MANCHESTER 1824
The University of Manchester

Manchester Urban Institute

Spatial Policy and Analysis Laboratory

www.mui.manchester.ac.uk/spal

mui@manchester.ac.uk

@UoM_Spal @UoMUrban

Visualising regional inequalities

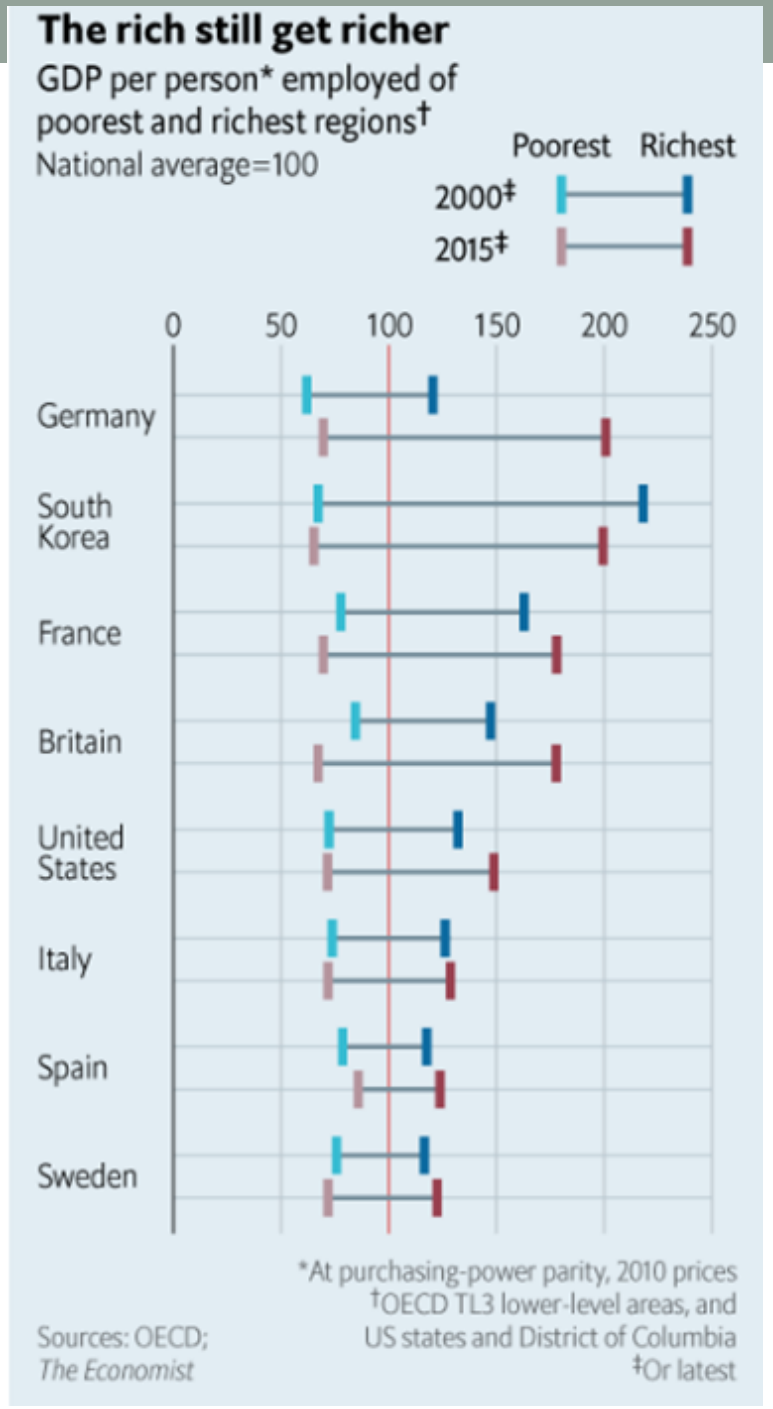
Professor Cecilia Wong & Dr. Helen Wei Zheng

Department of Planning, Property & Environmental Management

Manchester Urban Institute

The University of Manchester


Where the Story
begins? .....

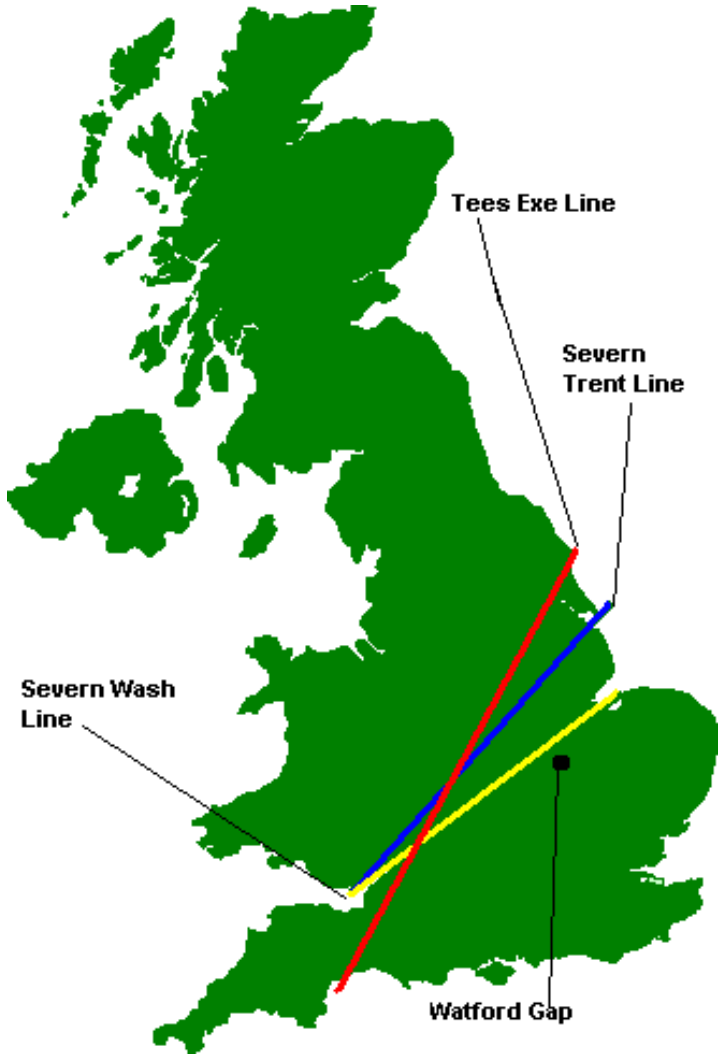


The challenges of charting regional inequality:

There is no perfect measure, but context is everything

(Selby-Boothroyd, 2018)

Uneven spatial development



The Aims of the Commission

The UK2070 Commission aims to:

- Reinforce the devolution agenda for cities, regions and nations to maximise their potential for sustainable and inclusive growth;
- Add value to the emerging range of national strategies for planning, housing, industry, land use, environment and infrastructure – through greater integration and clarity in their place-based implications;
- Develop more inclusive and empowering approaches to national and strategic decision-making; and investment for regions, cities, towns and communities; and
- Draw on UK and international experience in tackling issues of spatial inequalities.

“If Government wants to fulfil their ambitions of ‘levelling up’ then the planning service at local authorities must be an integral part of that - if it is restricted, they will fail.”

