



Regional Productivity Agenda

A guide to the productivity performance
of the English regions and devolved nations

2025

Overview
Productivity challenge

Devolution
White Paper

Scorecards
Regional data

Policy
What next?



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The Productivity Institute is headquartered at Alliance Manchester Business School, The University of Manchester, BoothStreet West, Manchester, M15 6PB.

More information can be found on The Productivity Institute's website. Contact us at theproductivityinstitute@manchester.ac.uk

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THE PRODUCTIVITY INSTITUTE PARTNERS



EDITORIAL

- Bart van Ark**
Managing Director, TPI
- Jim Pendrill**
Productivity in Practice Fellow, TPI
- Kate Penney**
Research Fellow, TPI
- James Wilson**
Communications and Engagement Coordinator, TPI
- Raquel Ortega-Argilés**
Director of the TPI Productivity Lab

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04

INTRODUCTION
Joining Up and Scaling Up:
A Regional Agenda to Support Productivity and Growth



Contents

16

CHAPTER ONE:
London and South East



26

CHAPTER TWO:
Scotland



34

CHAPTER THREE:
East Anglia

42

CHAPTER FOUR:
South West



50

CHAPTER FIVE:
North West



58

CHAPTER SIX:
Yorkshire Humber and North East



68

CHAPTER SEVEN:
Northern Ireland

76

CHAPTER EIGHT:
Midlands



86

CHAPTER NINE:
Wales



Joining Up and Scaling Up: A Regional Agenda to Support Productivity and Growth

Bart van Ark¹



¹ I acknowledge this chapter heavily relies on the input from the authors of the Productivity Forums papers summarised in this document, and colleagues from the TPI Productivity Lab. I am grateful for many of their ideas represented here. However, I bear sole responsibility for how I used them in developing the narrative for this chapter.

² The Conference Board, Global Economic Outlook 2025 to 2039: Opportunities, Caveats, and Uncertainties, November 2024 <https://www.conference-board.org/publications/global-economic-outlook-2025-to-2039-opportunities-caveats-uncertainties>

³ See D. Coyle, B. van Ark, J. Pendrill (2023), The Productivity Agenda. Report No. 001. <https://www.conference-board.org/data/economydatabase>

⁴ M. Kenny, P. McCann, R. Ortega-Argilés, A. Westwood (2023), Regional productivity, inequalities, potential causes, and institutional challenges, The Productivity Agenda, Chapter 9. Productivity Insights Paper No.026, The Productivity Institute; <https://www.productivity.ac.uk/research/regional-productivity-inequalities-potential-causes-and-institutional-challenges>

⁵ UK Productivity Commission (2021), Productivity in the UK: Evidence Review, <https://www.productivity.ac.uk/wp-content/uploads/2023/07/Productivity-in-the-UK-Evidence-Review.pdf> NIESR and The Productivity Institute; B. Kauma, G. Mion, (2023) Regional productivity differences in the UK and France: from the micro to the macro, <https://www.productivity.ac.uk/research/regional-productivity-differences-in-the-uk-and-france-from-the-micro-to-the-macro> Working Paper No. 039, The Productivity Institute.

Key Insights and Recommendations

Boosting productivity growth is a top priority for many countries' economic policy agendas. Since the Global Financial Crisis, numerous OECD countries, including the UK, have faced slower productivity growth rates. This slowdown has been exacerbated by the pandemic, with the US being a notable exception. Current projections suggest no improvement in productivity growth trends in the medium term².

In the UK, productivity growth has lagged behind the already sluggish growth of its peers for at least a decade and a half. For decades, and in particular since the financial crisis, successive UK governments have emphasised boosting productivity as essential to reigniting economic growth.³

Sustained slow productivity growth impacts on living standards. When stagnation starts from a relatively high level of labour productivity, the immediate effects on living standards are limited. However, if productivity levels are initially already low, the impact on living standards is more pronounced, especially in regions already at the lower end of the regional distribution.

Regional disparities

There is ample evidence suggesting that the UK's productivity puzzle is exacerbated by significant regional disparities.⁴ Two primary factors contribute to this unique situation. Firstly, for many UK regions the productivity gap with London and the South

East is generally wider than between regions and the capital region in other countries. Secondly, there has been a growing divide between London and major city agglomerations, including second-tier cities such as Manchester, Liverpool, Birmingham and Glasgow. Cities and regions outside London also tend to have a relatively high concentration of low-productivity firms.⁵

It is therefore not surprising that the narrative on the UK productivity puzzle also has an important regional angle. For example, while industrial strategy has become a cornerstone for growth and productivity in many countries, the Labour government's Green Paper on Industrial Strategy emphasises the need for other parts of the country to benefit as well.⁶

Joining up

From the perspective of boosting productivity growth, two leading principles are key to an effective policy agenda. The first is the need for an integrated agenda of pro-productivity policies, which may be referred to as "joining up". For some time now TPI has promoted the idea of policy coordination for pro-productivity policies at both the national and the regional level.⁷

At the national level this involves the integration of policies regarding investment, innovation, skills, trade and FDI, etc..⁸ The current Labour government has particularly

focused on reviving an industrial strategy.⁹ This effort is supported by the establishment of an Industrial Strategy Council within the Department of Business and Trade (DBT), in conjunction with the broader initiatives of HM Treasury (HMT), and aims to integrate this strategy into the government's overall growth mission.

At the regional level, the UK, particularly England, faces large challenges in implementing effective pro-productivity policies across various areas such as skills, innovation, trade, investment, competition, transport, and housing. This is partly due to the absence of an effective intermediate policy-making layer between the national and local levels. Policies like spatial planning, housing and infrastructure investment typically require a strong policy presence at this level of governance. There is often a lack of knowledge and control to effectively implement such policies at the central level. Conversely, at the local level, managing both negative and positive externalities is challenging without coordination at a higher spatial level.

To support a place-based approach to economic development and growth, the Labour government also tasked all twelve current mayors of combined authorities (CAs) with developing Local Growth Plans for their areas. These plans demonstrate how each CA will contribute to the national mission and ensure that economic growth is inclusive and benefits all regions.¹⁰

⁶ HM Government (2024), Invest 2035: the UK's modern industrial strategy, Department for Business and Trade, October. <https://www.gov.uk/government/consultations/invest-2035-the-uks-modern-industrial-strategy/invest-2035-the-uks-modern-industrial-strategy>

⁷ A. Valero, B. van Ark (2023), A new UK policy institution for growth and productivity - a blueprint. <https://www.productivity.ac.uk/wp-content/uploads/2023/11/PIP027-A-new-UK-policy-institution-FINAL-Nov-2023.pdf>. The Productivity Agenda, Chapter 10, Productivity Insights Paper No. 027, The Productivity Institute;

P. McCann (2022), Levelling Up: The Need for an Institutionally Coordinated Approach to National and Regional Productivity. <https://www.productivity.ac.uk/research/levelling-up-the-need-for-an-institutionally-coordinated-approach-to-national-and-regional-productivity/>. Productivity Insights Paper No. 011, The Productivity Institute.

⁸ B. van Ark, K. de Vries, D. Pilat (2023), Are Pro-Productivity Policies Fit for Purpose? Working Paper No. 038, The Productivity Institute. <https://www.productivity.ac.uk/research/are-pro-productivity-policies-fit-for-purpose-productivity-drivers-and-policies-in-g-20-economies/>

⁹ HM Government (2024), *ibid.* <https://www.gov.uk/government/consultations/invest-2035-the-uks-modern-industrial-strategy/invest-2035-the-uks-modern-industrial-strategy>

¹⁰ R. McKee and T.. Pope (2024), Local growth plans. How government should support a place-based approach to its national growth mission, Institute for Government. <https://www.instituteforgovernment.org.uk/sites/default/files/2024-10/Local-growth-plans.pdf>

Scaling up

To capitalise fully on the opportunities of a joined up productivity agenda, local authority powers need to be scaled up to intermediate levels of government. At present, the UK lacks sufficient policy coordination and devolved decision-making mechanisms to effectively develop and scale up pro-productivity policies at the regional level.¹¹

Previous attempts to establish effective intermediate levels of government, such as the Regional Development Agencies under the Blair government and the Local Enterprise Partnerships under the Coalition and Conservative governments, have had mixed success. The most recent White Paper on Devolution provides guidance on how to deepen and expand devolution across England to enhance local growth and development. However, the current focus remains on the essential task of building capacity and institutions, rather than directly addressing the growth and productivity agenda itself.¹²

Much hope is placed on expanding and empowering CAs in England to reignite growth at the regional level. Building on the 2022 Levelling Up White Paper¹³ from the Johnson government, the new Labour

government aims to sustain momentum to accelerate growth especially through Mayoral Combined Authorities (MCAs) in metropolitan areas like the Greater London Authority, Greater Manchester CA, Liverpool City Region CA, North East CA, and West Midlands CA. While the devolved nations have their own governments with broader powers than local authorities, they also have city region and growth deals, which typically function as partnerships rather than having their own administrations.

It is too early to determine whether the new devolution strategy, which is largely built around the MCA model, will successfully reignite regional productivity growth. Despite efforts by subsequent governments, the devolution map for England still resembles a patchwork, often driven more by political considerations than economic ones.¹⁴ Additionally, the economic size of the MCAs still seems relatively small compared to city regions in other countries.¹⁵

Currently the greatest need for the MCAs is to tailor policies and initiatives to better meet local needs and priorities. This means they should be empowered to translate the national industrial strategy into effective local investment and growth

plans. This needs to be combined with ample authority and sufficient funding to implement the skills, innovation, and infrastructure agendas, supported by significant authority to coordinate the planning process.

This report

This report builds on the work of The Productivity Institute’s eight Productivity Forums across the UK. After their initial assessments in 2020 and 2021¹⁶, each Forum has recently revisited the state of productivity performance at sub-regional, regional, and devolved nation levels. This research, which is summarised in this volume, also provides in-depth analysis of key areas of pro-productivity policies at the regional level, as described above.¹⁷

In the remainder of this introductory chapter, we present the highlights from the Productivity Forum reports in a comparative setting, including a review of the latest productivity data, an update of the regional scoreboards to 2022 and new analysis for MCAs. We also provide a high-level overview of key policy recommendations made in the various reports to inform a regionally-motivated productivity agenda.

11 P. McCann (2022), *ibid.* <https://www.productivity.ac.uk/research/levelling-up-the-need-for-an-institutionally-coordinated-approach-to-national-and-regional-productivity/>

12 HM Government (2024), English Devolution White Paper, Ministry of Housing, Communities and Local Government, December. <https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth/english-devolution-white-paper>

13 HM Government (2022), Levelling Up the United Kingdom, Department of Levelling Up, Housing and Communities. <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

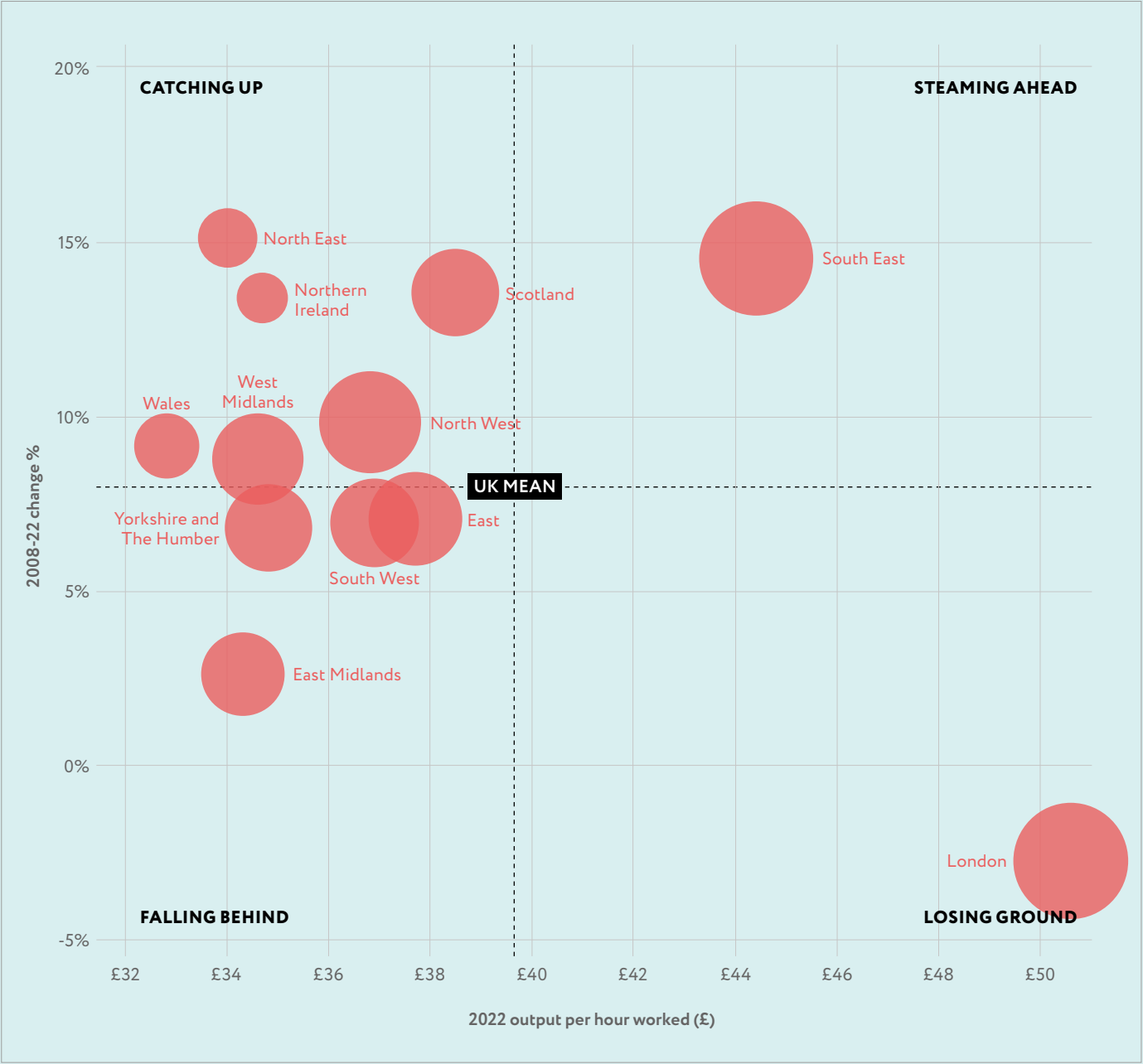
14 Jack Shaw (2024), Devolution: the importance of scale and coterminosity, The Productivity Institute, 28 November 2024. <https://www.productivity.ac.uk/news/devolution-the-importance-of-scale-and-coterminosity/>

15 P. McCann and P-Y Yuan P-Y, The Productivity Performance of Different Types of UK Regions and the Challenges of Levelling Up, National Institute Economic Review. 2022;261:79-98. <https://www.cambridge.org/core/journals/national-institute-economic-review/article/productivity-performance-of-different-types-of-uk-regions-and-the-challenges-of-levelling-up/911E83D56B395A2E1FF689208B6DB222>

16 See <https://www.productivity.ac.uk/regions-nations/> for the original Insights Papers for the Productivity Forums in 2020 and 2021.

17 While our analysis covers 12 regions (often referred to as ITL1 regions), the separate reports have combined East- and West Midlands; Yorkshire & the Humber and the Northeast; and London, the South East and the South West. However, in this volume, we also provide a separate summary report for the South West (splitting it off from the London & South East analysis), as this region will shortly set up its own Productivity Forum.

Figure 1: Labour Productivity Performance by Major UK Regions and Devolved Nations, levels (value added per hour in 2022, in £) and change (growth, in % real terms, 2008-22)



Notes: Size of bubble denotes working population for the region.
Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions> June 2024. Ortega-Argilés, R. and Menukhin, O. (2025) UK Subnational Productivity Visualisations, TPI Productivity Forum detail DOI:10.48420/28212929

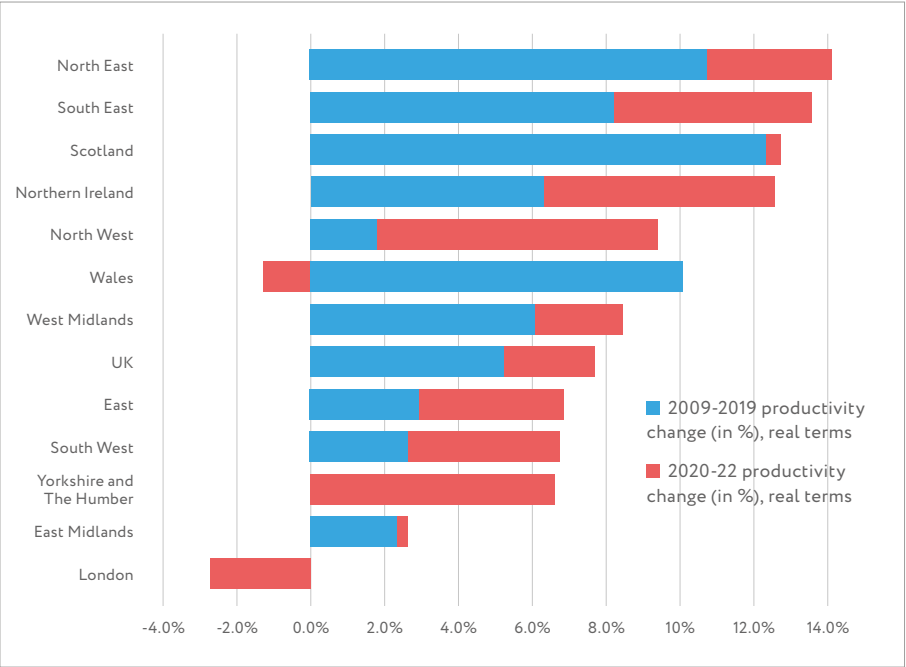
Summary of productivity metrics

In terms of the level of productivity, measured as the average value added per hour worked, London and the South East significantly outperformed the rest of the UK in 2022, the latest year for which figures are available (Figure 1). However, when focusing on the change in productivity between 2008 and 2022, several low-productivity regions (including North East, South East, Northern Ireland, and Scotland) exceeded the average UK productivity growth rate by some margin. In contrast, the East Midlands has fallen further behind the UK average growth rate, and London has shown the most weakening in productivity growth.¹⁸

Pandemic impact

The pandemic and its aftermath since 2020 have had a large impact on regional productivity performance. Figure 2, which distinguishes between pre- and post-pandemic productivity growth periods, shows that the North West, Yorkshire and the Humber, Northern Ireland, and the South East have recovered relatively well from the pandemic. By contrast, the growth performance of the East Midlands, Scotland, Wales, and especially London has been quite weak since 2020.

Figure 2: Cumulative Change in Value Added per Hour Work by Major UK Regions and Devolved Nations (logarithmic growth, in %, 2009-2019 and 2020-22)



Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, June 2024. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions>

18 The latest release of regional productivity figures by the Office for National Statistics, covering data up to 2022, shows significant differences compared to earlier releases. This change is mainly due to the 2021 revisions in the National Accounts Blue Book estimates of value added (there was no change in the measure of hours worked pre- and post-revision). Notably, the productivity increase for 2008-2019 in the North East, South East, and Wales is much stronger based on the post-revision estimates. In contrast, the growth estimates for London have weakened, although even on the basis of the pre-revision estimates London showed no productivity growth between 2008 and 2019. The North East's ranking in terms of productivity improvement for the entire period has improved from mid-range to the best-performing region when using the revised estimates (see Figure 1). TPI is conducting further research into the reasons for these changed estimates and the implication for future measurements of regional productivity.

Trade-offs between productivity and employment

Since 2008, London has experienced the slowest productivity growth among UK regions, primarily due to its most productive sectors, such as finance and business services, showing a significant deterioration. Despite this, London has outpaced all other regions in terms of the increase in total hours worked.

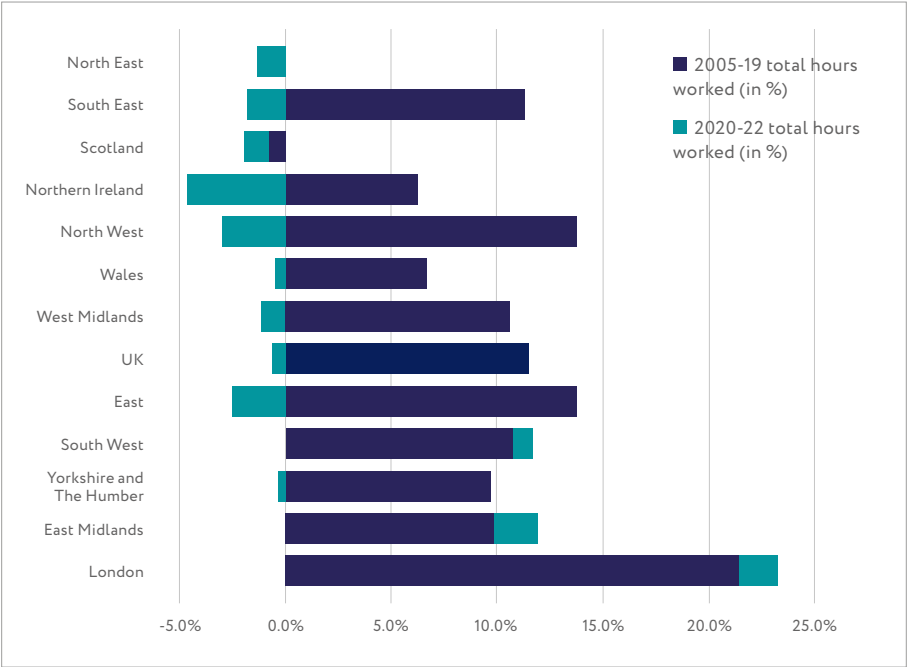
Conversely, regions like the North East and Scotland, which have seen relatively high productivity growth, have not performed as well in creating more hours worked. London is currently characterised by a large, highly labour-intensive services sector that has seen minimal productivity improvements. In contrast, the North

East and Scotland have more capital- and resource-intensive industries, such as energy and manufacturing, where investments tend to boost productivity more rapidly.

Since the pandemic, the productivity-employment trade-off has intensified, with some regions, such as Northern Ireland, the North West, and the South East, showing strong post-pandemic productivity recovery but significant losses in working hours.

It is evident that the UK has yet to establish a model for regional economic growth which universally sustains and creates significantly more productive jobs. The regions with the best track record in raising productivity while also increasing employment are the North West and the South East, followed by the South West and the East of England.

Figure 3: Cumulative Change in Total Hours Work by Major UK Regions and Devolved Nations (logarithmic growth, in %, 2008-2019 and 2020-22)



Note: Regions are ranked by the faster growth of productivity from 2008-2022 (see Figure 2). Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, June 2024. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions>

"There is ample evidence suggesting that the UK's productivity puzzle is exacerbated by significant regional disparities."

