

Starting levels: how geographically unequal are we, and is geographically inequality increasing?

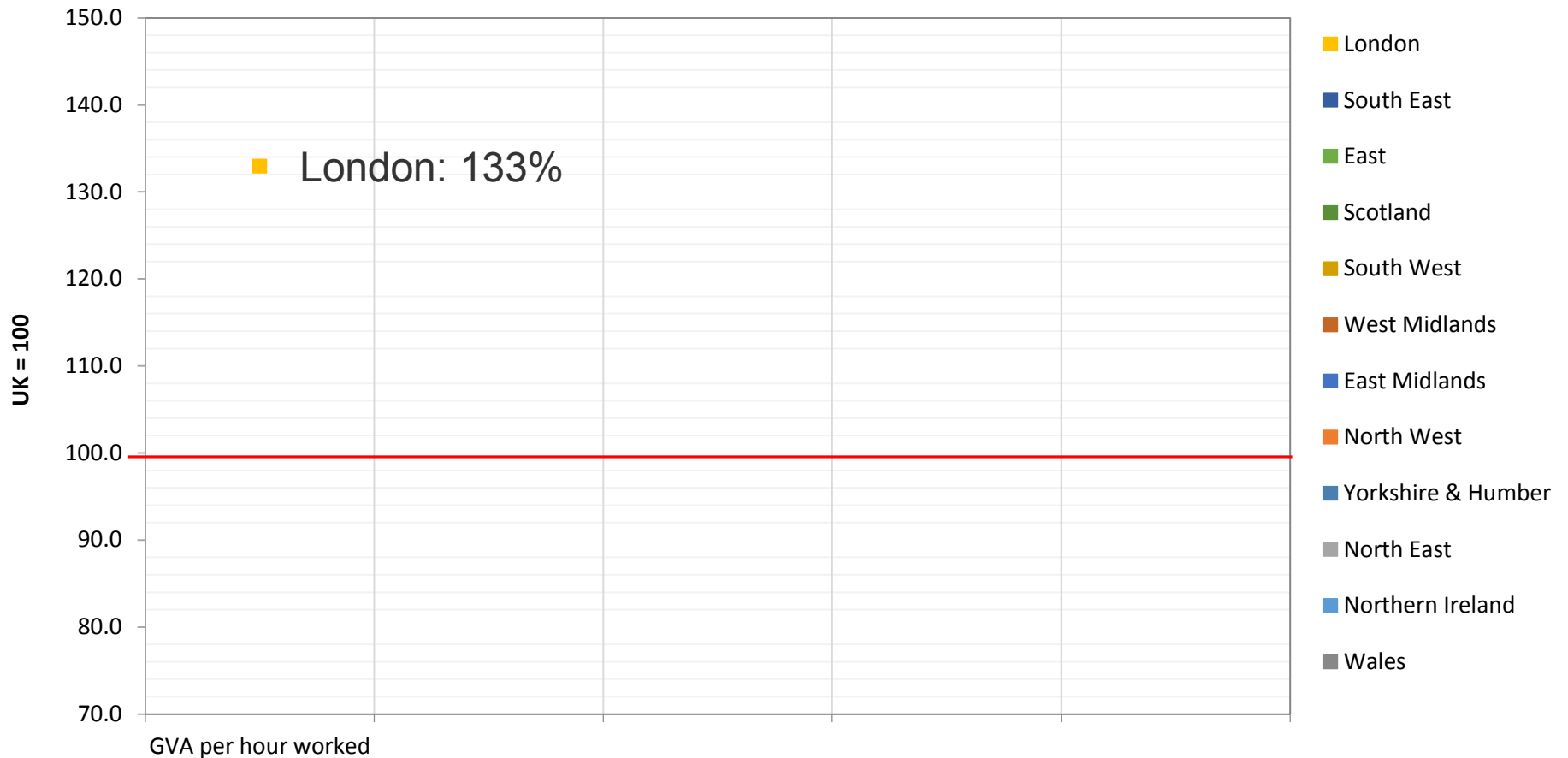
David Phillips

Regional inequalities

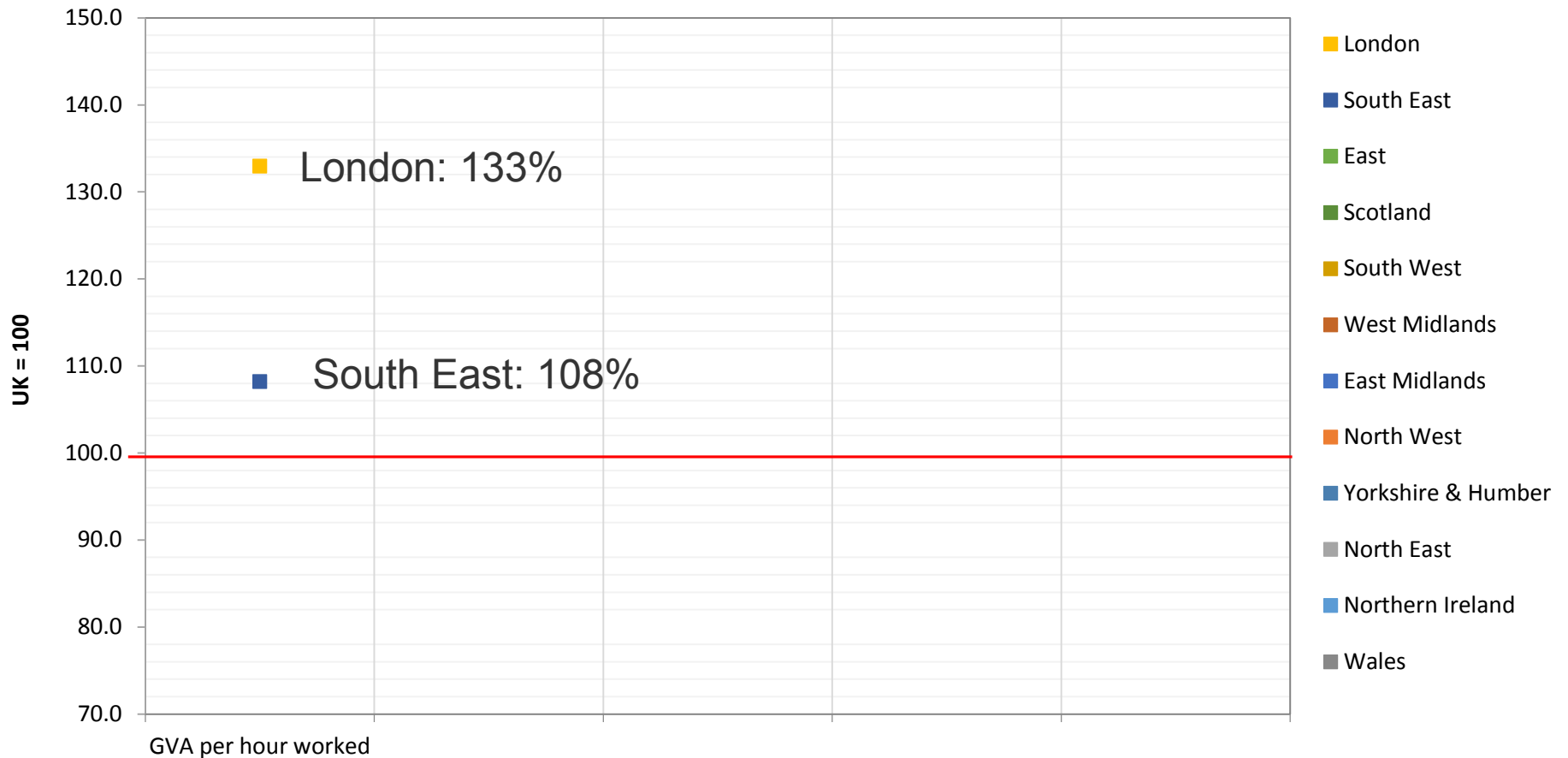
