Greater Manchester Brexit Monitor

Key economic and policy developments

March 2018

GMCA BOLTON BURY MANCHESTER OLDHAM ROCHDALE SALFORD STOCKPORT TAMESIDE TRAFFORD WIGAN

Executive summary

Headlines

- **Whilst Brexit negotiations continue to progress, this comes against the background of continuing mixed signals on the state of the economy. According to revised GDP figures, the UK was estimated to have grown by 0.4% in the fourth quarter (Oct-Dec) of 2017**, down by 0.1 percentage point from preliminary estimates. This continues the same 0.4% rate of growth recorded in Q3 last year. Despite higher growth in economic activity in the last two quarters of 2017, **annual GDP growth was estimated to have slowed to 1.7%**, marking not only a decline from the 1.9% recorded in 2016, but the lowest outturn since 2012. **The figures are echoed in PMI, which show growth in both manufacturing and services, albeit slower growth in the former, and a slight uptick in the latter,** owing to increasing competitive pricing strategies. The recent spell of bad weather is also likely to put pressure on GDP growth as sectors like retail, leisure and construction will have to fight hard amid cancellations to manage cash flow and clear backlogs. However, **the main current worry, for most economic commentators, lies with consumer price inflation and in particular consumers' attitudes to borrowing.** These raise bigger immediate questions for the health of the economy.

- February's **Household Finance Index data revealed an accelerated squeeze on UK household finances**, driven by strong inflationary pressures and the slowest rise in employment income since November, both contributing to **a marked reduction in household's appetite for major purchases**. A point identified in **the recent EY Item Club report which shows consumer spending falling to 1.4% in 201 - from 2.9% in 2016.** In addition, **The end of February saw the European Commission publishing the 'Draft Withdrawal Agreement between the European Union and the United Kingdom'.** The draft outlines the UK's orderly withdrawal from the EU and covers citizens' rights, separation issues such as goods placed on the market before the withdrawal date, the financial settlement, transitional arrangements, institutional provisions; and a protocol on Ireland/Northern Ireland. **The draft agreement was provisionally agreed by the EU and UK on 19th March 2018 subject to finalisation on issues such as the Irish border.** This agreement is still in draft however and will need consent by a majority vote of EU Parliament and then ratification by the UK.

- **Shortly after the publication of the draft withdrawal agreement, the Prime Minister made a speech at the Mansion House, outlining the need for future negotiations need to meet five key "foundations":**

  1. The agreement with the EU will need reciprocal binding commitments to ensure **fair and open competition.**
  2. An **arbitration mechanism that is completely independent from the EU and UK** to resolve disagreements.
  3. **Ongoing dialogue with the EU, and to ensure the means to consult each other regularly**, in particular in areas such as regulation.
  4. **Arrangements for data protection** that permit the free flow of data, and effective representation in the EU's new one-stop-shop for disputes.
  5. **Maintaining links between citizens.** Whilst the free movement of people will end, the UK must continue to have access to the skills it needs.

- **The PM** c**onceded that Britain would be affected by its decision to quit the customs union and single market and said that Britain was prepared to mirror high European standards and state-aid rules**. The PM proposed a new customs agreement with the bloc, **stating that the UK did not want to see the introduction of any tariffs or quotas** and **ensure that products only need to have one series of approvals** to ensure the passage of goods in the EU and UK. More details of the Withdrawal Agreement and Prime Minister's Mansion House speech are covered in this Monitor.

- **On Tuesday 13 March 2018 the Chancellor of the Exchequer, Philip Hammond, announced that there is 'light at the end of the tunnel' in his Spring Statement** as the UK economy is growing slightly faster than predicted by the Office for Budget Responsibility in November (1.5% forecasted growth for 2018, up 0.1ppt from previous forecasts), borrowing is down, and debt will fall as a share of GDP from 2018-19. There was however no new tax or budget spending changes, now included in the Government's annual Autumn Budget, and public finances look broadly the same [(1)]

- **March 8 saw the publication of the Government Brexit analysis material, aiming to quantify the potential impact of leaving the EU on the British economy.** The reports suggests that there will be an adverse effect on the economy of the UK and all its regions – with the North West one of the four regions hardest hit under both a FTA deal, and hard - WTO scenario (-2 to -12% points lower than baseline). The report also highlights that the degree of impact depends on the outcome achieved in the negotiations, and is likely to be greater in areas more exposed to change in trade barriers by nature of their export composition – and in those with a higher dependence on exports as a proportion of the regional economy.[(2)]

