

North of England Economic Indicators

Coverage: **Sub-National**

Date: **05 November 2014**

Geographical Areas: **European (NUTS), Region**

Theme: **Economy**

Theme: **Labour Market**

Introduction

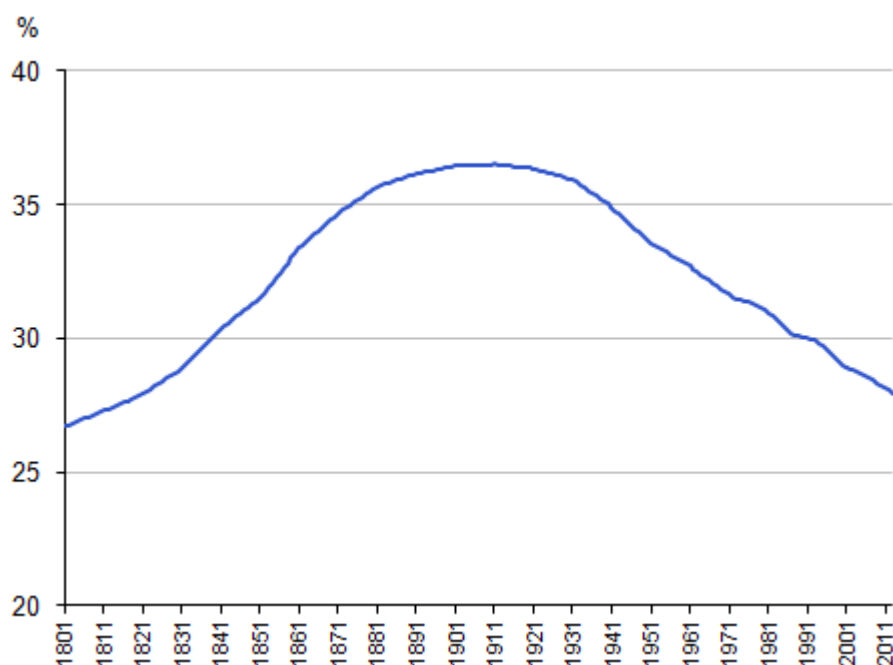
Policy debate is increasingly focusing on the potential to improve the economic performance of the North of England and the best means to achieve this. This analysis aims to provide some context to the debate by providing information on the current economic situation in the North of England together with some historical background. In this output, 'the North of England' has been defined as the three most northerly former Government Office Regions: the North East, North West, and Yorkshire and The Humber.

History and Summary Data

1. The North's share of England's population peaked in the early 20th century

Historically, the North's share of the English population has been declining since the early 20th century. During the industrialisation of the 19th century the North's share of the population grew, meeting the labour requirements of the factories and mills in the North of England. The North's share of England's population peaked around 1911 at 36.5%. Since 1911, the population share has fallen and in 2013 was 27.9%, a return to the share last seen in 1821.

In absolute terms, the North's population grew from 2.1 million in 1801 to 12.3 million by 1911. It continued to grow at a slower pace up to 14.7 million in 1971 but then declined to 14.3 million by 2001. From 2001 to 2013 it increased by 762,000 and in 2013 the population in the North of England totalled 15.1 million.

Figure 1: Population in the North as a percentage of total population in England (1801-2013)

Source: Office for National Statistics

Notes:

1. Source: Census data for 1801 to 1961 from VisionofBritain Website. Mid-year population estimates from ONS for 1971 to 2013.
2. This is based on data provided through www.VisionofBritain.org.uk and uses historical material which is copyright of the Great Britain Historical GIS Project and the University of Portsmouth.

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2. Economic and social data show the North to be underperforming

When compared with the rest of England, the latest data show that the North underperforms on several economic and social indicators. Its shares of economic output, jobs and household income fall below its share of the population. It has lower labour productivity. Life expectancy is shorter and average reported happiness is slightly lower than the rest of England.

The North also experienced slower economic growth than the rest of England over the 1997 to 2012 period. However, it should be noted that the rest of England's growth was aided by high growth rates in London over this period. Excluding London, the gap between growth rates in the North of England and the other English regions was small.

