



**The Economic Relationship between Pennine Lancashire and Greater Manchester**

**A Report for Elevate East Lancashire**

June 2008

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## 1 EXECUTIVE SUMMARY

1.1 The Pennine Lancashire economy generates £13,000 per head, significantly below national levels (of £17,000), and a recent review identified that its recent underperformance was largely due to a productivity led output gap, reflecting a high level of employment in lower value economic activities.

1.2 Overcoming these challenges will require Pennine Lancashire to improve the local skills base, support inward and re-investment, and strengthen the competitiveness of the manufacturing base. However, the scale of worklessness and the need for local residents to access higher paid and skilled employment means that a three pronged approach is needed:

- Increasing the scale and quality of employment in Pennine Lancashire, including strengthening the competitiveness of the manufacturing base.
- Facilitating higher levels of commuting as a means of increasing the employment rate and supporting sustainable communities in Pennine Lancashire.
- Creating neighbourhoods and communities which retain and attract higher skilled and higher paid workers, including those who work locally and those who commute.

1.3 Greater Manchester is the largest sub-regional economy in the north of England and has experienced considerable employment growth in recent years. Proximity to this major economy present significant employment opportunities for the future development of Pennine Lancashire and this paper highlights the main opportunities for strengthening ties between the two sub-regional economies and the potential constraints to further integration. Where appropriate it also contrasts this with links to the other neighbouring economies of Preston (and the rest of Lancashire) and the Leeds City Region.

### Changing Patterns of Employment

1.4 Greater Manchester employs 1.2 million people, almost half of which are located in the Urban Core (of the City of Manchester, Salford, and Trafford), which compares to employment of 200,000 across Pennine Lancashire. Unlike Pennine

Lancashire, which has retained a significant manufacturing base, Greater Manchester has a strong employment base in higher value financial and business services and across the service sector more generally.

1.5 Employment across Greater Manchester is forecast to grow by almost 150,000 by 2026. This will be driven by growth of the Urban Core, in particular the City of Manchester, where employment is forecast to increase by 93,000. This rate of employment growth is considerable and dwarfs forecasts for neighbouring economies (including Pennine Lancashire).

1.6 The concentration of future employment growth at the core of the conurbation is a relatively recent phenomenon, and is counter to the post war trend of employment and population moving out of the major cities.

1.7 Forecast employment growth is strongest in financial and businesses services, which will overtake distribution and retailing as Manchester's largest employment sector by 2026. Pennine Lancashire remains under-represented in such employment, although in recent years it has increased rapidly (7% per annum between 2001-06) from a small base and there is significant potential for Pennine Lancashire businesses to benefit from supply chain linkages to these higher value sectors in Greater Manchester.

1.8 Despite strongly performing sub-sectors, the most significant challenge facing Pennine Lancashire is the forecast loss of jobs in manufacturing, and there will be limited opportunities to mitigate this through improved connectivity with Greater Manchester, where manufacturing employment will also decline substantially.

### Forecast Occupational and Educational Change

1.9 The economies of Greater Manchester and Pennine Lancashire will shift towards higher value and service related employment, with significant employment growth forecast among managerial and professional positions to 2014. The loss of elementary occupations is a challenge faced by both economies, and reflects a general upskilling of the workforce nationwide.

1.10 Correspondingly, almost all forecast employment growth will require higher level skills (predominantly level 4+) with retail being the only sector where some

employment growth for positions that do not require level 2. By 2015, the proportion of Greater Manchester employees holding level 4+ qualifications is forecast to exceed the Leitch target (of 40%), further highlighting the importance of highly skilled individuals to the future Greater Manchester economy.

1.11 There is a mismatch between the skills currently held by Pennine Lancashire residents and the skills required in the future Manchester economy. In order to ensure future competitiveness, Pennine Lancashire must develop a skills base to support and benefit from Greater Manchester's employment growth and develop an indigenous high value employment offer. At current skills / qualification levels, only a limited proportion of Greater Manchester employment opportunities will be accessible by Pennine Lancashire residents.

1.12 A further factor limiting employment opportunities in Greater Manchester to higher skilled Pennine Lancashire residents will be the cost of commuting, which is likely to restrict commuting to higher paid individuals qualified to Level 3 and 4+.

#### **Travel to Work Patterns**

1.13 Pennine Lancashire is relatively self-contained in travel to work terms, with 16% of its workforce working outside of the sub-region. There are significant employment flows between Rossendale and the northern Greater Manchester districts of Rochdale and Bury, and Preston attracts 5,000 in-commuters notably from Blackburn with Darwen and Ribble Valley.

1.14 Given the scale of the Greater Manchester employment base, employment flows from Pennine Lancashire to Greater Manchester, in particular its Urban Core, are low and reflect poor connectivity between the sub-regions. While significant numbers commute from Blackburn and Rossendale to Greater Manchester, the commuting flows from the other districts is very low, a result of very long journey times by public transport and historical travel patterns.

1.15 Poor connectivity is the main constraint to greater interaction between the economies of Pennine Lancashire and Greater Manchester. Skilled commuters are more likely to locate in areas that provide more convenient access to the major labour markets, in particular areas located to the South of Manchester. Given the forecast scale of employment growth in the City, and its role as a centre for higher skills and paid employment, this is a serious challenge to the future growth of Pennine Lancashire.

1.16 In relation to internal flows, there is a high degree of connectivity between the Pennine Lancashire districts, and commuting patterns reflect proximity to neighbouring economies. Both Blackburn and Burnley employers provide over 10,000 jobs each for residents of other Pennine Lancashire districts, while Hyndburn provides over 9,000.

1.17 The further decline of manufacturing employment across the north west, and the exceptionally high proportion of employment growth in the City of Manchester places a high priority on Pennine Lancashire residents accessing this labour market.

1.18 Future employment will be driven by higher level skills and through service based sectors. While these forms of occupations and employment will develop in Pennine Lancashire through the upskilling of the existing workforce and improved educational attainment, the scale of local employment growth will be insufficient to provide the number and of jobs needed for its residents. Greater connectivity provides an opportunity to develop an economy that complements one of the fastest growing and largest employment bases in the north of England.

1.19 A recent Centre for Cities paper<sup>1</sup> identifies the importance of understanding the economic linkages between cities (as well as within them) arguing that a synergistic relationship, such as that which exists between London and Reading allows the smaller city access to the markets skills and specialisations of its larger neighbour which in turn gives it the opportunity to develop its own specialised growth momentum. It specifically points to the relatively poor connectivity of northern economies as one of the reasons for the growing output gaps and cites the gap between Blackburn and Burnley with Manchester<sup>2</sup> as a key example.

1.20 Promoting connectivity will require long term investment in the transport infrastructure, to allow Pennine Lancashire to make greater contribution to the regional economy. It will also help to re-balance the wider economy, reducing pressure on social and economic infrastructure in the south, and helping to reduce inequalities to the north.

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<sup>1</sup> City Links: Integration and Isolation, 2008

<sup>2</sup> Based on the NUTS 3 Area Manchester (South)

1.21 At a regional level improving the access of a sub region with a population in excess of 500,000 to the leading City Region in the north, offers benefits to stakeholders, residents and businesses in both sub regions.

## Implications

1.22 There are a number of policy implications arising from this analysis, including skills; transport; housing and neighbourhood; image and perceptions; and regional partnership.

### 1.23 For skills:

Information, advice and guidance, and re-training for displaced workers from manufacturing industries, who will have limited opportunities to find similar employment in neighbouring sub regions.

Reducing the numbers in the workforce and those leaving the education system with no qualifications and literacy and numeracy difficulties. There will be fewer employment opportunities for this large group.

Increasing the proportion of young people going on to higher education, and linking senior schools to industries forecast to grow regionally, such as creative industries.

### 1.24 For transport:

Improving the frequency and journey times from the sub region to Manchester by rail, with a high priority for increasing the frequency of the Blackburn to Manchester leg; and reducing the journey time from Burnley (with an associated improvement in frequency).

Implementing fast, regular bus services which complement the existing rail connections between Pennine Lancashire population centres and Manchester City Centre, and to other relevant employment centres, including new locations such as Salford Quays.

Understanding the implications of the proposed Greater Manchester congestion charge for Pennine Lancashire commuters and businesses.

### 1.25 For housing and neighbourhood:

Providing more locations which are attractive to commuters and highly paid workers, both to retain and attract residents; with an emphasis on high quality and family housing; and neighbourhoods with good local services and high quality schools.

Providing housing targeted at new graduates and younger professionals, including those commuting to Greater Manchester.

Planning new housing developments which take account of likely future commuting patterns, including travelling out to neighbouring sub regions.

### 1.26 For image and perception:

Promoting Pennine Lancashire's accessibility to other major City regions, particularly to Greater Manchester, while retaining an image which features the best of town and rural life.

Promoting employment opportunities in Greater Manchester to local residents and market opportunities to local businesses.

### 1.27 For regional partnership:

Working with Greater Manchester and Lancashire stakeholders to improve the transport links to the City of Manchester, based on the need to improve the scale and quality of the labour market to employers at the core of the conurbation.

1.28 These actions and proposals need to be viewed as additional to, and not a replacement for, actions to improve the employment opportunities available locally. As such they sit alongside proposals to strengthen the business infrastructure; improve the competitiveness of the current business base; attract new investors; proposals to further stimulate new enterprises; and skills and learning initiatives aimed at improving employability.

## 2 INTRODUCTION

2.1 A recent review of Pennine Lancashire<sup>3</sup> highlighted that its economy is underperforming relative to its potential level of output. Specifically, GDP per head across the sub-region of only £13,000 (76% of the national average) amounts to lost potential output of £2.1 billion.

2.2 While partially reflecting lower levels of economic activity, this output gap is predominantly explained by low levels of productivity across the business base, reflected in an employment base that is skewed towards lower value sectors. This phenomenon is common to the majority of sub regional economies in the north of England.

2.3 The report highlighted that these problems are likely to be compounded as declining employment in the manufacturing sector occurs alongside some limited employment growth in lower value added services, and much lower levels of growth in higher value added services. In this context, the report highlights that there is a widening gap between the economic performance of Pennine Lancashire and the North West, and specifically against the strongly performing Greater Manchester economy.

2.4 The report concluded that improving the performance of Pennine Lancashire to the wider North West will require the resolution of underlying structural weaknesses, including:

- The improvement of the local skills base through the up-skilling of the current workforce and the in-migration of talented and skilled individuals.
- Supporting inward and re-investment, including housing and retail, commercial development and new inward investors, particularly in knowledge intensive industries.
- Strengthening the competitiveness of the manufacturing sector, although further employment decline is inevitable, and supporting

growth of highly productive private sector employment, including the financial and business services sector.

2.5 While efforts to renew the economic base and attract new investment are of paramount importance, the scale of worklessness and need for local residents to access higher paid and skilled employment means that accessing neighbouring labour markets will be important in developing sustainable communities in Pennine Lancashire. This will involve Greater Manchester's Urban Core and its Northern districts, Preston and potentially the Leeds City Region.

2.6 Pennine Lancashire is part of the Central Lancashire City Region, which has identified the need to promote transport connectivity to support its integration. However, while Preston will continue to play an integral part in the economic development of Pennine Lancashire, particularly in its western districts, much of Pennine Lancashire is closer to Greater Manchester, which borders Pennine Lancashire to the south and already plays a significant role as an employment destination for Rossendale residents.

2.7 Greater Manchester is the largest sub-regional economy in the north of England. It has experienced significant levels of output growth in recent years, and is forecast to act as a growth pole for the wider region, presenting significant opportunities for the future development of Pennine Lancashire. This paper highlights the opportunities for strengthening ties between the two sub-regional economies and the potential constraints to further integration. It is structured around the following main sections:

- Changing patterns of employment by sector and occupation.
- Anticipated skills demand.
- Travel to work patterns.

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<sup>3</sup> Housing and the Economy: The Pennine Lancashire Market in 2007

### 3 CONTEXT

#### Housing and Employment Land

3.1 The importance of Greater Manchester to the North West (and wider UK) economy will increase over the coming 20 years as it further develops its role as the economic engine of the north, with strong employment growth in business and financial services, higher education and at Manchester International Airport. This employment growth will be accompanied by a significant increase in population. A further and more recent opportunity is being developed at mediacity in Salford, based on the relocation of a number of departments of the BBC.

3.2 Of the 411,000 additional homes proposed in the Regional Spatial Strategy for the North West, 42% will be located in Greater Manchester. Of these, 100,000 are to be located in the Urban Core, consisting of the City of Manchester, Salford and Trafford. Similarly, the Regional Employment Land Study identified a forecast employment land requirement of 1,226 hectares to 2021, 70% of the regional requirement.

3.3 The RSS highlights that the urban core and south of the Greater Manchester City Region will have the highest priority for economic and residential development, while recognising that significant investment will be needed to raise northern parts of the city region to the same levels of economic success.

3.4 This level of residential development will promote in-migration and significantly increase the workforce at the core of the conurbation. It is worth noting that it involves an unprecedented level of housing development over a sustained period of time. If these targets are not met, the employment growth at the core of the conurbation will continue to depend upon accessing a geographically large travel to work area.

3.5 More modest growth is forecast for Pennine Lancashire, with 25,000 additional homes proposed. However, the RSS identifies the need to concentrate new development on the 'regional towns' which include the Pennine Lancashire towns of Blackburn and Burnley. These figures represent a major challenge in terms of reaching and then maintaining very high levels of housing completions, particularly at the core of the Greater Manchester conurbation, as well as in Pennine Lancashire

#### The City Regions

3.6 The **Manchester City Region** Development Programme (CRDP) sets the objective of Manchester City Region becoming one of Europe's premier city regions at the forefront of the knowledge economic and with outstanding commercial, cultural and creative activities by 2025.

3.7 It identifies Manchester Airport, Financial and Professional Services, Life Science Industries, Creative / Digital / New Media, Manufacturing, and ICT Digital / Communications as the six sectors which provide the best opportunities for closing the GVA gap with national levels. It identifies the Oxford Road Corridor and the 'Arc of Opportunity' as the primary location of its education, health, and creative businesses.

3.8 To put the Manchester growth in context, major investment at mediacityuk at Salford will result in an initial employment base of circa 6,000 jobs; Manchester Airport will see its passenger numbers increase substantially, resulting in an employment increase of 10,000 jobs; and in Manchester City Centre up to 30,000 additional jobs are likely with new investment developing the City's professional service and financial reputation, along with a growing leisure and retail economy.

3.9 The **Central Lancashire** CRDP highlights the poly-centric nature of the city region, with Preston acting as the focus for higher value and knowledge based employment with other Principle Urban Settlements each performing its own economic function. It identifies the Advanced Manufacturing Cluster, based predominantly on the Pennine Lancashire based Aerospace industry, as a key opportunity for growing the economy and maximising the city region's competitive advantage. While a strong and competitive sector, it is likely that over the medium and long term, employment will decrease, although key companies and their suppliers may maintain their competitiveness.

3.10 Preston has a positive forward trajectory, with population, housing and employment growth forecast. The scale of employment growth is modest overall, and the numbers involved are in the low thousands.

## Transport and Connectivity

3.11 The Central Lancashire CRDP identifies the Pennine Lancashire authorities as forming a strong travel to work block highlighting the strong connections between Burnley and Pendle and the role of Blackburn in drawing in significant numbers of commuters from elsewhere in Pennine Lancashire. In relation to the Manchester City Region, it notes a limited degree of integration with Central Lancashire's outlying local authorities (notably Rossendale), and highlights that economic and business linkages are not currently well developed

3.12 The RSS highlights the need for both Central Lancashire and Greater Manchester to improve their internal and external transport links and the Lancashire Local Transport Plan highlights the Clitheroe to Manchester rail service as in need of enhanced quality and frequency of services. Rossendale's only rail service is the preserved East Lancashire Railway, linking Rawtenstall, Bury and Heywood. The RTP2 states that the local council has the long term objective of developing the railway into a strategic link with North Manchester.

## The Challenge

3.13 Closing the output gap between Pennine Lancashire and the national economy would generate an additional £2.1 billion per year. This is equivalent to £4,200 per person or £8,400 per employee. However, closing this gap will require taking steps to address some of the key weaknesses of the Pennine Lancashire economy – namely the total number of residents in employment and the factors that contribute to low productivity levels across the economy.

3.14 Pennine Lancashire has a lower employment rate than nationally and closing this gap would generate an additional £220 million for the local economy. Unemployment in Pennine Lancashire is slightly above the national average (7% in 2007 compared to 5% nationally), although the main challenge is associated with higher levels of economic inactivity (26% of the working age population compared to 21% nationally), with 33,000 individuals in receipt of Incapacity Benefit.

