

The future of the industrial regions

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2: Rebalancing the Economy :I

“We both want to build a new economy from the rubble of the old. We will support sustainable growth and enterprise, balanced across all regions and all industries.”

(Coalition Agreement, May 2010)

3: Rebalancing the economy: II

“We want to create a fairer and more balanced economy, where we are not so dependent on a narrow range of economic sectors, and where new businesses and economic opportunities are more evenly shared between regions and industries.”
(Coalition Agreement, May 2010)

4: Economic Inequality :I

- ❑ The south produces more
 - ❑ The south earns more
 - ❑ The gulf is getting wider
 - ❑ The new industries are disproportionately concentrated in the south
 - ❑ Skills are unevenly distributed
 - ❑ And it's all been going on a long time
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5: Economic Inequality II: Unequal GVA

Headline GVA per head indices at current basic prices, 2000-2008
(UK = 100)

	2000	2004	2005	2006	2007	2008
UK	100	100	100	100	100	100
ENGLAND	102.6	101.9	101.9	101.9	101.8	102.0
North East	77.8	78.1	78.4	78.3	77.8	77.6
North West	88.0	86.4	86.1	85.6	86.9	86.4
Yorks & Humber	87.1	85.9	85.0	84.2	83.9	83.5
East Midlands	89.7	89.6	89.0	88.4	87.	87.2
West Midlands	90.5	87.4	86.5	85.6	85.0	84.4
East of England	93.7	95.1	95.4	97.7	95.5	94.3
London	160.3	162.0	163.1	164.2	166.1	168.4
South East	107.7	108.2	108.0	107.7	107.2	106.3
South West	91.9	92.4	92.4	92.1	91.8	91.2
WALES	77.1	76.2	75.5	75.7	75.2	74.6
SCOTLAND	94.1	94.2	94.1	95.1	96.0	96.7
N IRELAND	79.8	79.0	80.1	80.3	80.2	79.9

(source: ONS)

6: Economic Inequality III: Unequal incomes

Regional Gross Disposable Household Income per head indices (UK = 100) 1995-2009						
	1995	2000	2005	2007	2008	2009
UK	100	100	100	100	100	100
ENGLAND	101.5	102.1	101.7	101.5	101.4	101.4
North East	87.3	84.5	84.6	84.0	84.2	85.0
North West	92.2	91.2	90.4	89.7	89.9	90.2
Yorks & Humber	91.8	90.8	89.7	88.4	87.9	87.0
East Midlands	93.1	91.3	92.9	92.1	91.6	91.3
West Midlands	92.5	91.2	90.2	89.2	88.9	89.5
East of England	106.7	107.2	106.7	105.3	104.4	103.9
London	120.6	123.7	124.2	127.9	128.7	128.2
South East	111.4	115.4	113.3	112.8	112.4	112.8
South West	100.4	99.4	99.6	98.6	98.5	98.7
WALES	89.6	86.0	88.1	87.7	87.9	87.9
SCOTLAND	95.6	92.9	94.4	95.9	96.8	97.2
N IRELAND	87.2	84.4	87.9	89.8	89.8	88.2

(source: ONS)

7: Economic Inequality IV: the jobs of the future

Top 10 travel-to-work areas (TTWAs) for jobs in key sectors, 2008 (England)

As percentage of total employees

Creative industries		High-tech industries		Knowledge-intensive business services	
TTWA	Rate (%)	TTWA	Rate (%)	TTWA	Rate
Reading & Bracknell	15.7	Preston	11.8	Reading & Bracknell	24.5
Guildford & Aldershot	14.0	Cambridge	10.5	Guildford & Aldershot	21.8
Milton Keynes & Aylesbury	10.1	Derby	8.5	Cambridge	17.5
London	10.1	Guildford & Aylesbury	6.1	Milton Keynes	16.1
Aldershot	9.0	Reading & Bracknell	5.8	London	14.7
Oxford	9.0	Oxford	5.4	Oxford	14.1
Cambridge	8.9	Portsmouth	5.0	Luton & Watford	12.5
Worthing	7.8	Crawley	4.6	Manchester	11.7
Southampton	7.2	Worthing	4.5	Bristol	11.1
Bristol	6.9	Swindon	4.5	Worthing	10.8
Brighton	6.9	England	1.9	England	7.1
England	4.3				

(Source: Department for Communities & Local Government *Updating the Evidence Base on English Cities: Final Report* (2011))

8: Economic Inequality V: Skills

Population of working age: by level of highest qualification, second quarter 2009 (Percentages)

