

Inclusive Growth Monitor: City region comparisons and a focus on Greater Manchester



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Introduction

1.1 Why do we need an inclusive growth monitor?

There is increasing concern in the UK and overseas that disadvantaged groups and areas do not always benefit from economic growth. Evidence shows that growth in the form of additional national income or new jobs does not necessarily 'trickle down' to those most in need, including households experiencing poverty. This has led to calls to better understand the link between growth and poverty as the basis for promoting 'inclusive growth'.

Despite this, there is currently no comprehensive tool available for measuring this relationship. Existing measures of economic growth related to production such as Gross Domestic Product (GDP) or Gross Value Added (GVA) fail to capture the nature and distribution of the proceeds of growth. To address this shortcoming, this report presents a new inclusive growth monitor for measuring the relationship between poverty and growth. This is a prerequisite for developing strategies and interventions to maximise the extent to which growth contributes to poverty reduction.

1.2 Greater Manchester and the Core City Regions

This research report supplements the main Joseph Rowntree Foundation 2016 Inclusive Growth Report (Beatty et. al., 2016). Its purpose is to examine issues of Inclusive Growth in Greater Manchester in further detail, drawing comparisons to other 'core city regions' in England. Comparing Greater Manchester to other core cities facilitates an understanding of the similarities and differences in challenges to inclusive growth experienced across localities. The selection of core city regions seeks to compare relatively similar areas that may be facing comparable challenges surrounding economic development. The core English cities considered are:

- Greater Manchester
- Leeds City region
- North Eastern City region (Newcastle)
- Sheffield City Region
- West of England (Bristol City Region)
- Liverpool City Region
- Nottingham and Derby City Region (Nottinghamshire and Derbyshire)
- Greater Birmingham and Solihull.

Comparisons to English core city regions and all of England are conducted at the Local Enterprise Partnership (LEP) level to capture outcomes in functional economic areas. Local Authority District level estimates are further presented. An analysis at the local authority level can aid an understanding not only of the economic but also residential geography of prosperity and inclusion within cities. Although the main focus of this report is Greater Manchester, the Joseph Rowntree Foundation has been conducting work in both Greater Manchester and Leeds as part of its Cities, Towns, and Neighbourhoods programme which this report seeks to supplement. A

brief discussion of the performance of the Leeds City Region and local authorities on the inclusive growth indicators is therefore also presented.

1.3 The inclusive growth indicators

The inclusive growth monitor is based upon 18 commonly available indicators that have been grouped into two overarching themes - prosperity and inclusion - that each contain nine indicators (Beatty et. al., 2016). These indicators are listed in Table 1. The 'inclusion' theme captures different aspects of poverty and related forms of disadvantage, whilst the 'prosperity' theme incorporates different elements of economic performance or economic potential. Each theme contains three dimensions (three indicators in each) that reflect different aspects of prosperity or inclusion. The 18 indicators can be considered on their own or combined to create composite scores for any of the dimensions or themes. A detailed account of the conceptual basis and construction of these indicators can be found in the main 2016 Inclusive Growth Monitor and its accompanying technical report (Beatty et. al., 2016).

1.4 Overview of the Report

The report is structured as follows. Section 2 presents findings from the Local Enterprise Partnership level analysis of inclusive growth. Comparisons are drawn between Greater Manchester, the other core city regions average and the whole of England. The analysis then goes on to compare Greater Manchester to the other individual core cities region areas. Section 3 provides the local authority level analysis for Greater Manchester and the Leeds City Region. Finally Section 4 draws the findings together presenting the conclusions from the overall analysis.

Table 1: The component parts of the inclusive growth monitor

Theme	Dimension	Indicator	Full definition of indicator
Inclusion	<i>Income</i>	Out of work benefits	% of working-age population receiving out of work benefits
		In-work tax credits	% in-work households with and without children receiving Child and/or Working Tax Credits
		Low earnings	Gross weekly pay at the 20 th percentile
	<i>Living costs</i>	Housing affordability	Ratio of lower quartile house prices to lower quartile earnings
		Housing costs	Median monthly rents for private sector dwellings
		Fuel poverty	% of households classed as being 'fuel poor' (using Low Income-High Costs model)
	<i>Labour market exclusion</i>	Unemployment	% of working-age population not in employment but actively seeking work
		Economic inactivity	% of working-age population who are economically inactive
		Workless households	% of working-age households with no-one in work
Prosperity	<i>Output growth</i>	Output	Gross Value Added (GVA) per capita (in £ at current prices)
		Private sector businesses	Number of private sector workplaces per 1,000 working-age population
		Wages/earnings	Median gross weekly pay for full-time workers
	<i>Employment</i>	Workplace jobs	Employee jobs by working-age population (jobs density)
		People in employment	% of working-age population in employment (employment rate)
		Employment in low pay sectors	% of workers employed in administrative and support services, wholesale and retail trade, accommodation and food services, and residential care sectors
	<i>Human Capital</i>	Higher level occupations	% workers in managerial, professional and technical/scientific occupations (SOCs 1, 2 and 3)
		Intermediate and higher level skills	% working-age population qualified at NVQ Level 2 and above
		Educational attainment	% of pupils at the end of Key Stage 4 achieving 5 or more GCSEs or equivalent at grades A* to C (including English and Mathematics)

Greater Manchester and the core city regions

This section begins by demonstrating how the inclusive growth indicators can be used to assess the relative performance of Greater Manchester compared to the English core city regions average and England overall. A 'dashboard of indicators' providing an analysis of trends over time (2010-14) on the underlying indicators is presented. To facilitate comparisons between areas and across measures, normalised scores are given for each of the prosperity and inclusion indicators, dimensions and overall theme scores. These put each of the measures on a standardised scale and represent the relative position of Greater Manchester in comparison to all of the English Local Enterprise Partnerships (LEPs). Following this, we go on to consider how Greater Manchester fared on the inclusive growth dimensions compared to other individual core city regions.

2.1 Dashboard of Indicators

Figures 1 and 2 consider the general trends in the 9 prosperity and 9 inclusion indicators that form the building blocks of the overall prosperity and inclusion theme measures, benchmarking Greater Manchester against the other core city regions average and England overall. Across the prosperity indicators Greater Manchester is generally below the national England benchmark although performs fairly similarly to the other core city average. From 2010-14, however, Greater Manchester experienced a relative improvement on a number of prosperity indicators including the density of jobs available for the population ('workplace jobs'), levels of intermediate and high skills, and the proportion of people employed in higher level occupations.

Furthermore, although levels of employment in the identified low pay sectors in 2010 were relatively high in Greater Manchester such levels remained comparably stable during the observation period. In contrast, there is some evidence of an increase in low paid work in other core cities areas, with the overall core city region average converging upwards towards the levels witnessed in Greater Manchester. Compared to the average economic performance of the other core cities Greater Manchester therefore saw some improvements across a number of indicators or in the case of employment in low paid sectors a relative absence of deterioration.

In terms of inclusion, Greater Manchester nonetheless fared worse than the core cities average across a range of indicators. One persistent characteristic of the Greater Manchester economy is the comparatively low levels of employment and high levels of people who are not in the labour force ('economically inactive'). The aforementioned improvements in prosperity therefore have not been sufficient in magnitude or shared enough in their benefits across the population to translate into a sustained narrowing of the employment and economic inactivity gaps between Greater Manchester and the core city region average. The comparatively lower employment rates and high levels of economic inactivity remain a continuing challenge to inclusive growth in Greater Manchester (as in many core city regions).

In terms of home ownership, overall Greater Manchester remains relatively affordable compared to the core city regions average despite some signs of decreasing affordability relative to wages 2013-14. For those renting there was a fairly strong decline in affordability, with rental costs rising more sharply than the other core city region average, narrowing towards the national England benchmark.