3.15 Using the latest available data improving Pennine Lancashire to the national average would involve:

- Reducing the number of unemployed people by 3,000.

- Reducing economic inactivity by 13,000 (including 11,000 Incapacity Benefit claimants).

3.16 In the shorter term, a more realistic step relates to closing the gap with the North West, which will involve reducing economic activity by almost 6,000 and generating an total of 5,000 additional jobs – which will be filled by individuals that are currently unemployed or economically inactive.

3.17 However, closing the current national employment gap may not be sufficient to close the output gap in the future, as national government has set an aspirational working age employment target of 80%. In Pennine Lancashire this would require supporting an additional 33,000 people into employment - a particularly difficult challenge and will only be achieved through engaging significant numbers of individuals that are currently classified as economically inactive.

3.18 Employment levels on this scale would require creating more jobs locally and promoting access to employment opportunities in neighbouring economies, such as Greater Manchester, which may act as alternative employment destinations for Pennine Lancashire residents.

3.19 Average Gross Weekly earnings of full-time employees in Pennine Lancashire are £440 per week, significantly below the English average of £540 per week and below that of its neighbouring economies (£500 in both Preston and Greater Manchester). Furthermore, the average weekly wage of employees in the City of Manchester outperforms the English average, with average weekly wages of £560 per full-time employee. Again, increasing average earnings will also require more residents accessing higher paid jobs in neighbouring economies, as well as providing higher paid jobs locally

3.20 The Leitch Review identifies a strong skills base as an essential element of any successfully functioning economy and sets ambitious skills targets for the working age population if the national economy is to be able to compete globally. These include at least 90% of the working age population being educated to level 2+ and at least 40% achieving level 4+. To meet these targets, upskilling must occur at all levels across the workforce and local residents will need to then access employment which reflects their skills levels. The scale of change includes:

- An additional 20,000 working age people holding NVQ 3
- An additional 62,000 working age people holding NVQ 4 and above.

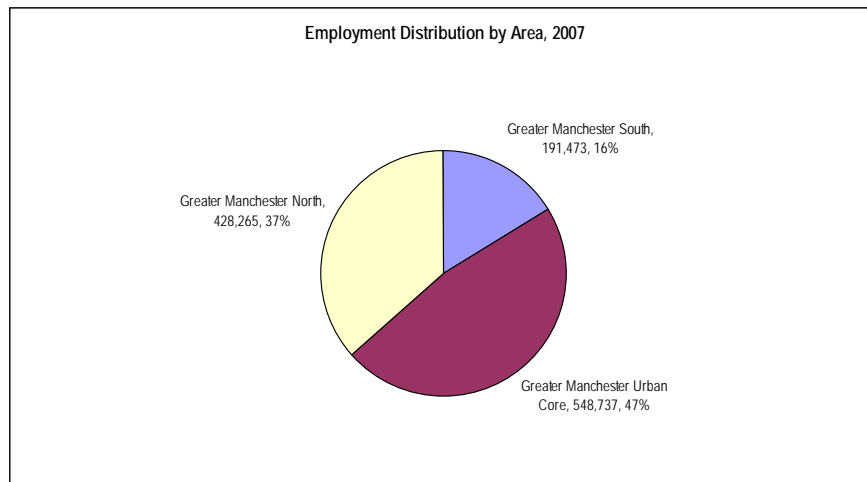
3.21 Higher level employment is weighted towards urban areas. In order to promote greater commuting into Greater Manchester, through attracting and retaining skilled individuals, there will be a need to provide high quality housing, neighbourhoods and schools.

## 4 CHANGING PATTERNS OF EMPLOYMENT

### Employment Overview

4.1 In 2007 the ten districts of Greater Manchester employed 1.2 million people (based on FTE employment) – acting as the largest employment centre within the North of England. The key features are:

- Almost half of total employment (47%, 550,00 jobs) is located within its Urban Core area (the districts of Manchester, Salford and Trafford), and
- The four districts in the northern section (Bolton, Wigan, Oldham and Rochdale) account for employment of almost 430,000, 37% of the total.<sup>4</sup>



Source: Oxford Economics

<sup>4</sup> The employment figures used in this section are taken from the Greater Manchester Forecasting Model (GMFM), for 2007, unless otherwise stated. The model provides employment forecasts for Lancashire CC and Blackburn with Darwen to 2026. Figures for Pennine Lancashire are based on the sub-region's share of countywide employment from the Annual Population Survey (APS).

4.2 Total employment in Manchester is more than twice that in Lancashire<sup>5</sup> where 540,000 individuals were employed in 2007<sup>6</sup> (employment in Pennine Lancashire in 2007 was in the order of 200,000). The variation in the size of the employment base highlights the potential significance of Greater Manchester to the Lancashire and Pennine Lancashire economies. Accessing the Manchester Urban Core and Manchester North labour markets more than quadruples the job opportunities open to Pennine Lancashire residents.

4.3 Within Greater Manchester, the largest employment sector is Distribution and Hotels (which includes retailing), accounting for 26% of total employment, or 290,000 jobs. As a proportion of total employment, this is marginally higher than for Pennine Lancashire, where the sectors accounts for 24% of employment, or 46,000 jobs.

4.4 The most striking distinction between the two sub-regions is the proportion of people employed in the manufacturing and financial and business services sectors.

4.5 Manufacturing is the largest employment sector within Pennine Lancashire, accounting for 25% of employment (or almost 50,000 jobs), compared to only 11% of employment in Greater Manchester. However, due to its scale the Greater Manchester manufacturing sector still employs 125,000 – 1.5 times the number employed in Pennine Lancashire. As manufacturing employment in Pennine Lancashire declines, there may be limited opportunities for displaced workers to seek new employment in the Greater Manchester, where substantial employment decline will also take place.

4.6 More positively, the opportunities for Pennine Lancashire manufacturing companies to collaborate with or act as sub contractors to other manufacturing increase considerably when the wider Lancashire and Greater Manchester business base is taken into account.

<sup>5</sup> For the purposes of this study, Lancashire refers to Lancashire County and Blackburn (i.e. it excludes Blackpool).

<sup>6</sup> All employment figures are based on FTE (Full Time Equivalent), unless stated otherwise.

4.7 In contrast, Financial and Business Services accounts for 22% of total employment in Greater Manchester (246,000) compared to only 12% across Pennine Lancashire (22,000). This represents a substantial variation in the distribution of employment and again highlights the degree to which Pennine Lancashire has not been able to attract new investment in this sector. Accessing these employment opportunities in Greater Manchester where relatively high numbers in the workforce are graduate educated will be important for Pennine Lancashire residents, particularly young people.

**Implications for Pennine Lancashire**

The scale of Greater Manchester employment is substantial in comparison to Pennine Lancashire and, while dominated by the urban core, Manchester North also represents a significant employment base.

Greater Manchester has significant levels of employment in higher value business services, particularly the Urban Core, which may act as a potential source of employment for high skilled Pennine Lancashire residents.

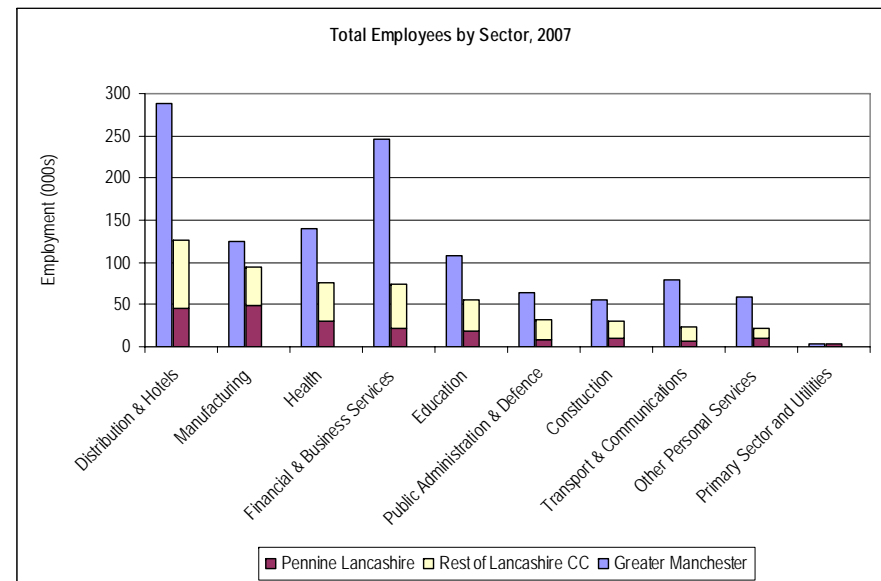
The scale of the Greater Manchester economy provides considerable potential for supply chain linkages, with Pennine Lancashire businesses able to access a fast growing economy within a short travelling time. This could assist in closing the economic and enterprise gap (of 1,500 VAT registered businesses)<sup>7</sup>.

4.8 The following graph plots the absolute level of employment across Greater Manchester and Lancashire and provides a clearer illustration of the relative scale of employment<sup>8</sup>.

4.9 The most striking funding is the scale of manufacturing employment in Lancashire, which is circa 70% of the Greater Manchester figure. This is significantly higher than the figure for other sectors in Lancashire, which are

typically less than half the size of their Greater Manchester counterparts. Manufacturing is still of considerable importance to both the Lancashire and Pennine Lancashire economies.

4.10 Conversely, Financial and Business Services employment in Lancashire represents a small proportion of the Greater Manchester total and the distinction is even greater for Pennine Lancashire; reflecting Preston's role as the administrative and commercial capital of the County.



Source: Oxford Economics / EKOS

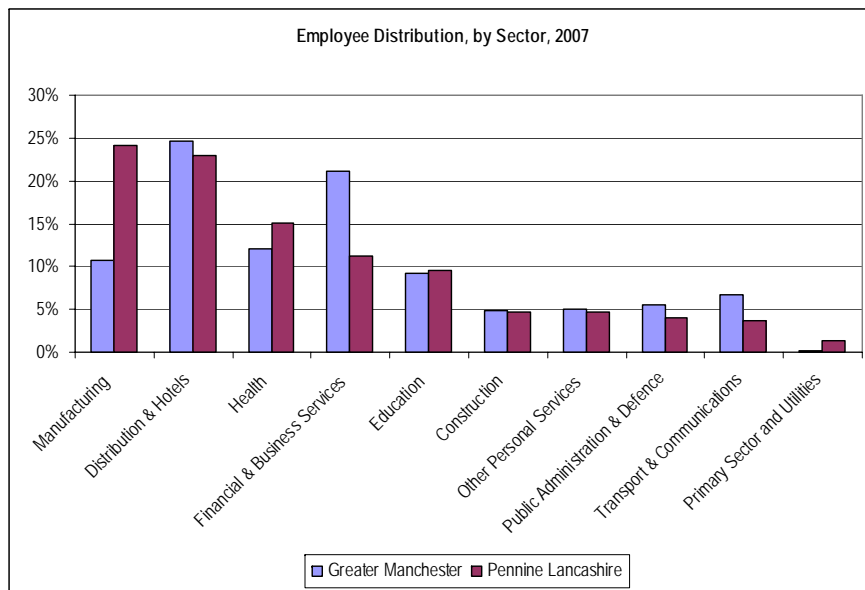
4.11 The following graph highlights the relative distribution of employment within the Greater Manchester and Pennine Lancashire. Again, the clearest feature is the relative level of Financial and Business Services employment and Pennine Lancashire's dependence on the manufacturing sector.

<sup>7</sup> Housing and the Economy: The Pennine Lancashire Market in 2007

<sup>8</sup> The Oxford Economics figures for Lancashire CC and Blackburn can be broken down into estimates of employment for Pennine Lancashire and the remainder of the County (i.e. excluding Blackpool). Overall, Pennine Lancashire accounts for approximately two-thirds of the total employment in Blackburn with Darwen and Lancashire CC.

4.12 It also illustrates Healthcare as another significant employer across both regions, accounting for 12% of employment in Greater Manchester (140,000 jobs) and 14% of employment (30,000 jobs) across Pennine Lancashire.

4.13 Education employs a similar proportion of the total workforce in both areas (9% in Greater Manchester and 10% in Pennine Lancashire). The proportion of the workforce employed in Public Administration and Defence is lower in Pennine Lancashire (4% or 8,000 jobs compared to 6% or 64,000 jobs in Manchester), although this may reflect the fact that Preston, the administrative capital of Lancashire CC, does not fall within Pennine Lancashire.



Source: Oxford Economics

4.14 Employment in Greater Manchester is almost six times the size of employment in Pennine Lancashire (1.16 million, compared to 200,000), which is reflected in the sectoral employment totals for each area, however the previous graphs illustrate the following key issues:

- In the Financial and Business Services Sector, employment in Greater Manchester is almost 11 times that in Pennine Lancashire (246,000 compared to 22,000). This highlights both the relative size of the two economies, and the intensity of higher value services in Greater Manchester. This is particularly relevant when attempting to attract new businesses into the region. Looking forward, Pennine Lancashire may have an opportunity to build on the success of Manchester and the increasing costs of being based in the conurbation, focusing on the close proximity of key investment locations.
- Pennine Lancashire underperforms in relation to the Transport and Communications sector, which employs 11 times more people in Greater Manchester. This will partly reflect the location of Manchester Airport, although other factors may have an influence including telecommunications.
- The proportion employed in Other Personal Services, although absolute numbers are smaller, is also significantly higher in Greater Manchester, where it accounts for 6% of employment (64,000) compared to 4% (8,000) across Pennine Lancashire.
- Although less significant in percentage terms compared to ten or twenty years ago, Manufacturing still employs a considerable number of people in Greater Manchester. Greater Manchester faces a similar challenge to Pennine Lancashire to improve the competitiveness of its manufacturing base and reduce the scale and pace of employment decline.

**Implications for Pennine Lancashire**

The scale and location of Financial and Business Services offers more accessible opportunities, both for residents and supplier business.

Pennine Lancashire residents with business and financial services skills and qualifications will inevitably have to access the Greater Manchester employment market at some point in their career.

While the scale and growth of air related industries (which includes logistics and business services sub-sectors) may present more limited opportunities for Pennine Lancashire as a result of the travel times to Manchester airport, there may be other elements of transport logistics and communications where the sub region can increase its share of investment and employment.

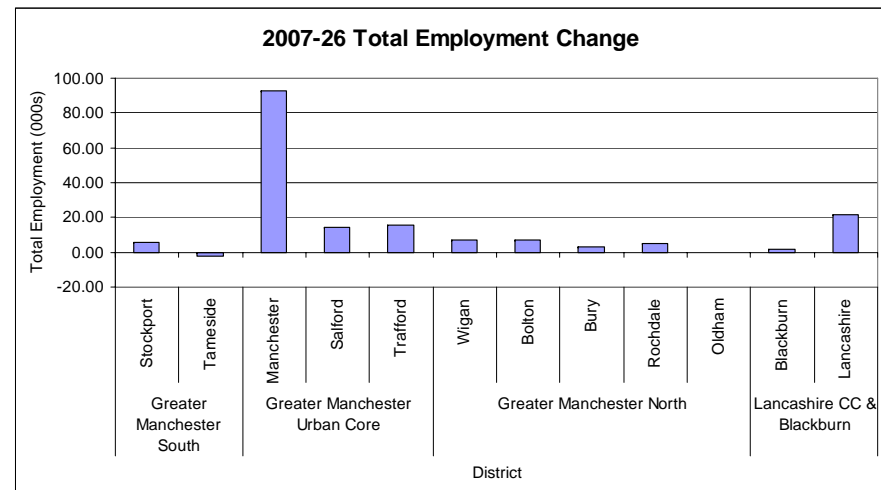
The decline of the Manufacturing employment (although not necessarily output) across Pennine Lancashire and also Greater Manchester will presents significant challenges for both economies and it is essential that stakeholder organisations work collaboratively to help displaced labour find new employment and/or re-train.

**Forecast Employment Growth**

4.15 Forecast employment growth across the various geographies is dominated by the Greater Manchester Urban Core (consisting of Manchester, Salford, and Trafford) which is expected to grow by 122,000 jobs to 672,000 by 2026. This accounts for 72% of the total employment growth across the geographies over this period.

4.16 This is driven in turn by the City of Manchester, where an additional 92,000 jobs are expected to be created, accounting for 54% of the total growth across Greater Manchester and Lancashire. This is a remarkable and unprecedented concentration of employment growth.

4.17 In contrast employment growth of 23,000 is forecast across Lancashire CC and Blackburn, taking its total employment to 560,000. Of these 8% (2,800) are forecast to be in Blackburn. The growth in the other Pennine Lancashire districts is likely to be very modest.



