-based (green-outlined boxes.) Workplace-based and residence-based variables are linked by commuting relationships derived from the 2011 Census.



The population – split into two age ranges – is taken from the National and Sub-National Population Projections. We forecast participation rates for these age bands separately as they are subject to different trends. The total residential labour force is the sum of the labour force aged 16-64 and 65-plus. The aggregate participation rate is determined by two factors:

- The participation rate of the two age bands; and
- The share of each of the two age bands in the adult population.

The participation rate for those aged 16-64 is expected to increase gradually throughout the forecasting period. The rate for those aged 65 and over will grow strongly due to factors such as increasing life expectancy and rising state pension ages.

At the UK level, the share of the adult population aged 65 and over is projected to rise steadily over the next twenty years. There is, however, variation across regions, as the steepest increase is projected for Northern Ireland. These factors combine to produce substantial variation in the labour force forecasts for different regions.

Commuting flows are used to derive the available labour force for a region. This is:

Workers Resident in the Region – Workers Commuting Out + Workers Commuting In

In the case of Greater London, the South East and the East of England, these flows lead to a substantial difference between the residential labour force and the available labour force. The effect is still present but less pronounced in other regions.

The available labour force is one of the drivers in forecasting workplace-based employment. The other drivers include the industry mix and the performance of industries at the UK level. If industries with a high share in the region are performing well at the UK level, this will benefit the region.

The workplace-based employment is converted back into residence-based employment. This is:

Workplace-based Employment – Workers Living Elsewhere + Residents Working Elsewhere

From this point, residence and workplace-based variables are solved in parallel with residence-based variables dependent on residence-based employment and workplace-based variables dependent on workplace-based employment.
The residential labour force and residence-based employment are used to calculate unemployment. Residential income is driven by employment; and itself drives house price and household expenditure forecasts.
Workplace-based employment drives aggregate hours worked, wages and GVA. These aggregate variables feed into the detailed part of the model, which produces forecasts for each industry:

In each case, we forecast shares of the region within the UK industry. We then share out the UK industry data subject to the constraint of the total that has already been determined and the UK total.

3.3 Local Methodology

3.3.1 History

As at the regional level, all local economic history used in the RPS is derived from official statistics published by the ONS. Our approach to using this data is identical to that given above at 3.2.1. However, data at the local level is more likely to be incomplete[3] or inconsistent[4] than is the case at the regional level. For this reason, there is greater call for the application of techniques to construct missing data and to remove inconsistencies than is the case at the regional level.

[3] For some local areas, publication of certain data by the ONS is restricted because to do so would effectively disclose individual responses to ONS data-collection surveys (e.g., if there are only one or two firms in a certain industry in a particular locality.)
[4] In some cases, sample sizes in ONS data-collection surveys at the local level are very small. This leads to data of comparatively poor quality and relatively high volatility.

In all cases, local area data in a particular region is constrained to match the regional total for the same variable. This has two advantages:

- Local data is made consistent with regional data of the same vintage.
- Where local data has been estimated or constructed, the regional data ensure that the estimates together are consistent with more reliable data.

The ONS do not publish a workforce jobs series at the local level. Accordingly, we construct workforce jobs series for each local area using BRES/ABI in the same way that BRES is used at the regional level to disaggregate section estimates. The BRES share for a particular industry of a local area in its parent region is used to disaggregate the regional workforce jobs series for that industry. As BRES is a survey, the figures over time for a particular local area industry combination can be volatile[5]. Further, certain years' results may be withheld to prevent disclosure of confidential data. Accordingly, to obtain sensible data it is necessary for us to smooth out this volatility and to interpolate over the gaps. The latest BRES data at the local level contains revisions as part of the standard data publication process.

At the local level, the most timely and comprehensive data are Annual Population Survey (APS) for residence and workplace-based employment and unemployment data[6]. These data are obtained directly from NOMIS and then constrained to the national numbers.

Since June 2016, we have applied a moving average procedure to smooth the Annual Population Survey data which has resulted in revisions to our historical data.

As with regional GVA, the availability of data at the local authority level has been improved with the move to a balanced estimate of GVA. Sub-regional measures of GVA were previously only produced in current prices, at a NUTS2 and NUTS3 level. As of March 2020, the balanced estimate of GVA has been incorporated into the RPS which is now provided at a local authority level, in both current and constant prices.

The local level GVA data that was used in the current run was released by the ONS in April 2025, based on 2022 prices, including data up to 2023. Analogical to the regional GVA data, the release is consistent with the October 2024 release of the Blue Book.

The level of industrial detail of the data varies across sub-regional geographical levels. NUTS2 data has the greatest level of industry disaggregation with a full breakdown of SIC sections. With each subsequent geographic level, the degree of disaggregation in the official data decreases. To provide local area forecasts at the 38-sector level, the data was fully disaggregated at each geographical level.

In the case of NUTS3 current prices, the data is disaggregated using the industry shares in the corresponding NUTS2 and then constrained to that parent region. For local authorities that do not constitute fully a NUTS3, disaggregation takes place using local authority workforce jobs data at the industry level.

In the case of Chain Volume Measure (CVM) GVA; where data is needed to be further disaggregated, implied deflators of the parent geography - NUTS2 in the case of a NUTS3 and NUTS3 in the case of a local authority - are used to deflate the nominal estimates. Due to excessive volatility in the raw GVA data, it is necessary to smooth the local authority estimates and constrain to the parent region. In some cases, this led to some magnitude of difference from the published ONS figures.

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[5] The volatility represents sampling variability rather than actual volatility in the population data.
[6] In line with ONS guidelines, we use the official model-based estimates of local unemployment that are more accurate than survey data which suffers from volatility.

The inclusion of these new official statistics has led to noticeable historical revisions across the 38 sector forecasts, however, as is the case at the regional level, the data now provides a more accurate measure of historical activity in each local authority.

No estimates of household spending are provided at the local level. Household spending is, therefore, derived by using the share of local disposable income in regional disposable income.

We have not used any local data published after September 2025 for this round of the RPS. It is possible that between this date and the release of the RPS some new history may have been released and/or revised.

3.3.2 Forecast

The local authority model is run separately for the local authorities in each region and takes the regional forecast as given. Accordingly, as with local history, local forecasts are constrained to the regional forecasts of the parent region.

Our local model is based on the resolution of demand and supply for labour, and it takes into account commuting between local areas within a region and across the regional boundary. The properties of the model are these:

- When unemployment is low, labour supply growth is the key determinant of growth.
- When unemployment is high, growth in demand for labour is the key determinant of growth.
- As unemployment decreases,
    - Labour supply growth becomes relatively more important
    - Growth in demand for labour becomes relatively less important
- An area's workplace employment growth depends on labour supply not only in the area but also
    - Labour supply growth in other local areas in the region from which it has historically drawn inward commuters.
    - Its historic share of incoming workers across the regional boundary.
- An area's residence-based employment growth depends on demand for labour not only in the area but also
    - Growth in demand for labour in other local areas in the region to which it has historically supplied commuters.
    - Its historic share of outgoing workers commuting across the regional boundary.
- Workplace based employment drives GVA growth.
- Residence based employment drives Income and, accordingly, spending growth.

