



# 2025 Spring Statement And The Social Productivity Index

# Who we are



**David Sheen**  
Public Affairs  
Director



**Allen Simpson**  
Deputy Chief  
Executive

# What we are going to talk about

- The political and economic context, and what we've done
- What's in the statement – and what it means
- The Social Productivity Index

# Political and economic context

# All roads lead to the Budget

Business rates: £0.5bn  
+  
Minimum Wage: £1.9bn  
+  
eNICs: £1bn  
=  
£3.4bn cost



# We didn't expect big changes



# So we have balanced the immediate risk...

- Explaining the costs cliff edge
- A multi-channel NICs campaign
- And the longer list of issues



**...With the longer term**

“Hospitality creates places where people want to live, work and invest”.



**#SERVINGBRITAIN**



**What's in the statement?**

# Spring statement wasn't about business

*“The threat facing our continent was transformed when Putin invaded Ukraine...*

*The increased global uncertainty has had two consequences.*

*First, on our public finances.*

*And second, on our economy.”*

*Rachel Reeves*

- Back to work – £1 billion invested in B2W schemes (including SWAPs)
- Planning Reform – streamlining planning processes
- Regulatory reform – 25% cut in regulatory costs by 2029
- Tax evasion – more investment in cracking down on non-payment

# OBR analysis was mixed news

- Halved forecast for economic growth this year...
- ...But upgraded for rest of parliament
- Serious macro uncertainty
- Inflation up
- Unemployment up

	Percentage change on a year earlier, unless otherwise stated					
	Outturn	Forecast				
	2024	2025	2026	2027	2028	2029
<b>UK economy</b>						
Gross domestic product (GDP)	0.9	1.0	1.9	1.8	1.7	1.8
GDP per capita	-0.1	0.3	1.5	1.4	1.3	1.4
GDP level (2019=100)	103.5	104.5	106.4	108.3	110.2	112.2
Nominal GDP	4.8	4.2	3.6	3.8	3.7	3.7
Output gap (per cent of potential output)	-0.3	-0.6	-0.2	0.0	0.0	0.0
<b>Expenditure components of GDP</b>						
Domestic demand	2.1	1.0	1.7	1.9	1.9	1.8
Household consumption <sup>1</sup>	0.7	1.2	1.5	1.5	1.6	1.8
General government consumption	2.0	3.7	1.4	1.5	1.7	1.6
Fixed investment of which:	1.3	0.0	2.4	3.7	3.2	1.7
Business	0.8	-0.2	1.8	1.7	1.5	1.6
General government	3.9	4.8	1.9	2.5	-0.6	-1.3
Private dwellings <sup>2</sup>	0.2	-1.9	3.9	8.8	8.8	3.8
Change in inventories <sup>3</sup>	0.2	0.0	0.0	0.0	0.0	0.0
Exports of goods and services	-2.2	-0.1	1.4	0.6	0.5	0.8
Imports of goods and services	1.6	0.1	0.9	1.0	1.1	0.9
<b>Balance of payments current account</b>						
Per cent of GDP	-2.8	-3.3	-3.4	-3.3	-3.3	-3.3
<b>Inflation</b>						
CPI	2.5	3.2	2.1	2.0	2.0	2.0
RPI	3.6	4.1	3.2	3.0	2.9	2.8
GDP deflator at market prices	3.9	3.2	1.7	2.0	2.0	1.9
<b>Labour market</b>						
Employment (million)	33.6	34.0	34.2	34.4	34.6	34.8
Productivity per hour	-1.0	0.2	1.1	1.2	1.3	1.3
Wages and salaries	5.8	5.2	2.8	2.6	2.6	3.0
Average earnings <sup>4</sup>	4.7	4.3	2.3	2.1	2.2	2.5
LFS unemployment rate (per cent)	4.3	4.5	4.3	4.2	4.1	4.1
Unemployment (million)	1.5	1.6	1.5	1.5	1.5	1.5
<b>Household sector</b>						
Real household disposable income <sup>1</sup>	3.9	1.7	1.1	0.5	0.7	1.2
Saving ratio (per cent) <sup>1</sup>	9.8	10.2	9.8	8.9	8.1	7.5
House prices	1.3	2.8	2.5	2.6	2.5	2.4
<b>World economy</b>						
World GDP at purchasing power parity	3.2	3.3	3.3	3.2	3.1	3.1

# So, to summarise

- There wasn't much for us in the Spring Statement
- Which we expected
- So, we need to keep going