Source: Oxford Economics

4.18 In percentage terms, the additional 23,000 jobs in Lancashire CC and Blackburn represent employment growth of 4% on its 2007 base. This is marginally behind the growth forecast for North Manchester (4% or 22,000 jobs) and less than half the level of forecast across both geographies (10%). This latter figure is skewed by the Greater Manchester Urban Core, for which total employment is forecast to grow by 22% to 2026.

4.19 In contrast to the overall picture, slower growth is forecast for Greater Manchester South (2% or 3,000 jobs), with employment declining in Tameside over this period. This may reflect a centralisation of employment in the Greater Manchester Urban Core rather than declining employment opportunities.

4.20 Manchester City Airport, located at the southern tip of the city of Manchester will contribute to the growth of Greater Manchester, both in terms of improving its connectedness and acting as a significant source of employment in its own right. Passenger numbers are expected to double to over 40 million per annum.

**Implications for Pennine Lancashire**

The forecast scale of Pennine Lancashire employment growth is insufficient to increase the employment rate (a key objective) and provide sufficient quality employment for young people, particularly those in further and higher education (the national target is for 50% of young people to enter higher education).

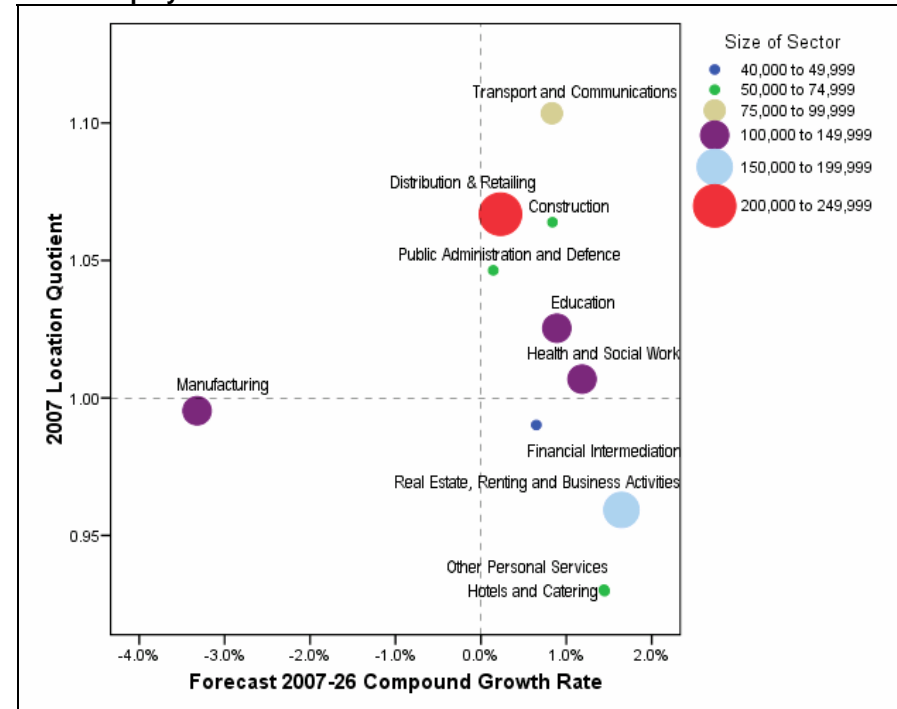
Increased employment opportunities for residents are dependent on the growth of the Greater Manchester urban core, and it is essential that Pennine Lancashire residents and businesses have a perception of, and are able to access, the regional marketplace.

The concentration of employment growth at the urban core is unprecedented in recent times, and ends a long term trend of employment moving from industrial centres to outlying areas. This will reduce the relative scale of employment in the north, with markedly increased employment at the urban core.

**Forecast Employment Growth, by Sector**

4.21 The figure below plots the broad sectoral Location Quotients (LQ) against their forecast compound growth rate to 2026. Sectors with a LQ of more than one account for a greater proportion of total employment than nationally, sectors with a LQ of less than one are under-represented in the local economy.

**Broad Employment Sectors in Greater Manchester**



4.22 This scale of the LQ axis illustrates that the distribution of employment in Greater Manchester is broadly in line with the picture nationally. The city's greatest specialism is within the Transport and Communications sector, although this is only 10% larger than would be expected if the employment distribution was in line with the national average and is likely to reflect employment in and associated with Manchester Airport.

4.23 The key characteristic of the Greater Manchester economy is that annual growth is forecast for all sectors, with the exception of manufacturing and there are a number of broad sectors located within the top right quadrant, where growth is anticipated and where Greater Manchester is already well represented. It is important to note that the low value for the Location Quotients, such as 1.03 for education, reflects the representation across the ten Boroughs. A local authority level analysis would identify a much higher quotient for activities such as education in Manchester City, where there are a number of universities and a very large student population.

4.24 The strongest employment growth is forecast among the Real Estate, Renting and Business Activities sector. This is a large employment sector and growth of 1.7% pa is forecast to 2026, taking total employment in the sector to 270,000 (growth of 50,000 jobs). By 2026 this sector will account for a very large share of total employment (21% in 2027, up from 17% in 2007), although this largely reflects national trends. The sector's LQ will remain broadly unchanged over the period (i.e. the sector will account for a greater share of total employment nationally, as well as in Greater Manchester).

4.25 The public sector will remain a significant employer with Education and Health & Social Work forecast to grow by 0.9% and 1.2% per annum to 2026.

4.26 Employing 215,000 people, Distribution and Retailing is the largest employment sector within Greatest Manchester. Overall it accounts for 7% more employment than would be the case if employment was in line with the national average. Low annual growth of 0.2% places the sector's growth in line with the national trends, and by 2026 the sector will account for 17% of total employment, placing it behind the Financial and Business Services sector.

4.27 The manufacturing employment forecast is bleak. Greater Manchester still has a strong representation of manufacturing employment, close to the national average, and this reflects significant employment in a number of the districts, such as Trafford, Bolton and Wigan. The employment forecast is for a significant and remorseless decline in employment over the next twenty years, and the compound rate of decline, at 3% per annum is significant.

4.28 The decline in manufacturing employment, on this scale, will have an effect on Pennine Lancashire companies which are part of the supply chain for

companies based in Greater Manchester. There will also be an important for residents currently employed in manufacturing who may have been able to access employment opportunities in Greater Manchester. The numbers of such opportunities will decline dramatically over the next twenty years.

### Broad Sectoral Trends in Pennine Lancashire

4.29 The following chart plots the sectoral employment trends within Pennine Lancashire over the past five years. Its purpose is to highlight how employment has changed in recent years and identify any potential linkages with the forecast trends for the Greater Manchester economy.

4.30 The main characteristic of employment in Pennine Lancashire is the economy's strength and its dependence on the manufacturing sector. With a LQ of 2.2, it accounts for over twice the level of employment than would be expected if the employment distribution was in line with the national average, a result of some very competitive sub sectors.

4.31 Of the other large employment sectors, employment in Distribution and Retailing has declined in recent years (-1.3% pa), where as Health and Social Work has grown marginally.

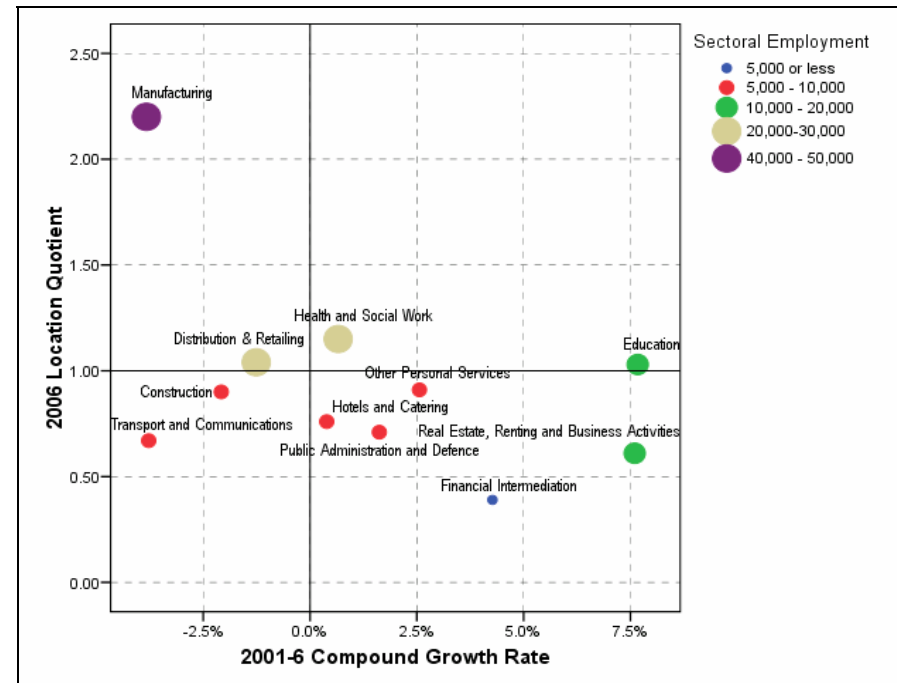
4.32 Beyond these few larger sectors, employment in Pennine Lancashire is distributed among a range of small sectors in which the sub-region is under-represented. Promisingly, a number of these experienced growth in recent years (represented on the right hand side of the axis).

4.33 Both the Real Estate, Renting & Business Activities and the Financial Intermediation sectors has experienced strong growth rates in recent years above the national level (of 7.6% and 4.3% per annum), and there may be potential for these small sectors to link to the expected success of their counterparts in Greater Manchester.

4.34 In recent years employment growth in Pennine Lancashire has been faster than that forecast for Manchester, however the growth forecasts for Lancashire CC and Blackburn suggest that the rate of growth will decline in future years.

4.35 The greatest challenge facing Pennine Lancashire relates to managing the re-structuring of the Manufacturing sector. The Manchester employment forecasts suggest that close integration between the two economies, while presenting many other opportunities, will not assist with this transition.

### East Lancashire Broad Sector FTE Employment Growth



Source: Annual Business Enquiry

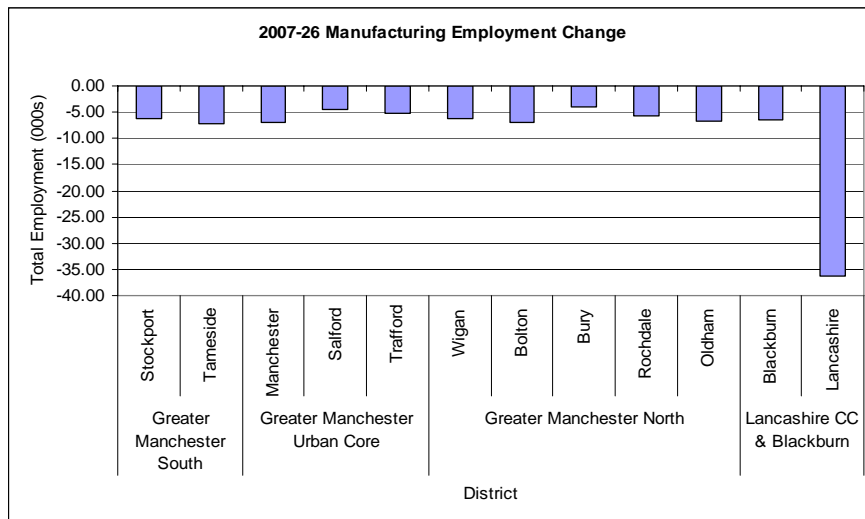
### Implications for Pennine Lancashire

While Business Services and Financial Intermediation are small employment sectors, they have experienced strong growth in recent years. With employment growth of 73,000 forecast for the Urban Core and Manchester North there is potential for Pennine Lancashire businesses to benefit from supply chain linkages and for residents to access employment. Personal services is another sector experiencing strong employment growth and will play a significant supporting role in the future service based economy. There also remains potential to develop employment growth in retail and distribution and transport and communications.

## Manufacturing

4.36 Between 2007 and 2026, Manufacturing employment across Greater Manchester, Lancashire CC & Blackburn is forecast to decline by 102,000 jobs or by 46% of the current (2007) employment base.

4.37 The scale of decline is relatively uniform across the four sub-areas, ranging from 45% in Lancashire CC & Blackburn to 48% across Greater Manchester South and its Urban Core. Overall employment in manufacturing will fall from 13% of total employment to 6% in 2026. While the sector in Lancashire CC & Blackburn will continue to employ a greater share of total employment, it will still face an employment decline of 43,000.



Source: Oxford Economics

4.38 These forecasts reflect the previous analysis undertaken<sup>9</sup> which highlighted that while Pennine Lancashire had retained its manufacturing employment base relative to other northern economies, it is likely that the further restructuring of the economy from manufacturing towards service based sectors will continue.

4.39 A key consideration of these findings is that declining employment opportunities in manufacturing will not be replaced by similar opportunities in neighbouring economies. This is a markedly different scenario to the higher value added services, where even if employment growth is limited locally, there will be substantial employment growth in the Manchester Urban Core.

4.40 A significant proportion of the 35,000 jobs which will be lost over the next twenty years and illustrated in the bar chart under Lancashire will occur within Pennine Lancashire. The continuing erosion of the employment base will result in further employment losses in Hyndburn, Burnley and Pendle.

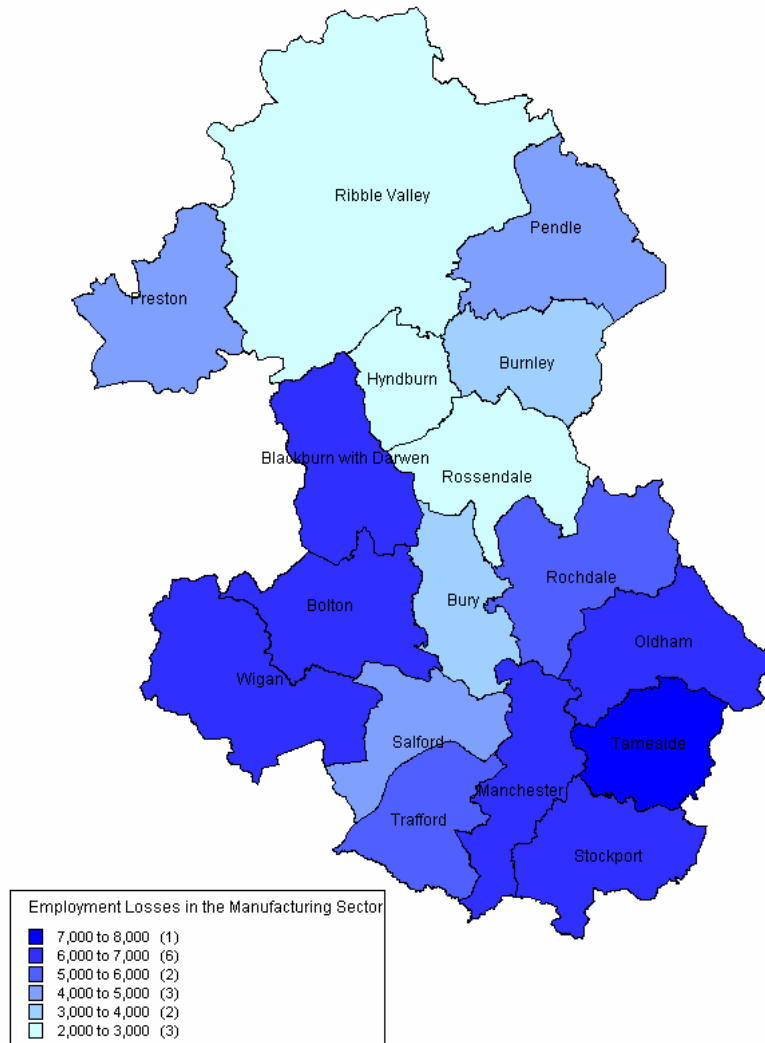
4.41 The following map illustrates the spatial distribution of the scale of manufacturing job loss over Greater Manchester, Pennine Lancashire, and Preston. The numbers of losses in Greater Manchester reflects the scale of employment in this sub-region, with the losses concentrated in Bolton, Oldham, Tameside, and the City of Manchester.

4.42 Within Pennine Lancashire, Blackburn is forecast to lose the greatest number of manufacturing jobs, followed by Pendle and Burnley. Preston will also face significant employment decline, once again highlighting that manufacturing job losses within the Pennine Lancashire economy are unlikely to be replaced by similar opportunities elsewhere.