The starting point is an estimate of the growth in the participation rate of those aged 16-64 and 65-plus in a local area. These are used to derive labour force growth.

In parallel, demand for labour is estimated. This is done at the industry level by linking job growth[7] in a local area to growth in the same industry at the regional level and then constraining demand for jobs by industry to demand for jobs for the same industry at the regional level. The effect of this is:

- Demand for jobs at the local level is fastest in those industries which are performing best at the regional level.
- Total demand for jobs at the local level depends on its industrial structure. Those local areas which have a more than proportionate share of the best performing industries will perform best overall.

The supply and demand for labour is then resolved in the following way:

[7] Separately for employee jobs, self-employee jobs, government trainee jobs and Her Majesty's Forces.

- Total demand[8] for jobs for each local area is converted into demand for workers according to the historic ratio between jobs and workers into that local area.
- The inflow and outflow of workers across the regional boundary is shared out between local areas according to their historic commuting patterns leading to an adjustment in
    - The remaining demand for labour for a local area (*inflow*)
    - The remaining available labour for a local area (*outflow*)
- Workplace demands for workers are converted into residence-based demands according to historic commuting patterns.
    - If unemployment is sufficiently high, these demands are satisfied out of the growth in the labour supply and the pool of available (unemployed) workers.
    - If unemployment is sufficiently low, these demands can only be satisfied out of the growth in the labour supply.
    - If unemployment is above its lower bound but not too high, a proportion of demands are satisfied out of the pool of available workers and the rest are satisfied out of the growth in the labour supply.
    - The model makes short-term adjustments in the labour supply in response to demand conditions to reflect the economic reality that
        - When demand is high, the participation rate rises as potential workers are drawn into the labour force by the relatively buoyant conditions;
        - When demand is low, the participation rate declines as disillusioned workers leave the labour force because of the poor job market conditions;
    - The unemployment rate, accordingly, behaves as expected.
- The satisfied residence supply for labour is converted back into workplace demands and workplace-based employment is calculated for each local area. This is then converted back into jobs and used to produce final workforce jobs estimates for each local area.

The consequence of this is that:

- Local areas with high demand may not see all demand satisfied if there is insufficient labour supply available to meet those needs. Job growth will, accordingly, be slower.
- Local areas with high labour supply may not see higher growth in residence employment if there is insufficient demand for labour to use it up.

GVA growth is then forecast based on growth in workplace-based employment according to equations, which link GVA growth to workplace-based employment. Income is forecast by component based on residence-based employment (in the case of compensation for employees or self-employment), unemployment (in the case of benefits) and population in any other case. Spending depends on income by component.

[8] i.e. all industries and job types aggregated.

4 Key changes since June 2025 RPS

The October 2025 RPS forecast is consistent with the Experian September 2025 UK macro forecast.

4.1 UK Economy

4.1.1 UK history

Since our March 2022 release, ONS have expanded their Supply and Use Tables (SUT) framework to current prices and previous year's prices. This not only reflects a wider range of annual surveys and administrative information for which estimates are based on, but also records the correct concept of GVA rather than turnover as a proxy indicator. At the industry level, the current price and volume relationship is now preserved, enabling new double deflated annual GVA volume estimates. There has been a modest revision to overall current price and volume GDP. However, there are larger revisions at the industry level such as stronger volume growth in the manufacturing sector. The telecommunication services deflator has also improved, resulting in higher gross value-added volume growth.

For more details on these changes, please see the Impact of Blue Book 2021 changes on current price and volume estimates of gross domestic product release by the ONS.

4.1.2 UK outlook – September 2025

Forecast locked 09.09.2025

According to data from the Office for National Statistics (ONS), UK GDP grew by 0.3% in Q2 2025. However, the economy is expected to post similarly weak annual growth in 2025 as in 2024, amid a range of domestic and global headwinds.

Timely GDP data shows that UK GDP grew by 0.4% in June, following an upwardly revised 0.1% fall in April and an unrevised fall of 0.1% in May. Services drove the monthly growth in June, with 0.3%, following an unrevised 0.1% uptick in May. Construction also grew by 0.3% in June following a fall of 0.5% in May and growth of 0.9% in April. The production sector output grew by 0.7% in June 2025, a partial offset to the fall of 1.3% in May and no growth in April.

In all, the 0.3% economic growth during Q2 2025 was driven by services output rising 0.4%, and construction output rising by 1.2%. Production output, however, weakened, falling by 0.3% in Q2 despite year-on-year growth. Consumer caution remains evident amid ongoing economic uncertainty.

Consumer Price Index (CPI) inflation spiked by 0.2 percentage points to 3.8% in June, largely due to a rise in air fares. Goods price inflation rose by 0.3pp to 2.7%, while services inflation rose by 0.3pp to 5.0%. We anticipate that inflation will rise to a peak of 4.2% on a monthly basis this Autumn and we maintain our projection that the next basis point cut from the Bank of England Monetary Policy committee will not be till February 2026, as rate setters balance tackling above target inflation and support for a fragile economy.

The unemployment rate ticked up to 4.7% in Q2 2025 and job vacancies have continued to fall for a 37th three-month period by 44,000 to 718,000 in 16 of the 18 UK industries. Vacancy levels in Q2 2025 are now 77,000 below the January 2020 pre-pandemic level.

This cooling labour market and a modest weakening in hiring intentions in part reflect attempts to offset higher staffing costs associated with an increase employers' National Insurance Contributions (NICs) and the uplift in

the minimum wage which took effect on the 6th April. Meanwhile, wage growth continues to moderate, with nominal regular earnings rising by 5.0% in Q2 2025, though real (inflation adjusted) regular earnings grew by just 0.9%.

Looking ahead, business sentiment improved in August. The UK S&P Flash Composite PMI rose to 53.0 in August, up from 51.5, at a 12-month high and firmly in growth territory. Services drove this uptick, rising from 51.8 in July to 53.6 in August. Manufacturing continued to decline, from 48.0 in July to 47.3.

However, UK consumer confidence remains subdued in August. While the GfK headline index rose by 2 points to -17 monthly it marks a 4-point downturn from the -13 figure one year ago. This was largely influenced by continued uncertainty in the lead-up to the Autumn Budget, with respondents' perceptions of the general economic outlook declining by one point from July to -30, and 15 points on an annual basis. Respondent perceptions to their own personal financial situations over the next 12 months remain positive however, growing by 3 points to +5, though is also 1 point below its +6 reading a year ago in August 2024.

October 2025 RPS forecast (2022 prices). Previous forecast, June 2025 RPS (2022 prices), in grey.

