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Regional and sub-regional indicators for policy-making: The case of Manchester City Region

Elvira Uyarra & Sally Randles
 PREST&CRIC, Institute of Innovation Research
 University of Manchester

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... it should be kept in mind that not all indicators developed to describe the innovation process at national level may be applied efficiently at regional level."


European Commission "The Regional Dimension of R&D and Innovation Statistics – Regional Manual. Eurostat 1996"

"Devolution of policy responsibility requires changes in the statistical system to go with it – there should be no economic policy responsibility without statistical provision."

Allsopp, C. *Review of Statistics for Economic Policy Making – Final Report* for HM Treasury, March 2004.

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- Background
- Drivers of increasing regional data needs in the UK. Policy context
- Limitations of current provision of regional and sub-regional indicators
- Specific problems at city-region level
- Concluding remarks

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- Manchester-Knowledge Capital study on their need for indicators for City-Region Development Strategy
 - M:KC objective: "contribute to national and regional economic growth by utilising and developing the knowledge and cultural capabilities of the Manchester city-region".
- Scoping of existing indicators in their policy areas: knowledge (science city), economy and employment, and sustainability/quality of life
- Identification of methodological problems and gaps.
- Needs assessment for city-regional policy
- Revealed a much broader policy problem of adequacy of indicators
- lack of evidence base in terms of availability and robustness of subnational STI and wider socio-economic indicators needed to operationalise the policy objectives and adequately monitor its impact on the local economies

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demand for regional/sub-regional information in the UK

The type of indicators, level of disaggregation and reporting framework are driven mainly by the combination of 3 policy agendas at the national level

1. What level indicators? Devolution/decentralisation agenda. New regional landscape

- Devolution of increasing large parts of economic policy to the region
- Asymmetric decentralisation of policy making
- RDAs tasked with economic development (incr. innovation policy. Science?).
- Emergence of "flexible geographies"
 - Northern Way initiative. (2004)
 - City Regions agenda & Science Cities (2005)

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demand for regional/sub-regional information in the UK (cont.)

- What type of indicators? The HM Treasury Productivity Agenda**
 - New *de facto* Regional Policy. Differences in GDP explained by differences in Productivity measured by GVA
 - Five drivers: investment; skills and human capital; innovation; competition; and enterprise
 - Regions and city regions viewed platforms for economic growth

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Demand for regional/sub-regional information UK (cont.)

- **How are they used and why? Accountability of public spending, PSA targets**
 - The UK has possibly the most “performance-reported” public services in the world (Talbot, 2000). Public Service Agreements (PSAs) are reporting mechanisms set up in order to reflect the performance against targets of Government expenditure
 - RDAs funding linked to the performance against targets set nationally. “Steering centralism” or “devolution with constrained discretion”. RDAs need to report annually on their performance against national targets
 - The joint ODPM/DTI/ HMT REP PSA Target. *To make sustainable improvements in the economic performance of all English regions by 2008*

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Demand for regional/sub-regional information UK (cont.)

- Policy agendas drive increasing demand for indicators and statistical information at the ‘micro’ or sub-regional scale
- Particular need for regional GVA data and the 5 drivers: Investment, Innovation (mainly R&D and CIS indicators), Skills and Enterprise: Business angels, Entrepreneurship Activity, Start-ups per 10,000 population, Business survival rates

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of existing supply

- A study for HMT by Christopher Allsopp in 2004 assessed the statistical and indicator needs for economic policy
- Allsopp finds provision of statistics to be out-dated in the face of the Governments *devolution agenda* and that provision is limited:
 - *‘It would be no exaggeration that the first impression ... was of a near infinite demand for regional data of all kinds, from a very large number of different organizations with legitimate interest in the regional dimension of economic policy. These demands contrast sharply with the limited existing provision of data, much of which is, in any case, of poor quality and which, moreover, has been seriously out of date in important cases’ (Allsopp 2003, 19).*
- He continues arguing that ““much statistical information is available within regions and devolved administrations, but not all on a standardized or comparable basis” (ibid:20)

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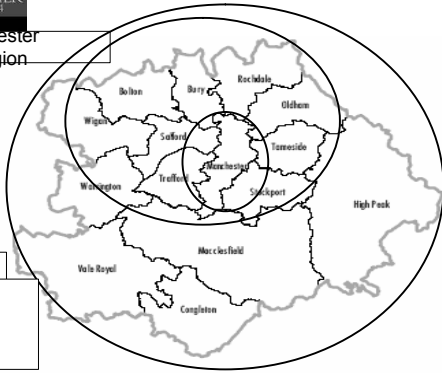
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of existing supply (cont.)

Following Allsopp, we are already seeing an adjustment occurring on several fronts to bring statistics and indicators in line with (new) policy objectives: in progress are improvements in business survey data, methods and processes for the production of regional GVA data, Improved regional presence in ONS.

- However, provision poor for city regions. Not addressed by Allsopp but likely to become more relevant due their political significance
- The fact that city regions are not standard political, administrative or statistical units, but present rather flexible boundaries (ODPM, 2006) poses additional challenges for the development of relevant indicators. The city-region is an imprecise and contested concept, and the geographies and reach of individual city-region territories exhibit considerable variation. They are 'constructed' entities and therefore differ according to the lens selected and the negotiated compromises reached by the agencies involved in 'agreeing' a particular city-region territory.


Manchester
city-region



problems encountered at the city regional level

use indicators

- lack of comparability. Apart from city regions. Many different geographic unit types (administrative, health, electoral, postcode etc.) and their boundaries frequently do not align. NUTS methodology not standard in some policy areas
- spatial disaggregation.
 - Availability problematic at NUTS2 and below
 - Some indicators, when available, are in a level of aggregation that render indicators meaningless. 'GVA and R&D need to be aggregated up' from the District scale to City region scale
- Representativeness in terms of firm size and Industrial classification. lack of 'standard' definitions for 'creative industries', 'ICT-related' industries, the 'knowledge economy, etc.
- Timeliness
 - Lack of timely data, e.g. regional accounts



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problems encountered at the city regional level

- Explanatory capacity
 - Is GVA at local level a measure of productivity or is it measuring other things:
 - Industrial structure
 - Spatial division of labour. Multi-plan organisations
 - Affected by non-working residents and commuting patterns
 - Innovation and R&D. Additional caveats
 - Size and industry dependent
 - Residence principle for attribution of outputs
 - inability to represent more “down-stream” forms of innovation activities
 - Innovation indicators at the regional level are less able to capture the flow of knowledge and cooperation between the actors of R&D, both within and across regions, and the diffusion and use of new knowledge.

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problems encountered at the city regional level

- Relevance. Available indicators may be relevant for national policy, but not always for regions/city-regions policy priorities. Each policy should be accompanied with relevant indicators at each level
 - Impact of HEI on the local level
 - Creative industries, etc....
 - Quality of life/ connectiveness/ attractiveness of places

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g remarks

Indicators increasingly important due to: Emphasis on evidence-based policy; different degrees of devolution, policies administered by institutions operating at different regional levels of policy. Questions of accountability and better management of local services, policy being assessed and monitored against certain ‘targets’ (national, supranational)

- Devolution without statistical provision (including budgetary resources)
- Some territorial levels of policy invisible in indicator terms
- Existing provision of indicators, afflicted by a number of problems:
 - Methodology. Information gaps and lack of quality of indicators
 - Explanatory capacity. National models transplanted to the regions
 - Limited usefulness for policy. Some mismatch between reporting indicators and indicators needed for local policy making
- Need for more disaggregated data
- Need to look at other dimensions to complement existing provision

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