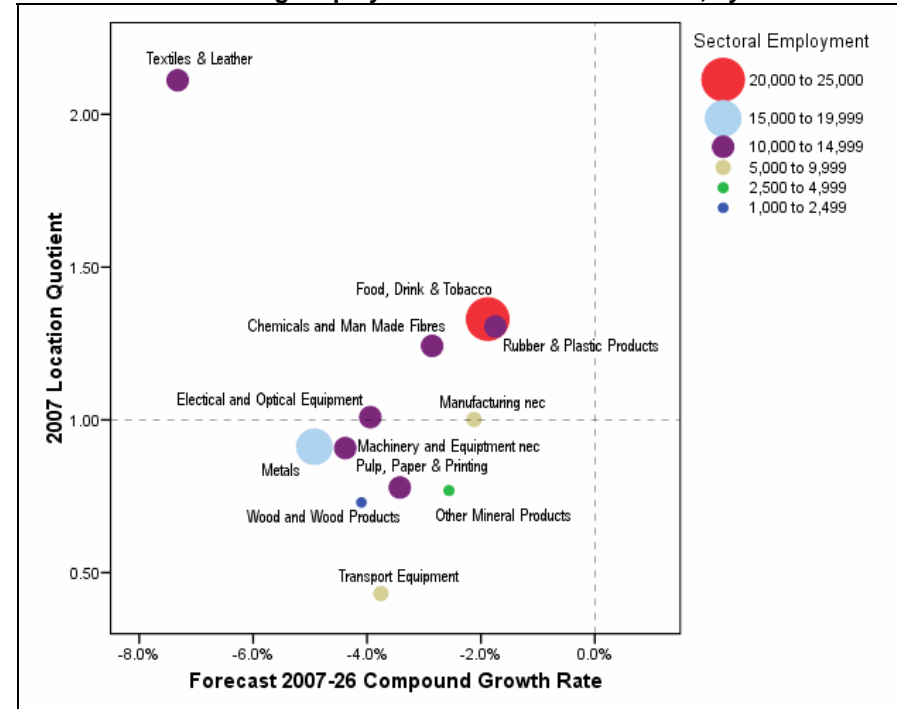
4.43 The figures for Pennine Lancashire (excluding Blackburn) and Preston are estimated by weighting the manufacturing employment losses by the current manufacturing base within each district. The true distribution of manufacturing job losses may be less even, with some districts experiencing a greater level of employment decline than others.

<sup>9</sup> Housing and the Economy: The Pennine Lancashire Market in 2007

Distribution of Manufacturing Job Losses, 2007-26



Forecast Manufacturing Employment in Greater Manchester, by Sector<sup>10</sup>



4.44 The manufacturing job losses in Greater Manchester are not restricted to particular sectors, with all sub-sectors forecast to experience varying levels of employment decline. In some instances this may be due to production process improvements and be associated with increases in output, however the overall trend will be for sustained employment decline.

<sup>10</sup> Oxford Economics Sub-Sectoral Employment Forecasts are only provided for Greater Manchester

4.45 The largest employment sector (Food, Drink & Tobacco) will experience a smaller rate of employment decline, however its annual growth rate of -1.9% still amounts to an absolute decline of 6,700 or 30% of its employment base in 2007.

**Conclusions**

4.46 Pennine Lancashire is a significant player in the regional manufacturing base, demonstrated by the table below. Despite the significant levels of employment decline forecast for the sector, manufacturing employment in Pennine Lancashire will remain important.

**Total Forecast Manufacturing Employment, 2007-26**

	2007	2016	2026	2007-16 Change
<b>Pennine Lancashire</b>	58,072	42,595	31,725	-26,347
<b>Other Lancashire CC</b>	35,911	26,350	19,674	-16,237
<b>Greater Manchester</b>	125,330	90,267	65,950	-59,381

Source: Oxford Economics / EKOS

4.47 Through promoting manufacturing opportunities in high value, competitive, and niche sectors, it may be possible to slow the rate of manufacturing employment decline, and create a smaller and sustainable manufacturing base. This is a substantial challenge in light of the scale of manufacturing decline throughout the region. Furthermore, manufacturing businesses across the north of England (including Manchester) will be seeking similar opportunities, increasing the competitive pressure on those located in Pennine Lancashire.

4.48 Another key consideration is the limited opportunities that exist for the sector's displaced workers. The table above highlights the limited manufacturing opportunities outside Pennine Lancashire. Employment opportunities will be in service based sectors, and in the case of Pennine Lancashire, these will predominantly be in lower value sectors.

4.49 A significant number of Pennine Lancashire manufacturing sector employees may find themselves unable to access suitable alternative employment, or that their real incomes decline significantly as they move into lower value occupations.

4.50 Overcoming these challenges and ensuring that Pennine Lancashire residents are able to access the most appropriate forms of employment will require much closer collaboration and connectivity between Pennine Lancashire and its neighbouring city regions, at least in part through allowing Pennine Lancashire residents to access a far broader range of employment opportunities.

**Implications for Pennine Lancashire**

Pennine Lancashire faces a significant forecast employment decline in the manufacturing sector and Greater Manchester is unlikely to provide sufficient replacement demand (in spite of its own large manufacturing base) due to a similar rate of decline.

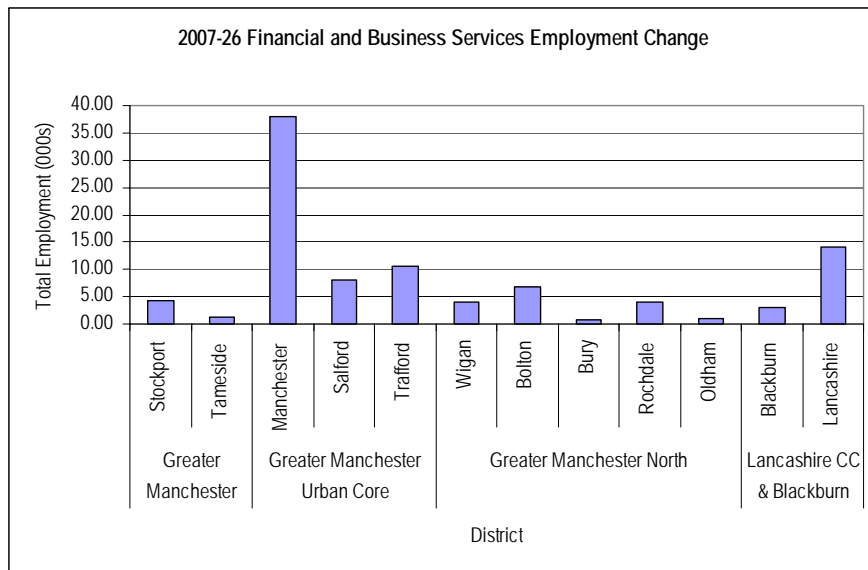
The challenge for Pennine Lancashire is in managing this re-structuring, particularly in those areas likely to experience high levels of decline (Blackburn, Pendle, and Burnley). For many manufacturing sector employees, service sector growth may not provide suitable and adequately paid employment opportunities; targeted interventions may be necessary to ensure that employment decline does not result in increased and prolonged levels of worklessness.

Those jobs that remain in manufacturing are likely to be both highly skilled and highly paid. The economic impact will be significant, and associated supply chain links will be important. This re-inforces the need to view manufacturing as in a process of re-structuring and transition, rather than simply (employment) decline.

### Financial and Business Services

4.51 Significant Financial and Business Services employment growth is forecast across each of the four sub-areas, however this growth is centralised in the Urban Core, which accounts for 59% of the sector's employment growth across the two areas.

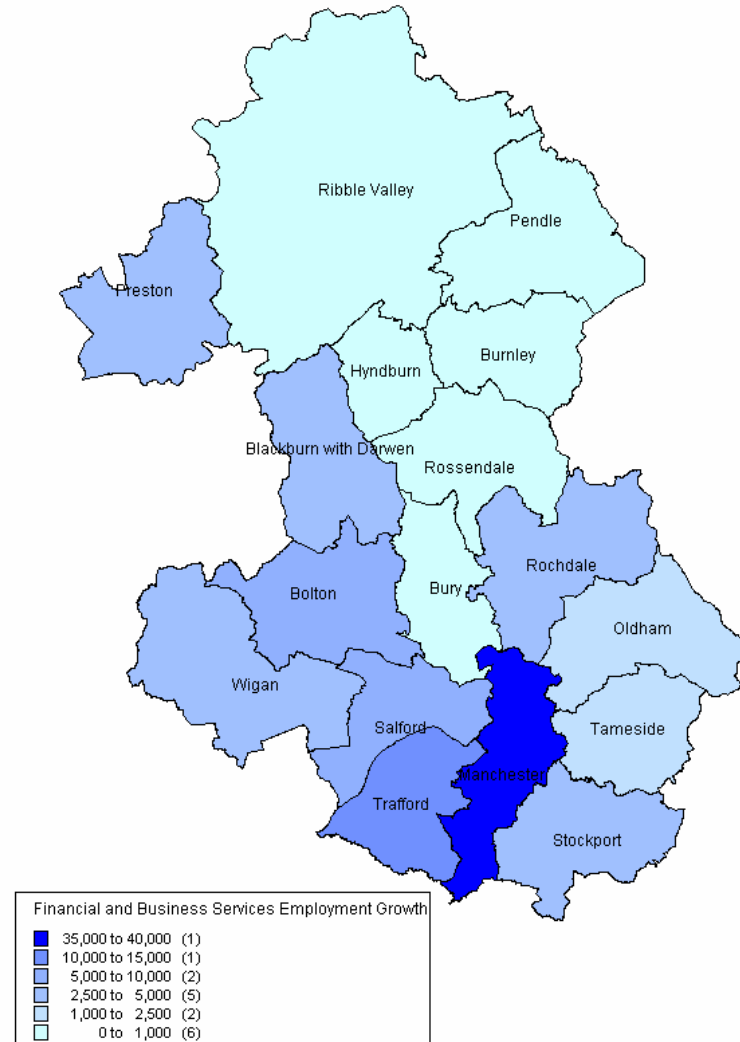
4.52 Lancashire underperforms relative to greater Manchester (growing by 23% or 17,000) however this still represents significant employment growth for the district.



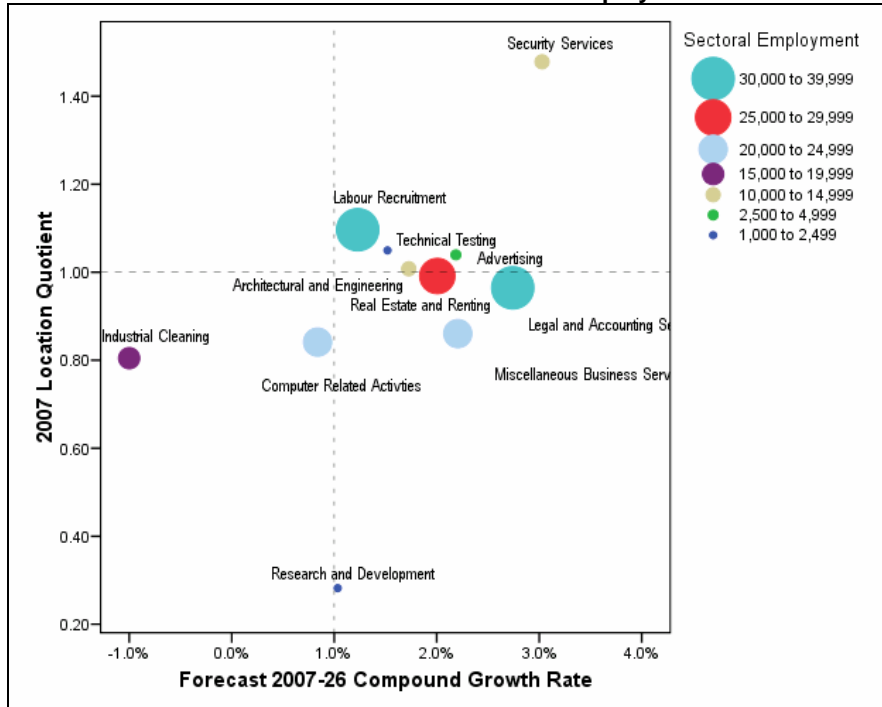
Source: Oxford Economics

4.53 The figures opposite illustrates that within Lancashire, Financial and Business Services growth will be concentrated within Blackburn with Darwen and Preston. Strong sectoral growth in Bolton may also provide accessible opportunities for Pennine Lancashire residents.

### Distribution of Financial & Business Services Employment Growth (2007-26)



**Forecast Greater Manchester Business Services Employment**



NB: Industrial cleaning is forecast to decline by 4.8% pa, the scale is amended here for the clarity of the other sectors.

4.54 At the sub-sectoral level, most sub-sectors are clustered around the 2% per annum growth rate, with only two sectors forecast to decline. The large size of the labour recruitment sector may reflect the increasing importance of agency staff.

4.55 The greatest employment opportunities appear to be within the Legal and Accounting Services, and Real Estate and Renting sectors.

**Implications for Pennine Lancashire**

Strong growth is forecast for Preston and Blackburn with Darwen in Financial and Business Services over the next twenty years, and these jobs will be accessible to many Pennine Lancashire residents, as well as to residents in surrounding areas.

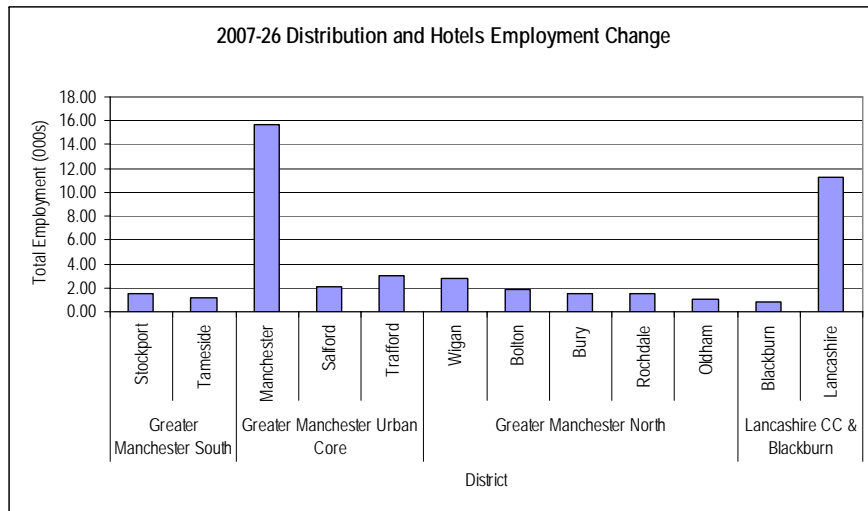
Employment growth in the other Pennine Lancashire districts will be modest, and will not be sufficient to off-set the decline in local manufacturing employment.

Financial and Business Services growth in the City of Manchester is significantly higher than for any other district in Greater Manchester or Pennine Lancashire. Accessing this market will be an important source of higher skilled and higher paid employment opportunities.

Strong connectivity with the urban core is essential if Pennine Lancashire is to benefit from this employment growth, which is of national significance. It is geographically well positioned to service this market and to contribute labour, although relatively slow journey times into the City of Manchester may constrain the potential benefits that will accrue to this sub-region.

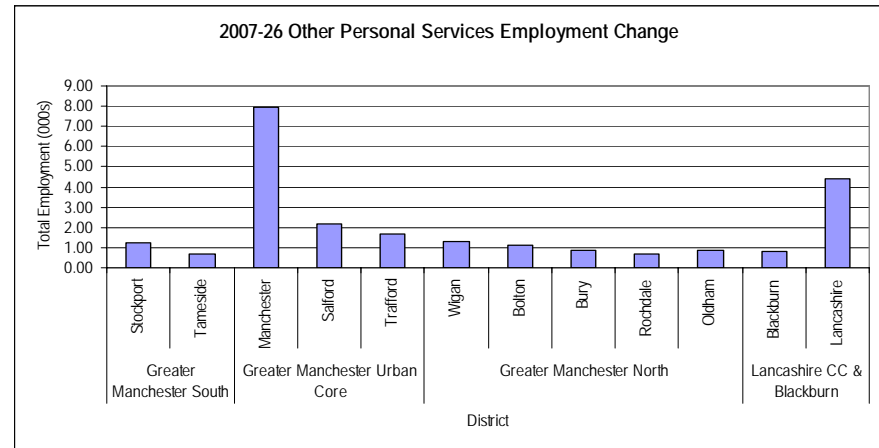
### Other Key Sectors

4.56 Beyond the Financial and Business Services sector, the Distribution and Hotels sector accounts for a significant proportion of total employment growth. Once again this is focused in the city of Manchester (16,000 or 23%) – although significant growth is also forecast for Lancashire CC (12,000 or 10%). In this latter case, a large increase in employment is likely for Preston with new investment plans seeking to re-inforce its ambition of being the third city of the region.



