



# Cheshire and Warrington Economic Evidence

Cheshire and Warrington LEP Strategy  
Programme Board

*29<sup>th</sup> June 2022, 3-5pm*

Metro — Dynamics

# Aims of today

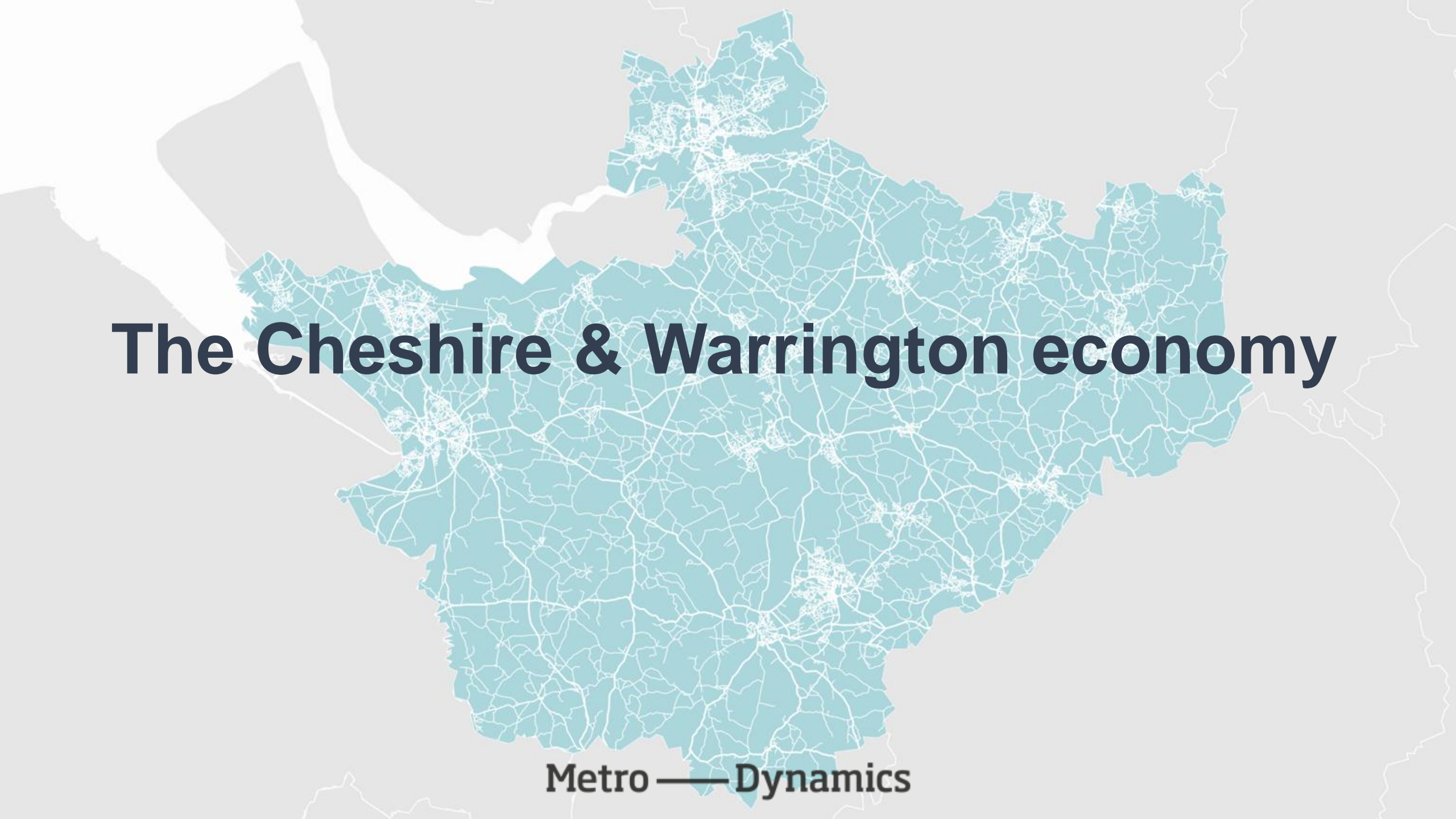
- Test some of the new and interesting findings from the evidence
- Discuss the opportunities and challenges facing the sub-region

# Purpose of the work

- Look at the data to understand where we are mid-2022 – understanding the impacts of Brexit, Covid-19 and inflation
- Focus on the four areas of our vision (sustainable, inclusive, healthy and growing) – this goes beyond the economic growth areas of previous work
- Build understanding of the resilience of the sub-region to 2022 economic turbulence where possible
- Balance long-term ambition with action to address short-term challenges, and focus on where there is influence locally
- Understand what levelling up means in the local context – what variance is there between places?

# The Cheshire & Warrington economy

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# A strong economy with solid foundations



**£31.2bn GVA (2020)**

-0.1% growth 2015-20  
(England: -2.4%) or 9%  
growth 2014-19 (England:  
6.6%)



**£33,280 per head  
(2020)**

(England: £27,717)



**£36.0 per hour  
(2019)**

(England: £35.5)



**513,000 jobs (2020)**

3.9% growth  
(England: 2.9%)



**42,655 businesses  
(2021)**

5.9% growth  
(England: 8.7%)



**939,900  
residents (2020)**

2.4% growth  
(England: 3.2%)



**21.7% aged  
65+ (2020)**

(England: 18.5%)



**42.9% NVQ 4+  
(2020)**

(England: 42.8%)



**36.7% managers &  
professionals (2020)**

(England: 34.3%)

