

Taking the nation's pulse on inclusive growth

NOVEMBER 2022

centre for
**progressive
policy**



EXECUTIVE SUMMARY

New CPP survey reveals the depths of the nation's pessimism about the future of local economies and underlines the importance of doubling down on fair inclusive growth.

No evidence levelling up has delivered:

- 59% expect economic conditions in their local areas to deteriorate over the next 5 years rising to 70% in Yorkshire and Humber.
- 68% of people living in predominantly former industrial areas say they expect local economic conditions to worsen.
- People in the North East (63%), Yorkshire and Humber (60%) and Scotland (58%) are particularly dissatisfied with the amount of spending on infrastructure to encourage growth (compared to 47% for the UK).
- 50% of people in the North East think their local area offers good economic opportunities to a few people or nobody (compared to 33% across the UK).

More broadly people expect rising inequality between and across generations:

- Around half (49%) of those surveyed think their local areas will become less equal over the next 5 years in terms of access to economic opportunity compared to just 11% who think it will become more equal.
- 79% of people are not confident that their local areas will meet the needs of young people in terms of being able to find a good job and somewhere to live (away from their parents' home) over the next few years.

People want investment in their areas to solve fundamental long-standing problems:

- When asked what changes would make the biggest improvement to their local economy over the next 5 years, the most common responses were more affordable housing, more investment in high streets, better wages for workers and better quality public health and healthcare. But there are substantial regional differences:
 - 29% of people in the North and 31% of people in the Midlands prioritise better wages for workers (by comparison to 20% of people in the South and 25% of people in the UK as a whole).
 - Yorkshire and Humber (23%), South West (24%) and East of England (23%) are more likely to prioritise transport (compared with 17% across the UK).
 - Those in the South are more likely to prioritise affordable housing (30%), rising to 45% in "Cosmopolitan London", compared to 26% across the UK as a whole and 17% in the Midlands.

With the pandemic and now cost of living crisis revealing the fragile nature of local economies, a credible yet hopeful vision for the UK's economic future is needed. Public and private investment in places to support inclusive, fair growth, must form the centrepiece of any governments' economic agenda to turn the tide.

Introducing the CPP Inclusive Growth Sentiment Tracker

CPP is launching the first ever UK-wide tracker of how people feel about the quality of the economy where they live. To do this, we asked a representative sample of people for their views on the overall level of economic opportunity in their immediate local area as well as how evenly spread opportunity is where they live. We asked them to consider how their local economy is currently performing and what its prospects are. Finally, we asked them what should be prioritised to support better, fairer local growth. This year's results will form a baseline against which CPP will track local economic sentiment through future surveys.

Why is CPP doing this?

The British Social Attitudes Survey recently found that two thirds of the population think ordinary working people do not get their fair share of the nation's wealth – up 10 percentage points from 2019.¹ To genuinely level up the country, people in the North and Midlands should feel just as optimistic about the economic opportunities where they live as people in London and the South East. And for growth to be genuinely inclusive, those living anywhere in the UK should feel that good opportunities are plentiful and evenly spread within their local areas.

There are many surveys which seek to tap into consumer and business sentiment to provide timely measures of economic activity. These can be useful for getting a sense of whether the national economy is improving, or whether household incomes are rising ahead of key official statistical releases.² Yet few of the trackers to date have sought to tap into one of the most important ways people experience the economy – the economic conditions and opportunities where people live and grow up. In this context, the CPP's IG Sentiment Tracker is a vital first step into understanding how well people feel that their local areas are delivering for residents.

What do we mean by local?

Our research defines local at the neighbourhood level – asking respondents to think about economic conditions within a 15-20 minute walking distance from home. This is a smaller geography than what would traditionally be seen as a functional economic area such as a local authority, town or city-region, but it enables people to think clearly about what conditions are like where they live. City leaders are also increasingly interested in the notion of “20 minute neighbourhoods” to describe a vision of large urban areas that are linked through networks of neighbourhoods in which daily needs are met within reasonable walking distances.³

Methodology

CPP commissioned Ipsos to interview a representative sample of adults aged 18+ across the UK. Interviews were conducted through the Ipsos UK KnowledgePanel, a random probability online panel, and all questions were asked of all respondents. There were 2,186 interviews completed and fieldwork was undertaken between 29th September to 17th October 2022. Data was weighted to the profile of the UK population. In all the charts below the base is 2,186 unless otherwise specified.