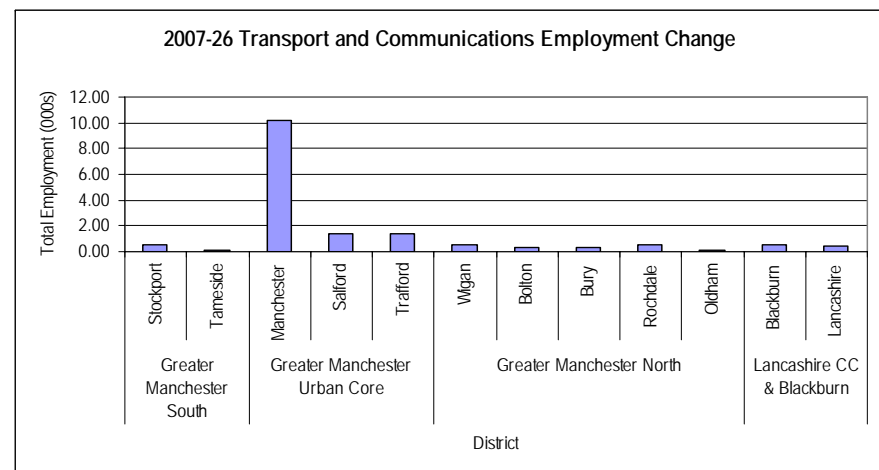
Source: Oxford Economics

4.57 Lower employment growth is forecast within the Other Personal Services sector, reflecting the smaller employment base within this sector, however there are significant employment opportunities in both Greater Manchester and Lancashire. Once again employment is focused on the urban core of Manchester (particularly the City of Manchester), which accounts for 50% of the employment change in this sector (33% for the City).



Source: Oxford Economics

4.58 Overall 14,000 additional jobs are forecast to be created in the Transport and Communications sector, however almost 81% of these are expected to be located within the Greater Manchester Urban Core. In contrast, less than 1,000 jobs in this sector are forecast to be located within Lancashire CC or Blackburn.



Source: Oxford Economics

## Summary and Key Points:

- The Greater Manchester Urban Core is a major employment centre within the North of England and will increase its influence over its neighbouring economies.
- The main distinction between the economies of Greater Manchester and Lancashire is the former's strong representation in the Financial and Business Services sectors (which has been the key drive of economic growth nationally for many years) and the latter's continuing dependence on manufacturing employment, partly a result of some very strong sub sectors and very successful companies.
- The most significant challenge facing Lancashire is the decline of the manufacturing employment base - which is expected to halve by 2026, with a potential employment loss of 26,000 jobs by 2026. Greater Manchester will also experience a substantial decline in manufacturing employment.
- This employment loss of circa 2,000 jobs per annum over all of the local authority districts will be remorseless and to a degree unseen, characterised by the occasional high profile closure and more numerous small scale losses at the company level, although the aggregate total will be considerable.
- The accompanying manufacturing employment decline in other parts of Lancashire (16,000) and Greater Manchester (59,000) is likely to affect some of the Pennine Lancashire based supply chain, further restricting opportunities for diversification.
- Employment opportunities will be in the form of Financial and Business Services, Hotels and Distribution, and Other Personal Services - however much of these opportunities will be located within Manchester's Urban Core - and the key challenge is to ensure that the Lancashire employment base is able to link to these opportunities.
- There is potential for increasing employment in Pennine Lancashire in a number of areas such as retail, distribution and hotels; transport and

communications; and personal services. Although employment gains may be modest, any additional jobs will help to off-set the decline in manufacturing employment.

### Implications for Pennine Lancashire

The evidence suggests that employment in Greater Manchester will become increasingly centralised within the Urban Core as an increasing proportion of service sector jobs are located within the three core districts.

Employment opportunities within the North of Manchester are more limited – although there will be particular opportunities at the sub-sectoral level, and in locations such as Bolton. This said, the North of Manchester will remain an employment destination for many Pennine Lancashire residents.

A number of the Greater Manchester districts where employment growth is limited will also need to prioritise residents accessing the employment market in the urban core. These districts are likely to benefit from recent and planned investments to the public transport networks, particularly rail and tram provision.

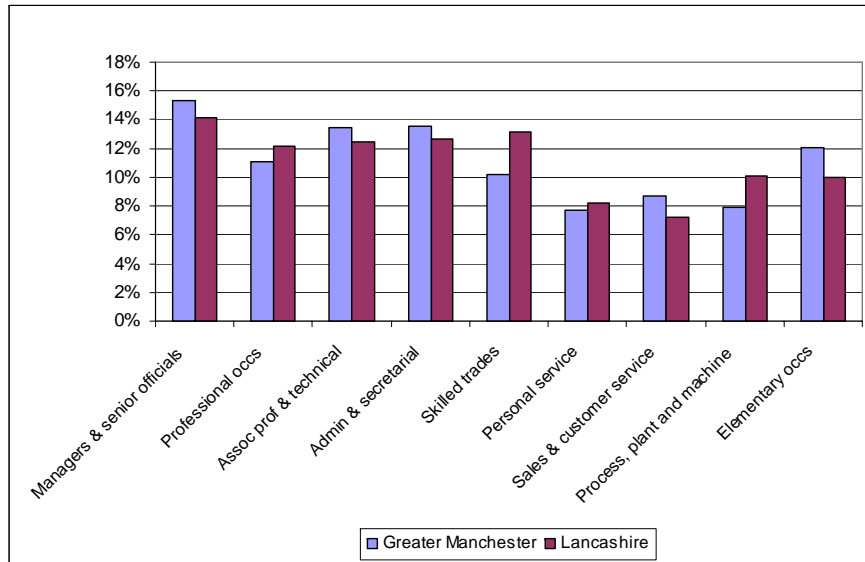
Given the time and costs involved in commuting, local residents are unlikely to commute to lower paid jobs; it will be important that skills and qualification levels are improved to allow local residents to access the types of higher paid jobs which make commuting an attractive proposition.

## 5 PATTERNS OF EMPLOYMENT BY OCCUPATION

5.1 The occupational profiles of Greater Manchester and Lancashire (including Blackburn and Blackpool) are broadly in line, although there are some key variations. For example, a greater proportion of people in Lancashire are employed in skilled trades and process, plant, and machine related occupations (23% compared to 18% in Greater Manchester), reflecting the manufacturing and industrial nature of the Lancashire labour market.

5.2 Conversely, Greater Manchester has a higher proportion of sales, customer service, and elementary occupations (21% compared to 17% in Lancashire), reflecting its service based economy, particularly employment within the urban core.

Distribution of Employment, by Occupation, 2007, % of total



Source: Oxford Economics, Cambridge Econometrics

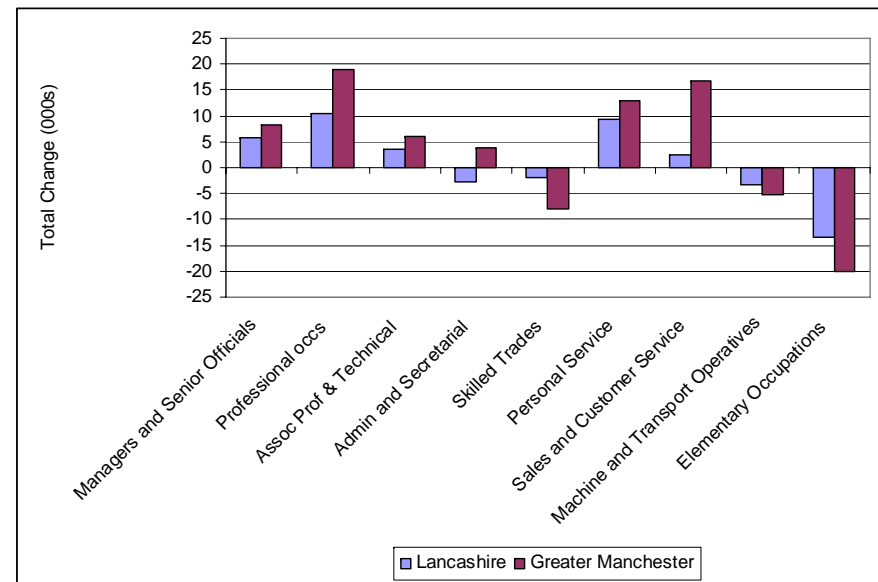
5.3 An equal proportion of people are employed in professional occupations in Greater Manchester and Lancashire (25%) and the proportion of people employed

in managerial and senior positions is only marginally higher in Manchester (15% compared to 14% in Lancashire).

5.4 These proportions do not illustrate the scale of employment by occupation, which is significantly higher in Manchester at all occupational levels. For example, 326,000 people work in professional occupations in Greater Manchester compared to only 165,000 in Lancashire, even though these occupations account for 25% of total employment in each area.

5.5 At the sub-sectoral level, the higher proportion of people employed in the skilled trades in Lancashire is largely explained by the 3.0% employed in textiles, printing and other skilled trades (compared to 1.8% in Greater Manchester) and the skilled metal and electrical trades, both closely associated with the traditional industries in Lancashire.

Employment Change by Occupation, 2007-14



Source: LSC working Futures

5.6 In both Greater Manchester and Lancashire, employment growth will predominantly be within the higher level managerial and professional occupations and within the personal service related occupations. Greater Manchester is also forecast to experience significant growth of sales and customer service related occupations.

5.7 These trends clearly highlight the shift towards service based employment. Growth of higher level managerial and professions occupations indicate that jobs will be of higher quality and better paid, reflecting higher value activities. This shift in the distribution of employment will also be linked to the increasing demands for skilled labour (discussed in the following section).

5.8 Forecast employment growth is significantly higher in Greater Manchester, particularly for managerial and professional occupations which are forecast to grow by 33,000 between 2007 and 2014, compared to 20,000 for Lancashire, however this reflects the smaller employment base of Lancashire. (Over this period the rate of growth for managerial and professional occupations is 7% in Lancashire compared to 6% for Greater Manchester.)

5.9 Lancashire is also forecast to retain employment in skilled trades, which is forecast to decline by only 2,000 (or -2.4%), compared to employment decline of 8,000 (or -6%) in Greater Manchester. This suggests that the forecast decline in manufacturing employment will be at the semi skilled and un-skilled level.

5.10 A significant challenge for both areas is the loss of elementary occupations, which will decline by 33,000 across both areas. Manchester will face the most serious losses (of 20,000 compared to 13,000 in Lancashire), although the decline in Lancashire is larger in relative terms (-19% compared to -14% in Greater Manchester).

5.11 While job losses in the elementary occupations are smaller than the employment gains in other occupations, there will be limited transfer between these occupational groups. The decline in occupational groups will affect the most vulnerable in the workforce (i.e. those with no/fewer qualifications, limited and/or insufficient skills to undertake higher level employment activities).

5.12 The following section identifies the forecast demand for qualifications, of particular relevance to individuals in lower skilled occupational group where

individuals are more likely to require support in developing the skills required in the future economy.

5.13 Broadly speaking, the employment growth in Lancashire and Greater Manchester is complementary, with both economies shifting to higher value and service related employment. The significant employment of sales and customer service related employment is likely to be lower paid than existing employment in the skilled trades.

#### **Implications for Pennine Lancashire**

While employment losses among the skilled trades and machine and transport operatives will be less severe in Lancashire than elsewhere, there will be a substantial reduction in elementary occupations in Pennine Lancashire.

Opportunities for future employment growth are focused on managerial and professional occupations and personal and customer service related activities. Perversely, the scale of growth in professional employment may see these jobs taken by people living outside of Pennine Lancashire.

In order for Pennine Lancashire to capture a high proportion of the benefits of the increased growth in managerial occupations, there is a need to support the development of higher level skills within the workforce, improve educational performance in schools and further increase the proportion of young people going on to higher education.

Pennine Lancashire must develop neighbourhoods and housing that are attractive to professionals/skilled people; this will encourage more of those who currently live elsewhere but work in the area to relocate there, and attract in-migration.

## 6 ANTICIPATED SKILLS DEMAND

6.1 The importance of significant upskilling of the UK workforce has already been highlighted by the earlier discussion of the Leitch review. This section highlights the geographic distribution of skilled across Pennine Lancashire, Greater Manchester, and Preston and identifies what impact employment growth forecasts will have on future skills demand.

6.2 The stock of working age people holding at least NVQ 4 is clearly clustered in the south of Greater Manchester, specifically in the City of Manchester and Stockport. Elsewhere in Greater Manchester, both Wigan and Bolton also have relatively large stocks of working age people holding NVQ4+.

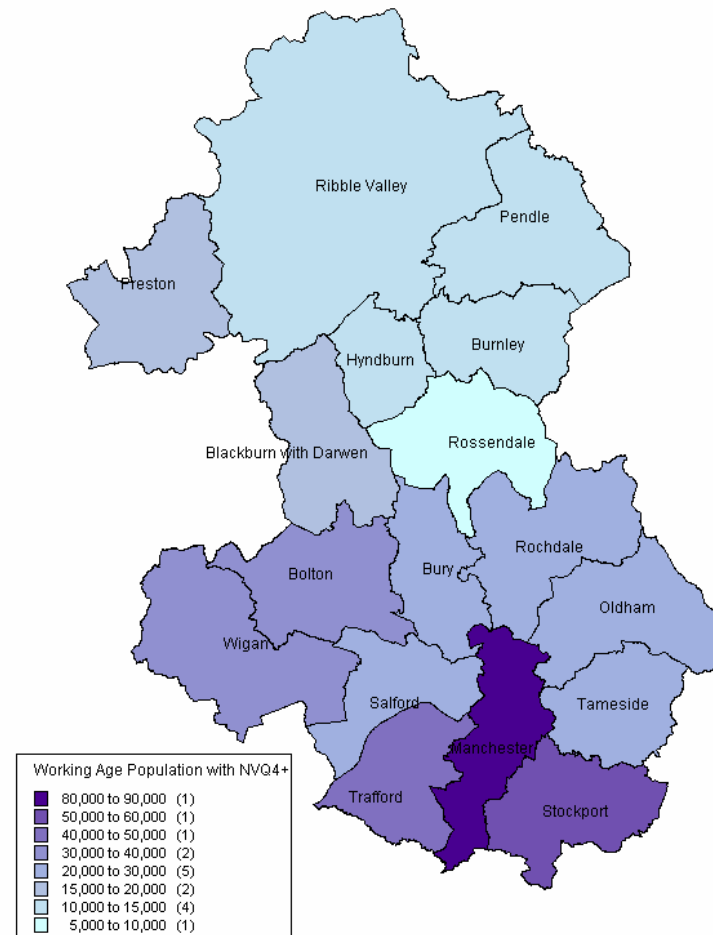
6.3 In Pennine Lancashire, those holding NVQ 4+ are clustered around Blackburn with Darwen, which has a similar number to Preston. Across the rest of Pennine Lancashire, the number of working age individuals holding NVQ4 is low, with only 7,000 residents of Rossendale holding these qualifications.

6.4 In part this distribution will reflect each district's population size. For example, while there are only 11,000 working age people that hold NVQ4+ in Ribble Valley, this accounts for 36% of its working age population – second only to Trafford (37%). There are 34,000 working age people holding NVQ4+ in Bolton, but this accounts for only 21% of the working age population. A key point to note is that in seeking to attract higher value employment opportunities, the availability of skills is crucial. The primary concern of an employer is the number of suitable candidates on which it can draw from an appropriate catchment area.

6.5 These figures suggest that Preston and Blackburn may lose out to the Urban Core and South of Manchester or to areas such as Bolton and Wigan as the demand for higher level skills within the workplace continues to increase.

6.6 The following section looks more closely at the demand for skills forecast within Greater Manchester, and the implications for future employment growth.

**Spatial Distribution of Working Age People Holding NVQ4+ (2006)**



Source: Annual Population Survey (2006)

**Implications for Pennine Lancashire**

With smaller numbers of higher qualified people, Pennine Lancashire will find it increasingly difficult to compete for investment and employment opportunities which require large numbers and a large catchment area for a higher qualified workforce.

Improving the proportion of the workforce qualified at level 4 and above is a chicken and egg situation; which comes first, the highly qualified people, or the highly qualified jobs. The low representation of those qualified to level 4 and above in many of the Pennine Lancashire districts reflects the low proportion of jobs available locally; while the challenges of commuting makes it difficult to attract and retain highly qualified people.

Pennine Lancashire needs to retain skilled younger people qualified at Level 4 and above, although in the short term, this may mean encouraging commuting.

