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News in Review

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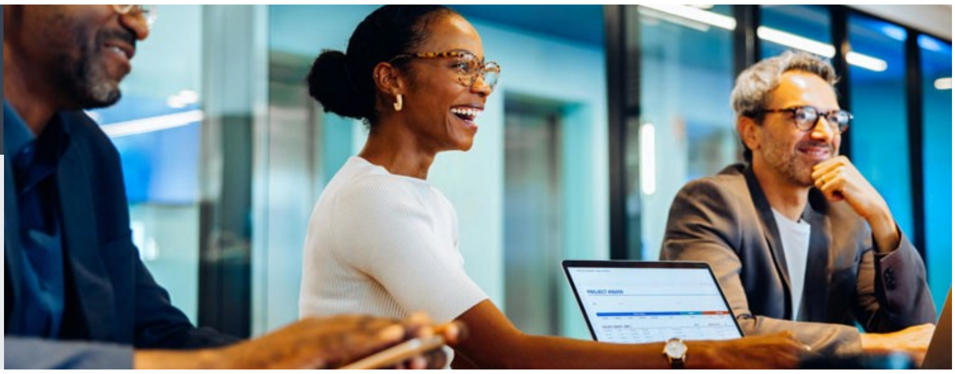
"The fastest growth in the G7 this year"



The UK economy grew by 0.4% between April and June, according to the latest figures from the Office for National Statistics (ONS). This followed growth of 0.6% in the first three months of the year, providing some welcome signs of resilience in the economy.

Responding to the figures, Chancellor John Healey said the UK had seen the "*fastest growth in the G7 this year*", acknowledging the need to continue driving growth across the country. ONS Director of Economic Statistics Liz McKeown noted that growth "*remained relatively robust*" despite slowing from the previous quarter, with services continuing to drive economic activity.

Signalling that consumers are feeling more positive, the latest Barclays Consumer Spend Report found that confidence in the strength of the UK economy reached 30% in July, a six-percentage point increase from June and the highest level for 21 months. However, the outlook remains uncertain, with global geopolitical tensions and their potential impact on energy prices, inflation and economic growth continuing to create challenges for households and businesses.

Latest employment and earnings figures

The latest ONS labour market figures show that the UK unemployment rate was estimated at 4.9% between April and June 2026. This was 0.1 percentage points lower than the previous quarter but was overall 0.2 percentage points higher than a year earlier. The employment rate for people aged 16 to 64 was estimated at 75.1%, up slightly on the previous quarter but down 0.2 percentage points over the year.

Meanwhile, annual growth in regular earnings, excluding bonuses, was 3.5% between April and June, while total earnings increased by 4.1%. After adjusting for inflation using CPI, regular pay increased by 0.7% in real terms and total pay by 1.3%.

Early estimates for July indicate that there were 30.3 million payrolled employees in the UK, 94,000 fewer than a year earlier. However, the number was broadly unchanged compared with that of June, falling by 13,000.

Women bear the brunt of rising pensioner poverty

Pensioner poverty has been rising steadily in the UK over the past decade, largely driven by the growing number of single retirees, according to a major new report by consultancy LCP published on Monday.

Poverty among pensioners increased from 15.7% in 2012/13 to 18.6% in 2023/24, with single pensioners now almost twice as likely to experience poverty as couples. The report highlights that women are particularly vulnerable, accounting for around two-thirds of single pensioners living in poverty. Factors such as inadequate pension sharing after divorce, lower lifetime earnings and the persistent gender pension gap contribute to this trend. LCP is urging the government's Pensions Commission to consider reforms that better protect single retirees, especially women, in later life.

Water bills set to rise

Some households could face further increases to their water bills after regulator Ofwat provisionally approved £3.4bn of additional investment.

The funding covers projects designed to improve infrastructure, drinking water quality and environmental resilience, plus supporting new housing and data centres.

The proposals could result in additional costs for customers of some water companies from 2027. They come on top of previously agreed increases in water bills, adding to concerns about continued pressure on household finances. A final decision on the additional funding is expected later this year.

Zero-hours reforms could cost businesses up to £2.9bn

Government plans to strengthen protections for workers on zero-hours contracts could cost UK employers as much as £2.9bn a year, according to an official impact assessment. The proposed reforms are designed to give workers greater certainty over their hours by requiring employers to offer guaranteed hours in certain cases. Government analysis estimates that the direct annual cost to businesses could range from £350m to £2.9bn, depending on how the final rules are implemented.

Business groups have raised concerns about the potential cost and administrative burden of the changes, particularly for sectors relying heavily on flexible working arrangements. Supporters of the reforms argue that they will provide greater security and predictability for workers.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.