Figure 1: Prosperity Indicators for Greater Manchester Region LEP area

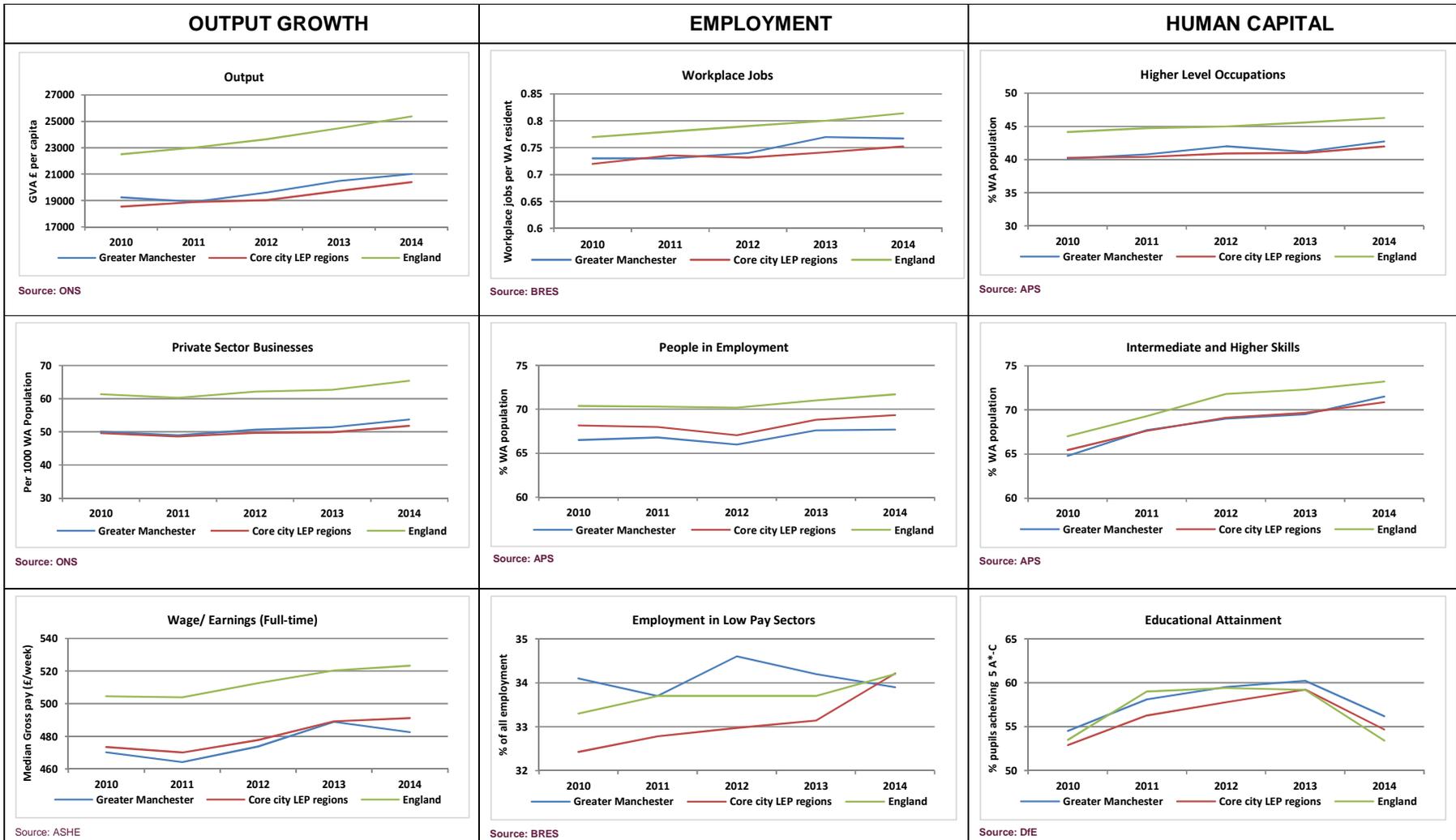
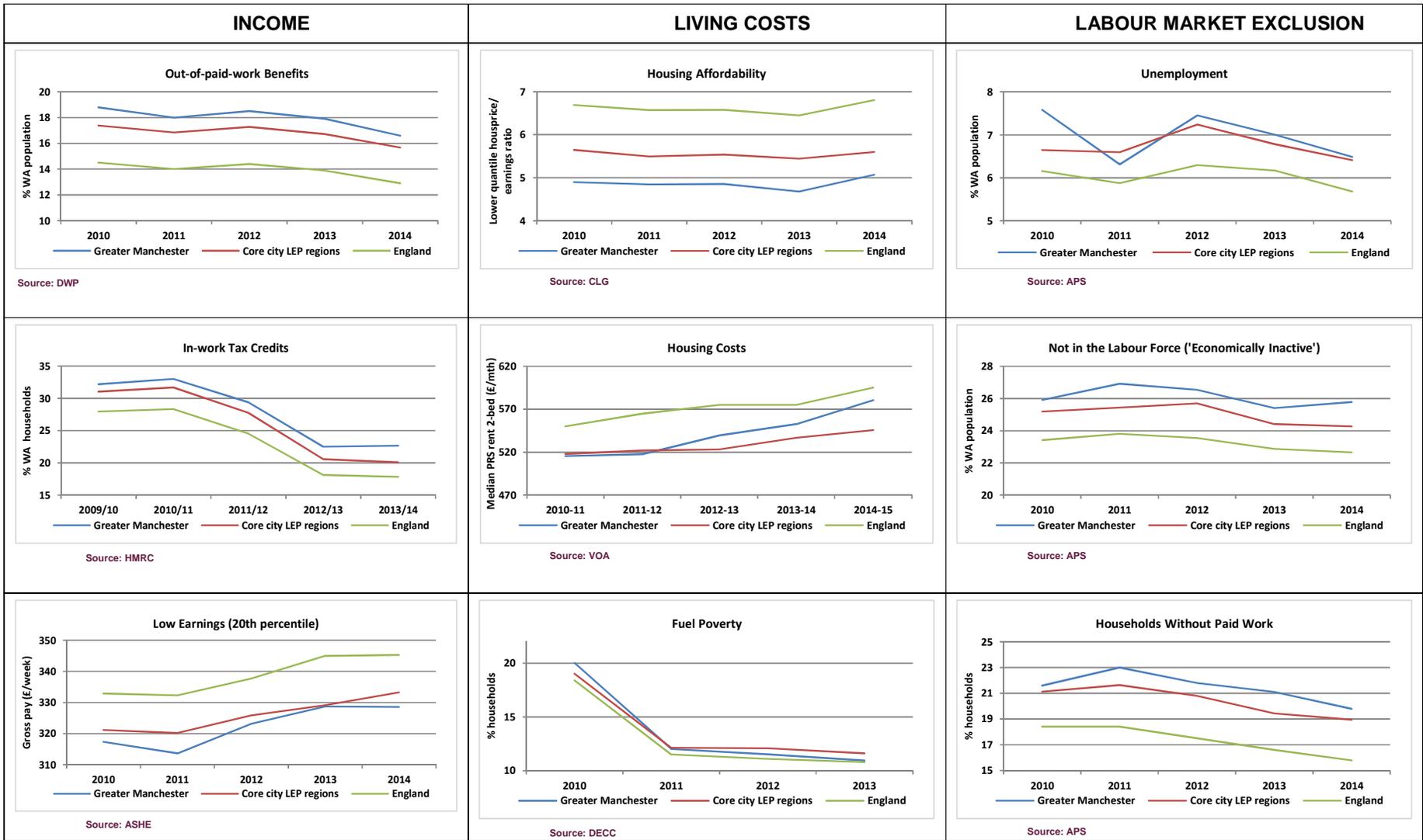


Figure 2: Inclusion Indicators for Greater Manchester LEP Area



2.2 Normalised scores: Greater Manchester

Benchmarking against the rest of England, the normalised scores confirm that Greater Manchester experienced a relative improvement on a number of indicators of prosperity. The scores are normalised based upon all English LEPs ('unity-based normalisation'). For a given individual indicator here a minimum score of 0 and maximum of 1 is possible indicating the lowest and highest scoring LEP on a given measure respectively. All of the indicators have been ordered so that a higher score indicates a more positive situation than a lower score.

Between 2010-14 Greater Manchester improved in relative terms in its job density ('workplace jobs'), intermediate and high skill levels, educational attainment, the incidence of higher level occupations, and saw a relative improvement on the jobs in low paid sectors indicator (Figure 3). On the inclusion dimensions there were some signs of relative improvement on the low earnings and unemployment indicators and substantial improvements on the fuel poverty indicator (Figure 4). At the same time the normalised scores show that overall a relative deterioration occurred on the economic inactivity measure. Relatedly, the number of households where nobody was in paid work also remained comparatively high compared to the rest of England. Despite a relative reduction in people working in sectors identified at risk of low paid employment and on the low wage indicator, the relative position of Greater Manchester on the median wage indicator decreased. The findings further confirm a relative drop in the affordability of rental accommodation in Greater Manchester and there was some indication that the affordability of house prices relative to wages overall reduced relative to the rest of England.

