

N8 Research Partnership

**The impacts of demographic change in the
functional economies of the North of England**

Summary Report

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About the N8

The N8 is a group of the eight most research intensive universities in the North — Durham, Lancaster, Leeds, Liverpool, Manchester, Newcastle, Sheffield and York. All N8 universities are ranked in the top 200 of the World University Rankings. Combined, the N8 universities have 125 “top 10” subject rankings in the UK (RAE 2008).

The N8 partnership was created in 2007, establishing virtual research centres in Regenerative Medicine and Molecular Engineering. It was a novel way of creating a confluence of research assets and capabilities across the partnership, with sufficient scale and critical mass, to move on broader industrial and commercial opportunities.

The initial collaborations were focused on areas of scientific and technological research. This project marks the first venture for an N8 collaboration into the social sciences. The multi disciplinary research team which delivered this work combines economists, geographers, labour market, healthcare and housing experts from across the N8 Universities.

About the Northern Way

The Northern Way was a unique initiative, bringing together partners across the North of England from public, private and other sectors to work together to improve the economic performance of the North.

Created in 2004, the Northern Way conducted ground-breaking policy research in innovation, private investment and transport, and produced a wide-ranging economic evidence base on other issues facing the North ranging from the impact of long term global challenges on the North, through to strategies to address local deprivation.

As a result of the Government decision to close the Regional Development Agencies by March 2012, funding for The Northern Way ceased on 31st March 2011, at which point the initiative closed.

However, to ensure that the important research and intelligence produced by the Northern Way is not lost, the website remains available at www.thenorthernway.co.uk. The website enables public access to the various research reports and further information regarding the work of the initiative.

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Foreword

**Foreword from Keith Burnett CBE, FRS
Vice-Chancellor, University of Sheffield
Chair, N8 Research Partnership**

I welcome the publication of this important and timely report on understanding the economic opportunities and challenges from demographic changes in the North of England.

It is an important report for three reasons:

- The focus — demographic change will have wide ranging impact across our society.
- The approach — which recognises the cross-cutting, multi-disciplinary nature of the issues, and identifying both the opportunities and challenges that we need to respond to.
- The collaboration that led to its publication — leading researchers from across the N8 institutions working together with our national and Northern partners to understand and analyse the issues.

It is timely because of the significant changes in our economy, and the way national and local government are responding. In focusing on the impact of demographic change at local and functional economic level, this report aims to provide a resource for those who will be dealing with these issues — Local Authorities, businesses, Local Enterprise Partnerships and other stakeholders involved in the 'localism' agenda.

The report clearly establishes the dynamism within our population structure and the interaction with many of our key policy priorities. As a result of the way we live and organise our lives, the way we have invested in our health care systems and the way we have enabled people from every part of our world to travel and communicate, we are living longer, we are having fewer children, people are moving around within countries, and people are moving across national borders. The net effect is an ever changing population which has implications and opportunities which we need to understand and address.

These are important issues for governments — and through policy initiatives in areas like pensions, employment, retirement and health care, the Coalition Government is continuing the trajectory of its predecessors in responding to these long term issues through national policy change.

But these are also important issues for those working at sub-national level in our cities and local communities. This report shows clearly that the spatial pattern of changing demographics is not uniform and that a one size fits all response will not work. As we move into new systems of localised governance, it is important that we focus on the local implications and respond effectively.

It is not enough to focus on just one part of this story. We have to recognise population change as a long term issue, with both opportunities and challenges and work on both sides of the balance sheet. As this report sets out, at the same time as we confront potential additional costs of health care in later life or change our housing priorities as household sizes become more diverse, we need to also recognise the economic potential of older and minority ethnic entrepreneurs, and recognise the growth potential of new products and services targeted at these groups, maximising the economic and social benefits.

I'm delighted that the N8 partnership has been able to produce this report, picking up this key issue and looking at it from a Northern perspective.

When the eight Northern research-led Universities first came together as N8 we agreed to collaborate on those areas of science and innovation where we had distinctive strengths, in order to generate stronger opportunities for the economy in the North of England.

The fact that we have now been able to extend our collaboration to include key social science disciplines shows the potential of the N8 to come together in new ways to make an enhanced contribution to these significant societal challenges and to help to fill a real gap in the research infrastructure.

In doing so, we have focused on an area of research which communicates strongly to key national priorities; economic growth and development, a stronger sense of localism, and the building of a more cohesive 'Big' society.

Demographic change is one of those issues where localism can really make a difference, providing the opportunity for new Local Enterprise Partnerships to work to take advantage of some of the opportunities referred to in this report. Through this report, and its wider programme of activities, the N8 is showing how it can make its contribution, by bringing together the skills of some of its best researchers and enabling them to work together on the big issues of our time.

I welcome its publication for all of these reasons, and look forward to the N8 universities continuing to work collaboratively with research users and our local and national partners in the future.

A handwritten signature in black ink that reads "Keith Burnett". The signature is written in a cursive, slightly slanted style.

Introduction and Acknowledgements

This research programme was delivered collaboratively by a multi-disciplinary research team drawn from across the N8. The team was led by Professor Ray Hudson (Durham University) with Lisa Buckner (Leeds), Professor Tom Cannon (Liverpool), Professor Alan Harding (Manchester), Kasia Kurowska (Newcastle) and Professor Phil Rees (Leeds).

The initial impetus for this research came from discussions between the Northern Way and N8, following a meeting of the Northern Way City Regions Forum in which City Regions identified a number of questions about the impact of ongoing demographic transitions on their economies.

The research programme summarised here was carried out over the six months from October 2010 to March 2011, with funding from the Northern Way's Policy & Research programme.

This summary report draws on four detailed source reports dealing with the following sets of issues: The profiling of demographic change in Northern functional economies (Rees et al., 2011); economic and labour market change (Harding et al., 2011); entrepreneurship (Cannon and Kuraskowa, 2011); housing, health and social care (Buckner et al., 2011).

This summary synthesises the main findings and conclusions from the research programme and presents implications for public policy in and for the North.

The findings focus in particular on the North's functional economic areas, and the issues presented are of relevance to Local Economic Partnerships (LEPs) in the North and to Central Government. It needs to be recognised that there are significant differences between areas in the North on many of the dimensions of recent and forecast future demographic and socio-economic change.

We would also like to acknowledge the very valuable support and advice from the project's External Advisory Board which met on a number of occasions during the development of the project to review the progress of the research, comment on the emerging findings and to help shape the implications for public policy:

- Geoff Ashton, Department for Work and Pensions;
- Richard Baker, Policy and Research Manager, Northern Way;
- Tim Blackman, Director of the Wolfson Research Institute, Durham University (who deputised as required for Ray Hudson as Chair);
- Farai Chipato and John Holden, Commission for the New Economy, Manchester;
- Viv Gee, Director, 5050 Vision;
- Costas Georgiou and Sylvia Yates, Sheffield City Region;

- Stephen Singleton, NHS;
- Sarah Jackson, Director, N8;
- Clare Johnson, Yorkshire Futures;
- Jane Lumb, Department for Business, Innovation and Skills;
- David Mell, North East Regional Information Partnership;
- Damien Walne, Department for Communities and Local Government.

They are not of course, responsible for the views expressed here.

1 Introduction

- 1.1 The aim of this project is to examine aspects of demographic change in Northern England, particularly population ageing but also migration and the changing ethnic composition, and assess their socio-economic causes and consequences and implications for public policy. It is important to recognise the interdependencies between demographic and socio-economic change. While the North is clearly part of wider national and international socio-economic systems, and is affected by these wider processes, the focus here is primarily on change within the functional economic areas of the North and on change in the North relative to other parts of England.
- 1.2 The starting point of the project was to model and forecast patterns of demographic change in the North at varying spatial scales. It then went on to examine changes in the economy and the labour market, and how these may be affected by changes in the demography of the North. However, demographic forecasting approaches inevitably make (if only tacit) assumptions about a range of socio-economic influences and processes as well as about determinants of population sizes such as fertility levels and mortality rates. As a result, demographic change may be affected by socio-economic change. The report, therefore, also sought to examine this interaction and its impacts.
- 1.3 The extent to which such linked demographic and socio-economic changes are amenable to influence by public policy is an important theme running through the research reported here. For example, quite how older age groups respond to and/or are affected by changes in the nature and distribution of employment across the North will be influenced by a variety of policy-related factors.
- 1.4 The project was carried out in a context of halting and uncertain recovery from a deep economic recession, significant political change and major change in the policy framework and regulatory landscape. Underpinning these policy changes is a rhetorical but still rather diffuse commitment to 're-balance' the economy across a variety of spatial and sectoral registers (including North/South; private/public sector; manufacturing/services) and promote a 'Big Society'.
- 1.5 The concept of a 'Big Society' clearly implies a shift in the relationships between civil society and state, premised on both private sector initiative and unpaid voluntary work filling the vacuum left by cutbacks in state provision. Equally, the concept of 're-balancing' is a critical, if generally unexamined, one in the context of contemporary debates about economic and spatial policy in the UK. It is, for example, clear that changes in the various dimensions of re-balancing currently featured in policy narrative (including sectoral shifts from public to private sectors, a re-emphasis on manufacturing and export, a shift of economic growth from South to North) are correlated and inter-dependent. In the context of the North versus South dimension,

for example, there are clearly close links between the decline of the public sector and less reliance upon service sector activities and the posited growth of manufacturing and resurgence of the private sector.

