

What does Inclusive Productivity look like in other places?

Context

- North East labour productivity is below average
- Gross weekly pay for full-time workers in the North East is below the national average
- Economic inactivity in the North East is above average
- Disposable household income in the North East is below average, even after accounting for lower housing costs
- Inequality in the North East is worse than any other UK region than London

Selecting our case studies

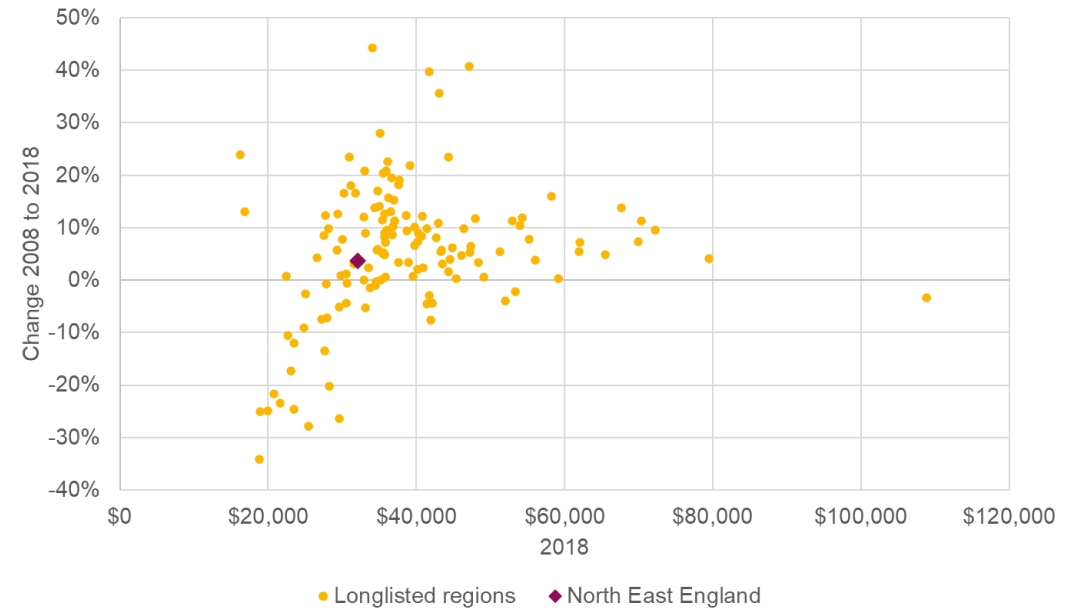
- Data from OECD Regional Database
- Three headline indicators: GDP per head, economic activity rate, disposable household income
- Longlisting based on historical performance, 2003 to 2008
 - 136 regions in 28 countries longlisted
- Shortlisting based on more recent performance, 2008 to 2018
 - 13 regions in 7 countries shortlisted
- Final selection based on desk research to identify regions from which policy lessons were available and pertinent
 - 5 case studies

GDP per head

2008 and 2003 to 2008:



2018 and 2008 to 2018:

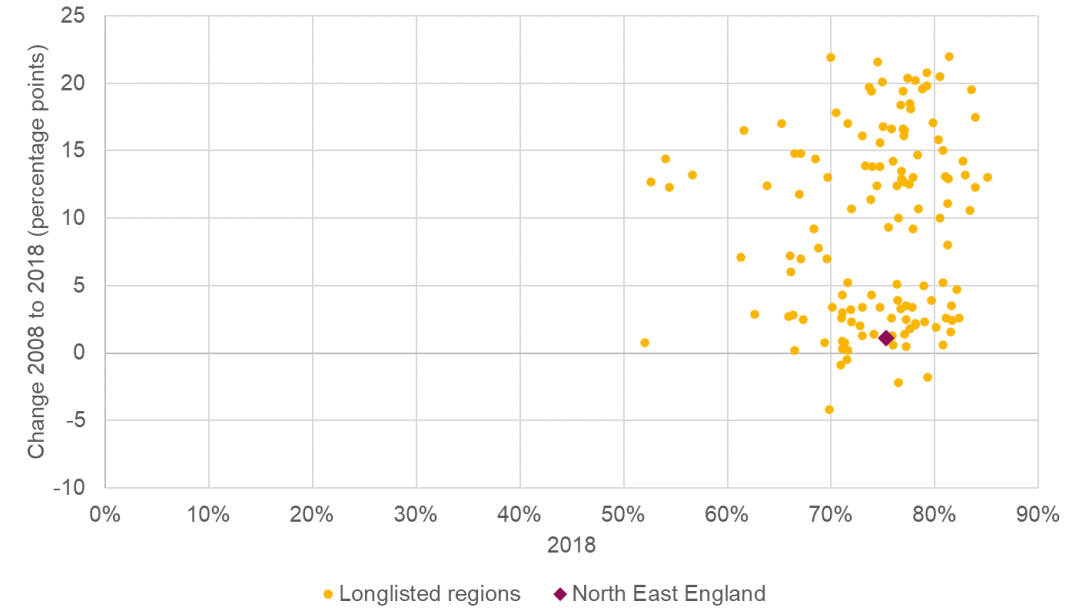


Economic activity rate

2008 and 2003 to 2008:

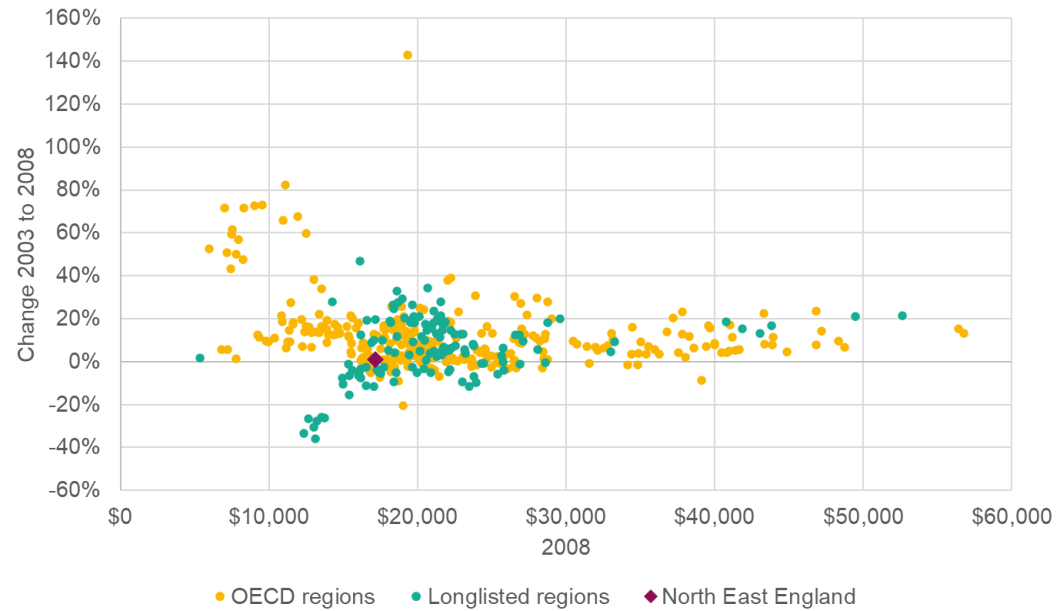


2018 and 2008 to 2018:



Disposable household income

2008 and 2023 to 2008:



2018 and 2008 to 2018:

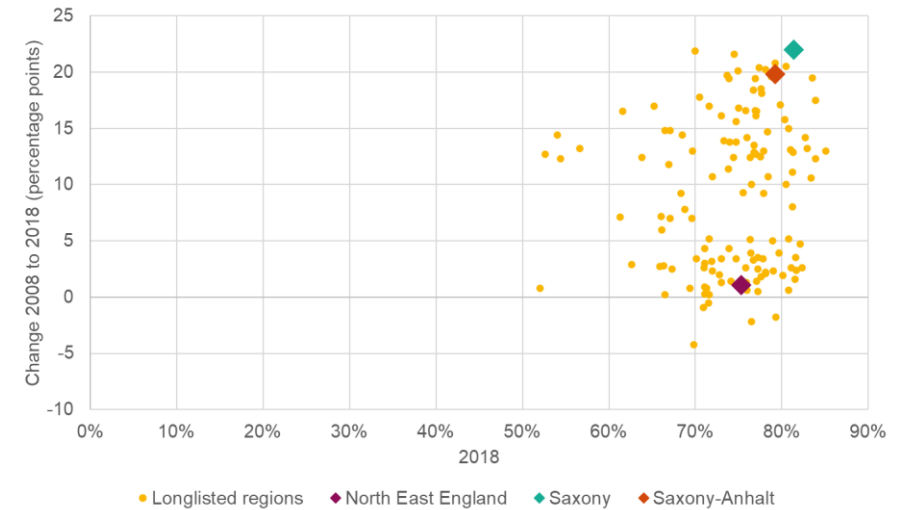


Case study 1: Saxony & Saxony-Anhalt

GDP per head:



Economic activity rate:



Disposable household income:



Case study 1: Saxony & Saxony-Anhalt

- Two regions with combined population of 6.2million
 - Leipzig is the biggest city, with 600,000 people
- Main challenges:
 - Deindustrialisation
 - Depopulation
 - Low R&D expenditure
 - Underused 'crumbling' housing stock

Case study 1: Saxony & Saxony-Anhalt

- Urban policy focus (Leipzig):
 - Attracting people and business investment through urban regeneration and renewal
 - Focus on poor quality city centre buildings and improving urban quality of life
 - Targeting industries for clusters, both new (biotech) and more traditional (automotive)
- Rural policy focus:
 - Increasing value and competitiveness of forestry and agriculture
 - Improving living standards and employment pathways in rural areas
 - Environmental stewardship

Case study 1: Saxony & Saxony-Anhalt

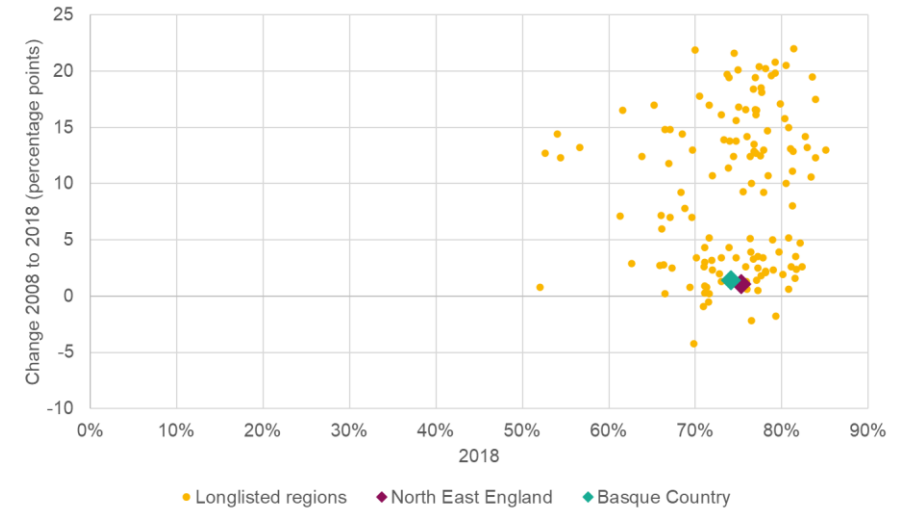
- Regional policy focus:
 - Investing to grow SME R&D activity
 - Enhanced childcare and child education in specific places where it is needed (this was not universal across Germany)
 - Embedding 'Health In All' in law by requiring public health services to contribute to all planning processes
- Changes and lessons:
 - Population has fallen, jobs density increased, and the economy has grown
 - Growth driven by Leipzig which has seen employment rate growth and population growth after the urban renewal
 - The importance of anchor companies in driving supply chain R&D

Case study 2: Basque Country

GDP per head:



Economic activity rate:



Disposable household income:



Case study 2: Basque Country

- Region in the North of Spain with approximately 2 million people
 - Bilbao is the largest city, with 347,000 people
- Main challenges:
 - Social exclusion
 - Health inequalities
 - Economic and social resilience
 - Industrial decline

