centre for progressive policy

The levelling up outlook

CPP outlook #1

October 2020

About the outlook

The government's levelling up agenda aims to address the structural inequalities that have held back the country's economic progress for decades. It is at the heart of the promise made by the Conservative Party to Red Wall seats in the 2019 General Election but fulfilling it has been made harder by the Covid-19 pandemic.

The purpose of the levelling up outlook is to track the country's progress in reducing economic inequalities in the context of the ongoing crisis. This is to:

1. Help hold the government to account for its levelling up agenda;
2. Identify priority areas to achieve the government's aims; and
3. Highlight longer term challenges to the levelling up agenda and suggest solutions.

We will be using the latest official statistics and other reliable data to publish the outlook every quarter.

This month's edition is being published alongside the CPP's policy paper on levelling up – *Beyond hard hats: what it will take to level up the UK*.

Key takeaways from the October outlook

Latest trends and their implications

London has seen the highest rise in unemployment-related benefit claims due to the crisis, with many of London's poorest boroughs seeing the highest rises amongst UK local authorities. London has also seen the largest fall in online vacancies of any region, as the economic crisis takes a grip on the Capital.

Implications for levelling up: What was the initial epicentre of the virus is now an epicentre of the economic crisis. The levelling down of London may occur, although this will likely be driven by a worsening of economic conditions for the poorest boroughs within London rather than a levelling down of the region's most affluent places.

The crisis is leading to an increase in inequalities between places as claims rise most in deprived areas. Those places with high levels of income deprivation have seen particularly large rises in the claimant count.

Implication for levelling up: The central challenge of levelling up – tackling the endemic causes of place-based deprivation – has got harder.

Local authorities with a higher proportion of people qualified to at least Level 1 saw smaller rises in claimants in the first few months of the crisis.

Implication for levelling up: Having some level of formal qualification seems to be associated with place-based economic resilience, at least in the initial stages of the crisis.

Vacancies across many sectors are half what they were pre-crisis, even in those sectors least initially impacted by the shutdown such as financial and insurance services.

Implication for levelling up: The economy is in a very weak position to absorb the additional numbers of unemployed people once the Job Retention Scheme ends.

The end of the furlough will exacerbate within area income inequality, as those furloughed are much more likely to be low earners and the new Job Support Scheme will result in many of those furloughed becoming unemployed.

Implication for levelling up: Levelling up must target inequalities within and not just between places.

There has been a large decrease in the proportion of the poorest who are saving – a group who had little by way of financial wealth before the crisis. Households in the North East had much lower liquid financial wealth going into the crisis than other regions, suggesting they are particularly vulnerable to the economic shock.

Implication for levelling up: A living standards crisis including heightened financial distress threatens to derail the levelling up project before it has even started.

Insecure work is rising with health and social care driving an increase in zero-hours contracts despite the renewed focus on supporting key workers.

Implication for levelling up: Levelling up will require a new approach to key workers which focuses on providing greater job security.

Underemployment is rising across the labour force as vacancies fall.

Implication for levelling up: Plummeting vacancies and rising underemployment will provide greater opportunity for worker exploitation. Failure to clampdown on exploitation would fly in the face of the goal to level up economic opportunity.

In focus: levelling up regional productivity

Regional productivity gaps going into the crisis were substantial, with **London's output per head 2.5 times greater than that of the North East and Wales.** While London is exceptional, the differences between remaining regions are still big (for instance the South East generates 50% more GVA per head than the North East and Wales).

New CPP analysis of regional differences in output per head shows that **targeting the productivity of the workforce** rather than unemployment and inactivity would be most fruitful for closing regional output gaps.

When exploring whether it is place or sector that drives regional productivity differences, available data suggests that **place is just if not more important.** For instance, productivity in finance and insurance in London is double that in Yorkshire and the Humber, while workers in Wales do not work in less productive sectors than the UK average, they are less productive within each sector.

Our new model of productivity differences by local authority reveals the drivers and barriers to higher productivity in different places. Applying the model to regions implies that **the North East, North West and Scotland are particularly held back by poor health,** the South West and Wales are held back by a higher proportion of older workers, while Northern Ireland is particularly held back by its mix of low productivity sectors. Such analysis can help national, regional and local government prioritise the critical challenges requiring attention to close productivity gaps and level up. More on this can be found in our levelling up policy paper.

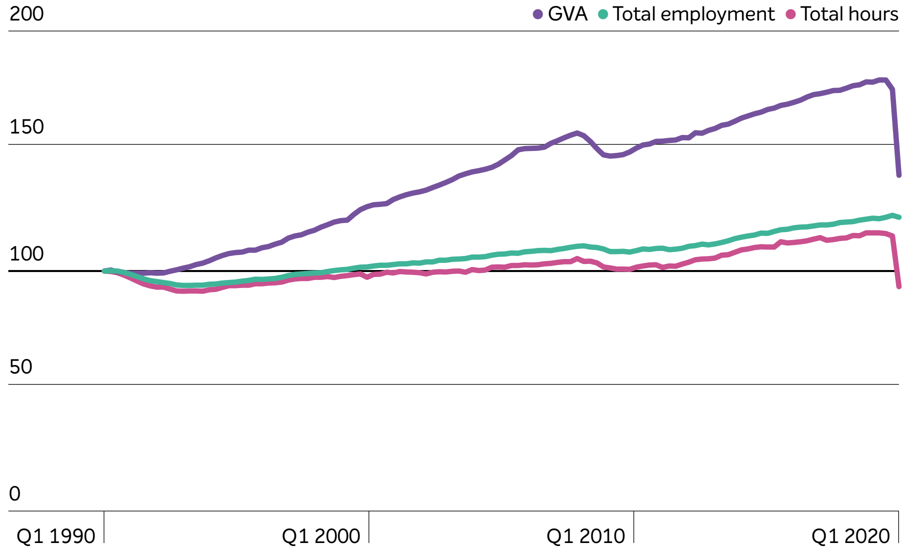
Latest trends and developments

The first part of the outlook explores recent trends in official economic data to highlight key emerging opportunities and threats to the government's levelling up agenda. The second part of the outlook provides an in-depth focus on a longer-term challenge relating to spatial inequality with this first edition highlighting regional productivity gaps.

Growth and employment

Chart 1: GVA, total hours and total employment

Source: CPP analysis of ONS data



Employment has remained remarkably stable in the face of the worst ever quarterly output shock.

Alongside Brexit, levelling up was the Conservative Party's key manifesto commitment, but after coming to power at the end of 2019, all initial energy had to go into firefighting the largest pandemic since Spanish Influenza in 1918.

