

EXECUTIVE SUMMARY

Investment in Places series

Framing a place-based investment strategy for Rochdale

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Introduction

Regional inequalities in productivity and living standards across the UK are stark and have been increasing over time. We argue that a broad-based investment strategy across different types of “capital” is required in order to help to lift places out of low productivity traps and create better and lasting outcomes for their communities and businesses.

In this summary, we present an overview of our results from the Investment in Productive Places study for Rochdale assessing the community capitals framework (with four of seven capitals in an experimental data tool covering: physical, human, financial and social). We compare indicator variables for the capitals in Rochdale, with the other Greater Manchester boroughs. We find that Rochdale has strengthened assets across social and financial capitals.

We summarise how key stakeholders in Rochdale are thinking about the capitals investment strategies, from the qualitative analysis (base-line survey, stakeholder workshop and semi-structured interviews). We found four leading themes linked to the capitals which can help to inform broad-based investment strategies, namely: 1) a unified purpose; 2) connect fractured networks; 3) combine future-oriented focus with “here and now”; and 4) adaptive mind-set and behaviour. Building on the key strengths of the Rochdale economy with a policy focus on the four themes will help to develop an enduring investment strategy to benefit all.

An overview of our recommendations for Rochdale are in the table on the next page. In this table we question the what, why and how to tackle persistent problems faced by Rochdale. Targeting investments in the How column across a number of areas will help to increase Rochdale’s economic and social resilience.

In targeting measures beyond GDP the social, human, intangible and institutional capitals need to be aligned to jointly create and share a narrative on the Atom Valley enterprise zone that has a common purpose. Skills policy should target more apprentices in the higher value added manufacturing sector.

In terms of better welfare outcomes for Rochdale’s citizens, the strength of the social capital networks could be deployed to encourage inclusive stakeholder engagement around Atom Valley. The returns from investments (e.g. new job opportunities) need to be shared more widely within the Rochdale community to strengthen the social fabric.

For higher well-being outcomes natural capital in Rochdale should be utilised to improve health inequalities. This could be a co-operative action between the public and third sectors working with local residents, again building on strong social networks linked in to institutions (NHS and Rochdale Borough Council).

Building on the key strengths of the Rochdale economy with a collective policy focus on all these areas should help develop an enduring investment strategy to benefit all.

Rochdale Capitals in Practice. Key to action: short term (within the next year); medium term (1-5 yrs); long-term (5-10yrs)

What	Why	How	Linked Theme	Capitals
Economic outcomes Infrastructure improvements including transport and housing. Low incomes and productivity levels.	Problems with social infrastructure and connectivity (low levels of commuting) is poor in some areas.	Short-term: ensure Atom Valley employment sites have good bus connections to the local areas. Medium-term: Support the GMCA tram extension through Middleton.	Future Oriented focus and Here and Now focus	Physical Human Social Financial
Well-being outcomes Improve health of the people in the borough.	Extreme health inequalities across the borough, combined with poor quality social housing.	Short-term: Strengthen preventative health outcomes, access to healthy food and the environment. Medium-term: Invest in social housing.	Adaptive Mindset and Behaviour	Human Natural Physical
Better welfare outcomes Need to increase the levels of horizontal governance amongst key stakeholders across the borough. Lower levels of qualification, lower shares of higher professional occupations and levels of training.	The Community and Voluntary Sector (CVS) are working with communities which need to be engaged in order to benefit from Atom Valley, so it is seen as viable career path and community asset. The CVS are the teams who primarily engage with these communities. An underutilisation of their expertise carries the risk of some communities in the borough feeling disengaged in Atom Valley.	Short-term: Increase the integration of key members of the CVS in the borough as fully integrated strategic partners. Medium-term: Increase membership on civic boards so that all members of communities are represented. Long-term: Strengthen career pathway advice for Atom Valley to schools and higher education college.	Fragmented networks, Create a Unified Purpose and Future Orientated	Institutional Human Social Intangible
Common purpose Create and share a stronger, prouder positive narrative about Rochdale.	To counter negative stories and provide examples of success in Rochdale.	Short-term: Co-ordinate communications and branding to highlight successes in the borough.	Adaptive Mindset and Behaviour and Create a Unified Purpose	Human Social

