

Comparing OBR and Experian rates data

This document seeks to set out differences between the assumptions on economic participation assumed by Experian and the Office for Budget Responsibility (OBR). Analysis has been carried out by age and sex with comparisons made with changes observed between 2001 and 2011 from Census data (other sources such as the Annual Population Survey do not allow for age specific estimates to be provided for smaller age groups). The analysis looks at figures for the 2014 to 2035 period. The start date (of 2014) was used to align with demographic projection data with the end point (2035) aligning with the last period for which Experian has provided an estimate.

Males aged under 25

OBR looks separately at 16-19 and 20-24 whereas Experian has a single 16-24 age group. Not much in this, the OBR rates are slightly more positive but some decline may be a reasonable position to take given changes such as compulsory education to age 18 (although this in itself is only expected to have a modest impact given that the majority of people stay in education to age 18 anyway).

Comparing OBR and Experian economic activity rates for males aged 16-24			
	2014	2035	Change
OBR (16-19)	0.53	0.50	-0.03
OBR (20-24)	0.79	0.81	0.02
Experian (16-24)	0.66	0.62	-0.04

Males aged 25-54

OBR forecast rates for males to decline over time in all age groups from 25 to 54 whereas Experian typically forecast no change (slight increase in the 50-54 age group). It is not considered that there is any basis for forecasting the rates in these age groups to drop and therefore the Experian figures look to be more realistic

Comparing OBR and Experian economic activity rates for males aged 25-54			
	2014	2035	Change
OBR (25-29)	0.92	0.89	-0.03
OBR (30-34)	0.94	0.91	-0.03
OBR (35-39)	0.94	0.90	-0.04
OBR (40-44)	0.93	0.88	-0.05
OBR (45-49)	0.92	0.89	-0.03
OBR (50-54)	0.89	0.86	-0.03
Experian (25-29)	0.91	0.91	0.00
Experian (30-34)	0.93	0.93	0.00
Experian (35-39)	0.94	0.94	0.00
Experian (40-44)	0.92	0.92	0.00
Experian (45-49)	0.93	0.93	0.00
Experian (50-54)	0.89	0.91	0.02

Males aged 55-59

Again, OBR shows a decline in this age group (which is not considered realistic). However, the Experian figures show a reasonable level of increase. We would note that between 2001 and 2011 the rate in this age group increased by 6% (over just 10-years rather than the 21-years shown in the table below). The rate of change assumed by Experian is therefore about half of the level seen in the decade to 2011 and on that basis is probably reasonable. A decline in this age group is not.

Comparing OBR and Experian economic activity rates for males aged 55-59			
	2014	2035	Change
OBR (55-59)	0.82	0.81	-0.01
Experian (55-59)	0.82	0.89	0.07

Males aged 60-64

Both the OBR and Experian agree that this age group will see some increase over time although the scale of the increase is quite different (OBR showing an 8% increase compared with 22% in the Experian data). The rate of change in the Experian data is roughly at the level seen in the 2001-11 decade (which had an increase of just over 9%) and is therefore probably more realistic than the OBR figures. However, the rate change is quite notable and this may in part be due to changes to pensionable age with people in this age group (by 2035) being some way further away from retiring than the same age cohort in 2014.

Comparing OBR and Experian economic activity rates for males aged 60-64			
	2014	2035	Change
OBR (60-64)	0.59	0.67	0.08
Experian (60-64)	0.58	0.80	0.22

Males aged 65-74

Again, both sources show an increase in rates although figures in the OBR are much more modest. This is a difficult age group to properly gauge as it is clear that changes to pensionable age (for the 65-69) age group may well have a significant impact. For this reason, it is likely that the Experian figures are more realistic for this age group. Looking across the whole 65-74 age group we would note that between the 2001 and 2011 Census the economic activity of this age group increased by 9% (from 11% to 20%). Hence the Experian forecast looks to be in-line with past trend levels (when the two age groups are considered together) and it should be noted that the 2001-11 period was not one in which changes to pensionable age would have directly impacted on activity rates.

Comparing OBR and Experian economic activity rates for males aged 65-74			
	2014	2035	Change
OBR (65-69)	0.26	0.37	0.11
OBR (70-74)	0.12	0.14	0.02
Experian (65-69)	0.26	0.53	0.27
Experian (70-74)	0.12	0.20	0.08

Males 75+

In this case, each of the sources use different age bandings but a reasonable comparison can still be made. Overall the OBR expects a very modest increase in the participation rates amongst males age 75 and 89 with Experian showing no change. On balance the OBR rates are probably more robust as we would probably expect some increase as people's health improves and pension availability dwindles. However, it is the case that this age group has low activity rates and these are forecast to remain low (and will not therefore have any substantial impact on estimates of the economically active population when set against demographic projections).