	NQF 4 + above	NQF 3	NQF 2	Below NQF 2	no quals	
United Kingdom	30.0	19.4	21.7	17.0	11.8	
England	30.0	19.3	21.9	17.7	11.2	
North East	24.3	20.5	24.1	16.8	14.4	
North West	27.7	19.3	22.9	17.2	12.8	
Yorkshire and The Humber	28.1	20.0	21.9	18.6	11.5	
East Midlands	26.5	21.4	22.4	18.0	11.7	
West Midlands	25.5	19.1	22.9	18.0	14.5	
East	26.8	19.6	24.3	19.1	10.2	
London	39.4	15.2	17.3	16.3	11.8	
South East	32.1	20.2	21.8	17.5	8.4	
South West	29.9	21.1	22.8	18.2	8.1	
Wales		28.1	20.0	21.5	16.1	14.3
Scotland	33.4	20.8	20.1	12.8	13.0	
Northern Ireland	25.0	19.6	21.8	11.8	21.8	

(Source: ONS)

9: Economic Inequality V: It's not new..

1932-1937:

“...the one unmistakable modern trend which has emerged is the great drift of population from the North and West towards the South-East...”

“Of the net increase of 644 during the years in question of factories in Great Britain employing 25 or more persons, no less than 532, or five-sixths, were located in Greater London.” Barlow Report, 1940

10: Economic Inequality VI

- ❑ The problems have not gone away
 - ❑ Substantial regional inequalities remain
 - ❑ Though areas of poverty in South, affluence in North
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11: Regions, city regions, and core cities: I

- ❑ Relative success in last 15 years of core cities;
 - ❑ Strengths: air/road/rail communications; business, cultural and higher educational centres;
 - ❑ Supported by substantial public spending – now at an end;
 - ❑ Reflected in new structures – ITAs, LEPs etc
-

12: Regions, city regions and core cities: II

But position of traditional industrial communities different:

- ❑ Not same locational advantages;
 - ❑ Wealth has not trickled down (or across) from core cities;
 - ❑ Places which exist because a critical raw material or energy source was there 200 or 300 years ago face acute problems.
-

13: The Policy Background I: Barlow, 1940

- "...encouragement of a reasonable balance of industrial development, so far as possible, throughout the various divisions or regions of Great Britain..."
 - "The continued drift of the industrial population to London and the Home Counties constitutes a social, economic and strategical problem which demands immediate attention."
-

14: The Policy Background II: Beveridge

Beveridge plan for social security
assumed:

"...the maintenance of employment
and the prevention of mass
unemployment."

15: The Policy Background III: the 1944 Employment White Paper

- “The Government accept as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war.”
 - “The Government therefore propose to attack the problems of local unemployment in three ways:-
 - (a) by so influencing the location of new enterprises as to diversify the industrial composition of areas which are particularly vulnerable to unemployment;”
 - (b) mobility
 - (c) training
-

16: The Policy Background IV: Post War Regional Policy

- ❑ 1945 Distribution of Industry Act
 - ❑ Development Areas
 - ❑ Industrial Development Certificates

 - ❑ Gradual dilution of policy to grants and incentives...
 - ❑ And now the end of Grants for Business Investment
-

17: The Policy Background V: taking work to people

- ❑ “We should aim at the transfer of work into the Areas, rather than the transfer of workers away from them” (Labour Party, 1937)
 - ❑ “the general but not firmly delineated principle that people should not be compelled to migrate in order to work” (Internal Board of Trade draft for Regional White paper, 1969)
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18: The geography of traditional regional policy I: Pre war

The pre-war Special Areas



19: The geography of traditional regional policy II

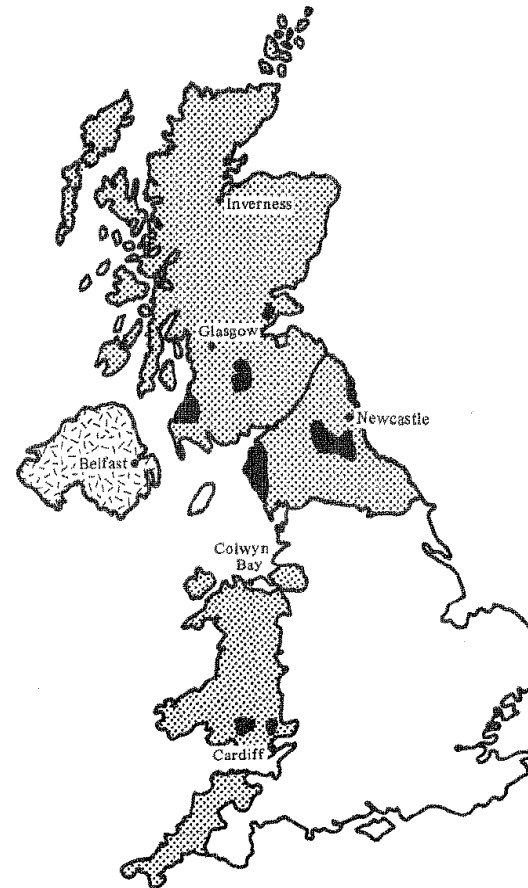
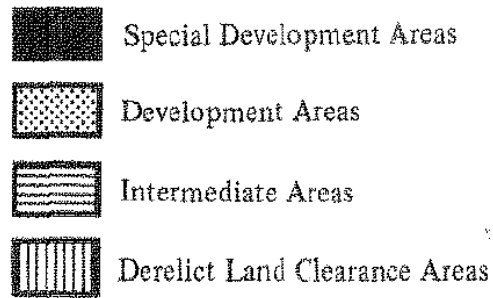
The Development
Areas
1945-60