Case study 2: Basque Country

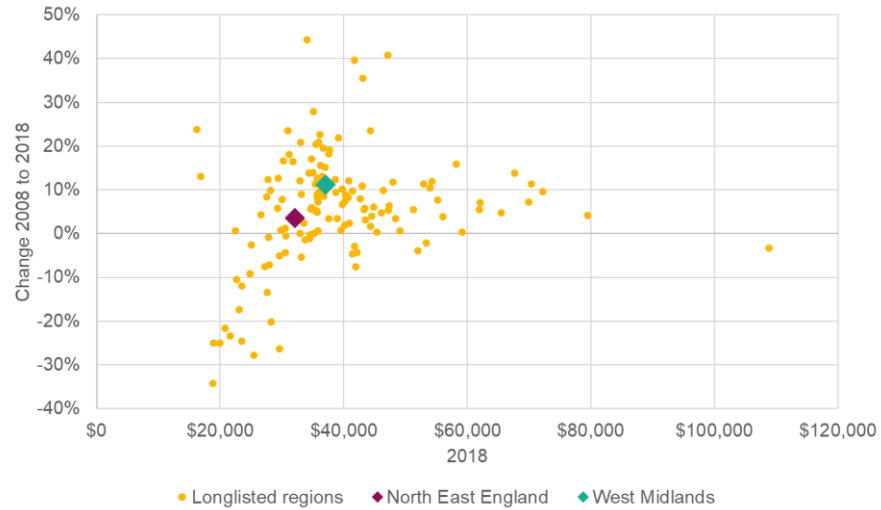
- Policy focus:
 - Competitiveness and innovation
 - Public-private collaboration
 - Specialisation in key markets and existing strengths and by investing in creating new tech and digital sector clusters
 - Creative and cultural sector development with the Basque Culture Observatory and investing in creative districts
 - Integrated 'health for all' policy focusing on social determinants as much as health

Case study 2: Basque Country

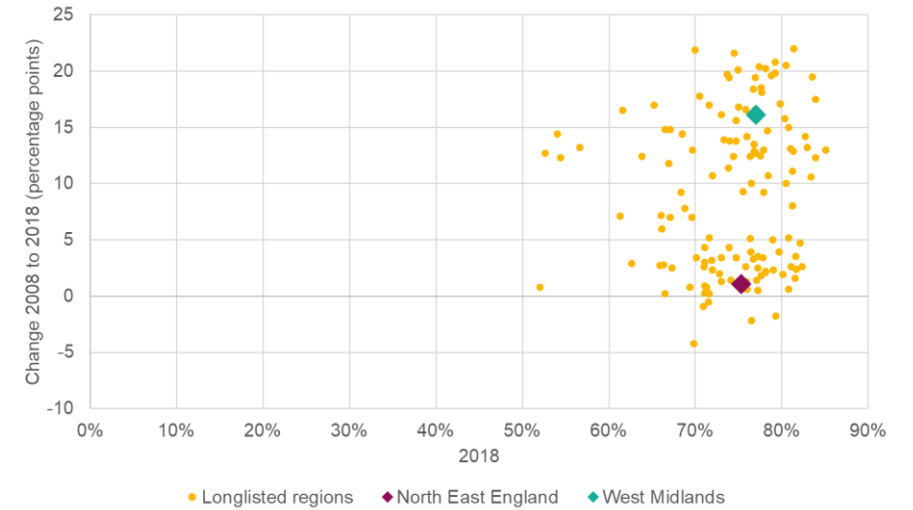
- Changes and lessons:
 - GDP bounced back by 2019 and inequality reduced
 - R&D investment increased
 - Success in the Basque Country shows that clear innovation policy which speaks to all actors is key to a successful strategy
 - A more holistic policy to address health inequalities is credited with development of one of the most successful integrated care strategies in Europe