Overview

To lift places up in terms of better living standards, higher productivity is required from all resources invested in at the local level. Investments need to work together to create better outcomes. A broad-based investment strategy is therefore important, with a specific focus on linking and measuring “capitals” at a local level. This study was initially developed assessing the six capitals set out by the Conservative Government’s White Paper on Levelling Up from the Department of Levelling Up Housing and Communities (DLUHC, 2022). The community capitals framework has also been applied in the US at the county level for the Great Lakes Region, see also Losada-Rojas et al, 2024. The DLUHC (2022) white paper includes six capitals which are human, financial, social, physical, intangible and institutional capital, to which we add “natural” capital (the investment which supports environmental conservation, access to green space and contribute to net-zero targets by reducing CO₂ emissions). These capitals need to be utilised as productively as possible, as all resources are scarce and better outcomes are required to help close the large gap in regional inequalities. For a broad-based investment strategy we therefore need to understand the trade-offs and complementarities between different types of investment.

In the accompanying report we present our findings from the Investment in Productive Places Campaign (IPPC) in Rochdale¹. We discuss how a joined up strategy for investment can help productivity to grow in places that have the potential to improve and fully leverage investment opportunities. To deepen our understanding of how some of the most abstract and difficult-to-quantify elements of the capitals’ framework are being thought about in practice, we use a mixed methods approach presenting both quantitative and qualitative analysis. In addition to gaining insights into how the capitals are understood across a range of stakeholders, we are also interested in the interdependencies between the capitals.

We compare productivity levels versus the growth rate in the Figure 1 for the North West (NW) of England. The chart’s axis is set at the UK average with productivity level of £41 (GVA per hour worked) and growth rate (for the constant prices productivity series) of 10.57% between 2009 to 2022². Figure 1 includes the International Territorial Level (ITL) 2 regions (Cumbria, Greater Manchester, Lancashire, Cheshire and Merseyside), along with the GM ITL3 regions and the GM boroughs. The chart shows a four-type taxonomy³ to describe how the sub-region is progressing compared to the UK average. By comparing the region’s productivity along these two dimensions, the taxonomy of relative productivity performance is calculated as follows:

¹ The Productivity Institute and Rochdale Development Agency (RDA) signed a Memorandum of Understanding in February 2023 as a commitment to collaborate on work to better understand and improve the productivity of the Borough of Rochdale, and to provide valuable lessons for other parts of the UK, see: <https://www.productivity.ac.uk/news/the-productivity-institute-signs-mou-with-rochdale-development-agency/> and <https://www.productivity.ac.uk/research/projects/investment-in-places/>.