20: The geography of traditional regional policy IV

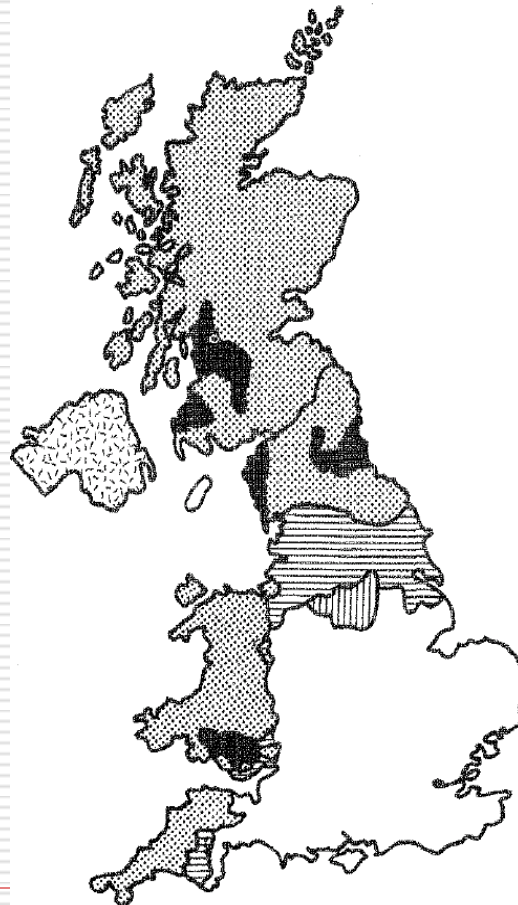
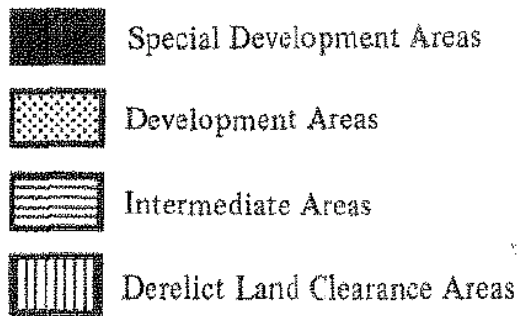
The development areas

1967-70



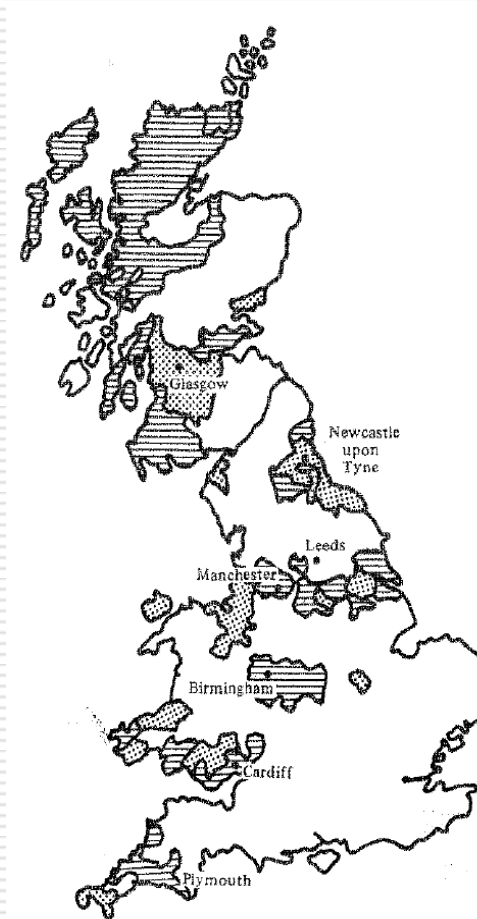
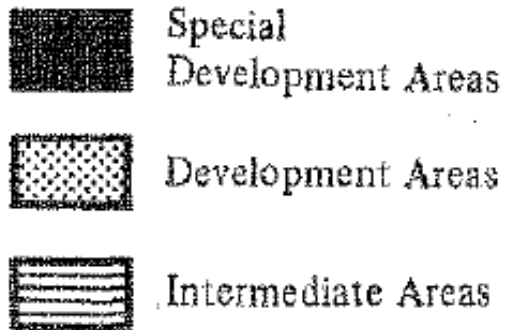
21: The geography of traditional regional policy V