- 1.6 While there appears to be a failure to appreciate the strongly spatially differentiating effects of 'spatially blind' national policies on these dimensions, there has been a marked shift away from area-based economic development and regeneration policies (with, for example, the demise of Northern Way and the Regional Development Agencies (RDAs)) and toward labour market initiatives designed to improve the employability of benefit-dependent people in areas where worklessness was and is particularly concentrated. The shift to employability characterised the New Labour Government's later years, in the context of continued economic growth, but the diffuse programmes it developed have been rationalised, reduced and presented for private involvement (via the new Work Programme) by the Coalition Government. The new sub-national policy regime, on the other hand, is nominally based upon unevenly emerging private sector-led Local Enterprise Partnerships (LEPs) which are intended to facilitate economic growth and effective demand for labour.
- 1.7 The key reporting basis for the research relates to the decision of the current Coalition Government to adopt the functional (sometimes erroneously referred to as natural) economic area (FEA) as the basis of its growth strategy for England. In this understanding, economy and society in the North of England is thought of as organized spatially into FEAs, centred on the largest cities or market towns and defined by daily flows to work, school and services (private and public). FEAs in most parts of the North can be envisaged as city regions based on an understanding of key labour market flows, but in some parts of the North local FEAs will be mainly rural in character and will have different characteristics.
- 1.8 The government's new localism agenda recognises the importance of FEAs as a basis for policy development and co-ordination by encouraging adjacent Local Authorities (LAs) within these territorial economies to join together to form LEPs, working with the private sector and other partners.
- 1.9 Whilst most economic geographers would recognise that there are broader dimensions of functionality (in, for example, transport and infrastructure supply, supply chains, access to natural assets, health related flows of patients and clinical networks), in the research we accept the labour market definition given its current policy relevance. We thus analyse changes to the population, economy, enterprises and care needs of the North of England, using FEAs as the spatial mesh, and present evidence gathered at LA, LEP and larger scales to establish the degree of uniformity/diversity in trends and challenges across the varying FEAs in the North

- 1.10 In principle, then, FEAs in the North are defined as functional regions, mainly city regions. While definition of LEP areas is, in principle a matter for local determination, it is in practice subject to backstage national political influence. Many LEP areas would not meet the above criteria. The departure from anything resembling a city-region is especially marked over much of the South — for example, a LEP comprising Kent, Essex and parts of Sussex, or a coast to capital LEP stretching from Brighton to Croydon. Clearly in practice the definition of LEPS can diverge markedly as the specified criteria are trumped by other unstated criteria, especially in the South.
- 1.11 By focusing economic development policy at this scale and encouraging the emergence of LEPs as the institutional framework for shaping policy delivery, the Coalition Government seeks to: shift power (or responsibility) to local communities and business, enabling (or perhaps requiring) places to tailor their approach to local circumstances; promote efficient and dynamic markets, in particular in the supply of land, and provide real and significant incentives for places to go for growth; and support investment in places and people to tackle barriers to growth (although the mechanisms through which such support will be delivered remain opaque). The expectation is that more innovative exploitation of local public and private sector resources, along with the provision of further financial incentives to LAs to pursue new commercial and residential development, will effectively decentralise responsibility for policy and programme development and result in greater sensitivity to local contexts. In effect it suggests a 'win-win' scenario in which all FEAs will be able to prosper provided they discover the correct mix of local policies appropriate to local circumstances and resources.
- 1.12 In this context, understanding the changing and distinctive nature of population supply and character at this FEA scale is an important part of the story for LEPs.

2 A Rapidly Changing Population

2.1 A population that has become older and more diverse

- 2.1.1 While migration has been relatively unimportant at the level of the North, it has been much more significant as a determinant of intra-Northern change and has altered markedly over the last two decades. There were also significant changes between those decades, however, reflecting much higher net international migration in the 2000s than in the 1990s and a much wider dispersal of those international migrants. Migrants from the EU accession countries between 2004 and 2007 had a much wider intra-national and intra-regional spread of destinations than previous migrants from South Asia and Africa.

- 2.1.2 Natural increase has been relatively low but had a distinctive and relatively stable geography over the last two decades. It has been highest in the large metropolitan centres with high concentrations of ethnic minorities and foreign born women and in the suburban/metropolitan periphery region of Cheshire. It has been negative in regions of older, retired populations and in declining metropolitan regions. In other mixed urban and rural regions natural increase has been close to zero.
- 2.1.3 The UK population is ageing at an unprecedented rate due to: advances in healthcare leading to longer life expectancy for older people, premature babies and disabled children; a reduction in the fertility rate; and also the effect of 'baby boomers' reaching retirement age. In 2007, for the first time in the UK, there were more people over state pension age than there were aged ≤ 15 . In addition to ageing, the UK population has become more diverse in terms of its ethnic composition, a trend related to migration. There have been significant changes in the household size distribution, with a sharp fall in the proportion of large households (≥ 4 persons) and a corresponding rise in the number of single person households. Since 2001, however, the average household size has remained stable at 2.4 persons and the size distribution has hardly changed, with 20% large households and 29% single person households.

2.2 Looking to the future: how will the North's population change between 2011 and 2036?

- 2.2.1 Overall, the Northern population is forecast to increase by at least 7% (1,123,000 people), depending on assumptions about migration, with a 10% increase in the number of households (619,000 households). The fastest growth rates will be in rural areas. This growth reflects advances in health and medical care and is a significant achievement, with potential benefits to society as the potential labour force increases and the potential pool of volunteers and carers to help build the 'Big Society' broadens.
- 2.2.2 It is forecast to become more diverse, as the ethnic composition changes somewhat because of past and continuing immigration and the higher rates of natural increase in black and minority ethnic (BME) groups, with the number of people from these groups increasing by 55% (650,000 people) with a 70% increase in households headed by a person from a BME group (258,000 households). This predicted increase ranges from 34% in Greater Manchester (283,000 to 380,000) to 114% in North Yorkshire (35,000 to 74,000) with the greatest absolute increase, 165,000, in Leeds City Region. Nonetheless, although growth rates are often high, absolute increases and total numbers are relatively small, even in the major urban core areas.
- 2.2.3 It is forecast to age, as the baby boom generations age, with a 72% increase in people aged 75 and over (1,035,000 people to 2,465,000) and a 197% increase in people aged 90 and over (288,000 people to 434,800). For FEAs the increases in the older

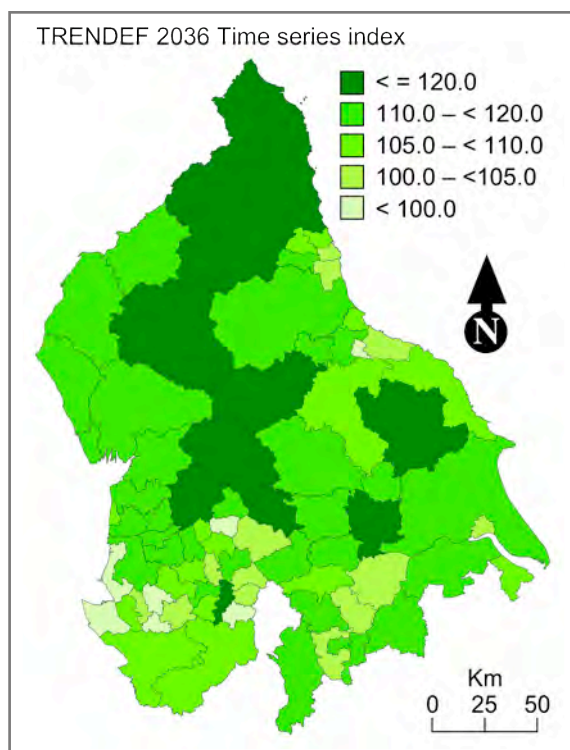
population (≥ 75) are predicted to range from 66% in Cumbria (53,000 people to 88,000) to 83% in Leeds City Region (260,000 people to 475,000). In Liverpool City Region the overall population is forecast to decrease but there is a predicted 67% increase in its older population (up from 154,000 to 257,000). Forecast growth of the older BME population (≥ 75) ranges from 134% in Liverpool City Region (1,516 people to 3,544) to 603% in North Yorkshire (430 people to 3,022) with the greatest absolute increase in Leeds City Region (7,430 people to 22,559). These are large percentage increases from a low base.