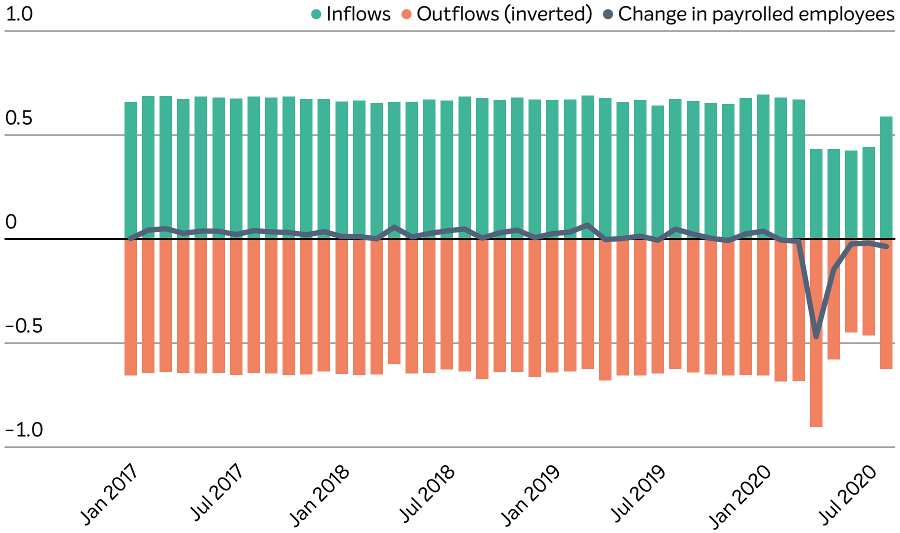
With the government shutting down the economy to save lives, the UK experienced its largest ever quarterly decline (-20% quarter on quarter). Since the massive slump in Q2, GDP has been rising – with the latest monthly data suggesting a 6.6% increase in July, but the economy has still only recovered half of the lost output from Covid.[1] With cases now on the rise again, local (and national) lockdowns threaten to slow the pace of recovery. Hopes of a V-shaped recovery are waning fast.

Despite such a substantial output shock, the employment rate has remained relatively steady – down just 0.2 percentage points in Q2. During the 2008 financial crisis, output fell by a total of 6% peak to trough while employment fell by 2.2 percentage points and in the 1980–81 recession, output fell by 4.2% while employment fell by 2.4 percentage points.[2]

> This year's unprecedented economic contraction would imply far heavier employment losses were it not for government intervention

Chart 2: Inflows and outflows to payrolled employees (millions)

Source: CPP analysis of ONS data



Stable employment has been driven by the Job Retention Scheme which stemmed the outflow of people leaving employment

While employment has been far more stable than output, there has still been a reduction in the numbers of people employed, down 695,000 since March according to the latest payroll data.

This fall mostly occurred at the height of the pandemic in April when the largest numbers of people left employment (902,000) and the numbers of people entering employment fell to 432,000.

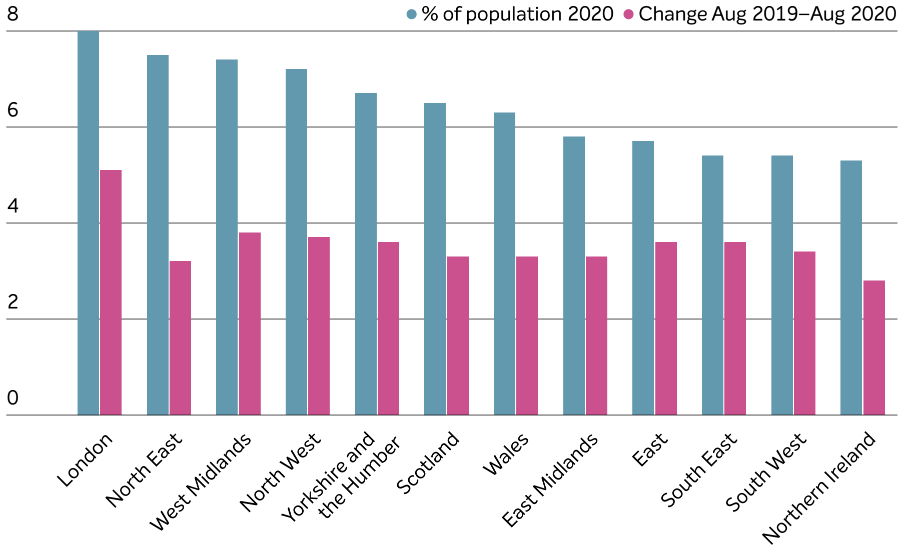
The numbers leaving paid employment stabilised in response to the Job Retention Scheme, but the numbers entering employment have remained low throughout summer.

With the scheme ending in October, an apparent second wave of Covid and the economy only having recovered half its lost output, there is a big risk of an imminent employment crisis

Unemployment

Chart 3: Claimants by region (% of working age population)

Source: CPP analysis of ONS data



London boroughs have seen the most dramatic increases in benefit claims for unemployment

While the levelling up rhetoric has focused on the North of England, London boroughs have experienced the largest increases in benefit claims for unemployment in the wake of the crisis.

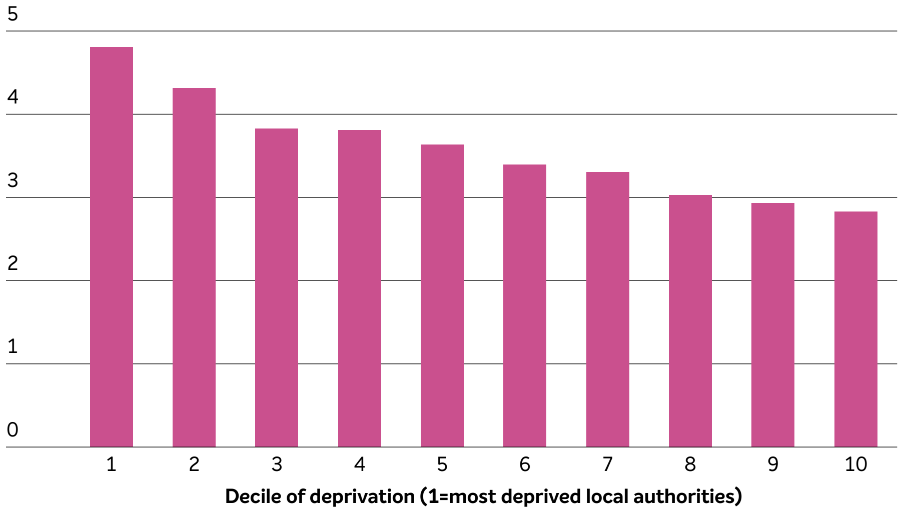
Of the 20 local authorities seeing the highest rise in claimant count, London boroughs account for over half.

