



Norfolk Unemployment forecast for 2021 Q1 to 2026 Q1

Key Points

- Using OBR blanket unemployment rate forecasts, it is expected that Norfolk unemployment will peak at 6.5 per cent in the final quarter of 2021, at around 30,020 people. From then, numbers of unemployed in Norfolk are expected to decline steadily, until a levelling-off in 2024 Q4, at around 20,320 people.
- Norfolk last experienced the peak unemployment rate that is being forecast of 6.5 per cent during 2013.

Context

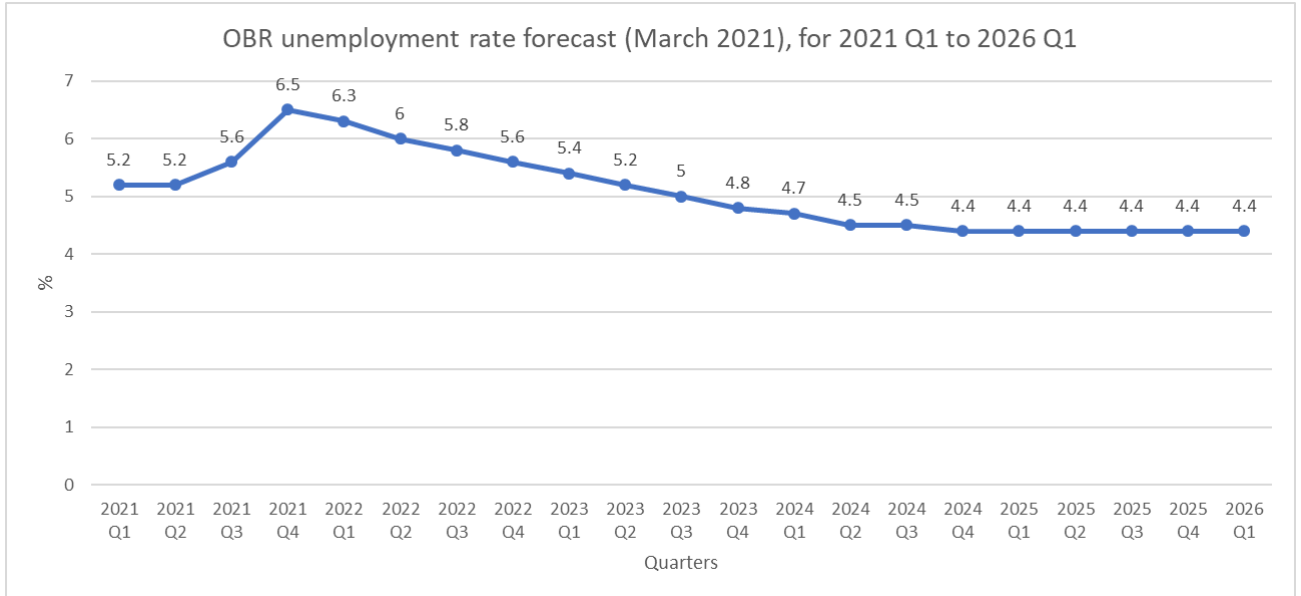
The Office for Budget Responsibility (OBR) has published its Economic and fiscal outlook for March 2021, setting out a central forecast to 2025-26 taking account of latest data and Government policies announced up to and including the 2021 Budget.¹

OBR now expects UK unemployment to peak at 6.5 per cent (2.2 million) in the final quarter of 2021, once the Coronavirus Job retention Scheme (CJRS) has closed. That is both lower and later than the 7.5 per cent (2.6 million) in the second quarter that OBR expected in their November forecast (again, after the CJRS was planned to have closed). This is largely due to the extension of the CJRS and the additional fiscal support measures, which extend further into the vaccine rollout, when more sectors of the economy have reopened, and the recovery in activity is more advanced. This extended support in turn means that OBR also expects some firms to hold onto more staff in anticipation of an expected normalisation in demand.

¹ Office for Budget Responsibility, *Economic and fiscal outlook*, March 2021
file:///L:/PPP/Strategic%20Research/COVID-19/COVID-19%20economic%20recovery%20April2021/CCS207_CCS0221988872-001_CP-387-OBR-EFO-Web-Accessible.pdf

Figure 1 shows the OBR unemployment rate forecast for 2021 Q1 to 2026 Q1. From the expected peak of 6.5 per cent in 2021 Q4, the unemployment rate is expected to steadily decline until reaching 4.4 per cent in 2024 Q4 and levelling-off until 2026 Q1.