- 2.2.3.1 For those aged 90 and over, the biggest percentage increases for men are predicted to be in Tees Valley and the North East, for women in Liverpool City Region. The smallest increase for both men and women is forecast to be in North Yorkshire. The biggest absolute increase is in Leeds City Council, with 51,800 more people aged 90 and over by 2036.
- 2.2.3.2 The proportion of this very old group who are from BME groups is also predicted to rise in the North from 1.7% to 3%, an increase of over 10,000 people (from 2,406 in 2011 to 13,042 in 2036). The largest percentage increases is expected to be in areas that historically have a low proportion of their population from BME groups, such as North Yorkshire and the North East. Again, however, the absolute numbers are small.
- 2.2.3.3 Overall, although some LAs are forecast to have a decreasing population between 2011 and 2036, all LAs are predicted to have an increased number of older people (aged ≥ 75) so that they are differentiated by their magnitude and rate of increase. In addition, all areas show a forecast increase in the number of people from BME groups in total and in the older age group, with the greatest relative increases in areas, predominantly rural, that currently have a low percentage of BME residents.
- 2.2.3.4 There are big expected increases of older people (≥ 75) with poor health (288,000, 77%) and with a Limiting Long Term Illness (LLTI) (702,000, 76%) in the North, with the biggest percentage increase in Leeds City Region.
- 2.2.3.5 By 2031 the 65+ age group in the North is forecast to account for 20% of the male population and 24% of the female population, compared to 14% and 18% in 2006. As a result there will be a sharp drop in the Old Age Support Ratio (OSR — the ratio of people of working age to retirement age), that would only be partially ameliorated by increasing the retirement age to 70 (see Table 1). All LAs will experience a decreased OSR, though of varying magnitudes.
- 2.2.4 There are also expected to be changes in household composition with the number of single person households increasing by 21%. There are smaller forecast increases in the numbers of lone parent households and of couple households with no children and a slight decrease in the number of couple households with children.

2.2.4.1 For households headed by a person from a BME group there are predicted to be much larger increases in single person households (84%) and in couple households with no children (91%). Again the greatest percentage increases will be in FEAs that historically have small BME populations. The increase in single person households is particularly acute among the older age groups. By 2036 it is predicted that there will be over 1 million people aged ≥ 75 living alone with an increasing proportion of these being male and/or from BME groups.

2.2.4.2 There is considerable variation in future growth forecasts to 2036 among LEPs within the North (see Figure 1). The lowest growth LEPs are Liverpool, Tees Valley, Hull and Sheffield City Regions while North Yorkshire, Leeds, Cumbria and the North East will have the highest growth. Of the major urban areas, Manchester and Leeds will have the greatest growth. In Manchester and Bradford growth will be generated by large and youthful BME populations. This variation is amplified at the level of individual LAs. For example, a majority of LAs in the Liverpool City Region face population decline, as do Stockport in Greater Manchester, Burnley in Lancashire LEP and Middlesbrough in Tees Valley LEP. The highest growth will be in rural LAs: Northumberland, Eden, Richmondshire, Craven and York. These rural areas with pleasant small towns and countryside will attract internal migrants from the larger Northern cities and house new businesses linked to farming and tourism.

Figure 1. The spatial pattern of population change, 2011-2036, Northern England



Source: Rees et al, 2011.

2.2.5.2 The main aspects of forecast population change are summarised in Table 1. There are five main points to be made from this Table. First, moderate population growth continues, up to 12% over next 25 years. Consequently, there will still be growing markets for goods and services as long as the real income losses likely in the 2011-2015 period are subsequently reversed. Secondly, the population becomes ethnically more diverse. Ethnic minorities are the most dynamic part of the population. Third, the number of people in the working ages supporting older people (as currently defined) decreases by 33% in the next 25 years with a retirement age of 65. Increases to the retirement age would partially offset this change. Fourthly, ageing results in 25% more people experiencing limiting long term illness. This indicates the need to take active measures to prevent LLTIs and mitigate pressures on the NHS in Northern England. Fifthly, if age-specific participation rates remain constant the labour force will decline by 4%. It will decline by more if the assumptions about international migration turn out to be high either because more people emigrate or because current government measures to cap immigration are successful. To maintain the labour force at its 2011 level, participation rates must rise, particularly at ages ≥ 60 or immigration will need to be sustained and grown.

Table 1. Selected population statistics for Northern England, 2011-2036

Variable	2011	2036	Time series 2011=100
Population (1000s)	15,117	16,938	112
Percent White	92.2	87.9	95
OSR65 (16-64/65+)	3.4	2.2	65
OSR70 (16-69/70+)	5.1	3.1	91
OSR75 (16-74/75+)	7.8	4.7	138
People with LLTI (1000s)	3,268	4,163	125
Labour Force (1000s)	6,891	6,764	96

Notes: OSR = Old Age Support Ratio; LLTI = Limiting Long Term Illness
Source: Rees et al., 2011.

3 Economic and Labour Market Change

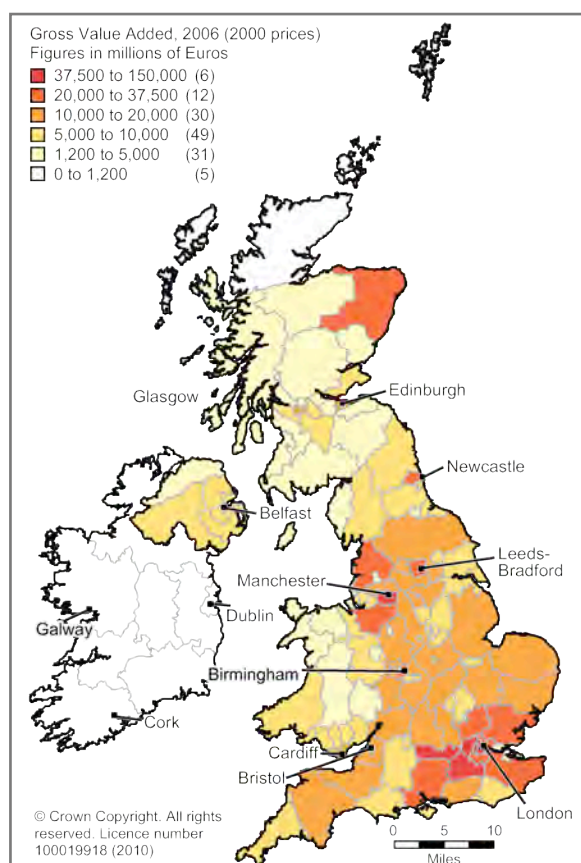
3.1 A changing Northern economy: no longer a workshop of the world

3.1.1 The Northern economy has undergone a profound transformation over the last three decades but it is important to remember that this is only the latest stage in a process that has seen enormous sectoral, occupational and spatial change in the economy of the UK and other parts of the developed world. While recognising this wider framework, however, our emphasis here is on changes within the North and in the context of the concern to 're-balance' the economy and to a degree on changes within England in the North relative to those in the South.

- 3.1.2 The long-term decline of employment in the primary sector, utilities and manufacturing is particularly significant in the North. Around 155,000 jobs disappeared from the primary sector and utilities between 1987 and 1997; subsequently employment in this broad sector stabilised. Around 525,000 jobs were lost in manufacturing between 1987 and 2007, with job loss particularly pronounced from 1997 to 2007. In contrast, there were employment increases in all broad service sectors. Absolute increases were most marked in business and other services, which increased by 580,000 between 1987 and 2007. Non-marketed services (including health, education and public administration) grew by 515,000, particularly between 1997 and 2007. Many of these jobs were part-time and taken by women whereas those lost in other sectors were primarily full-time and occupied by men so that there were major changes in the structure of the labour market accompanying these sectoral changes.
- 3.1.3 Since the 1970s inter-regional economic disparities in the UK have widened as Northern economic fortunes, like those of other peripheral areas, have increasingly lagged behind those of the London super-region (see Figures 2 and 3). Relative to the UK, the Northern regions have retained a large sectoral share of employment in manufacturing, public administration and health and are under-represented in banking, finance and insurance which have become increasingly centralised. In the North, especially its urban areas, central and local governments were to an extent pursuing a 'public sector growth model' in the decade after 1997 in order to compensate for a weak private sector. Public spending as a share of GVA in the North in 2007/8 ranged from 52% in the North East to 44% in Yorkshire and the Humber, well above the national average of 38%. Five of the top ten areas for public sector employment are in the North. In Manchester, public sector jobs accounted for 59% of net job growth; in Leeds, 55%. Furthermore, a substantial proportion — perhaps up to 50% — of private sector jobs created in the North were dependent on growth in public spending. As a result, five of the major urban areas most badly affected by public sector job cuts in the UK were in the North — Liverpool, Middlesbrough, Newcastle, Sunderland and Hull. The three Boroughs with the highest share of public sector employment are also in the North, Castle Morpeth, Wansbeck and Durham.
- 3.1.4 Most of the areas that had the biggest increase in unemployment (as measured by JSA claimants) after March 2008 were Northern city regions. Areas with high levels of unemployment prior to recession were generally the hardest hit. Seven of the ten LA areas experiencing the greatest increase in JSA claimants between 2008 and 2011 were in the North. In addition, some of the highest rates of growth in involuntary part-time employment, as employers responded to recession by increasing short-time working and underemployment rather than redundancy and unemployment, were found in parts of the North. The odds of experiencing involuntary part-time employment and broader time-related underemployment were higher for women,

people with lower educational attainment, and those with shorter job tenure. In similar fashion, those areas with the greatest prevalence of skills-related unemployment, with people employed in jobs for which they were over-qualified, were to be found disproportionately in the North. Four out of five areas with the highest levels of graduate level over-education were in the North.