¹ British Social Attitudes Survey (2022) <https://www.bsa.natcen.ac.uk/latest-report/british-social-attitudes-39/taxation-welfare-and-inequality.aspx>

² See for instance GfK (2022) Consumer Confidence Index <https://www.gfk.com/en-gb/press/uk-consumer-confidence-down-two-points-to-lowest-ever-score-of-40>

³ Paris, Melbourne and Edinburgh to name a few. See for instance: <https://www.edinburgh.gov.uk/20minuteneighbourhoods>

Findings

Widespread economic pessimism

The overall economic conditions where people live are expected to worsen, with many anticipating widening inequalities locally and much pessimism about the ability of areas to deliver for young people.

Economic conditions will get worse

It is perhaps unsurprising that during the cost-of-living crisis, people expect local economic conditions to worsen in the short term with 67% thinking conditions will deteriorate over the next 12 months (just 9% say it will get better).

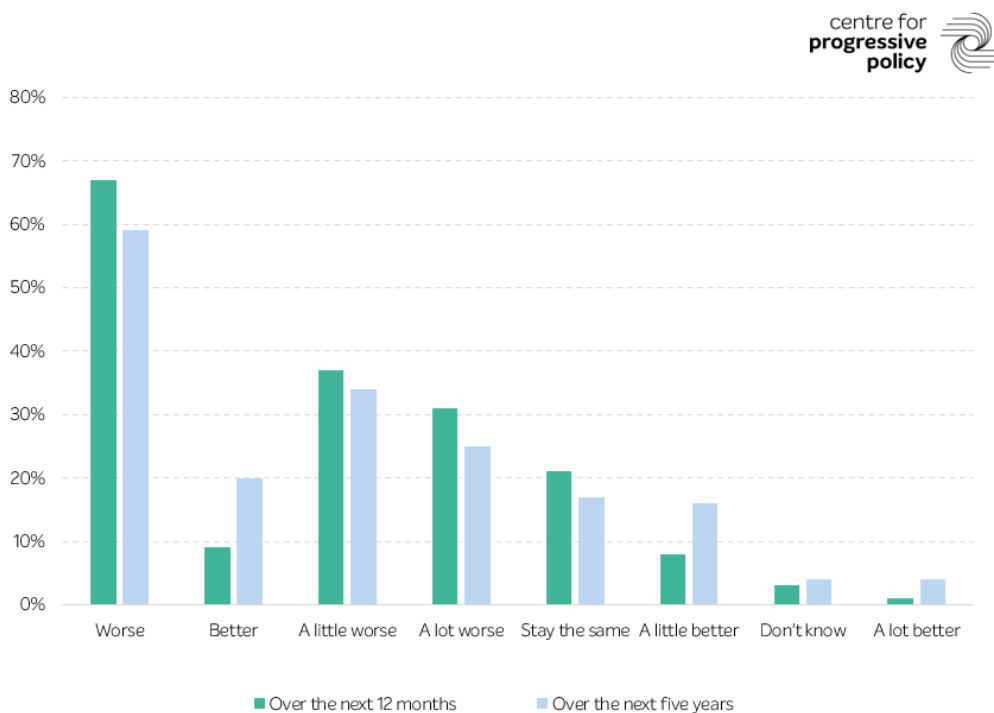
The survey also shows that people expect worse local economic conditions over the longer term, with 59% expecting worse conditions over the next 5 years (of which 25% think it will be a lot worse). This compares to just 20% who think conditions will improve over the same period (of which just 4% think conditions will improve a lot).

People living in the Yorkshire and Humber region are particularly pessimistic over the long term – with 70% expecting conditions to worsen over the next five years (compared to 59% for the UK). Indeed, the North of England overall is more pessimistic than the rest of the UK with 65% expecting things to get worse. By comparison those in the South East and London are the more likely to say their local economy will get better (26% for both regions vs. 20% for the UK as a whole).