Executive summary

Key sectors & business investment

- **Research with Growth Company Business Growth Hub clients in the 3 months to the end of February 2018 shows a continuing rise in uncertainty among businesses,** with 34% of firms unsure what impact Brexit would have on investment plans, and 48% unsure what impact Brexit would have on hiring plans. **This is the fourth consecutive month of rising uncertainty for both measures.**
- According to the **IHS Markit Regional Purchasing Managers' Index** (PMI), business activity continues to grow but at a slower pace in the North West in January 2018, with the PMI dropping from a three-year high of 60.7 in December to 57.4 (above 50 = growth). **This nevertheless still places the North West as third best performing region in the UK after the East Midlands (58.8) and Northern Ireland (58.7) (**England average = 54.0).
- **The IHS Markit/CIPS UK Manufacturing PMI® edged down to 55.2 in February 2018 from January's reading of 55.3, indicating continued but slower growth**. Production increased at the slowest pace for 11 months, with deceleration seen across the consumer, intermediate and investment goods sectors. On the other hand, new orders rose amid stronger domestic demand, and job creation was the second-strongest since mid-2014. **Price pressures for manufacturers remained elevated due to higher cost of commodities and raw materials.**
- **The IHS Markit/CIPS UK Services PMI® rose to 54.5 in February from 53.0 in the previous month. After a weak January, the pick up represented the strongest expansion since October 2017**. Input cost inflation eased to the lowest since August 2016, and prices charged by service sector companies increased at the weakest rate for six months. **These factors were accompanied by firms highlighting efforts to stimulate demand through competitive pricing strategies and the introduction of new promotional initiatives.**

Terms of trade, regulation & access to funding

- **The UK has requested to continue benefitting from the Single Market and Customs Union for a period of "around two years" in response to the European Commission's Draft Withdrawal Agreement.** During this period, (there is disagreement on whether this is up to 31 December 2020 or indefinite), the entire Union acquis will continue to apply to the UK. This means that **the UK would have to comply with the EU's trade policy and would continue to be bound by the Union's exclusive competence, in particular Common Commercial Policy**. As a result, the UK would remain bound, during any transition, by the obligations from all bilateral and multilateral EU-only agreements.

Property investment, housing and planning

- **Housing data from the Land Registry continues to show that the vote to leave the EU has had little impact on house prices,** with average house prices in GM rising by 9.2% on the level recorded in July 2016. This month's Monitor also looks at office space take-up in Manchester. Data from Cushman and Wakfield **on office stock, take-up levels and rents continue to show Manchester (along with Birmingham) as one of the main office markets outside London**. Office take-up in 2017 has remained fairly stable with a slight uptick. In particular, there is good demand for flexible workspace; and a shortage of speculative development in some of the regional centres which has also supported rising rental levels.

Economic inclusion

- **Unemployment in GM has seen a 3.7% spike since December 2017, rising by 1,690 to 47,150 people in January 2018. This places unemployment at an 8-month high and 1.6% (860) higher than before the referendum result.** February data revealed a sharp and accelerated squeeze on UK household finances, driven by strong inflationary pressures and the slowest rise in employment income since last November, both contributing to a marked reduction in household's appetite for major purchases. **The seasonally adjusted Household Finance Index (HFI) – which tracks Britons' sense of financial wellbeing – fell to 42.2 in February**, below January's 42.9 (an index of below 50 signals deterioration). Moreover, December data revealed that inflation expectations reached a 47-month high.