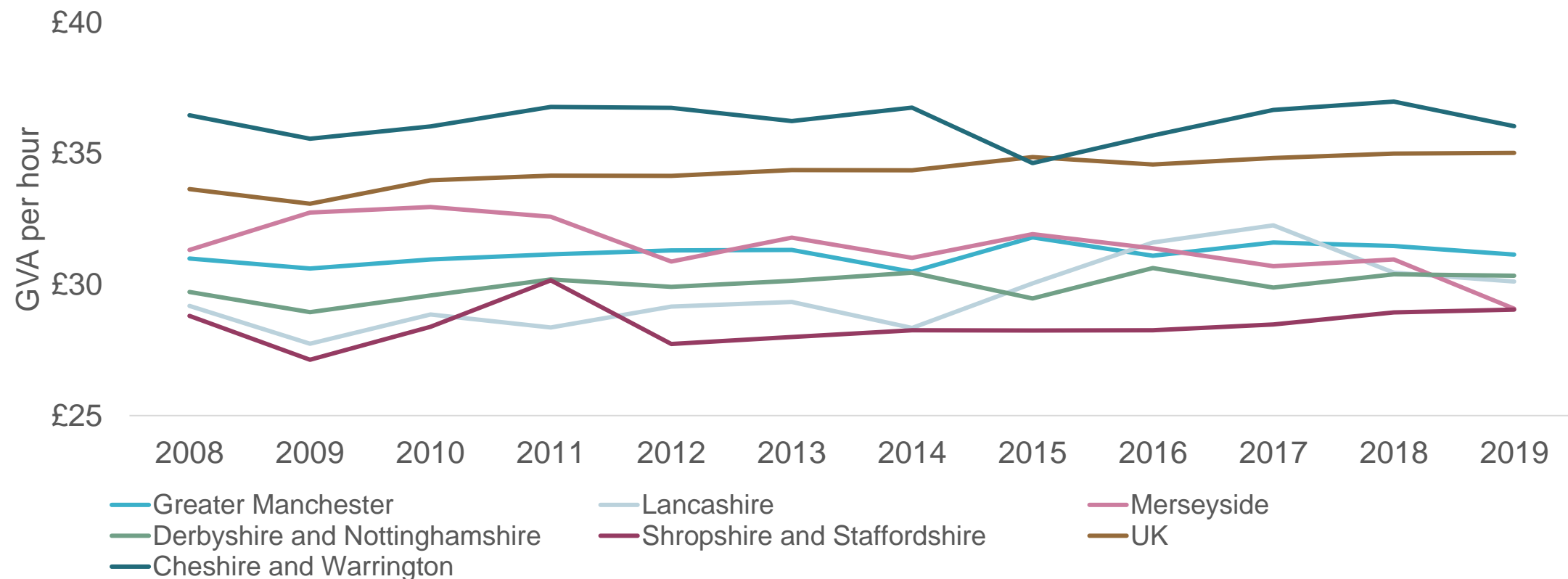


**3.5%  
unemployment  
(2021)**

(England: 5.0%)

# But no productivity growth over the last decade

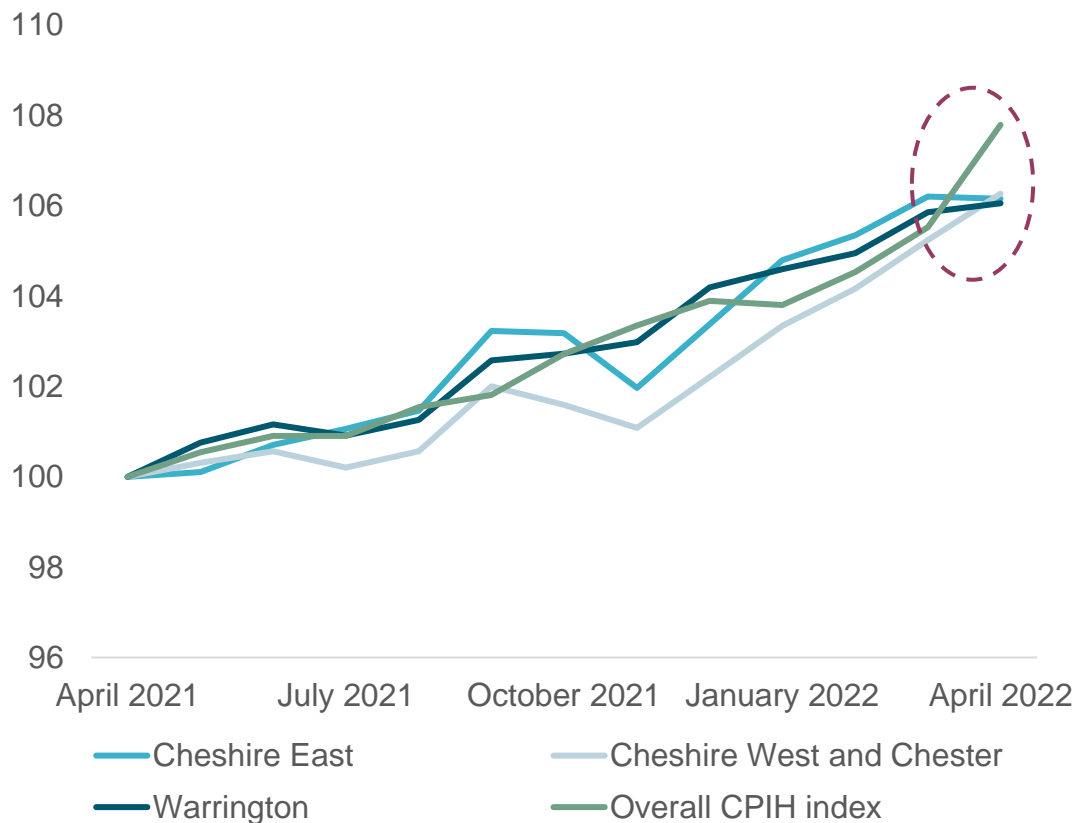
GVA per hour (2008-19)