When looking by ONS area supergroup, people living in local authorities classified as “industrial and service legacy” (i.e. predominantly LAs with mining, manufacturing or industrial legacies) are also more likely to think their local economy will get worse over the next 5 years (68%). See Appendix for more details on ONS area classifications.

That the North and people living in former industrial local authorities are so pessimistic about the prospects for their immediate areas is a serious reality check for the levelling up agenda. A key part of the 2019 Conservative manifesto, levelling up was intended to provide genuine optimism for the North and other so-called “left-behind places”. But despite all the rhetoric, 3 years later, our survey suggests people living in these places are less hopeful about the economic prospects for their areas than the general UK population.

Figure 1. How do you expect the economy in your local area to change?



Source: Centre for Progressive Policy; Ipsos UK KnowledgePanel, 29th September - 17th October 2022

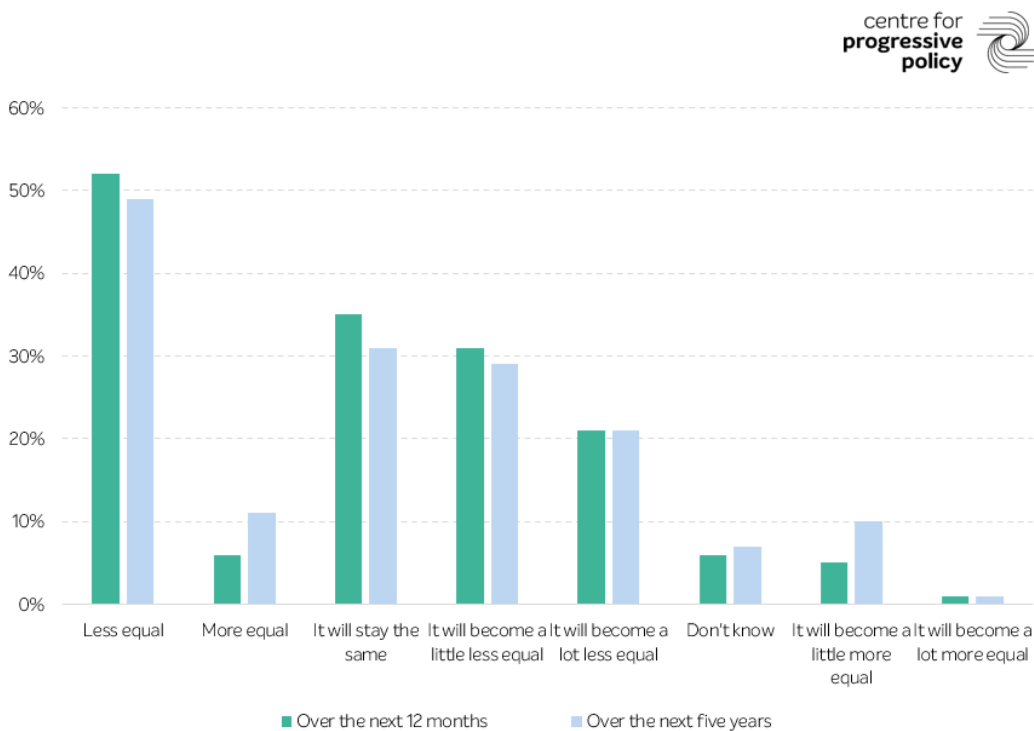
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Local inequality will grow

People also expect their areas to become increasingly unequal. Around half of those surveyed think their areas will be less equal (52% in 12 months and 49% over the next 5 years). By comparison just 6% anticipate economic opportunity being more equal in a year and just 11% think it will be more equal over the next 5 years. Those living within ONS supergroup “London Cosmopolitan” are more likely to think their local area will become less equal than the UK as a whole (69% in 12 months and 67% over the next 5 years).

While the survey reveals a UK-wide perception that inequality is more likely to rise than fall over the short and long term, this feeling is particularly acute in the capital. It underlines the important point that inequalities are not just about the differences between regions – but also within regions with London a powerful example of this. Inclusive growth means making progress on both forms of inequality.