Not only then did the capital face the biggest initial health impact from the virus, it also now appears to be facing the biggest initial economic impact

London's poorest boroughs have been worst affected. Haringey, Newham and Brent, for example, were the top three having seen rises in benefit claims of over 6 percentage points year on year. All three boroughs have high pre-existing levels of deprivation with Newham ranked 12th, Haringey 37th and Brent 49th most deprived out of 317 local authorities in England.

Chart 4: Percentage point change in claimant count by decile of income deprivation (Aug 2019–Aug 2020)

Source: CPP analysis of ONS and MHCLG data



Places with higher levels of income deprivation have, on average, seen higher rises in benefit claims

When looking at the claimant count across the country, those areas that were already more deprived going into the crisis have seen larger rises since.[3] In this sense, the pandemic is already widening inequalities between places.

Looking in detail at the relationship between place-based characteristics and the rise in claimant count reveals income deprivation to be the most important type of deprivation (as distinct from other forms of deprivation such as health, crime or housing).[4] In other words, if places already had high levels of income deprivation (measured in terms of levels of welfare support for those in-and-out of work), the economic shock was particularly likely to result in more people claiming benefits.[5]

The proportion of the local population having at least a Level 1 qualification was also important. The higher this proportion, the lower the yearly increase in the claimant count.

> Having any qualification seems to be associated with resilience, at least in the initial stages of the crisis[6]

The Job Retention Scheme

Table 1: Top 20 most furloughed communities (latest local authority data as at 30 June 2020)

Source: CPP analysis of HMRC data

Local authority	Take-up rate	Region
South Lakeland	42%	North West
Eden	41%	North West
Crawley	41%	South East
Newham	39%	London
Pendle	38%	North West
Scarborough	38%	Yorkshire and the Humber
Cannock Chase	38%	West Midlands
Haringey	38%	London
Hounslow	38%	London
Tamworth	37%	West Midlands
Brent	37%	London
Cornwall UA and Isles of Scilly UA	37%	South West
Torbay UA	37%	South West
Blackpool UA	36%	North West
Allerdale	36%	North West
Erewash	36%	East Midlands
Redditch	36%	West Midlands
Wyre Forest	36%	West Midlands
North Norfolk	36%	East of England
Ealing	36%	London

Towns that are heavily reliant on shutdown sectors have seen high proportions of their workforce furloughed

Regionally, there is little difference in the proportion of people furloughed through the Job Retention Scheme, but there are substantial differences by local authority.

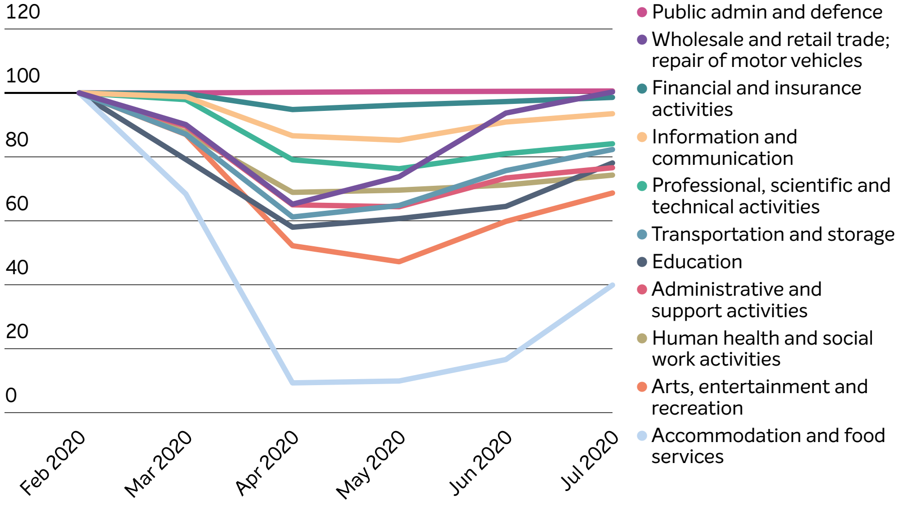
Take up rates of the furlough scheme have varied hugely by local area, reflecting the diverse industrial concentrations between districts. Local areas from across the country are represented in the top 20 most furloughed places including London and the South East.

Towns that are heavily reliant on sectors shutdown during the crisis have fared particularly badly. Amongst these local authorities, South Lakeland and Eden are Lake District towns that are particularly reliant on the tourist trade, while Pendle (which is reliant on Rolls Royce aerospace manufacturing) and Crawley (Gatwick) have been heavily impacted by the fall in international travel and aviation due to Covid-19.

> The high proportions furloughed in certain areas underlines the importance of having a diverse industrial base which can make places more resilient to economic shocks

Chart 5: Monthly output (Mar–Jul 2020) as a proportion of Feb 2020 (Feb 2020 output = 100%)

Source: CPP analysis of ONS data on selected services sub-sectors



Many sectors will remain below pre-crisis levels of output in time for when the Job Retention Scheme ends in October

By July, output in accommodation and food services was still down 60% on February levels, while arts, entertainment and recreation was down 30%. Looking at the non-services sectors, construction was still down 11.6% on February, manufacturing down 8.7% and production down 7%.[7]

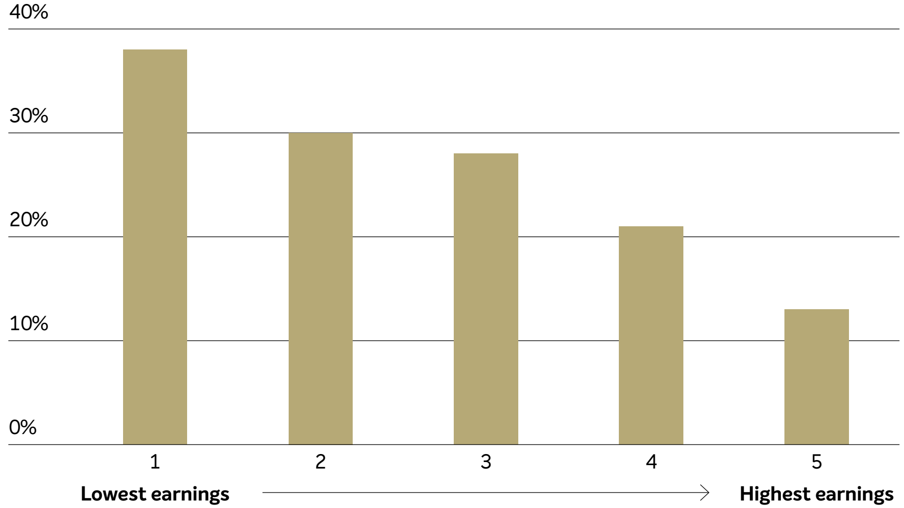
Some sectors have bounced back such as wholesale and retail which was one of the few sectors to have experienced a V-shaped recovery, while output in financial services and insurance and public administration and defence has so far been largely untouched by the crisis.