# Social Productivity Index

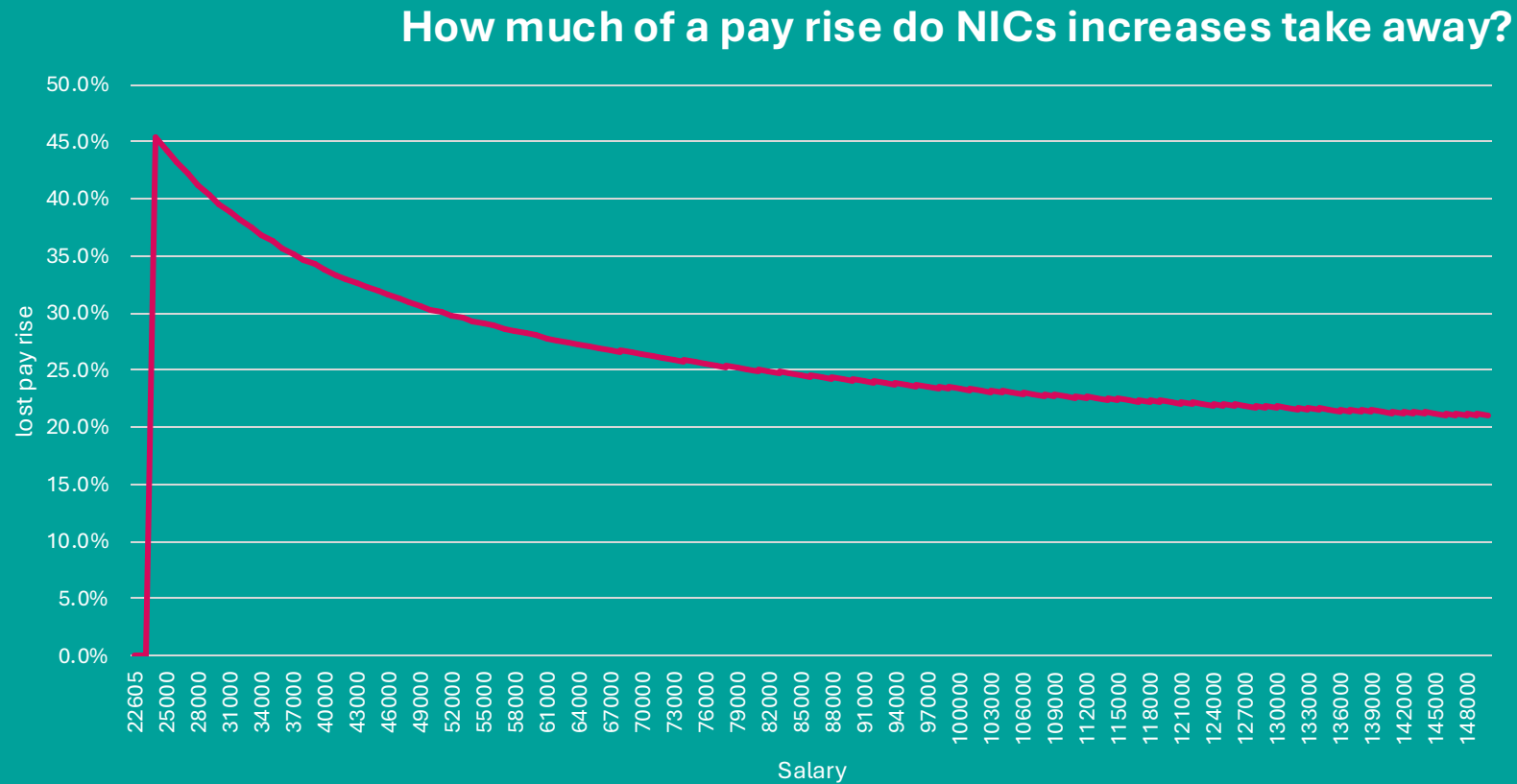
# The Government don't see us as the answer

*“The industrial strategy will focus on the sectors which offer the highest growth opportunity for the economy and business. Eight growth-driving sectors have been identified:*

- *advanced manufacturing*
- *clean energy industries*
- *creative industries*
- *defence*
- *digital and technologies*
- *financial services*
- *life sciences*
- *professional and business services”*