Lord Kerslake
Former Head of the Civil Service
Chair of the UK2070 Commission

UK2070 COMMISSION

UK2070 COMMISSION

An Inquiry into Regional Inequalities
Towards a Framework For Action

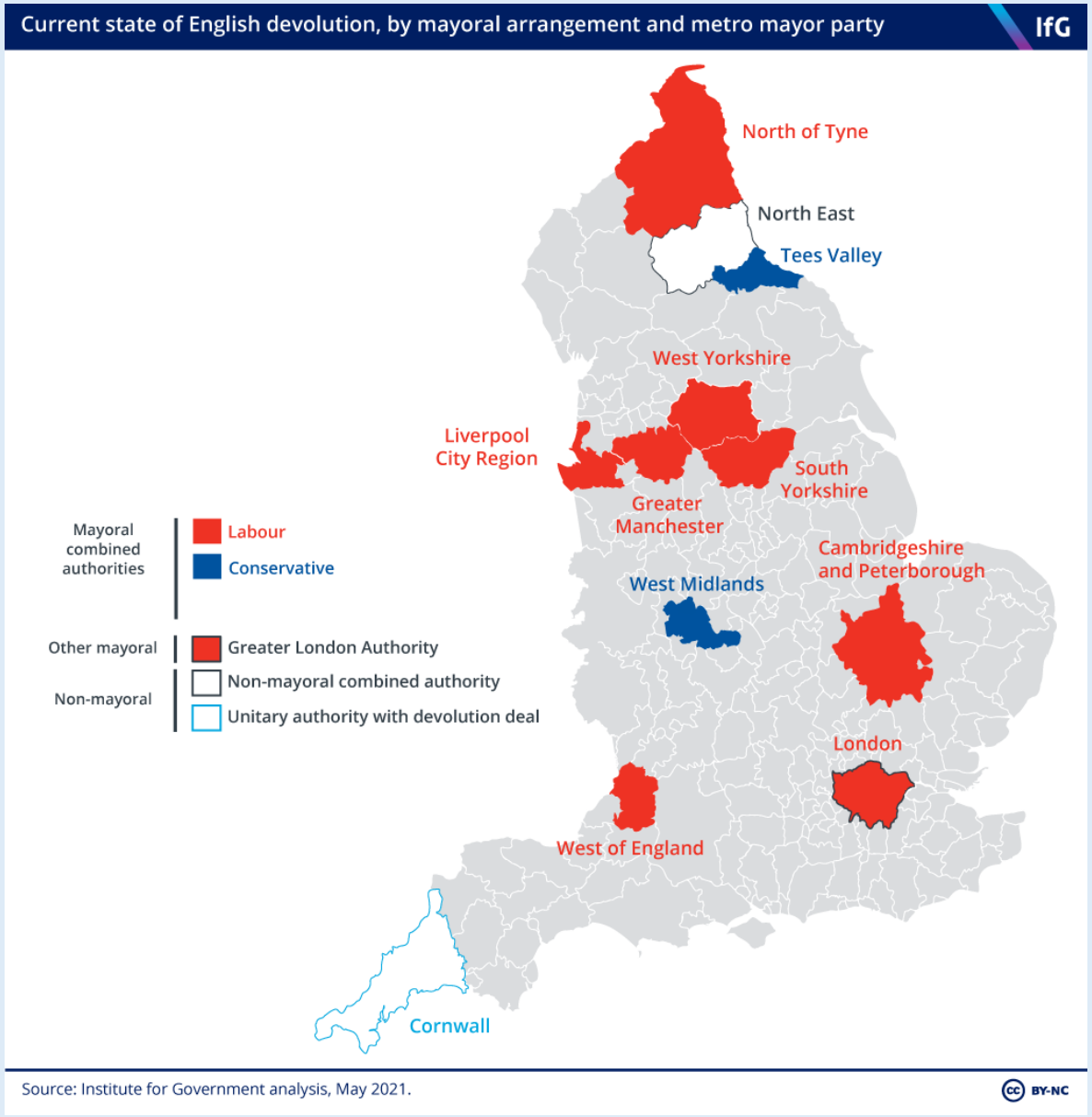
LINCOLN INSTITUTE OF LAND POLICY · The University Of Sheffield · MANCHESTER 1824 The University of Manchester · UCL

The UK2070 Commission is an independent inquiry into city and regional inequalities in the UK. Chaired by Lord Kerslake, it has been set up to conduct a review of the policy and spatial issues related to the UK’s long-term city and regional development.

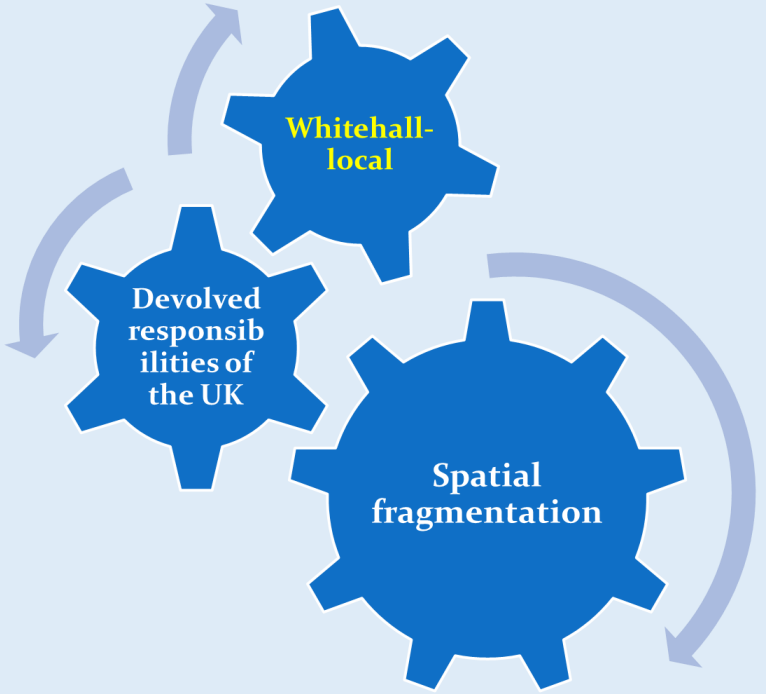
The Commission’s formal Call For Evidence remains open, and we are still gladly accepting submissions. We will be publishing our progress report in early 2019.

The work of the UK2070 Commission is being supported by Turner and Townsend, a professional services company headquartered in Leeds.

Turner & Townsend


Current state of English devolution, by mayoral arrangement and metro mayor party
IfG
North of Tyne
North East
Tees Valley
West Yorkshire
Liverpool City Region
South Yorkshire
Greater Manchester
Cambridgeshire and Peterborough
West Midlands
London
West of England
Cornwall
Mayoral combined authorities
Labour
Conservative
Other mayoral
Greater London Authority
Non-mayoral
Non-mayoral combined authority
Unitary authority with devolution deal
Source: Institute for Government analysis, May 2021.
BY-NC


THE DEVO 3.0 REVIEW
LAYING THE FOUNDATIONS FOR MORE AND BETTER DEVOLUTION
An Audit of Devolution Decision Makers' and Opinion Formers' Views for the UK2070 Commission
Review conducted by Steve Barwick and Jack Hutchison of
devo connect
February 2020
devoconnect.co.uk


Whitehall-local
Devolved responsib ilities of the UK
Spatial fragmentation


UK2070 COMMISSION
UK2070 TEESSIDE TASK FORCE
Report on Findings
Setting the Foundations for The Next Generation
October 2021

A Policy Dilemma

'the combined result of agglomeration tendencies, the uneven geography of innovation, the wider process of geographical fragmentation of production, and the recursive feedbacks of these forces to the geography of institutional capacities' (Farole et al. 2009:6)

'The trade offs between growth maximization through spatial unevenness and growth enhancement through combating underdevelopment must be rigorously assessed and defined' (Farole, Rodríguez-Pose & Storper, 2009)

Efficiency (aggregate growth) vs Equity (regional convergence)

- The emphasis on the market has resulted in increased investment in London and the South East at the expense of other parts of the UK (Marshall, 2010)
- The government prefer to adopt a non-spatial approach to infrastructure planning to desensitise the political nature of such development projects (Marshall, 2010)
- The differential spatial accessibility across the UK was starkly illustrated via the mapping analysis of key indicators, which led to the conclusion that 'the dominance of the super-London/South East functional area has overshadowed the development of the rest of the UK' (Wong et al., 2006: 54)

Labelled "the productivity puzzle", the UK's decline in productivity since the 2008-2009 Global Financial Crisis has been called the "defining economic question of our age"

Samiri & Millard, 2022

www.niesr.ac.uk/blog/geography-skills-and-productivity

- relates to significantly lower level of UK productivity growth after its sharp fall at the peak of the global financial crisis in 2008 and 2009 when compared to other advanced economies
- Based on ONS' latest 2021 international comparisons of productivity, UK's output per hour worked growth was the second slowest among the G7 countries and the UK's output per hour worked was lower than France, Germany and the United States
- the regional disparities between productivity increases around the London region and stalled or decreasing productivity in some of the northern regions have been particularly apparent over the last two decades

A spatial planning response to macro economic thinking

- *lay bare the spatial patterns of different socio-economic conditions and challenges* faced by different authorities, not setting out to provide a comprehensive account of the underlying reasons for differential local economic performance
- pay specific attention to the *ten combined authority areas*, given that most levelling up debates and devolution deals are focused on these areas

Macro/regional economic analysis vs GIS spatial analysis

What we found?

.....