Following the JRS, the government will introduce the Job Support Scheme where an employee working 33% of their hours will receive 77% of their pay (55% paid for by the employer and 22% paid for by the government). But given such low levels of output for many sectors and new public health restrictions, the willingness of firms to bring back staff and pay them over half their wage for a third of their output is likely to be limited.

> Either redundancy or taking on workers at lower pay and not employing them through the new scheme seem likely outcomes for many in the hardest hit sectors[8]

Chart 6: Proportion of employees reporting that they had been furloughed, by earnings quintile

Source: Bank of England



Lower earners are much more likely to be furloughed than higher earners

> This implies that ending the furlough scheme will exacerbate within area inequalities as these lower earners become jobless[10]

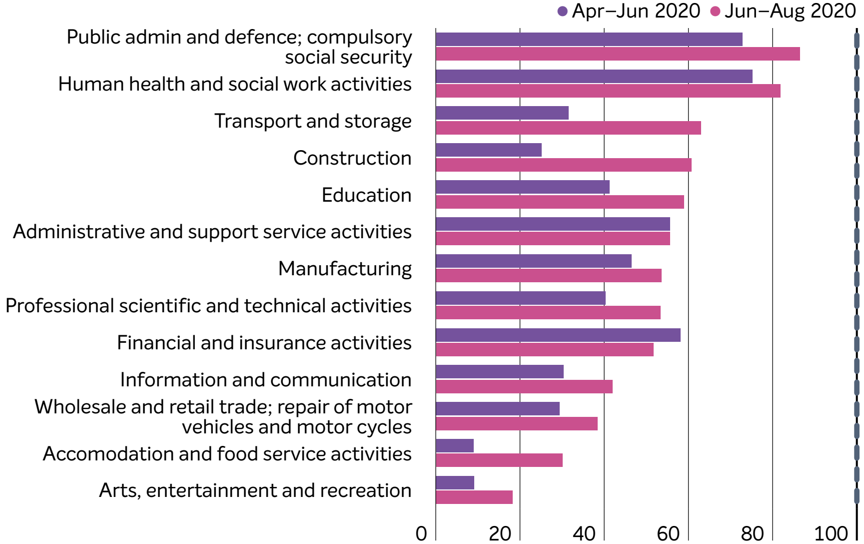
Levelling up is not just about inter-regional inequality but also addressing inequality within regions and places. Ending the furlough without an exit strategy will have implications for this agenda.

Bank of England data shows lower earners are much more likely to report being furloughed than higher earners. In early summer, 38% of the lowest earning employees were furloughed in comparison to 13% of the highest earners.[9]

Job creation

Chart 7: Vacancies relative to pre-crisis (100=number of vacancies during Dec 2019–Feb 2020)

Source: CPP analysis of ONS data



Vacancies are way down in all sectors, even those that have fared relatively well in terms of output

Securing good jobs and employment across the country will be a key part of achieving levelling up. But, in the wake of such a severe crisis, job creation has fallen off a cliff. There are some signs of recovery as vacancies increased from June to August relative to the height of the crisis, but they remain far below pre-crisis levels.

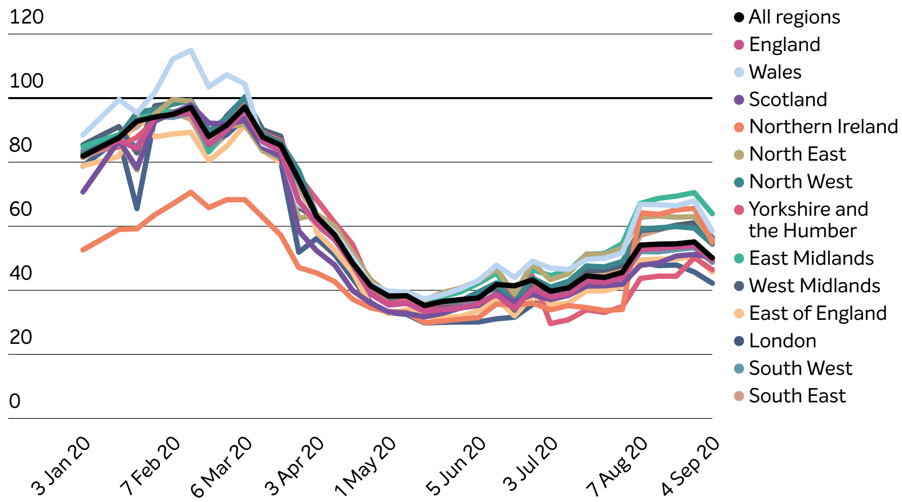
Some sectors are faring particularly badly. Vacancies in accommodation and food services are still 70% below December to February levels, while vacancies in arts, entertainment and recreation are 82% down.

But other seemingly less exposed sectors have also seen dramatic reductions in vacancies – professional, scientific, and technical services and financial and insurance services are both down by nearly 50%. And despite the V shaped recovery in output for the wholesale and retail sector noted above, vacancies remain 60% lower than pre-crisis. This goes to demonstrate the ongoing reluctance of companies in all sectors to hire new staff during this period of heightened uncertainty.

> The economy is in a very weak position to absorb the additional numbers of unemployed people once the Job Retention Scheme ends. It is not a time of creative destruction for the economy

Chart 8: Online job adverts by region (100 = 2019 average)

Source: CPP analysis of ONS data



Online vacancies are down for all regions, but particularly in London and the South East

One focus of the levelling up agenda is on reducing regional inequalities – particularly between London and the South East and Northern England. While vacancies are just one part of the picture, real time data on online job adverts shows all regions experienced a dramatic fall in vacancies between February and May with a slight pick-up since.

Of all regions, London appears to be doing worst – with online vacancies down nearly 60% on 2019 levels, while the South East is also down by over 50%. The East Midlands appears to be doing best but online vacancies are still down 36%.