UK	2021	2022	2023	2024	2025	2026	2027-31	2032-45
GDP	8.6%	4.8%	0.4%	1.1%	1.4%	1.3%	1.6%	1.8%
growth	8.6%	4.8%	0.4%	1.1%	1.0%	1.5%	1.6%	1.8%
Workforce Jobs	0.4%	2.4%	1.4%	1.0%	1.0%	0.7%	0.9%	0.6%
growth	0.4%	2.4%	1.4%	1.0%	0.6%	0.9%	0.8%	0.6%
Unemployment rate	4.5%	3.8%	4.0%	4.3%	4.7%	4.9%	4.4%	4.0%
	4.5%	3.8%	4.0%	4.3%	4.6%	4.7%	4.4%	4.0%
Real Income	1.3%	-1.9%	2.4%	4.2%	1.6%	0.3%	1.4%	2.1%
growth	1.3%	-1.9%	2.4%	4.2%	2.0%	0.3%	1.4%	2.1%
Spending Volumes	7.2%	7.4%	0.5%	0.6%	0.9%	1.2%	1.6%	1.8%
growth	7.2%	7.4%	0.5%	0.6%	0.9%	1.1%	1.6%	1.8%
House price	8.1%	9.4%	0.3%	1.1%	3.1%	2.5%	4.0%	4.0%
growth	8.1%	9.4%	0.3%	1.5%	3.6%	2.9%	4.0%	4.0%

4.1.2.1 Gross Domestic Product

Data from the ONS shows that the UK economy expanded by 0.3% in Q2 2025, notably slower than the 0.7% growth recorded in Q1. This moderation was underpinned by gains in the services and construction sectors, although partially offset by a contraction in production. This growth was driven by monthly data for June that showed a rebound in output, rising by 0.4% after a 0.1% decline in May.

Services output rose by 0.4% in Q2 2025, driven by a 0.4% increase in business-facing services and a 0.3% rise in consumer-facing services. The largest contributor to this growth was information and communication, growing by 2.0%, while retail trade declined by 0.9%. Meanwhile, construction output rose by 1.2%, gaining momentum following 0.3% in Q1.

However, production output declined by 0.3% in Q2, following a 1.3% increase in Q1. The fall was primarily driven by falls in electricity, gas, steam and air conditioning supply, with a decline of 6.8% was recorded in these sectors. Although total production output declined slightly in the latest quarter, it remains 0.3% higher than in Q2 2024. Manufacturing output grew by 1.5% year-on-year, with 5 of 13 subsectors recording growth.

The UK's economic performance looking ahead remains modest, influenced by April's tax hikes, supply chain disruptions, rising input costs, and subdued business optimism for the year ahead amid geopolitical trade concerns. The new US government's trade policies, particularly tariffs on imports, have significant implications for the UK economy through the export channel and by potentially damaging global demand. These factors continue to delay a meaningful recovery in growth despite the loosening of monetary policy.

Following the 25-basis point cut on August 7th we maintain our projection that further cuts will be held off until February 2026. Meanwhile, the heightened UK gilt yields remain driven by market uncertainty alongside high services inflation, strong wage growth, and increased public spending linked to announcements made in the 2024 Autumn Budget, with subsequent implications for public debt and potential tax hikes or spending cuts in the 2025 Autumn Budget.

This trend is expected to keep mortgage rates elevated, potentially dampening homebuyer demand and impacting housebuilder output within the construction sector. After easing in the lead-up to the 7th August MPC meeting, the 10-year gilt yield has reversed much of that progress, rising to 4.76% as of 26th August.

Amidst lower interest rates, sustained wage growth, relative geopolitical stability and news of several US tariff deals in the last few months, we have improved our GDP growth forecast for 2025 slightly to 1.4%. We expect GDP growth to remain stable thereafter, at 1.3% in 2026 and 1.5% in 2027.

4.1.2.2 Labour Market

According to figures from the ONS, the UK labour market continued to weaken in Q2 2025. During the April to June 2025 period, the UK unemployment rate (aged 16 and over) rose by 0.1pps to 4.7%. Although higher than the pre-pandemic rate, this remains low by historic standards.

During the same period, the employment rate increased to 75.3%, marking a 0.3pp rise from the previous quarter and a 0.7pp rise from a year earlier. Meanwhile, economic inactivity fell to 21.0%, a 0.4pp decrease from the previous quarter. This decline is largely attributed to students and retired people.

UK job vacancies fell for a 37th consecutive rolling three-month period, by 44,000, to 718,000. Vacancies are now 9.7% (77,000) below the January 2020 (pre-pandemic) level, with declines in 16 out of the 18 industry sectors and vacancies in the second quarter of 2025.

The weakening in hiring intentions as well as the unemployment increase remains primarily driven by businesses attempting to offset the rise in staffing costs from April 6th due to the increase in employers' NICs and the uplift in the minimum wage. Despite the US-UK tariff adjustment, business confidence has remains subdued amid the remaining 10% tariff on most goods, as well as the overall globally increased cost of exporting goods to the United States. Coupled together with the strong likelihood of fiscal tightening in the Autumn Budget, UK companies are likely to face obstacles to their hiring plans in the short term.

We maintain our unemployment rate forecast of 4.7% for 2025 and a higher 4.9% in 2026, with a slight easing of the rate to 4.8% in 2027 as interest rate changes take effect.

While the labour market weakens, real wage growth has continued to decelerate. In the April-June 2025 period, annual nominal wage growth in average weekly earnings eased to 4.6% for total pay and 5.0% for regular pay (excluding bonuses), down from 5.0% for both in the preceding March-May period. Adjusted for inflation, this slowdown remains more pronounced, with the rate of real wage growth falling to 0.5% for total pay and 0.9% for regular pay.

Across sectors, public sector pay growth edged up from 5.5% to 5.7%, while private sector pay growth eased slightly to 4.8%, down from 4.9% in the previous period. The highest wage growth was once again recorded in the wholesaling, retailing, hotels, and restaurants sector, whereas the finance and business services sector saw the weakest growth.

The rise in employers' NICs payments from 6th April is likely to continue dampening pay growth in the short term as businesses strive to offset the increased costs. Lower-income earners will continue to see strong real wage growth following the rise in national minimum and living wages but could also face higher job losses in labour-intensive sectors. Meanwhile, middle to higher-income earners will continue to experience squeezed pay growth. In the longer term, real household disposable income is still projected to ease significantly as inflation rises and real pay growth slows, slipping to 1.6% in 2025 and just 0.3% in 2026.

4.1.2.3 Consumer Price Inflation

The Consumer Prices Index (CPI) 12-month rate rose by 0.2 percentage points between June and July, reaching 3.8%. The core CPI rate, which excludes food and energy prices, increased by 0.1 percentage points to 3.8%. Both services and goods inflation rose by 0.3 percentage points, to 5.0% and 2.7% respectively.

The main upward contribution to the change in the 12-month inflation rate came from transport prices, which rose by 3.2% in the year to July, compared with 1.7% in June. This was largely driven by a 15.5% year-on-year increase in air fares. Air fares rose by 30.2% between June and July this year, compared with 13.3% over the same period last year.

An increase in prices for food and non-alcoholic beverages also contributed to the upward movement. The 12-month rate for this category was 4.9%, a 0.4 percentage point increase from June 2025, and the highest rate since February 2024. The largest price rises were recorded for beef and veal (24.3%), coffee (18.0%), butter (17.8%), and chocolate (17.2%).

Inflation is expected to rise further, peaking above 4% in the autumn. This reflects one-off factors such as the OFGEM energy price cap increase in April and the partial pass-through of higher business costs linked to the changes in employers' National Insurance Contributions (NICs) introduced in April. Thereafter, inflation is projected to ease, reaching the Bank of England's 2% target by late 2026.