Within the North, five Combined Authorities¹ based mainly around the North of England's largest cities have been authorised to take on economic development functions. Together they cover 65.0%

of the North's population. They account for a slightly smaller share of the North's output (64.3%), employment (64.2%) and household income (63.0%).

Table 1: The North's share of England's:

| | |
|--|-------|
| Population (mid-2013) | 27.9% |
| Gross Value Added (2012) | 22.7% |
| Workforce jobs (June 2014) | 25.6% |
| Gross Disposable Household Income (2012) | 24.2% |

Table source: Office for National Statistics

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Table 2: Key facts about the North

| | North | Rest of England | Rest of England excluding London |
|---|-------|-----------------|-------------------------------------|
| Compound average annual growth in GVA (1997-2012) | 3.8% | 4.3% | 3.9% |
| Productivity (GVA per hour worked, UK=100, 2012) | 89.9 | 105.4 | 95.7 |
| Public sector employment as a share of total employment (Q2 2014) | 18.9% | 15.7% | 15.5% |
| Businesses per 10,000 adults (Start of 2013) | 794 | 1058 | 1002 |
| Male life expectancy (2010-2012) | 78.0 | 79.7 | 79.7 |
| Female life expectancy (2010-2012) | 81.8 | 83.5 | 83.5 |
| Happiness rating (Out of ten, April 2013 to March 2014) | 7.3 | 7.4 | 7.4 |

Table source: Office for National Statistics

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Notes

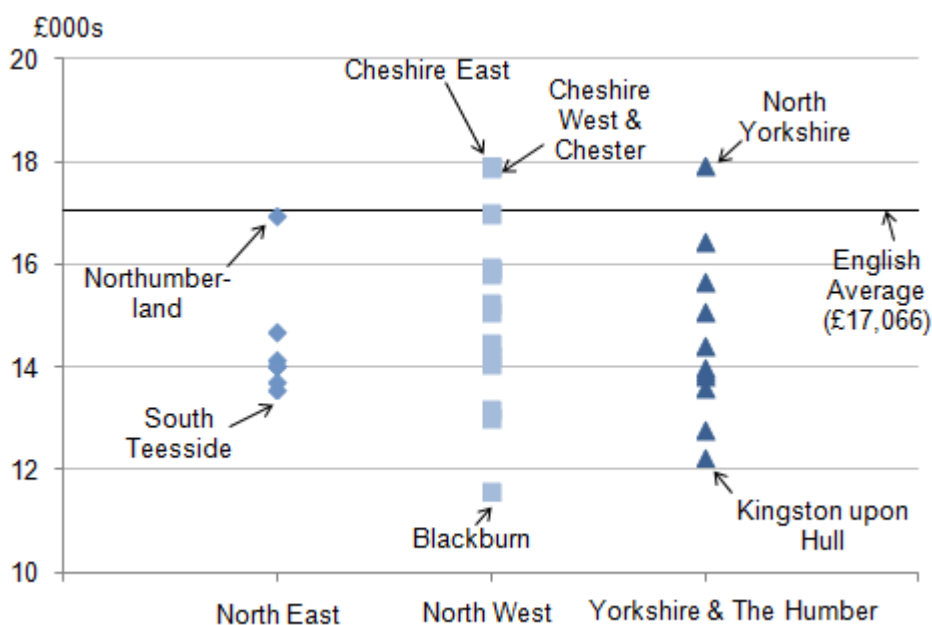
1. Combined Authorities are set up by two or more local authorities and may take on transport and economic development functions. The Combined Authorities are the North East, Greater Manchester, Liverpool City Region, West Yorkshire and Sheffield City Region.

Income, Labour Market and Industrial Structure

3. Household income per head is below the English average almost everywhere in the North

The latest household incomes data for 32 areas¹ in the North of England show three areas, Cheshire East, Cheshire West and Chester, and North Yorkshire, had a Gross Disposable Household Income (GDHI) per head above the English average. Northumberland's GDHI per head was similar to the English average, but noticeably above the rest of the North East, due in part to high earners choosing to live in more rural areas. Meanwhile, South Teesside, Blackburn and Kingston upon Hull ranked bottom of their respective regions, markedly below the English average.