> The levelling down of London is possible, although as noted above, this may be driven by a worsening of economic conditions for the poorest boroughs within London rather than a levelling down of the region's most affluent

Insecure work and underemployment

Chart 9: Underemployment and overemployment rate

Source: CPP analysis of ONS data

Underemployment is rising as finding good quality work becomes harder

Over the last 20 years, a focus on employment irrespective of its quality has helped to drive a long-term crisis in living standards where 1 in 8 people in work now live in poverty.[11]

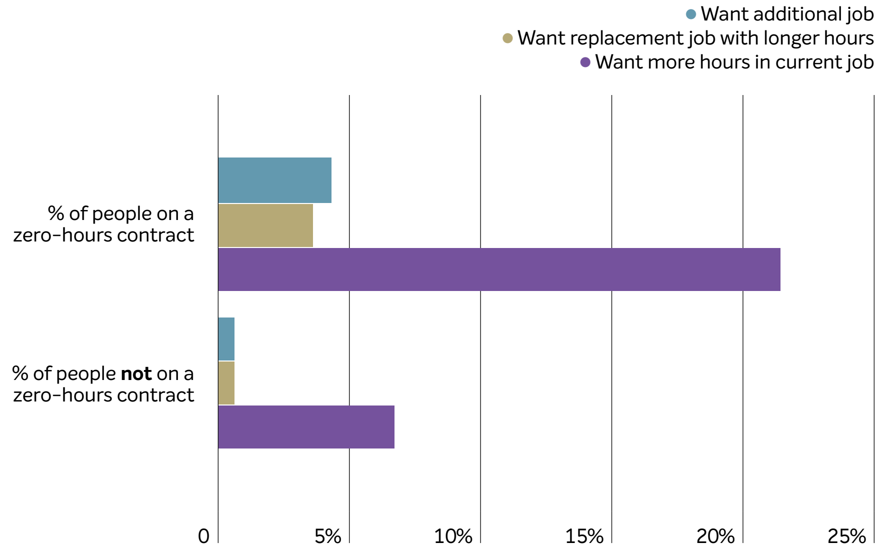
Rising underemployment (where people are in work but want to work more hours) and insecure work (such as zero-hours contracts) are key signs that the problem is intensifying. The continued erosion of job quality would undermine the aspirational objectives of levelling up.

Following the financial crisis of 2008, underemployment rose substantially and remained persistently high. After six years it started falling but still not to pre-crisis levels. In response to the pandemic, underemployment is on the rise again, reaching 9% from April to June 2020.

> With the future of many industries and businesses still highly uncertain, and the furlough scheme coming to an end, underemployment is likely to rise further in the months ahead

Chart 10: Underemployment by type of employment

Source: CPP analysis of ONS data



Those on zero-hours contracts are much more likely to be underemployed than those who are not

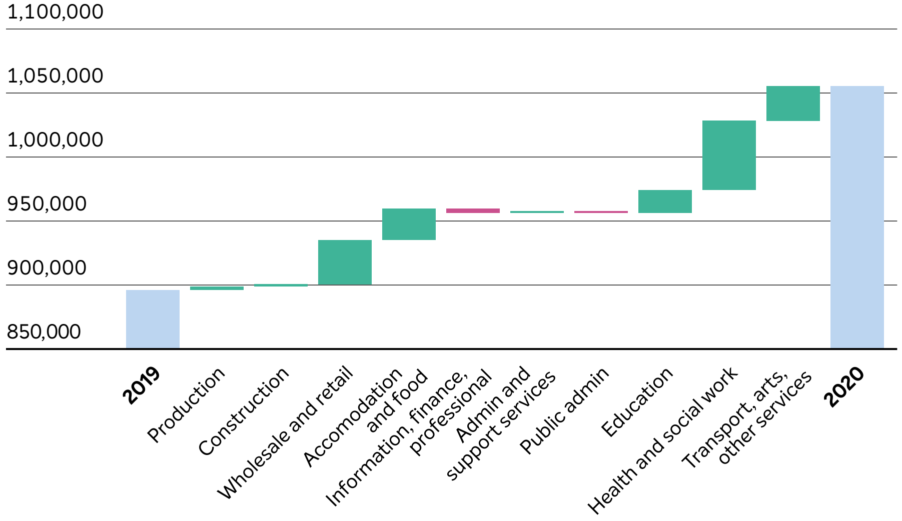
21% of people in zero-hours employment want to work more hours in their current job in comparison to 6.7% of people who are not zero-hours workers.

> This reflects the precarious nature of this type of employment[12]

There has been a year-on-year rise in zero-hour contracts with the North East seeing a significant increase.[13]

Chart 11: Contribution to change in zero-hours contracts by industry (Apr–Jun 2020 vs Apr–Jun 2019)

Source: CPP analysis of ONS data



The health and social care sector has seen the biggest rise in the number of zero-hours contracts

Looking across sectors, health and social care has accounted for the largest year-on-year rise in zero-hours contracts (54,000) followed by wholesale and retail (35,000).

> Given the importance of health and social care workers and front-line retail during Covid-19, the fact these sectors continue to drive insecure work in the economy risks undermining the rhetoric around acknowledging and rewarding 'key workers' for their social value at the peak of the health crisis

Personal finances

Chart 12: Wealth by decile (bottom 5 deciles), 2016–18

Source: CPP analysis of ONS data

The poorest 10% of households had financial debt going into the crisis

> This is a very precarious position from which to face an economic shock

Understanding the health of household finances going into the crisis is important in assessing the risk of households going into financial distress (unable to meet their financial debts, risking bankruptcy and destitution).

In the lead-up to the crisis, household balance sheets were already under strain – particularly the bottom 30% who have little if any liquid (readily accessible) savings (financial wealth in the chart) and the bottom decile who are financially indebted (average financial debt of £4,900).