Figure 2. When thinking about those with and without good economic opportunities in your local area, how do you expect this will change?



Source: Centre for Progressive Policy; Ipsos UK KnowledgePanel, 29th September - 17th October 2022

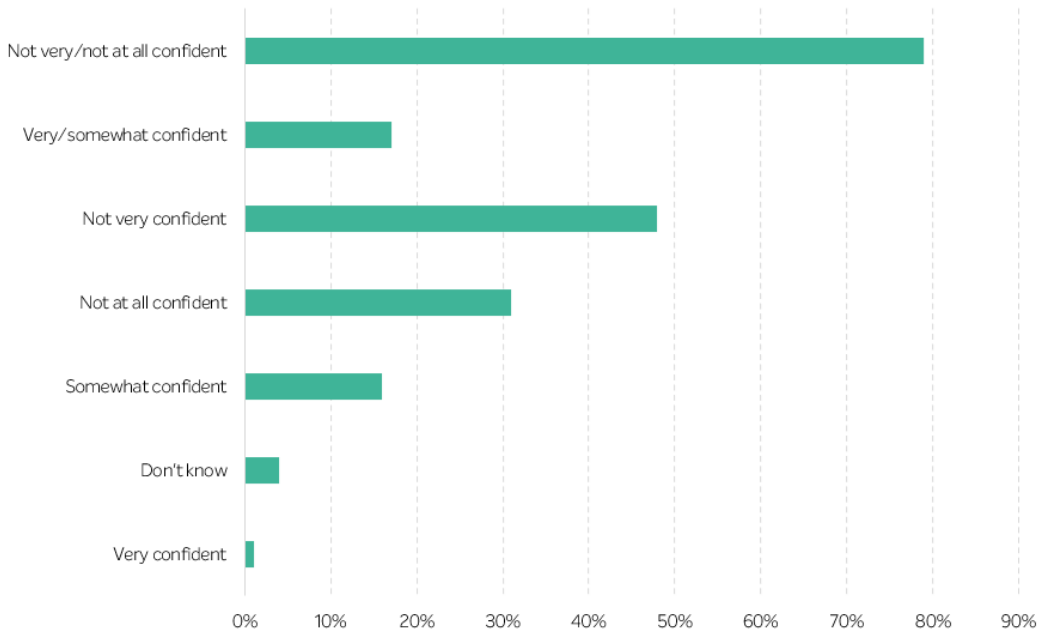
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Local areas will struggle to support young people

79% of people are either not very or not at all confident that their local areas will meet the needs of young people in terms of housing and good jobs over the next few years. This compares to just 17% who are very or somewhat confident. Those in ONS supergroup “countryside living” local authorities are particularly pessimistic (85%) which likely reflects a lack of local infrastructure for those living in rural areas.

While it may be unreasonable to expect all areas to provide good job opportunities and housing for young people within a 20 minute radius, the fact that such a large majority of people living in the UK are not confident in their local areas providing for future needs is nevertheless striking.

Figure 3. How confident are you that your local area economy will meet the needs of young people over the next few years, for example, being able to find a good job and somewhere to live away from their parents' home?



Source: Centre for Progressive Policy; Ipsos UK KnowledgePanel, 29th September - 17th October 2022