Regional Scorecards

The regional scorecards from the TPI Productivity Lab summarise the key drivers of productivity at the regional level, which form the foundation of pro-productivity policies at the regional level.¹⁹

Scorecards for regions and devolved nations

For International Territorial Level 1 (ITL1) regions, the scorecards reveal a strong relationship between productivity levels and the strength of individual indicators. In 2022, London outperformed the UK average by more than 5 percent on nearly all indicators, except for the share of active people in the working population which was still above but within 5 percent of the UK average. Apart from the South East and Scotland, the other nine regions had more indicators performing below the UK average than those meeting or exceeding it by more than 5 percent.

The relative positions on key productivity drivers between regions tend to remain fairly stable, reflecting the persistence of many of the drivers. However, significant changes within individual regions are observed, as detailed in the chapters in this volume. In terms of new business formation, the East of England, West Midlands, and particularly the North East and Yorkshire and Humber improved relative to the UK average, which remained unchanged. While 4G and especially fibre connectivity increased in all regions, only London and (somewhat unexpectedly) Northern Ireland and Yorkshire and Humber outperformed the UK average.

The percentage share of low-skilled workers in the workforce fell faster than the increase in high-skilled workers. Compared to 2020, the relative share of low-skilled workers improved for the East of England and the South West, while it worsened for Scotland and the East Midlands. Export intensity (comparing 2021 to 2020) changed little, except that Wales outperformed the UK average, whereas Scotland fell within the UK average range.

Scorecards for Major Regions and Devolved Nations (ITL1), 2022

Category	Driver of Productivity	United Kingdom	London	South East	Scotland
Productivity	Ranking		1st	2nd	3rd
	GVA per hour worked	£39.70	£50.60	£44.40	£38.50
Business Performance	Export Intensity**	28.8%	37.4%	25.7%	29.3%
	New Businesses	11.5%	12.7%	10.0%	10.8%
Skills & Training	Low Skilled*	9.9%	7.5%	7.7%	9.6%
	High Skilled	45.5%	58.9%	48.1%	54.2%
Health & Well-being	Active	81.8%	82.9%	83.9%	81.2%
	Inactive due to Illness*	32.6%	23.9%	25.9%	41.2%
	Working Age	58.8%	66.9%	57.5%	59.9%
Investment, Infrastructure & Connectivity	4G connectivity	84.2%	98.2%	83.2%	84.8%
	Fibre connectivity	41.2%	43.6%	40.8%	39.4%
	GFCF per job***	£10,949	£14,075	£12,015	£10,466
	ICT per job***	£431	£589	£459	£475
	Intangibles per job***	£2,674	£3,397	£3,663	£1,978

- Key:
- Better: higher than 105% of UK
 - Equal: within 95% - 105% of UK
 - Worse: lower than 95% of UK
 - No data available
 - ⚙ Reverse colour scale, lower values stimulate productivity
 - ⚙⚙ This data is from 2021
 - ⚙⚙⚙ This data is from 2020

East of England	South West	North West	Yorkshire and The Humber	Northern Ireland	West Midlands	East Midlands	North East	Wales
4th	5th	6th	7th	8th	9th	10th	11th	12th
£37.70	£36.90	£36.80	£34.80	£34.70	£34.60	£34.30	£34.00	£32.80
26.1%	19.8%	25.3%	18.8%	25.3%	24.3%	22.2%	28.5%	30.3%
11.0%	10.3%	12.5%	12.6%	8.3%	12.1%	11.5%	12.4%	11.6%
8.6%	8.2%	10.8%	11.0%	23.6%	11.4%	10.5%	11.9%	12.0%
41.7%	43.7%	42.6%	38.9%	38.8%	40.4%	37.8%	36.7%	41.4%
84.2%	83.8%	80.2%	81.0%	73.7%	82.1%	81.2%	79.3%	78.7%
28.7%	31.7%	36.3%	34.3%	35.4%	33.0%	33.0%	43.2%	40.6%
56.8%	55.8%	57.2%	58.3%	61.2%	56.9%	57.1%	56.6%	58.6%
77.1%	77.2%	86.9%	85.0%	71.6%	85.8%	81.4%	85.7%	75.6%
36.8%	43.0%	35.8%	49.4%	83.6%	36.5%	38.2%	32.6%	38.6%
£12,135	£10,122	£9,365	£9,817	£10,636	£9,112	£10,117	£8,715	£7,961
£369	£412	£399	£340	£272	£380	£365	£361	£396
£4,017	£2,329	£1,878	£1,648	£2,196	£2,399	£2,416	£1,692	£1,530

Source: Garcia Elena, F.; Gouma, F.R.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL1 Scorecards, TPI Productivity Lab, The Productivity Institute. https://figshare.manchester.ac.uk/articles/dataset/TPI_UK_ITL1_Scorecards/21931770

19 The TPI scorecards are available for the 12 ITL1 (International Territorial Level 1) regions in the UK and 179 regions ITL3 (Level 3) regions. The 2024 edition refers to data for the years 2020, 2021 and 2022. See F. Garcia, F.R. Gouma, O. Menukhin, R. Ortega-Argilés, W. Sarsfield and R. Watson (2024), TPI ITL3 Regional Productivity Scorecards – 2024 Edition, https://figshare.manchester.ac.uk/articles/dataset/TPI_UK_ITL3_Scorecards/23791680?file=50257002. TPI Productivity Lab, University of Manchester. The original scorecards for 2020 also included several institutional variables, including a measure for political uncertainty (% of SMEs where political uncertainty and government policy is a major obstacle) and “red tape” (% of SMEs where legislation & regulation is a major obstacle). However, these variable were later excluded from the UK-wide database because of lack of reliable time series. See the Northern Ireland dashboard for 2024, showing a long-term deterioration in these indicators. <https://www.productivity.ac.uk/research/northern-ireland-productivity-dashboard-2024/>

Scorecards for Combined Authorities in England

When examining the current twelve Mayoral Combined Authorities (MCAs), the relationship between productivity measures and drivers is evident once again. However, the differences in both relative positions and changes over time appear larger than those among broader regions.

Given that MCAs will be at the core of regional policy, it is important to consider the relative positions and changes between them. The greater variation in indicators between MCAs suggests there is considerable potential for devolved policy-making to address persistent low levels of performance.

The Greater London Authority stands out as the only CA that outperforms the UK on all indicators except for the share of the population at working age which falls within the 5% range from the UK average. Both the Cambridgeshire and Peterborough CA and the West of England CA, which have productivity levels close to the UK average, show most of the productivity drivers within the 5% average range for the UK. In contrast, most other MCAs underperform compared to the UK average for most indicators.

One striking exception is that the eight MCAs with the lowest productivity have outperformed the UK average on new business creation. Several CAs, including those of York and North Yorkshire, West Yorkshire, East Midlands, and Tees Valley, have improved the percentage of business births relative to all enterprises by more than one point, indicating a recovery in business dynamics in these regions.

Conversely, the increase in inactivity due to long-term ill health is particularly pronounced in CAs with relatively low productivity levels. Liverpool City Region, North East CA, Tees Valley CA, and South Yorkshire CA have all seen increases of more than 10 percentage points in the share of health-related causes relative to total inactivity, reaching 40 percent or more.

Regarding skills, there have been notable declines in the percentages of low-skilled workers relative to increases in high-skilled workers, especially in York and North Yorkshire CA and Liverpool City Region CA. Additionally, there is significant variation in 4G and fibre connectivity between MCAs. For instance, fibre connectivity is particularly strong in West Yorkshire CA, which outperforms the UK average, as does South Yorkshire CA.

Scorecards for Mayoral Combined Authorities, 2022

Category	Driver of Productivity	United Kingdom	Greater London	Cambridge-shire and Peterbor-ough	West of England
Productivity	Ranking		1st	2nd	3rd
	GVA per hour worked	£39.70	£50.40	£39.00	£38.30
Business Performance	Export Intensity**	27.6%	36.7%	51.0%	18.5%
	New Businesses	11.5%	12.7%	11.3%	11.3%
Skills & Training	Low Skilled*	9.9%	7.4%	9.5%	7.1%
	High Skilled	45.5%	58.9%	43.3%	52.5%
Health & Well-being	Active	81.8%	82.9%	84.8%	85.4%
	Inactive due to Illness*	32.6%	23.9%	27.1%	30.7%
	Working Age	58.8%	66.9%	56.6%	60.1%
Investment, Infrastructure & Connectivity	4G connectivity	84.2%	98.2%	75.0%	85.7%
	Fibre connectivity	41.2%	43.6%	49.3%	43.5%
	GFCF per job***	£10,949	£14,075	£18,077	£10,604
	ICT per job***	£431	£589	£479	£526
	Intangibles per job***	£2,674	£3,397	£9,178	£3,163

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 - ❖❖❖ This data is from 2020

York and North Yorkshire	Greater Manchester	Liverpool City Region	West Yorkshire	East Midlands	West Midlands	North East	Tees Valley	South Yorkshire
4th	5th	6th	7th	8th	9th	10th	11th	12th
£37.10	£36.60	£35.30	£34.50	£34.50	£34.40	£34.00	£33.60	£31.40
12.4%	17.4%	23.6%	18.7%	30.0%	26.0%	23.0%	27.6%	16.5%
9.7%	13.5%	13.8%	13.0%	12.3%	14.4%	12.4%	12.5%	14.1%
6.8%	11.5%	11.6%	12.5%	10.5%	13.3%	11.4%	13.3%	10.7%
47.5%	43.1%	43.9%	38.5%	39.5%	37.8%	38.0%	33.1%	38.3%
85.8%	79.6%	79.2%	79.6%	79.8%	79.0%	79.5%	78.9%	81.0%
28.9%	33.5%	41.7%	30.7%	33.5%	31.3%	42.2%	46.0%	39.8%
55.7%	59.0%	58.8%	58.5%	58.5%	58.8%	56.9%	55.6%	60.4%
73.1%	93.8%	89.6%	90.7%	85.3%	94.2%	87.3%	80.8%	86.1%
35.9%	33.8%	44.7%	52.5%	38.9%	42.9%	36.5%	21.0%	43.4%
£16,331	£8,558	£9,295	£7,471	£9,682	£8,912	£8,630	£8,971	£8,653
£394	£362	£396	£311	£398	£410	£286	£584	£312
£2,021	£1,745	£1,719	£1,758	£3,348	£2,001	£1,639	£1,852	£1,521

Source: Garcia Elena, F.; Gouma, F.R.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL3-MCA Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester. https://figshare.manchester.ac.uk/articles/dataset/TPI_MCA_Scorecards/27770583

Priorities for pro-productivity policies at the regional level

Each contribution in this volume offers region-specific insights and policy recommendations, highlighting the unique economic, social, and governance characteristics of each area. While productivity is inherently place-based and varies significantly across regions, several themes emerge as the foundational elements for a regional agenda on pro-productivity policies.

A key principle is that national policy efforts need to be aligned with the devolution agenda to underpin efforts undertaken at the regional and devolved nation levels. Those actions should form the foundation of a place-based industrial strategy, which in turn supports the UK-wide industrial strategy.

An integrated skills agenda

To effectively address current and future needs for the regions, the skills agenda should be at the heart of the regional growth agenda. However, CAs and local authorities have relatively few levers on skills policy, let alone the powers to develop an integrated agenda, encompassing the entire spectrum, from college education, training, and apprenticeships to lifelong learning.

While all regions face significant mismatches between the demand and supply of skills, the specific needs vary by sector and industry. For instance, Scotland requires skills training in finance, digital manufacturing, and in the agriculture, food and fisheries sectors. The Midlands should focus on aligning skills development with the needs of advanced manufacturing, health tech, and digital clusters. East Anglia should leverage its leadership in renewable energy by developing comprehensive skills in industries such as agriculture, energy and tourism.

While addressing funding gaps is important, there are also smaller, less costly interventions that can help tackle skills gaps and mismatches. For example, conducting employer analyses and facilitating the exchange of data and information about skill needs between Chambers of Commerce,

Combined Authorities, Further Education colleges, and universities can be effective, for example as part of the Local Skills Improvement Plans (LSIPS)

Regional innovation system

The skills agenda is a critical part of the regional innovation system. While several regions and devolved nations run a variety of innovation and related business support programmes, many are either unfocused or too narrow, often underfunded, and lacking the flexibility to meet specific business needs.²⁰

Initiatives such as innovation labs to identify opportunities, or the development of productivity toolkits based on expert advice, are examples of what could be done at the regional level. For example, in the North West, Greater Manchester's strong collaborations between universities, local government, and industry exemplify how to foster innovation and growth. Additionally, regional and local public sector services need to innovate, adopting new processes and digital technologies to enhance productivity.

Inclusivity and Connectivity

Skills and innovation are essential to the success of regional efforts focused on housing, healthcare, and the building of various types of infrastructure, including transport and digital connectivity.

For instance, London faces significant challenges in providing housing, transport, and health, which can be addressed through integrated public service systems, devolution, and targeted skills development. The South West shows different skills challenges across sub-regions requiring coherent approaches that integrate health, housing, and net-zero needs, along with necessary improvements in digital infrastructure. The Midlands, while generally well-supported by external connectivity, needs improvements in internal transport and infrastructure.

As local authorities shoulder a significant portion of the funding for social

services, establishing a national framework to fully fund Social Care and Special Educational Needs and Disabilities (SEND) services could alleviate these costs from local authority budgets. Additionally, introducing fiscal incentives such as tax retention would provide local decision-makers with the tools and motivation to plan effectively for growth, enhance service delivery, and support long-term wellbeing and skills development in their regions.

Net Zero

The ongoing demand for renewable energy generation and sustainable community development necessitates a systems approach to investment in energy, housing, transport, green infrastructure, education, and skills. Many net zero strategies remain highly localised, resulting in significant variations in their scope and ambition. The deployment of an electrical vehicle infrastructure is a particularly good example in this respect.

Standardising and prioritising Level 2 and Level 3 National Vocational Qualification (NVQ) training programmes in green and digital technologies, along with developing a national curriculum and accreditation system, could equip regional workforces with green and digital technology skills. Regions such as East Anglia, the North East, the South West, and Scotland need to foster connections between investors, businesses, the research and education system, and government to build the “zero-economy”.

Place-Based Industrial Strategies

It is crucial for CAs, city regions, and devolved governments to have a stake in the UK's national industrial strategy. This approach not only acknowledges the differences in the make-up of economic sectors across regions, both historically and potentially in the future, but also aligns the strategy to place-based housing and connectivity priorities, healthcare needs and the organisation of regional innovation ecosystems.

For instance, the Midlands needs to align its industrial strategy with inward investment, focusing on sectors where the region has a competitive advantage. Additionally, it would benefit from a focus on small businesses, particularly those that are part of critical supply chains and clusters. Overall, existing programmes such as Made Smarter, which has so far concentrated on advanced manufacturing, can be extended and tailored around a few strategic priorities in each region.

Devolution

While no single approach will suit every place perfectly, the focus on (Mayoral) Combined Authorities and Unitary Authorities (combining the two-tier system of county and district councils) is, given the current political context, the best way to achieve better and faster productivity growth. This is despite the challenges that some regions, such as East Anglia, the South East and the West of England, face in reforming their current structures.

However, simply devolving responsibilities, powers, and slightly increasing budgets is unlikely to be sufficient to help lagging areas catch up or enable them to fully capitalise on emerging opportunities. Much of the success of reforms, and their impact on productivity, will depend on the ability of authorities and other place-based entities to collaborate within the CAs.

Equally important is the collaboration between CAs, as agglomeration effects on productivity only really start to kick in when going beyond metropolitan areas of several million inhabitants. Collaboration between neighbouring CAs provides two benefits: learning from best practices and scaling up where possible. This will bring us closer to an optimal economic area perspective.

Coordination

To fully capture the effects of a pro-productivity policy agenda at the regional level, coordination between policy areas is key, both regionally and nationally. There is an urgent need for the agendas of Department for Business and Trade (DBT), HM Treasury (HMT), the Ministry for

Housing, Communities and Local Growth (MHCLG), the Department for Science, Innovation and Technology (DSIT) and the Department for Education (DfE) to be coordinated as they develop new plans and strategies. This coordination would help leverage complementarities and manage trade-offs.

In TPI's Productivity Agenda (2023), we argued for the creation of a Growth and Productivity Institution at the national level, consisting of experts working closely with policymakers to implement this complex agenda.²¹ It is critical that the recently launched Industrial Strategy Council takes coordination of policy areas seriously. As part of this, the setting up of a growth and productivity body at the regional level could be very useful. For Northern Ireland, a Growth and Productivity Board is proposed to support a cross-departmental and long-term approach to productivity through the NI Executive. In Scotland, the Economic Development Directorate performs a similar role, despite being directly connected to the administration.

A vision for the long-term

The research from TPI's Productivity Forums, summarised in this report, shows that there is no silver bullet to tackle the productivity challenges at the regional level. Many policy objectives complement one another. Localisation does not reduce the number of policy challenges, especially in areas suffering from broad-based deprivation that require systemic intervention to break out of low-productivity traps.

However, a regional strategy can bring policy priorities into sharper focus, allowing for a strategic game plan in terms of sequencing policies to close the productivity gap. This requires coordinated policy interventions as well as greater consistency in approach and long-term funding provision. Notably, a coordinated governance structure for transport, housing, and planning has been seriously lacking at the regional level. Long-term planning is now even more necessary to support net-zero and digital adoption.

While institutions matter, neither a CA nor a Productivity Board guarantees that the long-standing productivity problems at the

regional level will be resolved. Over time, some of the longer-established CAs have implemented many of the suggestions made and still have a long way to go to narrow the productivity gap that has widened relative to the country or Europe's most productive regions. Lack of long-term commitment and funding, as well as a mismatch between decision-making and implementation has undone many important initiatives.

It is also important that new entities are perceived as part of a wider package of good governance measures that improve the living standards and wellbeing of the population. Hence, public buy-in and the legitimacy of any such institution will depend on having a narrative that keeps the importance of productivity in the public eye.

The regional conversation on productivity needs to be better developed to underpin the national narrative for better and faster productivity growth. This should be reflected in coordinated efforts across individuals, businesses, and policymakers to address productivity challenges and improve public service provision at the place-based level. This approach will ensure that all regions and devolved nations can effectively address their unique challenges and capitalise on emerging opportunities.

²⁰ For the track record of the distribution of Research, Development and Innovation funding in the UK, see, for example, E. O'Sullivan, R. Jones, G. Anzolin (2024), The role of intermediate Research, Development and Innovation institutes in building regional and sectoral innovation capabilities, Productivity Insights Paper No.034, The Productivity Institute. <https://www.productivity.ac.uk/research/the-role-of-intermediate-research-development-and-innovation-institutes-in-building-regional-and-sectoral-innovation-capabilities/>

²¹ A. Valero and B. van Ark (2023), *ibid.* <https://www.productivity.ac.uk/wp-content/uploads/2023/11/PIP027-A-new-UK-policy-institution-FINAL-Nov-2023.pdf> Also, B. van Ark, A.Valero and A. Westwood (2024), Why the UK needs a new institution for growth and productivity: Could a revamped Industrial Strategy Council be the answer?, The Productivity Institute, 29 April. <https://www.productivity.ac.uk/news/why-the-uk-needs-a-new-institution-for-growth-and-productivity-could-a-revamped-industrial-strategy-council-be-the-answer/>



London and South East

CHAPTER ONE:

This is an executive summary of the latest London, South East and South West Productivity Forum Insight Paper authored by Brittney Regal and Damian Grimshaw.

> To read the full Paper go to productivity.ac.uk/research/london-south-2025



Summary

London leads the UK in productivity by a wide margin, driven by its high concentration of tech and high value-added businesses, a substantial share of graduates and highly skilled workers, and the advantages of agglomeration economies and top-tier infrastructure. While productivity levels vary across the city, all areas are near or above the UK average.

Many areas across the South East also continue to experience productivity growth surpassing the UK's overall average. For instance, Hampshire performs exceptionally well, benefiting from its proximity to London, and supported by excellent transport links, major anchor businesses, port infrastructure, and the presence of the military, all of which contribute to a mix of middle- and high-skill job opportunities.

However, these strong productivity figures mask contrasting performances even within London. For instance, a notable insight from London's data is the below-average productivity growth trend for the city overall, suggesting the need for more coordinated economic development to prevent widening disparities in living standards across boroughs.

The region also faces complex, interconnected challenges related to the twin transitions to net zero and digital technologies, alongside pressing issues concerning skill needs, inequalities of health and wellbeing, and inadequate housing.

London

London's economy is highly diversified, ranging from global strengths in the high productivity activities of financial and professional service sectors to relatively low productivity activities such as hospitality and tourism. It also benefits from strong and reputable local political governance which provides a coordinating and strategic function for business, finance, community and trade unions, and assists in directing collective efforts towards long-term and inclusive goals.

A key component of London's sustainability agenda has been the development of strategies aimed at reducing pollution across the city. For instance, the Mayor's office has expanded Ultra Low Emission Zones, while an air quality alert system has been introduced to notify Londoners during critical air pollution events. The city has also led European capitals in terms of electric vehicle charging points.¹ However, significant gaps in infrastructure development persist.