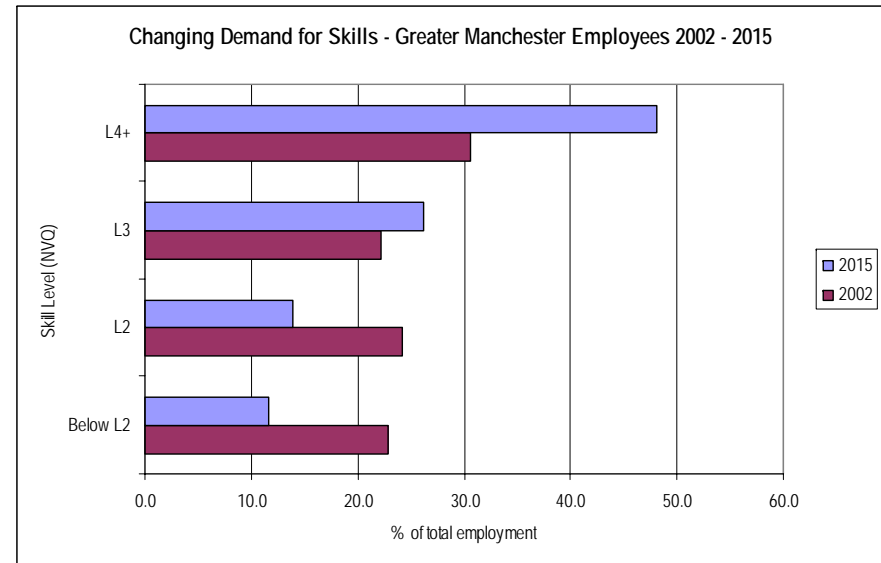
The strong performance of Manchester's Urban Core may act as a potential employment destination for highly skilled Pennine Lancashire residents, although weak transport will undermine promoting Pennine Lancashire as a place to live, while working elsewhere.

6.7 The following graph plots the existing and forecast skills distribution for Greater Manchester. It highlights that, at current forecasts, Greater Manchester would actually exceed the Leitch targets (of 40% educated to Level 4 and above and at least 80% holding a Level 2 qualification).

6.8 While Greater Manchester produces a substantial number of graduates each year, a significant proportion of demand will be for both qualifications and experience. Given the scale of demand, the Manchester Urban Core will continue to need to attract a high proportion of companies to meet the needs of employers.

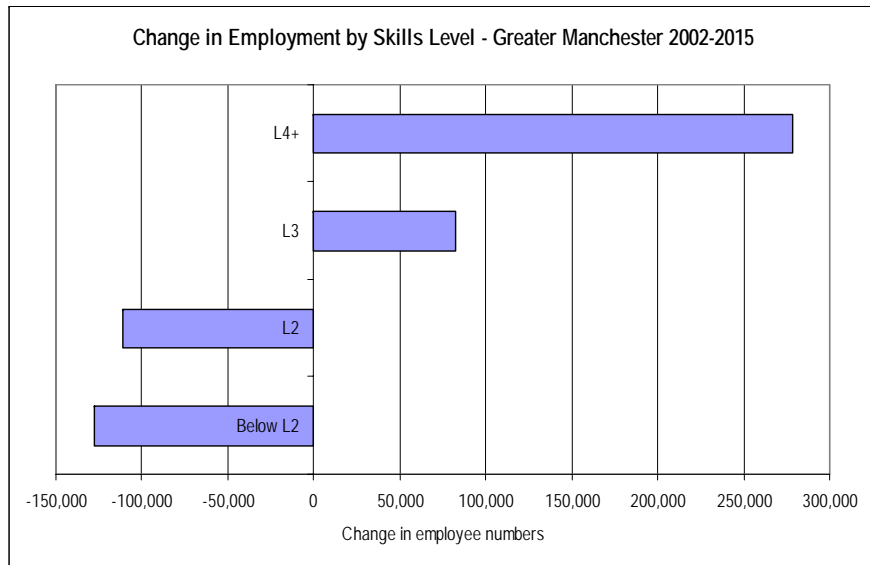
6.9 The scale of change over the next seven years will see the number of jobs available for those with below Level 2 and with Level 2 qualifications reducing considerably, as more employers demand a higher level of basic skills for entry level jobs.

6.10 This change with regard to entry level jobs will have an impact on those seeking employment, more than those in employment. Minimum entry requirements are increasing, and it will become more difficult for those with limited numeracy and literacy skills to secure new employment opportunities.



Source: Greater Manchester Skills Priorities, March 2006

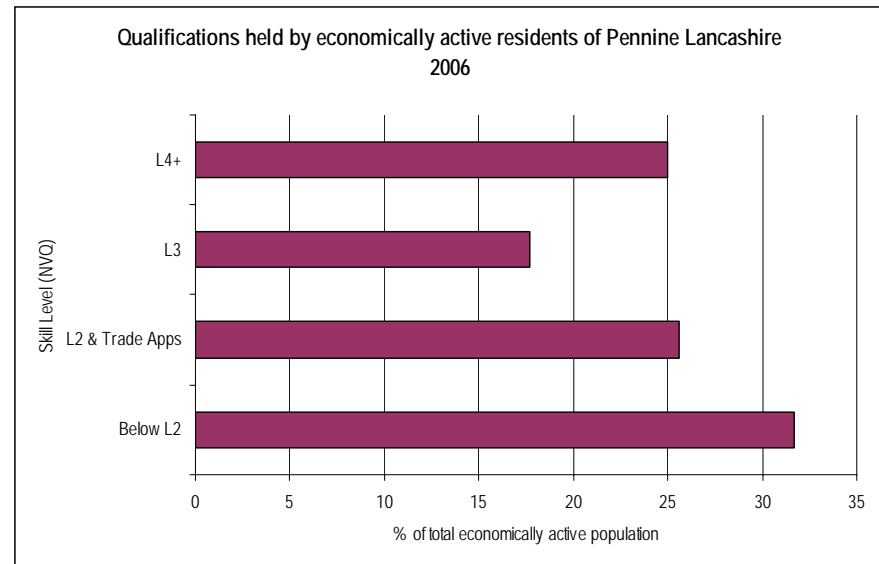
6.11 The following figure highlights the scale of change associated with this pattern of qualifications in the employed workforce - with 280,000 additional employees holding level 4 qualifications. The jobs undertaken by these people are likely to be associated with higher pay and attract individuals to work in Greater Manchester from a wider catchment area.



Source: Greater Manchester Skills Priorities, March 2006

6.12 One of the findings of previous research for Pennine Lancashire was the difficulty in attracting and retaining skilled individuals into the sub-region in the absence of suitable employment opportunities and similarly the difficulty in attracting higher value employment opportunities in the absence of a skilled workforce. Increased access to a wide range of highly skilled and well paid jobs in Greater Manchester may encourage existing highly skilled residents to remain in Pennine Lancashire. Whilst these individuals may choose to commute into Greater Manchester to work, their presence in Pennine Lancashire may help to attract higher value added businesses that require a more qualified workforce or encourage indigenous businesses to upskill.

6.13 The forecast for employment in Greater Manchester contrasts markedly with the current pattern of qualifications held by economically active residents of Pennine Lancashire, shown in the chart below. Over one third hold no or low level qualifications, which will mean that they are able to access only around 10% of the jobs in Greater Manchester by 2015. Furthermore, they are even less likely to be able to access employment opportunities with wages high enough to make commuting from Pennine Lancashire viable. Only one quarter hold qualifications at level 4 or above, which will be required for nearly one in two jobs in Greater Manchester within seven years.

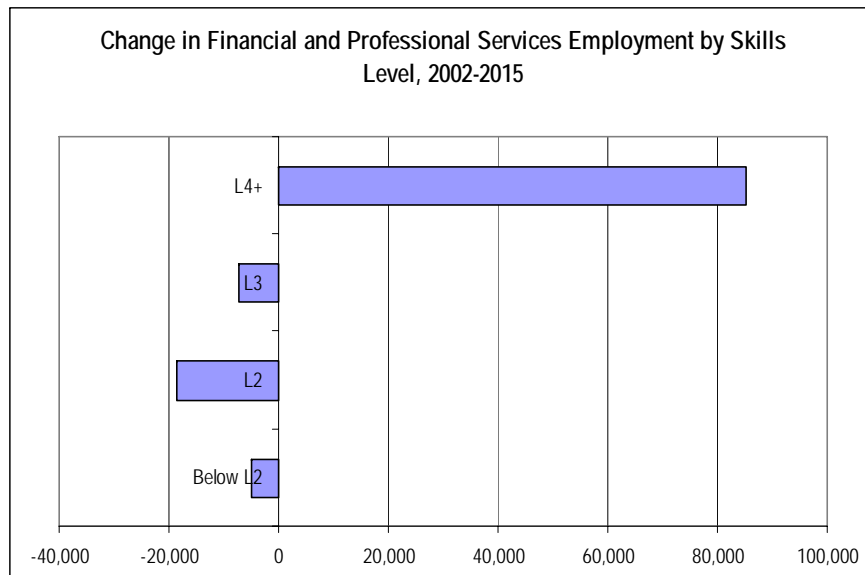


**Implications for Pennine Lancashire**

The large proportion of the workforce with qualifications below level 2 will be affected by a marked reduction in employment opportunities both locally and in Greater Manchester. There is a strong likelihood that a significant proportion of this group will be unable to find suitable employment, even where they are actively seeking a job. This is one of the most significant barriers to addressing social and economic exclusion in Pennine Lancashire.

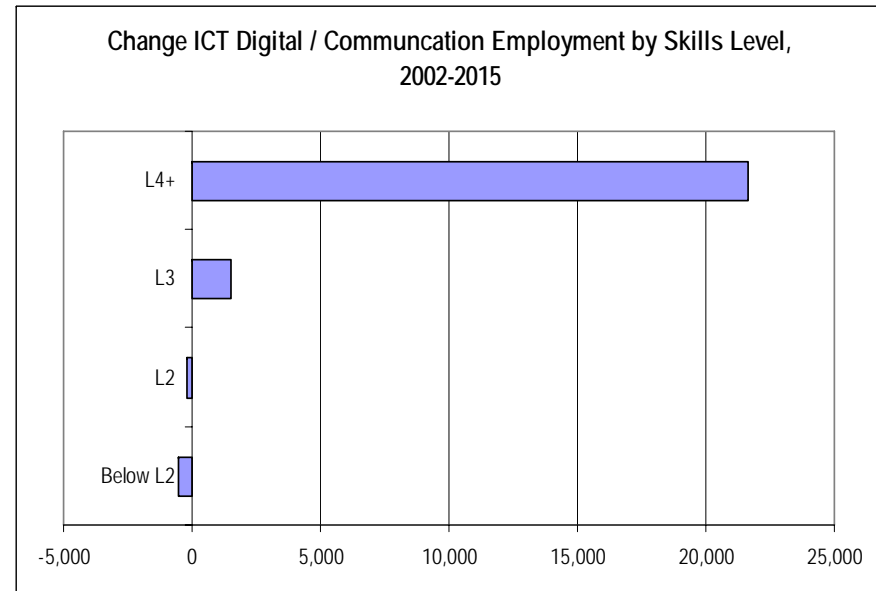
### Findings for Key Sectors

6.14 As noted in the previous section, employment in the Financial and Business Services sector is forecast to grow considerably over the next twenty years, with the vast bulk of the new jobs created located in the urban core (40,000 in the city of Manchester itself). Growth of financial and professional services accounts for nearly one third of the total increase in employment opportunities for NVQ 4+. Employment at other qualification levels within the sector is expected to fall.

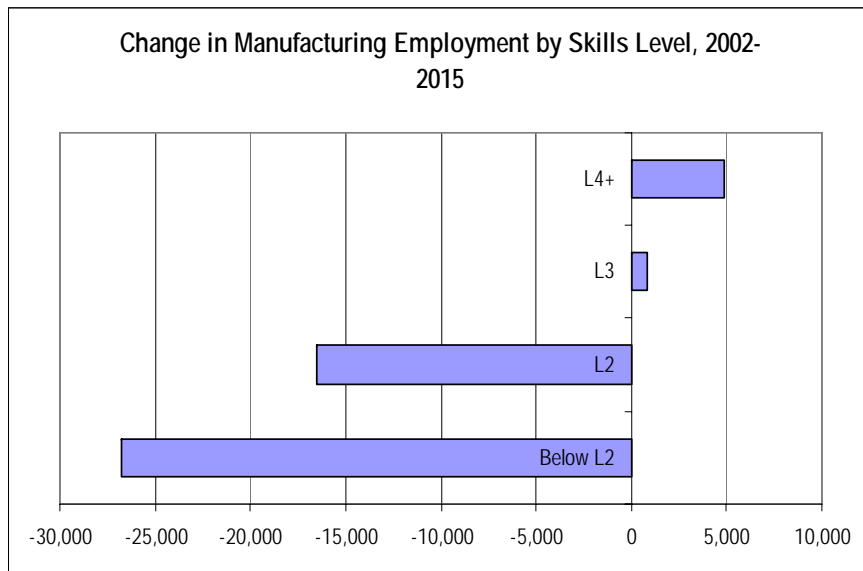


Source: Greater Manchester Skills Priorities, March 2006

6.15 Although the ICT / Communications sector is much smaller, it shows a similar pattern, with a substantial increase in employment requiring higher level qualifications. The small decline in demand for lower skills implies that skills demand in this sector will be predominantly driven by employment growth of the sector, rather than by any change in the skills required within existing employment roles.

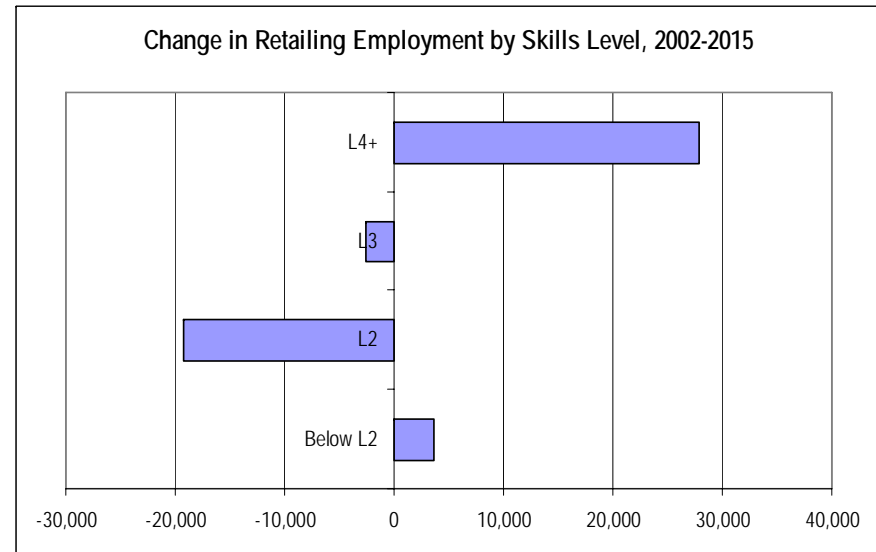


6.16 Although Greater Manchester has already lost the vast bulk of its manufacturing base, employment will continue to contract. The decline of manufacturing will be felt most by the lowest skilled individuals - with some employment opportunities remaining for more skilled individuals in higher value / niche manufacturing sectors. There may be scope for some individuals to up skill in this sector, however the employment opportunities will reduce considerably both within Greater Manchester and in Lancashire, resulting in considerable competition for jobs.



Source: Greater Manchester Skills Priorities, March 2006

6.17 Even in the generally low skilled / entry level sector of retailing, higher qualification levels will increasingly be the norm (in line with the Leitch predictions). Note, however, that this is one of the few sectors where there will be some increased demand for unskilled individuals (albeit only 4,000).



Source: Greater Manchester Skills Priorities, March 2006

**Key Points**

6.18 The projections of employment by qualification level in Greater Manchester indicate a significant shift in the skills distribution of employment by 2015, in line with (or exceeding) the Leitch predictions.

6.19 Most employment growth will occur within occupations requiring higher level skills. Opportunities for those without NVQ 2 will be much more limited and these individuals (nearly one third of the economically active total in Pennine Lancashire) will need to upskill to access opportunities. Those without level 2 qualifications are likely to be faced with only being able to access minimum wage jobs.

6.20 The growth of certain sectors (ICT / Communications, Financial and Professional services) will be driven almost solely by the growth of employment requiring higher level skills. In order to access this, existing lower skilled employees will need support to raise their skills through a skills ladder type progression.

**Implications for Pennine Lancashire**

Future employment growth in all sectors is driven by higher level skills, highlighting the importance to Pennine Lancashire of developing a skills base to support and benefit from Greater Manchester's employment growth and develop an indigenous high value employment offer.

Many of the growth sectors are in office based employment, require higher levels of education, and good literacy and social skills. The ability of residents to access these opportunities requires both formal qualifications and adequate inter-personal skills.