*Invest 2035: the UK's modern industrial strategy*

# Which has real world effects

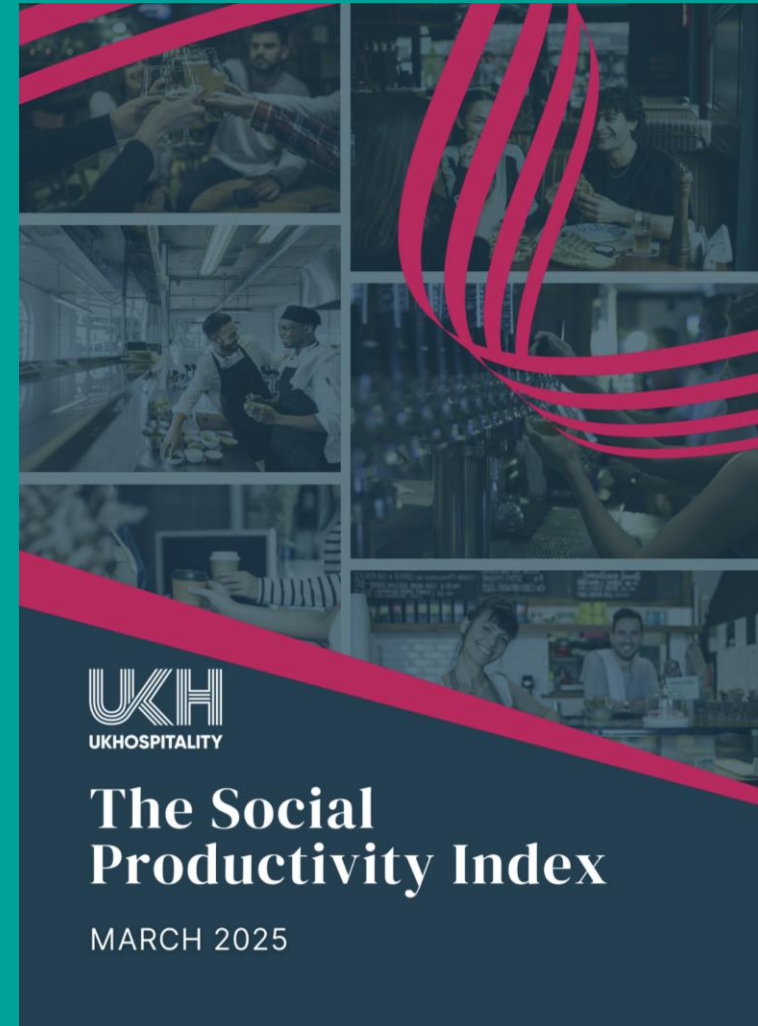


**So we have to change the question**



# The Social Productivity Index

- Part of our Serving Britain Work
- A new way of thinking about growth in a broader context to complement traditional measures of economic productivity.
- We identify five characteristics which we can use to identify sectors sharing the impact of growth widely.
- Each of these characteristics are supported by at least one piece of publicly available data, allowing us to rank the performance of the 21 industrial sectors across these characteristics.
- Then we can identify the top performing sector overall