For more information, please contact: Louis Richards, Analyst Economics Team: louis.richards@greatermanchester-ca.gov.uk

Macro-economic trends and developments

Macro-economy

- **UK GDP was estimated to have grown by 0.4% in the fourth quarter (Oct-Dec) of 2017**, revised down by 0.1 percentage point from preliminary estimates, reflecting a small downward revision to the estimated output of the production industries. This continues the same 0.4% rate of growth recorded in Q3.
- The services sector – driven by business services and finance – grew by 0.6% in Q4, while production industries also grew by 0.6%, boosted by a second consecutive quarter of strong growth in manufacturing. However, this was offset by a decline in construction activity, as construction contracted for the third quarter in a row.
- Despite higher growth in economic activity in the last two quarters of 2017, **annual GDP growth was estimated to have slowed to 1.7%**, marking not only a decline from the 1.9% recorded in 2016, but the lowest outturn since 2012.(3)
- **The total UK trade (goods and services) deficit widened by £3.8 billion to £10.8 billion in the three months to December 2017**; excluding erratic commodities, the total deficit narrowed by £1.5 billion to £9.0 billion. This widening of the total trade deficit was driven mainly by a widening of the trade in goods deficit, which came as a result of increase in imports from non-EU countries, alongside decreases in exports to the EU.(4)
- **EU trade: The UK was a net importer from the EU in December 2017, with imports exceeding exports by £7.1 billion.** EU Exports for December 2017 were £13.3 billion, a decrease of £1.5 billion (10%) compared with November 2017, and an increase of £1.2 billion (10%) compared with 12 months ago. EU Imports for December 2017 were £20.5 billion, a decrease of £2.6 billion (11%) compared with November 2017, and an increase of £0.7 billion (3%) compared with a year ago.
- **Non-EU trade: The UK was a net importer in December 2017, with imports exceeding exports by £2.4 billion**. Non-EU Exports for December 2017 were £16.3 billion, an increase of £1.1 billion (7%) compared with November 2017, and a decrease of £3.0 billion (15%) compared with a year ago. Non-EU Imports for December 2017 were £18.7 billion, a decrease of £1.8 billion (9%) compared with November 2017, but an increase of £0.6 billion (3%) compared with a year ago.(5)

Consumer sentiment

- **The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.7% in January 2017, unchanged from 2.8% in December 2017**. Following a steady increase from late 2015, since April 2017 the CPIH rate has levelled off, ranging between 2.6% and 2.8%.(6)
- **The volume (not value) of retail sales grew marginally by 0.1% in January 2018 compared to December 2017, but rose by 1.6% compared with January 2017**. The underlying pattern in the retail industry in January 2018 – as suggested by the three-month on three-month measure – remains one of slow growth, with the quantity bought increasing by 0.1%. However, this is the **weakest recorded growth since April 2017**.(7)

Key sectors & business investment

Business Investment

- **Research with Growth Company Business Growth Hub clients in the 3 months to the end of February 2018 shows a continuing rise in uncertainty among businesses, with 34% of firms unsure what impact Brexit would have on investment plans,** up from 28% in Nov ‘17 - Jan ‘18 and 22% in Oct-Dec ’17. This marks the fourth consecutive month of rising uncertainty in investment plans. 54% said they expected their investment plans to remain unchanged (Nov-Jan 54%; Oct-Dec 63%), 5% were likely to increase investment (Nov-Jan 6%; Oct-Dec 3%), 2% said investment plans were on hold (Nov-Jan 2%; Oct-Dec 2%), and 3% envisaged decreasing investment (Nov-Jan 4%; Oct-Dec 3%). 2% declined to answer.
- **There was a similar increase in uncertainty among Growth Hub clients’ hiring plans, with 48% of firms responding in the 3 months to the end of February 2018 that they were unsure what impact Brexit would have,** up significantly from 37% in Nov ’17 - Jan ‘18 and 25% in Oct-Dec ’17, marking a fourth consecutive month of rising uncertainty in hiring plans. 48% said they would continue hiring at the same pace (Nov-Jan 52%, Oct-Dec 58%), 1% of firms reported that they would hire at a decreased pace (Nov-Jan 1%; Oct-Dec 2%), 1% would freeze hiring (Nov-Jan 3%; Oct-Dec 4%), less than 1% would be making redundancies (Nov-Jan <1%; Oct-Dec <1%), and <1% said that they would increase hiring (Nov-Jan <1%; Oct-Dec 3%).(8)
- According to the **IHS Markit Regional Purchasing Managers' Index** (PMI), business activity continues to grow but at a slower pace in the North West in January 2018, with the PMI dropping from a three-year high of 60.7 in December to 57.4 (above 50 = growth). **This nevertheless still places the North West as third best performing region in the UK after the East Midlands (58.8) and Northern Ireland (58.7) (**England average = 54.0).**The North West saw the strongest rise in private sector employment in January along with the East of England,** however also felt increasing inflationary pressures, seeing the steepest rise in average prices charged for goods and services after Wales.(9)