Figure 3: Normalised scores for Greater Manchester Region within the prosperity theme, 2010-2014

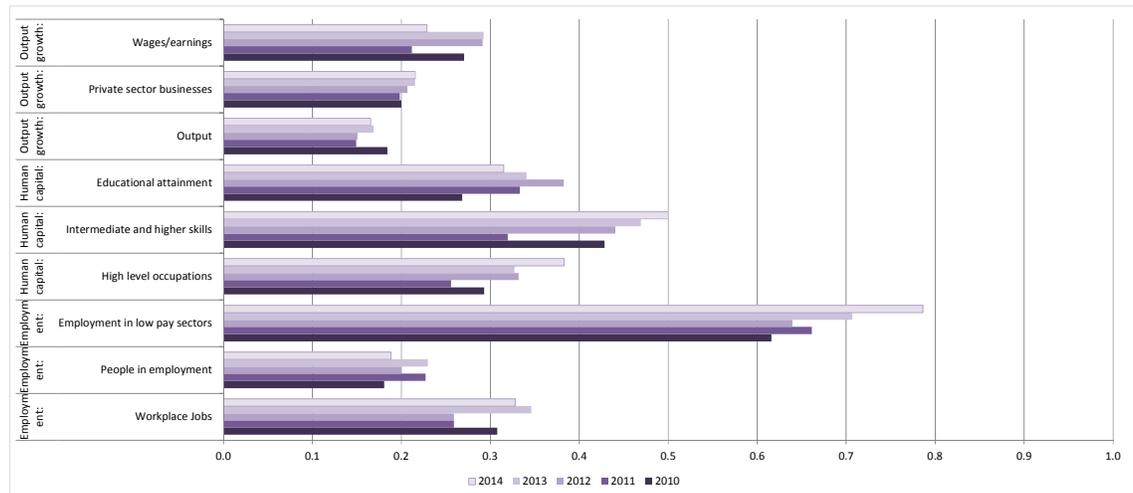


Figure 4: Normalised scores for Greater Manchester Region within the inclusion theme, 2010-2014

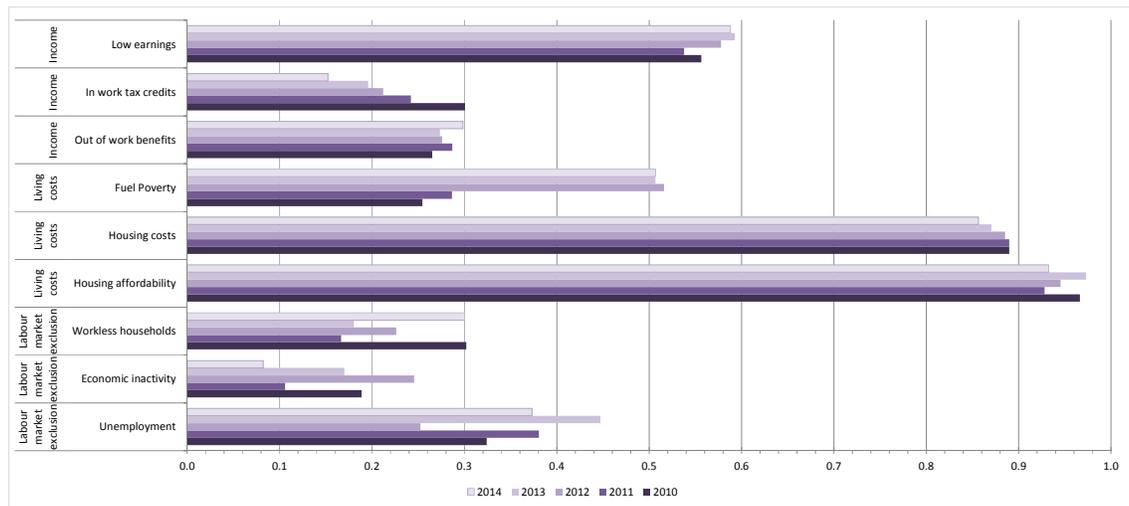


Figure 5 breaks down the normalised scores for the prosperity and inclusions dimensions by their constituent indicators. This shows how each of the underlying indicators that constitute a dimension contribute to its overall score. Given each of the dimensions for prosperity (Output, Human Capital, and Employment) and Inclusion (Income, Living Costs, and Labour Market Exclusion) are established by three indicators the scores are normalised between a minimum score of 0 and maximum of 3. The findings highlights how the performance on the economic inactivity indicator contributes to the low score on the labour market exclusion dimension. The improvements witnessed on the fuel poverty indicator in contrast were largely responsible for a relative improvement on the living costs indicator compared to the rest of England, despite signs of downward movement on the housing costs (rental) and housing affordability indicators on this dimension.

Figures 6 and 7 demonstrate how the normalised scores for the underlying indicators contributed to the overall prosperity and inclusion theme normalised scores. Here the scale is normalised between a minimum of 0 and a maximum of 9, representing the sum of the different indicators that constitute the prosperity and inclusion themes. A relative improvement on the low paid sectors indicator stands out as a contributor to the improvement on the overall prosperity theme for Greater Manchester.

Figure 5: Composite scores for dimensions for Greater Manchester LEP area, 2010-14