The anticipated easing is supported by a slowdown in pay growth as the labour market softens. Nominal total pay growth slowed to 4.6% in the year to April–June, down from a peak of 8.4% in mid-2023. Job vacancies fell by 44,000 in the three months to May–July 2025, to 718,000, marking the 37th consecutive decline on a three-month rolling period basis. The number of job vacancies is now 12.3% below pre-pandemic levels. Meanwhile, the unemployment rate has risen from below 4% in 2022 to 4.7%.

In late August, OFGEM announced that a £35 rise in the energy price cap to £1,755, will come into effect in October. Even so, inflationary pressures from goods prices are expected to ease going into next year. Our baseline scenario assumes oil prices will remain volatile around a flat trend, although there are clear upside risks linked to conflict in the Middle East.

Balancing a weakening labour market and slowing pay growth against above-target and rising inflation, our Bank Rate forecast remains unchanged. We expect a further easing in monetary policy, although the next cut is not anticipated to come until February.

4.1.2.4 Trade

The UK's trade deficit in goods and services widened by £1.7bn in Q2 2025, bringing the total deficit up to £9.2bn. Despite an increase in the services surplus, the overall trade balance worsened in the three months to June 2025 due to a larger increase in the goods deficit.

In the three months to June 2025, the goods trade deficit widened by £5.8bn to £61.1bn. This was driven by a £4.9bn (9.9%) decline in goods exports to non-EU countries, while imports from non-EU countries remained stable. Exports to the EU rose by £1.5bn (3.6%), although imports rose by a larger amount of £2.4bn (3.1%).

Monthly movements in UK goods exports remain volatile in recent months given the import tariffs imposed by the US. Exports to the United States decreased by £0.7bn (14.5%), reaching their lowest level since February 2022.

Meanwhile, the trade in services surplus widened by £4.1bn to £51.9bn in Q2 2025, as imports decreased by £0.2bn (0.2%) while exports increased by £3.9bn (2.9%).

The UK-US tariff agreement that came into effect on the 30th of June 2025 reduced some downside risk. Although the US 10% base tariff on UK goods remains, it remains relatively lower than the rates agreed with other countries and trading blocs, such as the rate of 15% set for the EU. Any direct impact of this deal will be seen in the July 2025 trade data, which is to be released next month.

Meanwhile, the recent UK trade deals with the EU and India are positive but expected to have minimal impact on growth. A broadening in the EU deal which was limited in its coverage represents a significant upside risk.

4.1.2.5 Public finances

UK government borrowing totalled £1.1bn in July, significantly below the Office for Budget Responsibility's (OBR) forecast of £2.1bn. This represented a year-on-year decline of £2.3bn and marked the lowest level of July borrowing since 2022. However, the net debt-to-GDP ratio was provisionally estimated at 96.1% at the end of July 2025, an increase of 0.5 percentage points on an annual basis.

Borrowing in the financial year to July 2025 was £60.0bn, £6.7bn greater than the same period in July 2025, and in line with the £59.9bn given by the OBR forecast in March 2025. This was the third-highest financial year to July borrowing figure since monthly records began in 1993, beaten only by the 2020 and 2021 figures during the pandemic period. Within public sector borrowing, the current budget deficit was £42.8bn, £5.4bn more than in the FY to July 2025. Public sector net investment increased by £1.4bn to £17.1 billion over the same four-month period. Central government net investment was £9.6bn in July 2025, £7.3bn less than in July 2024.

Unlike in June, movements in the RPI had little effect on the debt interest payable on central government debt in July 2025. The interest payable on central government was £7.1bn, a £0.2bn rise from July 2024.

Central government's current receipts in the FY to July 2025 were £352.3bn, £24.4bn more than the same four-month period a year ago. £14.8bn of the increase came from tax receipts, including a £7.7 billion increase in Income Tax, a £3.2bn increase in Value Added Tax (VAT) and a £2.5bn increase in Corporation Tax.

Central government's current expenditure was provisionally estimated as £375.3bn in the FY to July 2025, £29.0bn more than in the same four-month period a year ago. Of this, central government departmental spending on goods and services increased by £12.6bn to £152.2bn, as pay rises and inflation increased running costs. Interest payable on central government debt increased by £8.7bn to £41.4bn largely because the interest

payable on index-linked gilts rises and falls with the Retail Prices Index (RPI). In addition, net social benefits paid by central government increased by £6.5bn to £108.1bn, while payments to support the day-to-day running of local government decreased by £0.6bn to £54.0bn.

4.1.2.6 Upside Risks

Ukraine-Russia peace deal:
The end of the conflict and the possible lifting of curbs on Russian gas and oil exports to Europe remains the most significant upside risk to the forecast. This would provide renewed downward pressure on inflation and allow interest rates to drop back more swiftly.

Gaza ceasefire:
The emergence of a lasting peace could boost global trade and bring stability to energy markets, supporting lower inflation in the UK.

Labour force:
The inactivity rate has dropped back in recent quarters, though remains higher than the pre-pandemic rate. 'Back to work' policies and an easing in long-term sickness could see the labour force expand more quickly than projected, buoying growth in the medium to long term. Government plans to reduce the NHS waiting-list backlog could help.

New trade deals:
The recently announced deals on trade with the US, India and the EU are encouraging, though will have a negligible impact on growth. The former leaves tariffs on imports of UK goods at a higher rate than when the latest US Presidency began. A broadening in the EU deal which was limited in its coverage represents a significant upside risk.

Savings ratio:
The savings ratio has picked up in recent quarters and remains elevated. If consumer confidence returns against a backdrop of strong nominal pay growth and easing inflation, this could support a strengthening in consumer spending as savings are deployed.

Monetary Policy:
Bank of England rate setters are treading a line between tackling above-target inflation and offering support for a weak economy. A swifter easing of interest rates than in the base case would support output expansion.

4.1.2.7 Downside Risks

Middle East escalation:
The key risk to the UK economy linked to the conflict in the Middle East is that one or several major oil-producing nations could cut oil supply as a political reaction. A wider conflict could also disrupt global supply chains. Additionally, the impact of the crisis in the Red Sea could drive up operating costs for businesses due to longer delivery times and delayed logistical plans as ships are rerouted around Africa's Cape of Good Hope. All outcomes would result in higher domestic inflation.

Trump Tariffs:
The recently announced UK-US tariff agreement limits the downside risk to the outlook related to the tariffs. While the more punitive tariffs on imports of UK goods such as automobiles have been scaled back, UK goods imported into the US will still be subject to the base 10% tariff. Moreover, as an open economy the UK is susceptible to any slowdown in global growth that could emanate from the introduction of new tariffs such as a 50% tariff on US imports on goods from the EU.

Fiscal tightening:
Gilt yields remain elevated, making servicing the Government debt more costly than in recent years. The announcement of further tax increases and/or cuts to spending as the Government seeks to meet their fiscal rules represent a key downside risk to the outlook.

4.1.3 UK latest outlook – November 2025 (Pre-Budget)

Forecast locked 10.11.2025

UK economic activity showed modest resilience through the late summer, with GDP rising 0.3% in the three months to August, supported by steady services growth and a rebound in manufacturing. Business sentiment and consumer confidence have improved slightly, hinting at cautious optimism as monetary policy is expected to ease further into early 2026.