# What's in it?

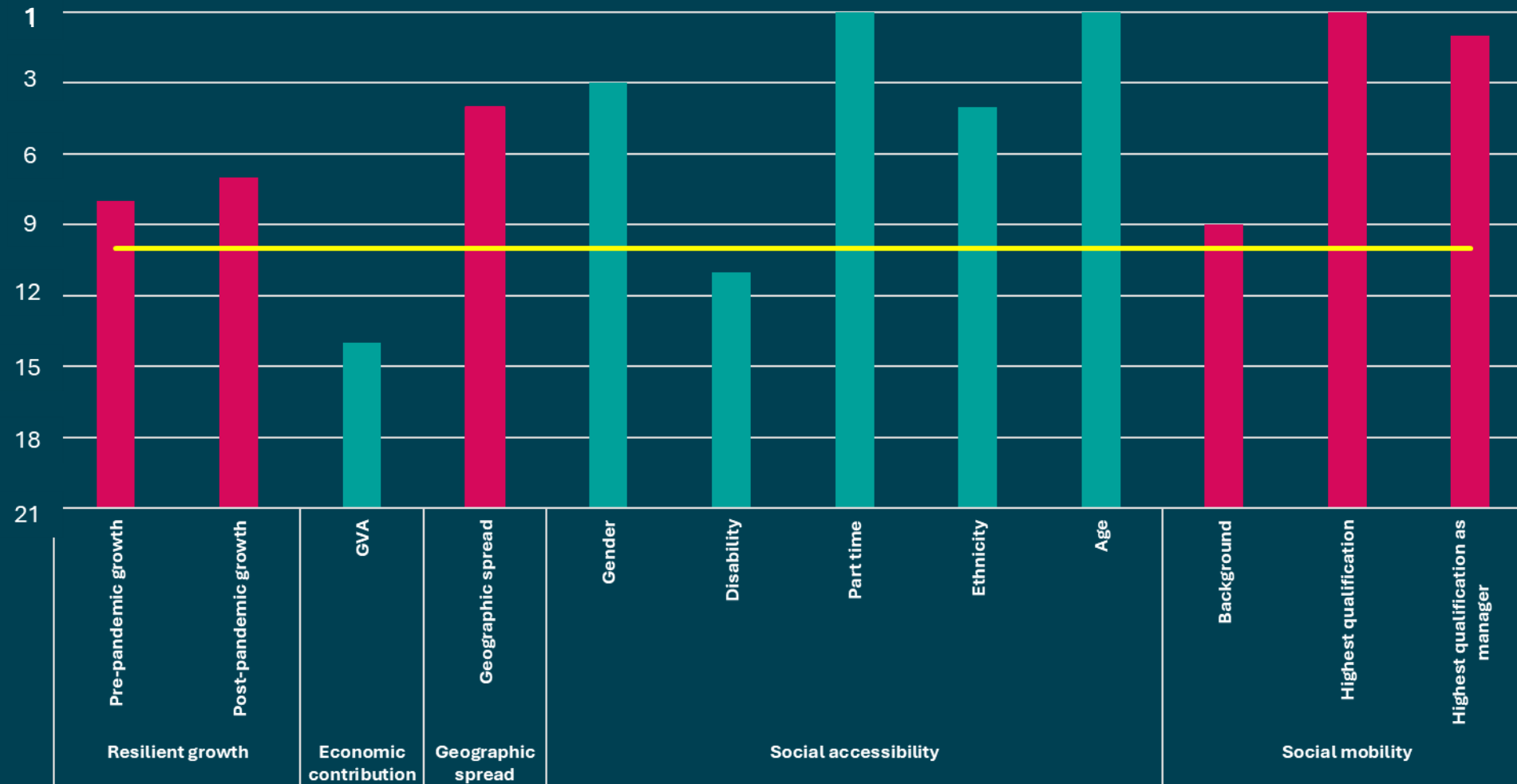
Social productivity outcome	Characteristics	Evidence
Economic impact	<b>Resilient Growth</b> - <i>How did each sector perform in the period before and after the pandemic?</i>	<ul style="list-style-type: none"> <li>•Pre-pandemic growth</li> <li>•Post pandemic growth</li> </ul>
	<b>Economic contribution</b> – <i>how much does each sector add to the economy, after costs?</i>	<ul style="list-style-type: none"> <li>•Gross Value Added</li> </ul>
	<b>Geographic spread</b> - <i>how widely spread across the regions of the UK are the jobs provided by each sector?</i>	<ul style="list-style-type: none"> <li>•Geographic spread of jobs</li> </ul>
Social impact	<b>Social accessibility</b> - <i>How accessible is each sector to groups of workers who may experience wider economic exclusion?</i>	<ul style="list-style-type: none"> <li>•Gender balance</li> <li>•Disability access</li> <li>•Part time workers</li> <li>•Ethnicity</li> <li>•Employment of under 25's</li> </ul>
	<b>Social Mobility</b> – <i>how effectively does the sector provide opportunities for careers for people from non-professional families or are not graduates?</i>	<ul style="list-style-type: none"> <li>•Socio-economic access</li> <li>•Access for non-graduates</li> <li>•Non graduate managers</li> </ul>

# Hospitality is the most socially productive sector

- **Hospitality comes top with the highest average ranking.**
- It leads a group of foundation economy sectors including administration, retail and transportation with consistent high performance.
- By contrast the sectors which have the highest raw economic productivity often perform less well on social productivity measures.

	SP rank
<b>Hospitality</b>	1
Admin and support services	2
Wholesale, retail, repair of vehicles	3
Transport and storage	4
Households as employers	5
Arts, entertainment and recreation	6
Health and social work	7
Other service activities	8
Agriculture, forestry and fishing	9
Real estate	10
Construction	10
Public admin and defence	12
Manufacturing	13
Education	14
Information and communication	15
Professional, scientific, technical	16
Water supply, sewerage, waste	17
Finance and insurance	18
Electricity, gas, aircon supply	19
Extraterritorial orgs	20
Mining	21

# Looking in detail at hospitality



# How we will use it.

We want to reset policy thinking on industrial strategy.

We will use this Index with key national and regional decision makers.

We will also have a wider political contact strategy

And we will be explaining the SPI to members and encouraging them to talk about the social value of the Sertor.



Questions?