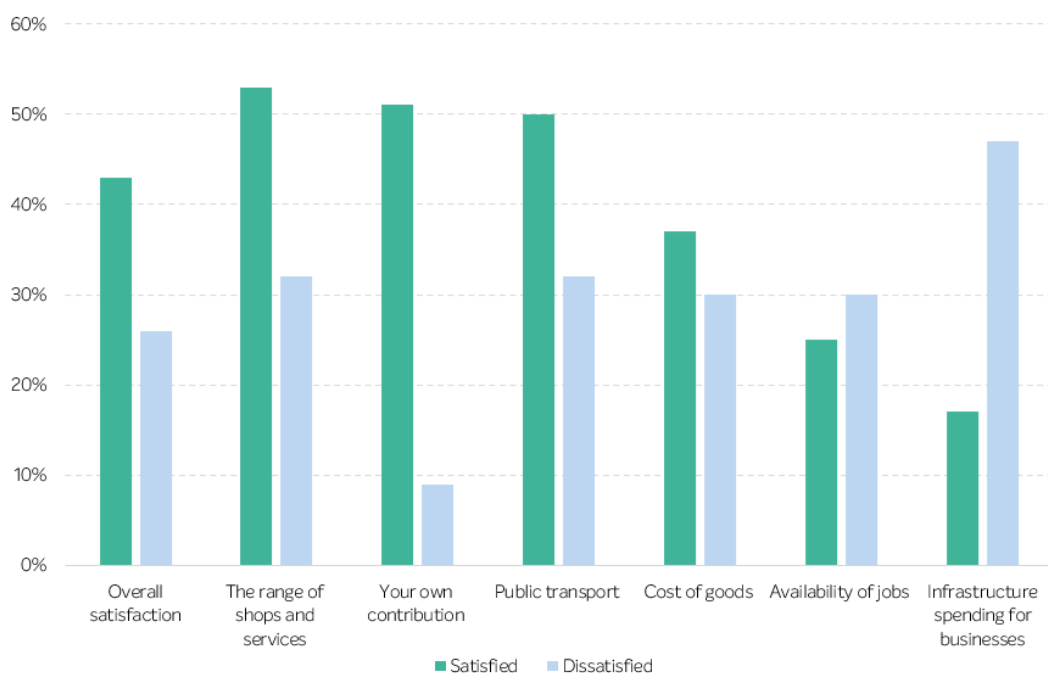
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Dire predictions reflect an unequal economic landscape

While people view the current performance of their local economies more positively than their future prospects, large shares of the UK's population are unsatisfied with the dispersion of economic opportunities in their local area.

Roughly four in ten (43%) of those surveyed said they are satisfied with their local economy overall compared with a quarter (26%) who said they are dissatisfied. There are differences by type of local economic issue, for instance, nearly half (47%) were dissatisfied with the level of infrastructure spending to attract business investment (17% were satisfied) while slightly more were unsatisfied than satisfied with the availability of local jobs (30% vs. 25% respectively, although 32% said they were neither satisfied nor dissatisfied).

Figure 4. How satisfied or dissatisfied are you with the economy overall in your area?



Source: Centre for Progressive Policy; Ipsos UK KnowledgePanel, 29th September - 17th October 2022

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The UK picture masks important differences by region and different subgroups group. For instance:

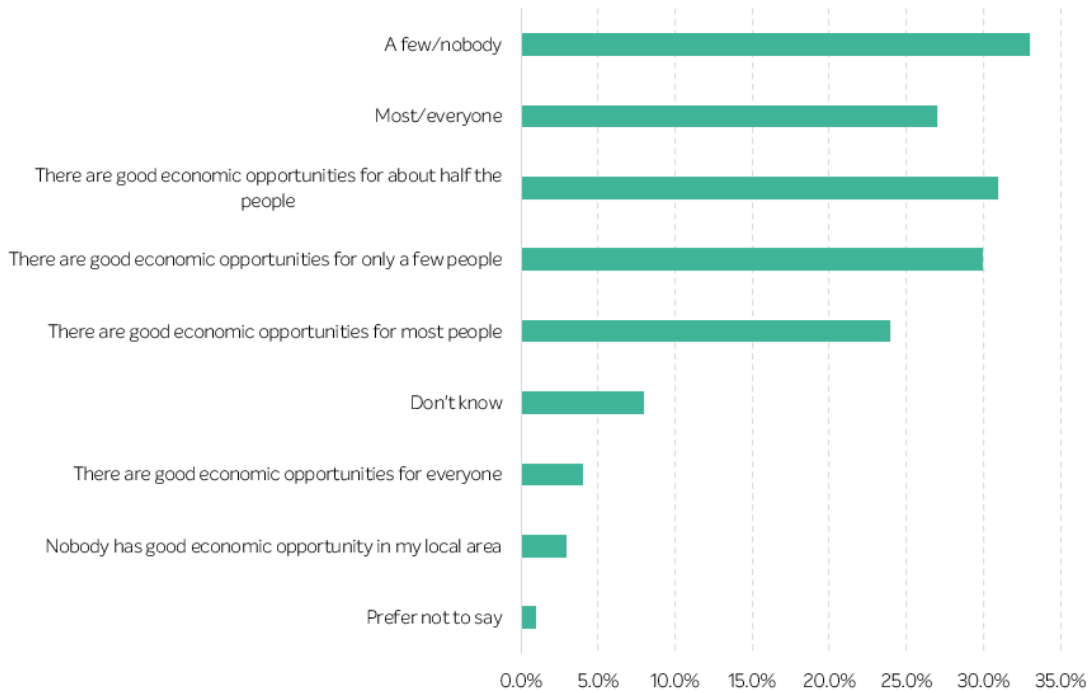
- People in the North East (63%), Yorkshire and Humber (60%) and Scotland (58%) are particularly dissatisfied with the amount of spending on infrastructure to encourage growth (compared with 47% for the UK).
- Those in the South West (48%), Yorkshire and Humber (40%) and the East of England (40%) are particularly dissatisfied with public transport in their local area (compared with 32% for the UK).
- People in Wales are more likely to be dissatisfied with the availability of jobs (43% vs 30% for the UK). By comparison, those in the South East are more likely to be satisfied with local job availability (33% vs 25% for the UK).
- People living in “industrial and service legacy” local authorities are more dissatisfied with the range of shops and services in their local areas (40% vs 32% for the UK).
- Renters are more likely to be dissatisfied with the costs of local goods and services (40% for private renters, 46% for renters from the council/housing association vs 30% for the UK).