The 0.3% increase in GDP over the three-month period to August, was driven primarily by a 0.4% rise in services output. Services and construction output rose by 0.4% and 0.3% respectively, while production output fell by 0.3%. Over the longer term, GDP is estimated to have grown by 1.5% in the three months to August 2025, compared with the same three months a year ago. Over this period, services grew by 1.8%, construction grew by 1.3%, and production fell by 0.4%.

At the same time, the ONS confirmed that GDP grew by 0.3% in Q2 2025, reflecting a slowdown in momentum from the 0.7% recorded in Q1, as expansion in services (+0.4%) and construction (+1.2%) was partially offset by a production (-0.3%) decline.

In September, UK inflation held steady at 3.8%, with core CPI easing slightly to 3.5%. Goods inflation edged up while services inflation was unchanged. Transport costs, particularly motor fuels and air fares, drove the main upward pressure, while food and recreation prices offset this, with food inflation falling due to increased discounting. Inflation is expected to have peaked, but with the rate running at roughly twice the Bank of England's target a further easing in monetary policy is expected to be gradual.

The UK labour market weakened in the three months to August 2025, with unemployment rising slightly to 4.8%, low by historical standards but above pre-pandemic levels, while economic inactivity held at 21.0%. Job vacancies continued to fall for the 39th consecutive period, dropping to 717,000, well below pre-pandemic levels, with reductions across half of all sectors.

This cooling labour market and a modest weakening in hiring intentions continue to reflect efforts to offset higher staffing costs following April's increases in employers' National Insurance contributions (NICs) and the uplift in the minimum wage. Wage growth has eased further, with nominal regular earnings rising by 4.7% and total pay by 5.0% in the three months to August 2025. However, real earnings growth remains subdued, with regular pay up by just 0.9% and total pay by 1.2% after adjusting for inflation, underscoring persistent cost-of-living pressures.

Business sentiment ticked up in October, with the UK S&P Flash Composite PMI rising to 51.1 from 50.1, signalling modest growth. The services PMI inched up to 51.1 from 50.8 amid slowing input costs, while manufacturing posted a sharp rebound to 49.6 from 46.2, driven by a tentative pickup in domestic demand, though it remains in contraction territory below the 50 threshold.

UK consumer confidence improved slightly in October, with most indicators showing gains. The GfK headline index rose two points to -17, though overall sentiment remains negative. Deeply pessimistic respondent

expectations for the general economic outlook edged up to -28, while views on personal finances over the next year increased to -2, six points higher than a year ago. Major purchase intentions also rose to -21, despite ongoing uncertainty ahead of the Autumn Budget.

4.2 Regional Forecast

In addition to changes in the UK history, which our regional data is constrained to, changes in the regional history can be traced back to the latest quarterly data (June 2025 RPS endpoint in brackets):

- Regional Workforce Jobs – 2025 Q1 (2024 Q4)
- ILO Data – 2025 Q1 (2024 Q4)
- Business Register and Employment Survey (BRES) – 2023 (2023)
- Annual Survey of Hours and Earnings (ASHE) – 2024 (2024)

Also note that the historical processing and forecasting have been reviewed from the ground up and certain parts have been streamlined or automated where appropriate, resulting in minor changes to history for some series – e.g., where a different smoothing or seasonal adjustment technique has been applied, or an outdated fix to the data has been removed.

October 2025 RPS forecast. Previous forecast (June 2025) in grey.

Regional forecast 2025-45	EM	ET	GL	NE	NI	NW	SC	SE	SW	WA	WM	YH
GVA	1.6%	1.8%	2.1%	1.3%	1.2%	1.5%	1.3%	1.9%	1.8%	1.4%	1.5%	1.5%
growth	1.6%	1.8%	2.1%	1.4%	1.2%	1.4%	1.3%	1.9%	1.8%	1.4%	1.5%	1.5%
Workforce Jobs	0.8%	0.7%	1.0%	0.5%	0.3%	0.5%	0.2%	0.9%	0.8%	0.4%	0.6%	0.5%
growth	0.8%	0.6%	1.0%	0.5%	0.3%	0.5%	0.2%	0.8%	0.8%	0.4%	0.6%	0.5%
Unemployment rate	4.1%	3.6%	5.2%	5.5%	3.4%	4.8%	3.8%	3.4%	3.1%	4.1%	4.8%	4.4%
	4.0%	3.6%	5.2%	5.5%	3.6%	4.6%	3.8%	3.3%	3.1%	4.1%	4.7%	4.3%
Real income	1.6%	2.1%	2.1%	1.2%	1.6%	1.4%	1.5%	2.1%	1.8%	1.4%	1.5%	1.5%
growth	1.6%	2.1%	2.1%	1.2%	1.6%	1.4%	1.5%	2.1%	1.8%	1.5%	1.5%	1.5%
Spending volumes	1.6%	1.9%	1.9%	1.2%	1.6%	1.6%	1.3%	1.9%	1.5%	1.2%	1.6%	1.5%
growth	1.5%	1.7%	2.3%	1.2%	1.5%	1.5%	1.3%	1.9%	1.4%	1.2%	1.5%	1.4%
House price	3.9%	4.0%	3.9%	4.0%	3.9%	3.9%	3.9%	4.2%	4.0%	3.7%	3.7%	3.6%
growth	4.0%	4.1%	3.9%	3.9%	3.9%	4.0%	3.9%	4.3%	4.1%	3.7%	3.7%	3.6%

4.3 Local Forecast

In addition to revisions at the regional and the UK level to which our local data is constrained to, changes to the local history can be traced back to the following new quarterly data (June 2025 RPS endpoint in brackets):

- APS/LFS data for – 2025 Q1 (2024 Q4)
- Business Register and Employment Survey (BRES) – 2023 (2023)
- Annual Survey of Hours and Earnings (ASHE) – 2024 (2024)

Also note, that the historical processing and forecasting has been reviewed from the ground up and certain parts have been streamlined or automated where appropriate, resulting in minor changes to history for some series – e.g., where a different smoothing or seasonal adjustment technique has been applied, or an outdated fix to the data has been removed.

For more information about how the history is constructed refer to section 3.2.1 for regions and section 3.3.1 for local authorities.

4.4 Population

Population data has been updated to include the mid-2023 population estimates. Population projections beyond 2023 for Scotland, Wales and Northern Ireland are based on the 2022-based national population projections (NPP) published by the Office for National Statistics (ONS). For England and the regional division of England we have used the most recent publication of the 2022-based sub-national population projections (SNPP). Due to the revision in the figures for England between the two releases, the UK population figures from the NPP were revised to reflect the numbers for Scotland, Wales and Northern Ireland from the 2022 NPP and the England figures as per the 2022 SNPP.

Compared to the 2018-based national projections, the ONS now anticipates considerably stronger population growth except in Northern Ireland. Over the next 10 years, births are expected to fall below deaths across the board. However, positive net migration will boost population numbers in Scotland and Wales, and especially in England. In contrast, net migration in Northern Ireland is projected to be much weaker, albeit still positive, and the total population is expected to begin declining from 2034 onwards.