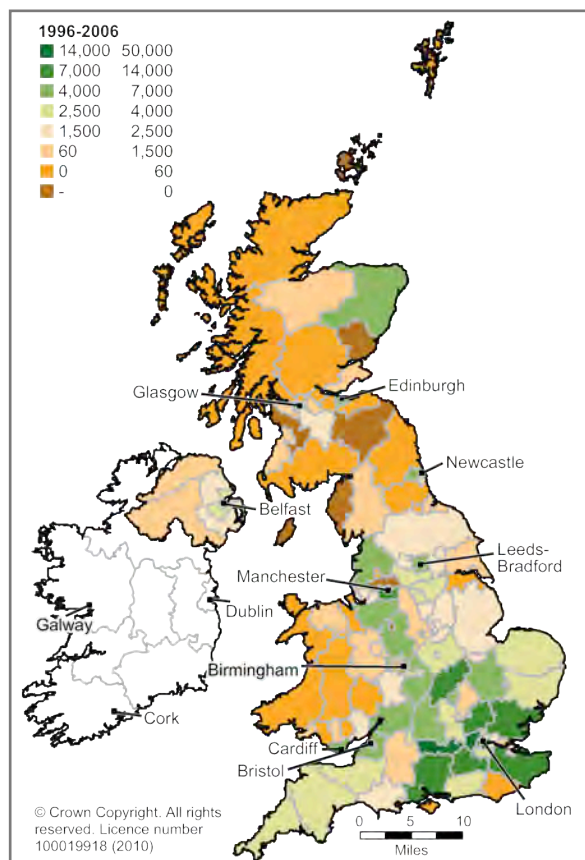
Figure 2. Gross value-added, NUTS level 3, 2006 (2000 prices, million Euros)



3.1.5 At the same time as inter-regional inequalities were growing, then, disparities within the North also widened. In general terms, 'the 'south of the North', and particularly the M62 corridor area, derived the greatest benefit from the boom years and has proved more resilient in the face of the economic shocks triggered by the financial crisis. The city-regions focused on Manchester and Leeds, in particular, achieved levels of GVA growth through the boom years that bore comparison to those within the London super-region. In contrast areas on the periphery of the North (especially port cities) and areas that were once centres of manufacturing but are now characterised by multiple deprivation, with poor quality environments, outdated amenities, and obsolescent and/or low skills, grew more slowly. However, economic disparities have also increased within the more successful city regions. Within Greater Manchester, for example, GVA growth, employment expansion and productivity improvements have primarily been

concentrated within the conurbation core and areas on the fringe of the city's international airport. As a result, Greater Manchester's economy has become profoundly 'south-facing'. Many of the spill-over effects of the area's economic resurgence have accrued within the southern parts of the conurbation and beyond rather than in the north which is still characterized by a transition from low to higher value manufacturing and from manufacturing to service employment.

Figure 3. Change in gross value-added, NUTS level 3, 1996-2006 (million euros)



3.1.6 More modest but comparatively high rates of growth were experienced by areas grouped around nationally significant transport corridors and interchanges (as defined by the M6 motorway and the west coast main rail line and the M1/A1 and east coast main rail line). In contrast, the North's more peripheral, traditional centres of economic activity experienced below national average growth rates.

3.1.7 These broad intra-Northern development patterns were clearly influenced by differences in connectivity but they primarily reflect the sectoral and skills composition of key employment centres and the broader travel-to-work areas on which they draw. The ongoing differentiation in the performance and prospects of

Northern places also reflects the emergence of new agglomeration economies, whereby the attractiveness of big, diverse and well-connected urban centres has grown, particularly for a range of knowledge-intensive activities in producer services and certain high tech manufacturing industries and for the skilled workers typically employed within them. Firms benefit from knowledge spillovers and a larger pool of skilled labour while skilled workers have a greater choice of employment opportunities. The net effect has been a 'stretching' of urban hierarchies within and beyond the North. The performance of key metropolitan employment hubs, typically endowed with key urban assets (such as international airports, national or regional service centre functions, nodal status within key surface transport infrastructures, and the presence of key research-intensive universities) has outstripped that of smaller, less well-endowed centres.

- 3.1.8 Four qualifications need to be made about metropolitan economic resurgence within the North, however, even within the putative M62 'growth corridor'. First, Northern economic dynamism during the boom years was built upon lower levels of productivity than those typical within the London super-region. Second, and related, growth in public sector employment, particularly at higher occupational levels, generally played a stronger role. Third, Northern economic dynamism, whilst substantially driven by private sector jobs growth in key 'hot spots', has not been associated with either the development of key corporate 'command and control' functions or of dense networks of new, small enterprises in key growth sectors. And fourth, the positive 'spill-over effects of new agglomeration economies, largely due to the scale and composition of the North's metropolitan centres, are muted in comparison to the 'London effect' and that of other larger global cities.
- 3.1.9 If these qualifications are valid for the North's key 'motors' of wealth-generation and employment-creation, they apply a fortiori to smaller, less dynamic areas. Various attempts to measure the vulnerability and resilience of places, nationally, to economic shocks in general and the impact of public sector cuts in particular, invariably identify such areas within the North as particularly vulnerable (see Table 3).

3.2 Economic change and population ageing

- 3.2.1 Turning to consideration of the relationship between population ageing and economic performance, the older people who comprise just over 25% of the North's population are estimated to account for around 60% of the total personal wealth (including property). They are twice as likely to own their home as the rest of the population. There are four million people aged 50-74 with an aggregate annual discretionary purchasing power (after taxes, mortgages or rents) of over £1.5bn with the younger (50-64) age group accounting for over 70% of that spend.

- 3.2.2 Improvements in healthcare, diet and lifestyle have led to a fitter and healthier older population, with greater access to the resources needed to meet their higher expectations. This group is the biggest spender on healthcare and over-the-counter drugs and has become the biggest purchasers of toys, non-business travel, and personal services. Its members spend more per capita on food and drink. They are the heaviest users of museums and galleries and the theatre. They eat out more often and are the fastest growing users of computers and new information technologies. In short, they have become a key component of a number of consumer markets.
- 3.2.3 In addition, it has recently been estimated that 170,000 registered care home places in England (45% of the total) are privately funded. A further 271,000 older people pay for a variety of forms of help to stay in their own home. This self-funded home care market was estimated to be worth £652 million in 2010 with the care home market worth an additional £4.9 billion. Furthermore, it is estimated that an additional £1.15 billion is spent by people who 'top up' council funded care home places. This again is of some considerable economic significance.
- 3.2.4 There is little evidence that senior entrepreneurs target the delivery of products or services demanded by seniors, however, while evidence is equally sparse as to the wish of senior consumers to purchase products or services from senior entrepreneurs.
- 3.2.5 The three Northern Regions have the lowest male economic activity rates in England among older age groups, while for women they are among the lowest 5 for 50- 59 year olds and form the three lowest for over 60s. However, self-employment as a proportion of the economically active population clearly increases with age.

3.3 What will economy look like in the future: Public sector decline and private sector revival?

- 3.3.1 Recent trends in private sector economic restructuring and resultant intra-regional spatial change in the North will persist for the foreseeable future since these primarily reflect the effects of processes of globalisation and technological change. In addition, the self-reinforcing effects of agglomeration economies will continue to concentrate growth in existing growth centres, primarily (but not solely) in the cores of the major city regions. The era of public sector employment growth in the North is clearly over — see Table 2. The majority of the worst affected places are in the North, almost all the least affected places are in the South. Employment cuts will replace employment growth, with consequent knock-on effects to the private sector, although the precise scale and extent of these cuts remains as yet uncertain. Even so, whatever the final total, the knock-on effects to the private sector will almost certainly pose challenges

for policies that seek to reduce unemployment by encouraging the growth of new private-sector sources of labour demand. The growth in part-time working and time-related unemployment may mean that any recovery in the Northern economy in terms of output will translate more slowly into reductions in registered unemployment than in recoveries from previous recessions as firms seek to restore part-time workers to full-time status before embarking on seeking new recruits.

Table 2. Revenue spending power* changes by local authority area, 2011-12: most and least affected areas

Local Authority	Change in estimated 'Revenue Spending Power' 2011-12	Change in estimated 'Revenue Spending Power' 2011-12	Transition grant	Change in estimated 'revenue spending power' 2011-12 — post transition grant
	£m	%	£m	%
Biggest % losers, ranked by £m spending reduction				
Liverpool	-72.2	-11.34%	15.550	-8.90%
Manchester	-68.9	-11.04%	13.332	-8.90%
Hackney	-38.7	-10.46%	5.776	-8.90%
Newham	-38.5	-10.46%	5.731	-8.90%
Tower Hamlets	-37.2	-9.90%	3.767	-8.90%
Doncaster	-29.2	-9.60%	2.118	-8.90%
Kingston upon Hull	-28.4	-9.72%	2.391	-8.90%
Knowsley	-23.4	-10.72%	3.968	-8.90%
Rochdale	-21.7	-8.91%	0.031	-8.90%
South Tyneside	-19.8	-10.49%	3.009	-8.90%
Blackburn with Darwen	-18.1	-10.54%	2.806	-8.90%
St Helens	-18.1	-9.39%	0.935	-8.90%
Middlesbrough	-15.4	-9.12%	0.364	-8.90%
North East Lincolnshire	-15.3	-9.14%	0.396	-8.90%
Halton	-12.6	-8.92%	0.026	-8.90%
Hartlepool	-12.0	-10.33%	1.661	-8.90%
Lowest % change, ranked by £m spending reduction				
Essex	-13.0	-1.31%	0.000	-1.31%
Hertfordshire	-12.5	-1.55%	0.000	-1.55%
Norfolk	-11.7	-1.67%	0.000	-1.67%
Hampshire	-7.8	-0.95%	0.000	-0.95%
East Sussex	-6.3	-1.54%	0.000	-1.54%
Warwickshire	-5.1	-1.32%	0.000	-1.32%
Cheshire East	-4.6	-1.63%	0.000	-1.63%
West Sussex	-3.7	-0.65%	0.000	-0.65%
Surrey	-2.5	-0.31%	0.000	-0.31%
Buckinghamshire	-2.0	-0.60%	0.000	-0.60%
Poole	-1.1	-0.97%	0.000	-0.97%
Windsor and Maidenhead	-1.1	-1.06%	0.000	-1.06%
Richmond upon Thames	-1.0	-0.61%	0.000	-0.61%
Wokingham	-0.7	-0.63%	0.000	-0.63%
Dorset	0.7	0.25%	0.000	0.25%