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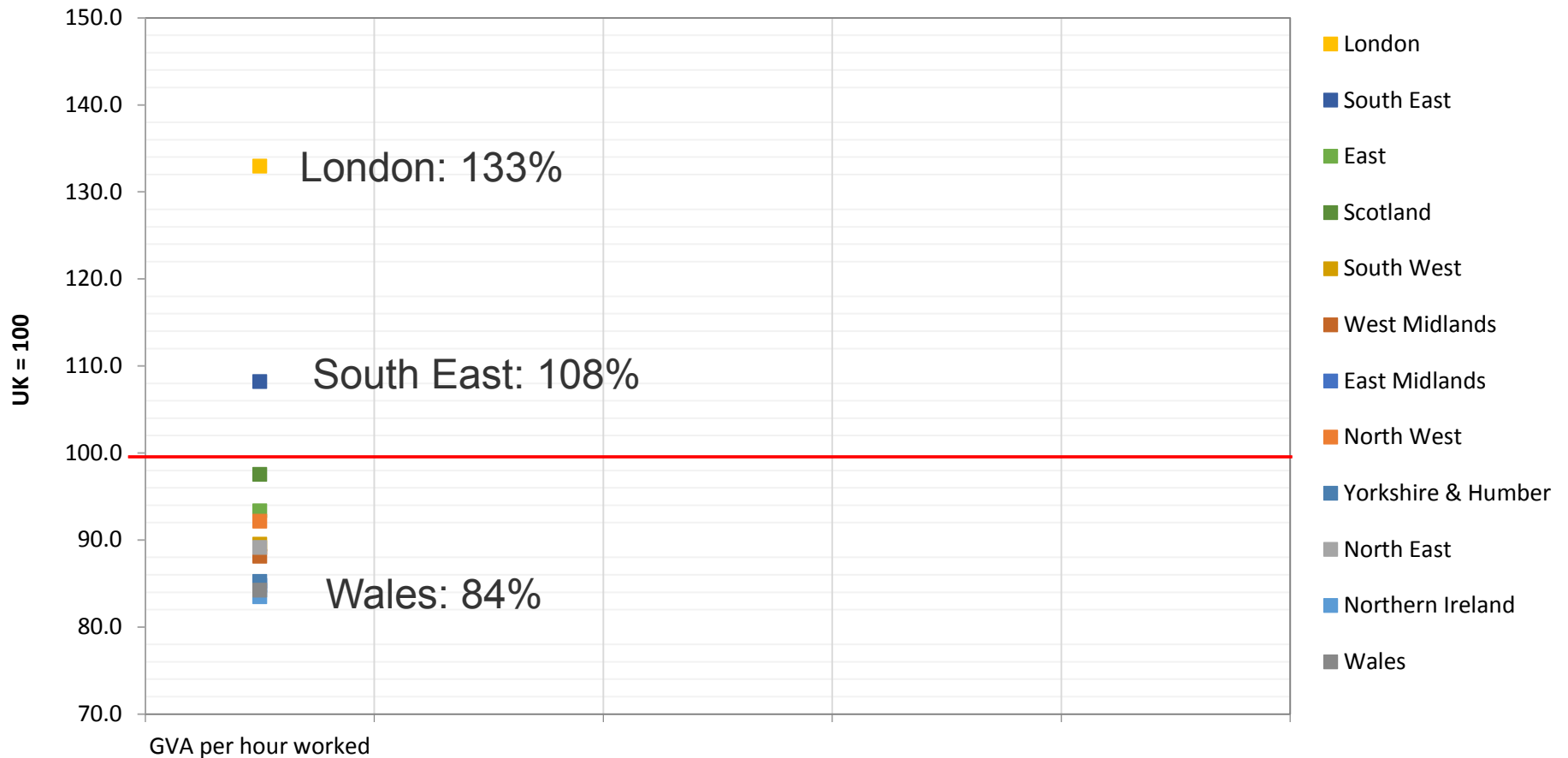
Big differences in productivity across the UK