We publish the following breakdown of population: school age (ages 0-15), state working age, state retirement age, adult population (16 and over) and total. Beginning in the March 2015 RPS, we also publish both the population aged 16-64 and 65 and over. Although their respective participation rates are not published, they can be derived. Our overall participation rate is based on a ratio of the total labour force to the entire adult population (not only the working age population).

5 A note from the ONS on volatility

A change in methodology behind the ONS employment surveys has produced widespread volatility in the historical data, particularly from 2010.

The following is an explanation directly from the ONS, please see section 3 for more information on how we deal with volatility in the official data:

> "A fundamental redevelopment of Workforce Jobs sources, classifications, methods and systems was recently undertaken and is explained clearly in the article 'Revisions to Workforce Jobs' (Barford 2010). One of the key changes highlighted in this article was the replacement of a matched-pairs estimator with a point-in-time ratio estimator, ONS's standard method. This change was aimed at removing the bias caused by the matched-pairs method. A matched-pairs method tends to underestimate change over time, as it excludes the births and deaths of businesses in the sample. In essence, only those businesses sampled in two consecutive periods are used to produce estimates of change. This bias used to cause large revisions when the short-term employment surveys series were benchmarked retrospectively to Business Register Employment Survey (BRES) estimates. BRES is an annual survey which selects a larger sample and also uses a point-in-time ratio estimator. The point-in-time estimator includes all sampled businesses in each and every period, which reduces the bias over-time. The trade-off is an increase in volatility caused by the inclusion of the rotated part of the sample for small and medium sized businesses. Sample rotation spreads the administrative burden; ensuring businesses are selected for a limited number of periods.
>
> Unfortunately, the volatility of regional estimates at an industry level has been far greater than anyone anticipated and in general has been met unfavourably by users, particularly those that are interested in regional data. There are a number of instances, for example, whereby businesses have been 'rotated in' to a particular region and served to distort the level of jobs for a particular industry, usually for a period of 5 quarters, which is the time a rotated business remains in the sample of the STES."

Regional employment is the most timely and only source of quarterly data at this level of geography and is used to derive the quarterly profile of other variables in our regional models. Therefore, this volatility is reflected in output as well as employment. Please see section 3 for more information on how we deal with volatility in the official data.

Appendix A…Glossary of terms

Glossary of terms

Gross Domestic Product (GDP) Total work done in an economy in a period measured in one of three ways:

- Output Measure: Output of all goods and services less inputs
- Income Measure: Income earned by all parts of the economy
- Demand Measure: Demand for goods and services comprised of
    - Expenditure by Households, NPISH and Government
    - Investment (Gross Fixed Capital Formation) by business and Government
    - Changes in Inventories and Acquisitions less disposals of valuables
    - Exports less imports

GDP is measured in market prices: this means that the prices used to convert output of goods and services into money include taxes and subsidies by the government. Distributors' margins are credited to the industry producing the goods and services not to the distribution industry.

Gross Value Added (GVA) GVA is identical to GDP except that it is measured in basic prices. These prices do not include taxes and subsidies imposed by the government. Distributors' margins are credited to the distribution industry. GVA for an industry is described by either of the following identities:

- GVA is identical to output of the industry less inputs of the industry
- GVA is identical to the sum of
    - Compensation of Employees in the industry
    - Gross Operating Surplus (i.e. profit) earned by capital in the industry

When looking at GVA for an industry, it is important to realise that it only includes the output of that industry (i.e. the value added by that industry.) For example, retailing GVA only includes the value added by retailers (e.g. customer service etc).

GVA in the RPS is measured by the place where the work is done (workplace based) and not where the worker resides.

Current Price / Chain Volume Measure (CVM) Data where the unit of measurement is money are available either in Current Price (or Nominal) terms or CVM (or Real) terms. The distinction is important because the buying power of money changes over time. For current price data, no adjustment is made for this fact. CVM data adjusts all figures in a time series to be consistent with the buying power of money in a given year (the reference year). Current Price data, thus, measures values while CVM data measures volumes. For example, Current Price GDP is the money value of production in a given period while CVM GDP is the amount of production. For years before the reference year, CVM data is not additive (thus the sum of GVA for all sectors will not equal total GVA.) In all other years, CVM data is additive.

Productivity A measure of efficiency calculated by estimating output per unit of input

Workforce Jobs A count of the total number of jobs in the UK, a region or industry. It is comprised of

- Employee Jobs: The number of jobs where the occupant is an employee.
- Self-employee Jobs: The number of jobs where the occupant is self-employed
- Government-Sponsored Trainees: The number of jobs where the occupant is on a government training scheme.

- Her Majesty's Forces: The number of jobs in the armed forces (part of Public Administration & Defence).

Workforce jobs and all its components count jobs and not people. This means that where a person has two or more jobs they are counted once for each job that they have. This can be contrasted with the ILO employment measures. Another consequence of counting jobs is that Workforce Jobs is based on the place of work not the residence of the worker

Full Time Equivalent Employment: Our definition is based on total hours worked and is as follows:

FTE = (HOURS) divided by (37.8*13)

Here a constant yardstick of full-time employment for all industries, regions and industry-region based on thirteen working weeks in a quarter at 37.8 hours a week. 37.8 hours is the average hours worked by a full-time worker in the UK between 1990 and 2009.

ILO Employment The International Labour Organisation (ILO) provides an international standard method of measuring employment. In the UK this is implemented by means of a survey known as the Labour Force Survey (LFS) or Annual Population Survey (APS). It is a people count based on the main job that a person has. Employment comprises:

- Employees: People whose main job is as an employee.
- Self-employed: People whose main job is as a self-employed person.
- Government-Sponsored Trainees: People whose main job is on a government training scheme.
- Unpaid Family Workers: People whose main job is as an unpaid worker in a business owned by their own family.

There are two measures:

- Residence based, which depends on the place of residence of the worker (irrespective of where they work.)
- Workplace based, which depends on the place of work of the worker (irrespective of where they reside.)

The ILO Employment reported is based on the entire population in work ages 16+.

ILO Unemployment The International Labour Organisation (ILO) definition of unemployment covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight.
ILO unemployment is only available on a place of residence basis and is based on the entire unemployed population ages 16+.

Labour Force / Economically Active The sum of ILO Unemployment and ILO Employment. That is all people who are in work or who are looking for a work. A person who is in the labour force is said to be Economically Active.

The Labour Force includes the entire Economically Active population ages 16+.

Economically Inactive A person who is not economically active. The principal categories are retirees, students, children, long-term sick or disabled, homemakers and carers. This does not include school-aged people.

Claimant Count Unemployment Measures the number of people who are claiming Jobseekers' Allowance (JSA). This is always less than ILO Unemployment because not everyone who is ILO unemployed is eligible to claim JSA and not all who are eligible claim. Particular important cases are:

- People whose partners work more than 16 hours a week – they cannot claim JSA but may be ILO unemployed.
- People who are past state retirement age – they cannot claim JSA but may be ILO unemployed.

