

Investigating the Governance Mechanisms that Sustain Regional Economic Resilience and Inclusive Growth

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Summary

2

- Compare Greater Manchester and Preston in terms of their recovery and resilience since the financial crisis.
- Greater Manchester is part of the 100 Resilient Cities Project funded by the Rockefeller Foundation and has a Local Industrial Strategy (June 2019).
- Preston has pursued community wealth building strategies since 2011.
- Review the academic and policy literature on governance mechanisms and policy interventions that have been applied. Different styles of governance.
- Explain Governance role for economic development towards inclusive growth.

- Economic resilience is the ability of an economy to withstand or recover from an economic shock which could be a global event (the financial crisis), national event (UK house price crash of the early 1990s) or a local event (the closing of a factory).
- We analyse the resistance, recovery and renewal of output, employment and productivity data over 2002-2017 for Greater Manchester and Preston.
- The ONS released a new measure of balanced GVA in 2017 for regions, a chained volume measure in real terms (in 2016 pounds).
- $\text{Real Productivity} = \text{real GVA} / \text{productivity jobs}$

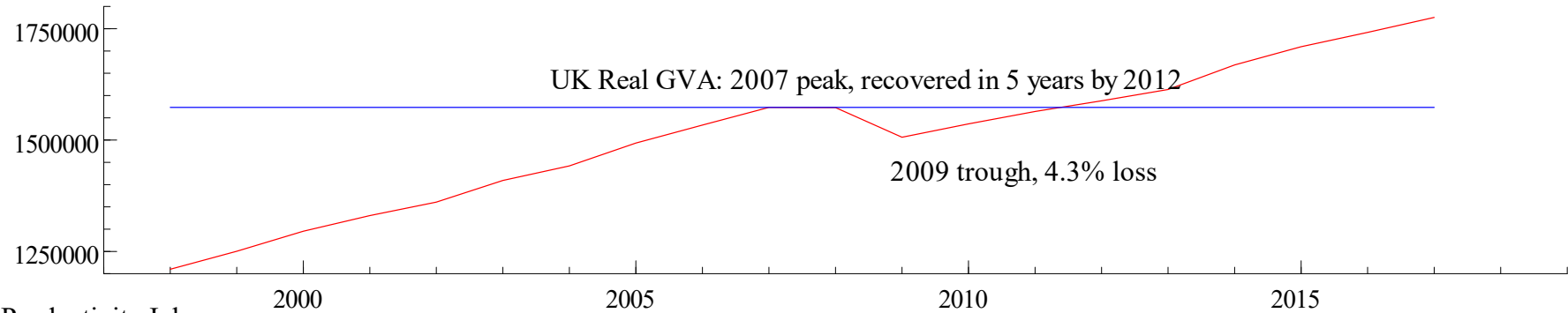
To calculate a regional ranking of resilience from the statistics, we ask the questions (& code Yes=1, No=0):

- 1. Resistance:** has the fall in GVA/jobs/productivity been less than the national decrease? $\text{Beta} < 1$
- 2. Duration:** has the duration of the recession been shorter or the same as than the national recession?
- 3. Recovery:** has the region recovered faster or at the same time as the nation?
- 4. Renewal:** was the rate of growth after the recession greater than before ($\text{E2AGR} > \text{EAGR}$)? A greater rate of increase means the region is accelerating to a higher growth path.