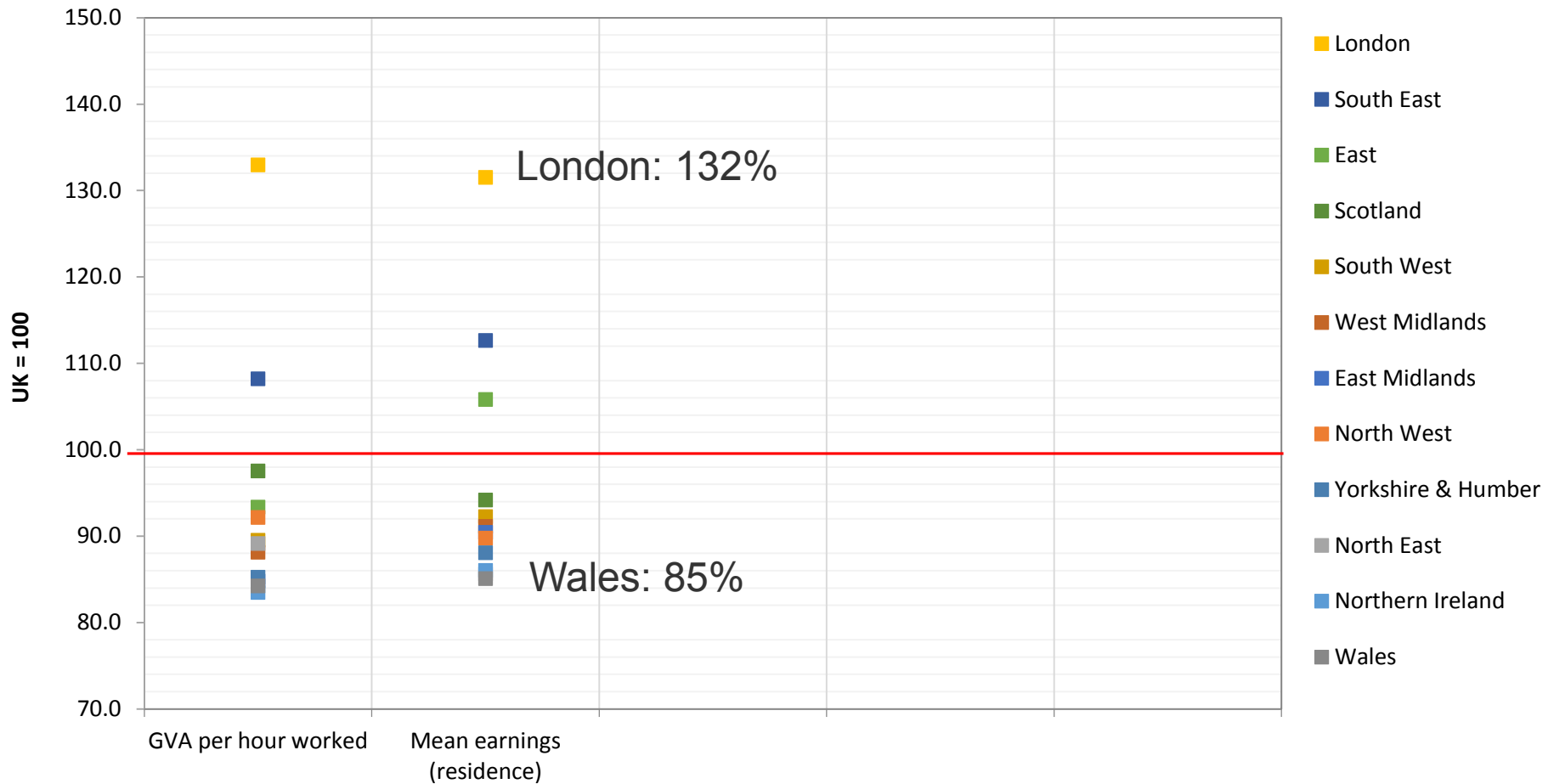
Big differences in productivity across the UK