Case study 3: West Midlands

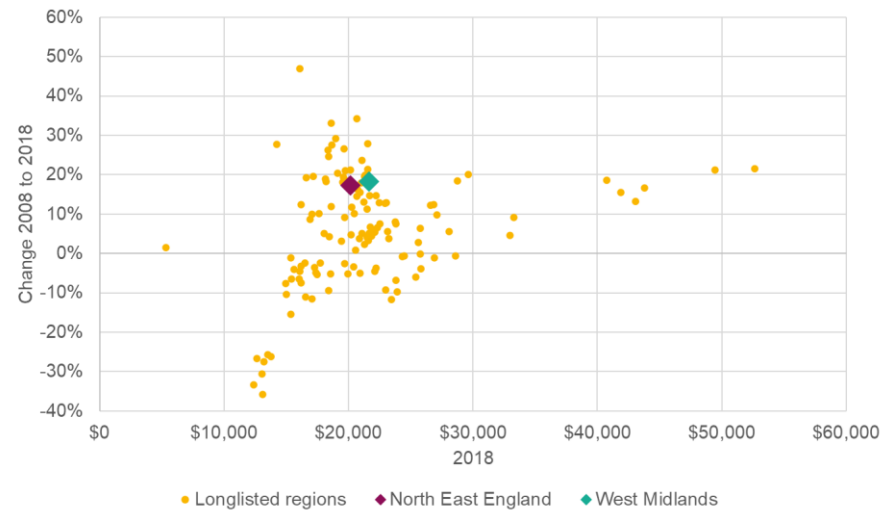
GDP per head:



Economic activity rate:



Disposable household income:



Case study 3: West Midlands

- OECD data refers to the West Midlands MCA area plus Herefordshire, Shropshire, Staffordshire, Stoke-on-Trent, Telford and Wrekin, Warwickshire and Worcestershire local authorities and has a total regional population of 5,950,757
- Main challenges before study period:
 - Low productivity
 - Slow growth rates
 - Unemployment

Case study 3: West Midlands

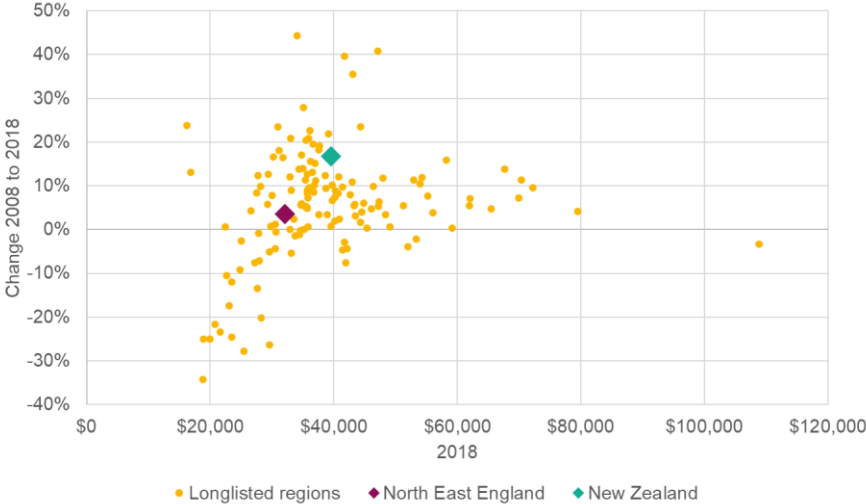
- Growth is driven by Birmingham and the MCA area, which was established in 2016
- Policy focus included:
 - Investment in research and development
 - Expanding links between academia and business
 - Inward investment
 - Business support and access to finance
 - Enhancing connectivity and transport between town centres
 - Three high-technology corridors
 - Investment in urban renewal
 - Diversification of the rural economy