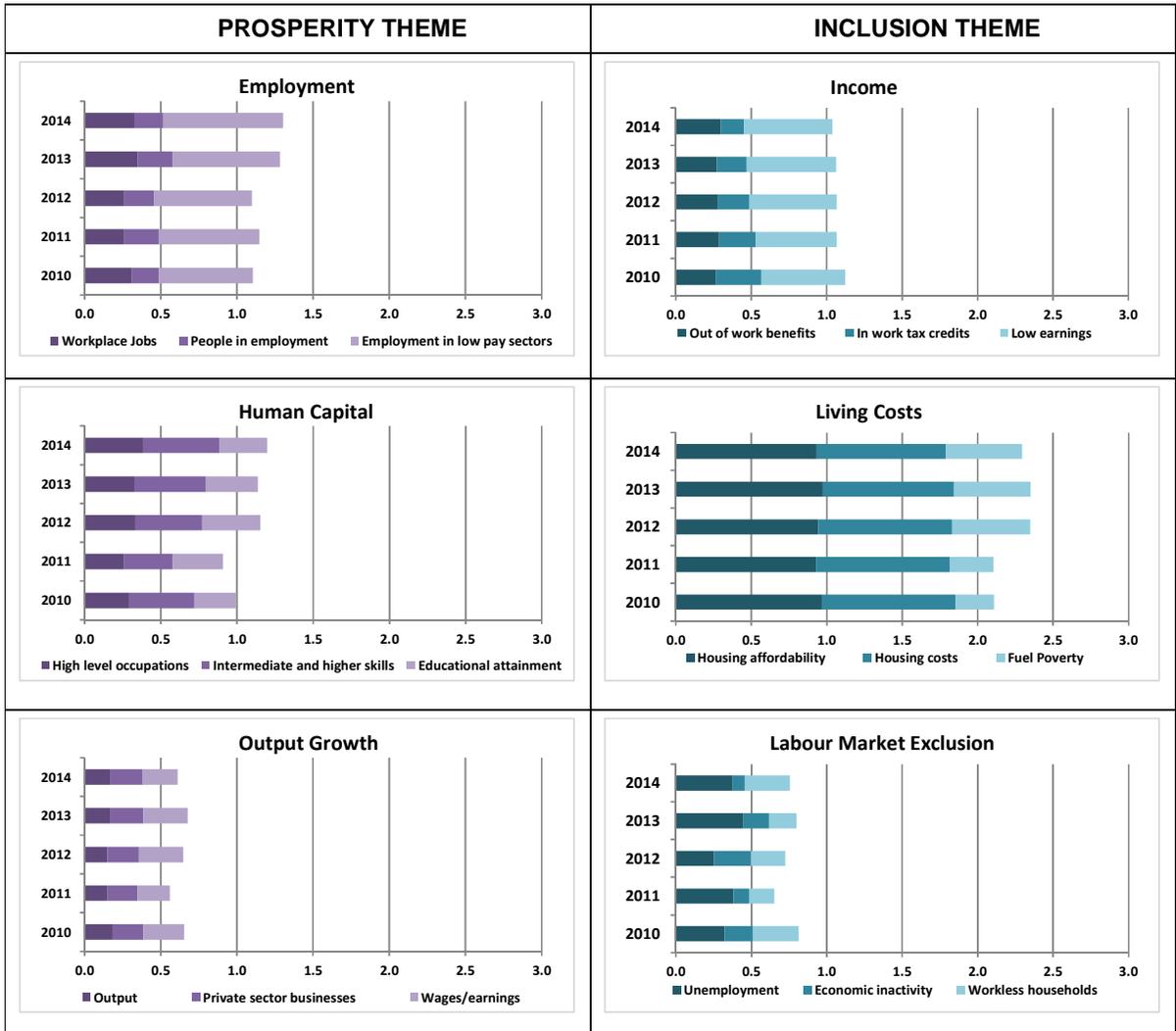


Figure 6: Composite prosperity scores for Greater Manchester LEP area, 2010-14

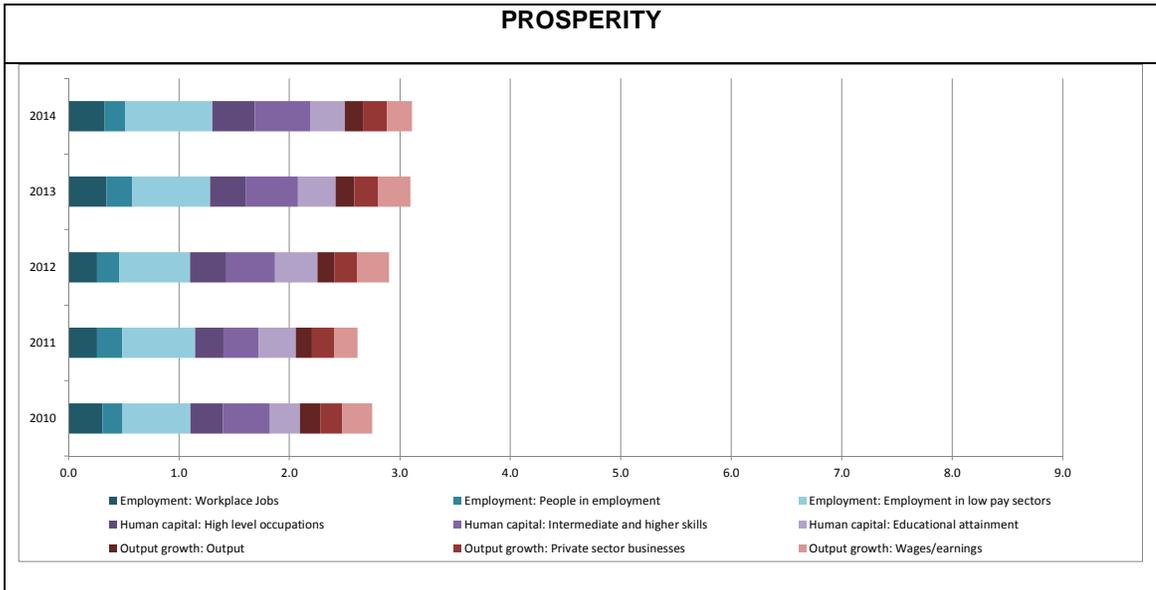
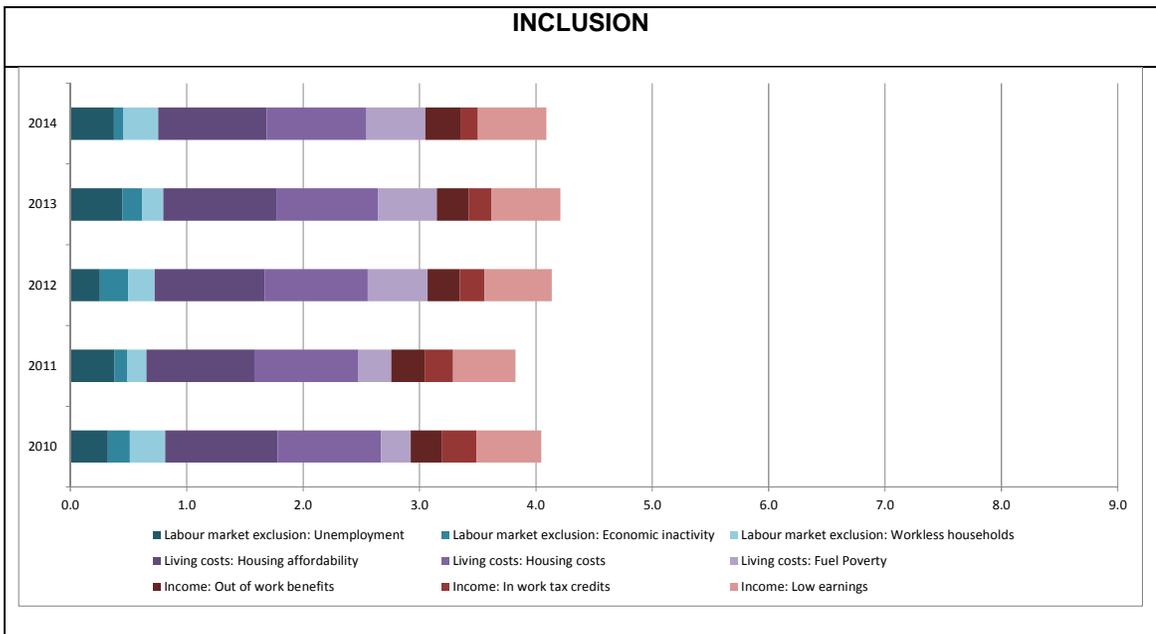


Figure 7: Composite inclusion scores for Greater Manchester LEP area, 2010-14



2.3 Normalised Scores: Greater Manchester and core city region differences

Figures 8 and 9 examine the normalised prosperity and inclusion dimension scores for the individual core city regions separately. The scores are normalised once again based upon all English LEPs. On each of the prosperity and inclusion dimensions a minimum score of 0 and maximum of 3 is possible indicating the lowest and highest scoring LEP on a given dimension, whereas the overall prosperity and inclusion theme total summary scores are normalised on a scale of a minimum of 0 to a maximum of 9.

On all of the prosperity dimensions the West of England (Bristol) city region scored more highly than the other core city regions. Greater Manchester tended to be positioned within a middle cluster of city regions, together with Leeds, East Midlands (Derbyshire and Nottinghamshire), and Greater Birmingham and Solihull. Liverpool, Sheffield and the North Eastern city region in contrast tended to have the lowest scores across the dimensions of the prosperity theme. After the West of England city region, Manchester was second highest on the human capital dimension.

Regarding the inclusion dimensions, Greater Manchester tended to be positioned towards the bottom of the middle of the distribution of core city regions, particularly on the income and labour market exclusion measures. Compared to Birmingham and Solihull and the West of England city region, Greater Manchester and the other core cities however compared favourably in terms of living costs.

In terms of comparing Greater Manchester and the Leeds City Region, on the prosperity theme the Leeds City Region performed better on the employment dimension whereas Greater Manchester overall performed better on the human capital dimension. On the inclusion theme the better labour market performance of the Leeds City region compared to Greater Manchester was further apparent in terms of higher scores on the labour market exclusion and income dimensions. Overall the Leeds City Region performed similar to Greater Manchester on the prosperity theme total but higher on the inclusion theme total.

Figure 8: Composite normalised scores for prosperity dimension by core city region

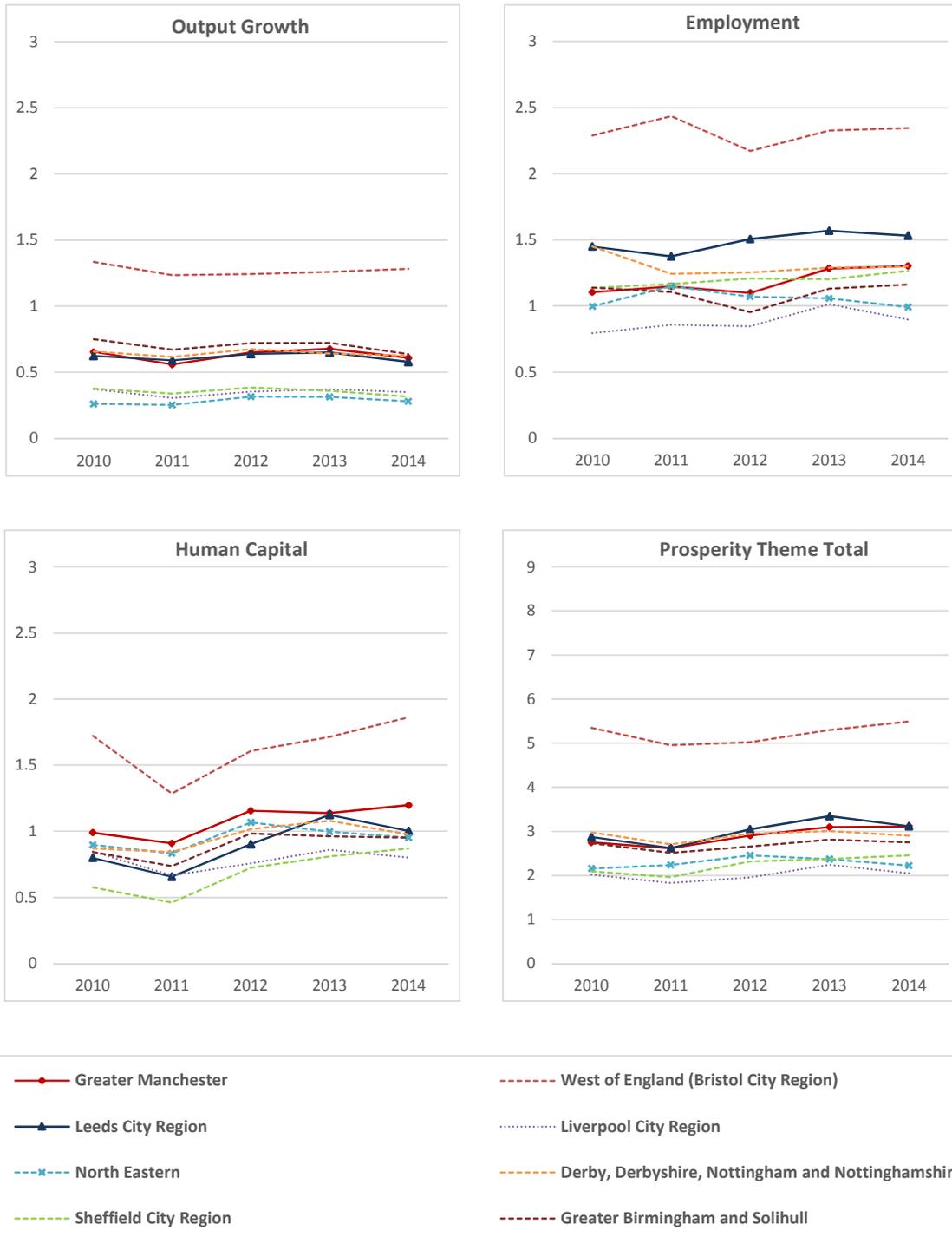


Figure 9: Composite normalised scores for inclusion dimension by core city region