* includes local authority spending plus NHS spending on social care Source: Harding et al., 2011

3.3.2 Many places in the North, especially deindustrialised urban areas, former mono-industrial settlements and some rural areas, will be among the most fragile in England in terms of their capacity to recover from the effects of recession (Table 3). Weaker urban areas and marginal places that became more reliant on public sector expansion in the last decade or so, and consequently became characterised by higher proportions of public sector employment, are more vulnerable to public spending cuts. Because of their weak private sector base they are unlikely to be resilient in the aftermath of recession.

Table 3. Most and least resilient local authority areas in England by BBC region (1 = least affected, 324 = most affected)

1	Elmbridge	BBC London	305	Pendle	BBC North West
2	St Albans	BBC London	306	Bolsover	BBC East Midlands, BBC Yorkshire
3	Waverley	BBC South			
4	Richmond upon Thames	BBC London	307	Tameside	BBC North West
5	Mole Valley	BBC London	308	Sunderland	BBC North East & Cumbria
6	Hart	BBC South	309	Plymouth	BBC South West
7	Horsham	BBC South	310	Rotherham	BBC Yorkshire
8	Surrey Heath	BBC South	311	Barnsley	BBC Yorkshire
9	Chiltern	BBC London	312	North East Lincolnshire	BBC East Yorkshire & Lincolnshire
10	South Cambridgeshire	BBC East			
11	Hertsmere	BBC London	313	South Tyneside	BBC North East & Cumbria
12	Guildford	BBC South, BBC London	314	Burnley	BBC North West
			315	Walsall	BBC West Midlands
13	Vale of White Horse	BBC South	316	Hartlepool	BBC North East & Cumbria
14	Mid Sussex	BBC South, BBC South East	317	Ashfield	BBC East Midlands
			318	Barrow-in-Furness	BBC North West
15	Uttlesford	BBC East	319	Redcar and Cleveland	BBC North East & Cumbria
16	Harborough	BBC East Midlands			
17	Wokingham	BBC South	320	Kingston upon Hull, City of	BBC East Yorkshire & Lincolnshire
18	Epsom and Ewell	BBC London			
19	Sevenoaks	BBC South East	321	Sandwell	BBC West Midlands
20	West Berkshire	BBC South	322	Stoke-on-Trent	BBC West Midlands
			323	Mansfield	BBC East Midlands
			324	Middlesbrough	BBC North East & Cumbria

Source: *Harding et al., 2011*

3.3.3 There may, however, be some possibilities for employment growth because of the ageing population in the North, In addition to growing demand for personal care, growing numbers of older people, particularly home owners, will create demand for services linked to maintenance and adaptation of their properties. This may generate

new areas of opportunity — for example in the provision of skilled trades, handypersons, decorating, and gardening services, and also for provision of housework, cleaning, and laundry services.

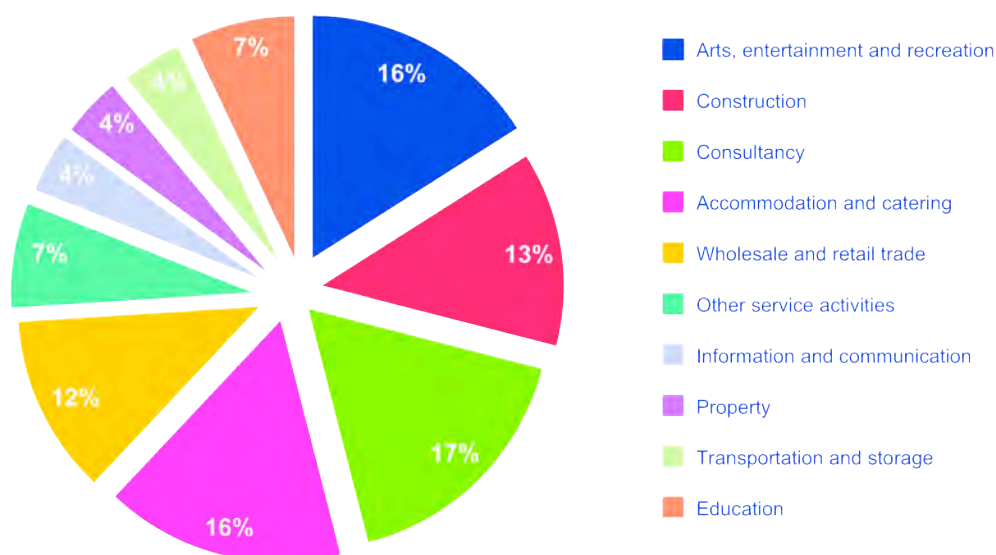
- 3.3.4 There may also be opportunities for entrepreneurship and business growth among SMEs in the provision of new IT-based telecare and telehealth services, as well as more conventional personal homecare, either complementing or substituting for public sector provision. It seems likely that the number of people who self-fund provision of home care will increase more rapidly than those supported through publicly funded care as eligibility criteria are tightened and state funding is reduced. In addition, occupational pensions and housing equity may result in a large number of older people being ineligible under the current criteria.

4 Entrepreneurship and Enterprise

4.1 An entrepreneurial desert?

- 4.1.1 The North has a history of low rates of business formation and a relatively small stock of independent SMEs. The conventional drivers of new firm formation, especially among older age groups, have been relatively weak in the North. Moreover, the North lacks strong large firms with an interest in SMEs.
- 4.1.2 There are, however, growing rates of self-employment and business formation. VAT Registrations increased from 38 per 10,000 of the economically active population in the North East in 2004 to 47 per 10,000 in 2007, while the rates for the North West and Yorkshire grew from 56 to 63 per 10,000 and 54 to 57 per 10,000 over the same period. Self employment and business ownership by seniors is concentrated in construction, consultancy, wholesale and retail, accommodation and food services and arts, entertainment and recreation. Despite this progress, the North continues to lag behind England as a whole and the more dynamic English Regions. Rates of business formation remain comparatively low and the stock of independent SMEs is relatively small.
- 4.1.3 It is possible to build up a profile of the types and distribution of businesses being created by today's senior entrepreneurs in the North (Figure 4). It is, however, important to note that there are some gender and ethnic variations around the pattern shown in Figure 4. For example, entrepreneurial activity among senior women is far more concentrated in accommodation and catering, arts, entertainment and recreation than for the whole senior population, while the wholesale and retail trade has a greater concentration of BME senior entrepreneurs.

Figure 4. New firm formation by senior entrepreneurs in the North



4.1.5 There is also variation between areas in the motivation of older people for creating new businesses. 'Opportunity' entrepreneurship is more frequent in the better performing localities, while 'necessity' or 'distress' entrepreneurship seems more common in more urban, poorly performing areas locally and nationally.

4.1.6 While a majority of older entrepreneurs are male, the number of older female entrepreneurs is increasing. Older female entrepreneurs are more inclined towards opportunity entrepreneurship than are their male counterparts, even in more urban, poorly performing areas.

4.2 Reviving entrepreneurship in the North?

4.1.4 There is also considerable diversity of entrepreneurial activity within the North, for example between major urban and rural areas. This partly reflects policy decisions at local or regional levels as well as variations in socio-economic composition and proximity to markets. Only seven localities matched the English national average performance for VAT Registrations with all but one of these in the 'golden triangle' of Cheshire, South Manchester and Stockport. The stock of businesses is slightly more widely distributed. Rural areas are more conducive to new firm formation and business survival rates are much higher in rural than in urban areas. There is some evidence of geographical mobility playing a part in this with senior entrepreneurs migrating from urban to rural areas post-retirement to create new businesses.

4.2.1 There is a (surprising) degree of interest in self-employment and business creation among those currently employed in the public sector, creating possibilities for future entrepreneurial growth. This is counter-balanced, however, by risk aversion and an

apparent reluctance to invest in growing businesses, coupled with a perception that enterprise support services are difficult to access, especially now in the context of public sector cuts. Furthermore, most of the available evidence suggests that enterprise flourishes in environments replete with role models, peer groups, networks and appropriate skills. This does not auger well for a resurgence of such activity in the North, unless public policy can help encourage and facilitate the emergence of a suitably supportive environment.