The results show the importance of taking a sub-national view of the economic challenges facing people and places. The survey underlines the extent of underinvestment in parts of the North of England and how acutely this is felt by its people, as well as highlighting the lack of transport infrastructure in the South West, poor quality jobs in Wales and higher costs of goods and services for renters. Policies for a fairer inclusive economy must develop targeted area-based solutions to the problems residents know only too well.

Too many people are excluded from economic opportunities

A third (33%) of those surveyed said that good economic opportunities are only available to a few or nobody in the local area. This contrasts with 27% of people who said that there are good opportunities for most people or everyone locally. The responses suggest a deeply uneven picture with many local areas unable to provide opportunities for most residents.

Figure 5. How many people have good economic opportunities in your local area?



Source: Centre for Progressive Policy; Ipsos UK KnowledgePanel, 29th September - 17th October 2022

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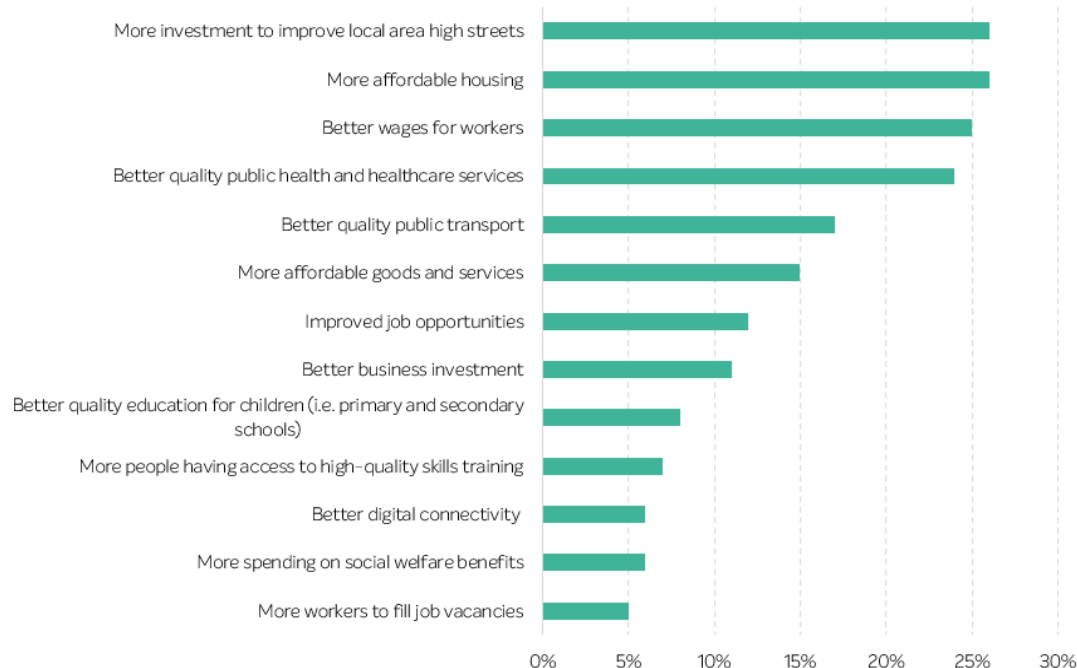
A greater share of people from the North East think their local areas offer little economic opportunity than any other region. Half (50%) of people in the North East think the local area only offers good economic opportunities to a few people or nobody, while those in the South East were most likely to say most/everyone has good economic opportunities in their local area (33% vs. 27% overall). Nearly half (47%) of those living in the most deprived areas think that only a few or nobody has good economic opportunities in their areas.