## 7 TRAVEL TO WORK PATTERNS

### Pennine Lancashire Employment Destination Summary

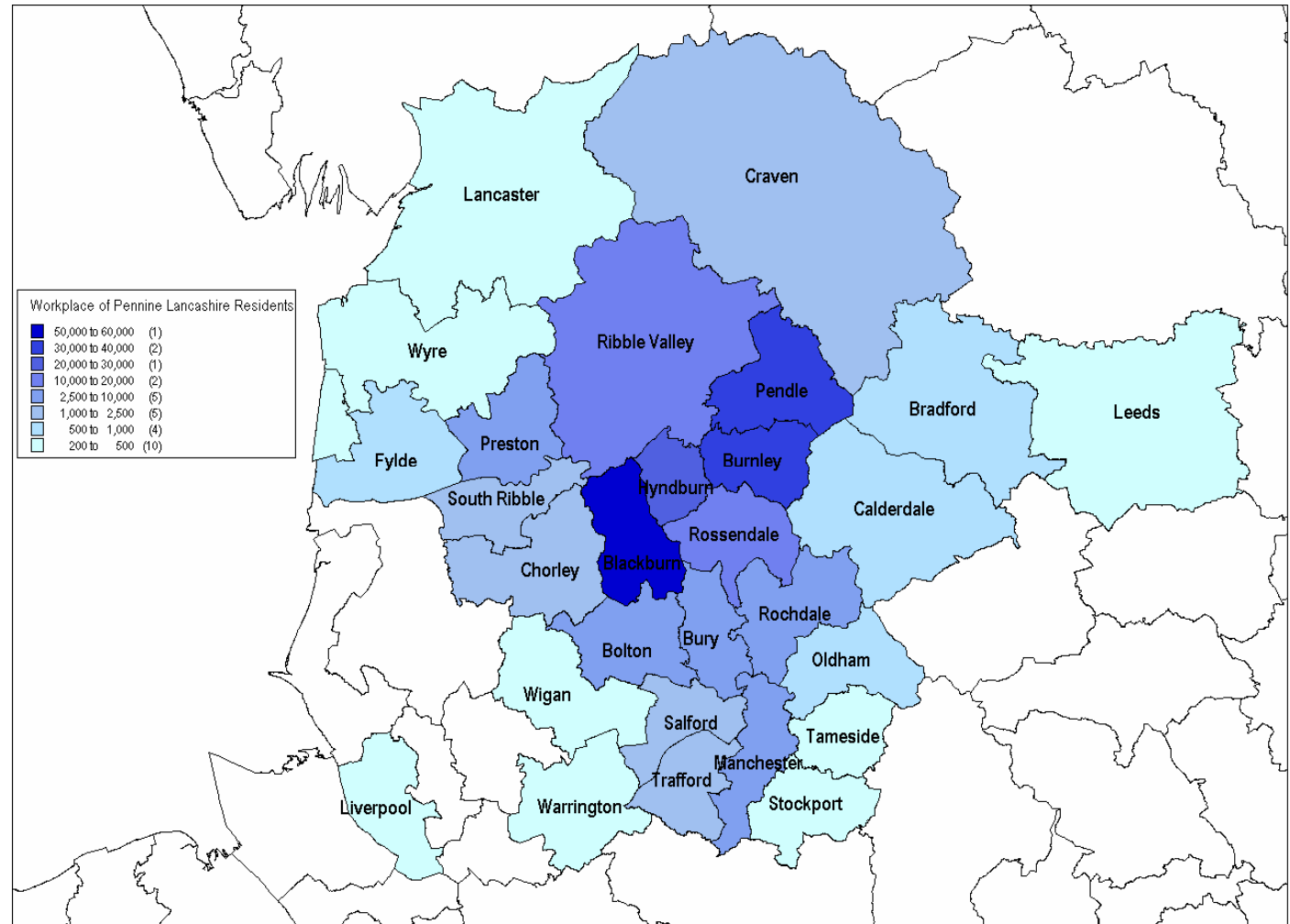
7.1 Pennine Lancashire is relatively self-contained in travel to work terms, with only 16% of its employee residents working outside the sub-region.

7.2 Blackburn is the main employment location for Pennine Lancashire employees, accounting for 23% of the total (51,000 of 183,000). Of these, 13,000 are from other Pennine Lancashire districts.

7.3 Burnley accounts for 16% of total Pennine Lancashire resident employees (36,000), and Pendle and Hyndburn also account for significant proportions of total employment.

7.4 Taken as a whole, 8% of Pennine Lancashire resident employees commute to Greater Manchester. These are predominantly drawn from Rossendale (8,100) and Blackburn (3,700). The destinations in Greater Manchester are predominantly the northern districts bordering Pennine Lancashire (Bolton, Bury, and Rochdale), and the City of Manchester. While significant, these figures are low in light of the scale of the Manchester economy.

7.5 Preston attracts 5,000 in-commuters, which are predominantly drawn from the neighbouring districts of Blackburn (1,600) and Ribble Valley (2,100).



Source: Census 2001 Origin-Destination Dataset

7.6 The table opposite provides the figures associated with the map on the previous page, alongside the forecast employment growth rates for those districts<sup>11</sup>. The key points to note being:

- The employment forecasts for each of the Pennine Lancashire districts are relatively low. In particular, its key employment centre, Blackburn with Darwen, is forecast to grow by approximately 2,000 jobs.
- As already noted, the forecast employment growth is modest, and insufficient to create the number of opportunities to increase the employment rate and reduce worklessness.
- Despite the scale of its employment base, employment flows to the City of Manchester are currently low – at only two thirds of the number flowing into Preston. This is of particular significance in light of the employment growth forecast for the City of Manchester, which is much higher than the forecasts for the other Greater Manchester districts, Pennine Lancashire and Preston.
- Constraints in accessing the City of Manchester employment market will have a significant effect on the employment rate of Pennine Lancashire residents, both in terms of numbers in employment and average earnings (many of the higher paid jobs are located in Manchester).
- While Preston also acts as a major employment destination for Pennine Lancashire residents, future employment growth within Preston is forecast to be limited.

**Workplace of Pennine Lancashire Residents**

Workplace	Total PL Employees	Forecast Employment Growth 2007-26
Blackburn with Darwen	50,853	1,934
Burnley	35,782	1,506
Pendle	30,116	1,430
Hyndburn	28,492	1,241
Ribble Valley	19,056	1,071
Rossendale	18,968	974
Preston	5,261	3,938
Manchester	3,565	92,542
Rochdale	3,313	5,211
Bury	3,059	3,205
Bolton	2,572	6,973
South Ribble	2,184	1,907

Source: Census 2001 / ABI 2006 / Oxford Economics

7.7 Given recent growth in employment in the City of Manchester, it is likely that commuting numbers have increased in recent years.

<sup>11</sup> Employment forecasts for Lancashire CC districts are based on the County wide employment forecasts and the distribution of employment in 2006 (source: ABI).

### Employment Linkages with Greater Manchester

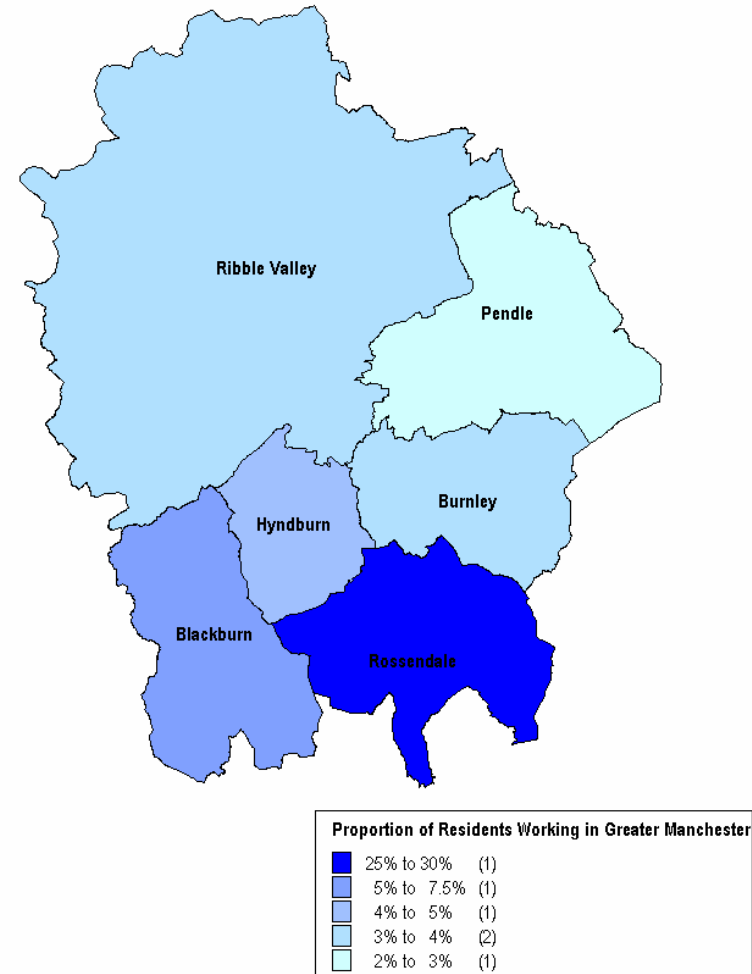
7.8 As discussed, 8% of the Pennine Lancashire workforce (or 16,900 individuals) commuted into Greater Manchester in 2001. However, the level of commuting varies widely across the sub-region; from 27% (8,100) of Rossendale employees to only 3% (1,000) in Pendle.

7.9 Rossendale is not on the national rail network, and this is reflected in its commuting patterns to Greater Manchester. Of the 8,100 Rossendale residents working in Manchester most commute to the Greater Manchester districts within easy reach, including Rochdale (attracting 2,500 residents) or Bury (1,900)

7.10 Blackburn exhibits the next highest level of out commuting to Greater Manchester, however at only 7% (or 3,800) this is considerably below the levels experienced in Rossendale. Despite a direct rail connection to central Manchester and the district bordering the Greater Manchester districts of Bolton and Bury, lower commuting will reflect: long rail journey times to Manchester Piccadilly; the fact that Blackburn acts as a local employment centre in its own right; and its proximity to Preston which attracts 1,600 Blackburn with Darwen residents.

7.11 Employment flows from elsewhere in Pennine Lancashire to Greater Manchester are more modest, ranging from 3% to 5% of each district's employment base or between 1,000 and 1,500 people.

Proportion of Workforce Employed in Greater Manchester



Source: Census 2001 Origin-Destination Datasets

7.12 The table below highlights how commuting patterns from Pennine Lancashire to Greater Manchester differ between Rossendale residents and the residents of its other districts. With 4,500 Rossendale residents working in the neighbouring districts of Rochdale and Bury (amounting to one quarter of all Pennine Lancashire residents employed in Greater Manchester), this skews the destination patterns of the sub-region.

7.13 For the remainder of Pennine Lancashire, the major employment destinations are the City of Manchester and Bolton, which reflects the main rail route from the centre of Manchester to Blackburn and elsewhere in Pennine Lancashire.

7.14 However, the total employment flows are low, which most likely reflects the poor rail connectivity between the two economies, which is discussed on the following page.

**Implications for Pennine Lancashire**

Given the size of the Manchester economy, the low levels of out-commuting from all Pennine Lancashire districts besides Rossendale, represents a missed opportunity for the sub-region’s broader economic linkages. Changing employment patterns makes accessing the scale and quality of employment opportunities at the core of the conurbation a priority.

The strong linkages to Preston, for two of the districts, reflect historical travel patterns, the presence of some major manufacturing employers, and (for some parts) more straightforward travel journeys. However, connectivity is still limited beyond its neighbouring districts. The limited employment growth in Preston compared to Manchester places a higher priority in improving accessibility to the Greater Manchester labour market.

**Workplace of Pennine Lancashire Residents**

	Pennine Lancashire (Excluding Rossendale)	Rossendale
Manchester	2,122	1,443
Bolton	2,089	483
Bury	1,134	1,925
Salford	834	575
Rochdale	789	2,524
Trafford	659	390
Wigan	427	71
Oldham	286	447
Stockport	254	130
Tameside	180	131

Source: Census 2001

**Journey Times to Central Manchester, 2008**

	By Train*:			By Car**:		Distance from Destination (Straight Line)	
	Hourly Frequency		Duration	Destination	Duration		Distance (by Road)
	Direct	With Changes					
<b>Blackburn</b>	2		00:50	Victoria	00:43	27	21
<b>Burnley Central</b>		1	01:25	Victoria	00:43	25	20
<b>Burnley Manchester Road</b>		3	01:27	Victoria			
<b>Clitheroe</b>	2		01:14	Victoria	00:52	32	26
<b>Nelson</b>		1	01:33	Victoria	00:46	32	25
<b>Colne</b>		1	01:38	Victoria	00:48	34	26
<b>Accrington</b>		3	01:14	Victoria	00:38	23	20
<b>Preston</b>	4		00:47	Piccadilly	00:48	35	27
<b>Warrington</b>	3		00:34	Piccadilly	00:32	20	18

\*Source: National Rail Enquiries (trains arriving in Manchester between 8:00 and 9:00 each weekday)

\*\* Source: AA Route Planner

7.15 Despite its close proximity to Greater Manchester, public transport links between Pennine Lancashire and Manchester are poor. Of the major towns, only Blackburn and Clitheroe have direct connections to Manchester and Blackburn is the only town within a one hour commute.

7.16 Preston and Warrington are a similar distance from Manchester as parts of Pennine Lancashire and benefit from considerably better connectivity. There are four trains that arrive in Manchester from Preston for 9:00 each weekday and each take less than one hour (with a shortest time of 41 minutes). Warrington also benefit from frequent direct services, with the shortest time being 26 minutes.

7.17 The train services from Burnley and Accrington are particularly poor, with limited services and a journey time of 1 hour and 38 minutes for centres which are 25 miles or less from Manchester.

7.18 There is less deviation in transport time by road, with road transport comparing favourably to travelling by train in Pennine Lancashire, in contrast to Preston and Warrington. However, given the high density of employment locations in the City of Manchester, the limited and high cost of parking, and the increasing cost of operating a car this is not a viable option for many people.

7.19 By contrast, all of the Pennine Lancashire towns in the table above have direct links to Preston, however connectivity is variable. There are three hourly trains from Blackburn, with an average duration of 22 minutes and two trains from Accrington with an average duration of 32 minutes. The direct service is hourly from all other stations and range from 36 minutes from Burnley Manchester Road to over one hour from Colne.

**Implications for Pennine Lancashire**

Poor connectivity is the main constraint to greater interaction between the economies of Pennine Lancashire and Greater Manchester. The infrequency of trains reduces the likelihood of many people commuting.

The numbers commuting in to the City of Manchester, once Rossendale is excluded, are very low (just over 2,000) given the scale of the labour market. With a forecast employment growth of over 90,000 jobs, improving accessibility will need to be a major priority.

Improving rail services in terms of frequency and journeys times is a high priority for Pennine Lancashire. Given the investment costs and time taken to implement solutions, consideration needs to be given to increasing bus services into the core of the conurbation.

While road connectivity with the northern Greater Manchester and Manchester City Centre are good, increasing congestion and issues over sustainable development make increasing car borne commuting counter productive. This, along with the proposal for a congestion charge, places a high priority in improving public transport.

Skilled people are more likely to relocate to areas that provide more convenient access to the major labour markets, such as the growth of commuting patterns in the south of Greater Manchester benefiting from regular train services. While Pennine Lancashire benefits from outstanding countryside and lower than average house prices, these factors are under-mined by the difficulties of commuting into Manchester from many of the districts.

### Employment Links with the Rest of Lancashire

		Residence						
		Blackburn with Darwen	Burnley	Hyndburn	Pendle	Ribble Valley	Rossendale	Pennine Lancashire
Workplace	Preston	1,569	423	581	341	2,123	224	5,261
	South Ribble	920	203	363	112	482	104	2,184
	Chorley	501	112	194	89	212	86	1,194
	Fylde	230	40	82	49	314	37	752
	Blackpool	132	20	58	14	157	9	390
	Wyre	54	31	26	17	221	10	359
	Lancaster	82	13	39	38	148	22	342
	West Lancashire	77	20	23	21	37	37	215
	<b>Rest of Lancashire</b>	<b>3,565</b>	<b>862</b>	<b>1,366</b>	<b>681</b>	<b>3,694</b>	<b>529</b>	<b>10,697</b>
	<b>Pennine Lancashire</b>	44,802	34,478	30,905	32,356	20,685	20,041	183,267
	<b>Greater Manchester</b>	3,764	1,407	1,575	1,017	1,011	8,119	<b>16,893</b>
	<b>Leeds City Region</b>	271	684	206	2,402	336	394	<b>4,293</b>

Source: Census 2001

7.20 Out-commuting from Pennine Lancashire to the rest of Lancashire is broadly limited to the three neighbouring districts of Preston, South Ribble and Chorley, from both Blackburn with Darwen and Ribble Valley.