UK2070 Commission *Go Local:*
The socio-economic landscape of combined and local authority areas in England

Cecilia Wong and Wei Zheng

Spatial Policy & Analysis Lab, Manchester Urban Institute, University of Manchester

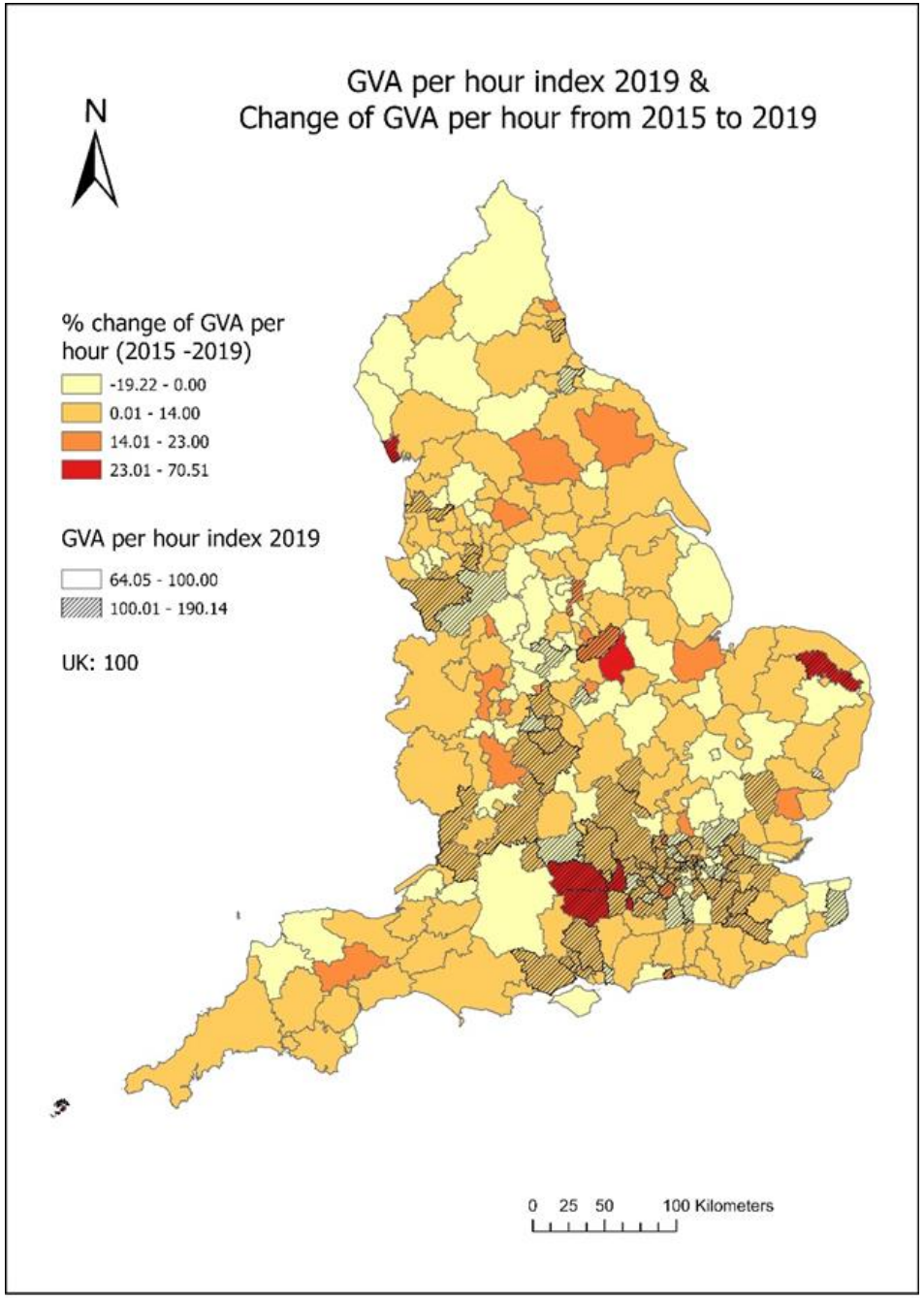
February 2023

Productivity puzzle conceals complex *spatial* puzzle

- very weak statistical correlation between 'GVA per hour worked index' (i.e. labour productivity level) and its change rate (R=0.242 for 2019 data & 0.302 for 2020 data)
- productivity puzzle is not just about the broad-brush painting of the successful vs lagging behind regions

GVA per hour worked and compound GVA annual growth rate

	GVA per Hour Worked (in real price)						
	2004 (£)	2015 (£)	2019 (£)	2020 (£)	2004-19 (%)	2015-19 (%)	2019-20 (%)
Cambridgeshire & Peterborough	33.67	33.59	34.25	32.31	1.71	1.96	-5.66
Greater Manchester	28.96	31.74	33.22	31.49	14.69	4.66	-5.20
Liverpool City Region	31.37	31.94	31.95	29.91	1.84	0.04	-6.39
North East	28.99	30.25	31.66	29.93	9.22	4.65	-5.48
North of Tyne	28.36	29.80	31.36	29.70	10.57	5.24	-5.28
South Yorkshire	27.72	28.91	29.36	27.33	5.90	1.56	-6.93
Tees Valley	29.52	31.86	32.39	30.70	9.72	1.68	-5.23
West Midlands	30.35	31.69	33.11	31.06	9.09	4.47	-6.19
West of England	33.49	36.51	36.68	34.71	9.53	0.47	-5.38
West Yorkshire	29.38	30.34	32.00	30.33	8.92	5.47	-5.21
Greater London	45.36	48.10	49.63	47.25	9.41	3.19	-4.79



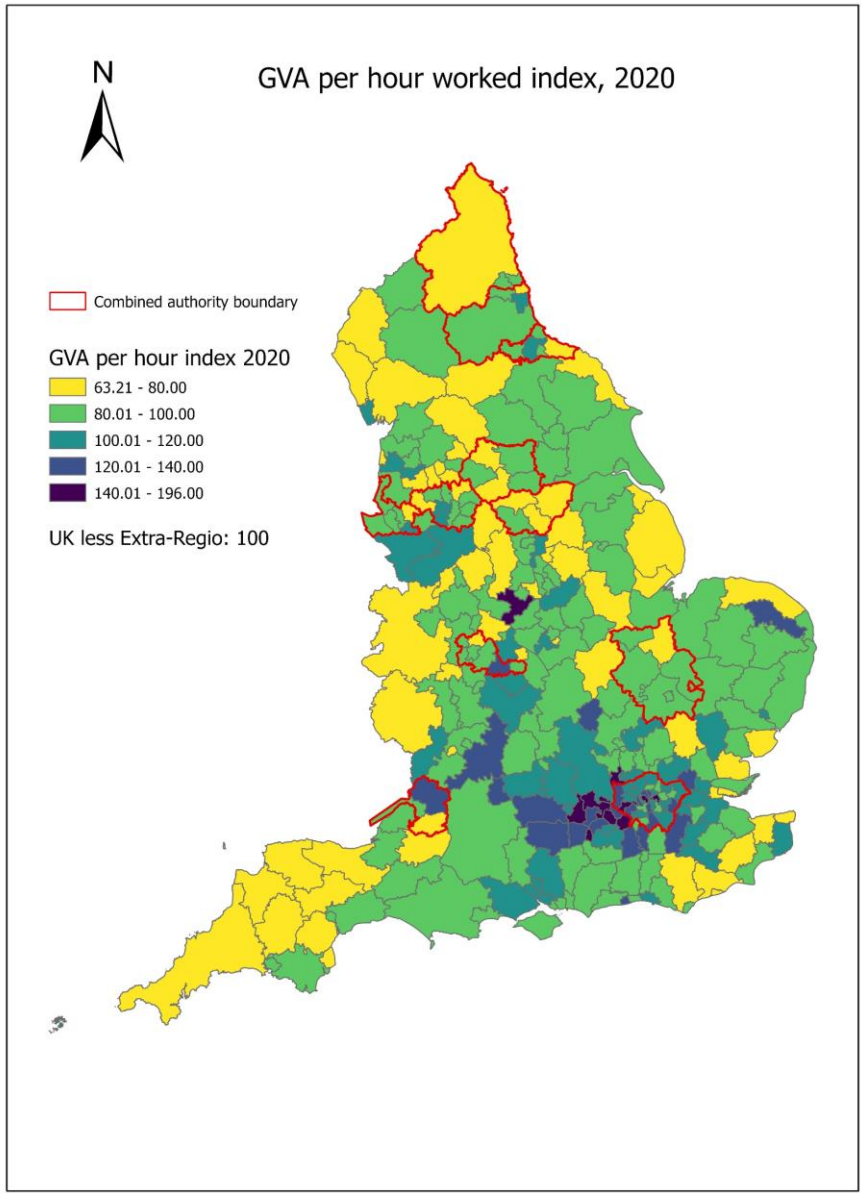
Change in the overall size of economy contributes to labour productivity

Compound annual GVA growth rate

	2015-2019	2015-2020
Cambridgeshire & Peterborough	2.14%	0.03%
Greater Manchester	3.16%	0.54%
Liverpool City Region	1.16%	-1.14%
North East	0.76%	-1.68%
North of Tyne	2.08%	-0.41%
South Yorkshire	1.68%	-0.71%
Tees Valley	0.55%	-1.61%
West Midlands	1.79%	-0.84%
West of England	2.06%	-0.07%
West Yorkshire	2.12%	-0.31%
Greater London	2.54%	0.11%