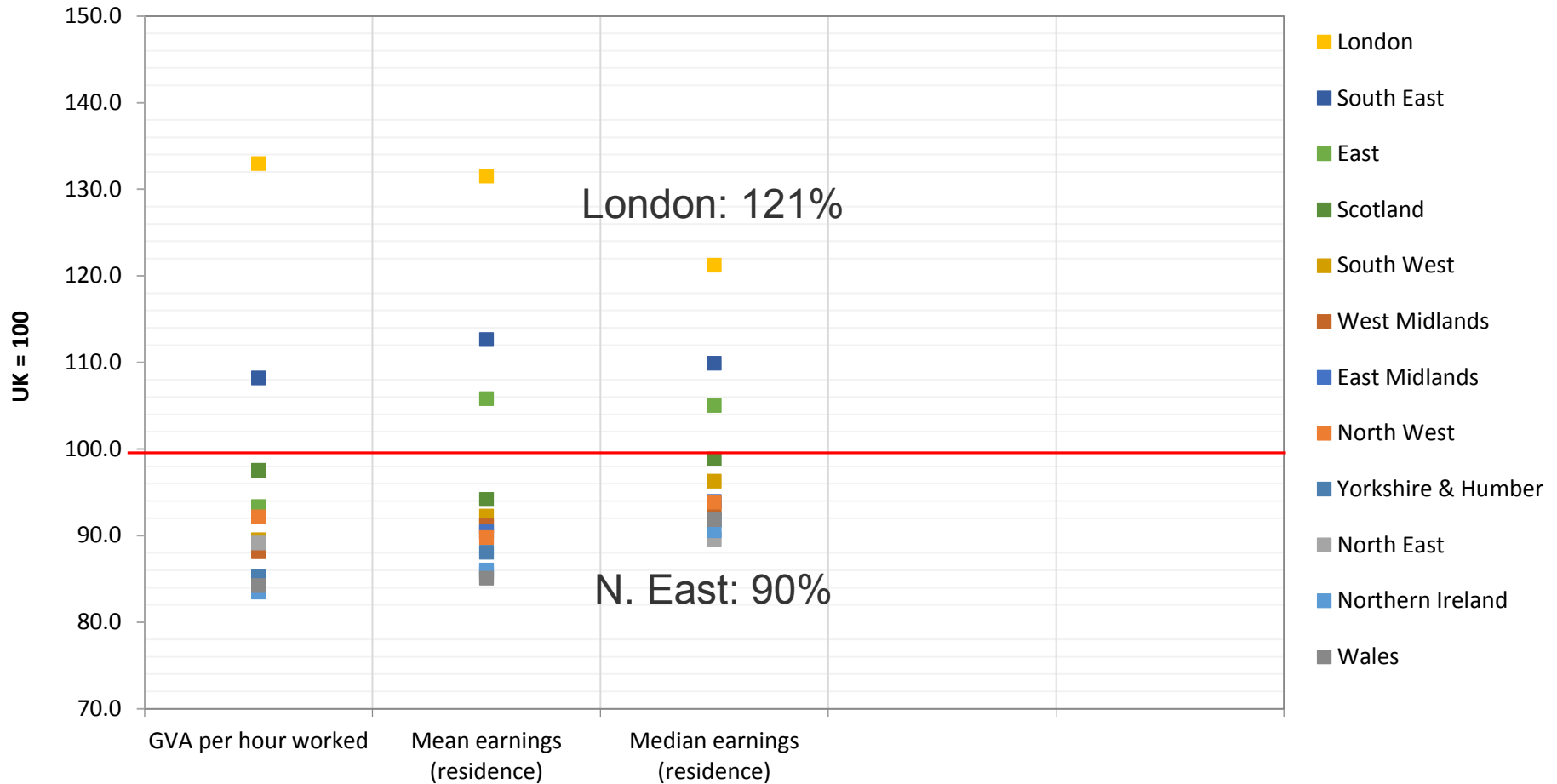
Big differences in productivity across the UK



Translate into significant differences