Extra Region In addition to the 9 English regions and the nations of Scotland, Wales and Northern Ireland, the UK's economic boundary includes the continental shelf and UK government operations abroad (i.e. embassies and HMF abroad). The ONS does not assign income or GVA attributable to these sources to any region or nation. Therefore, the sum of regional Income or GVA does not equal the UK. This also impacts on two industries Extraction & Mining and Public Administration & Defence.

School Age Population Population aged 0-15.

Working Age Population Population above the age of 15 but below the current state retirement age for their gender.

Retirement Age Population The population above state retirement age. The precise retirement date depends on date of birth and, for those born before 6th November 1953, on gender. At present, there is a phased equalisation in progress. After 6th November 2018, both men and women will retire at 65. This will rise to 66 between 6th March 2019 and 6th September 2020 and 67 between 6th April 2026 and 6th March 2027. Our forecasts take account of these changes to retirement legislation.

Adult (16+) Population Number of all people aged 16 and above.

Household Consumer Spending The accounts relate to consumption expenditure by UK resident households, either in the UK or the rest of the world. Spending by non-residents in the UK is excluded from the total

Household consumption includes goods and services received by households as income in kind, in lieu of cash, imputed rent for the provision of owner-occupied housing services and consumption of own production

For national accounting purposes, households are individuals or groups of people sharing living accommodation

Household Disposable Income Household disposable income is the total payment to households (from wages, interest, property income and dividends) less taxes, social security, council payments and interest

Cost of living index Regional consumer spending deflator. Gives an indication of how the value of consumer spending has grown in comparison to the volume.

NUTS (Nomenclature of Territorial Units for Statistics) A European Union standard for classifying the subdivisions of member states. In the case of the UK, the English regions and the three nations are classified as NUTS1. The next level – NUTS2 – typically consists of aggregations of local authorities in the same region. The level below that, NUTS3 consists either of single local authorities or a small aggregation of local authorities in the same NUTS2. In Scotland, some local authorities are divided between NUTS3. NUTS4 and NUTS5 also exist but are not used in the RPS.

Appendix B…Sector definitions

Sector definitions

Experian 38-sector	SIC-2007 division	Falls within Experian 12-sector
Agriculture, Forestry & Fishing	01 Crop and animal production, hunting and related service activities	Agriculture, Forestry & Fishing
	02 Forestry and logging	
	03 Fishing and aquaculture	
Extraction & Mining	06 Extraction of crude petroleum and natural gas	Extraction & Mining
	05 Mining of coal and lignite	
	07 Mining of metal ores	
	08 Other mining and quarrying	
	09 Mining support service activities	
Food, Drink & Tobacco	10 Manufacture of food products	Manufacturing
	11 Manufacture of beverages	
	12 Manufacture of tobacco products	
Textiles & Clothing	13 Manufacture of textiles	
	14 Manufacture of wearing apparel	
	15 Manufacture of leather and related products	
Wood & Paper	16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	
	17 Manufacture of paper and paper products	
Printing and Reproduction of Recorded Media	18 Printing and reproduction of recorded media	
Fuel Refining	19 Manufacture of coke and refined petroleum products	
Chemicals	20 Manufacture of chemicals and chemical products	
Pharmaceuticals	21 Manufacture of basic pharmaceutical products and pharmaceutical preparations	
Rubber, Plastic and Other Non-Metallic Mineral Products	22 Manufacture of rubber and plastic products	
	23 Manufacture of other non-metallic mineral products	
Metal Products	24 Manufacture of basic metals	
	25 Manufacture of fabricated metal products, except machinery and equipment	
Computer & Electronic Products	26 Manufacture of computer, electronic and optical products	
	27 Manufacture of electrical equipment	
Machinery & Equipment	28 Manufacture of machinery and equipment n.e.c.	
Transport Equipment	29 Manufacture of motor vehicles, trailers, and semi-trailers	
	30 Manufacture of other transport equipment	
Other Manufacturing	31 Manufacture of furniture	
	32 Other manufacturing	

	33 Repair and installation of machinery and equipment	
Utilities	35 Electricity, gas, steam, and air conditioning supply	Utilities
	36 Water collection, treatment, and supply	
	37 Sewerage	
	38 Waste collection, treatment, and disposal activities; materials recovery	
	39 Remediation activities and other waste management services. This division includes the provision of remediation services, i.e. the clean-up of contaminated buildings and sites, soil, surface, or ground water.	
Construction of Buildings	41 Construction of buildings	Construction
Civil Engineering	42 Civil engineering	
Specialised Construction Activities	43 Specialised construction activities	
Wholesale	45 Wholesale and retail trade and repair of motor vehicles and motorcycles	Wholesale & Retail
	46 Wholesale trade, except of motor vehicles and motorcycles	
Retail	47 Retail trade, except of motor vehicles and motorcycles	
Land Transport, Storage & Post	49 Land transport and transport via pipelines	Transport & Storage
	52 Warehousing and support activities for transportation	
	53 Postal and courier activities	
Air & Water Transport	50 Water transport	
	51 Air transport	
Accommodation & Food Services	55 Accommodation	Accommodation, Food Services & Recreation
	56 Food and beverage service activities	
Recreation	90 Creative, arts and entertainment activities	
	91 Libraries, archives, museums, and other cultural activities	
	92 Gambling and betting activities	
	93 Sports activities and amusement and recreation activities	
Media Activities	58 Publishing activities	Information & communication
	59 Motion picture, video and television programme production, sound recording and music publishing activities	
	60 Programming and broadcasting activities	
Telecoms	61 Telecommunications	
Computing & Information Services	62 Computer programming, consultancy, and related activities	
	63 Information service activities	
Finance	64 Financial service activities, except insurance and pension funding	Finance & Insurance
	66 Activities auxiliary to financial services and insurance activities	
Insurance & Pensions	65 Insurance, reinsurance, and pension funding, except compulsory social security	

Real Estate	68 Real estate activities	Professional & Other Private Services
Professional Services	69 Legal and accounting activities	
	70 Activities of head offices; management consultancy activities	
	71 Architectural and engineering activities; technical testing and analysis	
	72 Scientific research and development	
	73 Advertising and market research	
	74 Other professional, scientific, and technical activities	
	75 Veterinary activities	
Administrative & Supportive Service Activities	77 Rental and leasing activities	
	78 Employment activities	
	79 Travel agency, tour operator and other reservation service and related activities	
	80 Security and investigation activities	
	81 Services to buildings and landscape activities	
	82 Office administrative, office support and other business support activities	
Other Private Services	94 Activities of membership organisations	
	95 Repair of computers and personal and household goods	
	96 Other personal service activities	
	97 Activities of households as employers of domestic personnel	
	98 Undifferentiated goods- and services-producing activities of private households for own use	
Public Administration & Defence	84 Public administration and defence; compulsory social security	Public Services
	99 Activities of extraterritorial organisations and bodies	
Education	85 Education	
Health	86 Human health activities	
Residential Care & Social Work	87 Residential care activities	
	88 Social work activities without accommodation	

Appendix C…Geography definitions

We forecast at the following geographic breakdowns:

- UK
- Regions (12)
- Counties (64)
- Local authorities, post-2023 boundaries (317+33 London boroughs)

Appendix D…FAQ's

- Why does Experian's history for variable x differ from another source / raw survey data?