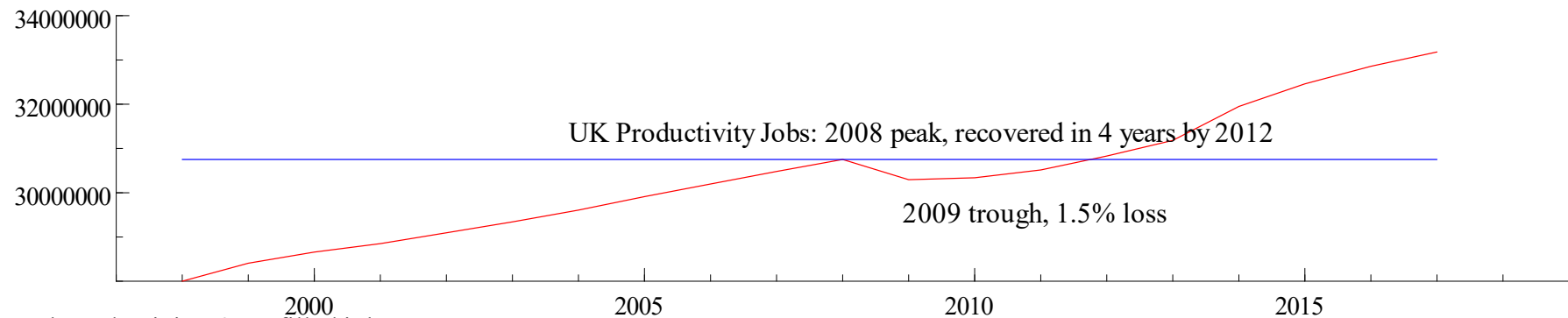
UK Real GVA, Jobs & Productivity

5

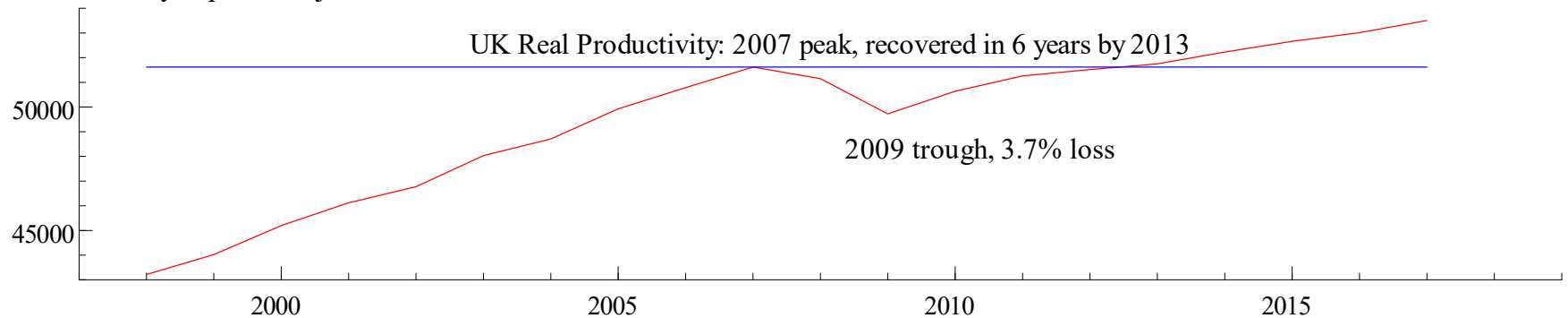
Real GVA: £ millions



Productivity Jobs



Real Productivity: £ per filled job



Regional Resilience of Real GVA

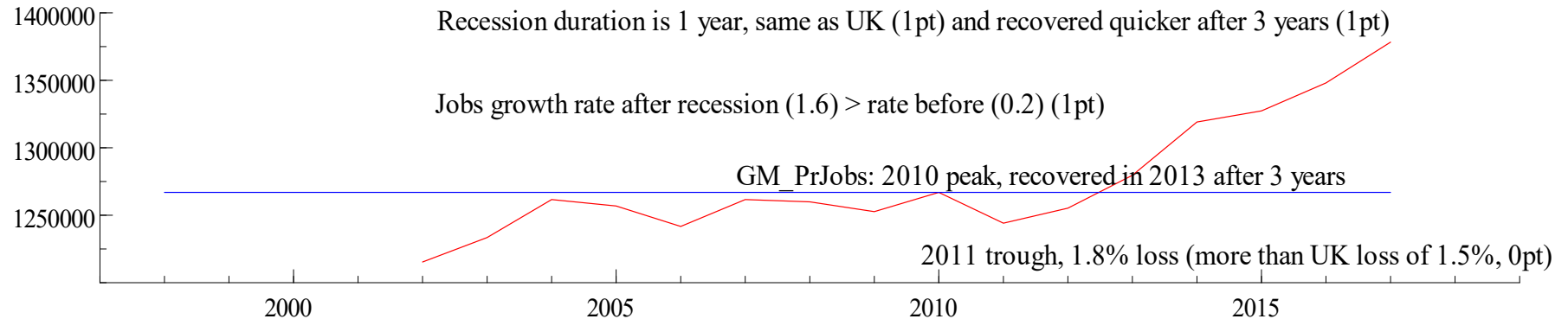
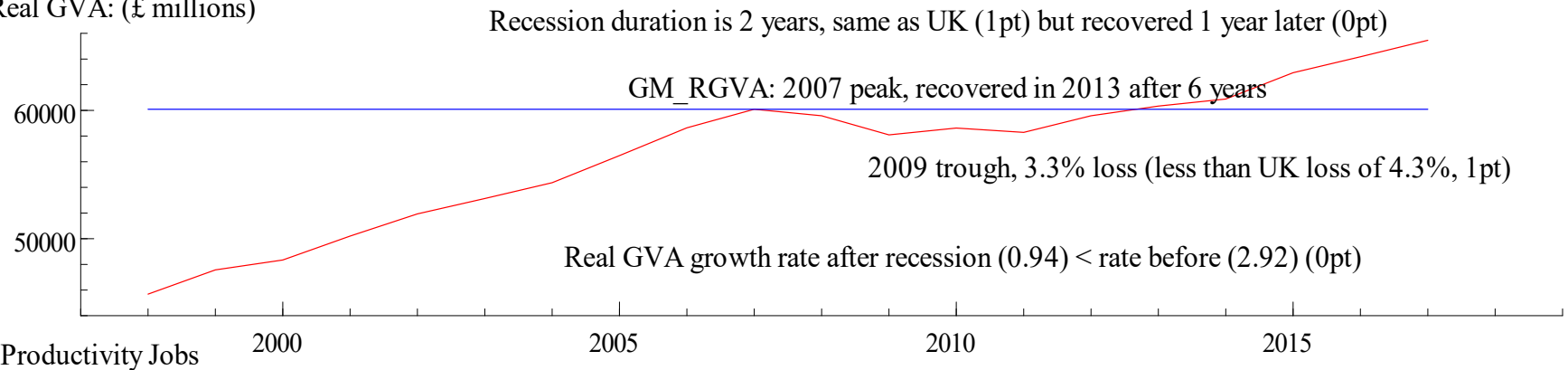
6