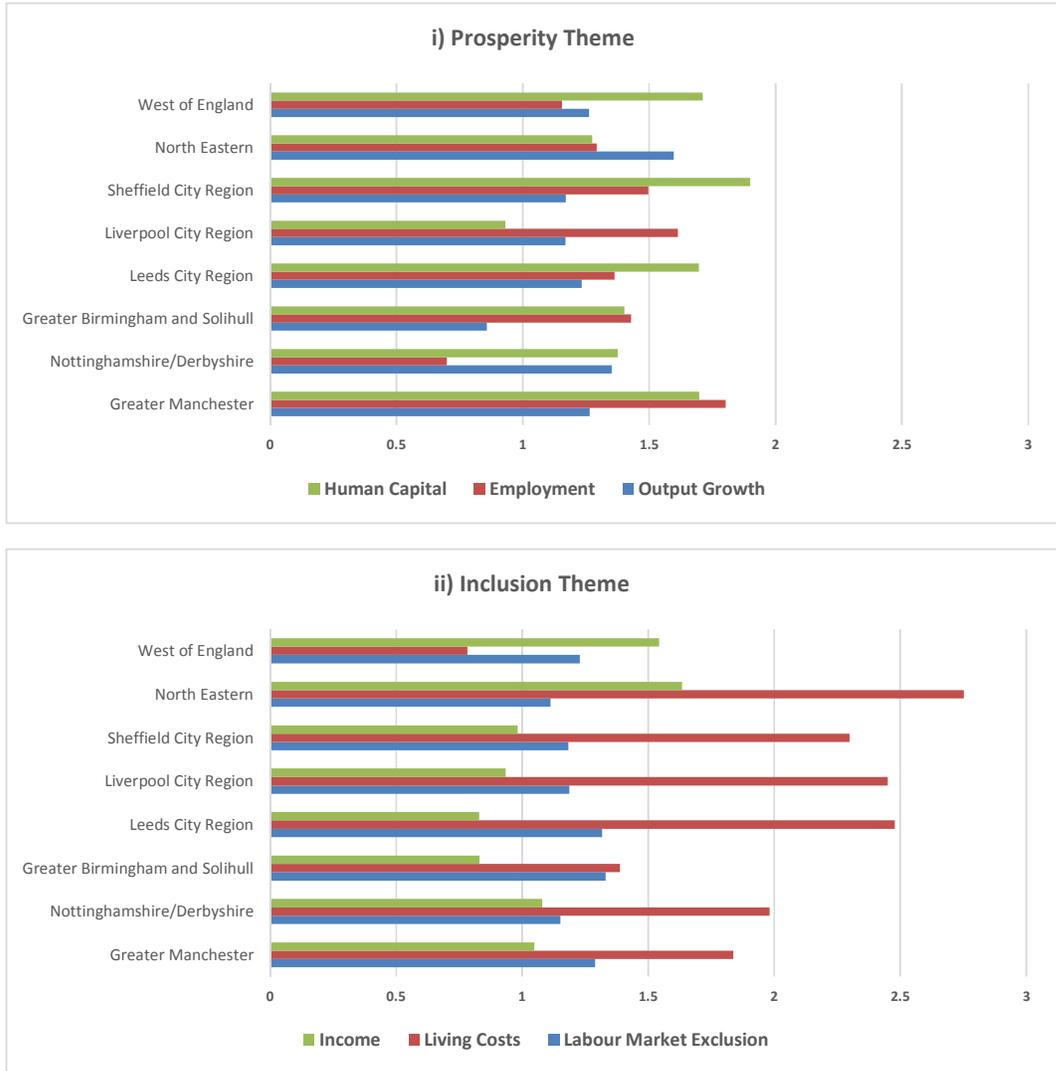
2.4 Normalised Change Scores by City Region

Figure 10 considers normalised change scores for the core city regions for the prosperity and inclusion themes. Here for each theme 0 indicates the LEP that experienced the lowest level of improvement whereas a score of 9 indicates the biggest improvement. The findings confirm that, compared to the other core city regions, overall between 2010-14 Greater Manchester (and the Sheffield City region) saw the greatest relative improvements on the prosperity theme. Greater Manchester however was among the lowest performers (3rd from bottom) in terms of improvement on the inclusion theme. An examination of the changes scores on the underlying dimensions of the inclusion theme, normalised on a scale of 0-3 (Figure 11), suggests that the low performance of Greater Manchester however was partly driven by a relative improvement on the living costs dimension for some of the other city regions that had lower performance on the overall prosperity theme.

Figure 10: Theme Normalised Change Scores by Core City Region (2010-14)



Figure 11: Dimensions Normalised Change Scores by Core City Region (2010-14)



Greater Manchester and Leeds City Region Local Authorities

An analysis of the inclusive growth indicators at the local authority level can aid an understanding not only of the economic but also residential geography of prosperity and inclusion within cities. For example, although a city region may perform well on the prosperity indicators this does not necessarily mean that all local authorities within a given city area have benefited equally from such prosperity. Economic growth may be concentrated in the centre of a city conurbation but does not necessarily occur at the same rate in more peripheral areas or benefit them equally. Conversely, some outer areas can be high on human capital and employment, benefiting from output growth in central areas. The strong economic output of central economic areas within city conurbations also may not fully advantage those living in the centre, creating a familiar albeit polarised picture of economic prosperity combined with low social inclusion within central urban areas.

3.1 Prosperity and Inclusion: Greater Manchester Local Authority Districts

Figures 12 and 13 examine the underlying indicators that constitute the prosperity and inclusion themes by Greater Manchester Local Authority District. In terms of the prosperity theme, although Manchester had the highest economic output per capita, Trafford and Stockport tended to score more highly on the human capital indicators. These areas contain more affluent commuter neighbourhoods with greater concentrations of higher skilled workers that benefit from the economic output of Manchester. Trafford and Stockport correspondingly were least affordable in terms of home ownership. Overall Rochdale, Oldham, Salford and Tameside tended to score worse on the prosperity theme. In Oldham, Rochdale and Tameside this tended to be linked to a lack of availability of employment as indicated by comparatively low job density ('workplace jobs') relative to the population size, fewer people employed in higher level occupations, and lower median weekly pay. Although low pay was a problem across Greater Manchester, Bolton and Tameside scored particularly low on the low pay indicator.

The findings present a mixed picture in terms of the central economic areas of Manchester and Salford. Despite having the highest economic output per capita and job density Manchester was among the bottom performers on several of the labour market exclusion dimensions. Salford had the third highest economic output per capita but the highest levels of unemployment. Part of this problem may reflect the comparatively low levels of skills in Salford which performed lowest on the educational attainment indicator. The situation presented for Manchester and Salford local authorities therefore appears polarised between one of relatively strong economic growth and job density compared to many of the surrounding areas on the one hand, but also a high incidence of labour market exclusion. Whereas some of the nearby local authorities such as Rochdale and Oldham appear to be facing employment challenges partly linked to lower levels of economic output and job density, and so the availability of employment, the findings for the central economic areas of Manchester and Salford suggest a degree of disconnect between their

economic performance and the levels of social inclusion experienced by their residential communities.

Figure 14 examines the relative position of the different Greater Manchester local authorities on the prosperity and inclusion themes by examining normalised scores. The normalised scores benchmark the performance of Greater Manchester against all English Local Authority Districts on a scale of 0 to 9. In terms of the prosperity theme, the findings show that Oldham, Rochdale and Salford had the lowest overall scores in Greater Manchester whereas Trafford and Stockport were the most prosperous followed by Bury. Regarding the overall inclusion theme, Stockport, Trafford and Bury scored the highest whereas Manchester, Rochdale, Oldham and Salford the lowest. Some of the local authorities with the highest scores on the prosperity dimension therefore were often also the highest scoring areas on the inclusion dimension (Trafford, Stockport and Bury), whereas several Local Authorities that scored low on the prosperity measure (e.g. Oldham, Rochdale, and Salford) also scored comparatively low on the inclusion dimension. Manchester despite having the highest output per capita took a middle position in the overall order of local authorities on the prosperity theme but performed the worse on the inclusion theme.