CIPS Manufacturing PMI to end February 2018

- **The IHS Markit/CIPS UK Manufacturing PMI® edged down to 55.2 in February 2018 from January’s reading of 55.3, indicating continued but slower growth.** Production increased at the slowest pace for 11 months, with deceleration seen across the consumer, intermediate and investment goods sectors. On the other hand, new orders rose more amid a strength in domestic demand and job creation was the second-strongest since mid-2014. Price pressures for manufacturers remained elevated due to higher cost of commodities and raw materials.(10)

CIPS Services PMI to end February 2018

- **The IHS Markit/CIPS UK Services PMI® rose to 54.5 in February from 53.0 in the previous month. After a weak January, the pick up represented the strongest expansion since October 2017**. Input cost inflation eased to the lowest since August 2016, and prices charged by service sector companies increased at the weakest rate for six months, this was accompanied by firms highlighting efforts to stimulate demand through competitive pricing strategies and new promotional initiatives.(11)

Trade, regulation and access to funding

- **The end of February saw the European Commission publishing the Draft Withdrawal Agreement between the European Union and the United Kingdom.** The draft outlines the UK's orderly withdrawal from the EU and including introductory provisions, citizens' rights, other separation issues such as goods placed on the market before the withdrawal date, the financial settlement, transitional arrangements, and institutional provisions(12) **The majority of the terms of the draft were provisionally agreed by the EU and UK on 19th March 2018, subject to finalisation on issues such as the Irish border.** This agreement is still in draft however and will need consent by a majority vote of EU Parliament and then ratification by the UK. (13)

- Shortly after, at the beginning of March, **The Prime Minister made her speech at the Mansion House setting out a series of key issues – and 5 key tests for the future economic partnership** - to help advance the second phase of Brexit negotiations.(14) **The Prime Minister said Britain was prepared to mirror high European standards and state-aid rules**, admitting that European Court rulings would "continue to affect us", and proposed a new customs agreement with the bloc; and **conceded that Britain would be affected by its decision to quit the customs union and single market –** identifying that there will be trade-offs and compromises that the government will have to make as it tries to forge a deal with the EU. The speech received a positive response from Michel Barnier, the EU's chief Brexit negotiator, who praised it for its "clarity".(15)

Prime Ministers Mansion House Speech (2 March 2018)

- Following on from the Lancaster House Speech from last year(16), where the Prime Minister said that the UK would be outside the EU single market and also likely the customs union, she **reiterated that the UK would leave the single market**, but would not let that departure set back progress in Northern Ireland, nor allow anything to damage the integrity of the Union. The speech also outlined the need to resolve tensions between the key objectives for the exit, including the desire to have freedom to negotiate trade agreements with other countries around the world, the need for "as frictionless a border as possible with the EU"; and that future negotiations need to meet five key "foundations":
    1. **The agreement with the EU will need reciprocal binding commitments to ensure fair and open competition.**
    2. **An arbitration mechanism that is completely independent from the EU and UK to resolve disagreements.**
    3. **Ongoing dialogue with the EU, and to ensure the means to consult each other regularly**.
    4. **Arrangements for data protection that permit free flow of data, and effective representation in the EU's one-stop-shop for disputes.**
    5. **Maintaining links between citizens. Whilst the free movement of people will end, the UK must have access to the skills it needs.**

- Theresa May stated that there was a commitment to remaining part of some EU regulatory agencies (e.g. chemicals, aviation, medicine), but that **there would need to be compromises to minimise risks to the economy**. Here she suggested two main options for customs arrangements:
    - **Option one: "Customs Partnership",** at the border, the UK would mirror the EU's requirements for imports from the rest of the world, applying the same tariffs and the same rules of origin as the EU for those goods arriving in the UK and intended for the EU.
    - **Option two: "Streamlined Customs Arrangement",** where the UK and EU jointly agree a range of measures to minimise frictions to trade, together with specific provisions for Northern Ireland. This would rely on technological solutions to minimise 'friction' in supply chains.