Figure 2: Gross Disposable Household Income per head, NUTS 3 (2012)



Source: Office for National Statistics

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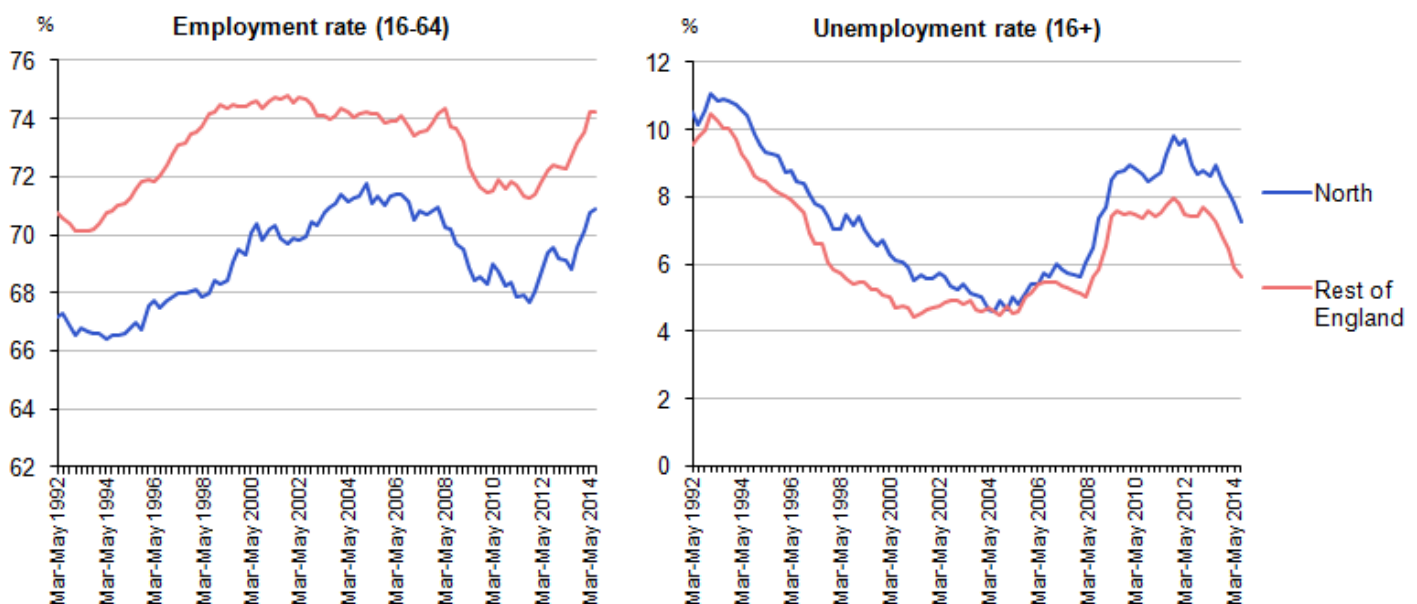
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4. The labour market in the North continues to lag the rest of England

Examining employment data since 1992 shows the North's employment rate has been below that for the rest of England throughout the past two decades. In the early to mid 2000s, the gap narrowed, with the North's employment rate continuing to rise after the rate for the rest of England started to decline. Looking at unemployment rates, which have typically been higher in the North, the convergence was even more noticeable – with the rates becoming more or less identical around the mid 2000s. During the late 2000s, however, the rates pulled apart again – with the North's labour market being hit relatively harder by the downturn.