South East

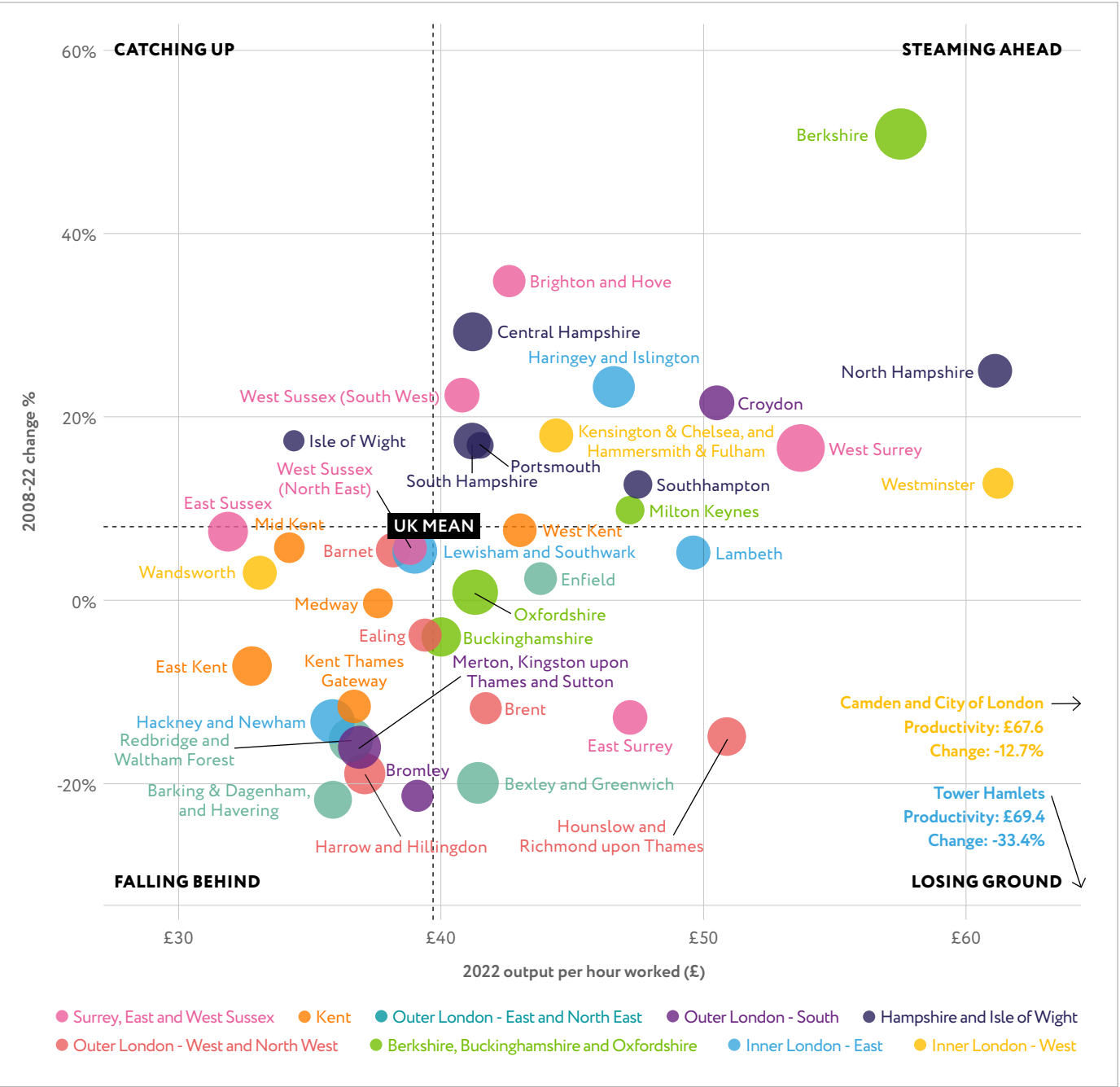
The South East is characterised by economic diversity and a high level of sector specialisation, which draws upon considerable foreign direct investment. The region is particularly noted for its expertise in life sciences, information and communication technology (ICT), professional services, and high-tech industries. Hubs in Milton Keynes, Oxford, Surrey, and Portsmouth host some of the world's leading multinational corporations and are noted for their high research and development intensity and excellence.

There are currently no devolved governing bodies in the South East. Thus, there are more localised approaches to support and coordinate the transition to net zero, deliver more homes and infrastructure, address unequal health and skills outcomes, and to providing a supportive environment for the digital and AI sectors.

There are several good examples of partnership, collaboration, R&D, and academic centres to support digitalisation and AI adoption. For instance, the region is home to the South East Cyber Resilience Centre, a police-led collaboration with academia and businesses aimed at strengthening cyber resilience for small businesses, and also home to the National Quantum Computing Centre. The University of Surrey's Institute for Communication Systems hosts the 5G/6G Innovation Centre, one of the largest of its kind in Europe.

"The South East is characterised by economic diversity and a high level of sector specialisation"

Labour Productivity Performance by ITL3 Regions in London and the South East, levels (value added per hour in 2022, in £) and change (growth, in % real terms, 2008-22)



Notes: Size of bubble denotes working population for the region and colour denotes ITL2 region.
Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaaperhourworkedandgvaaperfilledjobindicesbyuknuts2andnuts3subregions>
June 2024. Ortega-Argilés, R. and Menukhin, O. (2025) UK Subnational Productivity Visualisations, TPI Productivity Forum detail DOI:10.48420/28212929

London ITL3 Scorecards for 2022

Category	Driver of Productivity	London	Tower Hamlets	Camden and City of London	Westminster	Hounslow and Richmond upon Thames	Croydon	Lambeth	Haringey and Islington	Kensington & Chelsea and Hammersmith & Fulham	Enfield
Productivity	Taxonomy relative to the UK	Losing ground	Losing ground	Losing ground	Steaming ahead	Losing ground	Steaming ahead	Losing ground	Steaming ahead	Steaming ahead	Losing ground
	Taxonomy relative to ITL1		Losing ground	Losing ground	Steaming ahead	Losing ground	Catching up	Catching up	Catching up	Catching up	Catching up
	GVA ph worked	£50.60	£69.40	£67.60	£61.20	£50.90	£50.50	£49.60	£46.60	£44.40	£43.80
Business Performance	Export Intensity ^{oo}	37.4%	46.4%	43.4%	71.3%	47.9%	8.0%	32.9%	43.7%	29.2%	17.7%
	New Businesses	12.7%	13.5%	11.1%	11.3%	11.0%	13.5%	12.1%	14.6%	11.0%	13.0%
Skills & Training	Low Skilled ^o	7.5%		7.1%		8.0%	11.7%	7.5%	6.1%		12.5%
	High Skilled	58.9%	59.2%	65.2%	72.4%	58.2%	52.8%	70.3%	62.8%	68.7%	48.1%
Health & Well-being	Active	82.9%	81.5%	78.5%	76.2%	78.8%	84.7%	89.8%	84.6%	77.2%	79.5%
	Inactive due to Illness ^o	23.9%	15.2%	19.6%	37.6%	16.6%	37.8%	33.7%	26.0%	10.1%	24.0%
	Working Age	66.9%	70.8%	85.0%	73.9%	62.0%	61.0%	76.1%	74.8%	68.1%	64.1%
Investment, Infrastructure & Connectivity	4G connected	98.2%	100.0%	99.7%	100.0%	98.2%	95.7%	99.8%	99.4%	99.9%	98.2%
	Fibre connected	43.6%	64.6%	68.3%	68.4%	33.9%	43.8%	52.3%	27.1%	54.3%	5.1%
	GFCF per job ^{ooo}	£14,075	£20,685	£15,892	£18,323	£11,226	£11,901	£12,647	£12,000	£17,177	£9,292
	ICT per job ^{ooo}	£589	£272	£991	£651	£717	£450	£382	£509	£527	£702
	Intangibles per job ^{ooo}	£3,397	£3,634	£6,523	£4,339	£3,711	£1,622	£2,449	£3,907	£4,341	£1,651

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

⚙

Reverse colour scale, lower values stimulate productivity

⚙⚙

This data is from 2021

⚙⚙⚙

This data is from 2020

Brent	Bexley and Greenwich	Ealing	Bromley	Lewisham and Southwark	Barnet	Harrow and Hillingdon	Merton, Kingston upon Thames and Sutton	Redbridge and Waltham Forest	Hackney and Newham	Barking & Dagenham and Havering	Wandsworth
Losing ground	Losing ground	Falling behind	Falling behind	Falling behind	Falling behind	Falling behind	Falling behind	Falling behind	Falling behind	Falling behind	Falling behind
Falling behind	Falling behind	Falling behind	Falling behind	Catching up	Catching up	Falling behind	Falling behind	Falling behind	Falling behind	Falling behind	Catching up
£41.70	£41.40	£39.40	£39.10	£39.00	£38.20	£37.10	£36.90	£36.60	£35.90	£35.90	£33.10
18.7%	5.6%		6.8%	20.1%	7.3%	25.3%	12.0%		25.3%	9.8%	14.0%
13.4%	13.5%	12.4%	11.4%	12.3%	12.2%	12.4%	11.8%	14.8%	16.3%	15.3%	11.2%
	5.1%	6.2%	2.1%	7.2%	11.2%	10.5%	4.1%	9.2%	6.4%	11.5%	
52.9%	52.2%	67.0%	57.1%	61.5%	54.9%	50.1%	67.0%	53.0%	59.9%	42.1%	72.5%
80.1%	84.2%	86.0%	87.9%	84.8%	77.7%	79.9%	86.2%	78.0%	83.9%	83.3%	94.4%
31.4%	28.4%	23.0%	28.7%	22.8%	36.3%	23.8%	13.1%	25.8%	23.1%	17.7%	14.5%
60.8%	65.1%	56.4%	61.8%	72.8%	65.4%	61.8%	65.2%	65.2%	73.1%	61.9%	67.9%
99.9%	97.3%	99.7%	92.4%	99.5%	95.9%	97.0%	99.1%	94.5%	99.4%	96.3%	99.4%
53.2%	53.2%	30.9%	38.1%	48.7%	33.6%	27.7%	32.8%	46.4%	50.8%	28.8%	59.7%
£11,545	£14,020	£11,354	£6,661	£14,379	£8,967	£9,863	£9,834	£7,938	£15,119	£13,591	£15,728
£238	£338	£266	£241	£947	£193	£824	£558	£258	£360	£207	£234
£1,572	£1,433	£1,526	£1,458	£2,553	£1,410	£2,090	£1,469	£975	£3,140	£708	£2,080

Cite as Garcia, F.; Gouma, F.R.; Menukhin, O.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL3 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>

Annex: Methods and Sources

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South East ITL3 Scorecards for 2022

Category	Driver of Productivity	South East	North Hampshire	Berkshire	West Surrey	Southamp-ton	Milton Keynes	East Surrey	West Kent	Brighton and Hove	Ports-mouth
Productivity	Taxonomy relative to the UK	Steaming ahead	Steaming ahead	Steaming ahead	Steaming ahead	Steaming ahead	Steaming ahead	Losing ground	Losing ground	Steaming ahead	Steaming ahead
	Taxonomy relative to ITL1		Steaming ahead	Steaming ahead	Steaming ahead	Losing ground	Losing ground	Losing ground	Falling behind	Catching up	Catching up
	GVA ph worked	£44.40	£61.10	£57.50	£53.70	£47.50	£47.20	£47.20	£43.00	£42.60	£41.50
Business Performance	Export Intensity ^{oo}	25.7%	46.9%	29.0%	27.9%		23.2%	35.4%		21.9%	17.1%
	New Businesses	10.0%	8.9%	10.3%	9.7%	15.6%	11.2%	9.3%	8.9%	12.9%	11.9%
Skills & Training	Low Skilled ^o	7.7%	6.1%	7.0%	7.3%	9.3%	10.0%		10.7%	9.1%	8.7%
	High Skilled	48.1%	47.2%	52.7%	52.1%	46.2%	44.7%	58.9%	47.7%	60.0%	44.5%
Health & Well-being	Active	83.9%	85.4%	84.2%	85.3%	81.4%	86.4%	84.3%	79.9%	82.2%	78.9%
	Inactive due to Illness ^o	25.9%	29.6%	21.1%	20.5%	25.5%	38.1%	6.4%	26.9%	20.9%	27.4%
	Working Age	57.5%	56.3%	58.6%	57.1%	66.9%	58.0%	56.0%	56.9%	72.5%	66.3%
Investment, Infrastructure & Connectivity	4G connected	83.2%	82.4%	89.5%	87.2%	98.2%	88.7%	83.1%	63.6%	96.9%	99.6%
	Fibre connected	40.8%	33.3%	46.4%	30.2%	73.3%	89.5%	36.1%	48.1%	29.5%	47.6%
	GFCF per job ^{ooo}	£12,015	£12,207	£15,956	£9,989	£7,835	£11,911	£14,983	£7,532	£9,917	£15,228
	ICT per job ^{ooo}	£459	£584	£756	£601	£620	£399	£451	£239	£386	£304
	Intangibles per job ^{ooo}	£3,663	£1,938	£7,941	£2,004	£1,902	£3,012	£7,863	£1,339	£3,024	£2,600

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

⚙

Reverse colour scale, lower values stimulate productivity

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This data is from 2021

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This data is from 2020

Oxford-shire	South Hampshire	Central Hampshire	West Sussex (South West)	Bucking-hamshire CC	West Sussex (North East)	Medway	Kent Thames Gateway	Isle of Wight	Mid Kent	East Kent	East Sussex CC
Losing ground	Steaming ahead	Steaming ahead	Steaming ahead	Losing ground	Falling behind	Falling behind	Falling behind	Catching up	Falling behind	Falling behind	Falling behind
Falling behind	Catching up	Catching up	Catching up	Falling behind	Falling behind	Falling behind	Falling behind	Catching up	Falling behind	Falling behind	Falling behind
£41.30	£41.20	£41.20	£40.80	£40.00	£38.80	£37.60	£36.70	£34.40	£34.20	£32.80	£31.90
29.8%	23.6%	25.5%	36.5%	15.4%	38.9%		17.6%		10.7%	11.9%	7.8%
9.3%	9.3%	8.8%	9.6%	9.1%	9.3%	12.7%	11.7%	9.3%	10.1%	10.8%	9.1%
5.6%	10.8%	5.6%	7.5%	4.7%	4.5%	8.3%	9.3%	12.4%	4.8%	12.9%	10.9%
58.7%	39.6%	50.3%	43.9%	49.4%	51.5%	42.5%	39.7%	37.2%	45.9%	36.6%	38.9%
84.7%	82.1%	83.3%	82.4%	87.1%	87.9%	88.8%	87.0%	70.2%	85.6%	80.1%	82.3%
15.3%	40.4%	20.5%	37.1%	29.3%	12.6%	35.1%	24.2%	37.8%	27.6%	30.4%	34.0%
55.0%	58.0%	53.8%	53.1%	57.0%	55.6%	60.1%	57.5%	53.7%	56.3%	58.0%	54.9%
73.6%	91.8%	77.0%	87.9%	78.7%	80.7%	87.7%	78.4%	76.6%	72.2%	81.0%	82.8%
32.4%	11.4%	27.1%	45.3%	40.4%	41.8%	47.5%	45.7%	53.9%	37.6%	44.0%	48.6%
£14,879	£7,776	£17,528	£7,582	£10,712	£12,167	£10,175	£9,826	£8,826	£17,654	£8,754	£8,921
£428	£341	£453	£316	£304	£640	£415	£417	£176	£333	£363	£245
£4,714	£1,007	£6,067	£782	£3,185	£4,150	£2,073	£1,146	£2,988	£7,783	£1,157	£1,082

Cite as Garcia, F.; Gouma, F.R.; Menukhin, O.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL3 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>

Annex: Methods and Sources

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Scorecard summaries for London and South East

There are 21 ITL3 regions within the ITL1 region of London and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Productivity

GVA per hour worked varies, ranging from £33.10 for Wandsworth to £69.40 for Tower Hamlets. Camden and the City of London and Westminster also perform well with GVA per hour at £67.60 and £61.20, respectively.

Business Performance

New Businesses: Hackney and Newham stands out with a high rate of new business formation (16.3%), suggesting a dynamic and entrepreneurial environment. In contrast, both Hounslow and Richmond upon Thames, and Haringey and Islington perform poorly both at 11%, which indicates

these regions could benefit from policies encouraging startup growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: Enfield has a relatively high percentage of low skilled workers at 12.5% which is going to negatively impact overall productivity. This also aligns with its lower GVA/hour productivity driver being below average. In contrast, Bromley only has a 2% level of low skilled workers.

High Skilled: Wandsworth appears to have a strong workforce with 72.5% of workers being high skilled. High skilled workforces are essential for sustaining high productivity levels. Barking & Dagenham and Havering only has a percentage of 42.1% indicating it may be a region

where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: There is large variability in the London regions when it comes to economic activity. Some regions such as Wandsworth perform strongly at 94.4% whereas other regions such as Camden and the City of London are only at 78.5%.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for Kensington & Chelsea and Hammersmith & Fulham at 10.1% and high for Croydon at 37.8%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. Tower Hamlets holds the highest value at 76.9% whilst it is the lowest for Ealing at 62%.

There are 21 ITL3 regions within the ITL1 region of the South East and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Productivity

GVA per hour worked varies, ranging from £31.90 for East Sussex CC to £61.10 for North Hampshire. Berkshire, West Surrey, Southampton, Milton Keynes and East Surrey also perform well.

Business Performance

New Businesses: Southampton stands out with a high rate of new business formation (15.6%), suggesting a dynamic and entrepreneurial environment. In contrast, North Hampshire and West Kent perform poorly at 8.9%, which indicates these regions could benefit from policies encouraging startup growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: East Kent has the highest percentage of low skilled workers for the region at 12.9% which is going to negatively impact overall productivity. This also aligns with its lower GVA/hour productivity driver being below average. In contrast, West Sussex (North East) only has a 4.5% level of low skilled workers.

High Skilled: Brighton and Hove appears to have a strong workforce with 60% of workers being high skilled. High skilled workforces are essential for sustaining high productivity levels. East Kent only has a percentage of 36.6%, indicating it may be a region where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: Most of the regions in the South East appear to be performing equal to the average with the only region being above this being Medway at 88.8%, and both Portsmouth and Isle of Wight being below average at 78.9% and 70.2% respectively.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for East Surrey at 6.4% and high for Milton Keynes at 38.1%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. Brighton and Hove holds the highest value at 72.5% whilst West Sussex (South West) holds the lowest at 53.1%.

Policy implications

WHAT
London and the South East needs to do:

- Establish a clearer national framework for Level 2 and Level 3 NVQ training courses in green and digital technology skills, while fostering systematic collaboration between the private and public sectors to share knowledge and expertise. Equipping the workforce with green and digital technology skills is critical for a productive and inclusive transition to a sustainable economy.
- Establish a clearer and more effective regional strategic framework for planning and housing, focusing on employment land, infrastructure delivery, and efficient planning processes to support economic growth and innovation. A well-defined strategy for employment land requirements is essential for attracting foreign direct investment, fostering high-knowledge clusters, and supporting the transition from research to production.
- Addressing delays in infrastructure delivery and improving planning efficiency will remove key barriers to economic growth in key sectors like construction, energy, and logistics. Additionally, addressing extended decision times in planning is crucial to maintaining a responsive and dynamic development environment.

HOW
it can do this:

- The government should standardise and prioritise Level 2 and Level 3 NVQ training programmes in green and digital technologies, developing a national curriculum and accreditation system. Additionally, structured local partnerships between private and public sectors should be considered, creating mechanisms for regular skill and knowledge exchanges, such as secondments, joint training initiatives, and innovation hubs.
- A regional framework should be developed to prioritise employment land for high value-added activities and for high-knowledge clusters, including from foreign direct investment. A unified approach to infrastructure planning and delivery is also necessary to address inconsistencies between the UK and EU systems, reducing delays and streamlining processes that hinder growth in critical sectors like construction, energy, and logistics.
- Increased funding for development management teams is vital to improve planning decision times, enabling local authorities to manage planning more efficiently and effectively support economic development.

1 Transport & Environment. (2022). EV charging in 7 European cities A comparative analysis of charging infrastructure. Accessed at: https://www.transportenvironment.org/uploads/files/2022_04_EV_charging_in_7_EU_cities_briefing.pdf



Scotland

CHAPTER TWO:

This is an executive summary of the latest Scotland Productivity Forum Insight Paper authored by Bridgette Wessels, Daniel Williams and John Tsoukalas.

> To read the full Paper go to productivity.ac.uk/research/scotland-2025



Summary

Scotland’s productivity continued to outperform other regions of the UK between 2008-2023, recording an average annual labour productivity growth of 1.0%, compared with an average annual growth of 0.4% for the UK as a whole.¹ However, like other parts of the UK, whilst employment growth has been strong in recent years, most of this growth since 2009 has been in the (relatively) low value-added service sector.

Scotland’s productivity performance is a story of apparent contradictions, with strength in some areas but below average performance elsewhere. For example, it has been successful in high productivity sectors such as energy and finance and, thanks to its world-leading universities, it also has one of the most educated workforces in the OECD. These sectors are primarily located in the Central Belt in the cities of Edinburgh and Glasgow.

Regional disparities

However regional disparities continue to undermine overall productivity, particularly between high-performing areas like Edinburgh and underperforming Glasgow and rural areas.

The priority for Glasgow is to grow its high-skilled exporting base. Although it has a highly educated and skilled workforce, it continues to have a higher percentage of adults without any qualification (8.2%), in comparison to England (6.2%). And Glasgow remains in the bottom ten UK cities for the highest percentage of its working age population with no qualifications.² The priority for Edinburgh is to sustain and grow its contribution to Scotland’s economy which means addressing its land use constraints and housing affordability crisis.

The rural economy is home to 17% of the population and continues to grow, with micro-businesses and self-employment dominating many of these regions. However persistent challenges exist in terms of access to affordable housing, rural inequalities, and inadequate and expensive transport provision.

Innovation

The business ecosystem in Scotland lacks a critical mass of large scale-ups. This impacts a range of outcomes, including export performance, with just around 100 companies accounting for 60% of international exports. These issues have been exacerbated by the impacts of Brexit and the COVID-19 pandemic, with the estimated value of Scotland’s international exports remaining 11.5% lower than before the pandemic.³

A significant challenge is the persistently low rate of business start-ups, which lags the rest of the UK. Like the rest of the UK, the majority of Scotland’s business base is clustered at low levels of productivity and highly productive firms are concentrated in the knowledge intensive service industries. But the latter account for only small numbers of employment, and employers report various skills gaps that hold back their growth potential.

Investment

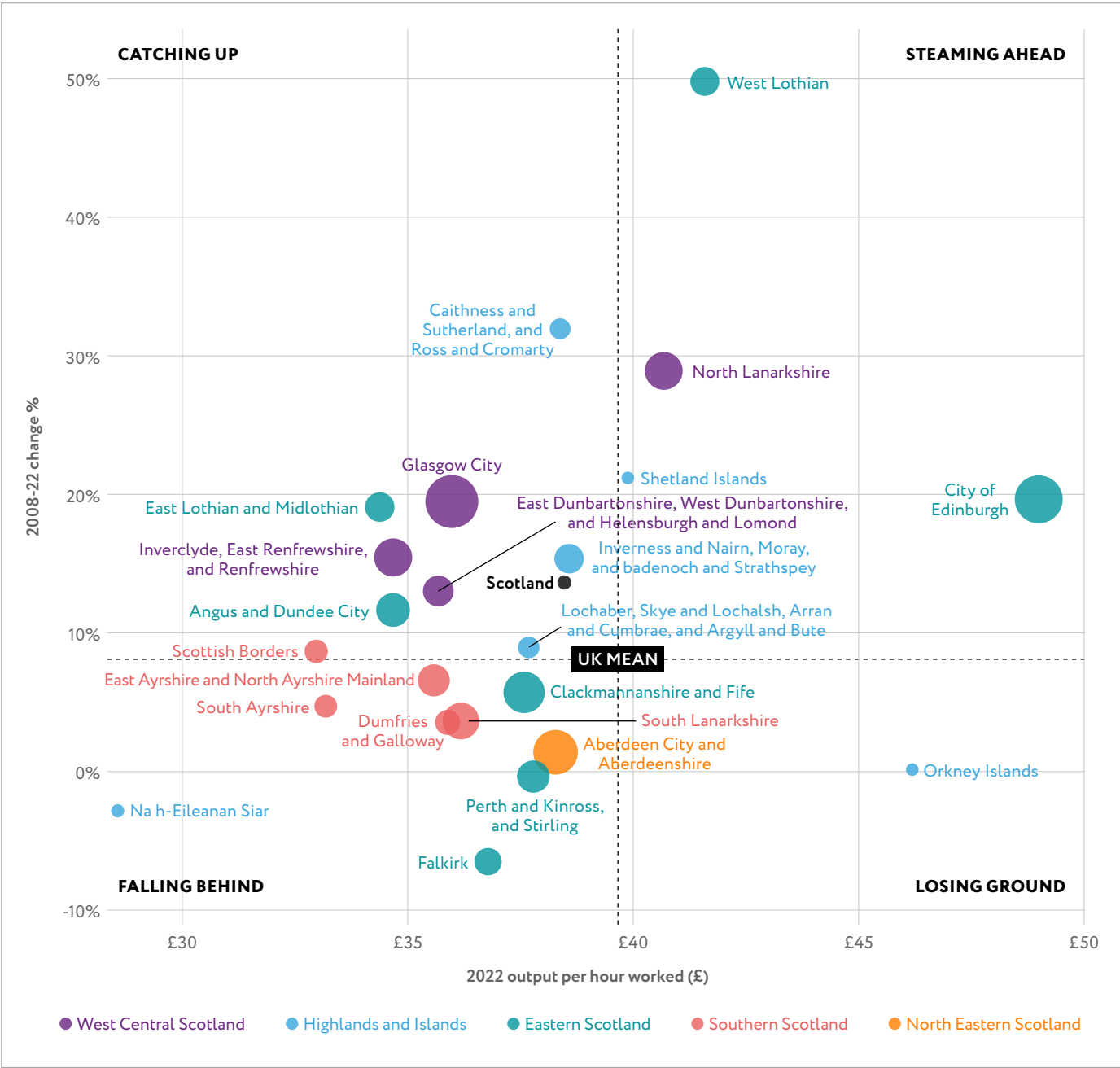
Another area for improvement is investment. Levels of private investment in the Scottish economy are typically lower than in the best performing countries. Although the contribution of Scottish universities to R&D is among the best in the OECD, this has yet to translate into a step-change in innovation in the Scottish economy.

