

BLACKBURN AND DISTRICT TRADES UNION COUNCIL

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Lancashire Independent Economic Review – Call for Evidence

Thank you for the opportunity to offer some observations as part of the initial phase of the Lancashire Independent Economic Review.

I apologise for doing so in letter form, rather than use the online questionnaire, but I feel that it is helpful to order the issues in a different sequence that hopefully will give a clearer sense of our perspective.

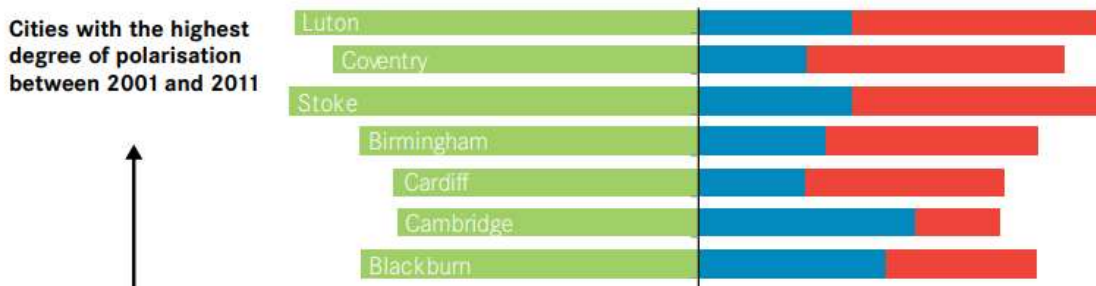
We start, then, with the question as to how, and indeed whether, “different parts of Lancashire relate to each other?”. We suspect that any assessment that is going to be effective for all of Lancashire needs to recognise that its sub-regions are not, in fact, particularly well-integrated, and that they have their own specific and endogenous needs.

Preston and Blackburn with Darwen are, for instance, superficially very much alike. They have roughly equal populations, have more manufacturing than the national average and have big Council, Health and Educational employers (Preston has the bigger HE/FE presence, but more people overall are employed in Education in Blackburn with Darwen). Some differences, though, are equally striking. Looking at the figures in the “Centre for Cities” “Cities Outlook 2019” report, Preston has the 3rd highest ranking Employment rate (82.8%) out of 63 cities, whilst Blackburn has the lowest (74.9%). Gross Value Added per worker for Blackburn was £44,900 p.a., compared with £52,000 p.a. for Preston. Lancashire County Council has analysed the 2011 census figures to compare the “working” population of our towns with their “residential” population. The measure is perhaps not decisive, but it seems to show that the workday population of Preston rises above its residential population and that this inflow comes predominantly from other Central/West Lancashire towns. The East Lancashire workforce seems to be more static, with the main movement being from Hyndburn into Blackburn. If one treats the brewery, water works and BAe campus at Samlesbury as part of “East” Lancashire, the pattern seems to be that there can be workforce commuting within East Lancashire to larger employment sites, but very little beyond. We have even heard the M6 referred to as an “invisible wall”.

We feel that the East Lancashire economy has also been more influenced by the feature that Dr Steve McIntosh called “hollowing out” in his 2013 Research Paper for the Department of Business, Industry and Skills (“Hollowing out and the future of the labour market”). This refers to the idea that local economies have lost jobs in the middle rank by income whilst the number of jobs that were the lowest paid has grown, along with the number of better-paid jobs.