Figure 3: Employment and unemployment rates (1992-2014)



Source: Office for National Statistics

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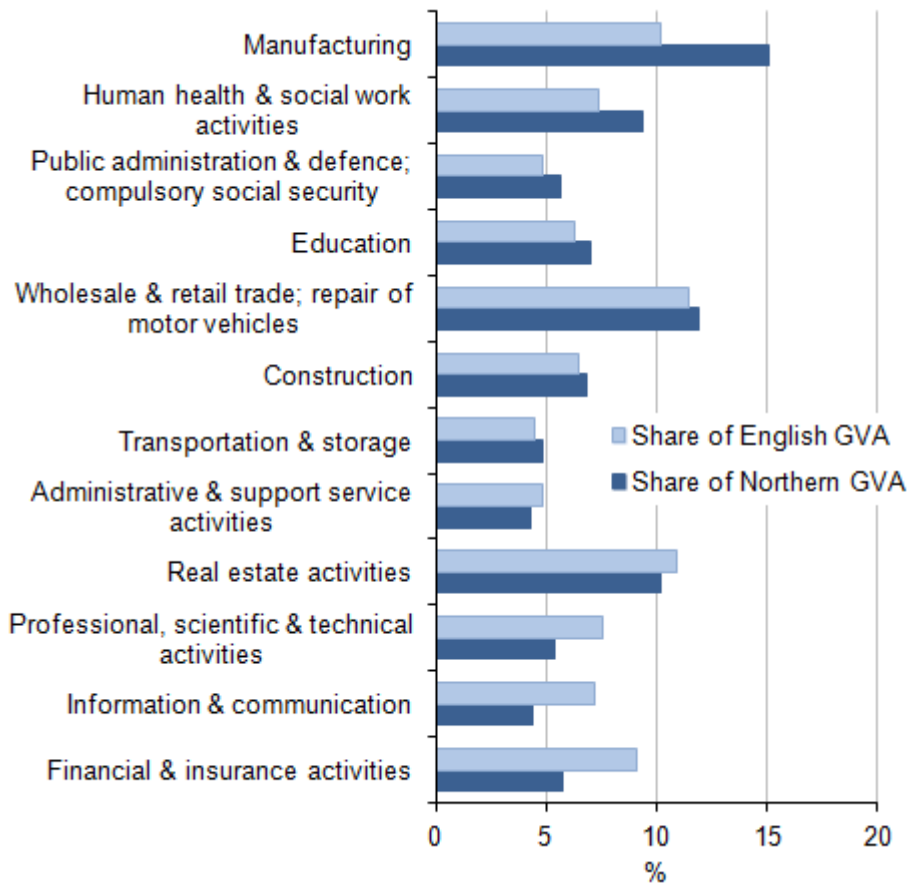
5. The North's industrial structure differs from the rest of England

The North of England continues to have a higher share of its output created by the manufacturing industry compared with the rest of England. This strength in manufacturing means that the value of the North of England's exported goods slightly exceeds the value of its imported goods. By contrast, the rest of England imports more than it exports.

The North of England lags behind the rest of England, however, in terms of economic output from private sector services. In the sectors related to finance and insurance, information and communication, and professional, scientific and technical activities, output in England tends to be

concentrated in the south east of the country² and as a result these sectors make up a much lower proportion of output in the North.

Figure 4: Share of GVA for the largest Northern industries (2011)