In the most recent 2023 UK Innovation survey, Scotland lagged the UK in key metrics of innovation⁴ and, if anything, performance has deteriorated over the last decade. Evidence indicates a low degree of digital penetration in the Scottish business sector too, with businesses reporting gaps in employee digital skills.

Indeed, the main challenge for Scotland is to grow its economy across sectors by improving its skills base, supporting scale-ups and both current and emerging innovation bases.

"Although the contribution of Scottish universities to R&D is among the best in the OECD, this has yet to translate into a step-change in innovation in the Scottish economy."

Labour Productivity Performance by ITL3 Regions in Scotland, levels (value added per hour in 2022, in £) and change (growth, in % real terms, 2008-22)



Notes: Size of bubble denotes working population for the region and colour denotes ITL2 region.
Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, <https://www.ons.gov.uk/employmentandlabour/market/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaaperhourworkedandgvaaperfilledjobindicesbyuknuts2andnuts3subregions>
June 2024. Ortega-Argilés, R. and Menukhin, O. (2025) UK Subnational Productivity Visualisations, TPI Productivity Forum detail DOI:10.48420/28212929

Scotland ITL3 Scorecards for 2022

Category	Driver of Productivity	Scotland	City of Edinburgh	Orkney Islands	West Lothian	North Lanark-shire	Shetland Islands	Inverness and Nairn and Moray, Baden-och and Strathspey	Caithness and Suth-erland and Ross and Cromarty	Aberdeen City and Aberdeen-shire	Perth and Kinross and Stirling
Productivity	Taxonomy relative to the UK	Catching up	Steaming ahead	Losing ground	Steaming ahead	Steaming ahead	Steaming ahead	Catching up	Catching up	Falling behind	Falling behind
	Taxonomy relative to ITL1		Steaming ahead	Losing ground	Steaming ahead	Steaming ahead	Steaming ahead	Steaming ahead	Catching up	Falling behind	Falling behind
	GVA ph worked	£38.50	£49.00	£46.20	£41.60	£40.70	£39.90	£38.60	£38.40	£38.30	£37.80
Business Performance	Export Intensity ^{oo}	29.3%	25.6%		35.5%	17.6%		15.4%	13.4%		14.6%
	New Businesses	10.8%	11.4%	6.9%	12.3%	13.2%	7.8%	8.7%	8.6%	8.8%	9.1%
Skills & Training	Low Skilled ^o	9.6%			12.2%					7.7%	6.4%
	High Skilled	54.2%	73.2%	52.1%	51.2%	38.2%	45.7%	49.4%	46.5%	50.1%	59.6%
Health & Well-being	Active	81.2%	83.3%	87.6%	86.2%	72.6%	75.7%	83.2%	77.4%	83.0%	81.2%
	Inactive due to Illness ^o	41.2%	31.3%		57.8%	45.2%		33.8%	37.8%	36.6%	34.7%
	Working Age	59.9%	65.9%	54.0%	57.9%	62.5%	61.4%			63.6%	58.5%
Investment, Infrastructure & Connectivity	4G connected	84.8%	97.7%	20.3%	86.3%	90.3%	48.5%	55.2%	67.3%	80.2%	74.7%
	Fibre connected	39.4%	66.5%	2.0%	50.0%	26.8%	5.0%	42.6%	30.9%	47.5%	24.6%
	GFCF per job ^{ooo}	£10,466	£10,320	£7,633	£7,479	£7,738	£9,566	£25,559	£11,777	£12,775	£9,881
	ICT per job ^{ooo}	£475	£292	£613	£397	£461	£638	£228	£487	£1,192	£627
	Intangibles per job ^{ooo}	£1,978	£3,788	£2,811	£1,510	£1,540	£2,344	£480	£1,260	£2,700	£1,451

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

⚡

Reverse colour scale, lower values stimulate productivity

⚡⚡

This data is from 2021

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This data is from 2020

Lochaber, Skye and Lochalsh, Arran and Cumbrae and Ar-gyll and Bute	Clack-mannan-shire and Fife	Falkirk	South Lanark-shire	Glasgow City	Dumfries and Galloway	East Dunbar-tonshire, West Dunbar-tonshire and Helens-burgh and Lomond	East Ayrshire and North Ayrshire mainland	Angus and Dundee City	Inver-clyde, East Ren-frewshire and Ren-frewshire	East Lothian and Mid-lothian	South Ayrshire	Scottish Borders	Na h-Ei-leanan Siar
Catching up	Falling behind	Falling behind	Falling behind	Catching up	Falling behind	Catching up	Falling behind	Catching up	Catching up	Catching up	Falling behind	Catching up	Falling behind
Falling behind	Falling behind	Falling behind	Falling behind	Catching up	Falling behind	Falling behind	Falling behind	Falling behind	Catching up	Catching up	Falling behind	Falling behind	Falling behind
£37.70	£37.60	£36.80	£36.20	£36.00	£35.90	£35.70	£35.60	£34.70	£34.70	£34.40	£33.20	£33.00	£28.60
26.9%	42.9%	31.8%	9.7%	29.1%	13.0%	28.3%	18.0%	20.7%	35.1%	13.2%	69.8%		
9.1%	10.9%	11.6%	12.3%	13.7%	8.7%	11.6%	11.0%	10.9%	11.1%	10.5%	9.5%	8.7%	7.4%
11.1%	10.2%	10.9%	11.0%	12.8%	13.9%	7.7%	11.6%	6.9%	6.6%	12.5%	13.2%	7.4%	
44.5%	53.3%	51.2%	49.2%	54.4%	43.0%	58.2%	50.8%	59.2%	58.1%	57.8%	51.0%	49.8%	50.7%
77.3%	80.0%	86.6%	86.4%	79.4%	74.5%	83.7%	79.8%	78.5%	81.0%	83.6%	76.2%	88.3%	88.2%
45.8%	34.6%	57.5%	43.7%	39.1%	43.4%	47.4%	53.5%	35.3%	53.6%	45.0%	57.2%	32.0%	47.1%
	58.6%	59.2%	58.3%	64.2%	54.3%			60.3%	58.3%	56.6%	54.4%	55.4%	54.4%
72.6%	85.5%	79.3%	86.9%	98.7%	63.9%	88.5%	79.4%	91.8%	92.4%	81.6%	89.3%	82.0%	34.0%
22.2%	41.1%	13.9%	27.6%	41.9%	18.8%	17.0%	53.2%	40.8%	48.1%	63.7%	46.8%	25.8%	5.2%
£17,653	£9,947	£10,759	£6,882	£9,347	£8,589	£13,755	£8,187	£7,036	£7,600	£12,592	£10,602	£7,509	£12,569
£675	£460	£673	£410	£308	£392	£271	£440	£385	£427	£374	£300	£373	£576
£1,269	£1,429	£2,034	£1,057	£1,349	£1,123	£5,755	£1,051	£1,611	£1,544	£1,998	£1,357	£1,345	£2,794

Cite as Garcia, F.; Gouma, F.R.; Menukhin, O.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL3 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>
Annex: Methods and Sources
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Scorecard summary for Scotland

There are 23 ITL3 regions within the ITL1 region of Scotland and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Productivity

GVA per hour worked varies, ranging from £28.60 for Na H-Eileanan Siar to £49 for City of Edinburgh. West Lothian, North Lanarkshire and Orkney Islands also perform well.

Business Performance

New Businesses: Glasgow city stands out with a high rate of new business formation (13.7%), suggesting a dynamic and entrepreneurial environment. In contrast, Orkney Islands performs poorly at 6.9%, which indicates the region could benefit from policies encouraging start up and growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: Dumfries and Galloway had a high percentage of low skilled workers at 13.9%, which is going to negatively impact overall productivity. In contrast, Perth, Kinross and Stirling only had a 6.4% level of low skilled workers.

High Skilled: City of Edinburgh appears to have a strong workforce with 73.2% of workers being high skilled. High skilled workforces are essential for sustaining high productivity levels. North Lanarkshire only has a percentage of 38.2% indicating it may be a region where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: There is large variance in the performance of the regions when it comes to economic activity with Scottish Borders performing strongly at 88.3% while North Lanarkshire performs below average at 72.6%.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for City of Edinburgh at 31.3% yet being high for West Lothian at 57.8%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. City of Edinburgh holds the highest value at 65.9% whilst Orkney Islands holds the lowest at 54%.

"Innovation support is needed because Scotland is at the forefront in emerging areas such as green energy, agri-business, and the gaming and creative sectors."

Policy implications

WHAT Scotland needs to do:

- Develop its skills training to meet emerging innovations in finance, digital manufacturing and the agriculture, food and fisheries sectors. It should develop a skills pipeline and pathway to ensure the acquisition of skills is achieved across the population.
- Support scaling up by utilising its good investment support and funding ecosystem, encourage ambition, and include underrepresented entrepreneurs on the investment landscape.
- Support innovation across the digital, manufacturing, energy, finance and agri-sectors in ways that ensure innovations enhance internationalisation whilst maintaining ownership and value in Scotland.
- Skills training is needed for Scotland to leverage its advantage in outperforming the rest of the UK, to ensure inclusive growth, capture untapped talent and improve regional inequalities and disparity of economic performance.
- Scaling up support is needed as many innovative start-ups face challenges in growing. The Scottish economy also fails to benefit widely from innovations developed in Scotland.
- Innovation support is needed because Scotland is at the forefront in emerging areas such as green energy, agri-business, and the gaming and creative sectors. Support is needed to ensure that Scotland can capitalise on these strengths to achieve market lead.

HOW it can do this:

- Build on its current Skills Training ecosystem by assessing current and emerging skills requirements. These need to be developed by forecasting work with industry and by assessment of skills gaps. It needs to leverage current policy/ industry developments by undertaking further co-creation processes to identify skills and areas of untapped talent at sector level and at place-based level. It also needs to identify innovative approaches developed by business, including in policy (for example modular apprenticeship schemes), and develop innovative skills training tailored to sector and place.
- Develop scaling up support through its current investment ecosystem. Utilise and promote the investment support offered by Scottish Enterprise and the Scottish National Investment Bank, as well as showcase innovative investment approaches, such as crowdfunding for women in business. It also needs to undertake investment events across underserved areas of Scotland to inform SMEs, including rural businesses, about investment. This could be done through PeerWorks and Prosper.
- Support innovation by using universities and leading businesses more, and ensure that highly trained graduates are supported to stay and develop businesses through start-up grants, affordable housing, and shared business digital infrastructure. It should also provide information and consultation on commercialising innovation, and on plans for sustainable growth. And it should conduct innovation labs across the regions of Scotland to identify innovation potential. These can be delivered via the government's Industrial Transformation agenda, which includes work on Innovation and Productivity.

1 Scottish Government, Labour Productivity Statistics 2023: <https://data.gov.scot/labour-productivity-2023/>

2 ONS, No qualifications (Education and skills): <https://explore-local-statistics.beta.ons.gov.uk/indicators/aged-16-to-64-years-with-no-qualifications-great-britain>

3 Scottish Government, Exports statistics Scotland 2021: <https://www.gov.scot/publications/exports-statistics-scotland-2021/>

4 UK Government, UKIS 2023: Report. 6.2, Spatial distribution of innovative businesses.



East Anglia

CHAPTER THREE:

This is an executive summary of the latest East Anglia Productivity Forum Insight Paper authored by Owen Garling and Burcu Sevde Selvi.

> To read the full Paper go to productivity.ac.uk/research/east-anglia-2025



Summary

East Anglia is made up of the three counties of Cambridgeshire, Norfolk and Suffolk, and the unitary authority of Peterborough. Its population is of a comparable size (2.6 million) to Greater Manchester (2.9m) and North East England (2.7m). Yet unlike these big city regions, more than half the population of East Anglia live in small towns or villages, while only 22% live in large towns. Productivity performance is mixed, with GVA per hour worked ranging from £28.50 to £40.80.

East Anglia’s unique geography, characterised by dispersed towns, villages, and small cities, requires tailored, place-based strategies. These strategies need to prioritise localised interventions that reflect the needs and strengths of specific areas while fostering regional coherence. For example, shared local plans in areas like Greater Cambridge and Greater Norwich highlight successful collaborative approaches to housing and infrastructure planning.

Governance

The region’s governance landscape is fragmented, currently spanning the three county councils, multiple lower-tier authorities, and a single combined authority in Peterborough. This complexity underscores the need for greater collaboration across administrative boundaries. Enhanced coordination could provide greater strategic and financial autonomy to drive growth initiatives and unlock efficiencies, streamline planning processes, and support shared goals, such as housing development or infrastructure improvements.

The government's recently published English Devolution White Paper provides an opportunity to rationalise local government in the region and provide some of this collaborative and co-ordinated working across East Anglia.

Skills

Skills shortages and mismatches pose a major barrier to productivity growth in East Anglia. While Cambridge and Norwich excel in high-skilled employment, other areas struggle with low participation in further education and skills training. The region’s ageing population and rural geography exacerbate these challenges, limiting the pool of available workers and access to training facilities.

Targeted initiatives to expand apprenticeships, vocational training, and collaboration between educational institutions and employers are critical. Developing pathways for mid-tier skills, particularly in emerging sectors like digital technology, clean energy, and advanced manufacturing, will ensure a workforce aligned with regional economic needs.

Net Zero

East Anglia’s leadership in renewable energy, particularly offshore wind, positions it as a cornerstone of the UK’s net zero strategy. However, decarbonisation efforts extend beyond energy generation, intersecting with housing, transportation, and agriculture.

The region’s low-lying geography and vulnerability to flooding underscore the importance of integrating climate adaptation measures into long-term planning. From innovative land use practices to infrastructure investments in flood defences and water management, sustainability is a unifying theme that impacts regional productivity and quality of life.

Infrastructure

East Anglia is home to a significant number of nationally important infrastructure projects, including key infrastructure for reaching net zero as well as investments to unlock housing growth. However, there

is also local opposition to the delivery of a number of these projects.

The region faces significant disparities in infrastructure quality, with rural areas suffering from limited transport links and poor digital connectivity. While cities like Peterborough boast high fibre and 4G coverage, areas such as North and West Norfolk lag far behind, constraining access to opportunities and services. Strategic investments in infrastructure, including rail upgrades like the Ely Junction and expanded EV charging networks, are essential to reducing these disparities.

Inequalities

Inequality is a persistent issue in East Anglia, reflecting disparities in skills, infrastructure, and economic opportunities across its rural and urban areas. Key challenges include the uneven distribution of high-skilled jobs and education levels, with regions such as Fenland and Great Yarmouth lagging behind areas like Cambridge.

Addressing inequality requires targeted interventions to ensure equitable access to education, training, and employment opportunities. Initiatives like Local Skills Improvement Plans and partnerships between higher education institutions and employers are crucial in addressing these disparities.

"The region’s governance landscape is fragmented, currently spanning the three county councils, multiple lower-tier authorities, and a single combined authority in Peterborough."

Labour Productivity Performance by ITL3 Regions in East Anglia, Levels (value added per hour in 2022, in £) and change (growth, in % real terms, 2008-22)



Notes: Size of bubble denotes working population for the region and colour denotes ITL2 region.
Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaaperhourworkedandgvaaperfilledjobindicesbyuknuts2andnuts3subregions>
June 2024. Ortega-Argilés, R. and Menukhin, O. (2025) UK Subnational Productivity Visualisations, TPI Productivity Forum detail DOI:10.48420/28212929

East Anglia ITL3 Scorecards for 2022

Category	Driver of Productivity	East Anglia	Hertfordshire	Cambridgeshire CC	Essex Thames Gateway	Heart of Essex	Essex Haven Gateway	Norwich and East Norfolk
Productivity	Taxonomy relative to the UK	Falling behind	Steaming ahead	Steaming ahead	Losing ground	Catching up	Catching up	Catching up
	Taxonomy relative to ITL1		Steaming ahead	Steaming ahead	Steaming ahead	Steaming ahead	Catching up	Catching up
	GVA ph worked	£37.70	£40.80	£40.40	£40.10	£39.50	£36.90	£36.80
Business Performance	Export Intensity ^{oo}	26.1%	31.9%	56.4%	26.5%	12.4%	18.3%	23.4%
	New Businesses	11.0%	10.5%	9.7%	10.9%	10.0%	10.6%	10.7%
Skills & Training	Low Skilled ^o	8.6%	6.3%	8.1%	11.1%	6.0%	15.1%	6.7%
	High Skilled	41.7%	51.5%	46.1%	30.5%	48.4%	34.2%	48.5%
Health & Well-being	Active	84.2%	84.0%	84.7%	93.6%	83.7%	82.1%	82.5%
	Inactive due to Illness ^o	28.7%	23.4%	25.3%	73.5%	22.8%	37.8%	27.0%
	Working Age	56.8%	60.3%	56.9%	56.4%	55.7%	55.0%	57.4%
Investment, Infrastructure & Connectivity	4G connected	77.1%	88.7%	70.5%	85.0%	77.6%	72.1%	74.7%
	Fibre connected	36.8%	30.8%	38.0%	35.5%	51.3%	28.1%	26.8%
	GFCF per job ^{ooo}	£12,135	£9,624	£20,880	£6,157	£6,937	£15,464	£8,359
	ICT per job ^{ooo}	£369	£303	£499	£227	£324	£410	£411
	Intangibles per job ^{ooo}	£4,017	£3,417	£11,528	£577	£1,172	£6,692	£1,476

Key:

- Better: higher than 105% of weighted mean of ITL1 parent region
- Equal: within 95% - 105% of weighted mean of ITL1 parent region
- Worse: lower than 95% of weighted mean of ITL1 parent region
- No data available
- ⚙

 Reverse colour scale, lower values stimulate productivity
- ⚙⚙

 This data is from 2021
- ⚙⚙⚙

 This data is from 2020

Thurrock	Suffolk	Central Bedfordshire	Peterborough	West Essex	Breckland and South Norfolk	Luton	North and West Norfolk	Bedford	Southend-on-Sea
Falling behind	Catching up	Catching up	Falling behind	Falling behind	Falling behind	Falling behind	Falling behind	Falling behind	Falling behind
Falling behind	Catching up	Catching up	Falling behind	Falling behind	Catching up	Falling behind	Falling behind	Falling behind	Falling behind
£36.60	£36.50	£36.00	£35.70	£35.70	£35.60	£35.50	£32.40	£31.70	£28.50
11.9%	13.2%	16.5%	33.9%	21.3%	7.0%	30.0%	13.1%	11.1%	6.1%
13.7%	10.5%	10.1%	16.4%	10.7%	9.4%	17.4%	8.8%	12.0%	13.8%
7.0%	8.1%	10.3%	14.2%	6.8%	8.0%	9.4%	6.4%	6.0%	15.2%
42.7%	33.6%	38.3%	34.5%	46.0%	37.3%	41.3%	28.7%	42.6%	34.6%
89.4%	85.0%	88.5%	85.3%	85.1%	79.9%	75.3%	82.6%	80.5%	80.7%
27.0%	31.7%	66.3%	33.1%	20.0%	20.1%	19.4%	23.0%	17.8%	36.8%
59.4%	54.5%	57.4%	55.6%	55.1%	55.0%	59.7%	52.9%	53.8%	59.8%
82.6%	70.0%	73.6%	89.9%	81.0%	57.8%	93.6%	58.8%	72.8%	91.4%
51.5%	41.1%	28.5%	86.6%	35.7%	38.5%	7.2%	26.2%	34.1%	67.3%
£18,831	£11,895	£16,263	£9,737	£8,366	£10,027	£25,946	£7,714	£12,565	£6,529
£320	£439	£324	£418	£229	£281	£488	£301	£731	£138
£1,976	£2,228	£1,827	£2,182	£791	£1,834	£15,198	£732	£4,022	£1,885

Cite as Garcia, F.; Gouma, F.R.; Menukhin, O.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL3 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>
Annex: Methods and Sources
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Scorecard summary for East Anglia

There are 16 ITL3 regions within the ITL1 region of the East of England and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Productivity

GVA per hour worked varies, ranging from £28.50 for Southend-on-Sea to £40.80 for Hertfordshire. Cambridgeshire CC and Essex Thames Gateway also perform well with GVA per hour at £40.40 and £40.10, respectively.

Business Performance

New Businesses: Luton stands out with a high rate of new business formation (17.4%), suggesting a dynamic and entrepreneurial environment. In contrast, North and West Norfolk performs poorly at 8.8%, which indicates the region could benefit from policies encouraging startup growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: Southend-on-Sea has a relatively high percentage of low skilled workers at 15.2% which is going to negatively impact overall productivity. This also aligns with its lower GVA/hour productivity driver being below average. In contrast, Bedford only has 6% level of low skilled workers.

High Skilled: Hertfordshire appears to have a strong workforce with 51.5% of workers being higher skilled. High skilled workforces are essential for sustaining high productivity levels. North and West Norfolk only has a percentage of 28.7% indicating it may be a region where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: Most of the regions in the East of England appear to be performing either the same as or above the average apart from Breckland and South Norfolk and Luton where the activity rates are behind at 79.9% and 75.3%, respectively.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for Bedford at 17.8% and high for Essex Thames Gateway at 73.5%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. Hertfordshire holds the highest value at 60.3% whilst Bedford holds the lowest at 53.8%.