Chart 13: Median financial wealth by region

Source: CPP analysis of ONS data

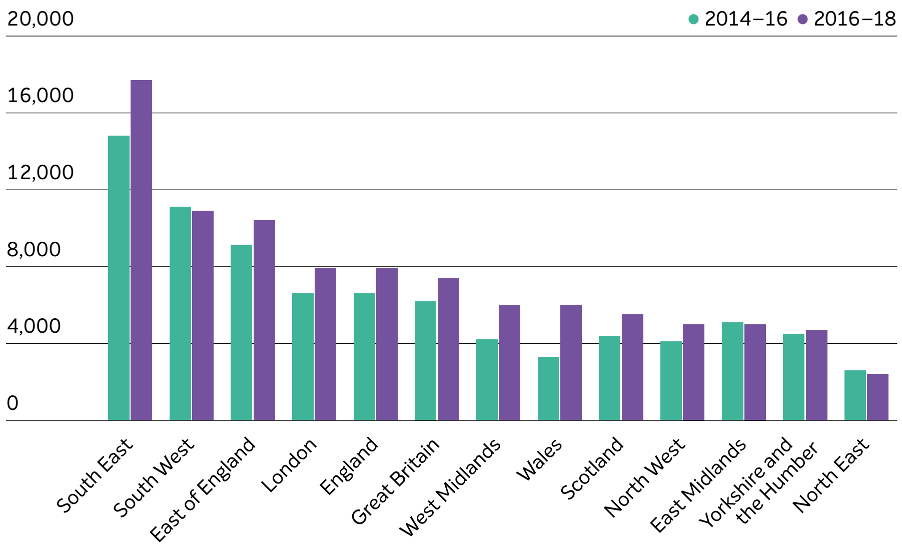
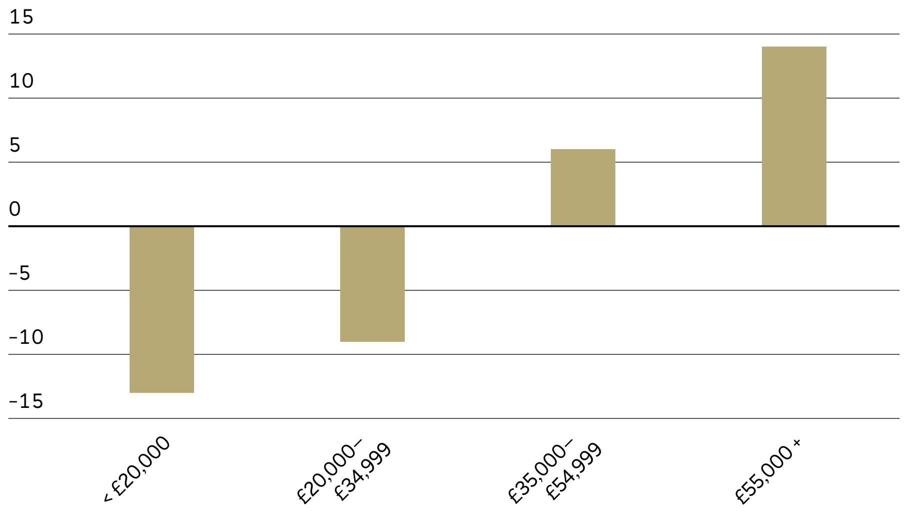


Chart 14: Reported changes in savings due to Covid-19 by household income (net percentage balances)

Source: Bank of England



The South East had nine times the level of median household financial wealth than the North East going into the crisis

There is significant diversity in liquid financial wealth by region. In the South East, median financial wealth during the period 2016–18 was £17,700 in comparison to just £2,400 in the North East. Looking at the 25th percentile, households in the South East had £900 in financial wealth in comparison to debts of £200 in the North East.

> These big regional differences in financial wealth – which can act as a safety net in times of crisis such as sudden unemployment – show that households in the North East are particularly vulnerable to an economic shock

Despite London often being seen as the centre of wealth in the UK, median household financial wealth is not as large as it is in other regions. This is partly because London has the highest level of wealth inequality of any region.[14]

While the UK's savings rate has risen in response to the crisis, it is better-off households who are doing all the saving

14% more households with incomes over £50,000 have increased their savings, while 13% more households with less than £20,000 have run down their savings.

> The crisis is therefore eroding the safety nets of those who can least afford it (if indeed they had any safety net at all coming into the crisis)

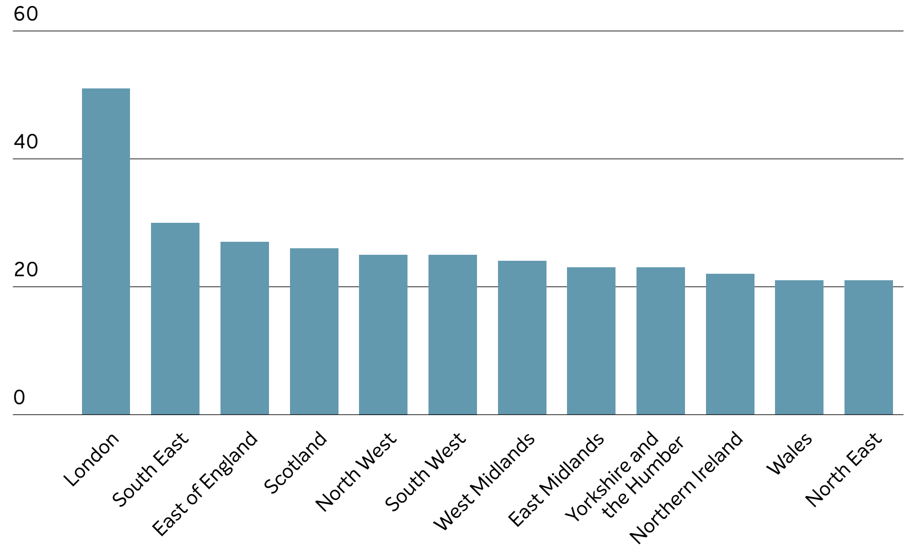
In focus: levelling up regional productivity

The government has targeted maximising productivity and levelling up as key priorities for the Comprehensive Spending Review.[15] But what do we mean by productivity and how does it differ by region? This section delves into the causes of long-run regional productivity gaps and establishes the importance of place in determining economic opportunity.

Headline regional differences in output

Chart 15: Regional GVA per head of resident population, 2018 (£000s)

Source: CPP analysis of ONS data



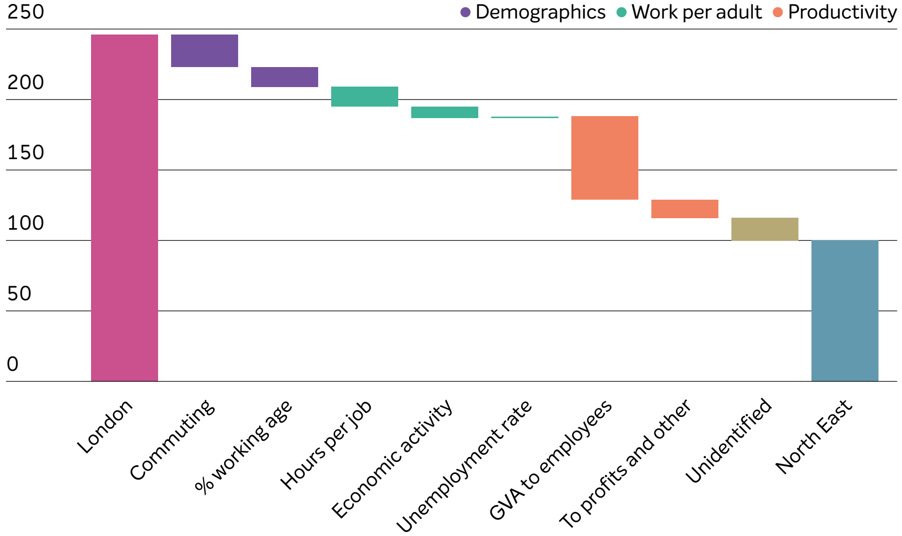
Productivity differences by region vary dramatically

One key measure of an area's affluence is economic output per head – this measures how much is produced on average by each resident member of the local population. The chart shows output per head (GVA) by region. The differences are large with London's output per head 2.5 times greater than that of the North East of England.