Figure 12: Prosperity Indicators for Greater Manchester Local Authority District (2014)

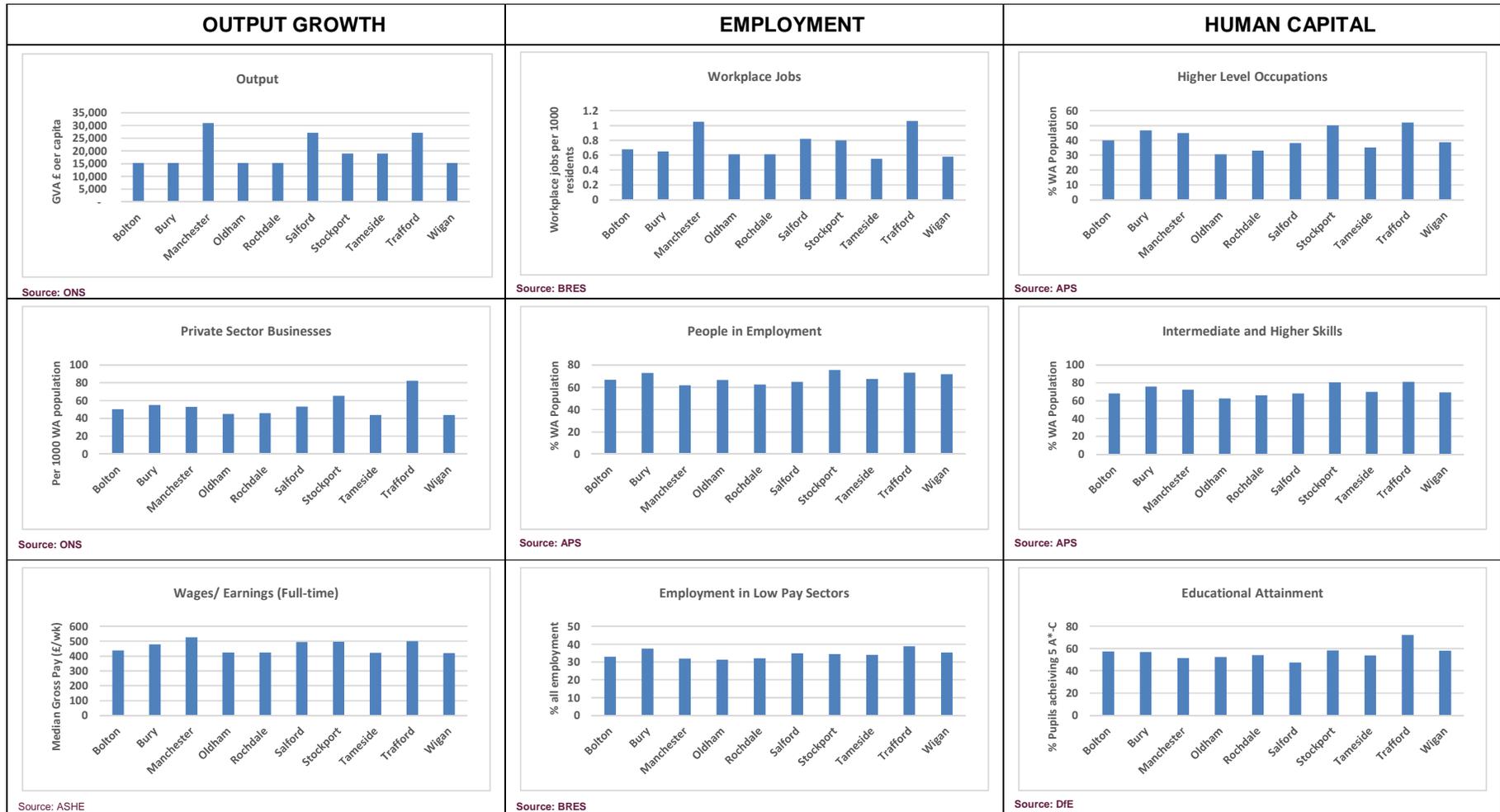


Figure 13: Inclusion Indicators for Greater Manchester Local Authority District (2014)

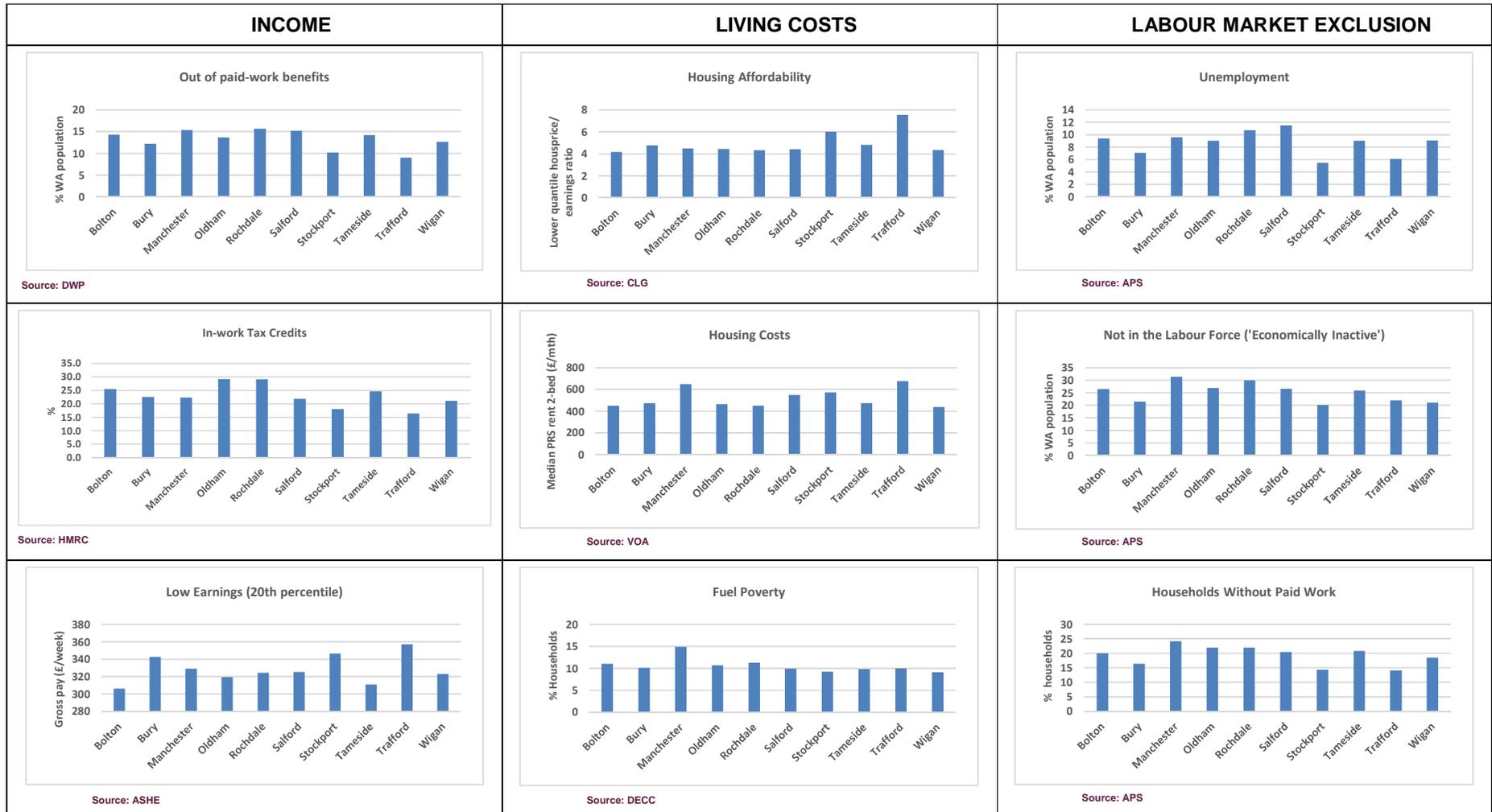
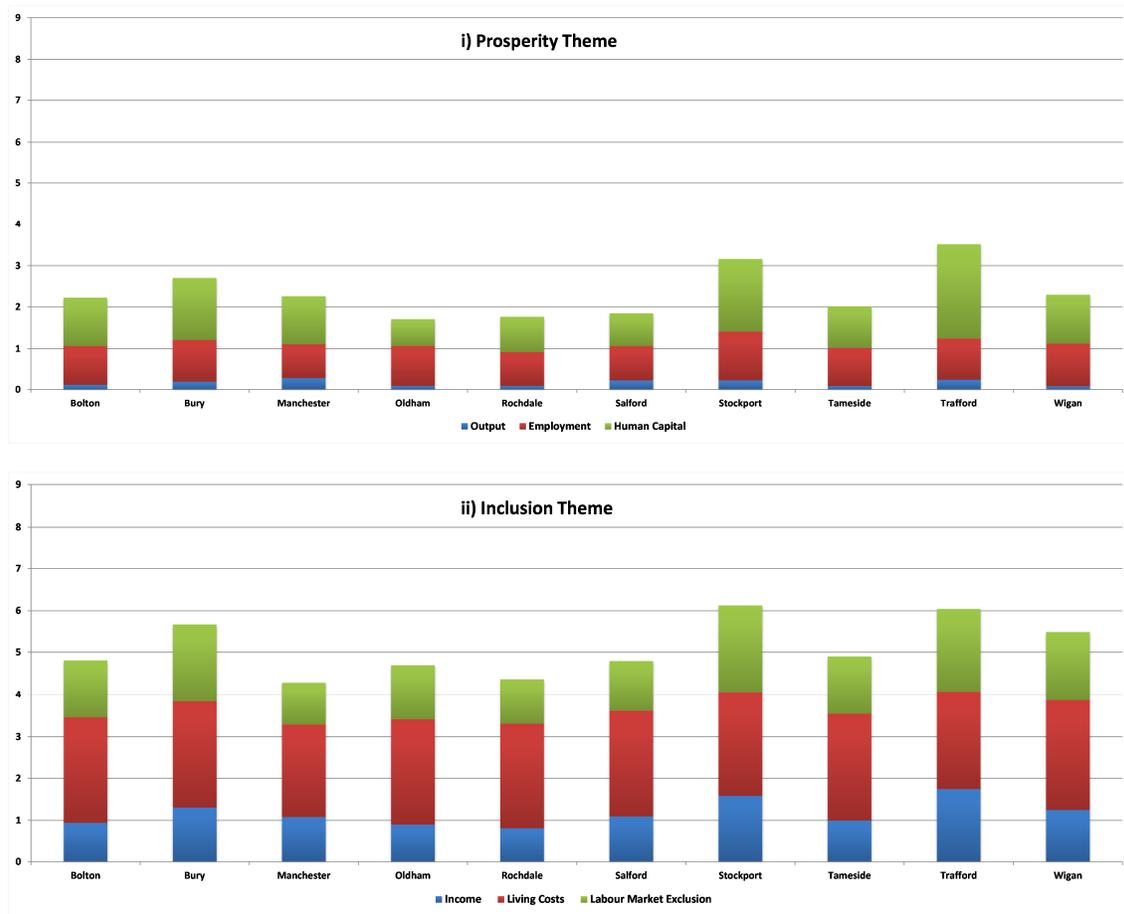