Policy implications

WHAT East Anglia needs to do:

- The recently published English Devolution White Paper¹ provides an opportunity to develop an approach to regional governance in East Anglia that embeds the principle of subsidiarity and ensures that decisions are taken at the most appropriate level.
- The region’s leadership in renewable energy, particularly offshore wind, means it has an opportunity to reposition itself as leading the drive to renewable energy for the country, and demonstrate national and international leadership. Being one of the driest and lowest lying regions of the UK, East Anglia also faces particular challenges around the effects of climate change.
- Tackling productivity challenges at the most appropriate spatial scale provides the best opportunity to overcome some of the co-ordination problems that lie at the heart of a number of the region’s productivity issues.

HOW it can do this:

- The English Devolution White Paper will see two-tier local authority areas, such as Cambridgeshire, Norfolk and Suffolk, being reorganised into unitary authorities of approximately 500,000 people, each of which will also be part of a combined authority. As well as considering the local implications of the White Paper, local and combined authorities should work together to understand how they can best collaborate to tackle the issues facing the region. For example, an East Anglia-wide summit could help decision-makers understand where it is appropriate to pool resources. Involving the region’s MPs in these conversations will help connect central and local government.
- East Anglia should take a whole systems approach to being a leader in renewable energy generation, while also contributing to the creation of sustainable communities that can withstand the challenges associated with climate change. Investing in energy, housing, transport and green infrastructure, as well as in education and skills systems, is needed to support the region’s ambitions. Its universities could work together to develop a collective vision for East Anglia which then becomes a region known for its approaches to tackling net zero in a sustainable and equitable way.

"East Anglia should take a whole systems approach to being a leader in renewable energy generation, while also contributing to the creation of sustainable communities that can withstand the challenges associated with climate change."

¹ <https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth/english-devolution-white-paper>



South West

CHAPTER FOUR:

This is an executive summary taken from the latest London, South East and South West Productivity Forum Insight Paper authored by Brittney Regal and Damian Grimshaw.

> To read the full Paper go to productivity.ac.uk/research/london-south-2025



Summary

Beyond its high-productivity hubs, the South West’s economy is primarily characterised by small and medium-sized enterprises operating in hospitality, agriculture, tourism, and diverse public services. The region’s economy therefore comprises sectors with lower than average value addition, such as retail, particularly prominent in underserved areas.

Access to capital, skills, and innovation hubs is often concentrated in larger cities, further compounding intraregional development disparities. For example, the relocation of the Isambard supercomputer upgrade from Exeter to Bath illustrates this centralisation of investment and innovation efforts around Bath and Bristol.

The underperformance of the South West can partly be attributed to limited innovation capacity, stemming from inadequate connections to research and innovation hubs and deindustrialisation. Connectivity issues, due to the unique geography and rural nature of the region, exacerbate these challenges as capital, skills, and innovation hubs are often concentrated in larger cities, further adding to disparities.

Net Zero

There has been a concerted effort to reduce the region's carbon footprint, though several particular challenges and opportunities arise from its unique geography. For instance, to reach net zero by 2030, the areas within the West of England Combined Authority need to cut 13% of current emissions each year.¹ At the same time, the region's population is growing faster than the national average, placing additional pressure on housing and transport infrastructure, which in turn increases regional emissions.

Housing and Infrastructure

The region faces acute housing affordability challenges. Demand for new housing outpaces supply, particularly because developable land in many parts of the South West is scarce, largely due to a significant portion of the region being designated as protected areas for the natural environment.

Health, Wellbeing and Skills

A diverse mix of challenges, such as ageing populations and health disparities, coexist with opportunities, including the growing

demand for green jobs and innovative business solutions. Simultaneously, there are thriving clusters in the life sciences that can contribute to innovation for future and current health challenges across the region and the country.

Ageing populations are a significant demographic trend. Dorset, a favoured retirement destination, has nearly 30% of its residents aged 65 and over, far exceeding the 19% average for England and Wales.² Similar patterns are seen in the wider region. Additionally, health disparities are pronounced, with life expectancy in Cornwall varying by up to 12 years between urban and rural areas.³

Digitalisation and AI Adoption

Partnerships appear to have been crucial in AI and digitalisation adoption across the region. The Cornwall and Isles of Scilly Skills Hub actively supports SMEs with digital training and skills analysis, while between 2010 and 2021 the Superfast Cornwall partnership - funded by the EU, Cornwall Council, the UK government and BT - accelerated the rollout of fibre broadband, resulting in some of the highest levels of rural full-fibre connectivity in the country.

"The underperformance of the South West can partly be attributed to limited innovation capacity, stemming from inadequate connections to research and innovation hubs and deindustrialisation."

1 Department for Energy Security and Net Zero (2023) UK Greenhouse gas emissions statistics. <https://www.gov.uk/government/collections/uk-greenhouse-gas-emissions-statistics>

2 Dorset (2021). Older People Topic Data. <https://gi.dorsetcouncil.gov.uk/insights/topics/Topic/Older-People>

3 Cornwall and Isles of Scilly (2022) Cornwall and Isles of Scilly joint Health and wellbeing strategy. <https://www.cornwall.gov.uk/health-and-social-care/public-health/cornwall-and-isles-of-scilly-joint-health-and-wellbeing-strategy/>

Labour Productivity Performance by ITL3 Regions in the South West, levels (value added per hour in 2022, in £) and change (growth, in % real terms, 2008-22)



Notes: Size of bubble denotes working population for the region and colour denotes ITL2 region.

Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions> June 2024. Ortega-Argilés, R. and Menukhin, O. (2025) UK Subnational Productivity Visualisations, TPI Productivity Forum detail DOI:10.48420/28212929

South West ITL3 Scorecards for 2022

Category	Driver of Productivity	South West	Swindon	Bath and North East Somerset, North Somerset and South Gloucestershire	Gloucestershire	Wiltshire	Bournemouth, Christchurch and Poole
Productivity	Taxonomy relative to the UK	Falling behind	Losing ground	Steaming ahead	Falling behind	Catching up	Falling behind
	Taxonomy relative to ITL1		Losing ground	Steaming ahead	Losing ground	Steaming ahead	Losing ground
	GVA ph worked	£36.90	£55.40	£41.30	£39.00	£38.60	£37.90
Business Performance	Export Intensity**	19.8%	26.1%	20.5%	48.1%	12.2%	22.9%
	New Businesses	10.3%	12.3%	10.6%	8.8%	9.2%	11.2%
Skills & Training	Low Skilled*	8.2%	12.4%	6.2%	7.7%	6.2%	
	High Skilled	43.7%	35.4%	48.6%	44.6%	43.0%	
Health & Well-being	Active	83.8%	81.5%	86.8%	85.6%	87.0%	80.7%
	Inactive due to Illness*	31.7%	28.2%	33.4%	38.1%	35.8%	26.1%
	Working Age	55.8%	58.4%	56.9%	56.3%	54.2%	53.7%
Investment, Infrastructure & Connectivity	4G connected	77.2%	89.6%	79.9%	71.5%	75.3%	90.0%
	Fibre connected	43.0%	76.7%	33.1%	36.6%	38.3%	43.3%
	GFCF per job***	£10,122	£13,315	£11,166	£9,752	£14,589	£7,176
	ICT per job***	£412	£1,065	£683	£374	£318	£374
	Intangibles per job***	£2,329	£4,156	£3,263	£2,424	£3,830	£1,649

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

⚡ Reverse colour scale, lower values stimulate productivity

⚡⚡ This data is from 2021

⚡⚡⚡ This data is from 2020

Bristol, City of	Dorset	Devon CC	Somerset	Plymouth	Cornwall and Isles of Scilly	Torbay
Falling behind	Falling behind	Catching up	Falling behind	Falling behind	Catching up	Falling behind
Falling behind	Falling behind	Catching up	Falling behind	Falling behind	Catching up	Falling behind
£35.70	£34.70	£34.00	£33.20	£33.00	£31.70	£27.10
15.8%	9.0%	10.5%	19.3%		7.8%	
12.4%	8.8%	9.6%	11.2%	13.4%	9.9%	11.7%
8.4%		7.4%	7.2%	14.5%	8.2%	11.5%
57.7%		40.4%	41.3%	38.9%	40.5%	36.6%
83.6%	78.8%	82.3%	83.5%	81.4%	83.2%	81.0%
28.0%	20.1%	23.2%	24.4%	47.8%	41.5%	42.6%
64.9%	60.0%	53.0%	53.0%	58.3%	53.9%	51.3%
94.6%	72.3%	70.1%	66.1%	96.1%	68.7%	90.5%
59.2%	34.8%	45.4%	47.7%	20.9%	40.1%	72.1%
£9,926	£9,252	£8,429	£11,467	£11,232	£7,443	£8,240
£337	£254	£301	£405	£331	£359	£169
£3,041	£2,393	£1,177	£1,734	£1,481	£913	£2,888

Cite as Garcia, F.; Gouma, F.R.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL1 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>

Annex: Methods and Sources

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Scorecard summary for South West

There are 12 ITL3 regions within the ITL1 region of the South West and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Productivity

GVA per hour worked varies, ranging from £27.10 for Torbay to £55.40 for Swindon. Bath and North East Somerset and South Gloucestershire, and Gloucestershire also perform well.

Business Performance

New Businesses: Plymouth stands out with a high rate of new business formation (13.4%), suggesting a dynamic and entrepreneurial environment. In contrast Gloucestershire and Dorset perform poorly at 8.8%, which indicates the regions that could benefit from policies encouraging startup growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: Plymouth has a relatively high percentage of low skilled workers at 14.5% which is going to negatively impact overall productivity. This also aligns with its lower GVA/hour productivity driver being lower than average. In contrast, Bath and North East Somerset, North Somerset and South Gloucestershire only has a 6.2% of low skilled workers.

High Skilled: City of Bristol of appears to have a strong workforce with 57.7% of workers being high skilled. High skilled workforces are essential for sustaining high productivity levels. Swindon only has a percentage of 35.4% indicating it may be a region where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: Most of the regions in the South West appear to be performing equal to the average apart from Dorset which is below with 78.8% activity.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for Dorset at 20.1%. For Plymouth, this is much higher at 47.8%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. City of Bristol of holds the highest value at 68.6% whilst Bournemouth, Christchurch and Poole holds the lowest at 53.9%.

"There is a need to establish a clearer and more effective regional strategic framework for planning and housing, focusing on employment of land, infrastructure delivery, and efficient planning processes to support economic growth and innovation."

Policy implications

WHAT the South West needs to do:

- A coherent, regional approach is needed to address the housing affordability crisis and poor transport links. There is a need to establish a clearer and more effective regional strategic framework for planning and housing, focusing on employment of land, infrastructure delivery, and efficient planning processes to support economic growth and innovation.
- Address delays in infrastructure delivery and improve planning efficiency, which will remove key barriers to economic growth in key sectors like construction, energy, and logistics. Additionally, addressing extended decision times in planning is crucial to maintaining a responsive and dynamic development environment.
- Address national funding challenges in social care and Special Educational Needs and Disabilities (SEND), and introduce greater fiscal incentives for local decision-makers to promote growth through effective planning.

HOW it can do this:

- A regional framework should be developed to prioritise employment land for high value-added activities and for high-knowledge clusters, including from foreign direct investment. A unified approach to infrastructure planning and delivery is also necessary to address inconsistencies between the UK and EU systems, reducing delays and streamlining processes that hinder growth in critical sectors like construction, energy, and logistics.
- The government should establish a national framework to fully fund Social Care and SEND services, removing these from local authority budgets. Concurrently, fiscal incentives like tax retention should be introduced, giving local decision-makers the tools and motivation to plan effectively for growth, improve service delivery, and support long-term wellbeing and skills development in their regions. Adult skills budgets should also be fully devolved so that local governments can prioritise skill development to match regional needs.
- Despite challenges such as ageing populations and regional health disparities, the South West shows significant potential for growth, particularly through green jobs and skill-building programmes. Addressing these issues through innovative partnerships and targeted interventions will be crucial for boosting productivity across the region.



North West

CHAPTER FIVE:

This is an executive summary of the latest North West Productivity Forum Insight Paper authored by Kate Penney, Marianne Sensier, Raquel Ortega-Argilés and Fatima Garcia Elena.

> To read the full Paper go to productivity.ac.uk/research/north-west-2025



Summary

The North West of England is composed of five distinct but interconnected sub-regions - the two major cities and urban agglomerations that surround Manchester and Liverpool, and the more rural regions of Lancashire and Cumbria to the north and Cheshire to the south. With a population of 7.4 million it is the third most populated region in the UK and has seen its population grow by 368,000 since 2011.

The region has some of the most significant structural deprivation challenges in the country with more than 222,000 people claiming out of work benefits. The region's average productivity also lags the national average, and this gap has widened over the past decade. The primary reasons for this shortfall are underinvestment by the public and private sectors in key growth drivers such as infrastructure, R&D, and human capital, as well as the long-term scarring from the region's industrial decline. The region's fragmented economic geography and lack of critical mass also contribute to the productivity gap.

Challenge

Addressing the North West's productivity challenge will require a concerted, long-term effort by both central government and key local actors. This should involve a renewed commitment to devolution, and a focus on supporting growth and innovation, exposure to international competition, technology adoption, and the development of the workforce and management skills needed for a digitally enabled, net zero economy.

However, the region does have considerable strengths in specific sectors. For instance, Cumbria has a high specialisation in clean energy, while Greater Manchester is a hub for professional and business services. Lancashire has strengths in advanced manufacturing, while Cheshire is known for its life sciences, digital and technology strengths. The Liverpool city region has a concentration of companies higher than the UK average in defence.

Net zero

There is a strong commitment to net zero across the region. For instance, Manchester has committed to becoming a zero carbon city by 2038, and this transition will provide opportunities for the city's economy in areas such as technology, housing retrofit, energy, transport and research.

Meanwhile the Liverpool city region is a hub for health and life sciences education, research, and innovation, with more than 64,000 higher education students, including 26,000 enrolled in health and life sciences-related courses.

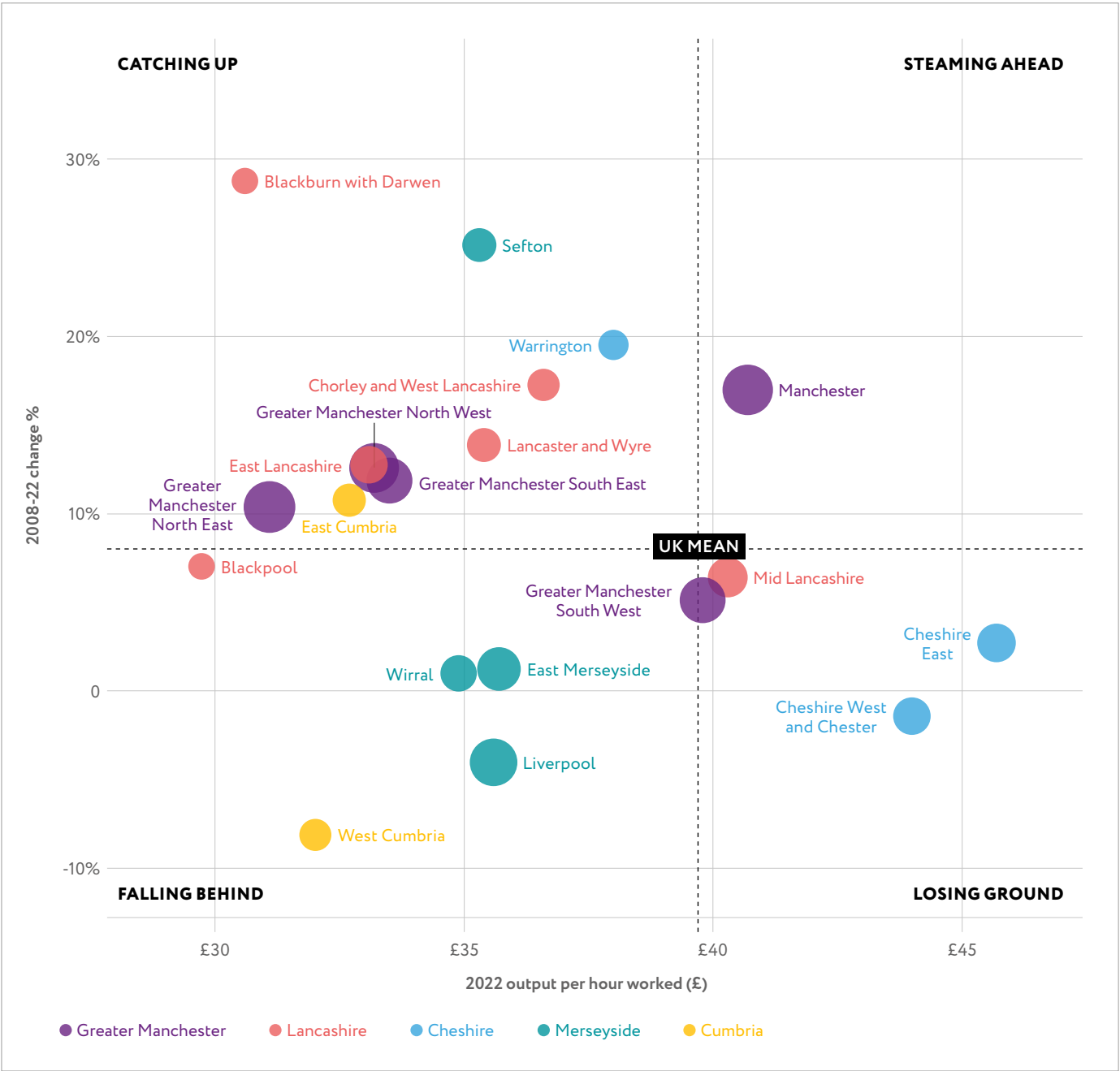
Skills

It is important that higher skills translate into improved productivity, rather than just higher wages, and there is a need to better align skills development with broader economic and innovation policies.

For instance, Greater Manchester's labour market has expanded rapidly, with a highly qualified workforce, a high concentration of high-skilled jobs in the city centre, and a vibrant ecosystem of new businesses and start-ups. Its Mayor Andy Burnham has also outlined an ambitious plan to create two equal pathways for young people when they make their GCSE choices – one academic and one focused on technical careers.

"The region's fragmented economic geography and lack of critical mass also contribute to the productivity gap."

Labour Productivity Performance by ITL3 Regions in the North West, Levels (value added per hour in 2022, in £) and change (growth, in % real terms, 2008-22)



Notes: Size of bubble denotes working population for the region and colour denotes ITL2 region.
Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, <https://www.ons.gov.uk/employmentandlabour/market/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions>
June 2024. Ortega-Argilés, R. and Menukhin, O. (2025) UK Subnational Productivity Visualisations, TPI Productivity Forum detail DOI:10.48420/28212929

North West ITL3 Scorecards for 2022

Category	Driver of Productivity	North West	Cheshire East	Cheshire West and Chester	Manchester	Mid Lancashire	Greater Manchester South West	Warrington	Chorley and West Lancashire	East Merseyside
Productivity	Taxonomy relative to the UK	Catching up	Losing ground	Losing ground	Steaming ahead	Losing ground	Losing ground	Catching up	Catching up	Falling behind
	Taxonomy relative to ITL1		Losing ground	Losing ground	Steaming ahead	Losing ground	Losing ground	Steaming ahead	Catching up	Falling behind
	GVA ph worked	£36.80	£45.70	£44.00	£40.70	£40.30	£39.80	£38.00	£36.60	£35.70
Business Performance	Export Intensity ^{oo}	25.3%	53.7%	42.8%	21.4%	58.3%	17.7%	21.7%		36.0%
	New Businesses	12.5%	9.9%	10.4%	14.8%	11.1%	12.8%	11.7%	10.6%	12.6%
Skills & Training	Low Skilled ^o	10.8%	8.3%	8.9%	12.7%	5.3%	9.1%	11.0%		13.9%
	High Skilled	42.6%	48.9%	42.0%	52.5%	47.3%	51.8%	47.5%	42.4%	38.4%
Health & Well-being	Active	80.2%	87.8%	77.9%	75.7%	82.6%	79.2%	84.0%	77.0%	81.8%
	Inactive due to Illness ^o	36.3%	31.4%	26.7%	31.5%	28.4%	29.3%	30.2%	34.4%	48.4%
	Working Age	57.2%	51.3%	53.3%	65.9%	55.3%	58.7%	58.9%	55.7%	56.0%
Investment, Infrastructure & Connectivity	4G connected	86.9%	84.3%	71.9%	98.7%	81.6%	94.8%	82.2%	73.2%	91.9%
	Fibre connected	35.8%	31.7%	56.0%	40.3%	40.7%	40.6%	21.9%	47.1%	26.1%
	GFCF per job ^{ooo}	£9,365	£11,359	£12,376	£11,194	£11,390	£10,853	£7,279	£6,555	£8,814
	ICT per job ^{ooo}	£399	£405	£556	£439	£633	£502	£368	£315	£399
	Intangibles per job ^{ooo}	£1,878	£3,326	£2,365	£2,008	£3,170	£2,923	£1,452	£1,205	£1,997

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

Reverse colour scale, lower values stimulate productivity

This data is from 2021

This data is from 2020

Liverpool	Lancaster and Wyre	Sefton	Wirral	Greater Manchester South East	Greater Manchester North West	East Lancashire	East Cumbria	West Cumbria	Greater Manchester North East	Blackburn with Darwen	Blackpool
Falling behind	Catching up	Catching up	Falling behind	Catching up	Catching up	Catching up	Catching up	Falling behind	Catching up	Catching up	Falling behind
Falling behind	Catching up	Catching up	Falling behind	Catching up	Catching up	Catching up	Catching up	Falling behind	Catching up	Catching up	Falling behind
£35.60	£35.40	£35.30	£34.90	£33.50	£33.20	£33.10	£32.70	£32.00	£31.10	£30.60	£29.70
19.3%	14.3%	20.0%	13.0%	16.2%	12.1%	18.8%	22.9%	23.2%	14.6%	14.9%	
15.9%	10.9%	12.6%	13.0%	12.6%	13.1%	11.9%	9.4%	8.7%	13.7%	13.0%	17.0%
11.2%	10.1%	10.5%	9.8%	9.3%	12.9%	9.9%	10.2%	11.8%	12.5%	17.1%	13.6%
50.1%	36.4%	41.7%	42.7%	44.5%	34.8%	35.4%	44.5%	32.5%	33.3%	29.1%	34.8%
74.3%	78.8%	80.2%	83.2%	84.3%	81.0%	79.2%	87.8%	81.5%	78.7%	75.4%	77.6%
40.3%	39.9%	35.2%	41.6%	36.5%	38.6%	36.8%	52.9%	52.1%	33.0%	31.6%	49.7%
64.7%	54.8%	55.1%	57.1%	57.4%	56.8%	54.8%	52.7%	55.1%	56.8%	56.2%	56.4%
98.9%	78.6%	77.4%	83.3%	93.9%	89.9%	89.8%	65.6%	70.3%	92.7%	97.0%	84.9%
45.4%	56.5%	43.2%	71.2%	29.7%	20.3%	22.5%	23.5%	17.8%	39.4%	14.2%	3.9%
£10,995	£7,475	£7,977	£7,110	£5,966	£5,572	£6,466	£10,801	£21,286	£6,405	£6,665	£4,846
£434	£464	£389	£301	£272	£213	£385	£355	£532	£284	£260	£171
£1,453	£684	£980	£2,557	£1,312	£771	£1,032	£3,082	£1,279	£1,221	£863	£791

Cite as Garcia, F.; Gouma, F.R.; Menukhin, O.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL3 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>
Annex: Methods and Sources
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Scorecard summary for North West

There are 20 ITL3 regions within the ITL1 region of the North West and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Productivity

GVA per hour worked varies, ranging from £29.7 for Blackpool to £45.70 for Cheshire East. Cheshire West and Chester, Greater Manchester South West and Manchester also perform well.