Rgn	Peak	Trough	LOSS	Beta	RC	EAGR	E2AGR
UK	2007	2009	-4.3	1	2012	2.9	2.05
NW	2007	2009	-3.6	0.85	2014	2.98	1.07
GM	2007	2009	-3.31	0.78	2013	2.92	0.94
Mc	2007	2009	-2.37	0.56	2012	3.73	2.01
SaTr	2007	2009	-3.22	0.76	2012	3.13	1.69
StTa	2007	2009	-2.69	0.63	NR	1.67	-1.23
BoWi	2007	2009	-4.92	1.16	2015	2.64	0.73
BOR	2007	2011	-6.14	1.44	2015	2.62	1.67
Lanc	2007	2009	-7.86	1.85	2015	3.1	1.56
Prest	2007	2009	-5.86	1.38	2013	3.34	1.38

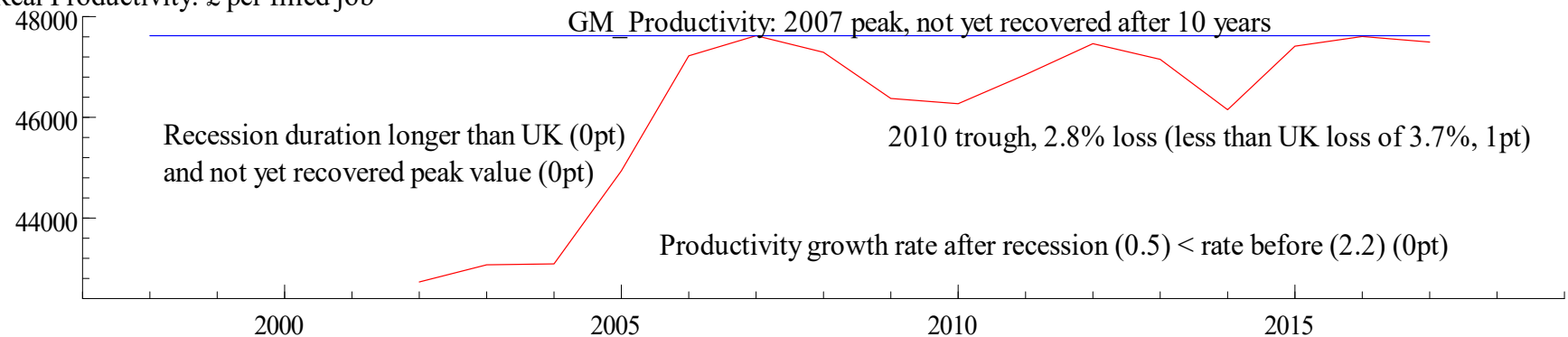
Greater Manchester: NUTS 2 region

7

Real GVA: (£ millions)