> While London is exceptional, the differences between the remaining regions are still big (for instance the South East generates 50% more GVA per head than the North East)

Chart 16: Breaking down the output per head gap between London and the North East

Source: CPP analysis of ONS data sets



Productivity per hour worked is the key driver of differences in regional output per head

GVA per head is a function of three things in our analysis: demographics, the average hours worked by a resident adult, and productivity (productivity is defined as the output per hour worked).

The chart compares London with the North East. While London's greater output per hour worked is the main driver of the difference, London also benefits from inter-region commuting which increases the size of the workforce as people commute into London from other regions, more hours worked per job and a larger working age population.

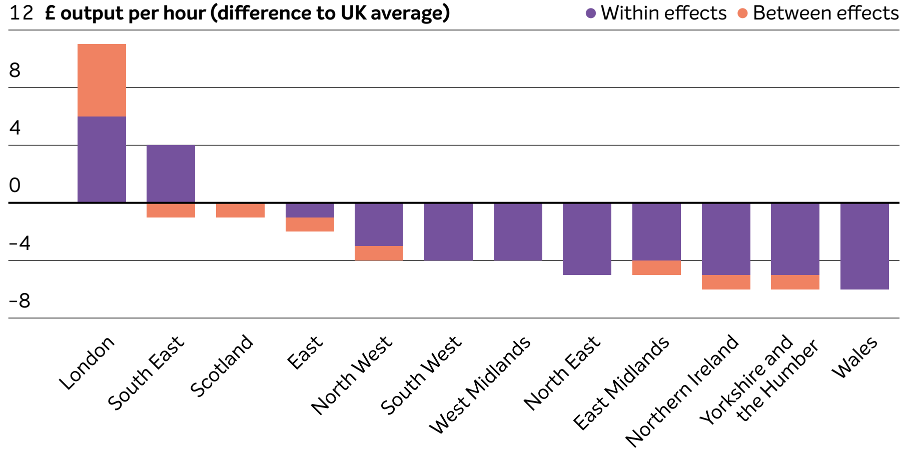
When comparing pairs of regions, neither the economic activity rate nor the unemployment rate explain much about the regional differences in output per head.[16]

> This suggests that targeting productivity of the workforce rather than unemployment and inactivity would be most fruitful for raising output per head in regions that are lagging behind

The importance of focusing on places not just sectors

Chart 17: How within and between effects of broad industry sectors explain regional productivity differences, 2018

Source: CPP analysis of ONS datasets



Within effects are more significant than between effects in explaining regional productivity differences

Productivity differences between regions can relate to industry sectors in two ways:

1. **Within effects:** For a given sector, region A is more productive than region B.
2. **Between effects:** Region A does more of productive sectors than Region B, and less of unproductive ones.

At the sectoral breakdown level available, within effects are more significant than between effects. For example, workers in Wales do not work in less productive sectors than the UK average, they are less productive within each sector.

> When seeking to level up productivity, it is therefore vital to think beyond narrow industrial strategies that focus on championing specific sectors at national level and towards addressing place-based characteristics (that might include sector make-up) that act as a barrier to growth and opportunity

Table 2: Productivity by selected sector and region, 2018

Sector		UK productivity	Max	Min
L	Real estate activities	290	435 (SE)	236 (WM)
K	Finance and Insurance	69	93 (Lon)	49 (Y&TH)
J	Information and communication	51	62 (Lon)	31 (Wales)
ABDE	Non-manufacturing production and agriculture	50	64 (Lon)	25 (NI)
C	Manufacturing	39	46 (NW)	32 (Y&TH)
O	Public administration and defence	38	44 (Lon)	34 (SW)
M	Professional, scientific, and technical activities	31	42 (Lon)	18 (Wales)
P	Education	29	38 (Lon)	23 (Wales)
H	Transportation and storage	28	40 (Lon)	21 (NE)
F	Construction	27	34 (Lon)	20 (Wales)
G	Wholesale and retail trade	26	31 (Lon)	21 (NE)
S&T	Other service activities and activities of households as employers	25	31 (E)	18 (NI)
Q	Human health and social work activities	24	28 (Scot)	23 (SW)
R	Arts, entertainment and recreation	24	30 (Lon)	14 (SW)
N	Administrative and support service activities	23	29 (Lon)	13 (NI)
I	Accommodation and service activities	17	19 (Lon)	15 (EM)

The variation in productivity by sector for different regions is large but broad sector groups may mask *within* sector effects

For instance, the productivity of finance and insurance in London is double that of Yorkshire and the Humber, while construction in London is 70% more productive than in Wales.

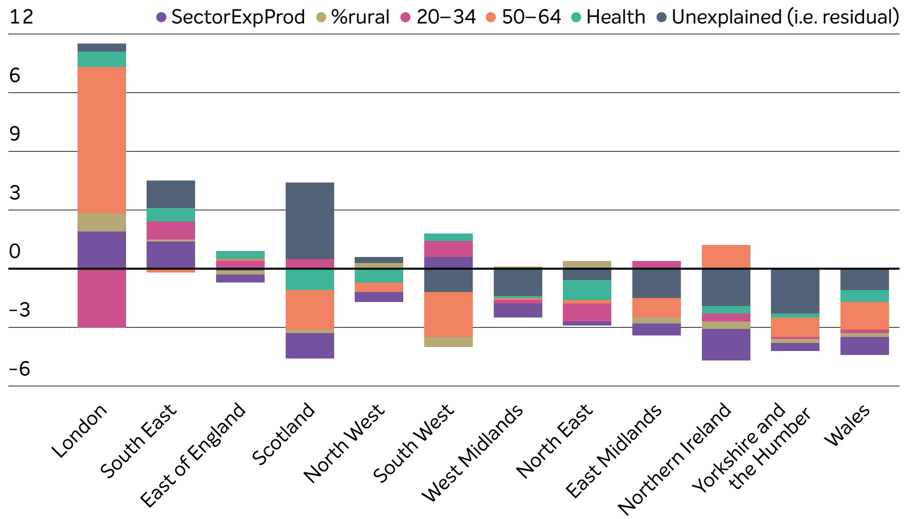
The analysis presented is based on the sectoral breakdowns available which has 16 broad sectors. A more detailed breakdown will lead to a greater proportion of between sector effects. For example, in the regional data we use, 'Scientific research and development' and 'Other professional, scientific and technical activities' are both included in the same broad industry sector.