Perhaps tellingly though, in no region did a majority think that most or everybody had good economic opportunities where they lived. Across the UK, there is a strong sense that many do not have good economic opportunities in their local areas.

People want more high street investment but also affordable housing, jobs and health to improve local economies

When asked what changes would make the biggest improvement to the local economy over the next 5 years, the most common responses were more affordable housing, more investment in high streets, better wages for workers and better quality public health and healthcare.

Figure 6. Which one or two of the following do you think would make the biggest improvement to your local area's economy over the next five years?



Source: Centre for Progressive Policy; Ipsos UK KnowledgePanel, 29th September - 17th October 2022

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There are however significant differences between groups which reinforces the survey's earlier findings regarding the need to find targeted, area-based policy solutions:

- Those in the North of England and the Midlands say better wages for workers is their top priority (29% and 31% respectively) by comparison to 20% of people in the South and 25% of people in the UK overall. 32% of people living in the most deprived areas also prioritise better wages.
- While a small sample, people in Northern Ireland appear to particularly prioritise better wages (43%).
- Yorkshire and Humber (23%), South West (24%) and East of England (23%) prioritise transport (compared with 17% across the UK).
- 43% of renters from a private landlord see affordable housing as a key priority by comparison to just 21% of owner occupiers (26% for the UK).
- Those in the South are more likely to prioritise affordable housing (30%), rising to 45% in "Cosmopolitan London", compared to 26% across the UK as a whole and 17% in the Midlands (26% for the UK).

Commentary: Invest in places or face political backlash

Overturning the deep pessimism about the state of local economies revealed in this survey will require a new approach to economic policy. This approach must be centred on investing in places, with coordinated and targeted social and economic policy to spread opportunities to more people. While the levelling up agenda hinted that government might pursue elements of this, a coherent strategy for doing so and associated investment has not been forthcoming.