Real Productivity: £ per filled job



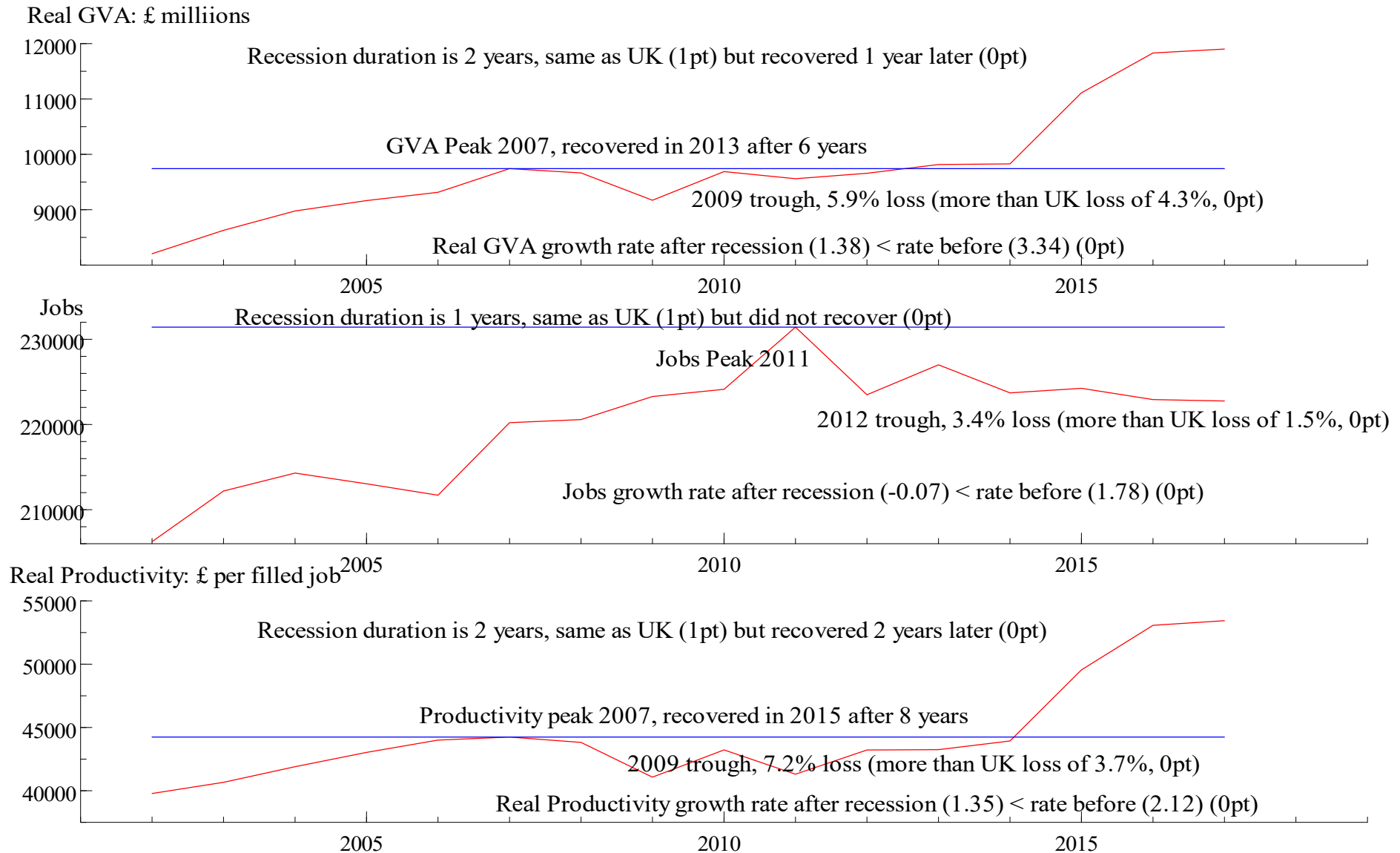
Resilience of Productivity Jobs

8

Rgn	Peak	Trough	LOSS	Beta	RC	EAGR	E2AGR
UK	2008	2009	-1.49	1	2012	0.94	1.06
NW	2008	2011	-0.76	0.51	2013	0.63	1.12
GM	2010	2011	-1.8	1.21	2013	0.16	1.6
Mc	2010	2011	-2.73	1.84	2013	1.5	3.62
SaTr	2007	2008	-0.6	0.41	2010	0.59	0.86
StTa	2008	2010	-4.14	2.79	NR	1.23	0.03
BoWi	2005	2012	-7.13	4.8	2017	2.36	1.58
BOR	2005	2011	-7.04	4.74	2017	2.19	1.2
Lanc	2008	2012	-2.59	1.74	NR	3.1	1.56
Prest	2011	2012	-3.43	2.31	NR	1.78	-0.07

Mid-Lancs (Preston): NUTS 3 region

9



Resilience of Real Productivity

10

Rgn	Peak	Trough	LOSS	Beta	RC	EAGR	E2AGR
UK	2007	2009	-3.67	1	2013	1.97	0.98
NW	2007	2009	-3.33	0.91	2015	2.23	0.3
GM	2007	2010	-2.84	0.77	NR	2.16	0.49
Mc	2007	2010	-4.15	1.13	NR	3.09	0.22
SaTr	2008	2010	-3.78	1.03	2013	2.53	0.91
StTa	2006	2009	-3.52	0.96	2010	1.11	-0.8
BoWi	2007	2009	-4.64	1.26	2015	2.1	0.2
BOR	2006	2010	-4.29	1.17	2012	1.97	1.53
Lanc	2007	2009	-7.66	2.09	2015	2.35	1.33
Prest	2007	2009	-7.16	1.95	2015	2.12	1.35