- 4.2.2 Relatively affluent older people offer possibilities for creating a variety of additional local markets as well as for future growth in existing markets. These could form opportunities for older entrepreneurs in the North starting up in business but these demands may equally be met by extra-regional firms.
- 4.2.3 Mature entrepreneurs may find starting a business easier than their younger counterparts. They often have greater levels of technical, industrial and management experience, better people skills, more extensive personal contacts and more assets with which to finance a business. Experience of entrepreneurship or self-employment through either knowing someone who is running a business or has recently started a business seems to be an important influence on entrepreneurship among seniors.
- 4.2.4 Particularly in rural areas with good links to prosperous urban centres, such as Calderdale with its links to Leeds and Manchester, there is evidence that older, new entrepreneurs are creating lifestyle-type business in the tourism, retail, catering, small-scale manufacture, and IT sectors. A combination of economic opportunity, proximity to source (of senior entrepreneurial talent), low cost of entry and effective support leads not only to start-ups but significant numbers of fast-growth businesses. Analysis of the participants of 'Silver Entrepreneurs' programmes in Calderdale and Stockport found a significantly higher percentage of those who had 'identified a business opportunity' than in Knowsley, Halton and Tyneside (Table 4).

Table 4. Routes to business creation and self employment

	'Spotted an opportunity' number	'Had no choice' number	Other number	Total
Calderdale	19	16	12	47
Stockport	13	11	12	36
Knowsley	4	11	6	21
Halton	3	6	7	16
Tyneside	3	9	6	18

*Note: These are self-selecting groups of programme participants not part of designed samples census.
Source: Cannon and Kurowska, 2011*

4.2.5 The 'seniors' marketplace in the North can broadly be divided into five segments. First, lifestyle and quality of life — in effect those markets where the relatively affluent and healthy among the over-50s seek to use their prosperity and health to maintain or improve their quality of life. Secondly, personal development, sometimes called life enhancement technology — often related to 'filling gaps' in past opportunities and experiences or securing better health and self realisation. Thirdly, assisted living focused on products and services designed to enhance the quality of life, health, wellbeing and independence of older people (see Table 5). There is a growing consensus that effective delivery of these products and services will turn on a capacity to provide high levels of security, monitoring, and reliability. As a result, some larger construction companies are placing considerable effort into the development of smarter or smart homes. Fourthly, despite the success of assisted living initiatives high intervention personal care will continue to be a major part of the Senior economy, especially as the population ages further. Fifthly, medical interventions can have an impact at every stage from improving the quality of life of 'fit and healthy' seniors through to care for the very old and conditions such as dementia. These different market segments typically require different levels of investment; those with low cost of entry offer the greatest opportunities for new or small businesses (see Figure 5).

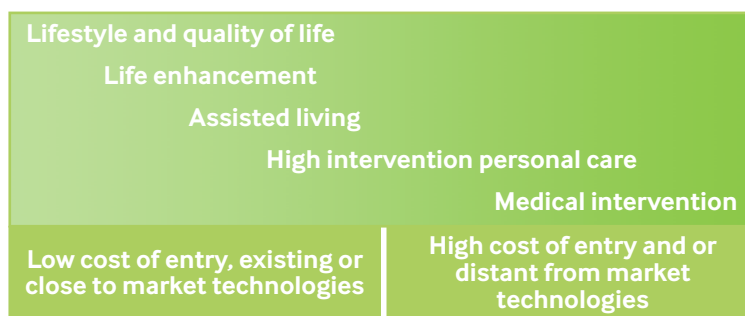
Table 5. Business opportunities in assisted living

	Remote	External	Internal
Electronic	Wireless Sensor Networks and related response teams	Mobile and Wireless Technologies Safe driving technologies	Personal alarms Pendants Home robots Smart metering Touch technologies
Physical	Call centres Resource centres Book and reading groups	Security companies monitoring homes Remote health management solution	Rehabilitative Technologies and services Nutrition Electronic readers Wireless smart pillbox Cleaning services
Personal	Advisory services Emergency numbers	Shopping and other delivery services Pro-active home monitoring	Respite services, Live in carers provided by firms like Saga Hairdressing

Source: Cannon and Kurowska, 2011

Figure 5. Market opportunity and cost of entry

Source: Cannon and Kurowska, 2011



5 Housing, Health Care and Social Care

5.1 Coping with the costs of success and failure: an ageing population alongside the legacies of economic decline and inequality

- 5.1.1 At present, average NHS spending for retired households is nearly double that on non-retired households but the costs of providing hospital and community care for people ≥ 85 years of age is estimated to be three times higher than for those between 65 and 74 years.
- 5.1.2 There is also an increasing number of disabled children surviving infancy due to advances in medicine. Disabled children aged ≤ 16 are the fastest growing group amongst the population of disabled people in the UK. While not an issue specific to the North, it has impacts on and implications for the North.
- 5.1.3 In addition, there are large health/mortality differences associated with income inequality, and linked to local pockets of socio-economic deprivation. As a result, Northern England faces key challenges because of urban and rural deprivation and income inequality and their relation to ageing and migration. Furthermore, the prevalence of illness/disability varies with ethnicity.
- 5.1.4 Many new social care policies and initiatives introduced in the 2000s are already being implemented in the North. They emphasise the importance of being able to receive care and support at home as a key priority and are complemented by others that emphasise the importance of managing a growing range of health conditions outside hospital and residential care settings via remote ICT-based technologies.
- 5.1.5 The majority of care is provided by unpaid carers, especially in areas of deprivation. As the amount of care a person provides increases, they are: less likely to be in paid employment, particularly full-time; more likely to have taken early retirement,

particularly male carers; more likely to be looking after their home and family full-time; and more likely to be permanently sick or disabled.

- 5.1.6 The employed social care workforce is highly feminised; 80% of all jobs are carried out by women but the figure is higher for direct care roles. In addition, older women workers are disproportionately concentrated in care work.

5.2 An uncertain future: seeking to avert a fiscal crisis of the state as the population ages dramatically

- 5.2.1 The projected increased number of elderly people will have a major impact on public spending budgets, the need for care and the demand for carers (paid and unpaid). Demographic change will result in increased numbers of older people unable to cope without help with a variety of conditions (see Table 6) and of young people who have complex needs and learning difficulties.

Table 6. Changes in the number of people predicted to be unable to manage at least one specific activity — one domestic task or one self-care activity — in the functional economic areas in the North of England, 2011-2036

FEA	Domestic tasks*— 65+ ('000s)				Self-care activity* — 65+ ('000s)			
	2011	2036	Change 2011-2036		2011	2036	Change 2011-2036	
			Nos	%			Nos	%
Greater Manchester	188	311	123	66	154	254	100	65
Liverpool City Region	126	202	76	60	103	164	62	60
Leeds City Region	219	379	161	73	179	310	130	73
Sheffield City Region	144	232	88	61	118	189	72	61
Cheshire & Warrington	73	119	46	62	60	97	37	62
Tees Valley	53	89	36	69	43	72	29	68
Cumbria	44	68	25	57	36	56	20	56
Hull City Region	75	120	45	61	62	99	37	60
North Yorkshire	47	74	28	59	38	61	22	58
North East	160	262	102	64	131	214	83	63
Lancashire	112	181	69	62	92	148	56	61
NORTH	1,240	2,039	799	64	1,016	1,664	649	64

Note: domestic tasks include: household shopping, wash and dry dishes, clean windows inside, jobs involving climbing, use a vacuum cleaner to clean floors, wash clothing by hand, open screw tops, deal with personal affairs, do practical activities. Self-care activities include: bathe, shower or wash all over, dress and undress, wash their face and hands, feed, cut their toenails, take medicines.

Source: Buckner et al., 2011

- 5.2.2 Policy innovations introduced in the 2000s will continue. This will include growing reliance upon remote technologies such as telecare and telehealth to supplement, or replace, personal care by carers, unpaid and paid. Nonetheless, given the increasing need for care and the retrenchment of social service support, there will be continuing reliance upon unpaid carers, both directly and through voluntary organizations.
- 5.2.3 While future demand for unpaid care will increase, the future supply of unpaid carers is likely to be affected by: the decrease in family size and the increase in childlessness; the change in personal and household relationships; the increasing complexity of families; and changes to the retirement age and increased labour market engagement of people, and in particular women, over the age of 50. More people may therefore become part of the 'sandwich generation' — mid-life adults who have wholly or partly dependent children of various ages whilst simultaneously caring for elderly parents.
- 5.2.4 Overall, the number of unpaid carers is forecast to rise slightly. Whether this will be adequate in relation to the growth in demand for unpaid care remains to be seen but looks highly unlikely. Moreover, in some FEAs the number of unpaid carers is predicted to fall, particularly in Liverpool City Region. Across all FEAs the number of carers from BME groups will increase, with the biggest forecast increases in rural areas that currently have a low percentage of BME residents.
- 5.2.5 Older people increasingly wish to remain living in their own home. The scope for further expanding care in the home (or a relative's home) will depend upon the condition of the home (warmth, bathing and showering facilities, access, level of hazards and so forth) and the space available for aids and adaptations. Services to allow changes and adaptation to the home (for example via supportive technologies and internal modifications to living arrangements) will play an important role in enabling those who choose to remain in their own homes to realise that choice, promote their independence, and enhance their sense of safety and security. Technological developments will underpin increasingly sophisticated remote health monitoring systems and more delivery of healthcare at home. Even so, as people become older their capacity to remain living independently in their own home will decrease. Consequently, the projected number of people in care homes will rise significantly and public expenditure on long-term care is projected to rise by more than 300% in real terms by 2041. By 2036 an estimated 176,000 additional residential and nursing home places will be required in the North to accommodate people aged ≥ 75 , especially very old people (aged ≥ 90). The pattern of these changes at FEA level is mixed but in all cases is considerable (Table 7). This raises questions as to the capacity to meet this spatially differentiated growth in demand for places.