Compound annual GVA growth rate (2015-2019) & Change in GVA per hour worked (2015-2019)	**0.644*** (41.47% variance)**
Compound annual GVA growth rate (2015-2020) & Change in GVA per hour worked (2015-2020)	0.596*** (35.52% variance)

Labour productivity vs employment growth



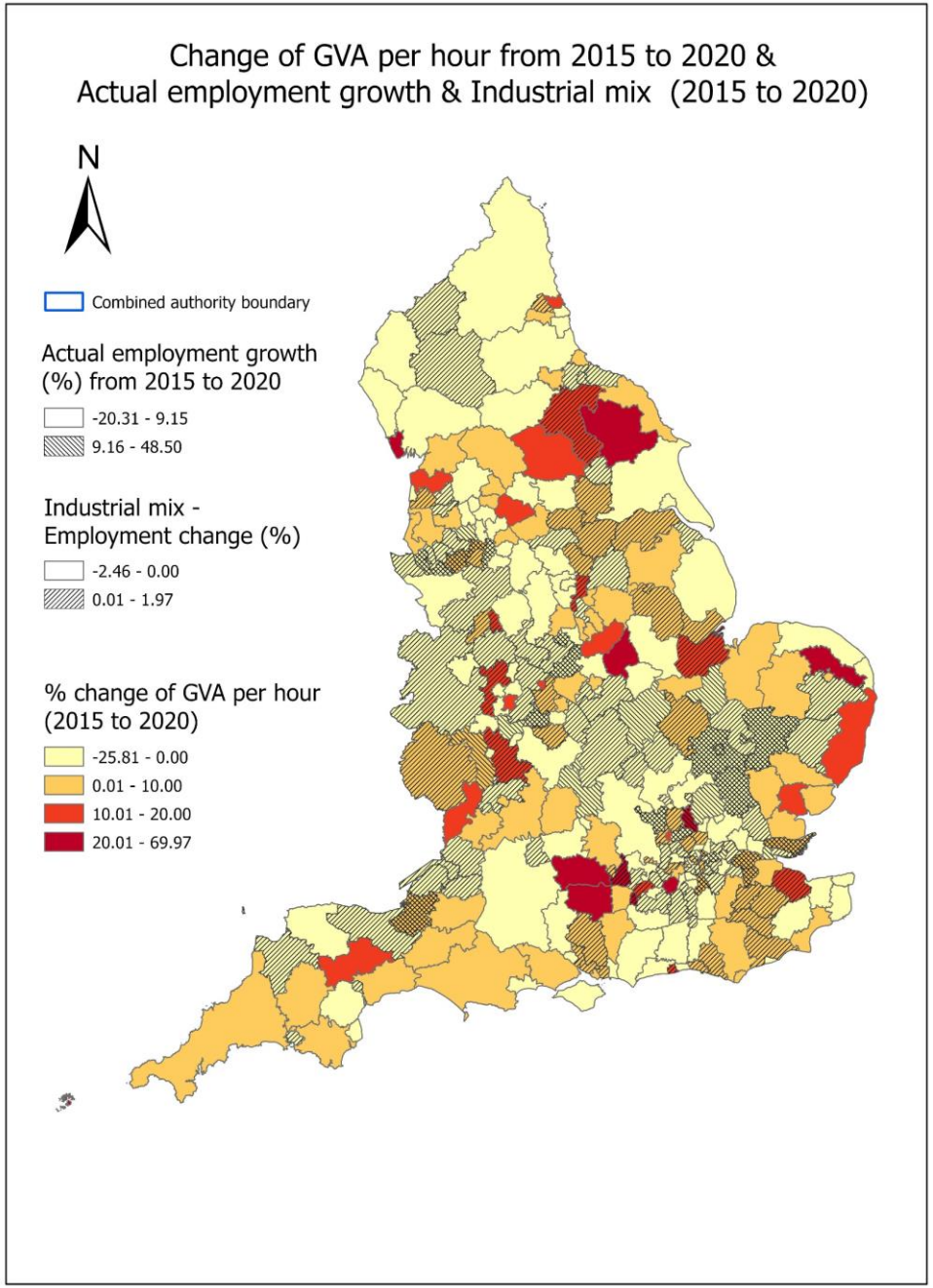
Shift-share analysis of employment change, 2015-2021

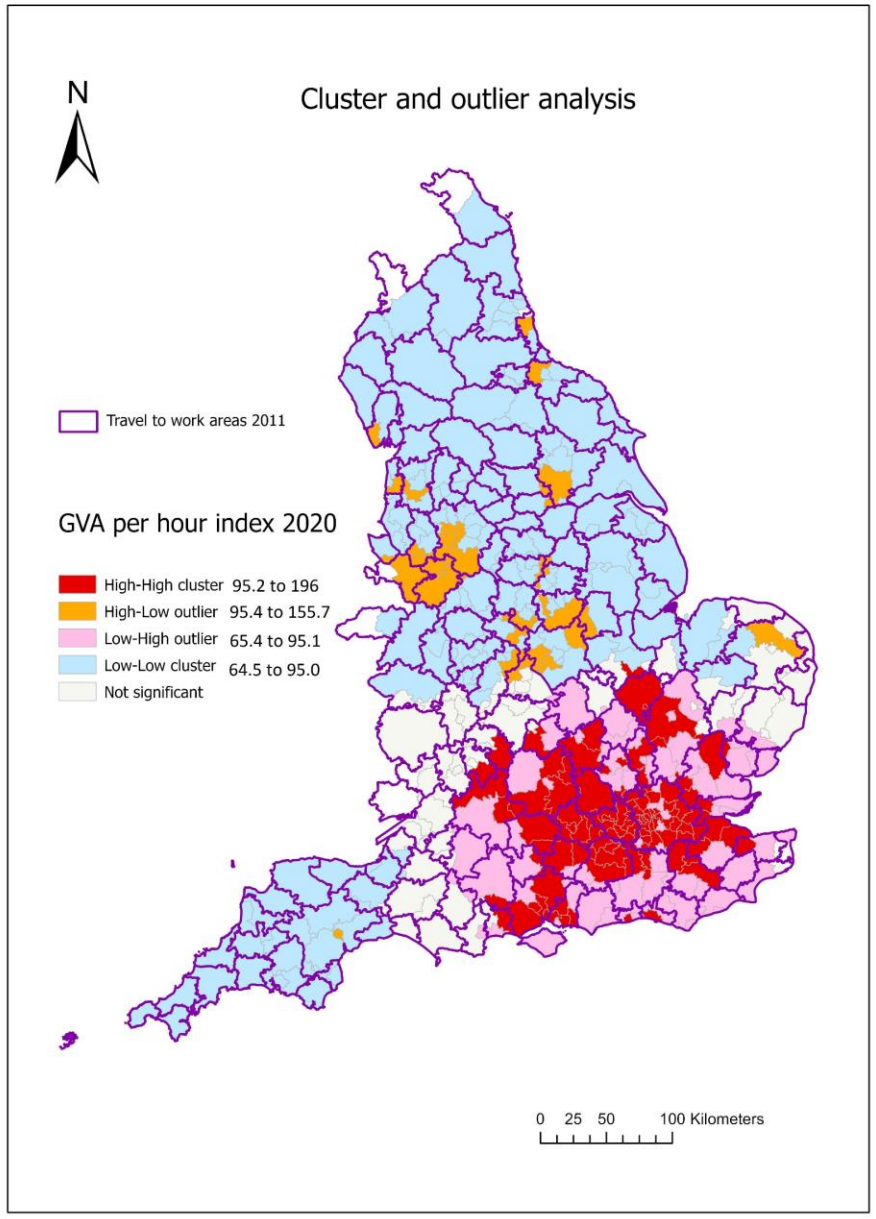
	Actual Growth Rate (%)	National Growth Rate (%)	Industrial Mix Share (%)	Place Competitiveness Share (%)
Cambridgeshire and Peterborough	9.09	5.19	0.12	3.78
Greater Manchester	12.94	5.19	0.08	7.67
Liverpool City Region	11.04	5.19	0.37	5.48
North East	0.89	5.19	-0.98	-3.32
North of Tyne	5.52	5.19	-0.10	0.43
South Yorkshire	4.53	5.19	-0.14	-0.52
Tees Valley	0.24	5.19	0.11	-5.07
West Midlands	5.98	5.19	-0.16	0.95
West of England	12.00	5.19	0.88	5.93
West Yorkshire	4.94	5.19	-0.31	0.07
Greater London	7.20	5.19	1.15	0.86