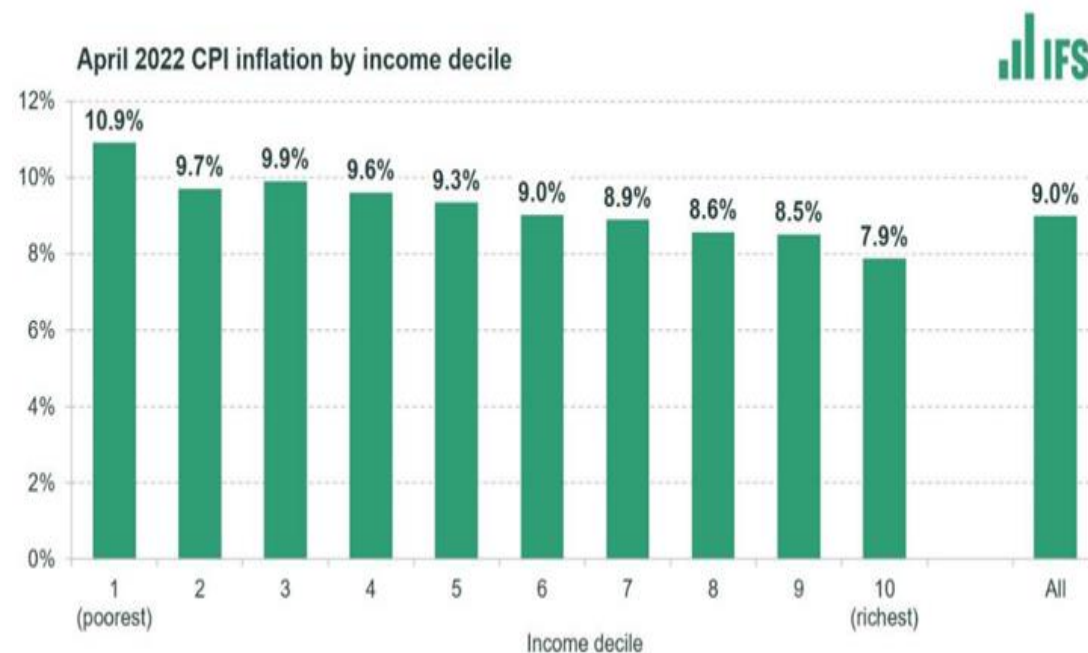
Source: ONS Regional GVA

# Inflation is rising faster than earnings in the subregion, putting particular pressure on poorer households

Median pay vs CPIH index (Apr 2021 to Apr 2022)



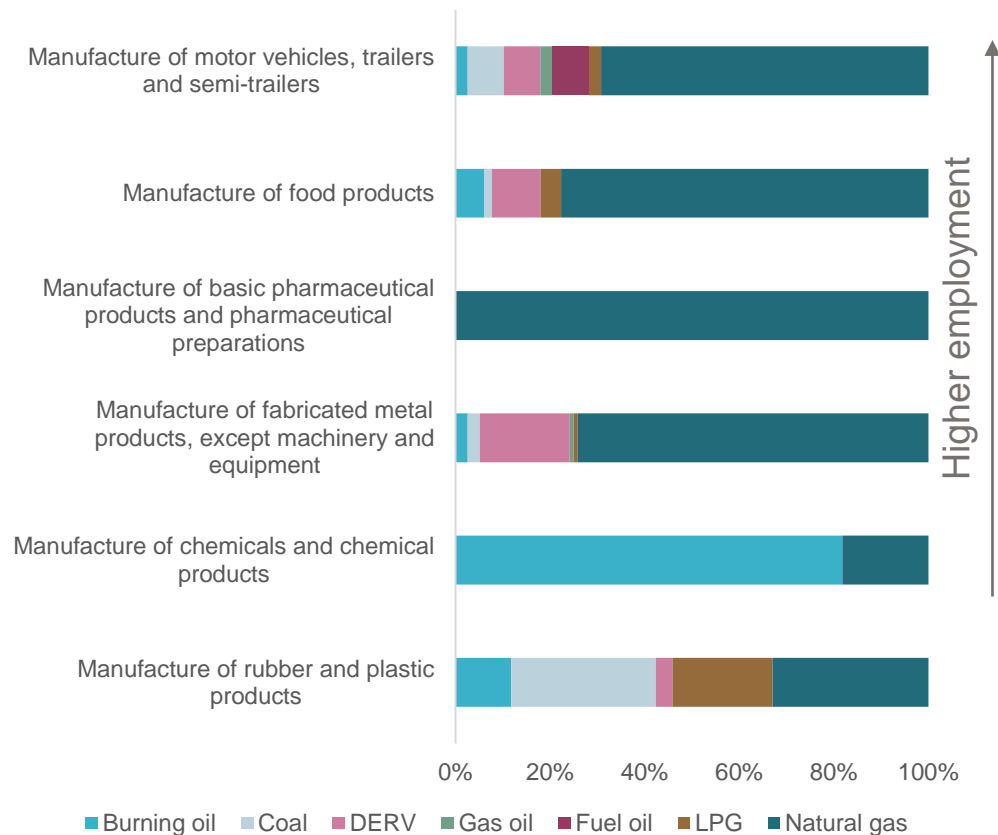
CPI inflation by income decile (Apr 2022)



