Q-Step Internship: State of the North 2016: Building Regional Resilience in an era of Global Uncertainty

Leonardo Carella, BSocSc Politics and International Relations

The Institute for Public Policy Research (**IPPR**) is Britain's leading progressive think tank. Throughout the Summer, I worked at its Northern branch, IPPR North, in the Manchester office. I was tasked with gathering and analysing data for its flagship yearly report, State of the North

Objectives

The first objective of my work was to come up with an analytical framework to assess the state of the economy of the North of England in 2016. Together with my colleagues, we decided to analyse the economic **resilience** of the sub-regions of the North, using the Local Enterprise Partnerships (LEPs) as geographical unit of analysis.

The second objective was to operationalise the concept of economic resilience, i.e. the capacity of the local economy to weather economic downturns and recover quickly afterwards. We individuated four determinants of economic resilience: the local business structure, the labour force profile, the entrepreneurialism of local firms, and the local governance arrangements.
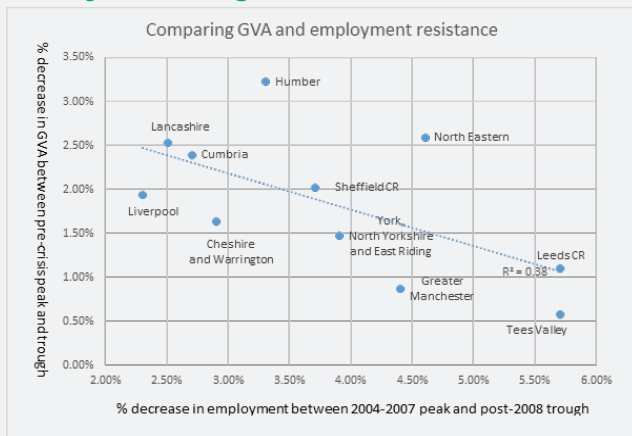
We believe that the resilience angle is particularly topical, inasmuch as the Brexit vote and the change of government are likely to usher in a period of **political and economic uncertainty** for the UK economy. In particular, the North has different priorities than the rest of the country and is disproportionally reliant on EU investments.

Method

The most substantial part of the report consists in 11 profiles of the Northern LEP areas. The four determinants of resilience of each area are measured using 19 indicators: **Industrial and business structure** (sector diversity, knowledge intensive employment, high tech employment, tradable goods, location quotients, shift share analysis), **labour force** (resident skills, local graduate flow, commuting rates, job density, unemployment rate, employment rate), **entrepreneurialism** (business registration rate, business survival rate, self-employment, high growth SMEs, SME investment in R&D) **governance** (assessment of devolution extent, local spending on planning and development per capita, growth deal per capita).

Additionally, I developed a typology of European regions, based on demographic and economic indicators, so that the indicators for Northern LEP can be compared not only with other UK sub-regions, but also with European regions with similar socioeconomic fundamentals.

Key Findings

The North's resilience is as varied as its geography. Based on this analysis we grouped the North's LEPs into the following categories:

1. **Resilient or prosperous**: areas that are relatively well-prepared, with a diverse economy and strong labour market: Cheshire and Warrington, and York North Yorkshire and East Riding fall into this category.

2. **Dynamic but vulnerable**: Greater Manchester, Leeds City Region, Lancashire, North Eastern and Liverpool City Region have a diverse or diversifying economic base, but have some structural flaws, especially compared to similar city-regions overseas. These are primarily due to shortcomings of their labour market, but also in their connectivity with one-another

3. **Stagnant and/or vulnerable**: the Humber, Tees Valley, Sheffield City Region and Cumbria are all areas which are have not yet diversified, are reliant on a single industry or small group of industries, and have significant structural issues to overcome.

Conclusion

The North's resilience is as varied as its geography. Resilient regions will require continued investment in innovation to achieve world-class status in 'new economy' sectors, and improved transport connectivity to enable neighbouring regions to benefit. City regions will require a policies aimed at accelerating the process of economic restructuring by connecting major cities with one-another, so that innovation spillovers are maximised. The more stagnant economies need support to avoid the risk of yet further decline, and an upgrading of the skills profile of their labour force. In many cases there is mutual benefit in connecting these areas to their more prosperous neighbours.

Contact
leonardo.carella@student.manchester.ac.uk

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