Figure 1: OBR unemployment rate forecast (March 2021), for 2021 Q1 to 2026 Q1

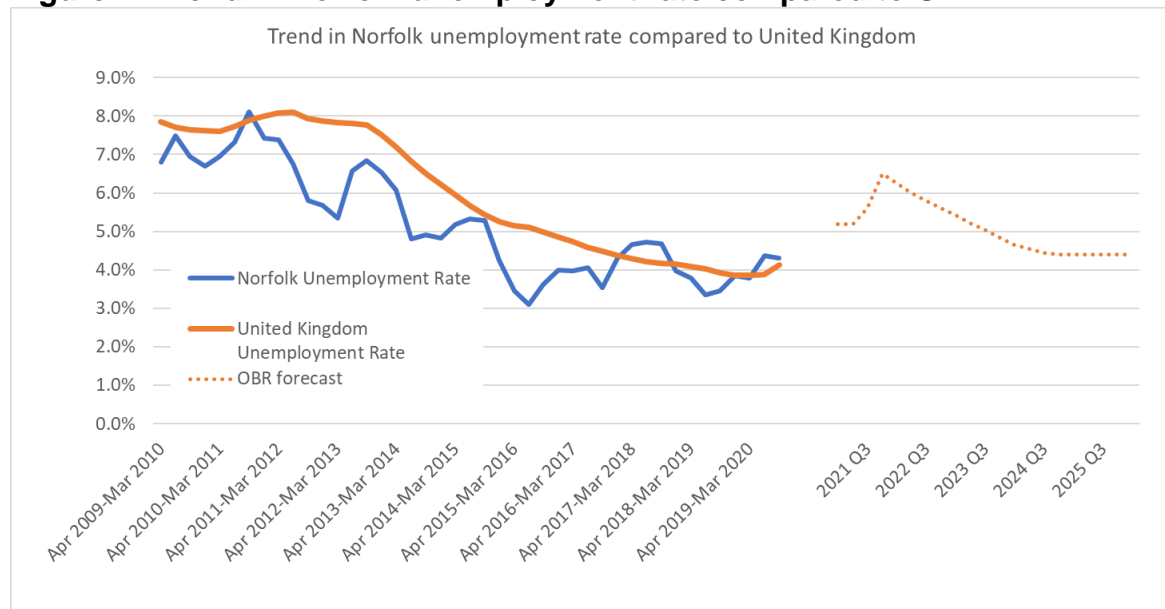


Source: OBR

Analysis for Norfolk

Figure 2 shows historical data to illustrate how previous years' unemployment rates for the UK and for Norfolk compare with the forecast years. Historically, it seems Norfolk followed the trend of the UK but generally had slightly lower unemployment. The strength of the association between the two is around 80% and it is reasonable to use OBR UK forecasts for Norfolk. Norfolk last experienced the peak unemployment rate that is being forecast of 6.5 per cent during the 12 months to December 2013. The number of economically active people in the population impacts the number of people unemployed; although there has been an increase of the economically active population over recent years, it is difficult to say what the impact of the pandemic will be in terms of people deciding to remain economically active (if they have that choice), and therefore, for the purposes of these forecasts it seems reasonable to assume that the economically active population remains relatively constant over the next few years.

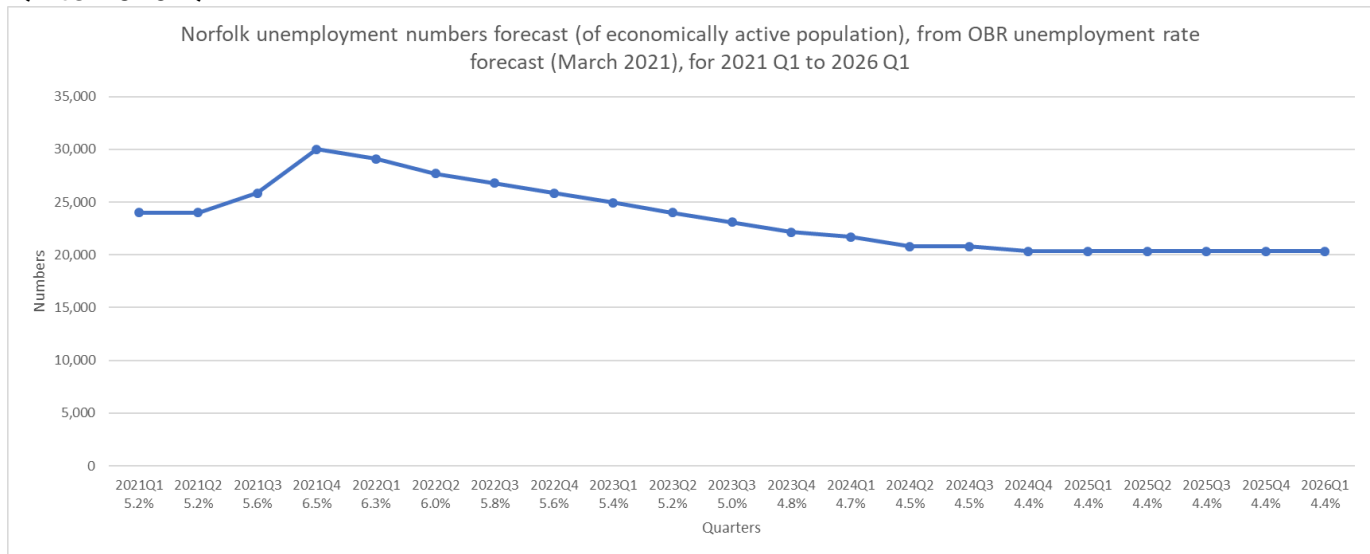
Figure 2: Trend in Norfolk unemployment rate compared to UK



Source: OBR, ONS

For the period 2021 Q1 to 2026 Q1, using OBR blanket unemployment rate forecasts, it is expected that Norfolk unemployment will peak at 6.5 per cent in the final quarter of 2021, at around 30,020 people. From then, numbers of unemployed in Norfolk are expected to decline steadily in line with OBR forecasts, until a levelling-off in 2024 Q4, at around 20,320 people. **Figure 3** shows the Norfolk unemployment numbers forecast (of economically active population), from the OBR unemployment rate forecast, for 2021 Q1 to 2026 Q1.