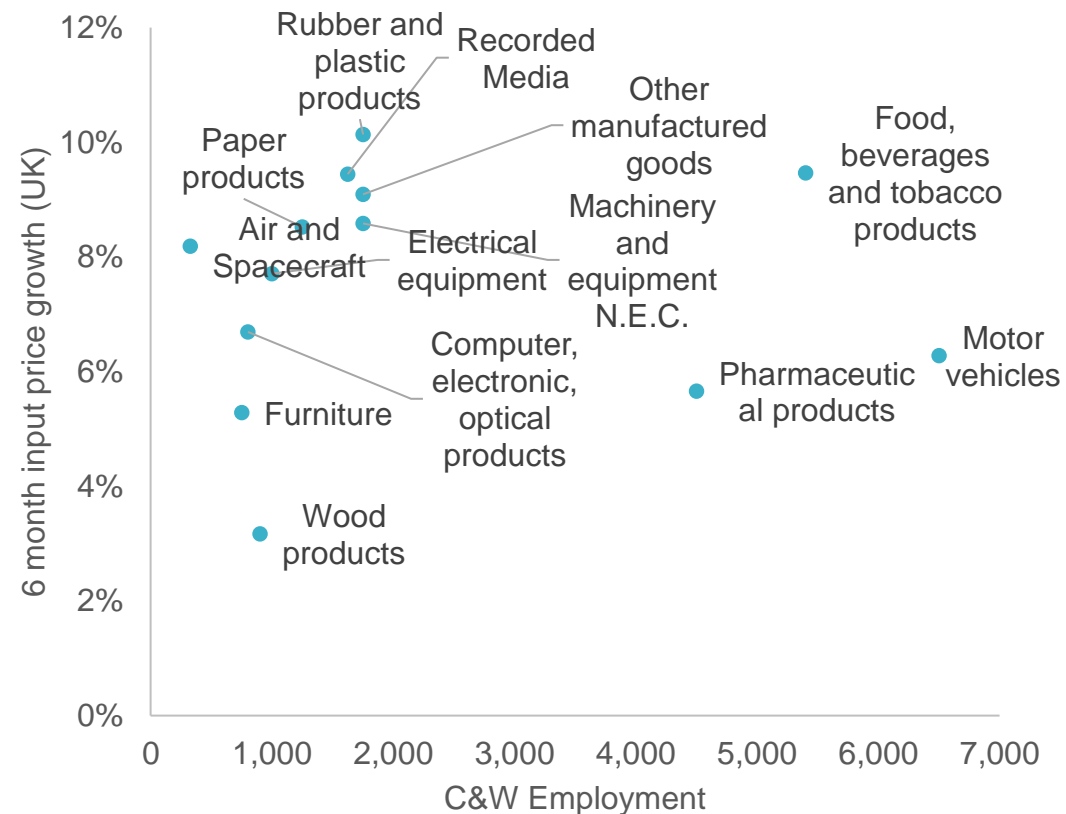
Source: HMRC PAYE; ONS CPIH index; IFS

# Increasing costs in manufacturing – the largest part of the C&W economy

Energy sources in manufacturing (2020)



Impact of input price growth on manufacturing (2022)