Table 7. Elderly people living in communal establishments — changes in the functional economic areas in the North of England: 2011-2036

FEA	People aged 75+ ('000s)				People aged 90+ ('000s)			
	2011	2036	Change 2011-2036		2011	2036	Change 2011-2036	
			Nos.	%			Nos.	%
Greater Manchester	19	38	18	95	4	12	7	170
Liverpool City Region	14	28	13	92	3	9	6	187
Leeds City Region	23	47	24	101	5	14	9	166
Sheffield City Region	15	28	13	91	3	9	6	167
Cheshire & Warrington	8	15	8	99	2	5	3	181
Tees Valley	7	14	7	98	2	5	3	209
Cumbria	4	8	4	96	1	3	2	193
Hull City Region	9	17	8	89	2	5	3	155
North Yorkshire	6	10	5	86	1	3	2	147
North East	19	36	18	93	4	12	8	182
Lancashire	13	25	12	91	3	8	5	161
NORTH	132	257	124	94	30	82	52	173

Source: Buckner et al, 2011

5.3 Who will care for the growing numbers of old people in the North?

- 5.3.1 Social care (broadly defined, and on current trends) will continue to be delivered primarily by unpaid carers of working age (often under great pressure and at risk of leaving the labour market), with the crucial support of a range of social care services (provided by LAs and the NHS), including home care, assisted living, telecare, personal assistants and other community-based services, plus (for the oldest, frailest, and those with some very debilitating conditions) residential care.
- 5.3.2 Despite the success of assisted living initiatives, labour intensive high intervention personal care will continue to be of major significance. Consequently, demand for social care workers will increase markedly to support growing numbers of people who wish to stay in their own homes and to work in residential and care establishments. Social care workers tend to be older women, with a high proportion from BME groups. Traditionally low-paid and seen as an unskilled occupation, there will be increasing labour market competition for these workers. Migration policy will also have an impact on the supply of such labour and could either exacerbate or alleviate labour shortages — it is important that it does the latter.
- 5.3.3 There will be a growing need for social care in its broadest sense due to expanding numbers of increasingly older people increasingly living alone, and living with LLTIs, poor health and dementia or longstanding health conditions such as those caused by a heart attack or stroke, diabetes, and mental ill health. In addition, increasing

numbers of disabled children are surviving into adulthood. Given the retrenchment of social services, with support being given only to those with substantial or critical need, the majority of this increase in social care will have to be provided by unpaid carers, particularly for those people with moderate or low levels of impairment.

- 5.3.4 However, if current unpaid caring rates continue, the number of carers available to provide this care will increase only slightly due to the changing age profile of the population. In addition, changes in family size and family formation and generational differences in the willingness to provide care may further reduce the supply of unpaid carers. Given these changes, in future government may have to make the role of the unpaid carer more attractive through a combination of recognition, benefits and support. In addition, greater flexibility in employment conditions, especially over working hours and also the ability to work from home would enable more people to combine paid work with unpaid caring.

6 Summary Findings, Conclusions and Policy Implications

6.1 People in the North; becoming older and more diverse

- 6.1.1 Northern England does not face the decline in populations now emerging in old industrial regions in other parts of Europe (particularly in eastern Germany and the EU accession countries). Population growth will continue throughout the period 2011-2036 in most LAs and LEAs.
- 6.1.2 The population will age considerably in the next 25 years, however, as the baby boom generations move into the older ages. Because of past and continuing immigration the ethnic composition of the population will also change somewhat, the share of the White British group shrinking, that of the BME population growing.
- 6.1.3 There will probably be a short-term (3-5 year) dip in immigration and emigration and in net international migration. Longer term, however, it is likely that the ageing of the population, the simultaneous shrinking of the working age population and the increasing demand for care workers for the elderly will translate into renewed demand for migrant labour. National migration policy needs to acknowledge this.
- 6.1.4 The ageing population poses a major economic, political and policy challenge to adapt and change systems of work, pensions and taxation to offer adequate and fair support in old age for successive generations. To date, adaptation has focused on national policy changes to the basic state pension, the pension arrangements of public sector workers, and the allocation of funds in the NHS in response to need. While the

policy debate and response has been at national level, the consequences of new arrangements will play out differently depending on regional and local demography and socio-economic conditions within the North.

- 6.1.5 The considerable variation between LEPS, LAs and individual places in the North in terms of forecast population change suggests a need for sensitive and customised policy responses. Set in a city region context, forecast growth appears moderate and sustainable. It suggests that there will continue to be a growing market for private sector goods and services. At a more spatially disaggregated scale, however, the challenges in terms of public service provision appear more severe while market provision of a range of goods and services may be more problematic as populations decline and/or alter in socio-economic composition.
- 6.1.6 The component drivers of population change can alter quite rapidly, especially at more finely disaggregated spatial scales. Consequently, projections of future population should be treated with appropriate caution as the assumptions on which they are necessarily based may be very heavily influenced by information from a few recent years. Policy responses in turn need to allow for this uncertainty.

6.2 The Northern economy: challenges and opportunities

- 6.2.1 The growth of new firms formed by entrepreneurs of all ages in the North could help 're-balance' the Northern economy. More generally, there are other potential opportunities for economic development that would contribute to achieving this goal. One example, already being explored is the search for increased renewable energy sources and a more general transition to a 'green' economy. It is, however, important to bear in mind that the North is part of a growing global market for such new products as companies seek to grow through deploying novel and existing technologies and processes.
- 6.2.2 The North is particularly vulnerable to cuts in public sector employment, with some places within it particularly exposed. Public sector job losses across the North over the next five years will range from just over 100,000 to well over 200,000. Encouraging the private sector to expand on a sufficient scale to replace these jobs poses a major challenge. The way in which the North responds to the combination of a relatively small private sector business community, an ageing population and heavy dependence on public sector jobs will largely determine its economic performance and levels of prosperity for the foreseeable future. Failure to facilitate private sector employment growth to replace forecast public sector job losses and also reduce existing levels of unemployment will result in some combination of increasing poverty, rising unemployment, falling activity rates and selective out-migration. Such a combination of changes would pose major challenges to policy makers charged with restoring economic prosperity and ensuring social cohesion in the North.

- 6.2.3 More generally, knowledge of the relationships between public policy and economic and demographic change needs to be deepened. Different policies have cumulative and interacting effects. 'Spatially blind' policies have spatially differentiating impacts. Consequently, it is crucial that methods are developed to assess the cumulative impact of implicit spatial policy changes on spatial fortunes. While there is considerable discussion of the need to 're-balance' the national economy, sectorally and spatially both in terms of the North-South divide and of uneven development within the North, it is important to clarify what 're-balancing' entails, how it might be achieved and how it might relate to demographic change. Consequently, work is urgently needed to assess the preconditions that might support balanced economic growth and spatial 'rebalancing' in other national policy contexts. This will necessitate going beyond current linear economic forecasting approaches and exploring alternative spatial development scenarios and the policy challenges that might flow from them.
- 6.2.4 There are two rather different ways to think about the relationships between public policies and widening inequalities in the North. One approach would emphasise the role of public policy in coping with deepening differentiation and the symptoms it will generate. Alternatively, the focus could be upon using public policy to put a brake, as far as is feasible, on the drivers of differentiation and inequality. Whatever the choice, neither will be easy.

6.3 Entrepreneurship and the encouragement of enterprise

- 6.3.1 The economic challenges facing the North will become more serious as the age profile of the population changes over the next twenty years. An ageing population will, however, also create new business opportunities within and beyond the North and a potential pool of entrepreneurial talent to exploit them. These opportunities could be grasped by existing businesses within and beyond the North expanding or diversifying into new products or through new firm creation in the North. There is considerable potential for firms newly formed by the over 50s, with appropriate policy support, to capitalise on the market and business opportunities emerging from demographic change in the North. This is especially true in the lifestyle and quality of life, life enhancement and assisted living markets.
- 6.3.2 Particular attention should be paid to female silver entrepreneurs. There would also seem to be considerable interest in creating new social enterprises, especially in the arts, entertainment and recreation and education. This is indicative of the broader role that social enterprises could play in 're-balancing' the Northern economy and filling the gap between public sector job losses and private sector job creation
- 6.3.3 Senior entrepreneurs generally do not target the delivery of products or services demanded by other seniors and senior consumers do not seek to purchase products

or services from senior entrepreneurs. Consequently, exploration of the business opportunities created by an ageing North must look beyond the provision of goods and services by seniors for seniors.