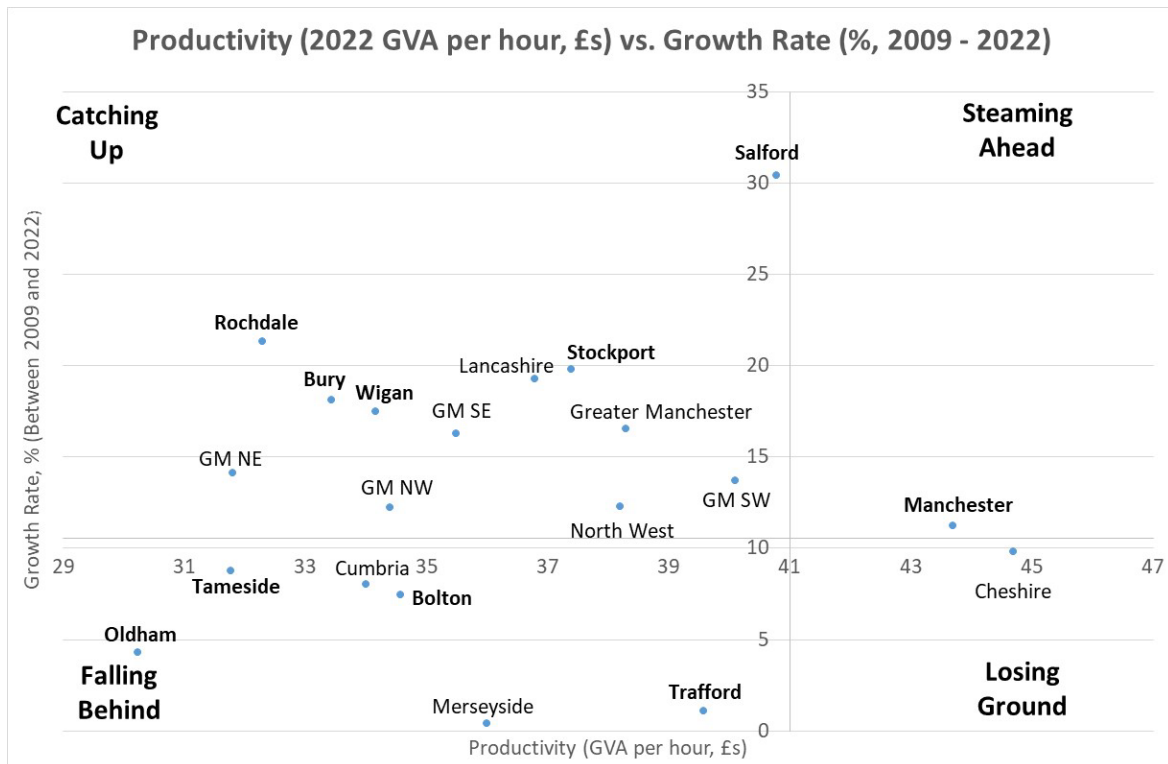
² The year 2009 is the business cycle turning point trough date for most NW sub-regions during the Global Financial Crisis between 2007-09. This differs from the 2008 year used in TPI Productivity Lab Scorecards.

³ The taxonomy is based on the method from Zymek and Jones (2020) and Gouma et al (2023) Productivity Lab Scorecards and Sources & Method documentation on page 5 at <https://www.productivity.ac.uk/the-productivity-lab/the-tpi-uk-itl3-productivity-scorecard-series/> for further discussion.

- **Falling behind:** Both the region's productivity level in 2022 and its productivity growth are below the UK average.
- **Catching up:** The region's productivity level in 2022 is below the UK level, but its productivity growth is above the UK average.
- **Losing ground:** The region's productivity level in 2022 is above the UK average, but its productivity growth is below the UK average.
- **Steaming ahead:** Both the region's productivity level in 2022 and its productivity growth are above the UK average.

In Figure 1 we can see that Rochdale's level of productivity at £32.3 is below the UK average of £41 but that since 2009 it has increased to 2022 by 21.3% greater than the UK growth of 10.57%, so it is in the catching up quadrant of the figure. Trafford's level of productivity is below the UK average at £39.6 and it has increased by only 1.1% between 2009 to 2022, it is in the falling behind quadrant.

Figure 1: The North West Productivity Levels vs. Growth Rates (2009-2022)



Source: ONS (2024e), Table A4: Current price (unsmoothed) GVA(B) per hour worked ITL for sub-regions, calculated for LA districts. Note the GM boroughs within the GM ITL3 regions are as follows. GM SE: Stockport & Tameside; GM SW: Salford & Trafford; GM NE: Bury, Oldham & Rochdale; GM NW: Bolton & Wigan.

Rochdale Capital Variables

The range of variables we analyse in the main report are set out in the Table 1. We categorise these variables as investment spending (or a flow), an asset (or stock) and then the usage of

assets in terms of services. Table 1 shows there are still some gaps in our coverage of data variables for Rochdale, particularly as some variables are not available at the local authority level. We now turn to a brief explanation of experimental data tool for five of the seven capitals and compare Rochdale to the rest of the GM boroughs with the North West and UK medians.