Out of a total of 12 points:

- NUTS 1 level: North West (6 points).
- NUTS 2 level: GM (6 pts), Lancashire (2 pts).
- NUTS 3 level: Manchester (6 pts), GM South West (Salford & Trafford, 9 pts), GM South East (Stockport & Tameside, 4 pts), GM North West (Bolton & Wigan, 2 pts), GM North East (Bury, Oldham & Rochdale, 1 pts), Mid Lancashire (including Preston, 3 pts).

Date, GM Governance Event

- 2009, Manchester Independent Economic Review published.
- 2010, GM Local Enterprise Partnership created.
- 2011, GM Combined Authority (GMCA) created. Each of 10 LA Leader takes a GM policy portfolio.
- 2012, GM City Deal agreed (£2.7 million).
- 2013, GM Strategy, Stronger Together brings together economic growth and public service reform priorities.
- 2014, George Osborne makes 2 speeches about “Northern Powerhouse”. GM Devolution deal is signed in November.
- 2015, Health and social care spending agreed £6bn.
- 2016, Devo. deal for more criminal justice system powers.
- 2017, GM Mayor Andy Burnham elected.

Date, GM Governance Strategy

- 2019, GM Independent Prosperity Review in Feb.
- 2019, GM Green Summit, 5 year Environment Plan launched in March. GM aims to be carbon neutral by 2038.
- 2019, Greater Manchester Housing Strategy committed to 50,000 additional truly affordable homes by 2037, launched in June (GM Spatial Framework).
- 2019, Transport for the North Strategic Economic Plan.
- 2019, GM Local Industrial Strategy Launched in June.

O'Brien and Pike, City Deals, Decentralisation & Governance of Local Infrastructure, NIER (2015):

- Reworking the role of the UK state internally.
- Greater spatial divides as “Regional and urban public policy is being recast as a process of deal-making founded upon territorial competition and negotiation between central national and local actors unequally endowed with information and resources, leading to highly imbalanced and inequitable outcomes across the UK”.

- GM devolution model favoured agglomeration and densification of the centre, evidence from MIER.
- Haughton, et al (CJRES, 2016) suggest that public service reform has been crucial for Government allowing more policy autonomy and greater fiscal powers. With austerity cuts, GM has been able to pilot new forms of intervention for vulnerable people (like the Working Well prg with DWP).
- Demand management and providing innovative local solutions brings risks as well as rewards as local winners and losers begin to emerge.

Date, Preston Governance Event

- 2002, won Golden City status in Queen's Golden Jubilee.
- 2011, John Lewis retail development withdrawn; Cllr Matthew Brown investigates Community Wealth Building in Cleveland, US and starts to work with CLES.
- 2013, CLES estimates local spend for Preston & Lancashire.
- 2013, Preston, South Ribble and Lancashire City Deal was signed in September 2013. Investment of £1.47 million, LEP says "expand transport infrastructure, create 20k new jobs and generate more than 17k new homes over next 10yrs".
- 2017, UCLan start Co-operative Development Network.
- 2018, Preston named fastest growing city in the PWC/ Demos Good Growth for Cities Index.

- Council visited local “anchor institutions” universities, housing associations, hospital and asked them to pay the real living wage and procure goods and services locally (Manley, 2018).
- Preston Co-operative Development Network encourages business people to create worker-owned co-operatives and helps them to network.
- Worked with CLES on procurement spend and the Labour party who set up a Community Wealth Building unit in February 2018 – this feeds into Labour party policy.

Resilience: Governance experiments

18

- Ayres, et al (2018, RS) note that “crises open ‘windows of opportunity’ by potentially jolting institutions ... out of established pathways and thereby facilitating the introduction of new structures and relationships”.
- Fastenrath et al (2019) discuss Melbourne’s resilience strategy. They “argue that resilience actions can be conceptualized as ‘governance experiments’ that aim to re-construct established urban governance structures by disrupting institutional path dependencies through collective innovation, cooperation and coordination” (p.7-8). More policy experimentation and combining solutions from “bottom-up” grass roots organisations (for example in the voluntary and social enterprise sector) with “top-down” established urban planning policy.

Progressive Regionalism

19

- Axinte et al (2019) discuss how progressive regionalism has focused on issues of social equity and sustainability. They connect the regenerative development and collaborative governance literatures to advance the debate.
- This is a reaction to the failure of trickle down economics to redistribute benefits of growth and clean up the pollution it creates (Raworth, 2017).
- Competition creates winners and losers and wastes resources. An over emphasis on competition and development has not improved conditions for the whole of the GM city-region, only the centre.