- **The PM also stated the UK did not want to see the introduction of any tariffs or quotas,** and to **ensure that products only need to have one series of approvals** to ensure the passage of goods across the EU and UK. **The Prime Minister showed flexibility over a role for the European Court of Justice, and signalled the UK's willingness to align competition rules with the EU**. However, the speech also stated the need for "mutual recognition", suggesting an openness to maintaining similar standards in goods regulation, but adding that **Britain would demand the right to diverge**.

- There was also **special notes on: Financial Services** (not pass-porting, but a "comprehensive partnership" evolved), **Broadcasting** (where a company based in the UK can be licenced by Ofcom and broadcast into any EU member state and vice versa), the need to secure **a broad energy co-operation with the EU,** including exploring options for the UK's continued participation in the EU's internal energy market; and the commitment from the UK to establishing **a far-reaching science and innovation pact with the EU, facilitating the exchange of ideas and researchers.**

Trade, regulation and access to funding

The Draft Withdrawal Agreement (First published 28 February 2018 - Provisionally agreed 19 March 2018)[13]

- **The draft agreement will be discussed by the European Council (Article 50) and with the Brexit Steering Group of the European Parliament before being transmitted to the UK for negotiation**. **The content is based on the December joint report, translating commitments into legal text.** A final version of the Withdrawal Agreement should be agreed by the EU and the UK by **October 2018** to allow for the timely ratification by the European Parliament, the Council, and the UK, according to its own constitutional requirement. The main headline issues in the Draft Agreement – and key issues/questions arising - are included below. **Please note these are based on EU guidance notes accompanying the non-agreed Feb draft** [17]

- **Consent and ratification?**
  The European Parliament must give its consent to the draft, by a vote of simple majority, including Members of the European Parliament from the UK. The Council will conclude the agreement, acting by a qualified majority representing 72% of the 27 Member States (20 States representing 65% of the EU27 population). **The UK must ratify the agreement according to its own constitutional arrangements.**

- **When will negotiations on the future relationship begin?**
  The European Council (Article 50) of 15 December 2017 stated that while an agreement on **a future relationship can only be finalised and concluded once the United Kingdom has become a third country**, the EU will be ready to engage in preparatory discussions with the aim of understanding of the overall framework for the future relationship - once guidelines are adopted.

- **What rights will citizens have during the transition period?**
  The provisions of the draft Withdrawal Agreement on citizens' rights will apply as of the end of any transitional period. Given that the whole of the EU acquis (law) should continue to apply during the transition period, the EU's position is that all EU citizens arriving in the host State during this period should have exactly the same rights as EU citizens who arrived before the UK's withdrawal. After the end of the transition period, those **EU citizens, and UK citizens who arrive in a Member State after withdrawal, but before the end of the transition period, - according to the draft - should be covered by the personal scope of the Agreement.** With regard to **the rights of British living in Europe,** the draft suggests rights will apply only in the country where they live, and after Brexit they will lose the right to further free movement.

- **Will there be a hard border in Ireland?**
  The draft Agreement is based on the Joint Report of 8 December 2017 which the UK stated its commitment to avoid a hard border, including any physical infrastructure or related checks and controls, and its respect for Ireland's rights and obligations as an EU member.[14] All three options from the December Joint Report remain on the table, however two of the three options can only be made operational in the context of discussions on the future relationship - therefore **the current draft contains a suggested Protocol which sets out how the UK maintains full alignment with those rules of the Internal Market and the Customs Union which, now or in the future, support North-South cooperation**.