Case study 3: West Midlands

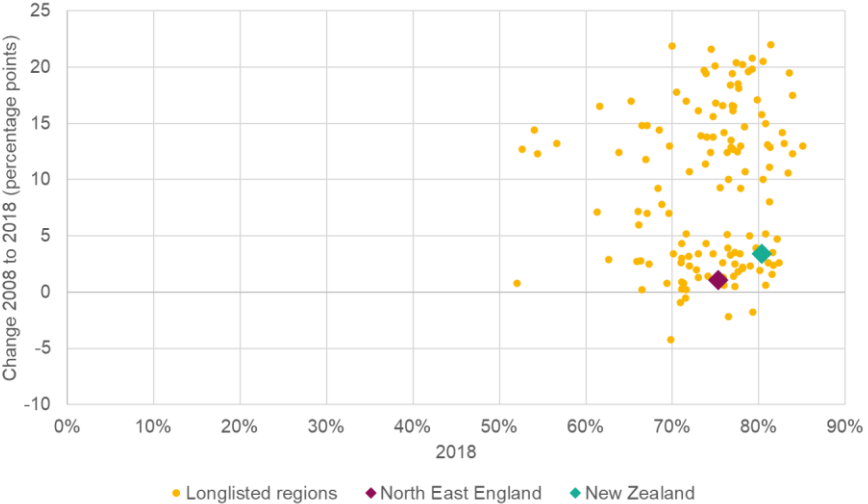
- Changes and lessons:
 - The fastest-growing region outside London up to 2019, breaking through the £100 billion economic output mark
 - Partnership working between universities and businesses helped secure larger scale collaborative projects with a focus on commercialisation of innovation
 - Factors such as proximity to London, transition to an MCA, will have a causal effect on its levels of productivity
 - Inclusive Growth Framework established in 2018 (so after our study period)

Case study 4: New Zealand

GDP per head:



Economic activity rate:



Case study 4: New Zealand

- Population of 5.1 million with its largest city of Auckland home to almost 32% of the country's total population
- We have looked at different regions at different points in time, which faced challenges of:
 - Outward migration of young people
 - Skills shortages/academic and business links
 - Canterbury Earthquakes at the early part of the study period (2010/11)
 - Inequality negatively affecting Māori communities

Case study 4: New Zealand

- Wellington Regional Strategy (2012):
 - Using existing investment networks to maximise businesses investment and attract further international investment, targeting talent and businesses in specific markets and sectors
- Tai Tokerau Northland Economic Action Plan (2016):
 - Region-wide digital infrastructure to specialised manufacturing and industry
 - Community engagement specifically with Māori communities was also a key priority, especially engaging the Māori youth cohort

Case study 4: New Zealand

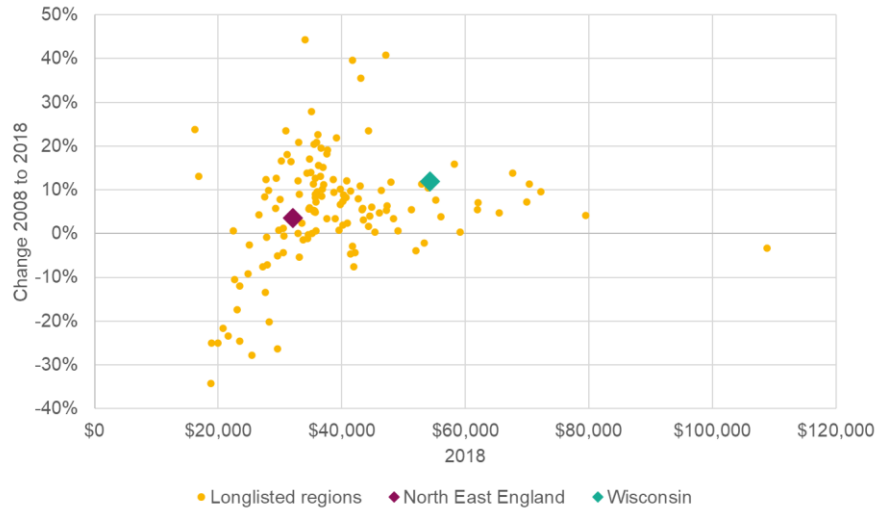
- Canterbury Regional Economic Development Strategy (2017–2019):
 - Post earthquake recovery
 - Retaining and attracting a skilled and educated worker, including targeting international students
 - Initiatives to increase community cohesion