Table 1: Rochdale Capital Variables Audit

Capital	Usage	Investment (flow)	Asset (stock)
Physical	Rail & Metrolink usage Rochdale vs. Trafford. Commuting time (see Figure 7).	Other Buildings & Structures. (see Figure 6) GFCF Physical capital machinery, transport (ITL3 only ⁴ , not shown)	Stock of capital (not available)
Human	Training (see Figure 13)	Education attainment. Occupational structure (see Figure 11 and 12)	Employment rate or population density. Deprivation & health inequalities (see Figures 9 and 10).
Intangible	Innovate UK Grants (see Figure 14)	GFCF Intangible (ITL3 only, not shown)	Intangible stock (not available)
Financial		Businesses Dynamism (ITL3 only, not shown)	Number of business and banks.
Social	Youth Life Satisfaction survey (see Figure 15)	Migration (not shown)	Communities
Institutional	See Qualitative Findings pages 30-37.		Number of institutions in an area
Natural		Nature remediation (not shown)	Size of parks, public gardens & playing fields. Woodland coverage (Figure 16)

Experimental Data Tool Output for Greater Manchester Boroughs

We compare Rochdale to other boroughs within Greater Manchester in the following tables based on analysing indicator data at the local authority district level for the whole of the UK from the ONS (2024). The variables are in groups of indicators for the capitals of human,

⁴ Note the Productivity Lab Scorecards produce estimates of GFCF for ICT and intangibles for ITL3 regions, see: <https://www.productivity.ac.uk/the-productivity-lab/the-tpi-uk-itl3-productivity-scorecard-series/>

financial, physical and social. At this stage we do not have a consistent set of variables across the UK for institutional, intangible and natural capital but we focus on these in the qualitative analysis (see the summary, Rochdale Capitals in Practice).

In Table 2 we present physical capital variables in the experimental data tool (see Table A5 in the main report for the list of the variables sources). We compare a number of indicators to represent physical capital including median house prices, domestic mean electricity consumption, gigabit capable broadband coverage and commuting patterns by foot, train and bike. We compare Rochdale to the other Greater Manchester boroughs. We find that Trafford, Manchester and Stockport are in the top 50% of the index compared to other UK local authorities with higher house prices, electricity consumption and broadband coverage. Rochdale has lower physical capital measures and is in the bottom 10% of the ranking, indicating the need for greater investment in physical capital.

Table 2: Physical Capital Indicators in Greater Manchester Boroughs

GM LA	Median House Prices (£)	Electricity Consumption (kwh/meter)	Broadband coverage (Gb)	Commute by bike (%)	Commute by train (%)	Commute by foot (%)	UK Rank
Bolton	188,201	3290.64	88.3	0.64	2.24	5.99	282
Bury	245,033	3357.65	78.4	0.89	0.41	5.56	299
Manchester	243,985	3424.13	77.5	2.27	1.55	8.02	170
Oldham	192,669	3171.65	87.7	0.64	0.72	6.35	304
Rochdale	193,056	3230.23	67.9	0.6	1.21	5.66	337
Salford	213,634	3449.85	85	1.46	1.17	8.38	192
Stockport	304,933	3476.14	90	1.36	3.4	5.44	175
Tameside	212,396	3118.26	72.1	0.88	2.2	6.21	314
Trafford	365,622	3645.64	77.5	2.14	1.01	5.46	168
Wigan	185,678	3166.27	89	1.02	1.42	5.91	289
NW Median	209,177	3322.98	77.5	1.14	1.19	6.26	
UK Median	286,572.5	3533.77	75.7	1.36	1.67	6.6	
UK StDev	137,402.2	458.12	19.56	1.34	3.57	2.33	

Source: see Appendix Table A5 in the Rochdale report, TPI (2024) for method and variable sources.

Human capital indicators from the experimental data tool are shown in Table 3. Rochdale borough is below the median for the employment rate, the proportion of the population with level 3 skills or above and healthy male and female life expectancy. Rochdale is above the median for the proportion on adults who smoke (as this is a measure that contributes to poor health the inverse of this measure is used in the tool so 100-CigSmokers). When ranked with rest of UK local authorities Rochdale scores 342/361 for human capital in the lowest 10% (ranking from 325-361), while Trafford scores 56/361 in the top 20% (ranking from 1-72). It is important to note that the healthy life expectancy outcomes for all boroughs are below the state pension age (currently at 66) so a substantial proportion of the GM population will need to continue to work in poor health.