7.21 In particular, out-commuting to Preston is broadly equal in size to the employment flows from Pennine Lancashire to each of the other Non Pennine Lancashire districts listed above.

7.22 The significant employment flows to Preston are to be expected, given its role in the Lancashire economy. However, flows drop sharply for those Pennine Lancashire districts that do not share a border. To some extent this will reflect the poor rail connection, which can take over an hour from the east of Pennine Lancashire and is only hourly from many stations. However, commuting flows are

also low from Hyndburn where rail services from Accrington are half hourly and have an average duration of 32 minutes.

7.23 The findings here reaffirm a message that has been highlighted throughout this study; that strong employment flows from Pennine Lancashire are generally found only between neighbouring districts. A reflection of the time and financial costs associated with commuting over longer distances.

## Employment Links with the Leeds City Region

		Residence						
		Blackburn with Darwen	Burnley	Hyndburn	Pendle	Ribble Valley	Rossendale	Pennine Lancashire
Workplace	Craven	28	117	20	1,506	143	19	1,833
	Bradford	68	135	51	582	59	64	959
	Calderdale	37	254	39	100	26	166	622
	Leeds	71	87	51	115	60	76	460
	Kirklees	41	38	23	39	16	48	205
	Harrogate	9	16	6	42	16	3	92
	Wakefield	5	13	7	0	9	15	49
	York	3	12	6	12	3	3	39
	Selby	6	6	3	3	0	0	18
	Barnsley	3	6	0	3	4	0	16
	<b>Leeds City Region</b>	<b>271</b>	<b>684</b>	<b>206</b>	<b>2,402</b>	<b>336</b>	<b>394</b>	<b>4,293</b>
	<b>Pennine Lancashire</b>	44,802	34,478	30,905	32,356	20,685	20,041	183,267
	<b>Greater Manchester</b>	3,764	1,407	1,575	1,017	1,011	8,119	<b>16,893</b>
<b>Rest of Lancashire</b>	3,565	862	1,366	681	3,694	529	<b>10,697</b>	

Source: Census 2001

7.24 Leeds is commonly recognised as the second major growth pole of the north of England and may provide an alternative employment location for those residents of the north and eastern areas of Pennine Lancashire.

7.25 However, commuting flows between Pennine Lancashire and the Leeds City Region are low, given their proximity, with only 4,300 Pennine Lancashire residents working in the Leeds City Region in 2001 (compared to 10,697 to Lancashire and 16,697 to Greater Manchester)..

7.26 Pendle accounts for 66% of total commuting flows to the Leeds City Region, with significant flows into Craven (part of North Yorkshire) and, to a lesser extent, Bradford.

7.27 The poor interactivity of the two sub-regional economies is even starker for western Pennine Lancashire districts. In part this will reflect their poor connectivity; direct rail services are only available from Blackburn and Burnley Manchester. These services are hourly and range from 35 minutes between Burnley Manchester Road and Halifax to 90 minutes between Blackburn and Leeds.

7.28 Commuting flows from elsewhere in Pennine Lancashire to the Leeds City Region are much less significant. There are small flows between Burnley and Craven, Bradford and Leeds but elsewhere employment flows stand at less than 400.

### Workflows within Pennine Lancashire

7.29 Fully understanding the commuting patterns of Pennine Lancashire requires some insight as to how its own districts interact, namely which areas act as the main employment centres, and which areas act as net exporters of labour. The table opposite provides details of the employment flows between Pennine Lancashire Districts.

7.30 While net commuting flows between some Pennine Lancashire districts are relatively low, the table below illustrates that there is quite a high degree of interaction between districts. These often occur in both (or several) directions, and are not clearly identified by the net commuting figures.

7.31 As expected, the major employment flows are between neighbouring districts and in a number of cases the exchange of employees occurs in both directions. However, Blackburn and, to a lesser extent, Burnley act as the two main sub-regional employment centres. Overall, Blackburn employs almost 13,000 residents of other Pennine Lancashire districts; for Burnley the figure is 10,600.

7.32 Pendle and Hyndburn experience the greatest level of out-commuting among Pennine Lancashire residents – of 2,200 and 2,400 respectively.

### Employment Flows of Pennine Lancashire Residence

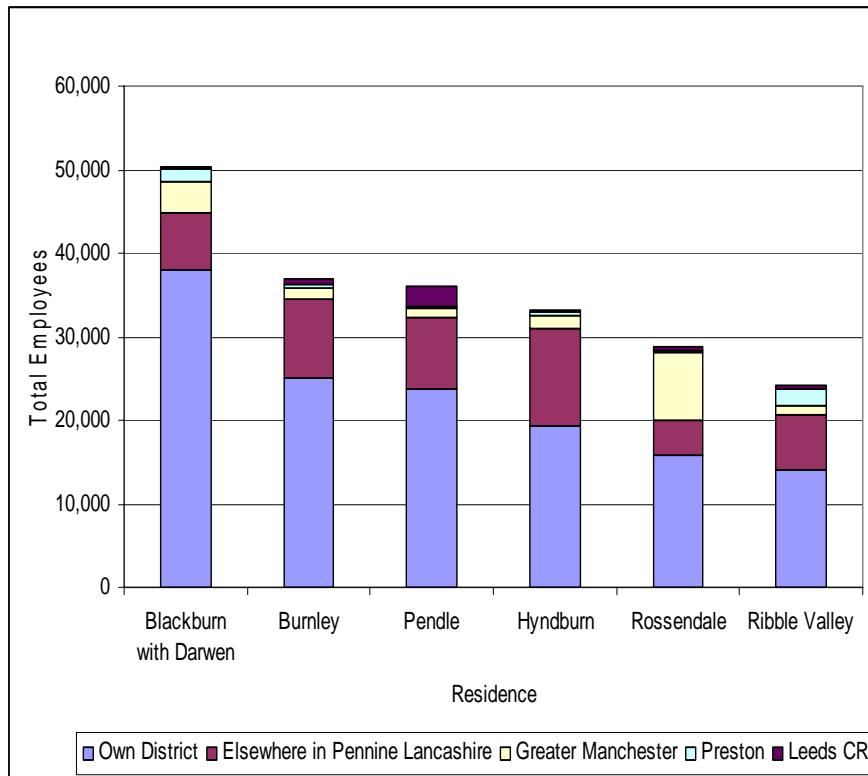
		Residence								
		Pennine Lancashire							Greater Manchester	
		Blackburn	Burnley	Hyndburn	Pendle	Ribble Valley	Rossendale	Pennine Lancashire		
Workplace	Pennine Lancashire	Blackburn	37,942	1,245	6,653	799	3,334	880	50,853	2,860
		Burnley	912	25,138	1,561	5,816	1,014	1,341	35,782	931
		Hyndburn	3,322	1,925	19,353	988	1,493	1,411	28,492	1,083
		Pendle	470	4,397	638	23,686	537	388	30,116	465
		Ribble Valley	1,664	974	1,459	701	14,092	166	19,056	556
		Rossendale	492	799	1,241	366	215	15,855	18,968	2,872
		Total PL	44,802	34,478	30,905	32,356	20,685	20,041	183,267	8,767
	Greater Manchester	3,764	1,407	1,575	1,017	1,011	8,119	16,893		

Source: Census 2001 Origin-Destination Datasets

### Summary

7.33 The figure below illustrates the relatively closed nature of Pennine Lancashire; Rossendale is the only district where a significant proportion of its residents work outside of the region. The outflows from Blackburn with Darwen to Greater Manchester and Preston, from Ribble Valley to Preston, and from Pendle to Leeds City Region, while significant are small relative to total employment.

#### Workplace of Pennine Lancashire Residents



Source: Census 2001

7.34 Flows to Greater Manchester are particularly small from those districts that do not border the conurbation, however flows into the Leeds City Region are low for all districts besides Pendle, suggesting a far more limited connectivity with its eastern neighbour. It is also important to note that much of the out-commuting from Pendle to Leeds City Region is to the neighbouring North Yorkshire district of Craven, not into the urban areas of West Yorkshire.

#### Implications for Pennine Lancashire

While employment flows are strong between neighbouring districts, flows to Greater Manchester reflects poor connectivity generally. This said, flows are much more significant than to the other sub regions, although other parts of Lancashire are an important source of employment opportunities.

Flows to the Leeds City Region are much less significant, with the exception of Pendle, and flows are greatest to neighbouring and rural area rather than to the core of the conurbation.

While Pennine Lancashire should seek to improve connectivity generally, the growth opportunities in Greater Manchester (particularly in the City of Manchester) coupled with the potential to improve connectivity, makes this the most important economic relationship to develop over the medium and longer term.

## 8 SUMMARY AND IMPLICATIONS

### Summary

8.1 Pennine Lancashire has a lower employment rate than nationally and closing this gap would involve:

- Reducing the number of unemployed people by 3,000.
- Reducing economic activity by 13,000 (including 11,000 Incapacity Benefit claimants).

8.2 National government has set an aspirational working age employment target of 80%. In Pennine Lancashire this would require supporting an additional 33,000 people into employment - a particularly difficult challenge and only likely to be achieved through engaging those that are currently classified as economically inactive.

8.3 The forecast growth of employment in Greater Manchester presents considerable opportunities for Pennine Lancashire, providing the potential catalyst for promoting higher value employment and through improving the skills of the employment base.

8.4 Greater Manchester Urban Core (consisting of Manchester, Salford, and Trafford) is expected to grow by 122,000 jobs to 672,000 by 2026. This is driven in turn by the City of Manchester, where an additional 92,000 jobs are expected to be created, accounting for 54% of the total growth across Greater Manchester and Lancashire. This is a remarkable and unprecedented concentration of employment growth.

8.5 In contrast employment growth of circa 8,000 is forecast for Pennine Lancashire, and within this net figure, there will be a significant reduction in manufacturing employment.

8.6 Pennine Lancashire has experienced strong recent growth in higher value sectors, including financial and business services, which are well placed to benefit

from supply chain linkages with Greater Manchester. Additional benefits are associated with Pennine Lancashire residents directly accessing Greater Manchester employment opportunities.

8.7 At the same time as employment growth, there is a rapid change taking place within the workforce with a requirement for much higher number of graduate level skills and a rapid reduction in employment requiring very limited skills. This will have a profound effect across Pennine Lancashire.

8.8 Most employment growth will occur within occupations requiring higher level skills. Opportunities for those without NVQ 2 will be more limited and these individuals (nearly one third of the economically active total in Pennine Lancashire) will need to reach a minimum of NVQ 2 to gain employment. The growth of certain sectors (ICT / Communications, Financial and Professional services) will be driven almost solely by the growth of employment requiring higher level skills.

8.9 There is a high degree of connectivity between the Pennine Lancashire districts, and commuting patterns reflect productivity to neighboring economies. The most striking feature of the commuting patterns is the low levels of commuting to the City of Manchester, a result of very long journey times by public transport and historical travel patterns. Given the forecast scale of employment growth in the City, and its role as a centre for higher skills and paid employment, this is a serious weakness.

8.10 The further decline of manufacturing employment across the north west, and the exceptionally high proportion of employment growth in the City of Manchester places a high priority in Pennine Lancashire residents accessing this labour market. This indicates the need for a three pronged approach:

- Increasing the scale and quality of employment in Pennine Lancashire, including strengthening the competitiveness of the manufacturing base.
- Facilitating higher levels of commuting as a means of increasing the employment rate and supporting sustainable communities in Pennine Lancashire.

- Creating neighbourhoods and communities which retain and attract higher skilled and higher paid workers, including those who work locally and those who commute.

8.11 An improvement of the Pennine Lancashire stock of skills is essential if it is to compete for future employment opportunities and promoting skilled residents to commute to employment opportunities in Greater Manchester may support the retention of skills. There is a strong connection between skills levels and employability, and skills levels and income levels. The need to connect to large labour markets will increase as residents become more highly qualified, such as young people going to university.

8.12 One of the major challenges to successfully building economic links is the poor transport links that currently exist between the two economies. Public transport connectivity to Greater Manchester is currently poor and commuting levels into the City of Manchester are very low. This reflects historical patterns, where Pennine Lancashire residents did not need to look to Manchester for employment, and the perception that well off communities live to the south of Manchester

8.13 While a significant number of Rossendale residents access job opportunities in Greater Manchester, the absence of rail connectivity means that the majority of these flows are limited to the northern districts of Rochdale and Bury. Similarly, much of the rest of Pennine Lancashire does not have a direct or frequent rail connection to central Manchester and the numbers commuting to the most accessible districts of Bolton and Manchester are low.

8.14 Future employment will be driven by higher level skills and through service based sectors. While this will occur within Pennine Lancashire through the upskilling of the existing workforce and improved educational attainment, the scale of local employment growth will be insufficient to provide the number and of jobs needed for residents. Greater connectivity provides an opportunity to develop an economy that complements one of the fastest growing and largest employment bases in the north of England.

8.15

8.16 While Leeds City Region, the second major growth point in the north of England is an important source of employment for Pendle (mainly due to a large commuting community to Craven in North Yorkshire), the scale of commuting is one quarter of the flows into the Manchester City Region. This suggests the most important connectivity improvements will be to Manchester City Region and to other parts of Lancashire.

8.17 A recent Centre for Cities paper<sup>12</sup> identifies the importance of understanding the economic linkages between cities (as well as within them) arguing that a synergistic relationship, such as that which exists between London and Reading allows the smaller city access to the markets skills and specialisations of its larger neighbour which in turn gives it the opportunity to develop its own specialised growth momentum. It specifically points to the relatively poor connectivity of northern economies as one of the reasons for the growing output gaps and cites the gap between Blackburn and Burnley with Manchester (south) as a key example.

8.18 Promoting connectivity will require long term investment in the transport infrastructure, to allow Pennine Lancashire to make greater contribution to the regional economy. It will also help to re-balance the wider economy, reducing pressure on social and economic infrastructure in the south, and helping to reduce inequalities to the north.

8.19 At a regional level improving the access of a sub region with a population in excess of 500,000 to the leading City Region in the north, offers benefits to policies aimed at promoting economic growth and reducing economic exclusion.

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<sup>12</sup> City Links: Integration and Isolation, 2008

## Policy Implications

8.20 There are a number of policy implications arising from this analysis, including skills; transport; housing and neighbourhood; image and perceptions; and regional partnership.

### 8.21 For skills:

Information, advice and guidance, and re-training for displaced workers from manufacturing industries, who will have limited opportunities to find similar employment in neighbouring sub regions.

Reducing the numbers in the workforce and those leaving the education system with no qualifications and literacy and numeracy difficulties. There will be fewer employment opportunities for this large group.

Increasing the proportion of young people going on to higher education, and linking senior schools to industries forecast to grow regionally, such as creative industries.

### 8.22 For transport:

Improving the frequency and journey times from the sub region to Manchester, with a high priority for increasing the frequency of the Blackburn to Manchester leg; and reducing the journey time from Burnley (with an associated improvement in frequency).

Implementing fast, regular bus services between Pennine Lancashire population centres and Manchester City Centre, and to other relevant employment centres, including new locations such as Salford Quays.

Understanding the implications of the proposed Greater Manchester congestion charge for Pennine Lancashire commuters and businesses.

### 8.23 For housing and neighbourhood:

Providing more locations which are attractive to commuters and highly paid workers, both to retain and attract residents; with an emphasis on high quality and family housing; and neighbourhoods with good local services and high quality schools.

Providing housing targeted at new graduates and younger professionals, including those commuting to Greater Manchester.

Planning new housing developments which take account of likely future commuting patterns, including travelling out to neighbouring sub regions.

### 8.24 For image and perception:

Promoting Pennine Lancashire's accessibility to other major City regions, particularly to Greater Manchester, while retaining an image which features the best of town and rural life.

Promoting employment opportunities in Greater Manchester to local residents and market opportunities to local businesses.

### 8.25 For regional partnership:

Working with Greater Manchester and Lancashire stakeholders to improve the transport links to the City of Manchester, based on the need to improve the scale and quality of the labour market to employers at the core of the conurbation.

8.26 These actions and proposals need to be viewed as additional to, and not a replacement for, actions to improve the employment opportunities available locally. As such they sit alongside proposals to strengthen the business infrastructure; improve the competitiveness of the current business base; attract new investors; proposals to further stimulate new enterprises; and skills and learning initiatives aimed at improving employability.