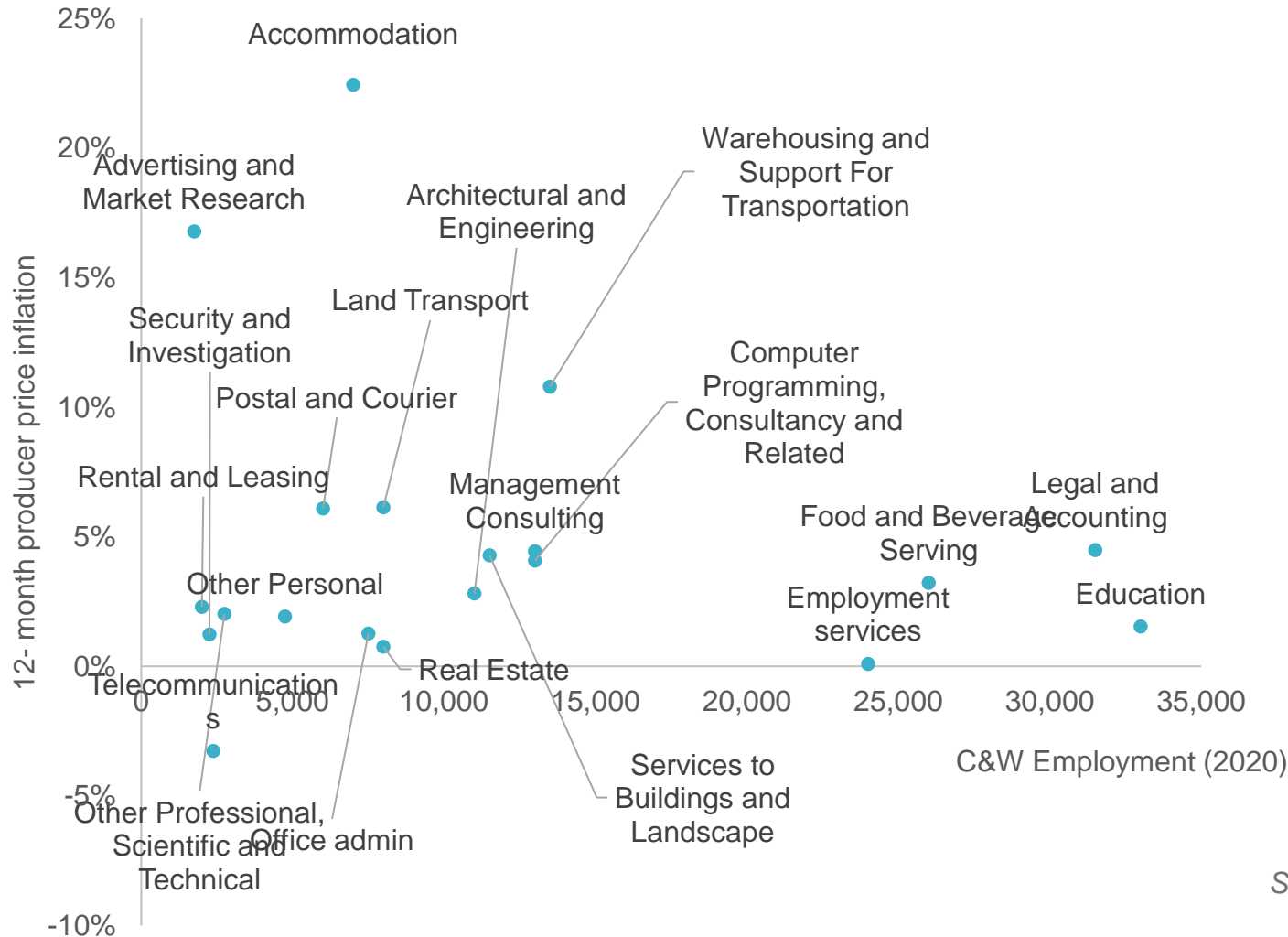


Source: ONS BRES; ONS Energy use by industry, source & fuel; ONS Producer Price Index



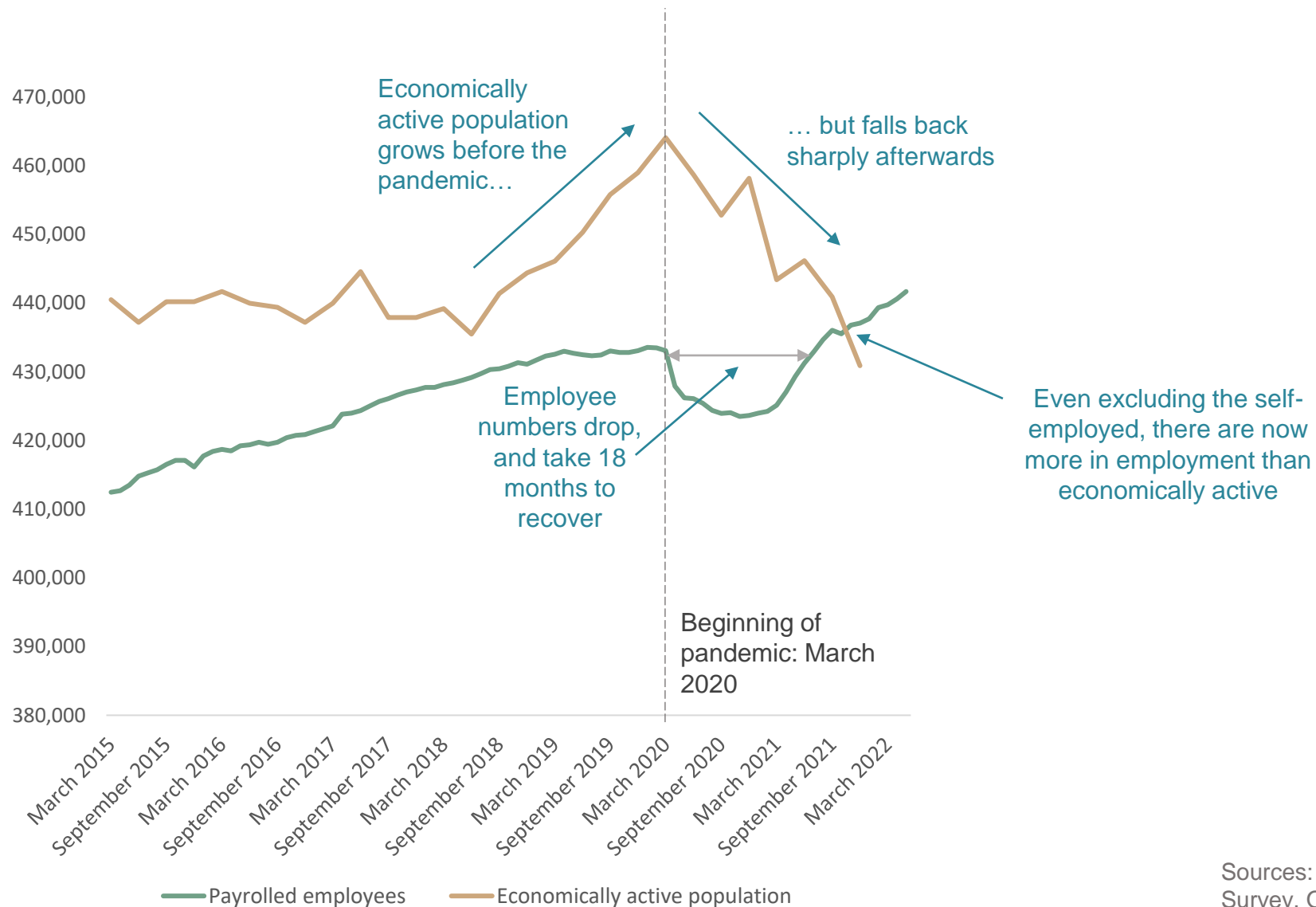
# Inflation is less strong in services – the majority of the subregion’s employment