Table 3: Human Capital Indicators in Greater Manchester Boroughs

GM LA	Employment Rate	Skills (NVQ level 3+)	Female Healthy Life Expectancy	Male Healthy Life Expectancy	(100-Cigarette Smokers, %)	UK Rank
Bolton	69.3	53.5	62.39	60.26	14.2	301
Bury	79.3	61.9	62.24	63.4	11.7	164
Manchester	67.8	61.6	59.7	61.24	17.3	311
Oldham	73.7	51.9	58.18	56.63	10.9	315
Rochdale	67.2	54.8	58.53	57.35	15.3	342
Salford	69.7	58.8	57.41	58.65	15.1	327
Stockport	78.6	62.1	62.16	65.11	11.8	148
Tameside	75.6	48.9	58.16	61.64	20.2	334
Trafford	73.7	69.4	66.9	66.34	8	56
Wigan	76	52.4	61.38	59.16	14.7	295
NW Median	74.3	58.4	63.97	61.43	13.3	
UK Median	76.2	60.35	63.9	63.09	12.6	
UK StDev	5.28	8.67	3.42	3.18	3.76	

Table 4: Financial Capital Indicators in Greater Manchester Boroughs

GM LA	Productivity (£)	GDHlph (£)	Businesses born	Business rate	UK Rank
Bolton	33.5	16,967	9.94	405.96	210
Bury	32.1	19,505	9.27	464.27	183
Manchester	40.7	16,894	11.53	481.58	72
Oldham	30.1	15,714	12.68	345.74	154
Rochdale	31.4	16,297	10.47	350.58	255
Salford	40.5	18,113	11.63	419.38	82
Stockport	34.8	21,949	10.01	458.66	103
Tameside	30.9	16,659	10.45	317.87	277
Trafford	39.1	24,360	8.93	545.62	69
Wigan	32.8	17,223	10.73	321.71	227
NW Median	34.8	18,216	9.61	389.07	
UK Median	36.1	20,397	8.89	404.91	
UK StDev	8.3	5,054	1.55	137.13	

The experimental data tool for financial capital includes productivity (GVA per hour) in 2022 and Gross Disposable Household Income per head (GDHlph) for 2021. The share of new businesses created in an area (Business born) and the rate of business per 10,000 people (Business rate) in 2022. In Table 4, we see that Manchester, Salford and Trafford have productivity rates higher than the UK median, with Trafford and Stockport having higher household disposable incomes than the UK median. All boroughs have a higher share of businesses born in 2022 than the UK median, with Oldham the highest. The business rates per 10,000 people is lower in Rochdale, Oldham, Tameside and Wigan than the UK median. Overall again Trafford and Manchester are in the top 20% of local authorities for financial

capital, Rochdale is in the bottom 30% and here has potential for business start-up investment.

The social capital experimental data tool indicators are presented in Table 5. These include the share of children living in relative poverty (Child poverty), the share of the population who say they belong to a religion (assuming this helps build community ties), then results from the ONS local authority well-being survey for anxiety (inverse of 10-anxiety is used), happiness and life satisfaction. For these indicators Wigan scores higher in the ranking at 90/261 in the top 30% (helped by a large share of the population in a religion and low levels of anxiety), with Bury and Trafford in the top 50%. Rochdale is in the bottom 30% with above UK median shares of people belonging to a religion but high shares of children living in relative poverty and lower life satisfaction responses than the UK median.

Table 5: Social Capital Indicators in Greater Manchester Boroughs

GM LA	Child poverty	Population in a Religion (%)	Anxiety	Happiness	Life satisfaction	UK Rank
Bolton	33.7	77.16	3.42	7.61	7.46	207
Bury	22.8	75.44	3.43	7.5	7.49	162
Manchester	34.8	67.75	3.73	6.85	6.97	357
Oldham	38.5	78.36	3.35	7.31	7.21	307
Rochdale	32	75.28	3.17	7.45	7.15	265
Salford	25.6	71.55	3.5	7.22	7.37	285
Stockport	15.8	68.36	3.65	7.27	7.53	212
Tameside	24.9	70.49	3.2	7.36	7.32	235
Trafford	12.4	72.52	3.55	7.28	7.46	167
Wigan	20.3	79.16	2.99	7.3	7.59	90
NW Median	20.3	75.44	3.29	7.42	7.46	
UK Median	18.3	66.38	3.25	7.42	7.48	
UK StDev	6.78	7.24	0.39	0.25	0.25	

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