in mean full time earnings



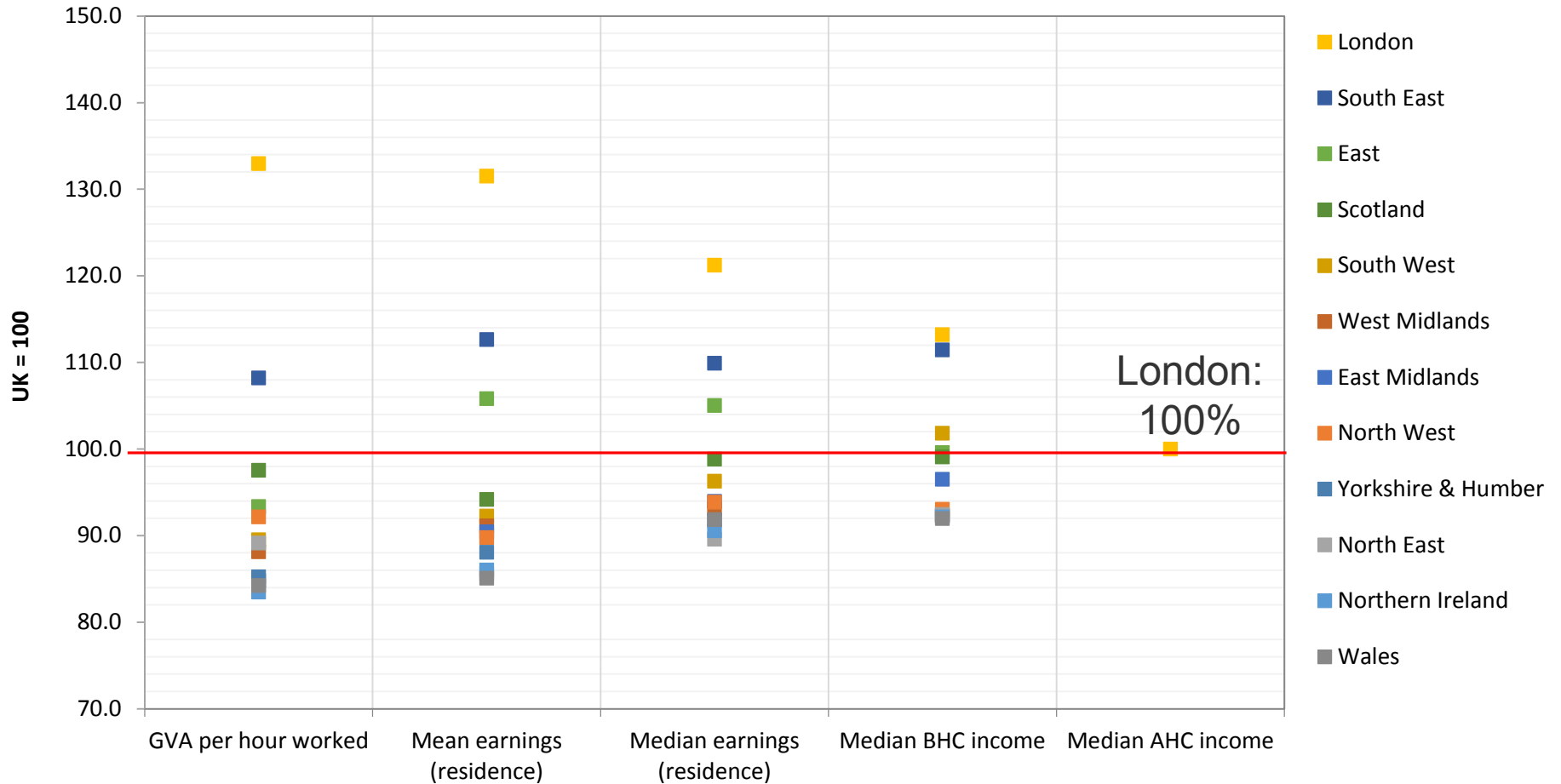
Smaller differences in median earnings