- 6.3.4 While there may also be opportunities that emerge from the restructuring of the public sector, there are major barriers to capitalising on them, especially high levels of risk aversion. For example, people formerly employed in the public sector may lack the skills needed to become successful entrepreneurs. The challenge for policy makers is to find ways of easing these concerns as to risk and realise the resultant potential benefits.
- 6.3.5 The 'golden triangle' of Trafford, Cheshire East and Stockport and, to a lesser degree, more rural economies form the most significant locations of entrepreneurial activity. The central policy challenge in terms of entrepreneurship is to stimulate business formation in those deindustrialised localities with ageing populations and low rates of business formation — for example via interventions such as awareness building, training or related support. This challenge may be particularly acute if the 'golden triangle' reflects agglomeration economies within and spillovers from Manchester as entrepreneurs amass knowledge and skills in its vibrant urban labour market and establish businesses near to their homes.

6.4 Enabling older people to choose how and where they live and to lead satisfying lives

- 6.4.1 The majority of older people in the next two decades will be home owners, most of whom will own their homes outright. Most of them will continue to live in their own homes as they grow older. Consequently, there will be a need for more accommodation designed or adapted to be suitable for a diverse population of (much) older people with disabilities or who become too frail to live wholly independently, and for growing numbers of childless couples and (older and younger) people living alone, especially bearing in mind the changing ethnic and gender composition of single person households. For the growing numbers of very old and older people with dementia or other types of chronic life limiting illnesses, however, more specialist residential homes or care facilities will be needed.
- 6.4.2 The predicted sharp increase in the number of very old people, however, has significant implications for the provision of health care, for who will provide such care, and for the mix of public and private expenditure in financing such care. While people in their 60 and 70s may wish to remain in their own homes, and be capable of so doing, especially with appropriate support packages, increasingly people in their 80s and 90s will require residential care of some sort.

- 6.4.3 In the immediate future the determination of the Coalition Government to pursue the 'localism' agenda suggests that planning for housing and housing related services for older people will be undertaken at the local level, with little or no direct guidance, or specific ring-fenced investment from central government. However, peoples' ability to adapt their home will partly depend upon the availability of public policy support. Those LAs which are least resilient to public spending cuts, which tend to be the most deprived, will be less well placed to meet the housing and housing related support needs of their older populations. These LAs will be less likely to be able to invest in housing improvements whether in the public or private sector.
- 6.4.4 The prevalence of owner occupation also raises possibilities for asset-based welfare provision as people become older. Older home owners might choose (or be compelled) to use equity gains to improve their housing conditions, pay for care or other support services, or simply to supplement their retirement incomes and enjoy a higher standard of living. The two main mechanisms for releasing equity are 'trading down' in the market, or through equity release or other similar financial mechanisms. However, only those in four-bedroomed properties have scope for substantial income gain by trading down. Furthermore, on average housing equity in the North is below the national average and there are significant variations within the North.

7 Overcoming the Limitations of Available Data Constraining Analysis and Policy Formation

- 7.1 The research reported here is clearly relevant to a range of public policy concerns. It has indicated areas where active policy interventions could make a positive difference — for example in mobilising the potential of the latent pool of older entrepreneurs, realising the potential of change in health and social care markets and helping ensure that the supply of social care keeps pace with the growth in demand for it. It has the potential to inform policy at local, LEP and FEA scales — for example via deepening understanding of future patterns of spatially-differentiated demographic and economic change within the North. It has equally indicated areas in which national Government policies could help or hinder economic regeneration and 're-balancing' in the North — for example in relation to international migration policy. These are considerable achievements and important contributions to policy debates about Northern futures.
- 7.2 At the same time, it is clear that more could have been done. Whilst by no means a finding original to this research project, there is no doubt that part of the problem of understanding the complex linked demographic and socio-economic changes re-shaping the North is a lack of appropriate data at a range of spatial scales. Since

sensible policy depends upon sound analysis, which in turn depends upon appropriate good quality data, this poses serious difficulties for those responsible for developing policies in and for the North. We simply give three examples here directly relevant to the North.

- 7.3 Firstly, knowledge of the age, sex and ethnic size and structure of the North's population is important but insufficient for preparing effective policy responses to demographic change. It is also necessary to understand the social and economic character of the future population and how the projected populations will translate into household numbers and composition, as this will influence demand for housing and other consumption goods and a range of public services, such as education and health. It is also important to understand how population change will affect labour supply. Longer working lives will depend on the future health status of the population. Disabled people may be unable to work into old age. The health and social care services and the private insurance industry need to know how many people will face severe disability in very old age but the care needs of this subgroup may also affect the ability of their children (a major source of help) to remain in work. There is a wealth of research on these issues at national scale but relatively little at the scale of Northern England or of FEAs such as the city regions within it. Further research is needed to inform policy choices within the North.
- 7.4 Secondly, one of the core indicators of economic change, GVA, is only spatially disaggregated by official statistics to the European Union's 'NUTS 3' level, which corresponds to counties in some cases and collections of one or (usually) more unitary local authority areas in others. Other data are only available at the NUTS 2 level, which combine NUTS 3 areas into larger units that in some cases roughly approximate to LEP areas. This approximate correspondence between LEP areas, where they exist, and NUTS 3 areas allows broad comparisons between findings based on these alternative definitions of sub-Northern geographies. Nonetheless, data limitations constrain any more sophisticated spatially-disaggregated analyses of the interacting effects of demographic and economic change within the North that aim to inform public policy.
- 7.5 Thirdly, a major difficulty in analysing possibilities for entrepreneurial growth in the North, especially when disaggregated by variations among socio-economic or ethnic groups, is that the evidence base is thin and patchy. For example, the lack of sufficiently robust and high quality data made it impossible to analyse the growth of entrepreneurship among the BME community in anything other than a cursory fashion. The lack of official data that distinguish between those over 50's who continue to be self-employed or operate their businesses past the age of 50 and those who start new businesses after reaching 50 years of age is another source of difficulty in examining the implications of an ageing population.

- 7.6 The weakness in the evidence base needs to be addressed and one way to do so would be via a Northern Research and Information Centre that both collated existing relevant evidence but, more importantly, had the capacity to identify and fill gaps in the existing evidence base. In addition, such a Centre could help develop new approaches to modelling demographic and socio-economic change in the North, recognising the interdependencies between different dimensions of change and the non-linear nature of changes. Such a Centre could involve cooperation between the North's N8 research intensive Universities and a range of public, private and community sector organisations.

8 Some Remaining Policy Issues

- 8.1 While there is an understandable emphasis on coping with the short-term consequences of the recent economic crisis, it is also important to retain a longer-term perspective on demographic and socio-economic changes in the North (and indeed more widely). The pattern of demographic change for the next three decades can be forecast with some precision and it clearly poses economic challenges and also offers economic opportunities. Not the least of the challenges is coping with the fiscal consequences of a rapidly ageing population while maintaining an acceptable degree of intra- and inter-generational equity and solidarity in the process.
- 8.2 There is also a danger that competitive LEPs could lead to further spatial unbalancing within the Northern economy while doing little or nothing to address the unbalanced relationship between North and South. This suggests the need for some framework for preventing inappropriate competition among LEPs in which some might win while others lost but in which all might potentially be losers.
- 8.3 There is a pronounced geography of inequality within the North, with spatially-concentrated pockets of high levels both of affluence and deprivation and poverty, contrasting urban and rural areas, and communities disproportionately affected by recession while others prove much more resilient to its effects. As a result, some areas may need targeted support and policy responses will need to be customised to local circumstances.
- 8.4 It is crucial to acknowledge the spatially differential impacts of 'spatially blind' national sectoral policies as a precondition for a sophisticated spatially differentiated development policy in and for the North. Such a policy should seek to redress spatial imbalance within the North and be sensitive to the opportunities offered by and threats posed by demographic change and trends that are for the most part reasonably predictable but are also, to a degree, amenable to change as a result of policies such as those over international migration.

- 8.5 The ageing of the population is inevitable and in fact should be warmly welcomed as a considerable achievement of health and social policies. Nevertheless, the economic implications of that achievement need to be squarely faced. People will need on average to work longer as they age and be enabled to do so through appropriate public policies, recognising that increasingly people will be living and working with a range of LLTIs.
- 8.6 Demographic change opens up potential opportunities in health and social care markets, linked in part to development of new technologies or the deployment of existing technologies in new ways. Public policies should support grasping such opportunities. At the same time, the ageing population will create a growing demand for care that historically has been met by unpaid labour, primarily by family members. In future, as demand for exceeds supply of such unpaid labour, public policies will almost certainly need to be adapted to incentivise family members and other unpaid carers to undertake such work. Policies on international immigration should recognise the growing demand in the North for carers working for a wage in a segment of the labour market in which work is generally regarded as unskilled and wages are low.
- 8.7 Social enterprises could fulfil an important role in helping bridge the gap between jobs lost in the public sector and jobs created in the private sector and in providing services formerly provided by the state but that are unattractive to the private sector, especially in those areas most severely disadvantaged because of economic change. With appropriate policy support, social enterprises — and the community and voluntary sector more generally- could play an important role in 're-balancing' the Northern economy and in realising the vision of the 'Big Society' in the North,
- 8.8 Particular attention should be paid to seniors leaving the public sector. There are opportunities existing for business start-up or self employment initiatives for former employees aspiring to develop their own businesses that could be facilitated by appropriate public policies.

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Note that these reports, as well as this summary report, are available at:

<http://www.n8research.org.uk/>

<http://www.thenorthernway.co.uk/>

<http://www.geog.leeds.ac.uk/research/wpapers>



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