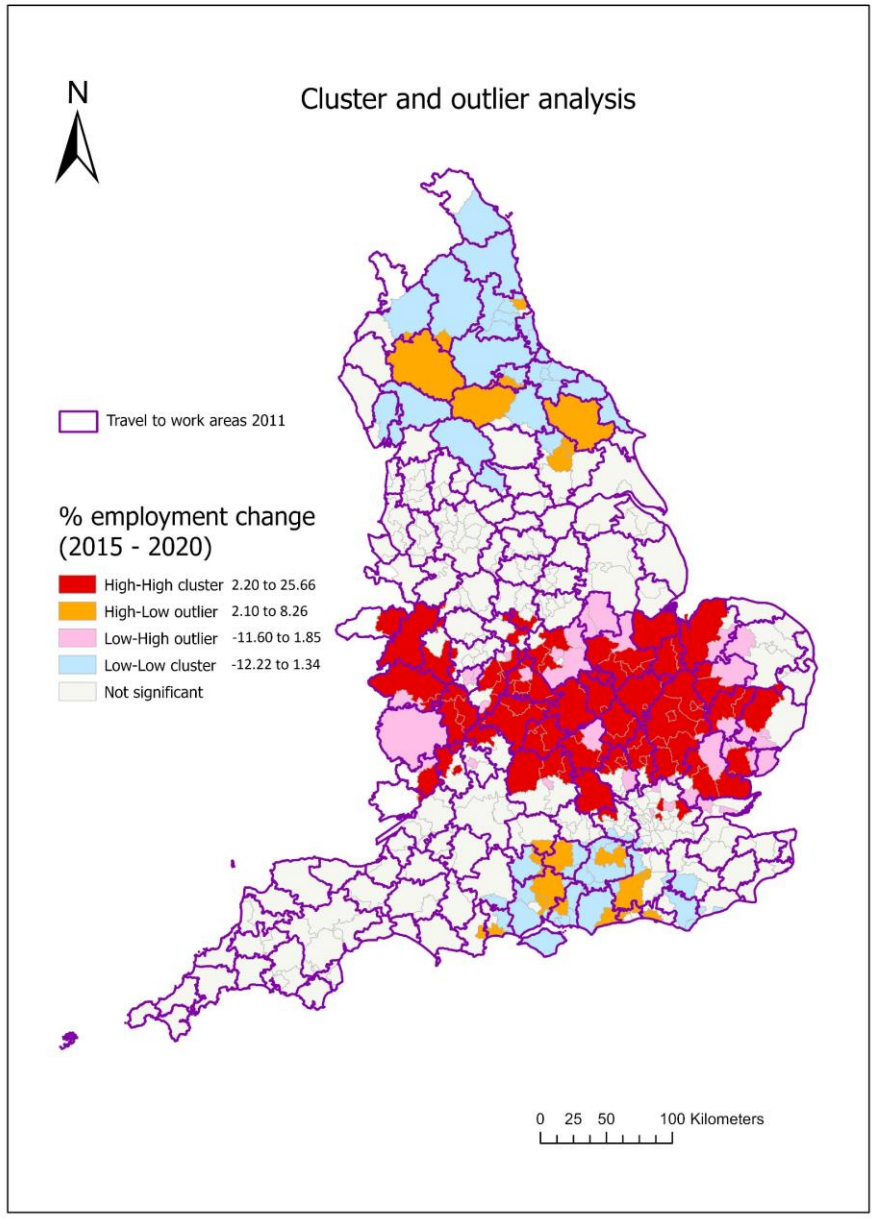
Paradoxical relationship between labour productivity & employment

- GVA per hour worked Index bore no significant statistical relationship with employment change
- GVA per hour worked Index is related to labour quality e.g. NVQ4+ and pay levels
- many areas experiencing high employment growth tended to have low or even negative change in GVA per hour worked
- no statistical significant relationship between different labour market indicators and change in GVA per hour worked

Intertwining forces of BREXIT & COVID-19, though COVID has a sweeping rather than significant differential spatial effect and some areas have negative GVA per hour worked change before COVID struck!