However, at a UK level, the former has productivity of £68 per hour and the latter just £17 per hour. A difference in the relative prevalence of these sub-sectors may explain why London and the South East have twice the productivity of Wales within the broad sector.

> Despite these important caveats, the available data does suggest that place matters as much as the sector make-up of different regions

Chart 18: Explaining regional productivity differences from the median (£ per hour)

Source: CPP analysis of ONS datasets



Different regions are held back by different place-based characteristics

Based on a new CPP model of productivity differences across UK local authority, it is possible to explore reasons why certain places are more or less productive than others.

The model suggests five factors are particularly important in explaining these differences – the sector make-up of a place (i.e. having a higher or lower share of high productive sectors within an area), how urban/rural an area is, the proportion of younger and older workers and the health of the population.

Applying the model to UK regions implies that the North East, North West and Scotland are particularly held back by poor health, the South West and Wales are held back by a higher proportion of older workers, while Northern Ireland is particularly held back by its mix of low productivity sectors. London's exceptionalism on productivity is supported by its low share of older workers and to a lesser degree its concentration of high productivity sectors.

> Based on this high-level analysis, levelling up the North would require particular effort in addressing the causes of poor population health – which echoes recent findings from Northern Science Health Alliance[17]

Sources for charts

Quarterly productivity, employment and hours
https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/articles/gdpandthelabourmarket/apriltojune2020

Inflows and outflows to employment
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/earningsandemploymentfrompayasyouearnrealtimeinformationuk/september2020

Claimants by region and local authority
https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/datasets/claimantcountbyunitaryandlocalauthorityexperimental

Alternative DWP claimant count series
https://www.gov.uk/government/statistics/alternative-claimant-count-statistics-january-2013-to-may-2020

Indices of Multiple Deprivation 2019 by local authority
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/833995/File_10_-_IoD2019_Local_Authority_District_Summaries__lower-tier__.xlsx

Furlough data by region and local authority
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/910962/CJRS_Statistics_August_2020_tables.xlsx

Output by sector
https://www.ons.gov.uk/visualisations/dvc980/servicesectorchangeslope100/datadownload.xlsx

Proportion furloughed by earnings (Chart 3.5)
https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/august/monetary-policy-report-august-2020.pdf?la=en&hash=75D62D3B4C23A8D30D94F9B79FC47249000422FE

Vacancies by sector
https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/datasets/vacanciesbyindustryvacs02

Online job adverts
https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/onlinejobadvertestimates

Underemployment and overemployment
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/underemploymentandoveremploymentemp16

Zero-hours contracts data
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts

Wealth by decile
https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/totalwealthingreatbritain/april2016tomarch2018#analysis-by-total-wealth-decile

Financial wealth
https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/datasets/financialwealthwealthingreatbritain

Changes to savings (Section 2, Chart C)
https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/august/monetary-policy-report-august-2020.pdf?la=en&hash=75D62D3B4C23A8D30D94F9B79FC47249000422FE

Productivity datasets for output per hour and productivity by sector and local authority
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivityindicesbylocalauthoritydistrict

https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/regionalgrossvalueaddedbalancedlocalauthoritiesbynuts1region

Endnotes

1 ONS (sept 2020). Available at: https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/july2020
2 CPP analysis of ONS datasets (quarterly peak to trough) – GDP chain volume measures (code: AMBI) and Employment rate 16-64 (code: LF24).
3 There is a positive relationship between IMD deprivation score and year-on-year percentage point change in claimants (R2=0.34). The uneven roll out of universal credit means some places have seen artificially higher/lower claimant numbers. The DWP estimates a separate dataset to adjust for this and our results are stronger with this dataset (R2=0.43).
4 Income deprivation includes those people that are out-of-work, and those that are in work but who have low earnings (and who satisfy the respective means tests). For more on definition see MHCLG (2019). Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835115/IoD2019_Statistical_Release.pdf
5 Based on regression analysis at local authority district level with year-on-year percentage point change in claimant count the dependent variable and each sub-indices of deprivation in 2019 being the independent variables. The coefficient on income deprivation was far stronger than any other deprivation subdomain and highly statistically significant.
6 Based on regression analysis at local authority district level with year-on-year percentage change in claimant count the dependent variable and each level of qualification (including no formal qualifications) the independent variables. The coefficient on qualification Level 1+ was stronger than any other qualification level and highly statistically significant.
7 ONS (Sept 2020). Available at: https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/july2020
8 The Job Retention Bonus is also coming into force. It provides £1,000 for firms to take on previously furloughed staff but given the cost of employing someone through the Job Support Scheme, there is a perverse incentive for firms to bring back employees at lower hours but not include them in the Job Support Scheme. This means they would suffer from much lower earnings.
9 Based on responses collected 24 to 30 April and 27 May to 2 June.
10 Ending the furlough is likely to increase inequalities within places but not necessarily between places. We plotted the proportion furloughed against both the IMD 2019 average score and median earnings by local authority district and found a very weak relationship between them.
11 JRF (2020). Available at: https://www.jrf.org.uk/report/what-has-driven-rise-work-poverty
12 CPP analysis of ONS (August 2020). Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts
13 ONS (August 2020) https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts
14 For more on this see ONS (2019). Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/totalwealthingreatbritain/april2016tomarch2018#:~:text=2.-,Main%20points,pension%20and%20net%20property%20wealth
15 Available at: https://www.gov.uk/government/news/chancellor-launches-comprehensive-spending-review
16 The one exception is comparing the South East with Northern Ireland, where a third of the overall output difference is explained by differences in economic inactivity.
17 NSHA (2018). Available at: https://www.thenhsa.co.uk/app/uploads/2018/11/NHSA-REPORT-FINAL.pdf

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About the Centre for Progressive Policy

The Centre for Progressive Policy is a think tank committed to making inclusive economic growth a reality. By working with national, local and international partners, our aim is to devise effective, pragmatic policy solutions to drive productivity and shared prosperity in the UK.

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