Business Performance

New Businesses: Blackpool stands out with a high rate of new business formation (17%), suggesting a dynamic and entrepreneurial environment. In contrast, West Cumbria performs poorly at 8.7%, which indicates the region could benefit from policies encouraging startup growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: Blackburn with Darwen has a high percentage of low skilled workers at 17.1% which is going to negatively impact overall productivity. This also aligns with its lower GVA/hour productivity driver being below average. In contrast, Mid Lancashire only has a 5.3% level of low skilled workers.

High Skilled: Manchester appears to have a strong workforce with 52.5% of workers being high skilled. High skilled workforces are essential for sustaining high productivity levels. Blackburn with Darwen only has a percentage of 29.1% indicating it may be a region where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: There is large variability across regions for this driver with regions such as East Cumbria and Cheshire having high economic activity at 87.8% compared with Liverpool where this figure is 74.3%.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for Cheshire West and Chester at 26.7% and high for East Cumbria at 52.9%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. Manchester holds the highest value at 65.9% whereas Cheshire east is below the average at 51.3%.

"The Greater Manchester Combined Authority (GMCA) could host a learning unit to provide advice for North West authorities, sharing best practices to help them in developing their devolution deals."

Policy implications

WHAT
the North West needs to do:

- Build on the innovative/experimental policy environment in Greater Manchester (GM) which has led to the recent Devolution White paper advising on more devolution for England based on the strong collaborative and co-operative working across the public, private and third sectors in GM over decades. Liverpool is following its own devolution deal with plans to take buses back under public control from 2026. Lancashire has also proposed a devolution deal, but could it learn from GM as it works towards a new structure? Cumbria is working towards a Strategic Authority with an elected Mayor, while Cheshire may also aim to create a Strategic Authority. Again, both counties could also learn from GM's experience.
- Continue to strengthen the triple helix approach of universities working with local government and industry to create productive businesses and innovative employment opportunities in the region.

HOW
it can do this:

- The Greater Manchester Combined Authority (GMCA) could host a learning unit to provide advice for North West authorities, sharing best practices to help them in developing their devolution deals. The learning unit could facilitate a network for learning and building complementary local growth plans across the North West.
- The Greater Manchester Accelerator programme has worked on projects in advanced materials, health and digital technologies that have created demand for companies and facilitated them to work with universities to expand capacity. There are also a number of highly productive industries in each sub-region of the North West that could be supported further with UKRI funding, boosting innovative capacity.
- The Made Smarter programme (initially piloted in the North West for advanced manufacturing firms) could be expanded to include business and professional services, helping to increase the use of technologies by firms, and enabling graduates to have placements to improve technology adoption.



Yorkshire and The Humber, and North East

CHAPTER SIX:

This is an executive summary of the latest Yorkshire, Humber and North East Productivity Forum Insight Paper authored by Redouane Sarrakh, Jason Heyes, Sam Killick and Kate Penney.

> To read the full Paper go to productivity.ac.uk/research/yorkshire-humber-north-east-2025



Summary

As in other regions, productivity levels differ markedly within Yorkshire, the Humber and the North East. For instance, East Yorkshire and Northern Lincolnshire have productivity levels on a par with the UK average, while South Yorkshire has one of the lowest levels in the UK. Further differences are revealed at a more local level. In Yorkshire and Humber, the productivity performance in 2022 was strongest in North and North East Lincolnshire, York and East Riding of Yorkshire, all of which were above the UK average. Other areas experienced productivity levels below the UK average, with Barnsley, Doncaster and Rotherham ranking last among the region’s areas.

In the North East, Hartlepool and Stockton-on-Tees and Sunderland are the top performers, with productivity levels slightly below the UK average, while areas such as Darlington and South Teesside perform less favourably.

Skills focus

There have been a number of policy developments within the region that indicate increased attention to its skills base, education and training provision, and support for pathways into work. This is particularly driven by the fact that both Yorkshire and the North East exhibit lower attainment levels in relation to higher-level

qualifications when compared to the UK. At the local authority level, the qualifications data reveals significant regional variations, with some areas showing notable progress in the proportion of the population possessing high and mid-level qualifications, while others struggle. For instance, York has the highest proportion of individuals whose highest qualification is at the N/RVQ4+ higher level, reaching 60.3% in 2022. Leeds and Sheffield also have relatively high proportions of people with N/RVQ4+ qualifications. Conversely, areas such as Doncaster, North East Lincolnshire and Wakefield are lagging behind. Only 27% of people aged 16-64 in North East Lincolnshire have an N/RQF4+ qualification, the lowest proportion among UK local authorities.

Skills match

A detailed breakdown at local authority level reveals some regional disparities in skills alignment. For instance, in the North East the rate of matched qualifications varies significantly, with Newcastle upon Tyne demonstrating the highest proportion of employees with qualifications matching their occupation, followed by Northern Tyneside. These local authorities also report comparatively lower levels of overqualification. In contrast, areas such

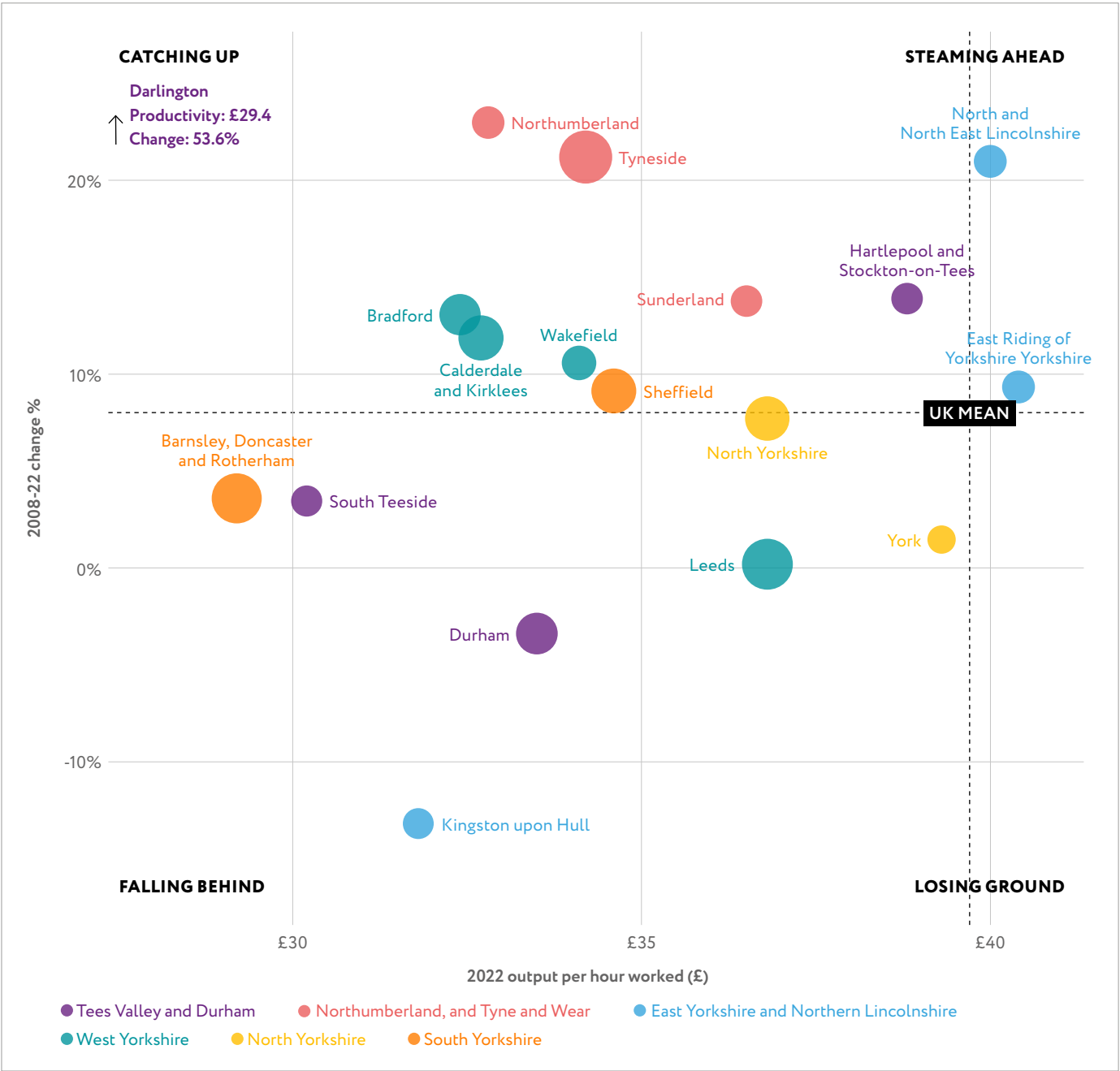
as Sunderland and Hartlepool record lower rates of employed individuals with qualifications matching their occupations. In Yorkshire and the Humber, the disparity in the rates of employees with qualifications matching the average for their occupation is also evident. A number of local authorities display high levels of skills mismatches, such as Kingston upon Hull and Doncaster. Notably, Doncaster has the highest proportion of underqualified employed individuals, the highest across both regions and implying a substantial skills gap in the area.

Local Skills Improvement Plans

In 2022, the then government appointed employer representative bodies to lead on the development and review of Local Skills Improvement Plans for all 38 areas of the country. These bodies worked with employers, technical education providers and other stakeholders to develop ‘evidence-based and actionable LSIPs’ that identified changes needed in each locality to make ‘technical education and training more responsive to employer and local labour market needs’¹. In addition, local and combined authorities have developed plans that either focus on skills or includes skill development among other objectives for promoting economic growth.

"There have been a number of policy developments within the region that indicate increased attention to its skills base, education and training provision, and support for pathways into work."

Labour Productivity Performance by ITL3 Regions in Yorkshire and The Humber, and North East, levels (value added per hour in 2022, in £) and change (growth, in % real terms, 2008-22)



Notes: Size of bubble denotes working population for the region and colour denotes ITL2 region.
Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions>
June 2024. Ortega-Argilés, R. and Menukhin, O. (2025) UK Subnational Productivity Visualisations, TPI Productivity Forum detail DOI:10.48420/28212929

Yorkshire and The Humber ITL3 Scorecards for 2022

Category	Driver of Productivity	Yorkshire and The Humber	East Riding of Yorkshire	North and North East Lincolnshire	York	North Yorkshire CC
Productivity	Taxonomy relative to the UK	Falling behind	Steaming ahead	Steaming ahead	Falling behind	Falling behind
	Taxonomy relative to ITL1		Steaming ahead	Steaming ahead	Losing ground	Steaming ahead
	GVA ph worked	£34.80	£40.40	£40.00	£39.30	£36.80
Business Performance	Export Intensity**	18.8%	14.7%	45.7%	15.6%	11.2%
	New Businesses	12.6%	10.1%	12.8%	10.8%	9.4%
Skills & Training	Low Skilled*	11.0%	6.5%	10.8%	3.6%	8.0%
	High Skilled	38.9%	39.2%	31.4%	60.3%	42.6%
Health & Well-being	Active	81.0%	82.9%	81.0%	91.3%	83.7%
	Inactive due to Illness*	34.3%	44.3%	39.6%	25.0%	29.7%
	Working Age	58.3%	53.0%	57.1%	62.6%	53.4%
Investment, Infrastructure & Connectivity	4G connected	85.0%	72.3%	74.3%	85.0%	69.5%
	Fibre connected	49.4%	76.3%	20.4%	52.3%	30.9%
	GFCF per job***	£9,817	£27,366	£10,385	£15,482	£12,124
	ICT per job***	£340	£282	£234	£546	£436
	Intangibles per job***	£1,648	£1,710	£991	£1,153	£2,140

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

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 Reverse colour scale, lower values stimulate productivity

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 This data is from 2021

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 This data is from 2020

Leeds	Sheffield	Wakefield	Calderdale and Kirklees	Bradford	Kingston upon Hull, City of	Barnsley, Doncaster and Rotherham
Falling behind	Catching up	Catching up	Catching up	Catching up	Falling behind	Falling behind
Losing ground	Catching up	Catching up	Catching up	Catching up	Falling behind	Falling behind
£36.80	£34.60	£34.10	£32.70	£32.40	£31.80	£29.20
17.1%	21.5%	15.1%	21.1%	22.6%	19.2%	12.0%
12.9%	12.7%	12.5%	12.9%	13.7%	17.4%	15.0%
10.5%	7.0%	15.0%	11.1%	15.5%	17.4%	13.6%
46.7%	46.7%	26.7%	36.1%	36.0%	29.6%	31.6%
84.0%	81.2%	79.2%	76.4%	77.1%	77.2%	80.8%
27.6%	38.9%	41.5%	28.6%	30.7%	34.7%	40.5%
59.1%	65.8%	54.8%	60.5%	57.6%	61.3%	56.6%
93.4%	93.6%	86.8%	88.9%	91.5%	99.3%	81.1%
72.6%	50.5%	56.4%	38.1%	35.0%	97.7%	38.6%
£8,459	£9,178	£8,353	£5,869	£6,576	£6,889	£8,211
£318	£372	£334	£228	£382	£407	£262
£1,948	£1,966	£1,584	£1,289	£2,044	£1,307	£1,146

Cite as Garcia, F.; Gouma, F.R.; Menukhin, O.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL3 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>

Annex: Methods and Sources

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North East ITL3 Scorecards for 2022

Category	Driver of Productivity	North East	Hartlepool and Stockton-on-Tees	Sunderland
Productivity	Taxonomy relative to the UK	Catching up	Catching up	Catching up
	Taxonomy relative to ITL1		Losing ground	Losing ground
	GVA ph worked	£34.00	£38.80	£36.50
Business Performance	Export Intensity**	28.5%	58.0%	45.9%
	New Businesses	12.4%	11.6%	14.9%
Skills & Training	Low Skilled*	11.9%	13.7%	11.6%
	High Skilled	36.7%	34.7%	29.0%
Health & Well-being	Active	79.3%	80.9%	79.0%
	Inactive due to Illness*	43.2%	50.5%	41.6%
	Working Age	56.6%	55.8%	57.5%
Investment, Infrastructure & Connectivity	4G connected	85.7%	73.2%	91.6%
	Fibre connected	32.6%	29.4%	27.5%
	GFCF per job***	£8,715	£9,091	£8,847
	ICT per job***	£361	£578	£491
	Intangibles per job***	£1,692	£1,534	£3,303

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

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 Reverse colour scale, lower values stimulate productivity

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 This data is from 2021

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 This data is from 2020

Tyneside	Durham CC	Northumberland	South Teesside	Darlington
Catching up	Falling behind	Catching up	Falling behind	Catching up
Steaming ahead	Falling behind	Catching up	Falling behind	Catching up
£34.20	£33.50	£32.80	£30.20	£29.40
19.6%	28.0%			
13.1%	12.1%	9.5%	14.2%	11.2%
12.0%	12.2%	7.9%	14.4%	9.4%
42.4%	33.7%	40.5%	28.9%	40.0%
77.8%	82.2%	80.3%	75.2%	83.0%
41.0%	51.1%	32.7%	44.4%	38.8%
59.2%	56.3%	51.6%	55.6%	55.4%
94.3%	81.6%	75.0%	85.7%	88.2%
33.7%	48.3%	32.4%	13.4%	18.9%
£7,232	£9,592	£11,786	£8,603	£9,393
£248	£210	£327	£510	£740
£1,123	£1,311	£2,224	£1,655	£2,957

Cite as Garcia, F.; Gouma, F.R.; Menukhin, O.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL3 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>

Annex: Methods and Sources

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Scorecard summaries for Yorkshire and The Humber, and North East

There are 11 ITL3 regions within the ITL1 region of the Yorkshire and The Humber and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Productivity

GVA per hour worked varies, ranging from £29.20 for Barnsley, Doncaster and Rotherham to £40.40 for East Riding of Yorkshire. North and East Lincolnshire, York, North Yorkshire CC and Leeds also prove to be doing well for this driver.

Business Performance

New Businesses: Kingston upon Hull, City of stands out with a high rate of new business formation (17.4%), suggesting a dynamic and entrepreneurial environment. In contrast, North Yorkshire CC performs

poorly at 9.4%, which indicates the region could benefit from policies encouraging startup growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: Kingston upon Hull, City of has a relatively high percentage of low skilled workers at 17.4% which is going to negatively impact overall productivity. In contrast, York only has a 3.6% level of low skilled workers.

High Skilled: York appears to have a strong workforce with 60.3% of workers being high skilled. High skilled workforces are essential for sustaining high productivity levels. Wakefield only has a percentage of 26.7% indicating it may be a region

where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: Most of the regions in Yorkshire and The Humber appear to be performing either the same or above average apart from Calderdale and Kirklees which has an economic activity rate of 76.4%.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for York at 25% and high for East Riding of Yorkshire at 44.3%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. East Riding of Yorkshire holds the lowest value at 53% whilst Sheffield holds the highest at 65.8%.

There are 7 ITL3 regions within the ITL1 region of the North East and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Productivity

GVA per hour worked varies, ranging from £29.40 for Darlington to £38.80 for Hartlepool and Stockton-on-Tees. Sunderland also performs well at £36.50.

Business Performance

New Businesses: Sunderland stands out with a high rate of new business formation (14.9%), suggesting a dynamic and entrepreneurial environment. In contrast, Northumberland performs poorly at 9.5%, which indicates the region could benefit from policies encouraging startup growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: South Teesside has a relatively high percentage of low skilled workers at 14.4% which is going to negatively impact overall productivity. This also aligns with its lower GVA/hour productivity driver being lower than average. In contrast, Darlington only has a 9.4% level of low skilled workers.

High Skilled: Tyneside appears to have a strong workforce with 42.4% of workers being high skilled. High skilled workforces are essential for sustaining high productivity levels. South Teesside only has a percentage of 28.9% indicating it may be a region where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: Most of the regions in the North East appear to be performing either the same or above average apart from South Teesside where activity rates are 75.2%.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for Hartlepool and Stockton-on-Tees at 50.5% and 51.15 for Durham CC. For Northumberland it is much higher at 32.7%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. Tyneside holds the highest value at 63.9% whilst Northumberland holds the lowest at 57.3%.

Policy implications

WHAT
Yorkshire, the Humber and
North East needs to do:

- In terms of skills provision there are steps that might be taken in the short-term that are relatively inexpensive yet might provide quick returns.
- These steps include improving capacity to understand and forecast labour market changes and the changing skills needs of employers, addressing persistent mismatches between the demand and supply of skills, strengthening pathways into work for those furthest from the labour market and increase their opportunities to acquire skills and qualifications, and encouraging increased training activity by incentivising and supporting employers.
- Ensure ongoing cooperation and information sharing by combined authorities, local authorities, employers, employer organisations (e.g. Chambers of Commerce), education and training providers and other stakeholders, such as trade unions.
- Drive substantial improvements in transport links and infrastructure to improve access to training opportunities as well as jobs.

HOW
it can do this:

- Combined authorities commission analyses of employers’ changing skills needs and the supply of skills within different parts of the region to better understand skills gaps and mismatches. Such analyses should also involve modelling of labour market business and investment trends so as to forecast future skills needs. For instance, the Local Futures Model, developed by Cambridge Econometrics and the Warwick Institute for Employment Research, analyses the impact of economic changes on regional labour markets and forecasts skill needs.
- Commission research to identify ‘good practices’ in relation to apprenticeships, and other forms of training and staff retention, to identify lessons that might have wider applicability. Insights and case studies featuring ‘good practice’ employers and sources of support could subsequently be disseminated via podcasts, websites and social media.
- Combined authorities, in collaboration with local authorities, establish and maintain comprehensive portals for employers and individuals, bringing together in one place all sources of information about education and training opportunities, qualifications, funding and forms of support. For instance, the South Yorkshire Skills Strategy highlights the intention to develop a South Yorkshire Single Skills and Employment Portal, an initiative that is still in development stage.
- Chambers of Commerce, combined authorities, Further Education colleges and universities work together to build clear communication channels that will help employers and local/regional education and training providers develop reliable, ongoing relationships with each other. Partnerships between HE/FE institutions and local authorities are an important approach to fostering skills development and strengthening regional economies. For instance, the North East’s five universities have recently been strengthening their collaboration, aiming to streamline interactions between the HE sector and external stakeholders.

"In terms of skills provision there are steps that might be taken in the short-term that are relatively inexpensive yet might provide quick returns."

1 <https://www.gov.uk/government/publications/designated-employer-representative-bodies/notice-of-designated-employer-representative-bodies>



Northern Ireland

CHAPTER SEVEN:

This is an executive summary of the latest Northern Ireland Productivity Forum Insight Paper authored by Ruth Donaldson, David Jordan and John Turner.

> To read the full Paper go to productivity.ac.uk/research/northern-ireland-2025



Summary

Northern Ireland persistently lags the UK’s productivity level despite its devolved government having key policy powers that can drive productivity growth. The productivity gap is not evenly spread either across the region’s eleven local councils. The highest productivity is in Antrim and Newtownabbey, just 2.1% below the UK average, while the lowest is in Armagh City, Banbridge and Craigavon, nearly 22.8% below.

Part of the reason for Northern Ireland’s slow productivity growth reflects an economic success story. Since 1998 it has seen some of the strongest growth in employment of any UK region and now has the lowest level of unemployment of any UK region.

Investment

Northern Ireland suffers from chronic long-term underinvestment in infrastructure. For instance, there is insufficient capacity within its current water and sewerage

infrastructure, limiting the capacity to build more housing and attract new business investment. Northern Ireland is also slow to invest in new technology, with one example being the low number of public EV charging devices, almost one third of the UK average.

Its investment in transport infrastructure is also half the UK average, and the rail network is behind the rest of the UK too. While 46% of its energy comes from renewables, increasing from 17% in 2013, the target to reach 80% by 2030 means there is still a long way to go.