Figure 3: Norfolk unemployment numbers forecast (of economically active population), from the OBR unemployment rate forecast (March 2021), for 2021 Q1 to 2026 Q1



Source: OBR, ONS

It is not possible to clearly show on a single graph how OBR unemployment rate forecasts for 2021 Q1 to 2026 Q1 impacts on each of Norfolk’s districts; nevertheless, using the OBR blanket unemployment rate forecasts, each district follows the same trajectory as for Norfolk (see **Figure 3**). Using OBR blanket unemployment rate forecasts, the unemployment peak of 6.5 per cent in the final quarter of 2021 is shown at **Table 1** for Norfolk’s districts. This shows that at the expected peak, Norwich will have the highest number of unemployed at around 5,330 people, with Great Yarmouth having the lowest number at around 2,930 people. By 2024 Q4 when the unemployment rate is forecast to level-off at 4.4 per cent, Norwich’s level of unemployment is expected to be around 3,610 people, and Great Yarmouth’s level is expected to be around 1,980 people. **Table 2** shows the full range of Norfolk districts’ forecast data for 2021 Q1 to 2026 Q1.

Table 1: Norfolk Districts’ unemployment numbers forecast (of economically active population), from OBR unemployment rate forecast (March 2021), for 2021 Q4 and 2024 Q4

Local Authority Area	2021 Q4 (6.5%)	2024 Q4 (4.4%)
Breckland	4,693	3,177
Broadland	4,479	3,032
Gt Yarmouth	2,932	1,984
King’s Lynn & West Norfolk	4,921	3,331
North Norfolk	2,990	2,024
Norwich	5,330	3,608
South Norfolk	4,674	3,164

Source: OBR, ONS

Table 2: Norfolk Districts' unemployment numbers forecast (of economically active population), from OBR unemployment rate forecast (March 2021), for 2021 Q4 to 2026 Q4

	Breckland	Broadland	Gt Yarmouth	KL&WN	North Norfolk	Norwich	South Norfolk	Norfolk
2021 Q1 5.2%	3,754	3,583	2,345	3,936	2,392	4,264	3,739	24,014
2021 Q2 5.2%	3,754	3,583	2,345	3,936	2,392	4,264	3,739	24,014
2021 Q3 5.6%	4,043	3,858	2,526	4,239	2,576	4,592	4,026	25,861
2021 Q4 6.5%	4,693	4,479	2,932	4,921	2,990	5,330	4,674	30,017
2022 Q1 6.3%	4,549	4,341	2,841	4,769	2,898	5,166	4,530	29,093
2022 Q2 6.0%	4,332	4,134	2,706	4,542	2,760	4,920	4,314	27,708
2022 Q3 5.8%	4,188	3,996	2,616	4,391	2,668	4,756	4,170	26,784
2022 Q4 5.6%	4,043	3,858	2,526	4,239	2,576	4,592	4,026	25,861
2023 Q1 5.4%	3,899	3,721	2,435	4,088	2,484	4,428	3,883	24,937
2023 Q2 5.2%	3,754	3,583	2,345	3,936	2,392	4,264	3,739	24,014
2023 Q3 5.0%	3,610	3,445	2,255	3,785	2,300	4,100	3,595	23,090
2023 Q4 4.8%	3,466	3,307	2,165	3,634	2,208	3,936	3,451	22,166
2024 Q1 4.7%	3,393	3,238	2,120	3,558	2,162	3,854	3,379	21,705
2024 Q2 4.5%	3,249	3,101	2,030	3,407	2,070	3,690	3,236	20,781
2024 Q3 4.5%	3,249	3,101	2,030	3,407	2,070	3,690	3,236	20,781
2024 Q4 4.4%	3,177	3,032	1,984	3,331	2,024	3,608	3,164	20,319
2025 Q1 4.4%	3,177	3,032	1,984	3,331	2,024	3,608	3,164	20,319
2025 Q2 4.4%	3,177	3,032	1,984	3,331	2,024	3,608	3,164	20,319
2025 Q3 4.4%	3,177	3,032	1,984	3,331	2,024	3,608	3,164	20,319
2025 Q4 4.4%	3,177	3,032	1,984	3,331	2,024	3,608	3,164	20,319
2026 Q1 4.4%	3,177	3,032	1,984	3,331	2,024	3,608	3,164	20,319

Source: OBR, ONS



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