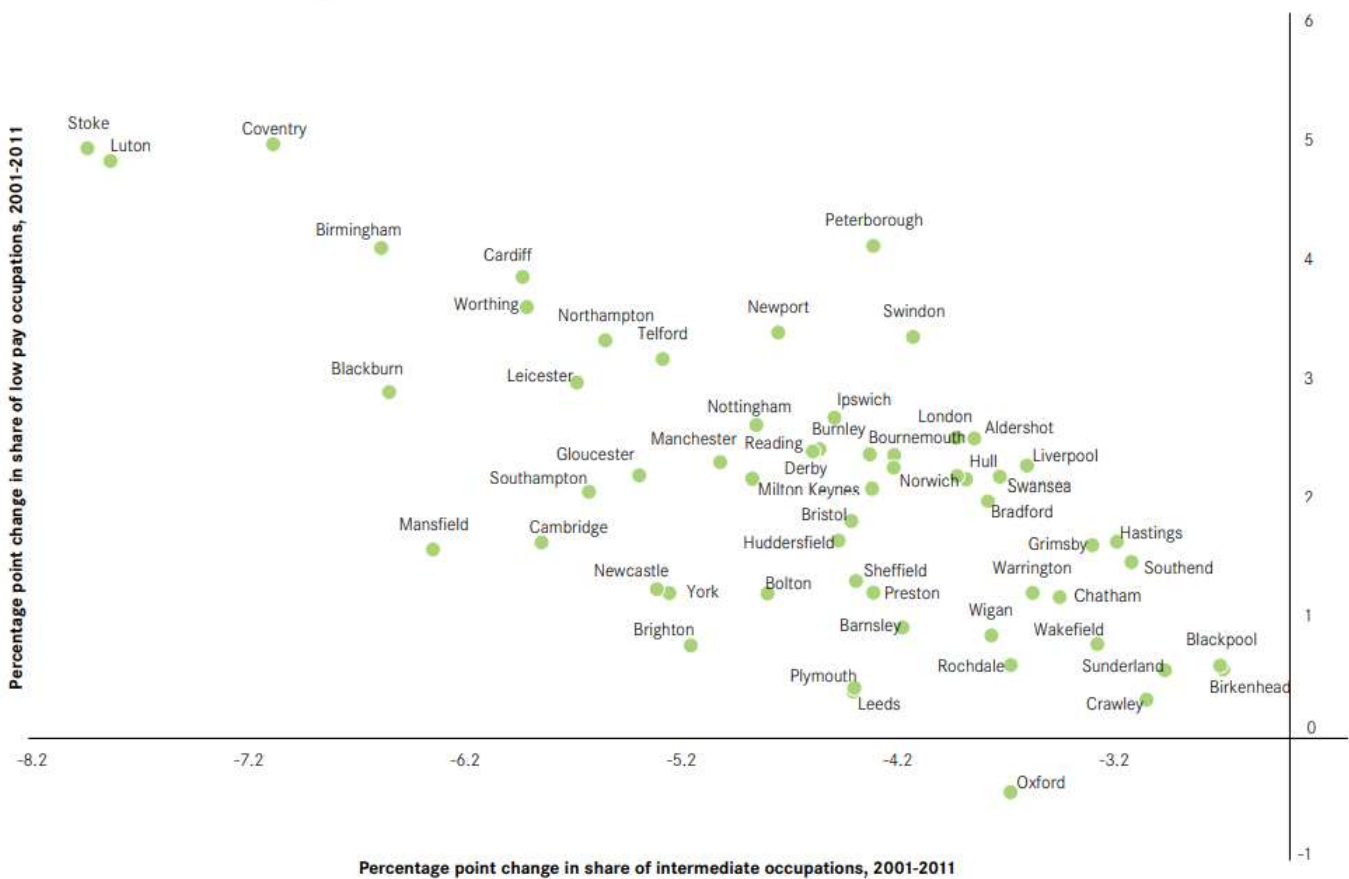
The September 2014 “Centre for Cities” Report “Unequal Opportunity” showed that this job polarisation affected some cities more than others. Of 59 cities compared, Blackburn with Darwen ranked 7th highest in respect of the growth of polarisation between 2001 and 2011. This finding corresponds to our anecdotal experience, in respect of the firms that we have seen disappear from round our table and in respect of seeing the churn of young people especially through precarious work positions.

Figure 7: Change in share of each occupational group ranked by polarisation index, 2001 to 2011



The “Centre for Cities” Report also makes the argument that some of these “more polarised” local economies have also seem the larger growth in the share of low pay occupations:

Figure 8: Change in share of employment in intermediate occupations relative to low pay occupations, 2001-2011



Source: Census 2001 and 2011

It is worth noting that according to the latest “Centre for Cities” “UK Unemployment Tracker”, Blackburn had (when the figures were last updated on 15th December 2020) at 8.1% the 9th highest percentage unemployment rate of 64 compared cities and large towns. (It is not clear if this is for the Borough or the constituency).

It is features such as these that lead us to the conclusion that there is a need for remedial action specifically focussed on the East Lancashire economy. Yet this is not something we have found to be sufficiently visible in strategies devoted to either “Lancashire” or “the North”.