Comparing OBR and Experian economic activity rates for males aged 75+			
	2014	2035	Change
OBR (75-89)	0.04	0.06	0.01
Experian (75-79)	0.06	0.06	0.00
Experian (80-84)	0.04	0.04	0.00
Experian (85-89)	0.01	0.01	0.00

Conclusions on males

Overall it is clear when looking at past trends and future changes (such as to pensionable age) that the Experian rates are more realistic. Part of this conclusion is pretty conclusive (e.g. it is unrealistic to expect male participation rates in the 25-54 age groups to fall as they do with the OBR figures) whereas for some age groups (particularly the groups age 55 and over) there is clearly some degree of judgement. The judgements made by Experian do not however look to be unrealistic when set against other information (i.e. the past trends and changes to pensionable age).

Females aged under 25

OBR looks separately at 16-19 and 20-24 whereas Experian has a single 16-24 age group. Not much in this, the OBR rates are slightly more positive but some decline may be a reasonable position to take given changes such as compulsory education to age 18 (although this in itself is only expected to have a modest impact given that the majority of people stay in education to age 18 anyway).

Comparing OBR and Experian economic activity rates for females aged under 25			
	2014	2035	Change
OBR (16-19)	0.51	0.49	-0.03
OBR (20-24)	0.71	0.70	-0.01
Experian (16-24)	0.64	0.61	-0.03

Females aged 25-54

OBR forecast rates for females to decline over time in all age groups from 25 to 39 along with modest or little change for the 40-44 and 45-49 groups. Experian forecast for there to be very modest increases in these age groups (an increase of 1% to 2% over the 21-years depending on the age group studied). It is not considered that there is any basis for forecasting the rates in these age groups to drop and therefore the Experian figures look to be more realistic. However, this can also be tested against past trend data. Between 2001 and 2011 all age groups from 25-54 showed an increase in rates of between 4% and 8%, hence the modest changes forecast by Experian are significantly below this past trend.

Comparing OBR and Experian economic activity rates for females aged 25-54			
	2014	2035	Change
OBR (25-29)	0.77	0.75	-0.03
OBR (30-34)	0.78	0.75	-0.04
OBR (35-39)	0.79	0.77	-0.02
OBR (40-44)	0.81	0.81	0.00
OBR (45-49)	0.83	0.84	0.01
OBR (50-54)	0.80	0.81	0.00
Experian (25-29)	0.77	0.78	0.01
Experian (30-34)	0.78	0.79	0.01
Experian (35-39)	0.79	0.81	0.02
Experian (40-44)	0.81	0.83	0.02
Experian (45-49)	0.83	0.84	0.01
Experian (50-54)	0.80	0.82	0.02

Females aged 55-59

Both OBR and Experian forecast there to be some increase in this age group although the Experian figures are double that shown by OBR. We would note that between 2001 and 2011 the rate in this age group increased by 13% (over just 10-years rather than the 21-years shown in the table below). The rate of change assumed by Experian is therefore less than half of the level seen in the decade to 2011 and on that basis is probably reasonable.

Comparing OBR and Experian economic activity rates for females aged 55-59			
	2014	2035	Change
OBR (55-59)	0.70	0.74	0.04
Experian (55-59)	0.71	0.79	0.08

Females aged 60-64

Both the OBR and Experian agree that this age group will see some increase over time although the Experian figures do show a higher level of increase (at 28% compared with 19%). The rate of change in the Experian data is not dissimilar to the level seen in the 2001-11 decade (which had an increase of about 13%) and is therefore probably more realistic than the OBR figures. It should also be recognised that between 2014 and 2035 many of this age group will move from having been of pensionable age to being of working-age and this will have a (notable) upward impact on the proportions who are economically active.

Comparing OBR and Experian economic activity rates for females aged 60-64			
	2014	2035	Change
OBR (60-64)	0.41	0.60	0.19
Experian (60-64)	0.42	0.70	0.28

Females aged 65-74

Again, both sources show an increase in rates although figures in the OBR are more modest. This is a difficult age group to properly gauge as it is clear that changes to pensionable age (for the 65-69) age group may well have a significant impact. For this reason, it is likely that the Experian figures are more realistic for this age group. Looking across the whole 65-74 age group we would note that between the 2001 and 2011 Census the economic activity of this age group more than doubled - increasing by 7% (from 6% to 13%). Hence the Experian forecast looks to be more in-line with past trend levels (when the two age groups are considered together) and it should be noted that the 2001-11 period was not one in which changes to pensionable age would have directly impacted on activity rates.