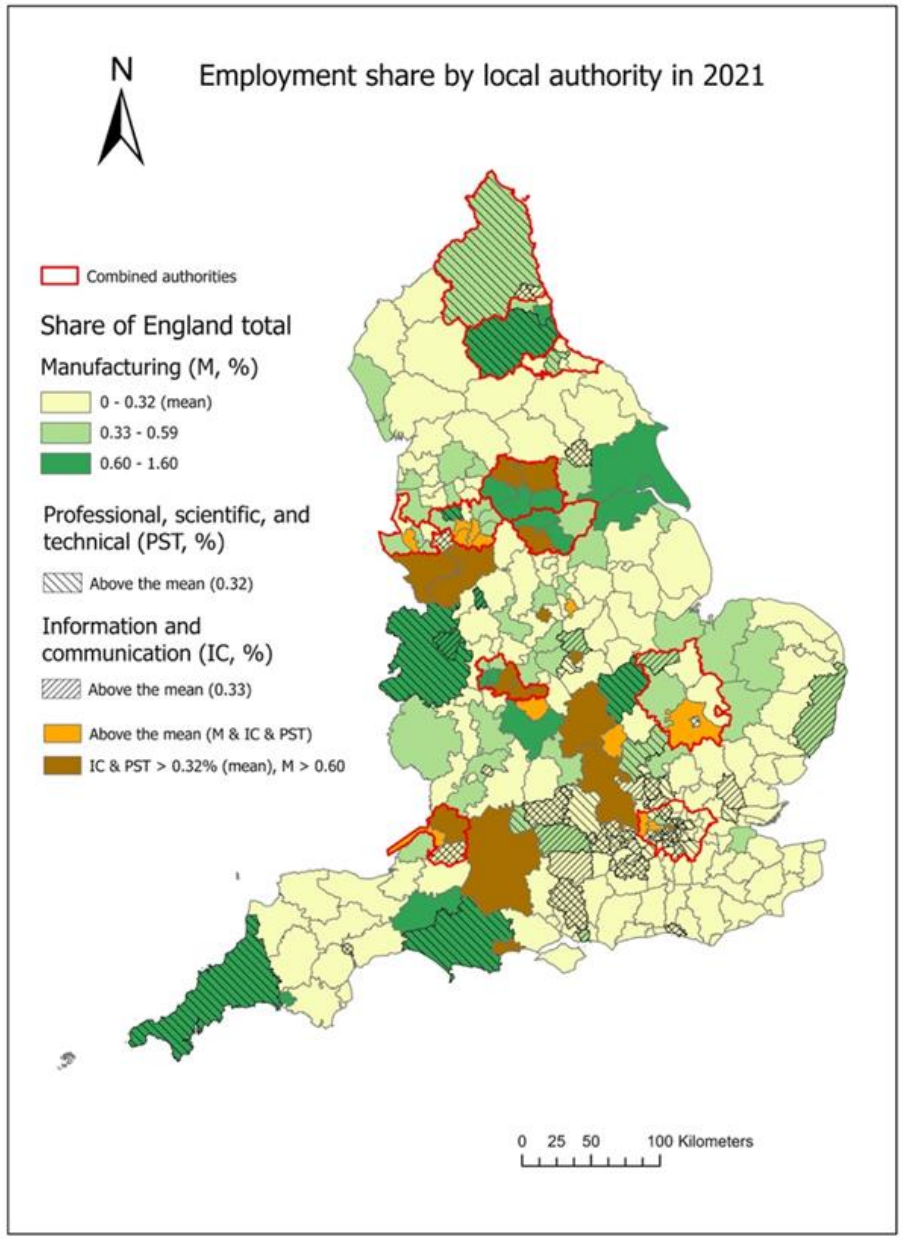


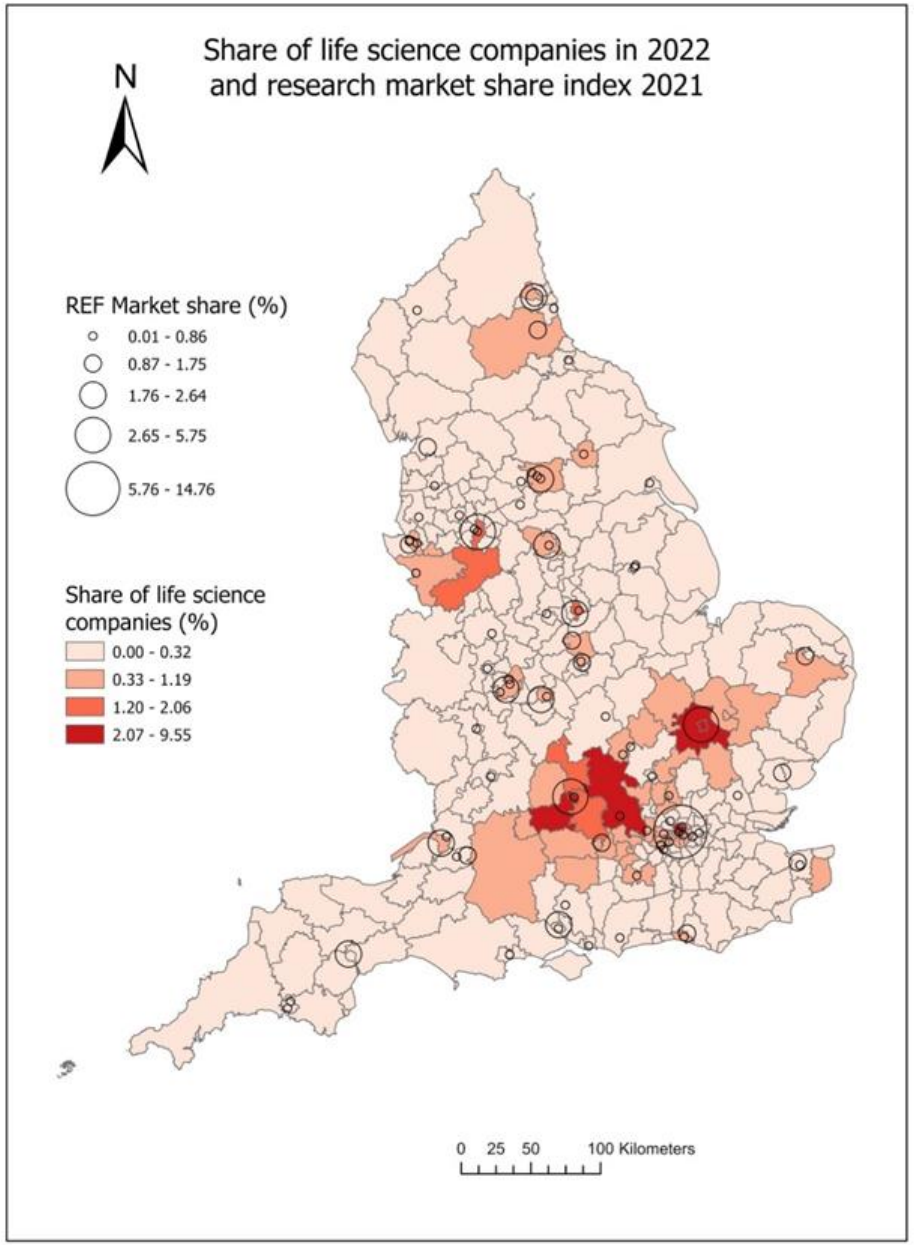


- Decoupling of productivity and employment change
- Functional spatial clusters vs artificial administrative boundaries
- outliers in high and low growth spatial clusters
- complexity of local economic dynamics

Industry matters!

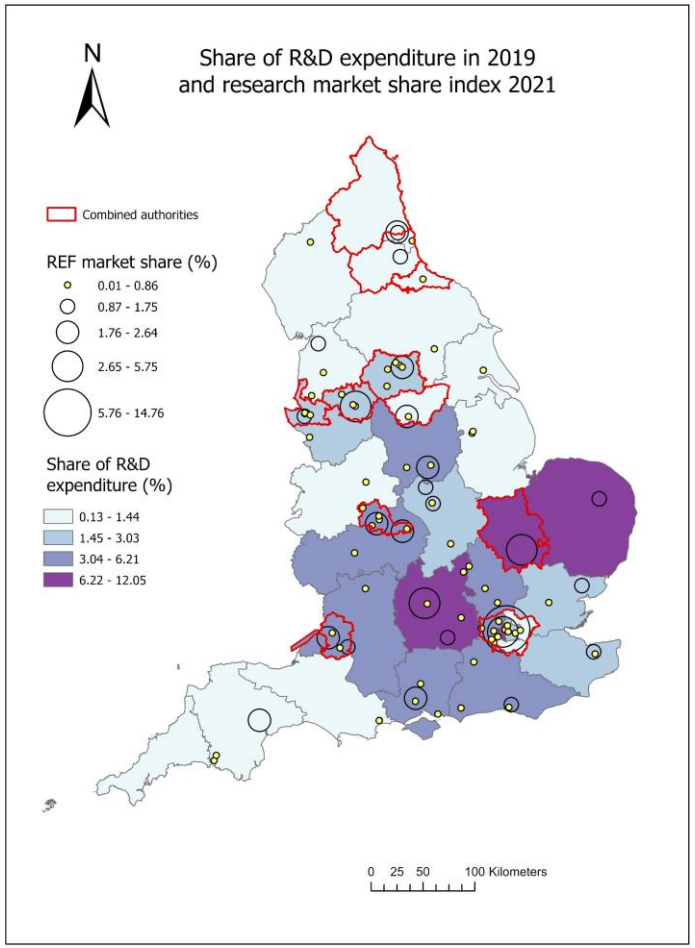
- GVA per hour worked (labour productivity level) bears some weak relationship to the industrial mix
- but stronger with the presence of certain ‘sunrise’ industrial sectors which tends to cluster in certain locations

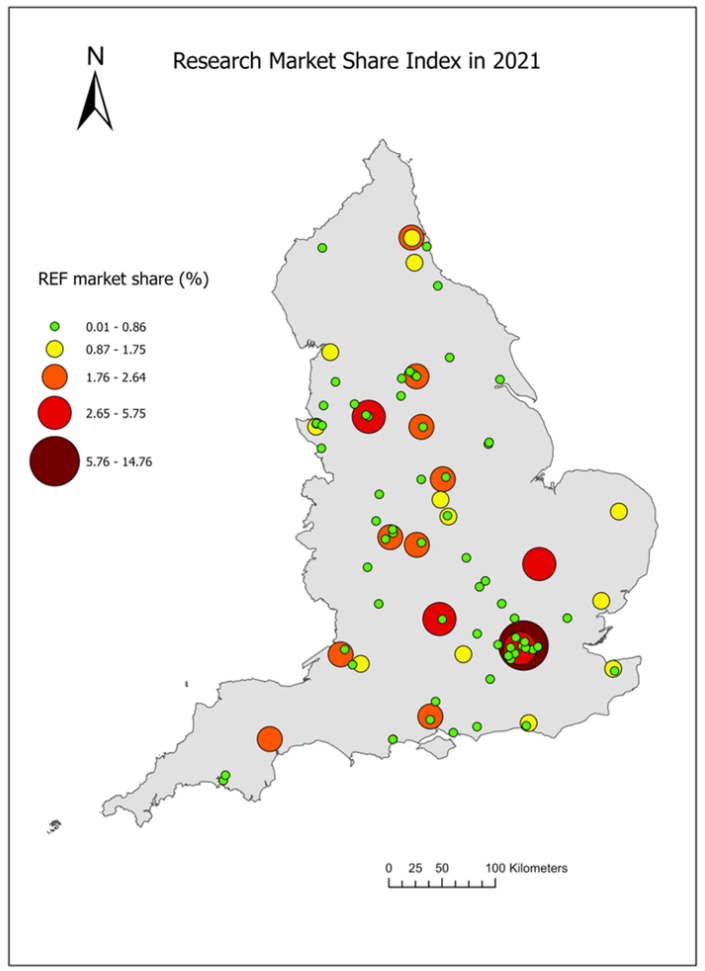




R&D investment matters!

ENGLAND share (%)	Total	Government & UKRI	Higher Education	Business	Private Non-Profit
North East	2.17	2.06	3.38	1.75	3.8
North West	8.72	7.28	9.88	8.73	2.03
Yorkshire and The Humber	5.15	5.35	8.23	4.31	0.63
East Midlands	6.94	3.7	4.76	8.18	0.38
West Midlands	8.55	3.13	6.34	10.03	1.77
East of England	20.2	12.51	13.05	22.91	30.25
London	18.61	24.32	29.61	13.61	46.33
South East	22.06	30.45	18.35	22.67	12.91
South West	7.61	11.19	6.39	7.81	1.9
England	100	100	100	100	100





March 2023 budget announcement:

New R&D model

Innovation Accelerators are a pilot approach to supporting three city regions to become major, globally competitive centres for research and innovation.

The programme is pioneering a new model of R&D decision-making that empowers local leaders to harness innovation in support of regional economic growth.