This stands as a “threat” in our view – that East Lancashire priorities will be “backwatered” even in the counsels of the North. Particular issues that seem to us to reveal this are:

- The relative level of importance given to the issue of “extending”, or “finishing”, the M65. This gets a mention in the “Transport for the North” “Strategic Programme; Outline Case” for the “Central Pennines Strategic Development Corridor”, which says (3.46) *“There is a need to improve east-west connectivity (road and rail) between the North’s towns and cities within the Corridor. Road connections are variable in quality. For example, the M65 terminates at Colne to the west of the Pennines, with onward connectivity to Yorkshire largely via a network of lower standard roads which lack coherence, capacity and resilience”*. But the matter is weakly put – the point being to link particularly with Bradford, Leeds, the M1 and Hull – and it then subsequently seems to somewhat drift from the Programme’s attention. The “Yorkshire Post”, on Saturday 23rd January 2021, reports that: *“Transport for the North (TfN) has told Ministers that there should be no further work on developing plans for dual carriageways between Sheffield and Manchester or further north between East Lancashire and North Yorkshire”*.
- The failure of the area to feature in any of the significant “Transport for the North” plans to improve northern rail connections. Specific considerations here are the lack of direct links to Liverpool or to Manchester airport. Supporters of the Skipton East Lancs Rail Action Partnership argue that their proposals will also open up other future projects, such as the building of a strategically placed freight terminal at the former Huncoat Power Station site near Accrington.
- Until the recent announcement that UCLAN intends to broaden its footfall in Burnley to 4000 places by 2025 the aspiration to expand Higher Education provision in East Lancashire has been largely unfulfilled. We don’t have a full picture of the extent of the Burnley proposals, but the main question we would ask of them is whether they would greatly expand STEM provision. We have looked, for instance, at the degree-level courses offered by the University Centre at Blackburn College, and our estimate is that there are only 13 out of 113 one would define as STEM courses and that these are predominantly engineering. We appreciate that there will be other higher-level qualifications not captured by this, but when one considers that the issue of enrolment to the University Centre has been identified as a problem one wonders whether support for it to increase its STEM provision might not be a way forward of mutual benefit.
- The loss of Civil Service jobs. We think we are correct in saying that two HMRC offices – in Accrington and in Blackburn – have been “lost” in recent years, whilst there has been a loss of staff numbers at Melbourne House in Accrington and at Cardwell Place in Blackburn. The recent “Northern Policy Foundation” publication “Bursting the Westminster Bubble: How moving departments can help level-up” put forward proposals for relocating Civil Service jobs and Departments – but it allocated nothing at all to East Lancashire!

In respect of current economic strengths, we suspect that everyone will agree that aerospace is the one “sector” providing reasonable jobs at a significant volume. We expect manufacturing in general will prove to have “weathered the storm” of the pandemic in better shape than most, The Quarter 4 2020 “Lancashire Quarterly Economic Survey” found that *“The manufacturing sector has started to ‘bounce back’ following months of contraction, showing a return to growth in most metrics and a positive outlook for the next quarter to a year”*, though cost pressures relating to raw materials were also reported.

In general, we are struck that there does not appear to be any one occupational foundation for local success. The “Lancashire Business Review” summarised its 2020 “Hot 100” as showing that: “*construction and manufacturing led the way*” – with these broad categories covering more than half the list. But in terms of what is being made, we cannot identify one “golden product” – which is not necessarily a bad thing. It suggests that a variety of spheres of enterprise can flourish.

We tend to be a little hesitant about placing too much emphasis on “Gross Value Added” (GVA) as a pointer for future investment. GVA does have the value of identifying where there is the highest return on inputs and we think it is fair to say that one can generally see some degree of correlation between higher GVA and general prosperity, though the measure itself does not say how value from any particular activity is distributed.

The measure is, though, very dependent on market outcomes and activities with a high GVA are not always available for reproduction at scale. To use a rather frivolous example, Chateau Latour is, presumably, a GVA wine – but, if the Masters of Wine are to be believed, its quality depends upon a certain terroir and tradition and so it cannot be produced by the tanker-full. Indeed, if it could, it would no doubt lose that part of its value that depends on its exclusivity.