Health

Northern Ireland has the highest rate of economic inactivity (24.7%) and highest proportion of long-term sickness (37.8%) in the UK. In fact, if long-term sickness levels fell to the UK average it would add almost 30,000 people to the labour market.

This is linked to pressure on health services, with waiting lists increasing by

216% since 2014. Indeed, health accounts for more than half of the Northern Ireland Executive’s budget. Specific groups within Northern Ireland are also less likely to be in employment, with Northern Ireland having the lowest employment rate for those with disabilities of any UK region.

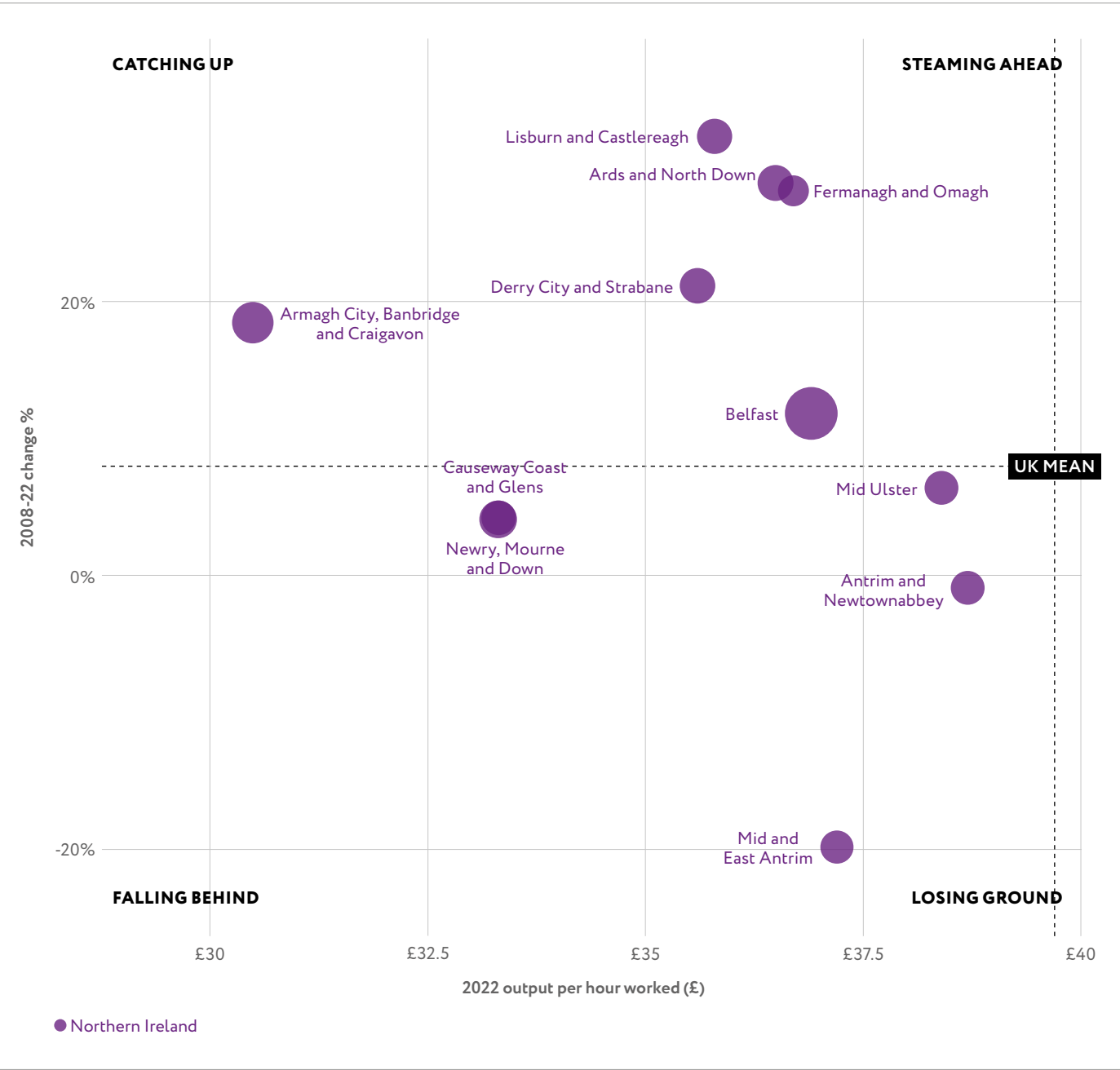
Innovation

The rest of the UK outperforms Northern Ireland in every type of innovation activity, even though expenditure on R&D has risen by 38% since 2018. The top sectors for R&D investment are professional/scientific/admin, information and communication, and manufacturing of transport equipment.

Early-stage entrepreneurial activity is also low, while Northern Ireland has the highest rate of companies in the UK that find access to finance to be an obstacle to running their business. It also has the lowest number of start-up loans in the UK and lowest average loan value.

"Part of the reason for Northern Ireland’s slow productivity growth reflects an economic success story. Since 1998 it has seen some of the strongest growth in employment of any UK region and now has the lowest level of unemployment of any UK region."

Labour Productivity Performance by ITL3 Regions in Northern Ireland, levels (value added per hour in 2022, in £) and change (growth, in % real terms, 2008-22)



Notes: Size of bubble denotes working population for the region and colour denotes ITL2 region.
Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions>
June 2024. Ortega-Argilés, R. and Menukhin, O. (2025) UK Subnational Productivity Visualisations, TPI Productivity Forum detail DOI:10.48420/28212929

Northern Ireland ITL3 Scorecards for 2022

Category	Driver of Productivity	Northern Ireland	Antrim and Newtownabbey	Mid Ulster	Mid and East Antrim	Belfast
Productivity	Taxonomy relative to the UK	Catching up	Falling behind	Falling behind	Falling behind	Catching up
	Taxonomy relative to ITL1		Losing ground	Losing ground	Losing ground	Losing ground
	GVA ph worked	£34.70	£38.70	£38.40	£37.20	£36.90
Business Performance	Export Intensity**	25.3%	18.5%	41.7%	19.7%	20.8%
	New Businesses	8.3%	8.1%	6.8%	8.3%	9.2%
Skills & Training	Low Skilled*	23.6%	21.1%	23.7%	20.0%	25.8%
	High Skilled	38.8%	40.3%	35.2%	38.6%	39.3%
Health & Well-being	Active	73.7%	76.4%	74.9%	77.9%	67.9%
	Inactive due to Illness*	35.4%	30.5%	23.9%	34.4%	38.6%
	Working Age	61.2%	62.9%	60.9%	62.5%	63.2%
Investment, Infrastructure & Connectivity	4G connected	71.6%	79.3%	46.2%	70.3%	93.6%
	Fibre connected	83.6%	84.7%	74.5%	85.7%	87.8%
	GFCF per job***	£10,636	£10,952	£14,965	£10,263	£8,328
	ICT per job***	£272	£240	£199	£307	£288
	Intangibles per job***	£2,196	£1,696	£1,172	£1,966	£3,311

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

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Reverse colour scale, lower values stimulate productivity

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This data is from 2021

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This data is from 2020

Fermanagh and Omagh	Ards and North Down	Lisburn and Castlereagh	Derry City and Strabane	Newry, Mourne and Down	Causeway Coast and Glens	Armagh City, Banbridge and Craigavon
Catching up	Catching up	Catching up	Catching up	Falling behind	Falling behind	Catching up
Steaming ahead	Steaming ahead	Steaming ahead	Steaming ahead	Falling behind	Falling behind	Catching up
£36.70	£36.50	£35.80	£35.60	£33.30	£33.30	£30.50
27.8%		15.2%	32.6%	22.5%		37.8%
7.6%	8.6%	8.4%	9.1%	8.2%	7.3%	9.0%
26.0%	19.9%	22.7%	23.6%	24.0%	31.3%	21.9%
35.0%	41.5%	49.8%	37.5%	37.9%	31.4%	37.2%
74.8%	74.8%	76.6%	69.4%	75.4%	69.9%	77.4%
45.6%	41.3%	23.9%	34.3%	39.8%	36.2%	34.5%
58.1%	60.9%	65.4%	58.3%	60.2%	55.2%	61.7%
48.8%	81.6%	83.1%	68.8%	54.6%	58.9%	66.3%
71.2%	87.8%	84.9%	84.9%	82.6%	82.4%	83.2%
£10,731	£10,961	£13,069	£9,120	£12,361	£12,859	£10,445
£279	£329	£113	£271	£334	£399	£258
£1,491	£2,691	£1,267	£1,750	£2,158	£1,982	£1,652

Cite as Garcia, F.; Gouma, F.R.; Menukhin, O.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL3 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>
Annex: Methods and Sources
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Scorecard summary for Northern Ireland

There are 11 ITL3 regions within the ITL1 region of the Northern Ireland and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Productivity

GVA per hour worked varies, ranging from £30.50 for Armagh City, Banbridge and Craigavon to £38.70 for Antrim and Newtownabbey. Mid Ulster, Mid and East Antrim, Belfast, Fermanagh and Omagh and Ards and North Down also perform well.

Business Performance

New Businesses: Belfast stands out with a high rate of new business formation (9.2%), suggesting a dynamic and entrepreneurial environment. In contrast, Mid Ulster performs poorly at 6.8%, which indicates the region could benefit from policies encouraging startup and growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: Fermanagh and Omagh has a relatively high percentage of low skilled workers at 26% which is going to negatively impact overall productivity. In contrast, Ards and North Down has a level below the average at 19.9%.

High Skilled: Lisburn and Castlereagh appears to have a strong workforce with 49.8% of workers being high skilled. High skilled workforces are essential for sustaining high productivity levels. Causeway Coast and Glens only has a percentage of 31.4% indicating it may be a region where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: There is large variability across regions for this driver with regions such as Mid and East Antrim having high economic activity at 77.9% compared to Belfast where this figure is 67.9%.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for Mid Ulster at 23.9% and high for Belfast at 38.6%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. Lisburn and Castlereagh holds the highest value at 65.4% whereas Causeway Coast and Glens is below the average at 55.2%.

Policy implications

WHAT Northern Ireland needs to do:

- Northern Ireland’s productivity gap is a long-standing problem with no single solution to fix it. It will therefore require policymakers and businesses to work together to tackle low productivity, and will require policy interventions to be implemented and funded over several political mandates. There needs to be a recognition that there is no silver bullet and that many policy objectives complement one another. This means there needs to be a gameplan in terms of sequencing policies to close the productivity gap.
- What is the correct sequencing of pro-productivity policies? Many policies to improve productivity require preconditions to be in place and many are facilitated by other policies.
- Past policy interventions have a poor track record of reducing the productivity gap, with the failure being linked to policies being implemented in isolation, due to siloed policymaking creating a barrier to more effective action. Furthermore, a commitment to closing the productivity gap requires commitment to long-term and perhaps politically unpopular policies.

HOW it can do this:

- There needs to be a commitment that will make politicians accountable for productivity growth in the long run. The NI Executive should make productivity growth an explicit target and allocate resources to better measure productivity and its drivers.
- Health care reform is imperative and the Bengoa reforms and recommendations (published in 2016) need to be implemented.
- Public service delivery reform is required, with multi-year budgets implemented to improve Northern Ireland’s public finances.
- A cross-departmental and long-term approach could be achieved through the NI Executive supporting the creation of a Productivity and Growth Board (PGB), like the Republic of Ireland’s National Competitiveness and Productivity Council. Given that every facet of the Executive has a role to play in productivity, any PGB should report directly to the Office of the First and Deputy First Minister. It would have to work closely with the Executive so that pro-growth policies can be implemented and evaluated.
- Public buy-in and the legitimacy of a PGB will depend upon having a narrative that keeps the importance of productivity in the public eye. As such, the mission of such a board will need to put its focus on wellbeing, shared prosperity, and sustainable economic growth. A PGB will also need to work with stakeholders from business, education, trade unions, local government, healthcare, and other delivery partners to formulate policy recommendations.
- A productivity board is not a panacea for the region’s long-standing productivity problems. Instead, it should be seen as part of a wider package of good governance measures that improve the wellbeing of everyone in Northern Ireland.

"A cross-departmental and long-term approach could be achieved through the NI Executive supporting the creation of a Productivity and Growth Board (PGB), like the Republic of Ireland’s National Competitiveness and Productivity Council."



Midlands

CHAPTER EIGHT:

This is an executive summary of the latest Midlands Productivity Forum Insight Paper authored by Arman Mazhikeyev, Jan Godsell, Nigel Driffield, Jonathan Duck and Thomas Triebs.

> To read the full Paper go to productivity.ac.uk/research/the-midlands-2025



Summary

With its diverse industrial base spanning advanced manufacturing, logistics, and digital sectors, the Midlands holds a vital position in the UK economy and contributes significantly to national GDP. Yet its productivity levels are below the UK average, facing disparities across the East and West Midlands, and between urban and rural areas.

The region’s resilience has been tested by events such as Brexit, COVID-19, and shifts in global trade patterns, which have exposed structural weaknesses, including in regional infrastructure, labour market dynamics, and R&D investment. These elements, coupled with the decline in business formation and export intensity, underline the urgency of a coordinated approach to bolster productivity.

Devolution

Since its inception the West Midlands Combined Authority (WMCA) has had devolution of lower level skills, a Productivity and Skills Commission, a local industrial strategy, and a plan for growth. These have allowed the region to develop plans to link skills interventions and promote investment, focused on a few key sectors. The region has also had an innovation accelerator and innovation zone. However, these interventions required permission from Whitehall and came with a high degree of oversight and many limitations.

Challenges

Formidable barriers challenge productivity growth. Skills shortages are particularly acute, with companies struggling to fill technical and digital roles, highlighting the gap between labour market supply and the needs of high-value industries. In addition, underinvestment in R&D constrains innovation, with the Midlands receiving only 5% of the UK’s R&D investment.

This limitation is further compounded by infrastructure deficiencies, especially in transport and digital connectivity. There is also a need for cultural change within some sectors, where reluctance to adopt modern practices hinders competitive growth.

The Midlands faces persistent skills gaps, particularly in advanced manufacturing, digital technology, and high-growth industries. Employer demand outpaces the current availability of workers with the requisite skills, and despite the region’s strong educational institutions, many graduates migrate to other regions with higher-paying opportunities. The impact is pronounced, with unfilled vacancies reducing overall productivity and innovation capacity.

Investment and Infrastructure

There are large differences in investment performance with some real hotspots, but also some areas with very low levels of investment, both domestic and foreign. Investment levels in the Midlands remain low relative to other UK regions, which impacts its competitiveness. While FDI has been concentrated in high-value sectors, traditional industries which still support many local economies receive less support. Disparities in public and private investment exacerbate regional inequalities, with urban centres like Birmingham and Coventry attracting more capital than rural areas.

Innovation

The region suffers from low levels of innovation and has a high proportion of firms that are often labelled as being part of the ‘long tail of low productivity’. While there is some truth in this, many of these firms are operating as suppliers in tiers 3-5 of supply chains, facing squeezed margins and operating in a challenging economic environment.

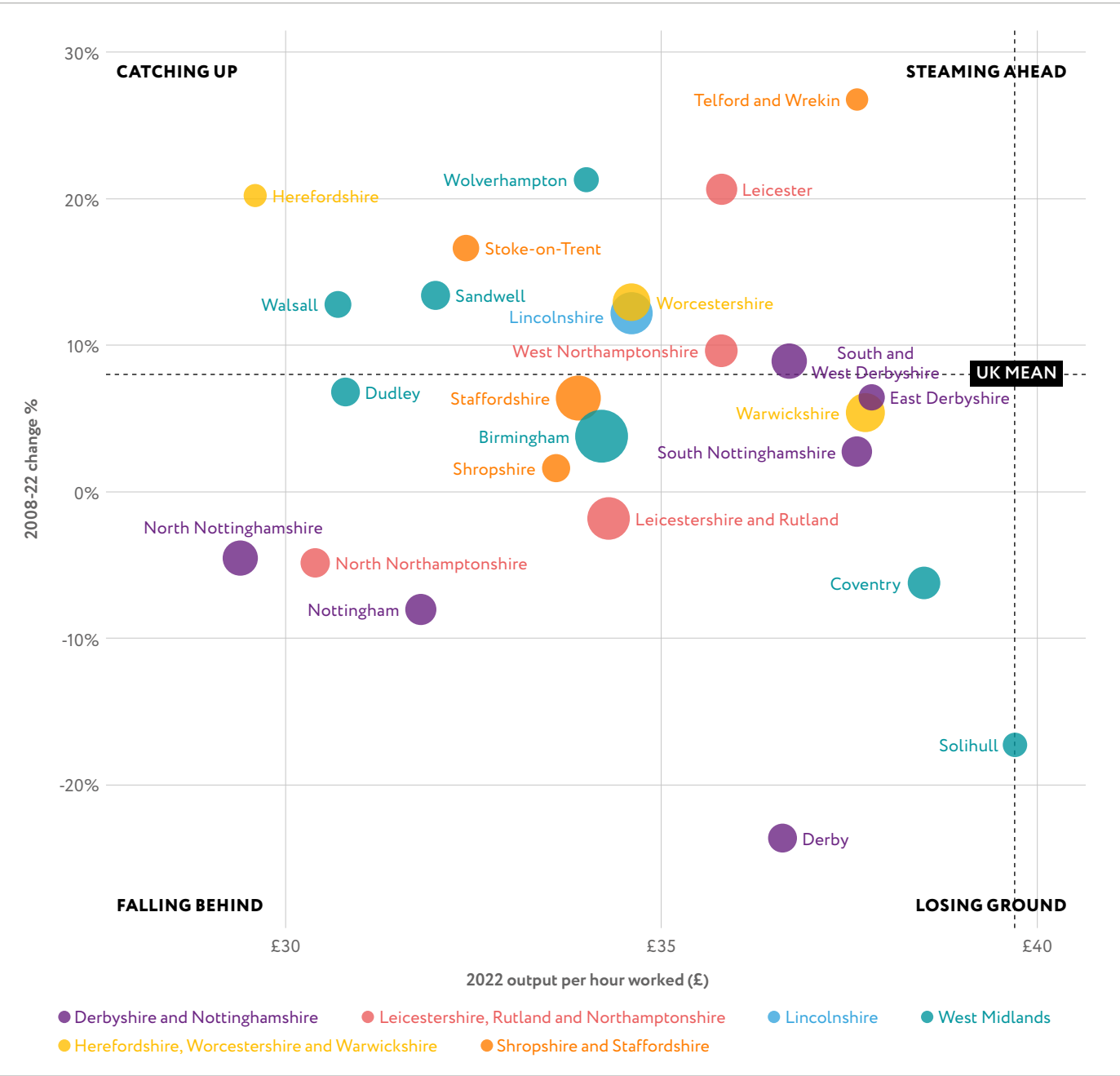
Critical juncture

The region is at a critical juncture in aligning its regional plans with current economic realities and projected trends. While initiatives such as the Midlands Engine and the Ten Point Plan for Green Growth offer a framework for sustainable growth, there is a need for greater integration of local initiatives with national strategies to maximise impact.

By strengthening infrastructure, enhancing innovation ecosystems, and prioritising skills development, the region can overcome key challenges and bridge productivity gaps. Targeted investment in transport, digital infrastructure and green technologies will enable the Midlands to position itself as a leader in sustainable economic growth. Addressing barriers to competitiveness, such as regulatory constraints and skills shortages, will support a dynamic and resilient economy, prepared to adapt to future economic changes.

"The region’s resilience has been tested by events such as Brexit, COVID-19, and shifts in global trade patterns, which have exposed structural weaknesses."