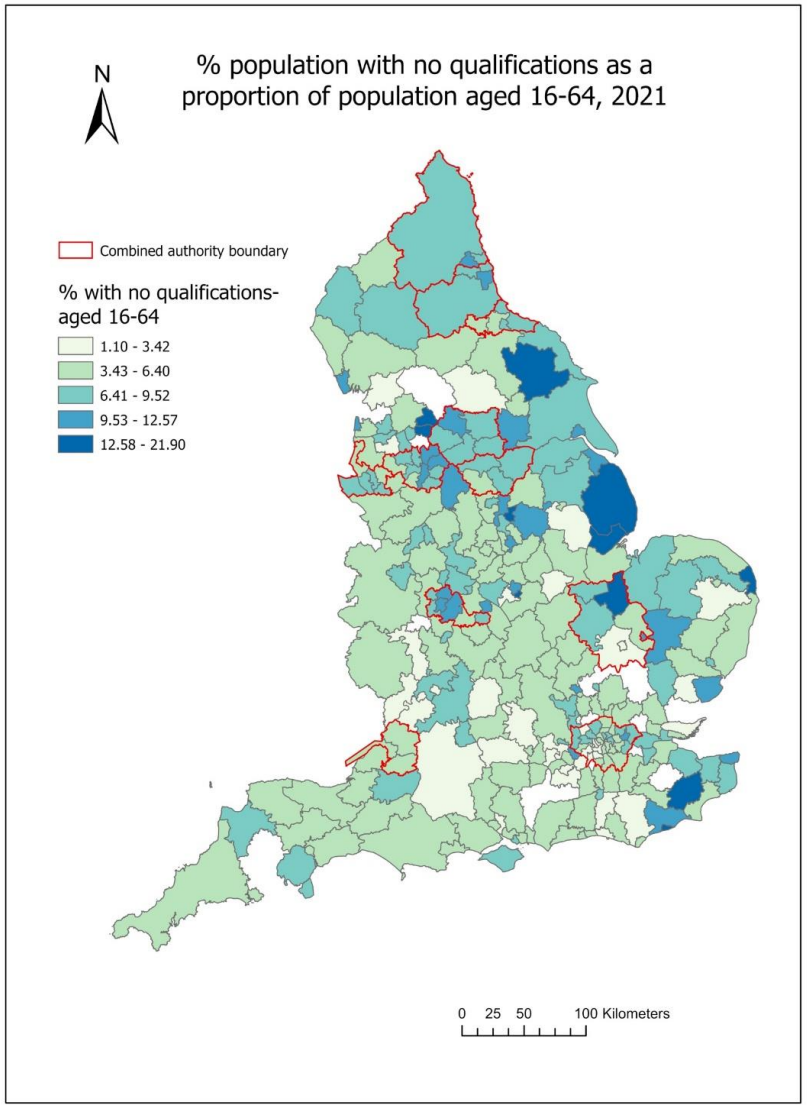
Partnerships of local government, business and R&D institutions in the three city regions have led on selecting the 26 projects, working closely with Innovate UK.

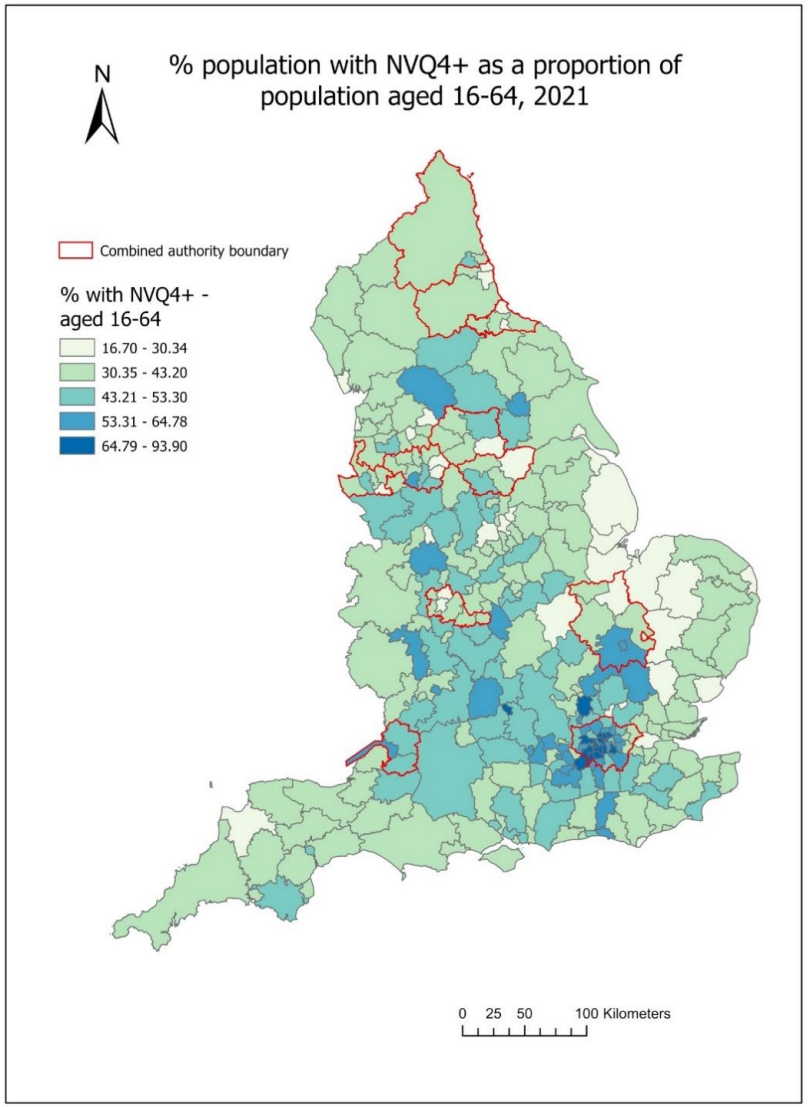
Three city regions

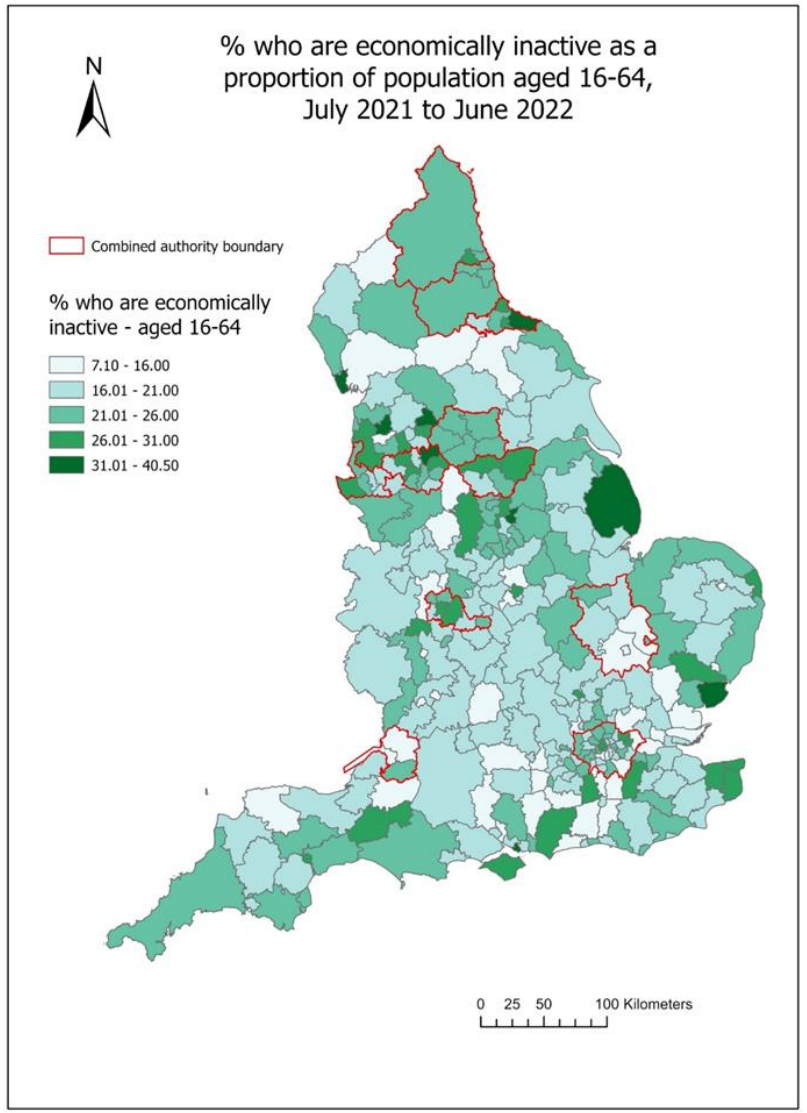
Three city regions in Glasgow, Greater Manchester and West Midlands were chosen to pilot this programme in recognition of their R&D strengths, robust private and public innovation governance and strong local leadership.