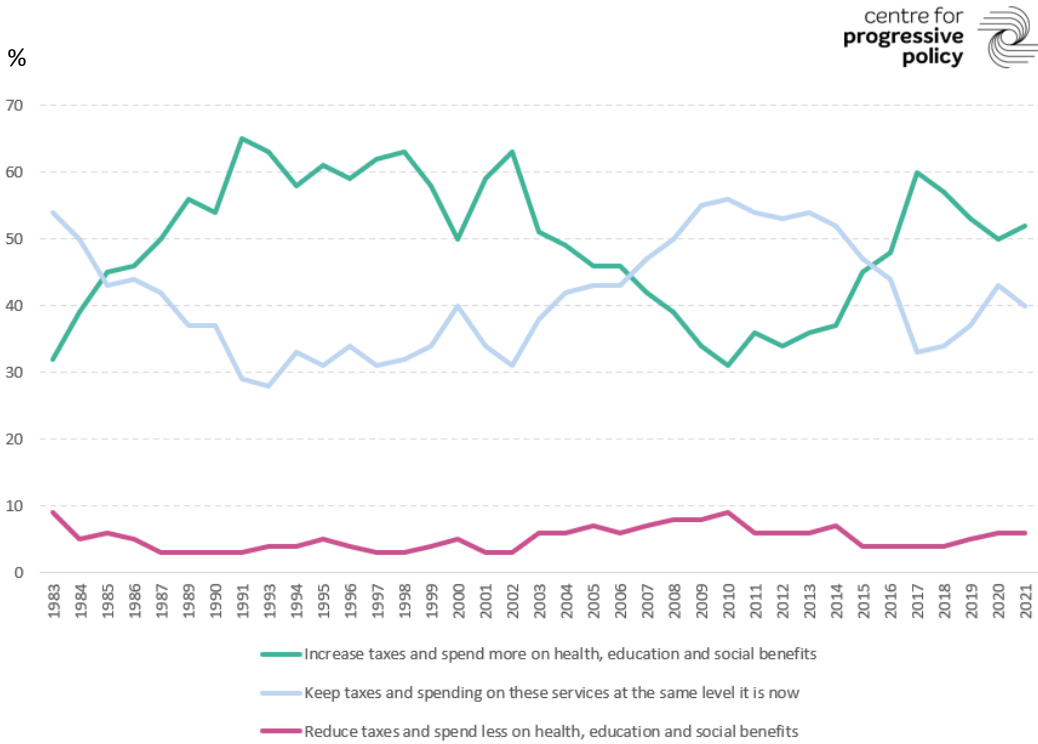
After the disaster of Liz Truss' mini-budget and short-lived government, the 2022 Autumn Statement focussed on immediate support for households during the cost of living crisis, followed by longer term austerity including £30bn of spending cuts.⁴ While much the spending cuts are timed after the likely date of the next General Election and are therefore unlikely to happen, this is not an economic plan that will reduce the widespread feelings of despair about the long run economic futures of local areas captured here. It will not deliver more infrastructure spending for business growth in the North of England, better public transport in Yorkshire and the South West or more affordable housing for Londoners. It will not boost skills funding to help improve the quality and availability of good jobs – a key priority for much of the North, Midlands and

⁴ <https://www.gov.uk/government/speeches/the-autumn-statement-2022-speech>

Wales. The Autumn Statement may help to firefight the current crisis and reassert credibility with the markets, but it offered few solutions to these fundamental long-standing problems.

The public is ready to pay higher taxes to deliver better public services and investment locally. In the latest British Social Attitudes survey, 52% said they were in favour of higher taxes and more spending by comparison to 40% who want to keep things as they are (see Figure 6). This is a reversal of attitudes in the decade after the financial crisis where people favoured the government taking a tighter approach to public finances.

Figure 6. Attitudes towards taxation and spending on health, education and social benefits, 1983-2021



Source: British Social Attitudes Survey

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With the pandemic and now cost of living crisis revealing the fragile nature of local economies, a credible yet hopeful vision for the UK's economic future is needed. Public and private investment in places to support inclusive, fair growth, must form the centrepiece of any governments' economic agenda to turn the tide. The alternative is the continued fracturing of our political and economic landscape, as a failure to address our longstanding local economic problems results in even slower growth and rising inequality. After living through a lost decade, the country cannot afford any more complacency.

Acknowledgments

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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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APPENDIX

In this report some of the data is broken down using the Office for National Statistics Area Classifications – please see the below for more details.

ONS Area Classifications	Brief description
Affluent England	Typically live largely in counties in England near to and around London – Buckinghamshire, Hampshire, Hertfordshire, Kent, Oxfordshire and Surrey
Business, education and heritage centres	Live within larger cities throughout the UK, with either country and/or regional importance.
Countryside living	Characterised by living in rural areas with a low population density and a higher median age compared with the UK as a whole.
Ethnically diverse metropolitan living	Tend to live in Inner and Outer London Boroughs. Areas outside London include Birmingham, Leicester, Luton and Slough
London cosmopolitan	Located within 12 Inner London boroughs, characterised by a very high population density and a relatively low median age
Services and industrial Legacy	Predominately in the Central Belt in Scotland, northern England and south Wales – all traditional mining areas.
Town and country living	Represented within all countries of the UK and English regions with the exception of the North East and London. The population density is below the UK as a whole.

Urban settlements

Confined to the nine English regions and Wales (Newport) only. The areas are characterised by a slightly younger age structure than nationally