*Impact of input price growth on services (2022)*



Source: ONS BRES; ONS Producer Price Index

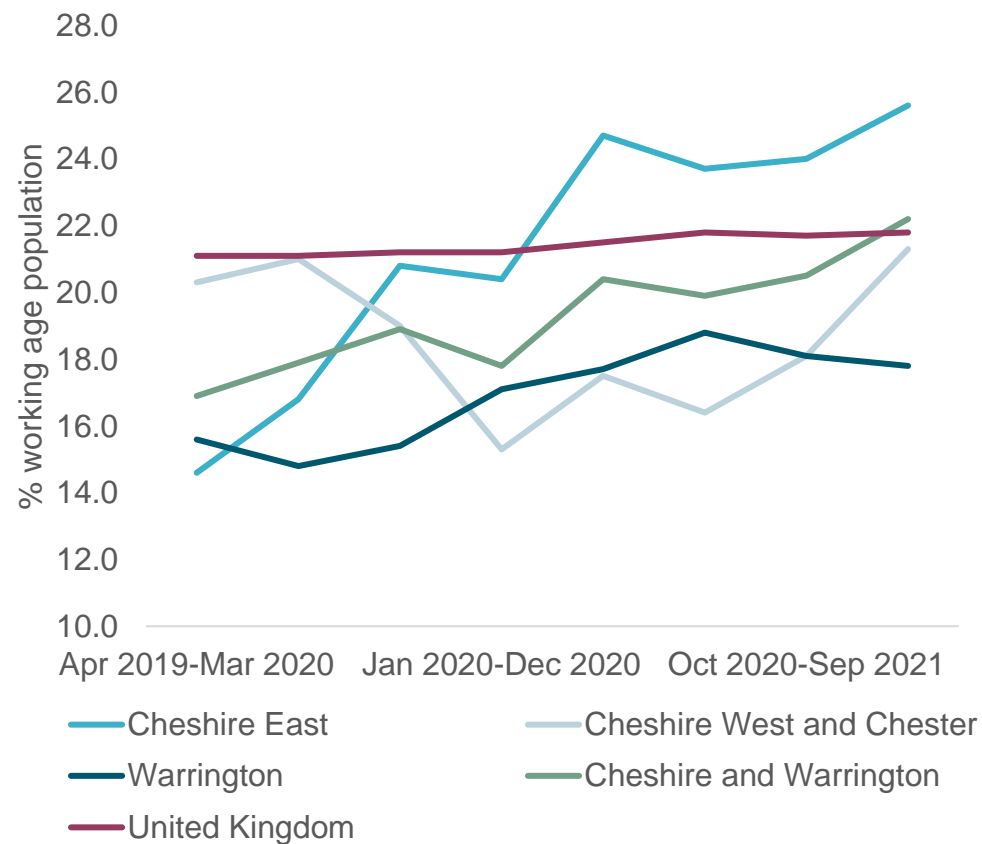
# A very tight subregional labour market



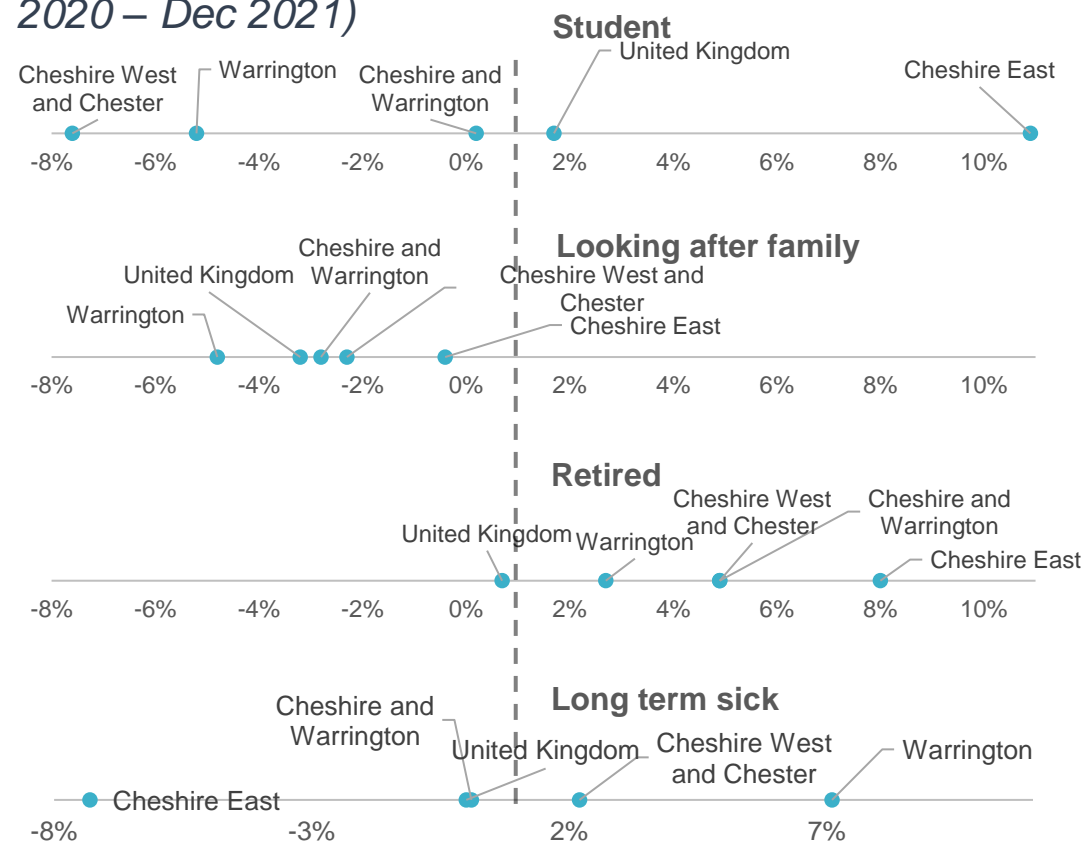
Sources: ONS Annual Population Survey, ONS Real-Time information from PAYE records