Figure 14: Composite Normalised Scores by Greater Manchester Local Authority



3.2 Prosperity and Inclusion: Leeds City Region Local Authority Districts

Figures 15 and 16 examine the underlying indicators for the prosperity and inclusion themes by Leeds City Region Local Authority District. Overall Bradford and Barnsley tended to score the lowest on both the prosperity and inclusion indicators. These areas had the highest overall levels of unemployment, a low density of private sector jobs, and Bradford in particular had the lowest employment rate and highest fuel poverty. Craven, Bradford and Wakefield performed the worse on the low earnings indicator whereas York and Selby the highest. Figure 17 examines the relative position of the Leeds City Region Local Authorities on the prosperity and inclusion dimensions by examining the normalised scores. The normalised scores benchmark the performance of a given Local Authority against all English Local Authority Districts on a scale of 0 to 9. In terms of prosperity, Selby, York and Harrogate scored the highest whereas Bradford and Barnsley the lowest. A factor that appears to be driving these differences was human capital with Local Authorities that scored

the lowest on this dimension generally scoring lower on the prosperity theme total. Bradford, Barnsley and Leeds scored the lowest overall on the inclusion theme.

Figure 15: Prosperity Indicators for Leeds City Region Local Authority Areas (2014)

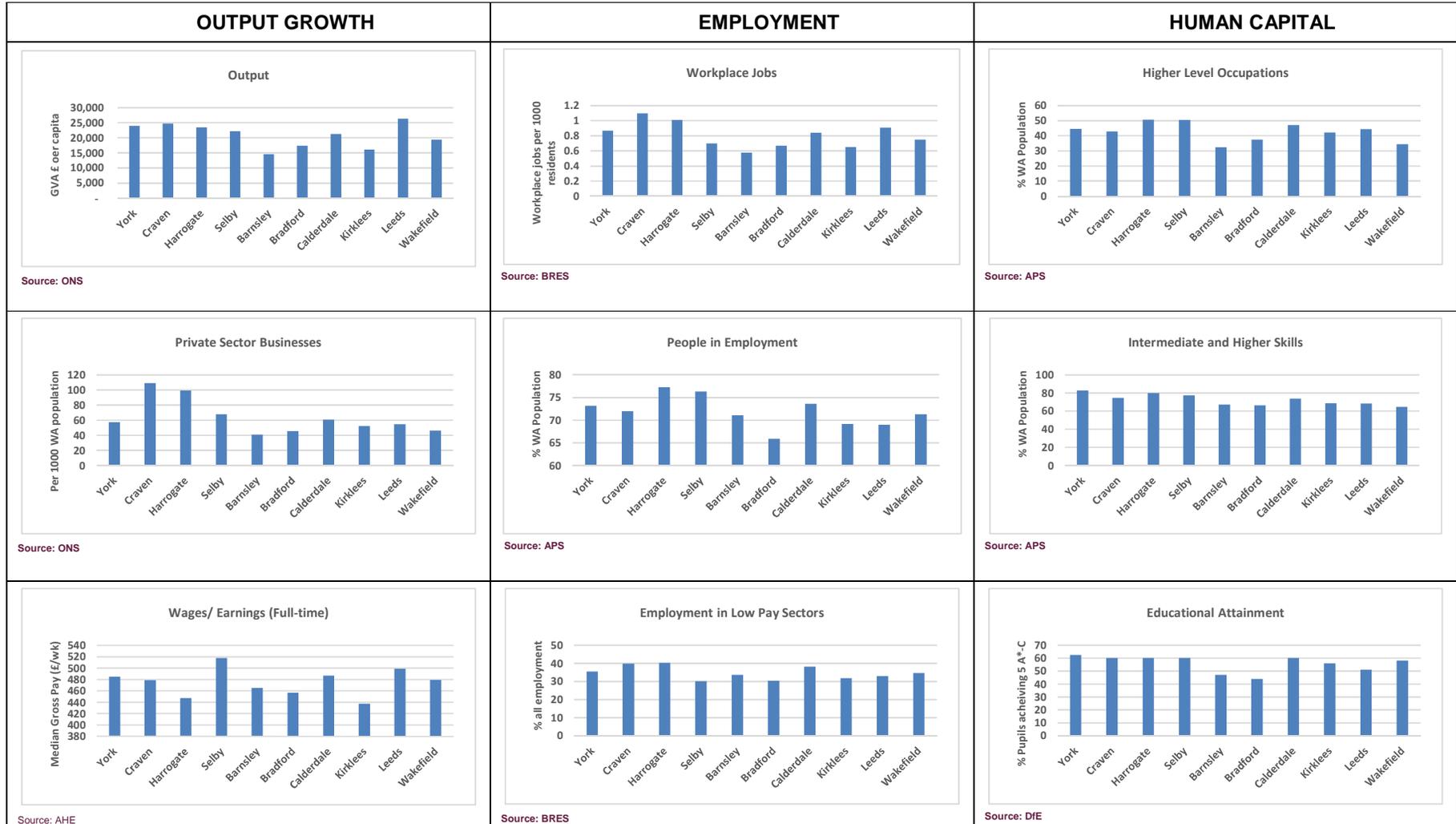


Figure 16: Inclusion Indicators for Leeds City Region Local Authority Areas (2014)