The following rather Heath-Robinson table, bringing together information from years slightly apart, shows that the highest GVA activities in Lancashire are arguably not in areas that it would always be easy to expand:

Sector	GVA Industry Group 2014 £m	Employment by Industry 2011	GVA per employee
Real Estate	2804	6720	417261
Electricity, gas, etc.	378	3286	115033
Water works	363	4234	85033
Manufacturing	4985	67026	74374
Information and Communication	972	13623	71349
Finance and Insurance	831	14360	57869
Mining	32	597	53601
Construction	2125	41768	50876
Professional, scientific, etc	1243	25558	48634
Transport and storage	1084	23272	46579
Wholesale, retail, motor repair	3449	89965	38337
Admin and support	1014	28441	35652
Agriculture etc	221	6320	34968
Accommodation and Food	997	29993	33241
Education	2113	67904	31117
Public admin, defence, social security	1286	47917	26838
Human Health	2529	94631	26724
Arts	487	29380	16575

The “hollowing out” phenomenon, referenced above, may, when placed against the skills profile of the local labour force, only really be addressed by the provision of relatively routine work at scale in intermediate occupations.

There seems to be general agreement that one of the strengths of East Lancashire is how the M65 passes through or close to most of its towns and thus creates a “corridor” where there is a close interface between transport links and working-class residential areas. We would be willing to see green belt areas close to the motorway in predominantly urban contexts brought into economic use if there were to emerge the prospect of significant investment in an enterprise that would either fill the need for decently paid routine work – eg. a significant production unit – or promise employment in one of the technologies identified in the national industrial strategy. We appreciate that the motorway is also a location that may attract investment in distribution and logistics, and that this market is one that is expected to benefit from the growth of e-commerce. We worry that, whilst there is nothing intrinsically “wrong” with this market, it does appear to have become particularly associated with the evils of low-paid precarious and agency work.

Of the 4 Grand Challenges in the National Industrial Strategy, the one focussed on “AI and data” strikes us as being the most interesting in respect of promoting new activity that can drive diversification and provide employment linked to growing markets.

We imagine that it has the advantage of being the least constrained by geographical location and the most attractive to an increasingly lower-age profile workforce (Blackburn with Darwen has a relatively young age profile, with a higher-than-average proportion of young people (0-19) compared to the national figure). We do have worries around whether “digitalisation” can “scale up” and of whether it is vulnerable to “precarious” working practices.

The Lancashire Enterprise Partnership undertook a Sector Skills Baseline Study for “Creative and Digital” in 2015, and this found that the sector in Lancashire includes some 4,500 companies and is concentrated in IT, software and computer services. Most of these enterprises have only a few employees. Almost 90 per cent are micro businesses with fewer than ten employees, and these account for around half of all creative industry jobs. There are a few large businesses with over 250 employees. Preston, Chorley, and Blackburn with Darwen are the local authorities with the greatest number of employees, being home to over 40 per cent.

Regarding current Educational provision, the study found that: *“For computer sciences the Lancashire provision is 7 per cent below the national average and taking into account the wider North West, it is some 5.5 per cent below the national level.....Given that the demand from local employers and the Creative Economy as a whole in the UK lies predominantly in the need for an increase in a range of digital skills, this presents a particular local challenge of potential skills recruitment, and the retention of locally developed creative talent”.*

When it comes to projects having an impact, we urge consideration of the establishment in East Lancashire of a campus integrated into the Digital Catapult. The idea would be for this to serve a variety of functions; a location for research and development; a source of partnership and support in projects with local businesses; an education centre, from one-off events to short courses; a resource of advanced equipment; and a location for small business starters in a context of mentoring and advice. The recent House of Lords “Science and Technology Select Committee” Report, “Catapults: bridging the gap between research and industry” advocates that: *“the Government should make the best possible use of the Catapult Network, promoting it actively as the UK’s national innovation asset to develop technologies in which the UK excels and to support*

sectors that can bring substantial economic benefits". Our ideal solution would be to see such a campus established through refurbishment and repurposing of the Grade II "Imperial Mill" in Blackburn – a large, listed industrial site that needs rescuing from dereliction and lies close to the motorway and to one of the town's employment areas.

In Blackburn town centre we would like to see support given to the project to restore the Cotton Exchange and open it as a vibrant and diverse arts venue. Of the most critical strategic importance, however, is what happens to the major development site roughly encircled by Penny Street, Barbara Castle Way, Eanam and Salford – mainly, though not exclusively, the site of the demolished Thwaites brewery. This will, in our view, provide a sort of litmus test as to whether there can be investment in the area substantial enough to generate a phase transition – and it needs to be investment in intellectual-skill businesses; an "office quarter", if you like, such as you would expect to see in any place aspiring to be regarded as a key regional location.

I hope the above comments are of some interest to you and wish you well in your work.

Ian Gallagher
04.03.2021

(I am "standing in" for our Secretary, Karen Narramore, who is briefly unavailable following a family bereavement).