# Labour supply: Rising economic inactivity, as Covid has accelerated retirement

Economic inactivity (Apr 2019 – Sep 2021)



% pt change by reason for economic inactivity (Mar 2020 – Dec 2021)

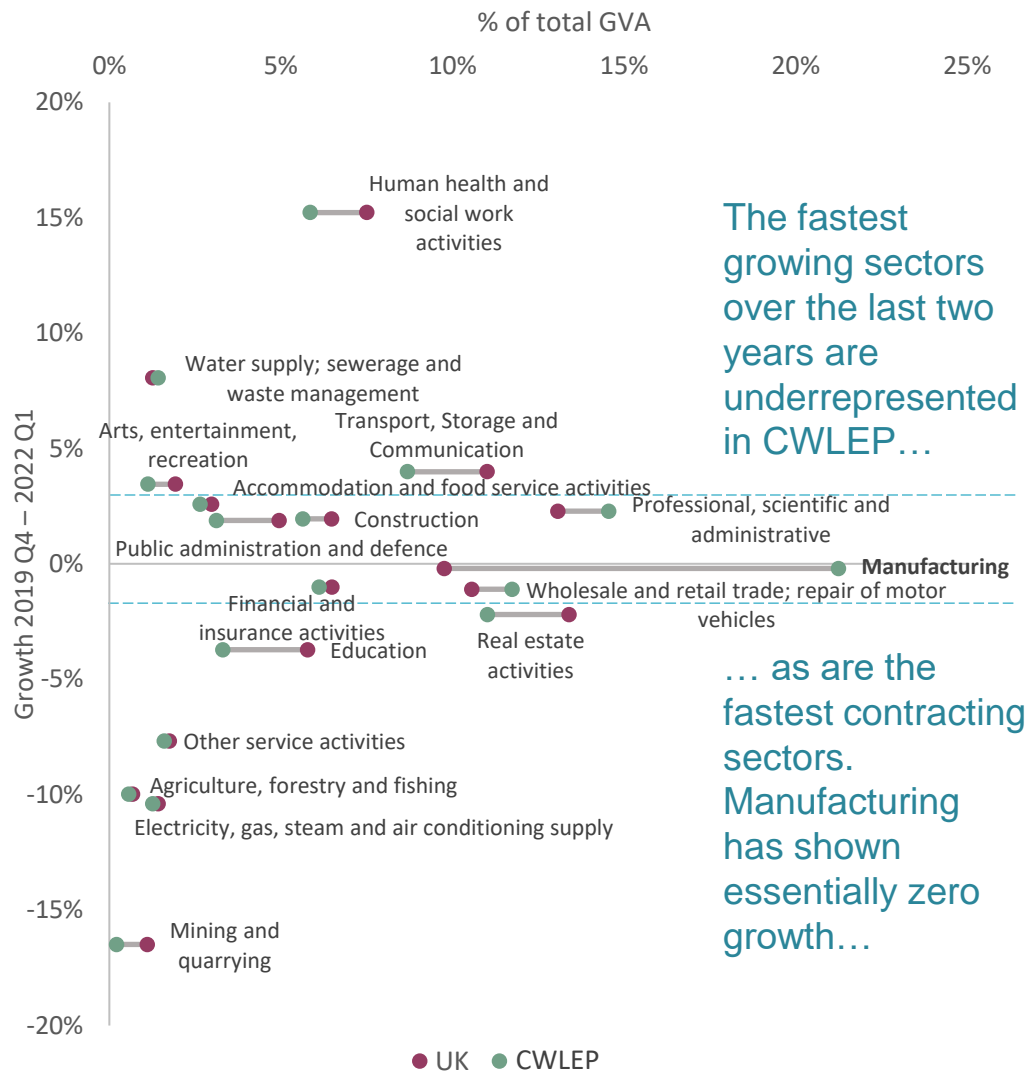


# Labour demand: High subregional demand for nurses, carers, and sales related occupations

Occupation	Unique Postings from Apr 2021 - May 2022	Median Annual Wages
Nurses	6,319	£30,828
Care Workers and Home Carers	6,249	£16,224
Sales Related Occupations n.e.c.	5,477	£22,004
Other Administrative Occupations n.e.c.	4,563	£18,220
Customer Service Occupations n.e.c.	4,464	£19,122
Programmers and Software Development Professionals	3,972	£42,865
Book-keepers, Payroll Managers and Wages Clerks	3,186	£22,408
Human Resources and Industrial Relations Officers	2,772	£27,529
Elementary Storage Occupations	2,748	£21,940
Kitchen and Catering Assistants	2,405	£9,350
Chartered and Certified Accountants	2,398	£39,558
Managers and Proprietors in Other Services n.e.c.	2,289	£20,686
Chefs	2,270	£17,865
Teaching Assistants	2,267	£14,478
Marketing and Sales Directors	2,083	£70,919