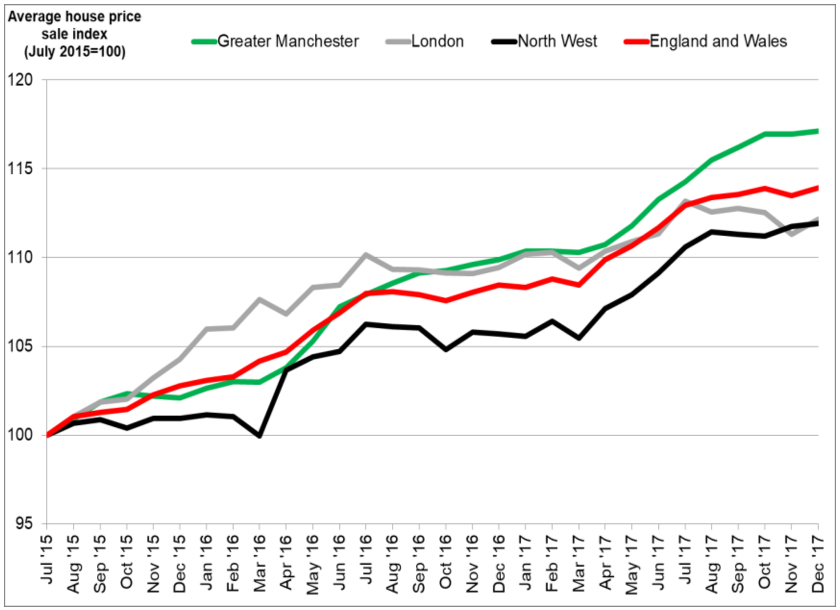
- **What does the Withdrawal Agreement say on the financial settlement?**
  The draft Withdrawal Agreement reflects the December Joint report and contains terms of the financial settlement and includes certain practical modalities, such as payment deadlines, as proposed by the Commission**. This includes the UK and the EU honouring their share of the financing of all the obligations undertaken while the UK was a member of the Union – and during any agreed transition period**.

- **Can the UK negotiate and sign new trade deals with third countries during the transition period?**
  The UK has requested to continue benefitting from the Single Market and Customs Union for a period of "around two years." During this period, (there is disagreement on whether this is up to 31 December 2020 or indefinite), the entire Union acquis will continue to apply to the UK. This means that **the UK will have to comply with the EU's trade policy and will continue to be bound by the Union's exclusive competence, in particular Common Commercial Policy**. As a result, the UK will remain bound, during transition, by the obligations from all bilateral and multilateral EU-only agreements.

Property and investment, housing, and planning

- **Housing data from the Land Registry continues to show that the vote to leave the EU has had little impact on house prices,** with average house prices in GM rising by 9.2% on the level recorded in July 2016.
- **Data on office stock, take-up levels and rents continue to show Manchester (along with Birmingham) as one of the main office markets outside London**. Take-up in 2017 has remained fairly stable with a slight uptick. In particular, there is good demand for flexible workspace; and a shortage of speculative development in some of the regional centres has supported rising rental levels.

Average House Prices Sales (Index July 2015=100)



- **Housing Index** data from the Land Registry suggest the vote to leave the EU continues to have little impact on house prices, with moderate growth in average residential prices this period.
- **The latest house price data (December 2017) for GM reveals an average price of £163,270**, a marginal increase of 0.1% from the previous month, and growth of 6.6% from December 2016.(18)