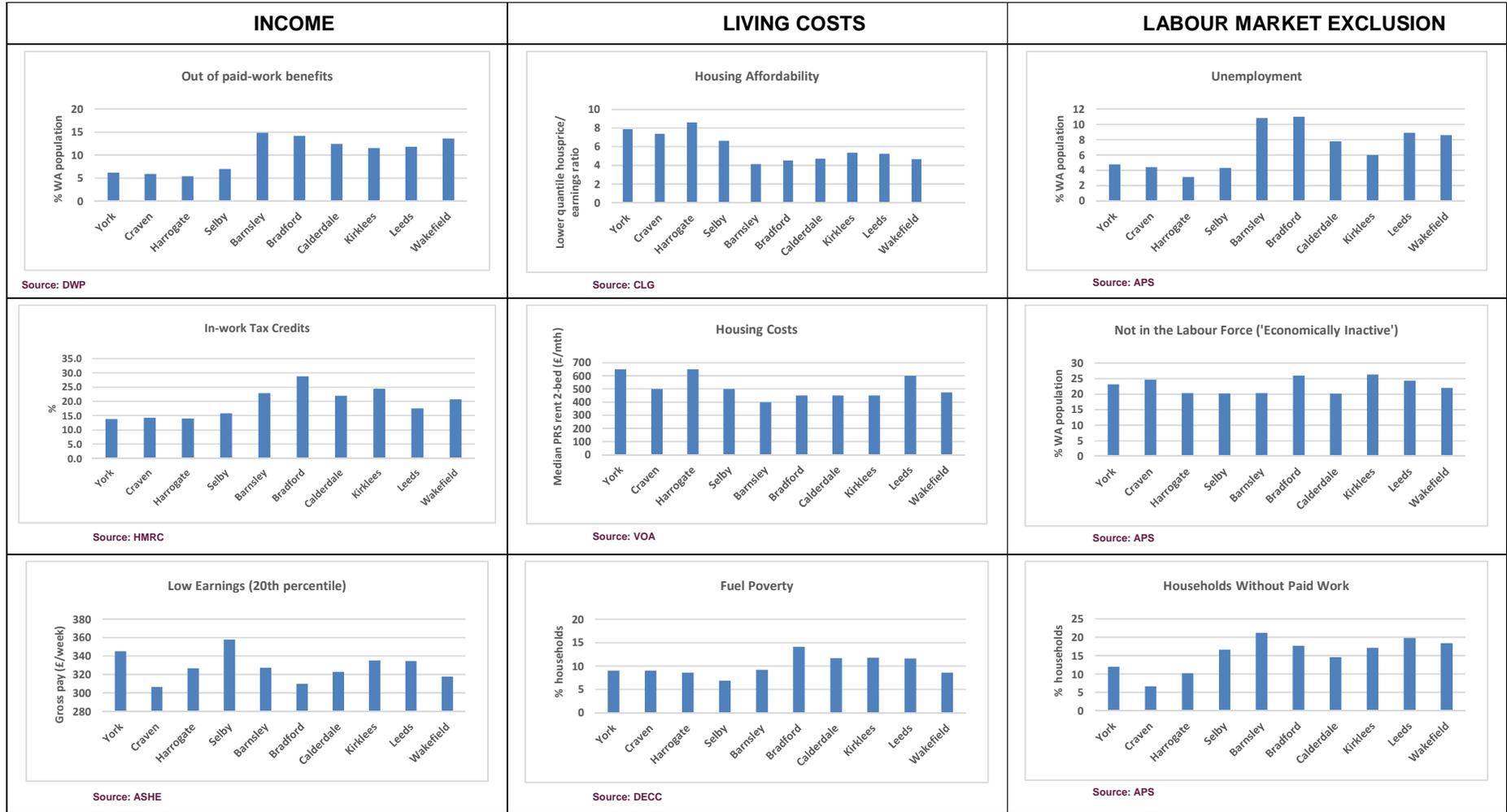
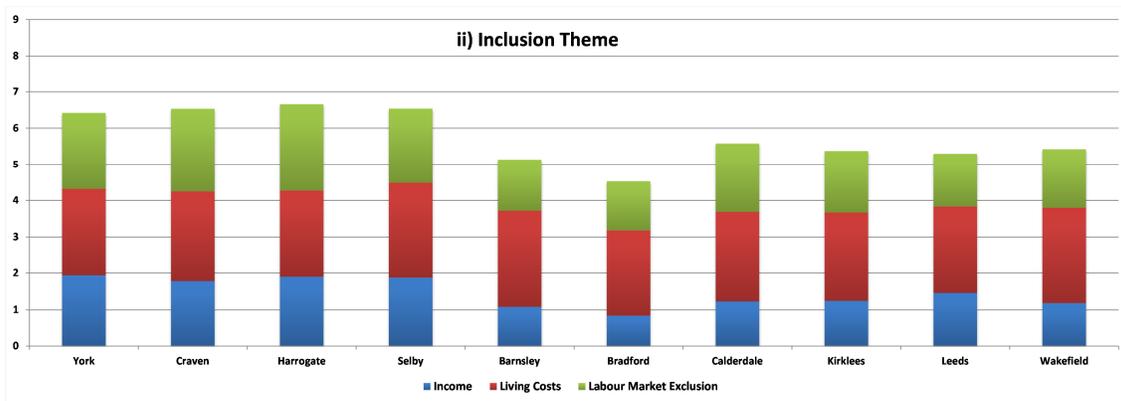
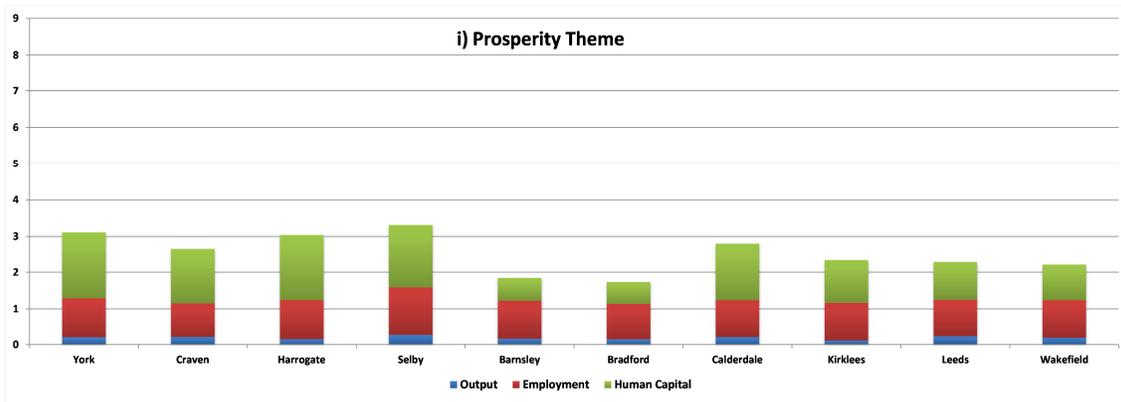


Figure 17: Composite Normalised Scores by Leeds City Region Local Authority



Conclusions

Between 2010-14 Greater Manchester compared to the rest of England experienced a relative improvement on a number of measures of prosperity (i.e. a faster than average improvement or less deterioration compared to other LEPs). These include a relative improvement in the density of jobs available for the population, in the number of people employed in higher skilled occupations, in educational attainment, on the low paid sectors indicator, and an increase in the levels of intermediate and higher skills in the working age population. On the inclusion theme Greater Manchester witnessed relative improvements on the fuel poverty, low pay, and unemployment indicators.

Based on the overall theme change scores, although Greater Manchester was among the highest performers of the core city LEPs in terms of improvement on the prosperity theme measure between 2010-14, it was among the lowest performers (3rd from bottom) nonetheless in terms of improvement on the inclusion theme. Although there was also some signs of modest improvement in terms of low pay levels at the bottom end of the wage distribution (20th percentile of earnings) median pay dropped marginally in relative terms compared to the rest of England.

Greater Manchester consequently remained towards the middle of the distribution of core city regions in terms of its performance on the prosperity theme and performed relatively poorly compared to the core city region average and rest of England on a number of indicators of inclusion.

One persistent characteristic of the Greater Manchester economy has been the comparatively low levels of employment participation and high levels of people who are not in the labour force ('economically inactive'). The improvements witnessed in prosperity therefore have not been sufficient in magnitude or shared enough in their benefits across the population to translate into a sustained narrowing of the employment and economic inactivity gaps between Greater Manchester and the core city region average. The comparatively low employment rates and high levels of economic inactivity remain a continuing challenge to inclusive growth in Greater Manchester as in many core city regions.

The increased prosperity witnessed in Greater Manchester has also been accompanied by a decline in the affordability of rental accommodation with prices increasing above the core city average and now approaching the English national average. There was also some signs of a trend towards a decrease in the affordability of home ownership relative to wages.

In terms of comparing Greater Manchester and the Leeds City Region, on the prosperity theme the Leeds City Region performed better on the employment dimension whereas Greater Manchester overall performed better on the human capital dimension. The labour market performance of the Leeds City region compared to Greater Manchester was further apparent in terms of higher scores on the labour market exclusion and income dimensions on the inclusion theme. Overall the Leeds City Region performed similar to Greater Manchester on the prosperity theme but higher on the inclusion theme.

The local authority level analysis revealed some broad similarities and differences in the challenges towards inclusive growth experienced by different localities within

Greater Manchester and the Leeds City Region. Some of the more peripheral geographic areas in Greater Manchester such as Oldham and Rochdale face a combined challenge of lower prosperity, through lower economic output and a lower density of jobs relative to their population sizes, and low social inclusion. The central local authority areas of Manchester and Salford in contrast despite stronger economic output and job density still exhibit comparatively high economic inactivity and unemployment levels. This suggests a degree of disconnect between the relative economic performance of the city centre areas and the levels of social inclusion experienced by their residential communities.

A similar picture emerges when comparing the comparatively higher economic output and job density experienced in the centre of Leeds and comparatively low levels of inclusion, whereas other areas such as Bradford and Barnsley suffer from both comparatively low prosperity and social inclusion.

The findings also reveal how the specific challenges faced to greater inclusion are severer in some local authorities than others. For example, in the case of Salford comparatively low levels of educational attainment were particularly notable, whereas although low pay was a problem across Greater Manchester this issue was particularly acute in Bolton and Tameside.

The inclusive growth monitor provides new insights into the relationship between growth and poverty. At the local level, it provides practitioners with a strategic framework to shape the inclusive growth agenda in cities and city regions by identifying strengths and weaknesses across policy areas. It offers them a means of monitoring performance against inclusive growth objectives and benchmarking outcomes against other areas. The inclusive growth monitor is more flexible and accessible in the way that data can be presented and understood than alternative frameworks that are currently available. These indicators will be updated annually by a team in the Inclusive Growth Analysis Unit (IGAU) at the University of Manchester.

References

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