There are several possible reasons.

  - The first is a vintage mismatch. The ONS frequently revises its economic data in order to take account of new information or improved methodology. The date at which Experian has taken data for the current RPS is given in the body of this guide. Another source may have used earlier or later data.
  - The second relates to data processing. As explained in the body of this guide, it is sometimes necessary at the regional level and (particularly) at the local level to process or construct data. Our approach to doing this is explained in the body of this guide. We apply consistent methodologies to process the data. Other sources may carry this out in different ways. When compared against the raw source, our data may differ because, for example:
    - It has been constrained to other sources.
    - It has been converted into CVM data or quarterly data.
    - It has been made consistent with other data or a later vintage of data.
  - The third relates to raw survey data. Raw survey data is often volatile and does not consider information outside the survey. Official statistics and our data are constructed from the raw survey data to take into account volatility, sampling issues and all available data sources.

- Why does Experian's job history differ from the *ABI* or *BRES*?
  - The ABI/BRES are surveys taken from a particular year; they are not updated.
  - ABI/BRES is a source for ONS' workforce jobs, but it is not the only source.
  - BRES does not include government supported trainees, HM forces jobs and every self-employed small business. As a result, BRES's employment numbers (mainly consisting of total employees and working owners e.g. sole traders) would be lower than the ONS's workforce jobs.
  - Experian's workforce job history is designed to be consistent with the latest available ONS workforce jobs estimates, which includes a broad range of jobs (i.e. employee jobs, self-employment jobs, government supported trainees and HM forces).
  - Raw survey is often incomplete and suffers from sampling variability, which does not represent true volatility in the underlying population data. This must be removed to ensure high quality data.

- How often are data updated?
  - We always use the latest available data at the cut-off date for history.
  - New GVA data is available from the ONS
    - At the UK Level, three times a quarter.
    - At the Regional and Local level, annually (normally in December.)
  - New Expenditure data is available from the ONS at the UK level twice a quarter.
  - New LFS Employment data is available from the ONS once a quarter.
  - New Workforce Jobs data is available from the ONS once a quarter.
  - New BRES is published once a year (normally in December.)
  - New Income data is available from the ONS
    - At the UK level, once a quarter.
    - At the Regional and Local level, once a year (normally in April.)
  - Population projections are published once every two years.
  - New mid-year population estimates are published annually.
  - New LCFS is published annually.

- How do revisions to historical data affect your history and forecasts?
    - As explained above, we always take into account the latest historical data.
    - The monthly UK macro forecast is updated after each ONS revision of GDP for a quarter.
    - The RPS is based on a particular UK macro forecast and includes the latest available regional and local data.
    - Forecasts are updated to be consistent with the latest historical data. While this will typically only affect the short-to-medium term, there are times when the long-run is necessarily affected. This will usually be when there has been a substantial revision to history.

- How are past growth trends captured in the forecasts?
    - All our models are econometric models.
    - An econometric model is a model estimated on historical data.
    - The coefficients (i.e. interactions) in the model embed historical relationships between variables and historical growth rates in a variable.
    - Where we believe that the forecast relationships may differ from history, we make appropriate adjustments to the forecast. This may be the case, for example, where an area has been substantially redeveloped in recent years.

- How are industry/regional/local developments and policies reflected in forecasts?
    - If past developments and policies are reflected in model inputs (for example population) or in history, then they will be automatically captured by the model.

    - Our forecasts are policy-neutral in the sense that in our baseline assumes that sufficient projects, infrastructure, jobs etc. will be provided to meet the needs of the population in the long term. Thus although the project may not be explicitly included, an assumption that a project of its nature may have been included in the baseline.
    - It is important to realise that many developments or policies may not be sufficiently large enough to affect growth rates or may be implicitly included in the forecast from a higher level of aggregation.

    - We are able to make appropriate adjustments to the forecast to take into account certain large projects.
    - At the industry level we can consider announced developments in that industry which are large enough to affect the growth in the industry at the national, regional, or local level (as the case may be).
    - At the regional and local, we have considered announced developments or policies which are large enough to affect growth at the regional or local level. The local model, in particular, has the facility to take into account the impact of additional population or jobs in a particular area.
    - The final forecast will show the net effect of the adjustment, after the effects of population constraints, job cannibalisation, commuting patterns etc.

- How does population relate to the employment forecasts?
    - This is discussed in detail in the methodology section above for the regions and the locals.
    - It is important to remember that employment is forecast on both a residence and workplace basis.
    - Residence based employment depends on local population (labour supply) growth but also on demand for work throughout the region and across the regional boundary.
    - Workplace based employment depends on labour supply throughout the region and across the regional boundary.

- What is working age?
    - The definition of working age used based on the state pension age.
    - As the state pension age for men and women changes in line with announced policy, the working age population will change to take this into account.
    - The key changes to the state pension age that have been announced are:
        - A gradual equality in state pension age for men and women.
        - A gradual rise in state pension age for both men and women to 67 (and 68 after the forecast horizon.)

- What is the participation rate / economic activity rate?
    - The participation rate or economic activity rate is the proportion of the population who are either employed or seeking employment (i.e. unemployed.)
    - The participation rate used in our models is based on the entire adult population (16+). This differs from earlier versions of our models which used only the working age population.
    - The participation rate is an endogenous variable in all our models. It is not a fixed assumption.

- What assumptions have been made regarding commuting in the local model?
    - Commuting in the local model is based on estimates given by the ONS.
    - These are based on the Census 2011.
    - Commuting assumptions are fixed over the forecast.
    - However, the outcome for commuting may differ from the assumption because (for example) there is insufficient demand or supply for labour to provide as many workers as possible across a particular commuting relationship.

- How is Full-Time Equivalent employment derived?
    - This is based on the total hours worked (please see the glossary.)
    - The relationship between FTEs and hours is fixed by definition.
    - In different industries, the hours worked per job will differ.
    - Historical data for this is taken from ASHE (please see the body of the guide.)
    - The forecast considers changing trends in hours per job. This will necessarily alter the relationship between Full-Time Equivalent employment and jobs.

- How does the weighting of different factors change over the forecast period?
    - There is no fixed rule about the changes in this time.
    - The coefficients of the econometric equations are fixed over time.
    - However, at the local level population growth becomes more important as unemployment decreases.

- Are any automation and artificial intelligence (AI) assumptions considered in the labour market forecast period?
    - The labour force size is an independent variable in the employment forecast, alongside lagged employment and total hours worked (and lagged total hours worked).
    - The coefficients of the econometric equations are fixed over time.
    - Total hours worked is dependent on Gross Domestic Product (reflecting the strength (or not) of the economy), and labour augmenting technical progress.
    - The latter considers the impact of automation and artificial intelligence on hours and highlights a negative coefficient.

Appendix E…About us

Our economic forecasting expertise

Experian Economics is a leading provider of global, national, regional and local economic forecasts and analysis to the commercial and public sectors. Our foresight helps organisations predict the future of their markets, identify new business opportunities, quantify risk and make informed decisions.

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01
An independent unbiased view of the market based upon quantitative analysis of data.

02
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03
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04
Develop accurate business case(s) for entry into new markets.

05
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06
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07
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