Office Space – Manchester and major cities

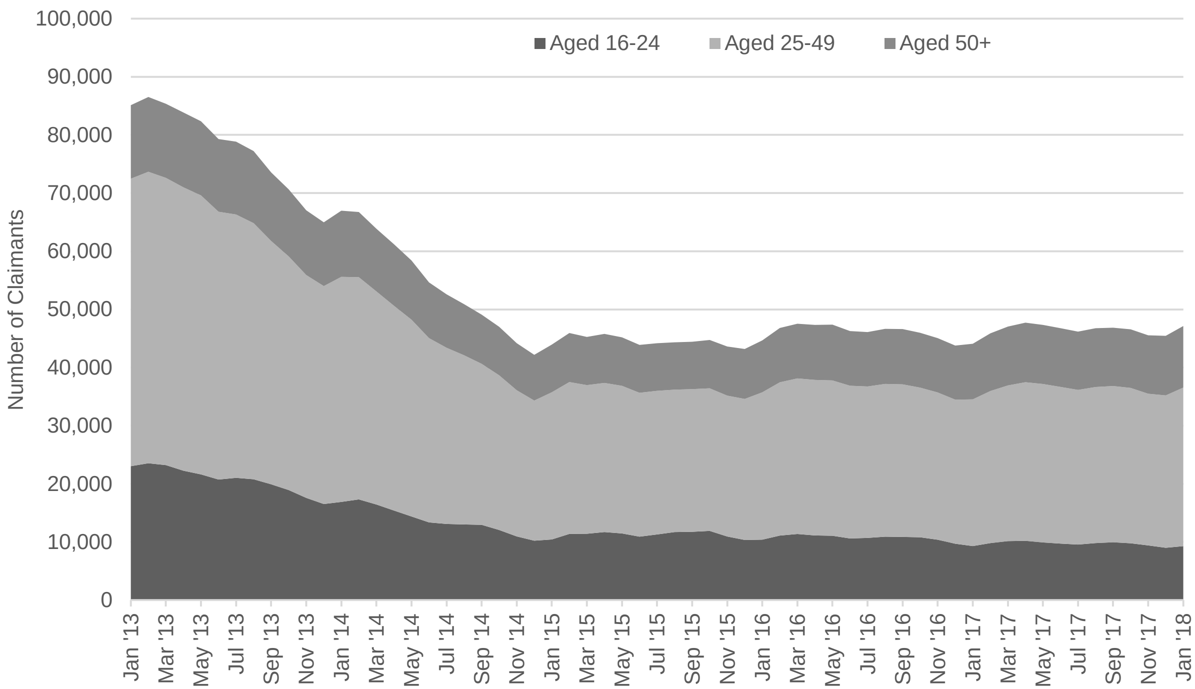
Location (City Centres)	Built Stock (Sqft)	Vacancy Rate (%)	Take-up Year-to-date (Sqft)	Under construc-tion (Sqft)	Prime Rents (Dec'17) (£/Sqft)
London (City)	137.9m	5.1%	6.6m	8.6m	£67.5
Birmingham	18.7m	7.2%	1.0m	1.6m	£33.0
Bristol	13.5m	3.5%	0.6m	0.2m	£32.5
Cardiff	9.5m	6.3%	0.6m	0.6m	£25.0
Edinburgh	11.9m	4.9%	0.7m	0.4m	£33.5
Glasgow	13.9m	13.6%	0.6m	0.2m	£29.5
Leeds	12.5m	10.1%	1.0m	0.1m	£30.0
Manchester	**20.1m**	**14.1%**	**1.2m**	**0.9m**	**£33.5**
Newcastle	8.1m	8.0%	0.2m	0.1m	£23.5
Regional Centres	108.1m	8.9%	5.9m	4.0m	£30.1

- This month's Monitor looks at office space take-up in Manchester compared with other major centres using data from Cushman and Wakefield. The Central London leasing market posted another strong quarter. In the regions, **take-up levels continued to rise, with Birmingham and Manchester leading the highest levels of take-up outside London.**(19)
- As with London, **the flexible workplace sector was a key taker of space in the year, particularly in Birmingham, the Thames Valley and Manchester.** A shortage of speculative development is supporting rental levels and further rental growth was evident over the final quarter of 2017 in some of the key centre markets.

Economic Inclusion

- **Unemployment in GM has seen a 3.7% spike since December 2017, rising by 1,690 to 47,150 people in January 2018. This places unemployment at an 8-month high and 1.6% (860) higher than before the referendum result.** However, unemployment as a proportion of the working age population remains unchanged compared to June 2016 at 2.6%. Compared to the same month last year, however, unemployment as a proportion of the working age population is marginally higher, increasing from 2.5% in January 2017. This is in line with national trends across the UK, where unemployment has risen from 1.9% in January 2017 to 2.0% in January 2018, however is a slightly smaller change than across the North West, where unemployment has risen from 2.3% in January 2017 to 2.5% in January 2017.[20]
- **February data revealed a sharp and accelerated squeeze on UK household finances, driven by strong inflationary pressures and the slowest rise in employment income since last November,** both contributing to a marked reduction in household's appetite for major purchases. **The seasonally adjusted Household Finance Index (HFI) – which tracks Britons' sense of financial wellbeing – fell to 42.2 in February**, below January's 42.9 (an index of below 50 signals deterioration). Moreover, December data revealed that inflation expectations reached a 47-month high.[21]

Claimant count (JSA and out-of-work UC) in GM by age group



Monthly Unemployment by age of resident

- As a proportion of working age residents, the **GM claimant rate for January 2018 (2.6%) remains above that of the North West (2.5%) and the UK (2.0%)**.
- **From December 2017 to January 2018, the total claimant count in GM for all age groups grew. For the 16 to 24 age group it grew by 3.1% (280),** for the 25 to 49 age group by 4.1% (1,070), and for the 50+ age group by 3.3% (240).
- Total claimant count grew by 3.7% (1,690) between December 2017 and January 2018.
- **Since the referendum result in June 2016, the number of claimants aged 50+ has increased by 12.6%** (1,185), although the number of claimants aged 16 to 24 has decreased by 12.5% (1,325). The number of claimants aged 25-49 has risen by 3.8% (1,010).