Axinte et al (2019) describe the fundamental actions encompassed by regenerative development:

1. Resources: move from linear to circular flow.
2. Natural capital and ecosystems.
3. Regeneration of built spaces.
4. Community regeneration by strengthening involvement of local communities & businesses in the decision making processes (for example with neighbourhood plans). Include stakeholders.

Need better metrics to measure citizen health and well-being, better jobs, improving social care, environmental assets and cultural capital.

- Social Mobility Commission has statistics on NEETS, % 5 GCSEs, % on less than Living Wage, median salary, house price to salary ratio.

Happy City's Thriving Places Index includes:

- Local conditions (work & local economy; mental & physical health; education & learning; place & environment; people & community).
- Sustainability (CO₂ emissions; energy consumption; waste and recycling rates).
- Equality (well-being inequalities; health inequalities; income inequalities).

Thriving Places Index

22

Score	Label
< 3.5	Lowest
3.5 - 4.5	Low
4.5 - 5.5	Average
5.4 - 6.5	High
> 6.5	Highest



2019 scorecard



2019 scorecard

Conclusions

23

- GM jobs recovery has been concentrated in heart of city region, surrounding towns less resilient.
- Low resilience scores for most regions apart from where investment has been targeted (like the BBC in Salford).
- Preston has had a strong recovery in output and productivity but jobs levels yet to recover.
- Can using alternative metrics tell us more about inclusive growth, particularly about progress with sustainability of resources and the environment?

Preston: ONS map

Figure 6: Employment and population growth in England and Wales, 2009 to 2017

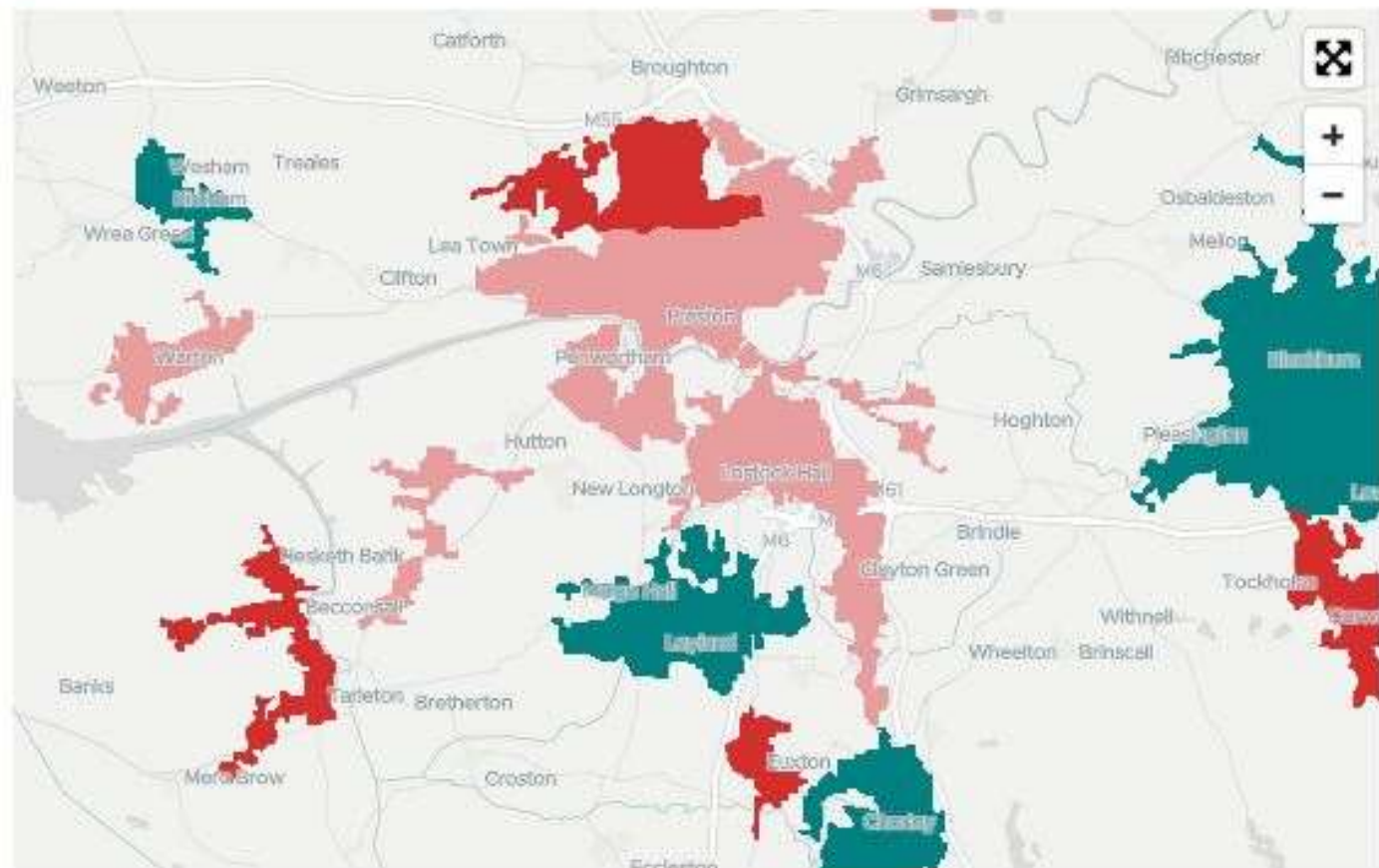
■ Declining Population, Declining Employment ■ Population Growth, Declining Employment
■ Population Growth, Employment Growth ■ Declining Population, Employment Growth