Comparing OBR and Experian economic activity rates for females aged 65-74			
	2014	2035	Change
OBR (65-69)	0.17	0.33	0.16
OBR (70-74)	0.07	0.12	0.05
Experian (65-69)	0.16	0.43	0.27
Experian (70-74)	0.07	0.15	0.08

Females aged 75+

In this case, each of the sources use different age bandings but a reasonable comparison can still be made. Overall the OBR expects a very modest increase in the participation rates amongst females aged 75 and 89 with Experian showing no change. On balance the OBR rates are probably more robust as we would probably expect some increase as people's health improves and pension availability dwindles. However, it is the case that this age group has low activity rates and these are forecast to remain low (and will not therefore have any substantial impact on estimates of the economically active population when set against demographic projections).

Comparing OBR and Experian economic activity rates for females aged 65-74			
	2014	2035	Change
OBR (75-89)	0.02	0.04	0.02
Experian (75-79)	0.04	0.04	0.00
Experian (80-84)	0.01	0.01	0.00
Experian (85-89)	0.00	0.00	0.00

Conclusions on females

Overall it is clear when looking at past trends and future changes (such as to pensionable age) that the Experian rates are more realistic. Part of this conclusion is pretty conclusive (e.g. it is unrealistic to expect female participation rates in the 25-39 age groups to fall as they do with the OBR figures) whereas for some age groups (particularly the groups age 55 and over) there is clearly some degree of judgement. The judgements made by Experian do not however look to be unrealistic when set against other information (i.e. the past trends and changes to pensionable age).

SUMMARY TABLES

The summary tables below look at the per annum change in activity rates from each of Experian and OBR (2014-35); these figures are compared with a per annum change drawn from the Census. It should be noted that the Experian and OBR figures are for the United Kingdom whereas the Census figures (due to data availability) are for England and Wales; this distinction will not have any meaningful impact on the comparison. The tables have been colour coded to identify where projected figures are above or below past trends (as shown below):

- **XXXX** – figure is more positive than past trends
- **XXXX** – figure is less positive than past trends

MALES

Both the OBR and Experian are less positive than past trends for the majority of age groups (10 out of 11 for OBR and 7 out of 11 for Experian).

Experian forecasts are closer to past trends for all age groups. Overall, the analysis would support Experian as being a better basis for looking at future economic activity rates than the OBR.

Comparing past trends and forecast changes to economic activity rates – males (all age groups)					
	Census (2001-11)	OBR	Experian	Which is closest to past trend	Notes
16-24	-0.40%	-0.04%	-0.20%	Experian	
25-29	-0.02%	-0.13%	0.00%	Experian	
30-34	0.06%	-0.14%	0.00%	Experian	
35-39	0.05%	-0.18%	0.00%	Experian	
40-44	0.09%	-0.22%	0.00%	Experian	
45-49	0.18%	-0.15%	0.00%	Experian	
50-54	0.31%	-0.13%	0.10%	Experian	
55-59	0.60%	-0.05%	0.35%	Experian	
60-64	0.91%	0.38%	1.05%	Experian	
65-69	1.12%	0.54%	1.30%	Experian	Impacted by changes to pensionable age
70-74	0.51%	0.08%	0.40%	Experian	
75-89	NA	0.06%		NA	

Source: Census, OBR and Experian

FEMALES

Both the OBR and Experian are less positive than past trends for the majority of age groups (11 out of 11 for OBR and 8 out of 11 for Experian).

Experian forecasts are closer to past trends for all age groups other than 16-24 and 65-69 although it should be noted that this latter age group is one where changes to pensionable age will not be reflected in past trends.

Overall, the analysis would support Experian as being a better basis for looking at future economic activity rates than the OBR.

Comparing past trends and forecast changes to economic activity rates – females (all age groups)					
	Census (2001-11)	OBR	Experian	Which is closest to past trend	Notes
16-24	-0.07%	-0.09%	-0.15%	OBR	
25-29	0.40%	-0.12%	0.05%	Experian	
30-34	0.63%	-0.18%	0.05%	Experian	
35-39	0.48%	-0.09%	0.10%	Experian	
40-44	0.44%	0.01%	0.10%	Experian	
45-49	0.55%	0.05%	0.05%	Experian	
50-54	0.81%	0.01%	0.10%	Experian	
55-59	1.27%	0.18%	0.40%	Experian	
60-64	1.25%	0.90%	1.35%	Experian	Impacted by changes to pensionable age
65-69	0.87%	0.77%	1.30%	OBR	Impacted by changes to pensionable age
70-74	0.37%	0.25%	0.40%	Experian	
75-89	NA	0.12%	0.00%	NA	

Source: Census, OBR and Experian

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