The Assisted Areas **1973**



22: The geography of traditional regional policy VI

The Assisted Areas
November 1984



23: The South I

Since 1945, whatever the overt regional policy of national governments, the Greater South East has continued to grow

- 1950s and 1960s – Development Areas and IDCs;
 - 1997-2000 – Regional Development Agencies.
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24: The South II

Coalition policy of “rebalancing” aims to reverse this – but:

- ❑ Not clear how;
 - ❑ Dismantled institutions;
 - ❑ Withdrawn resources.
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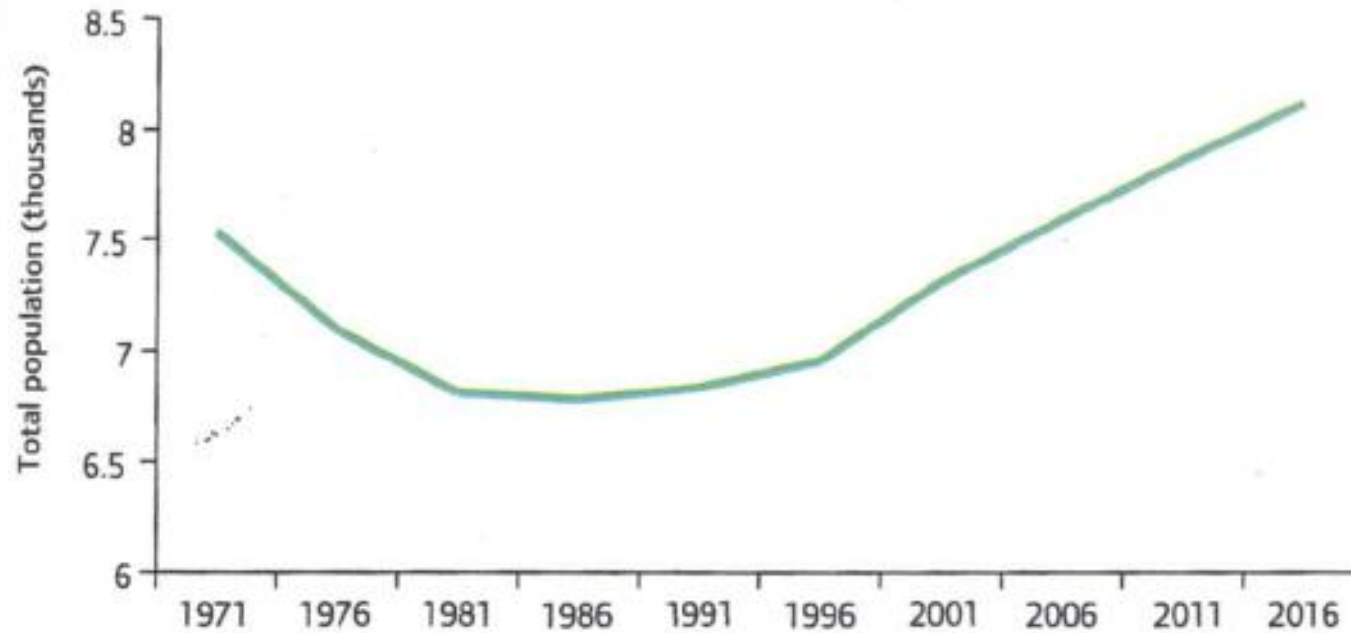
25: The South III

London has changed...

- ❑ While Greater South East population grew steadily, London's fell 1931-1985 – trend since reversed;
 - ❑ In 1930s London got industrial investment – now few industrial jobs, but dominated by finance and business services;
 - ❑ Big Bang and globalization stimulated growth of financial sector
-

26: The South IV

figure 1.1 London's population change: actual and projected (1971-2016)



27: The South V

And policy has changed too:

- ❑ Old policy (Barlow/Abercrombie) – overcrowded – decentralise jobs and people away from London;
 - ❑ New policy (both Mayors, since 2000): London is growing – invest to cope with growth;
 - ❑ These decisions delegated to London
 - ❑ London now only region with strategic planning.
-

29: The South VI

Policy then...