UK median wage

# Estimating where the CWLEP economy is now using sector shares

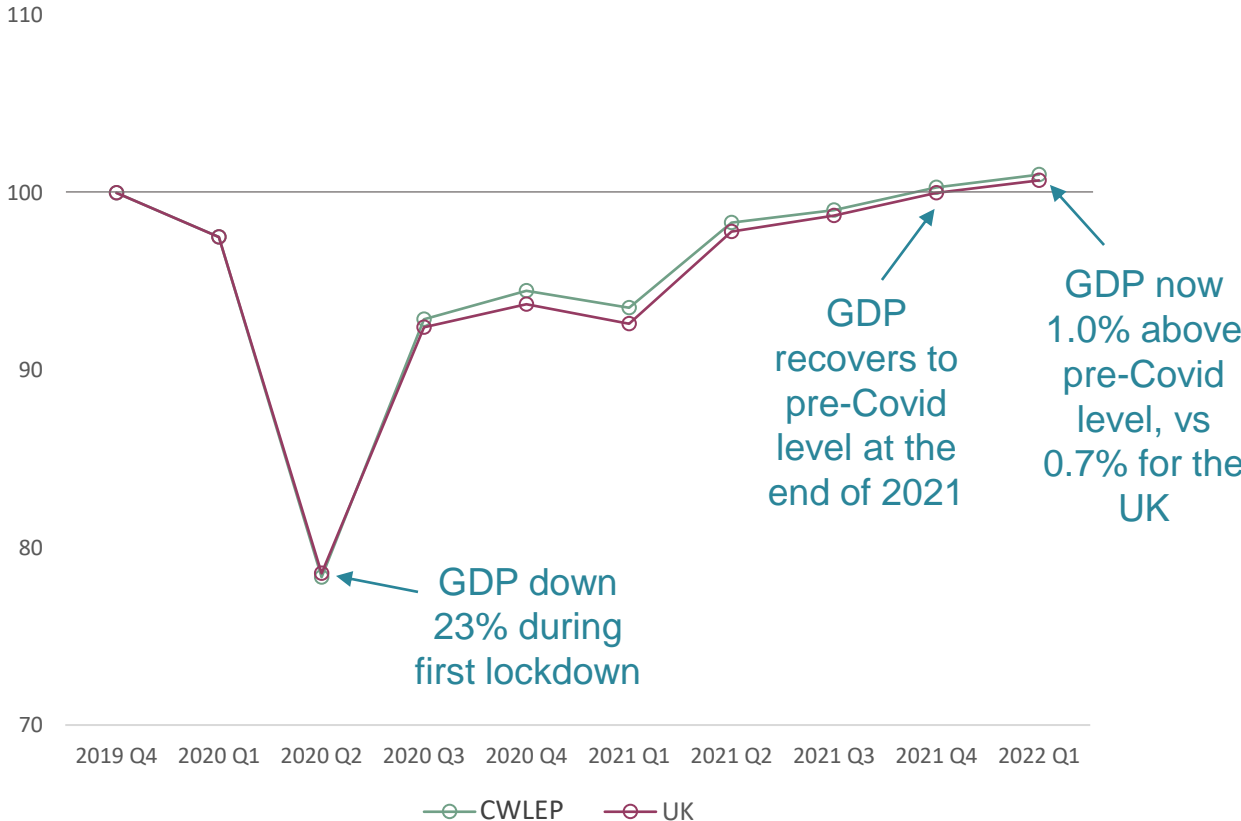


The fastest growing sectors over the last two years are underrepresented in CWLEP...

... as are the fastest contracting sectors. Manufacturing has shown essentially zero growth...

... meaning overall growth is very close, and ever so slightly ahead, of the UK level

**GDP estimate – 2019 Q4 = 100**



Source: ONS regional accounts, Metro Dynamics modelling

# Takeaways from the evidence work so far (1)

## Sustainable

- High carbon emissions, particularly from industry – 2x England & North West average in 2019
- Falling behind – emissions have remained constant between 2015 & 2019 compared to regional and national decline
- High emissions in Ellesmere Port and other industrial areas in Crewe & Warrington
- An opportunity to lead net zero transition – over 25,800 green jobs by 2050

## Inclusive

- Good outcomes at sub-regional level but spatial inequalities – in wages, child poverty and attainment
- Many towns underperform but also rural inequalities – higher energy & car usage, lower digital connectivity & exclusion
- Increasing economic inactivity over the pandemic – early retirement & long-term sickness
- Combined with slower growing and ageing population & low unemployment = significant replacement demand

# Takeaways from the evidence work so far (2)

## Healthy

- Good health outcomes at the sub-regional level but stark inequalities
- 47 neighbourhoods in the most 10% most deprived for health outcomes and 25 in the 10% least deprived (2019)
- Healthy life expectancy varies by almost 16 years across the sub-region between the lowest and highest performing places (2009-13)

## Growing

- Productive & innovative sectors and home to global brands
- Higher than average output growth but no productivity growth
- Need to maintain high productivity in manufacturing and improve productivity in other sectors
- A strong innovation ecosystem, but high business R&D spend & complexity has fallen over time
- Lower goods exports in 2020 linked to global disruptions



**What does this tell us and what next?**

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# Potential areas of focus

## Short-term responses to current events

*What support do the subregion's businesses need?*

- Local labour market & recruitment?
- Supply chain resilience?
- Trade?
- Energy efficiency – advice and grants?

*What else should the subregion focus on?*

- Inward investment - attract new businesses
- Levelling up & Shared Prosperity Fund proposals

## Plus a focus on long-term strategy

- Major opportunities e.g. life sciences, electric vehicles, energy
- Business productivity
- Net zero transition
- Ageing workforce / healthy ageing / age friendly workplaces
- Re/upskilling and skills / job matching
- Place-based approaches to levelling up – focusing efforts to address inequalities
- Infrastructure to support more jobs and residents (eg housing, employment land, transport, digital)

# Questions for discussion

- Do you as business leaders agree with the reflections on the current economic challenges?
- What is most important to focus on?
- Where do we balance efforts between short term response and and long term strategy?
- What can we do locally to deliver the vision and level up?

# Next steps

- Use today's discussion to inform further evidence development, to give businesses what they need to respond to the economic climate
- Explore in more detail some of the questions arising from the broader data work – including what is happening with levels of real living wage coverage, and what has driven a recent fall in economic complexity.

## Metro — Dynamics

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