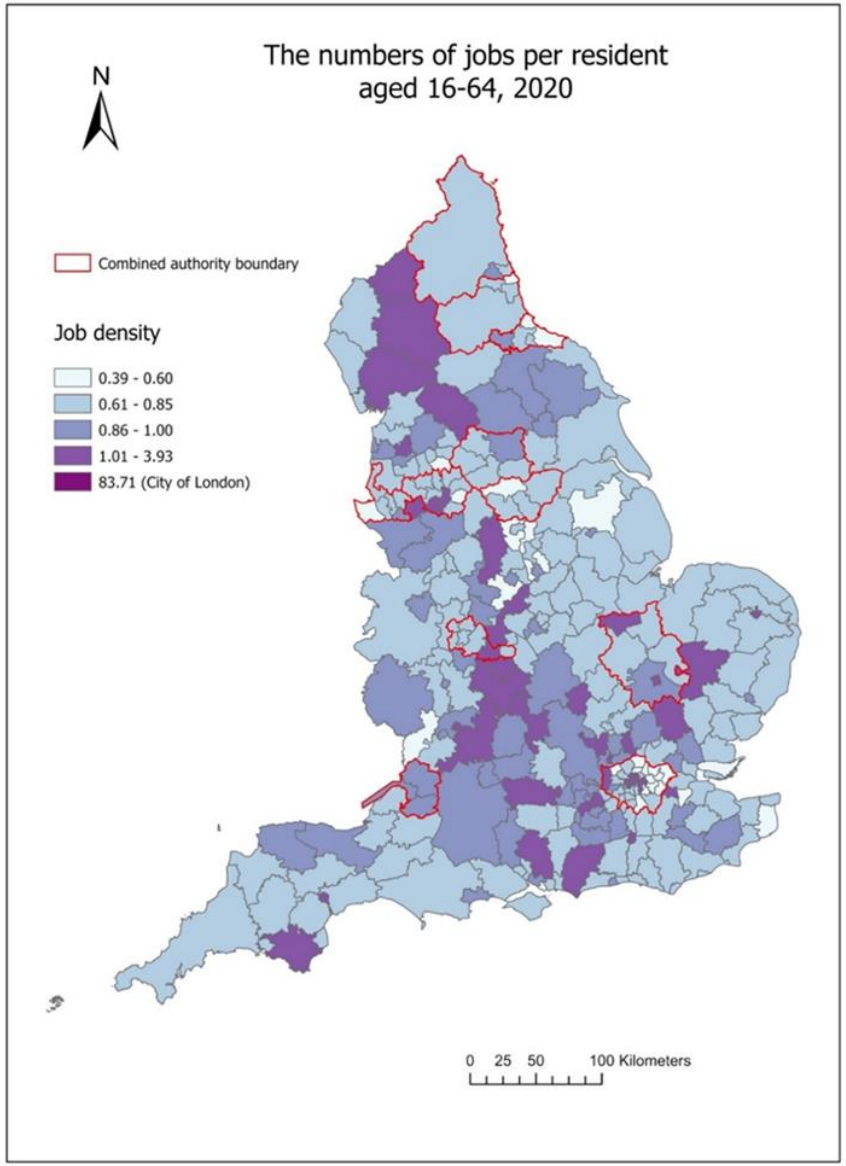
The £100 million funding is being shared across those three regions and has been allocated using a pioneering 'locally-led' approach.

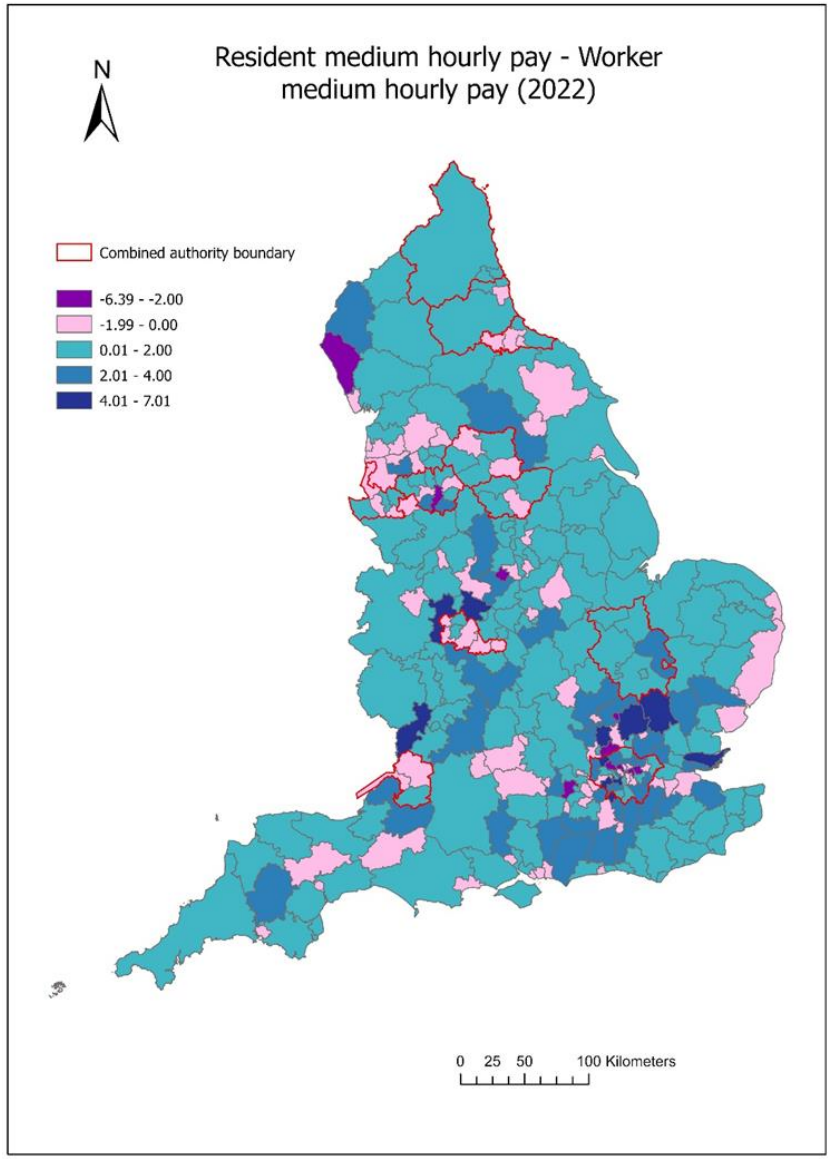
Quality of labour force and labour market mismatch

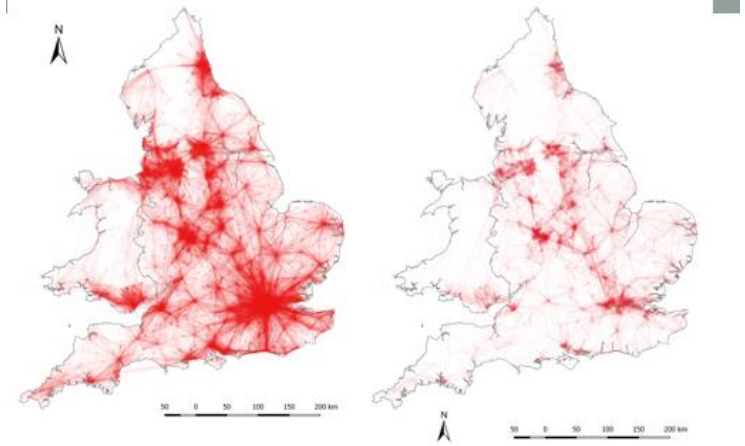




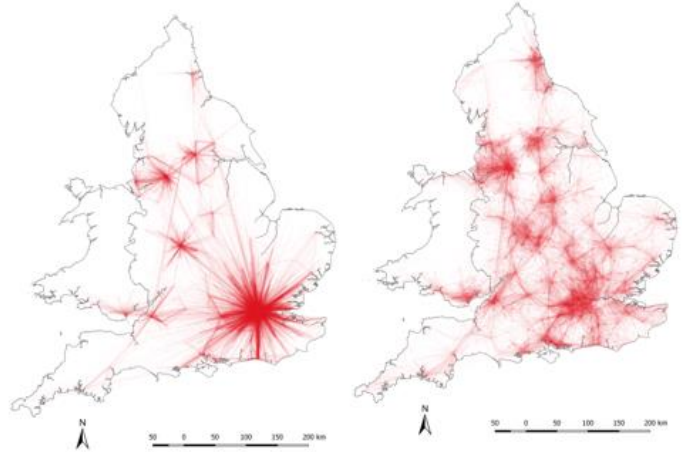








Commuting flows: (a) all; (b) Blue Collar Traits; (c) High Flyers; (d) Tech and City Type (clockwise from top left hand corner)



Deprivation, poor environment and health of population