Sources (1)

Section	Sources
Executive Summary & Macro economy	1. HMG (13 March 2018): Spring Statement 2018 https://www.gov.uk/government/topical-events/spring-statement-2018 2. HMG (19 March 2018): Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community https://www.parliament.uk/business/committees/committees-a-z/commons-select/exiting-the-european-union-committee/news-parliament-2017/cross-whitehall-briefing-published-17-19 3. ONS (22 February 2018): Statistical bulletin – Second estimate of GDP: October to December 2017 https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/grossdomesticproductpreliminaryestimate/octobertodecember2017 4. ONS (9 February 2018): UK trade: December 2017 https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/december2017 5. HMRC (9 February 2018): Overseas Trade Statistics - Non-EU and EU Trade: December 2017 https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/Pages/EU_and_Non-EU_Data.aspx 6. ONS (13 February 2018): UK consumer price inflation: January 2018 https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/january2018 7. ONS (16 February 2018): Retail sales in Great Britain: January 2018 https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/january2018
Business Investment	8. Manchester Growth Company (End November 2017 snapshot): Internal Survey of Client Companies 9. IHS Markit England and Wales Regional PMI (12 February 2018): “East Midlands leads regional business activity growth in January” https://www.markiteconomics.com/Survey/PressRelease.mvc/110d958dcc8b4e7995e1a3c9ae420941 10. Markit/CIPS UK Manufacturing PMI (1 March 2018): “UK PMI slips to eight-month low as slower output growth offsets stronger new order inflows.” https://www.markiteconomics.com/Survey/PressRelease.mvc/96ba41bca3ee47309dc2fe2635b93216 11. Markit/CIPS UK Services PMI (5 March 2018): “Service sector growth picks up in February.” https://www.markiteconomics.com/Survey/PressRelease.mvc/2d99f3e499a04b509689cedb57cd60f7

Sources (2)

Section	Sources
Trade, regulation and access to funding	12. Commission to the EU (28 February 2018): European Commission Draft Withdrawal Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community https://ec.europa.eu/commission/sites/beta-political/files/draft_withdrawal_agreement.pdf 13. Commission to the EU (19 March 2018): Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community. https://ec.europa.eu/commission/sites/beta-political/files/draft_agreement_coloured.pdf 14. HMG (2 March 2018): PM speech on our future economic partnership with the European Union https://www.gov.uk/government/speeches/pm-speech-on-our-future-economic-partnership-with-the-european-union 15. European Commission (1 March 2018): Speech by Michel Barnier at Business-Europe Day 2018 http://europa.eu/rapid/press-release_SPEECH-18-1462_en.htm 16. HMG (17 January 2017): The government's negotiating objectives for exiting the EU: PM's 'Lancaster House' speech https://www.gov.uk/government/speeches/the-governments-negotiating-objectives-for-exiting-the-eu-pm-speech 17. Commission to the EU (28 February 2018): Questions & Answers: Publication of the draft Withdrawal Agreement between the European Union and the United Kingdom http://europa.eu/rapid/press-release_MEMO-18-1361_en.htm
Investment, housing, property and planning	18. HM Land Registry (December 2017): House Price Index Database, accessed 01 March 2018 https://www.gov.uk/government/collections/uk-house-price-index-reports 19. Cushman & Wakefield (2018): United Kingdom Office Market Snapshot Fourth Quarter 2017 http://www.cushmanwakefield.co.uk/en-gb/research-and-insight/uk/united-kingdom-office-snapshot/
Economic Inclusion	20. ONS (2018): Claimant count (combined Job Seekers Allowance and unemployment element of Universal Credit), accessed March 2018 https://www.nomisweb.co.uk 21. IHS Markit (February 2018): Household finances deteriorate at fastest pace for seven months amid sustained income squeeze in February https://www.markiteconomics.com/Survey/PressRelease.mvc/00f26dd775a7460b8b7b5c7fd126ef39