Preston:

Population
growth = 3.9%

Decline in
Employment =
-5.2%

Leave vote =
55.7%
(source
Hanretty, 2017)



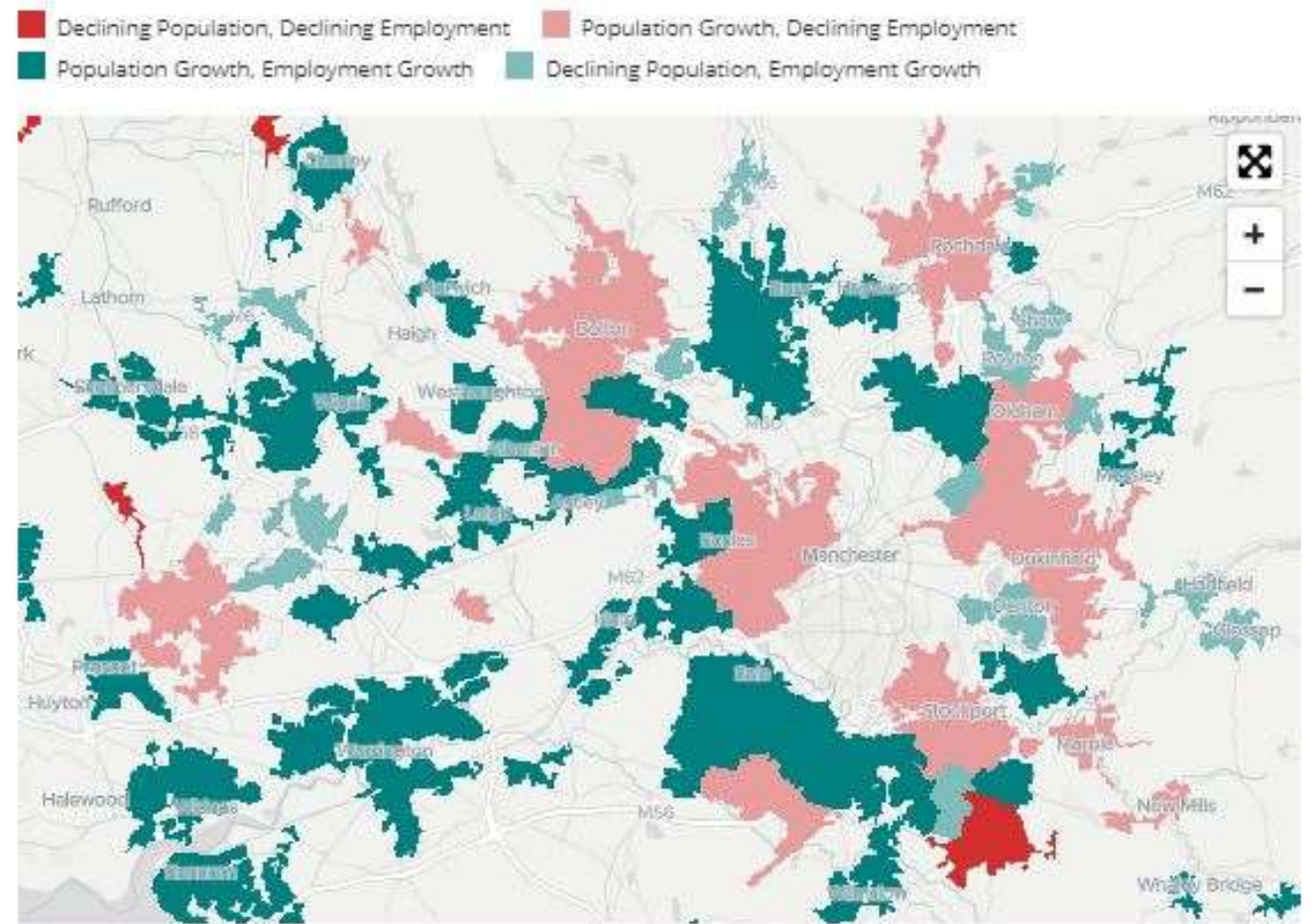
Source: ONS, Understanding towns in England and Wales: an introduction