Source: Office for National Statistics

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Notes

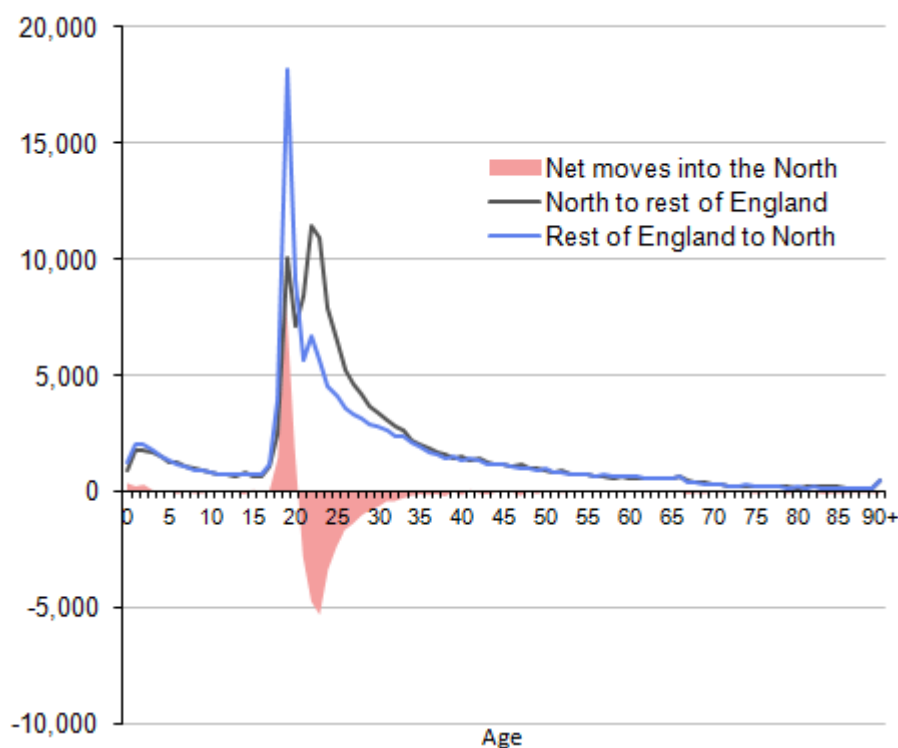
1. The NUTS 3 areas of the north of England. The NUTS classification is a standard geography which is used across Europe. In England, NUTS 3 areas correspond to counties or groups of unitary authorities.
2. For more information see [The Spatial Distribution of Industries](#)

Internal and International Migration

6. Young people leave the North

While Northern universities do draw students from the rest of England, this is outweighed by those heading southwards in their twenties. In the year to June 2013, 11,623 more people aged 18-20 moved to the North from the rest of England than journeyed the other way. In the 21-30 age group, 23,831 more moved southwards than northwards. This is likely to reflect less favourable labour market conditions and, in particular, fewer graduate opportunities in the North.

Figure 5: Internal migration (Year ending June 2013)



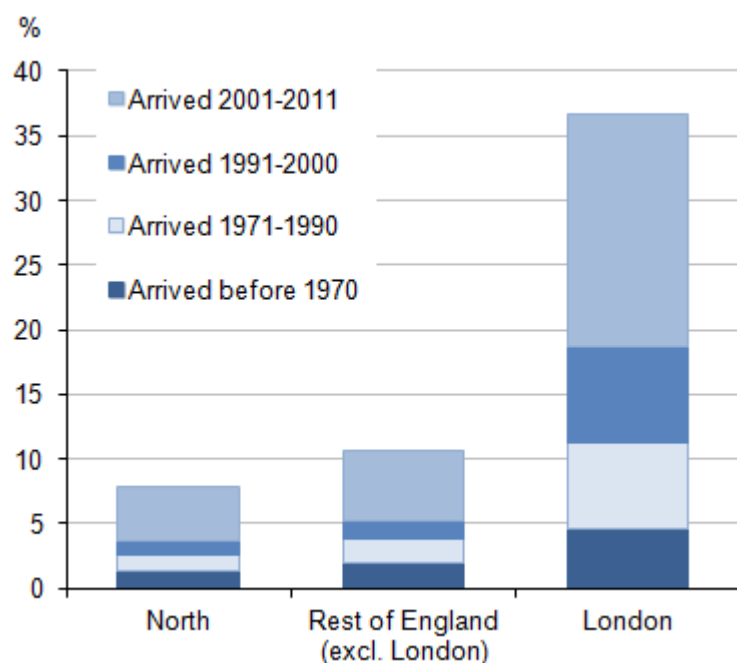
Source: Office for National Statistics

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7. A smaller percentage of people living in the North were born abroad

In 2011, compared with the rest of England, the North of England had a smaller share of its population who were born outside of the UK. The share of population who were non-UK born and had arrived into the UK during the decade from 2001 to 2011 was also lower in the North. In total, 4% of northern residents were non-UK born and arrived between 2001 and 2011, compared with 5% of residents in the rest of England excluding London and 18% in London.

Figure 6: Non-UK born population as a percentage of total population (2011)

Source: Office for National Statistics

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Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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