Labour Productivity Performance by ITL3 Regions in the Midlands, Levels (value added per hour in 2022, in £) and change (growth, in % real terms, 2008-22)



Notes: Size of bubble denotes working population for the region and colour denotes ITL2 region.
Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions>
June 2024. Ortega-Argilés, R. and Menukhin, O. (2025) UK Subnational Productivity Visualisations, TPI Productivity Forum detail DOI:10.48420/28212929

West Midlands ITL3 Scorecards for 2022

Category	Driver of Productivity	West Midlands	Solihull	Coventry	Warwick-shire	Telford and Wrekin	Worcester-shire	Birmingham
Productivity	Taxonomy relative to the UK	Catching up	Losing ground	Falling behind	Falling behind	Catching up	Catching up	Falling behind
	Taxonomy relative to ITL1		Losing ground	Losing ground	Losing ground	Steaming ahead	Steaming ahead	Falling behind
	GVA ph worked	£34.60	£39.70	£38.50	£37.70	£37.60	£34.60	£34.20
Business Performance	Export Intensity**	24.3%	50.6%	33.7%	28.9%	37.9%	12.7%	22.9%
	New Businesses	12.1%	10.5%	16.7%	11.0%	11.2%	9.8%	15.4%
Skills & Training	Low Skilled*	11.4%	9.2%	14.3%	8.0%	14.8%	11.1%	13.5%
	High Skilled	40.4%	45.1%	37.8%	48.4%	31.4%	44.4%	41.7%
Health & Well-being	Active	82.1%	85.2%	78.9%	88.4%	82.7%	84.1%	75.2%
	Inactive due to Illness*	33.0%	28.9%	32.4%	34.8%	37.0%	30.8%	25.9%
	Working Age	56.9%	55.8%	67.9%	53.0%	56.2%	54.6%	61.0%
Investment, Infrastructure & Connectivity	4G connect-ed	85.8%	88.6%	91.6%	80.5%	80.1%	79.4%	97.8%
	Fibre con-nected	36.5%	53.5%	94.9%	27.8%	15.2%	30.7%	42.9%
	GFCF per job***	£9,112	£8,639	£14,495	£14,105	£8,749	£7,374	£7,430
	ICT per job***	£380	£445	£640	£554	£230	£276	£261
	Intangibles per job***	£2,399	£3,009	£4,791	£6,735	£2,032	£1,808	£1,522

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

⚙

Reverse colour scale, lower values stimulate productivity

⚙⚙

This data is from 2021

⚙⚙⚙

This data is from 2020

Wolverhamp-ton	Staffordshire CC	Shropshire CC	Stoke-on-Trent	Sandwell	Dudley	Walsall	Herefordshire, County of
Catching up	Falling behind	Falling behind	Catching up	Catching up	Falling behind	Catching up	Catching up
Catching up	Falling behind	Falling behind	Catching up	Catching up	Falling behind	Catching up	Catching up
£34.00	£33.90	£33.60	£32.40	£32.00	£30.80	£30.70	£29.60
20.9%	21.4%	12.8%	38.6%	16.7%	11.0%	21.0%	10.4%
14.4%	10.1%	8.4%	14.2%	14.2%	12.1%	13.3%	9.0%
18.5%	6.6%	9.9%	14.7%	13.8%	9.5%	13.1%	8.7%
36.1%	44.1%	41.0%	35.1%	23.6%	35.1%	36.3%	43.6%
81.4%	86.3%	88.7%	79.3%	74.8%	87.3%	85.5%	78.7%
41.9%	33.9%	30.2%	54.8%	41.4%	29.9%	40.2%	29.4%
53.7%	56.9%	51.1%	57.9%	55.1%	54.4%	55.1%	57.4%
96.9%	81.3%	64.1%	89.7%	96.9%	91.5%	85.2%	65.3%
37.8%	31.4%	30.0%	35.8%	36.3%	7.5%	24.9%	50.0%
£8,065	£8,376	£7,414	£7,810	£10,099	£10,433	£5,969	£7,909
£337	£304	£361	£340	£331	£1,041	£237	£208
£1,100	£1,714	£1,078	£1,162	£1,019	£1,773	£1,002	£1,881

Cite as Garcia, F.; Gouma, F.R.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL1 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>

Annex: Methods and Sources

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East Midlands ITL3 Scorecards for 2022

Category	Driver of Productivity	East Midlands	East Derbyshire	South Nottinghamshire	South and West Derbyshire	Derby
Productivity	Taxonomy relative to the UK	Falling behind	Falling behind	Falling behind	Catching up	Falling behind
	Taxonomy relative to ITL1		Steaming ahead	Steaming ahead	Steaming ahead	Losing ground
	GVA ph worked	£34.30	£37.80	£37.60	£36.70	£36.60
Business Performance	Export Intensity**	22.2%	15.8%	10.5%	29.0%	92.9%
	New Businesses	11.5%	10.0%	11.2%	12.9%	13.4%
Skills & Training	Low Skilled*	10.5%	11.3%	6.6%	8.9%	11.9%
	High Skilled	37.8%	32.9%	48.8%	39.4%	44.2%
Health & Well-being	Active	81.2%	80.4%	81.2%	82.3%	78.5%
	Inactive due to Illness*	33.0%	38.5%	23.1%	34.2%	30.6%
	Working Age	57.1%	56.7%	56.8%	57.7%	59.4%
Investment, Infrastructure & Connectivity	4G connected	81.4%	80.0%	85.9%	81.9%	99.5%
	Fibre connected	38.2%	28.0%	54.8%	34.6%	67.1%
	GFCF per job***	£10,117	£7,892	£8,374	£9,226	£18,069
	ICT per job***	£365	£323	£237	£375	£750
	Intangibles per job***	£2,416	£1,200	£1,147	£2,585	£12,471

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

⚡

Reverse colour scale, lower values stimulate productivity

⚡⚡

This data is from 2021

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This data is from 2020

Leicester	West Northamptonshire	Lincolnshire	Leicestershire CC and Rutland	Nottingham	North Northamptonshire	North Nottinghamshire
Catching up	Catching up	Catching up	Falling behind	Falling behind	Falling behind	Falling behind
Steaming ahead	Steaming ahead	Steaming ahead	Losing ground	Falling behind	Falling behind	Falling behind
£35.80	£35.80	£34.60	£34.30	£31.80	£30.40	£29.40
10.1%	22.0%	10.8%	16.7%	18.0%	21.9%	16.9%
12.4%	11.0%	10.5%	10.5%	13.8%	11.1%	12.4%
9.9%	7.6%	12.4%	8.6%	13.6%	13.9%	11.6%
37.3%	37.2%	31.9%	41.4%	40.6%	33.0%	33.4%
75.9%	85.1%	80.4%	86.8%	71.4%	81.6%	83.1%
20.5%	31.3%	40.2%	30.8%	23.6%	37.3%	53.1%
61.2%	56.5%	54.2%	55.1%	65.0%	55.3%	56.6%
97.9%	83.1%	69.1%	75.1%	99.4%	81.5%	75.9%
49.9%	72.9%	30.7%	21.5%	48.8%	34.8%	18.5%
£8,624	£9,721	£13,628	£9,341	£7,251	£8,323	£9,492
£375	£315	£302	£391	£291	£412	£301
£1,971	£3,349	£1,053	£1,396	£1,679	£1,692	£991

Cite as Garcia, F.; Gouma, F.R.; Menukhin, O.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL3 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>
Annex: Methods and Sources
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Scorecard summaries for West and East Midlands

There are 14 ITL3 regions within the ITL1 region of the West Midlands and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: Wolverhampton has a relatively high percentage of low skilled workers at 18.5%, which is going to negatively impact overall productivity. In contrast, Staffordshire CC only has a 6.6% level of low skilled workers.

High Skilled: Warwickshire appears to have a strong workforce with 48.4% of workers being high skilled. High skilled workforces are essential for sustaining high productivity levels. Sandwell only has a percentage of 23.6% indicating it may be a region where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: There is variability in the regions performance when it comes to economic activity. Shropshire CC performs the strongest at 88.7% whilst Sandwell is the weakest at 74.8%.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for Birmingham at 25.9% and high for Stoke-on-Trent at 54.8%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. Coventry holds the highest value at 67.9% and Shropshire CC holds the lowest at 51.1%.

Productivity

GVA per hour worked varies, ranging from £29.60 in Herefordshire, County of to £39.70 for Solihull. Coventry, Warwickshire and Telford and Wrekin also perform well for this driver.

Business Performance

New Businesses: Coventry stands out with a high rate of new business formation (16.7%), suggesting a dynamic and entrepreneurial environment. In contrast, Shropshire performed poorly at 8.4%, which indicates the region could benefit from policies encouraging startup growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: Nottinghamshire and North Northamptonshire have a relatively high percentage of low skilled workers, which might impact its overall productivity negatively. In contrast, South Nottinghamshire has a lower percentage of low skilled workers at 6.6% which aligns with its higher GVA/hour.

High Skilled: South Nottinghamshire again performs well with a high percentage of high-skilled workers at 48.8% which is essential for sustaining high productivity levels. North Northamptonshire, with a lower percentage at 33%, might need to focus on upskilling initiatives.

Health and wellbeing

Active: Most of the East Midlands ITL3 regions are colour coded yellow indicating equal performance with the weighted mean of the East Midlands as a whole. However, the performance of both Leicester and Nottingham appears below this mean.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for Leicester at 20.5% compared to Lincolnshire which is 40.2%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. Leicester holds the highest value at 61.2% whilst Lincolnshire holds the lowest at 54.2%.

Productivity

GVA per hour worked varies, ranging from £29.40 for North Nottinghamshire and £37.80 for East Derbyshire. South Nottinghamshire and South and West Derbyshire also perform well with GVA per hour at £37.60 and £36.70, respectively.

Business Performance

New Businesses: Derby stands out with a high rate of new business formation (13.4%), suggesting a dynamic entrepreneurial environment. In contrast, Lincolnshire and Leicestershire CC and Rutland have a lower rate both at 10.5%, which indicate these regions could benefit from policies encouraging startup growth.

Policy implications

WHAT the Midlands needs to do:

- The region has good external but poor internal connectivity. This leads to poor connectivity even between firms in the same supply chains, and also to high levels of inequality across short distances. More horizontal integration is required, connecting distant counties from the east with those from the west. This requires collaborative work between combined authorities and those counties not part of any combined authority, along with regional operators and pan bodies like Midlands Connect.
- With a strong base in automotive and related activities, the challenges posed by the road to net zero are stark. Many of the high paid manual jobs in the region are linked to the internal combustion engine and need to be replaced by jobs of similar quality. This makes the support for innovation and this transition crucial to the region. There needs to be more emphasis on innovation adaptation and the commercialisation of innovations.

HOW it can do this:

- The Midlands needs two local industrial strategies (for East and West) focused on sectors or activities where the region can best develop and communicate its value proposition. This means aligning business support, skills development, innovation and investment around a few strategic priorities such as advanced manufacturing (including automotive and aerospace), healthtec, agri-tec, and the digital and creative clusters.
- Creating two strategies is not without its challenges given that across the East and West there is a mix of combined authorities and local authorities, some of which are not part of any combined authority. It's also unclear whether these will merge or remain independent. Additionally, some authorities are relatively new and are still in the process of developing their own local industrial strategies and growth plans. This, combined with the recent government call to respond to the Industrial/Investment Strategy 2035, adds further complexity.
- That said, the West Midlands Combined Authority stands out as more transparent and clearer in outlining its medium-term plans and communicating them. In the long version of the report, we have included detailed case studies of various initiatives, such as the Ten Point Plan for Green Growth, HS2, and Midlands Mindforge.
- Both the East and West Midlands need their own local content improvement plans, specifically in parts of supply chains with local domestic content. Priority should be given to local suppliers more to participate.
- This is not a matter of picking winners, but using skills, innovation and investment interventions to boost activity, and to address gaps in supply chains. This requires much greater levels of devolution, particularly with regard to policy actions on skills and innovation.

"Both the East and West Midlands need their own local content improvement plans, specifically in parts of supply chains with local domestic content."



Wales



CHAPTER NINE:

This is an executive summary of the latest Wales Productivity Forum Insight Paper authored by Melanie Jones.

> To read the full Paper go to productivity.ac.uk/research/wales-2025

Summary

Wales shares the UK’s productivity puzzle in that there has been a slowdown in productivity growth since the 2008 financial crisis. But a further challenge relates to a long-standing gap between productivity levels in Wales and the UK average. The magnitude of the gap is particularly acute in Wales and there has also been no evidence of convergence despite more than 20 years of devolution and the recent UK government ‘levelling up’ agenda.

In common with other UK regions, there is also substantial variation in productivity across local areas within Wales, with areas such as Powys, Gwynedd and Conwy and Denbighshire among the least productive in the UK. Productivity levels higher than the Welsh average are clustered in less peripheral areas within both South and North Wales, including Flintshire and Wrexham, Cardiff and the Vale of Glamorgan, and Monmouthshire and Newport. Among these areas, productivity growth since 2008 has been greatest in Flintshire and Wrexham where, at 25%, it has been considerably greater than the Welsh and UK average.

Nevertheless, it is important to note that no local area in Wales has productivity levels as high as the UK average, illustrating the consistent pattern of low productivity in Wales.

"Put very crudely, this means the average worker in the UK could work nearly one less day a week than the average worker in Wales and still achieve the same value of output."

Recent data

The most recent data from the ONS shows that Wales actually has the lowest productivity among all UK regions, with average productivity in 2022 more than 17% below the UK average. Put very crudely, this means the average worker in the UK could work nearly one less day a week than the average worker in Wales and still achieve the same value of output.

Even more concerning is that ONS documents an absolute and relative fall in productivity in Wales between 2019 and 2022. UK productivity growth over the period was 0.8% per year on average, whereas the corresponding figure for Wales was -0.4%. While the causes of this require detailed investigation, it suggests that the COVID-19 pandemic might have had a particularly negative impact on productivity in Wales, leading to divergence rather than convergence with the UK average.

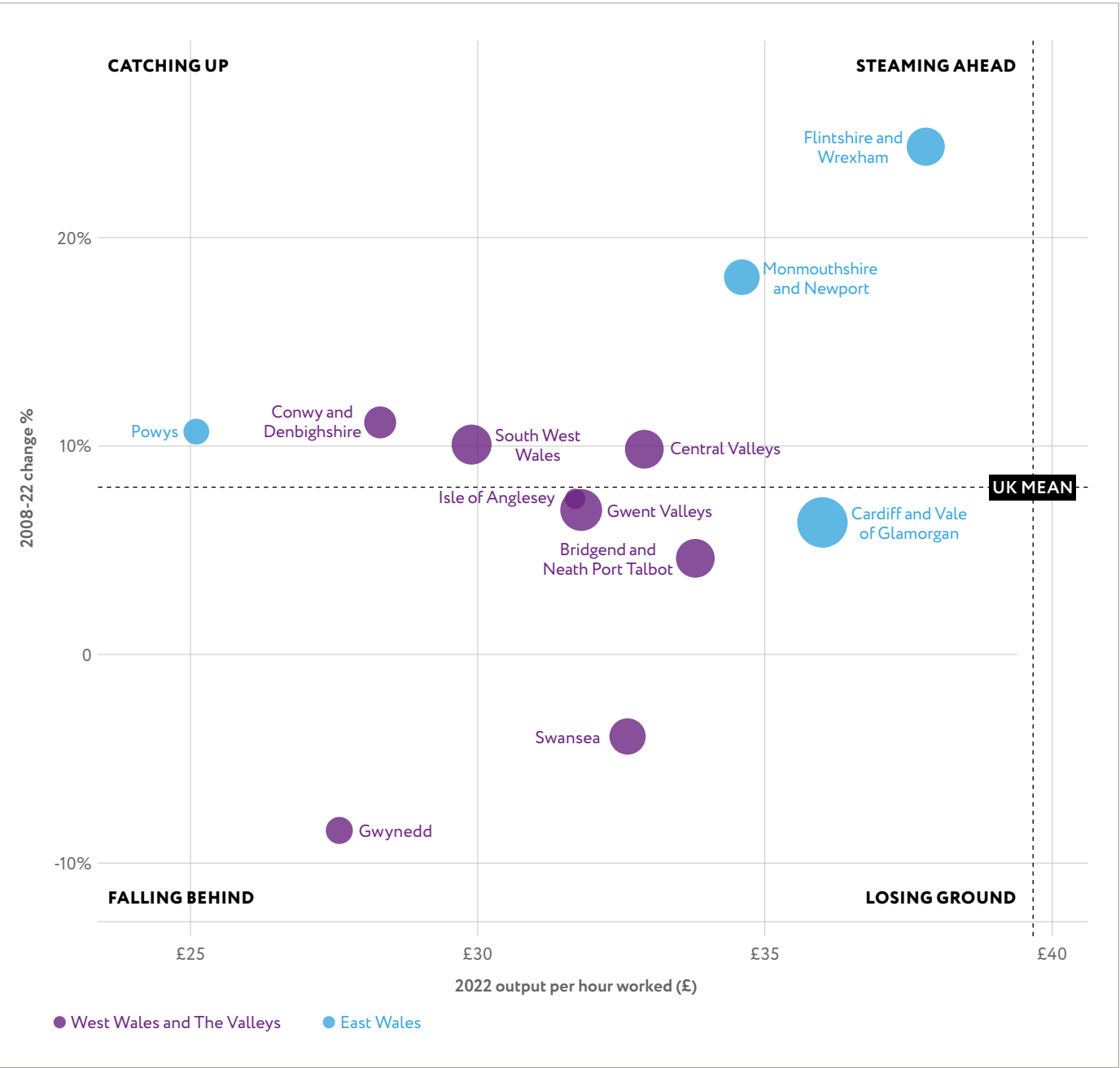
Evidence on the gap

Wales’ productivity gap is evident in non-manufacturing production (agriculture, energy and water) and across much of the service sector. It is most pronounced in non-manufacturing production, information and communication industries, and professional/scientific/technical activities where productivity is below 70% of the UK average.

Multiple factors likely contribute to Wales’ productivity gap. Firstly, business spending on R&D per job is lower in Wales than the UK average. Secondly, SMEs report greater barriers to accessing finance than the UK average, with the differential increasing over the long-term.

Wales also has a relatively high proportion of the working age population with low levels of education attainment. It also remains a region with relatively high levels of economic inactivity and high levels attributed to long-term ill health. Wales also faces challenges around investment, infrastructure and connectivity with indicators, including foreign direct investment, capital formation and digital infrastructure, below the UK average. Finally, Wales’ peripheral location and lack of large cities means it does not benefit from agglomeration economies.

Labour Productivity Performance by ITL3 Regions in Wales, levels (value added per hour in 2022, in £) and change (growth, in % real terms, 2008-22)



Notes: Size of bubble denotes working population for the region and colour denotes ITL2 region.
Source: Office for National Statistics, Subregional productivity: labour productivity indices by UK ITL2 and ITL3 subregions, <https://www.ons.gov.uk/employmentandlabour/market/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbyuknuts2andnuts3subregions>
June 2024. Ortega-Argilés, R. and Menukhin, O. (2025) UK Subnational Productivity Visualisations, TPI Productivity Forum detail DOI:10.48420/28212929

Wales ITL3 Scorecards for 2022

Category	Driver of Productivity	Wales	Flintshire and Wrexham	Cardiff and Vale of Glamorgan	Monmouthshire and Newport	Bridgend and Neath Port Talbot	Central Valleys
Productivity	Taxonomy relative to the UK	Catching up	Catching up	Falling behind	Catching up	Falling behind	Catching up
	Taxonomy relative to ITL1		Steaming ahead	Losing ground	Steaming ahead	Losing ground	Steaming ahead
	GVA ph worked	£32.80	£37.80	£36.00	£34.60	£33.80	£32.90
Business Performance	Export Intensity**	30.3%	45.6%	19.6%	28.7%	41.5%	57.2%
	New Businesses	11.6%	10.9%	14.3%	12.2%	15.8%	12.6%
Skills & Training	Low Skilled*	12.0%	13.4%	10.1%	10.0%	12.8%	15.7%
	High Skilled	41.4%	41.9%	49.7%	46.7%	38.6%	29.2%
Health & Well-being	Active	78.7%	81.7%	75.7%	81.4%	76.6%	74.2%
	Inactive due to Illness*	40.6%	48.9%	25.5%	42.7%	48.8%	47.5%
	Working Age	58.6%	58.7%	62.8%	54.8%	57.4%	60.7%
Investment, Infrastructure & Connectivity	4G connected	75.6%	65.1%	88.9%	85.2%	82.7%	78.2%
	Fibre connected	38.6%	56.4%	61.6%	30.6%	24.5%	36.5%
	GFCF per job***	£7,961	£7,007	£9,637	£6,728	£6,966	£8,235
	ICT per job***	£396	£597	£448	£359	£439	£350
	Intangibles per job***	£1,530	£1,563	£1,945	£1,374	£1,365	£2,078

Key:

Better: higher than 105% of weighted mean of ITL1 parent region

Equal: within 95% - 105% of weighted mean of ITL1 parent region

Worse: lower than 95% of weighted mean of ITL1 parent region

No data available

Reverse colour scale, lower values stimulate productivity

This data is from 2021

This data is from 2020

Swansea	Gwent Valleys	Isle of Anglesey	South West Wales	Conwy and Denbighshire	Gwynedd	Powys
Falling behind	Falling behind	Falling behind	Catching up	Catching up	Falling behind	Catching up
Falling behind	Falling behind	Falling behind	Catching up	Catching up	Falling behind	Catching up
£32.60	£31.80	£31.70	£29.90	£28.30	£27.60	£25.10
26.4%	22.5%		39.9%	10.1%	10.7%	
11.6%	13.1%	8.5%	9.0%	9.1%	7.8%	7.2%
10.6%	15.0%	13.5%	10.7%	15.6%	8.7%	6.5%
45.9%	34.2%	35.8%	42.0%	38.6%	43.5%	43.8%
82.1%	79.4%	82.0%	78.3%	80.4%	81.2%	82.0%
37.1%	51.7%	29.4%	40.3%	47.7%	29.9%	35.2%
63.6%	59.0%	54.6%	56.3%	53.8%	60.5%	52.0%
81.2%	89.1%	30.9%	64.7%	67.8%	55.2%	61.9%
36.1%	25.6%	22.1%	34.0%	50.3%	22.6%	26.0%
£8,004	£10,274	£8,016	£7,858	£6,265	£5,537	£7,401
£323	£370	£341	£313	£344	£252	£438
£1,007	£2,093	£1,259	£845	£974	£745	£2,780

Cite as Garcia, F.; Gouma, F.R.; Ortega-Argilés, R.; Sarsfield, W.; Watson, R. (2024), TPI UK ITL1 Scorecards, TPI Productivity Lab, The Productivity Institute, University of Manchester.

<https://doi.org/10.48420/23791680>
Annex: Methods and Sources
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Scorecard summary for Wales

There are 12 ITL3 regions within the ITL1 region of the Wales and performance can be compared across these regions to gain a better understanding of how growth and productivity are developing within the region.

Productivity

GVA per hour worked varies, ranging from £25.10 in Powys to £37.80 in Flintshire and Wrexham. Cardiff and Vale of Glamorgan as well as Monmouthshire and Newport also prove to be doing well for this driver.

Business Performance

New Businesses: Cardiff and Vale of Glamorgan stands out with a high rate of new business formation (14.3%), suggesting a dynamic and entrepreneurial environment. In contrast, Powys performs poorly at 7.2%. which indicates the region could benefit from policies encouraging startup growth.

Skills and training

There is noticeable variance in the percentage of low and high skilled individuals across regions.

Low Skilled: Central Valleys has a relatively high percentage of low skilled workers at 15.7% which is going to negatively impact overall productivity. In contrast, Powys only has a 6.5% level of low skilled workers.

High Skilled: Cardiff and the Vale of Glamorgan appears to have a strong workforce with 49.7% of workers being high skilled. High skilled workforces are essential for sustaining high productivity levels. Central Valleys only has a percentage of 29.2% indicating it may be a region where focus should be concentrated on upskilling initiatives.

Health and wellbeing

Active: Most of the regions in the Wales appear to be performing either the same or above average apart from Central Valleys where activity is below average at 74.2%.

Inactivity due to illness: This driver exhibits variability across the regions with it being low for Cardiff and Vale of Glamorgan at 25.5% and high for Gwent Valleys at 51.7%.

Working age: This driver can help understand the population who are of working age within a region and therefore gives insight into potential labour supply. Swansea holds the highest value at 63.6% whereas Powys holds the lowest at 52%.

"We recommend establishing a Welsh Productivity Commission to inform and evaluate policy design. Such a body needs to be evidence-led, drawing on academic and practice-based expertise and learning from best practice across the UK and internationally."

Policy implications

WHAT
Wales needs to do:

- The Welsh Government needs to establish a long-term commitment to improving productivity, with independent guidance and assessment of performance.
- There is a need to enhance understanding of Wales’ productivity challenge and its implications for individuals, businesses, public sector service providers and communities. Addressing the country’s productivity challenge will require coordinated efforts across individuals, businesses, public sector service providers and local and national policymakers, many of whom have an incomplete understanding of the benefits of improving productivity.
- Business support needs to include advice, guidance and best practice on how to achieve productivity growth and its benefits. Many businesses in Wales, particularly SMEs, do not measure or target productivity improvements within their organisation.
- Productivity is often associated with business performance, but productivity improvements will be key in ensuring the sustainability of public service provision in Wales. Increasing demand for public services and restricted government budgets means there is increasing pressure on existing services. Productivity improvements offer a way of increasing future capacity and service quality.

HOW
it can do this:

- We recommend establishing a Welsh Productivity Commission to inform and evaluate policy design. Such a body needs to be evidence-led, drawing on academic and practice-based expertise and learning from best practice across the UK and internationally.
- The Welsh Government needs to launch a national conversation around productivity - what it is, why it is important, and how it can be improved.
- The Welsh Government should develop and disseminate a productivity toolkit for business with expert advice on the drivers of productivity and illustrative examples of business practice in improving productivity across industries.
- Public sector service providers need to innovate, adopting new processes and digital technologies to improve productivity. This will require government support and coordination, including through adopting a longer-term planning horizon.