- ❑ “The Minister of Town and Country Planning feels strongly that London is already far too large and crowded, and that our policy should be firmly to resist any further expansion” (Dalton to Attlee, 1945)
 - ❑ “It cannot be too often or too strongly stated that the central and overriding need is still to reduce employment in London, particularly in the centre, to a level appropriate to the size of the resident population.”
TCPA, 1964
-

30: The South VII

And policy now...

- “The Mayor believes that London’s future will be significantly shaped by a number of factors driving change...The most significant of these, at least for a spatial development strategy, is the projected rapid growth of people and jobs, driven by powerful market and demographic forces.”
- “The London plan cannot realistically reverse these strong, deep-rooted factors driving change, nor does the Mayor wish it to do so. This plan sets out policies to accommodate that growth in a sustainable way...”

(London Plan)

31: What Next? I

- ❑ Government hope that a rising tide will lift all boats;
 - ❑ Experience suggests otherwise;
 - ❑ And it isn't even rising
 - ❑ Potential harsh impact of "welfare reform" in coming months
-

32: What Next? II

We can't just go back to post war regional policy...

- ❑ Governments can no longer move companies around like chess pieces;
 - ❑ Much harder to “take work to people”;
 - ❑ Based on companies producing for a national market; and choosing where to locate in 1 country, not globally;
 - ❑ Concentration of finance sector.
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33: What Next? III

Bring back the RDAs?

- Raised hopes and expectations;
 - Brought real capacity and resources;
 - Delivered on targets;
 - ? Mission creep? – too much expected of them?
 - ? Mistake to transfer RSS powers?
 - Unfulfilled potential
-

34: What Next? IV

LEPs, Enterprise Zones, and the Regional Growth Fund

- ❑ LEPS the only show in town;
 - ❑ Little budget or capacity;
 - ❑ May not hold business interest/commitment for long;
 - ❑ Risk of polarization between core cities and traditional industrial communities;
 - ❑ But build on LEP structures to create something more effective?
-

35: Towards a new strategy I

Rebalancing a good objective

- But it won't happen spontaneously.

Need:

- Plans
- Resources
- Capacity
- Institutions

... Plan B for the regions

36: Towards a new strategy II

Potential elements:

- Skills
 - Higher Education
 - Green jobs
 - Infrastructure
 - Broadband
 - Government relocations
 - Investment in natural and physical environment and public realm
-

37: Towards a new strategy III

Skills and educational attainment

- ❑ We don't do vocational and technical education very well in this country..
 - ❑ Long term policy failure
 - ❑ All governments throw money at skills
 - ❑ All governments reorganize delivery
 - ❑ Whether young people stay or move from their home areas.....
-

38: Towards a new strategy IV

Higher Education

H E deserts – where no young person meets anyone teaching or studying in HE

- Universities aren't just good for skills, they are good for economic development
 - Spin off jobs
 - Service jobs
 - Consumption jobs
-

39: Towards a new strategy V

Green jobs

Major growth opportunities

(though not everywhere can win!)

40: Towards a new strategy VI

Infrastructure

- ❑ Is HS2 (reaching Manchester and Leeds by 2036) what traditional industrial communities want?
 - ❑ “Northern Hub” – local connectivity within the North?
 - ❑ “Desenclavement” – ending isolation
 - ❑ Opening up/integrating markets for work and business
 - ❑ Local public transport
 - ❑ Freight
-

41: Towards a new strategy VII

Next generation high speed broadband
(and other ICT innovations)

- Key to opening up isolated communities
 - Break down barriers of distance
-

42: Towards a new strategy VIII

Government relocations

- ❑ What are the successor projects to the NHS move to Leeds and the BBC move to Salford?
 - ❑ Lyons only a beginning...
 - ❑ ICT opens new opportunities
 - ❑ Do it in a clever way – not just isolated units;
 - ❑ plan for the skills needed.
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43: Towards a new strategy IX

Environment and public realm

- ❑ End of regeneration programmes a disaster for older industrial communities
 - ❑ End of 70 year commitment
 - ❑ Construction jobs/ housing improvement
-

43: Summary and conclusion

- ❑ Despite 70 years of regional policies, profound regional inequalities remain;
 - ❑ Those inequalities affect traditional industrial communities with particular severity;
 - ❑ The Coalition's aim of “rebalancing the economy” is laudable;
 - ❑ But they have dismantled the institutions and taken away the resources
 - ❑ “Plan B for the regions” should focus on skills, education, infrastructure, broadband and green jobs.
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