GM: Population & Employment change

25

GM LA	Pop	Emp
Bolton	5.7	-1.6
Bury	4	10.8
Manc.	12.8	24.3
Oldham	10.4	-0.1
Roch.	4.4	-12
Salford	18.4	-12
Stock.	4.2	-0.9
Ashton.	5.9	-7
Sale	4.5	14.8
Wigan	4.1	0.7

Figure 6: Employment and population growth in England and Wales, 2009 to 2017

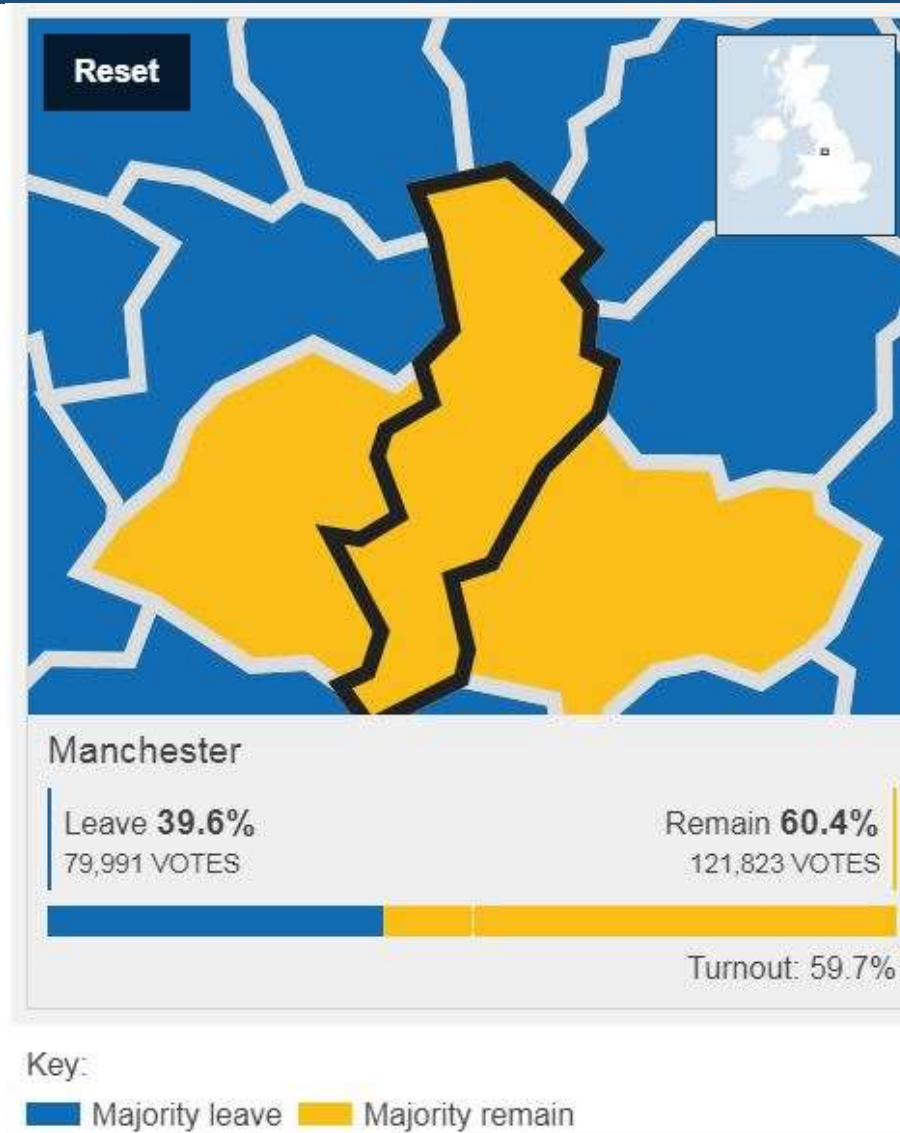


Source: ONS, Understanding towns in England and Wales: an introduction, 2019.

Greater Manchester Leave Vote: 54.5%

26

GM LA	Leave Vote
Bolton	58.3
Bury	54.1
Manchester	39.6
Oldham	60.9
Rochdale	60.1
Salford	56.8
Stockport	47.7
Tameside	61.1
Trafford	42.3
Wigan	63.9



Source: BBC, EU Referendum Result, 2016.