Case study 4: New Zealand

- Changes and lessons:
 - Experienced strong growth with an economic turnaround largely considered as a major public policy success
 - However, this has come with a slight rise in inequality and housing market imbalances – economic progress and sustainably high wellbeing are not synonymous
 - In Northland, where there was more focus on supporting Māori youth into employment there has been a downward trend in youth unemployment
 - Some regions, like Canterbury, have continued to lose some ground compared to Auckland but have still achieved successful economic growth

Case study 5: Wisconsin

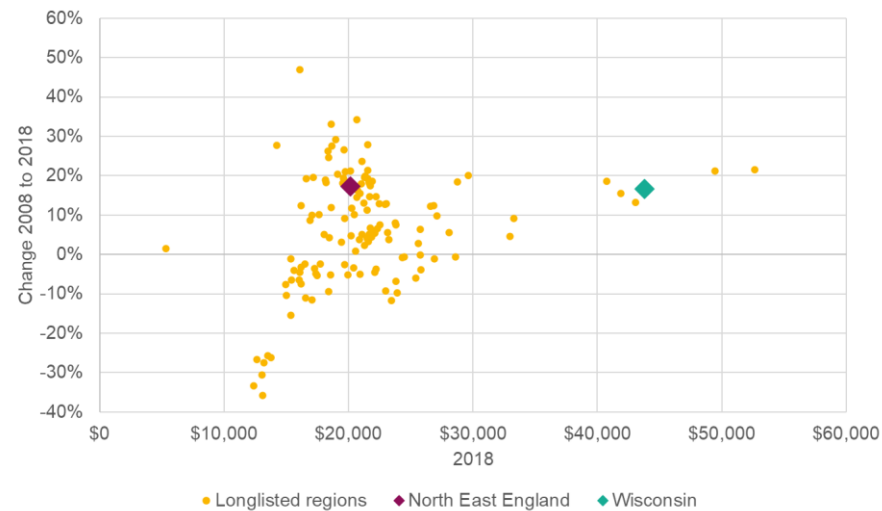
GDP per head:



Economic activity rate:



Disposable household income:



Case study 5: Wisconsin

- 25th Largest State in the US with a population of 5,892,539
 - State Capital is Madison (population 272,903) and its largest city is Milwaukee (population 563,305).
- We have looked at sub-regional and city examples
- Main challenges:
 - Deep racial disparities in economic opportunities and outcomes
 - Economy built on heavy industry
 - Low levels of university enrolment and declines in academic R&D investments

Case study 5: Wisconsin

- Sub-regional focus (North Central Wisconsin):
 - Supporting entrepreneurship and retaining business base to increase employment opportunities
 - Grow emerging industry sectors and attract new firms on the back of existing industry clusters and investment in data and transport infrastructure
- City focus (Milwaukee):
 - Building on existing assets and capitalising on strategic location
 - Enhancing SME export capabilities by using large firms as mentors

Case study 5: Wisconsin

- City focus (Madison):
 - Cultivate diverse business start-ups and improve survival prospects of new firms
 - Working with different groups to boost inclusivity
- City focus (Green Bay):
 - Encouraging university expansion
 - Connecting academic institutions to employers to increase pathways to work

Case study 5: Wisconsin

- Changes and lessons:
 - Wisconsin has seen good economic performance between 2008 and 2018 on key indicators such as GDP per head and disposable income, but the state still faces some challenges
 - The proportion of working age population with high skills grew during the period
 - However, indicators of inclusivity such as youth unemployment and the gender gap in economic activity stayed the same or worsened – but remain more positive than the North East

Combined lessons from the case studies

- Tackling health inequalities requires social and place-based interventions as well as health with a 'health in all policy'
- Childcare is important to allow more people to access more and better jobs
- Place-making to attract new business investment and skilled workers
- Increasing productivity in traditional industry through tech adoption and fostering new high-value clusters, working closely with universities and innovation assets
- Increasing tech adoption and non-technological improvements in low-productivity SMEs
- Working on the ground with more economically excluded groups, and employers, to create pathways into the whole labour market for more young people
- Supporting internationalisation and exports for the region's businesses as a driver of business expansion and wage growth



North East
Evidence Hub

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