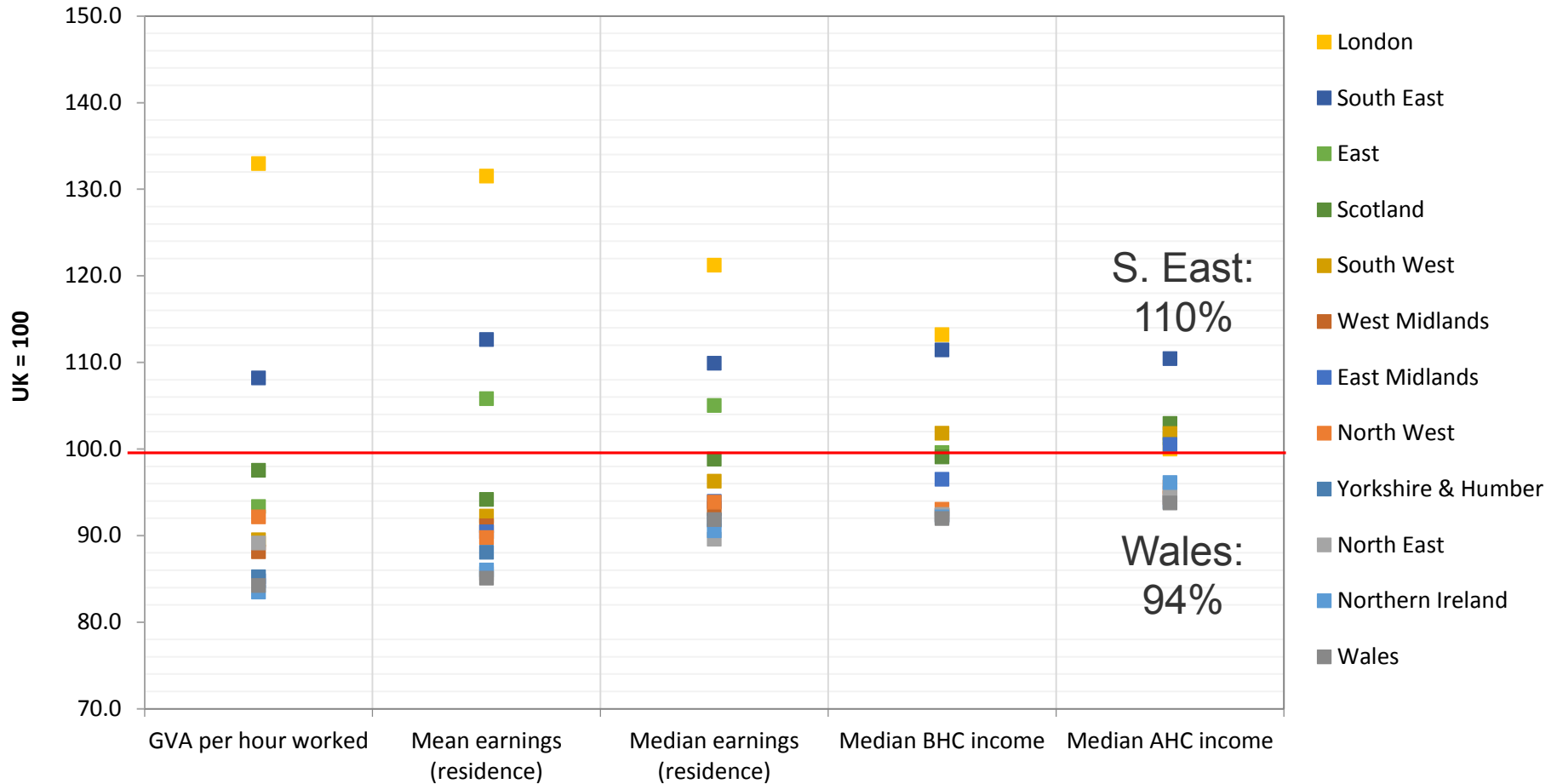
The tax and benefit system acts to reduce geographic income inequalities...



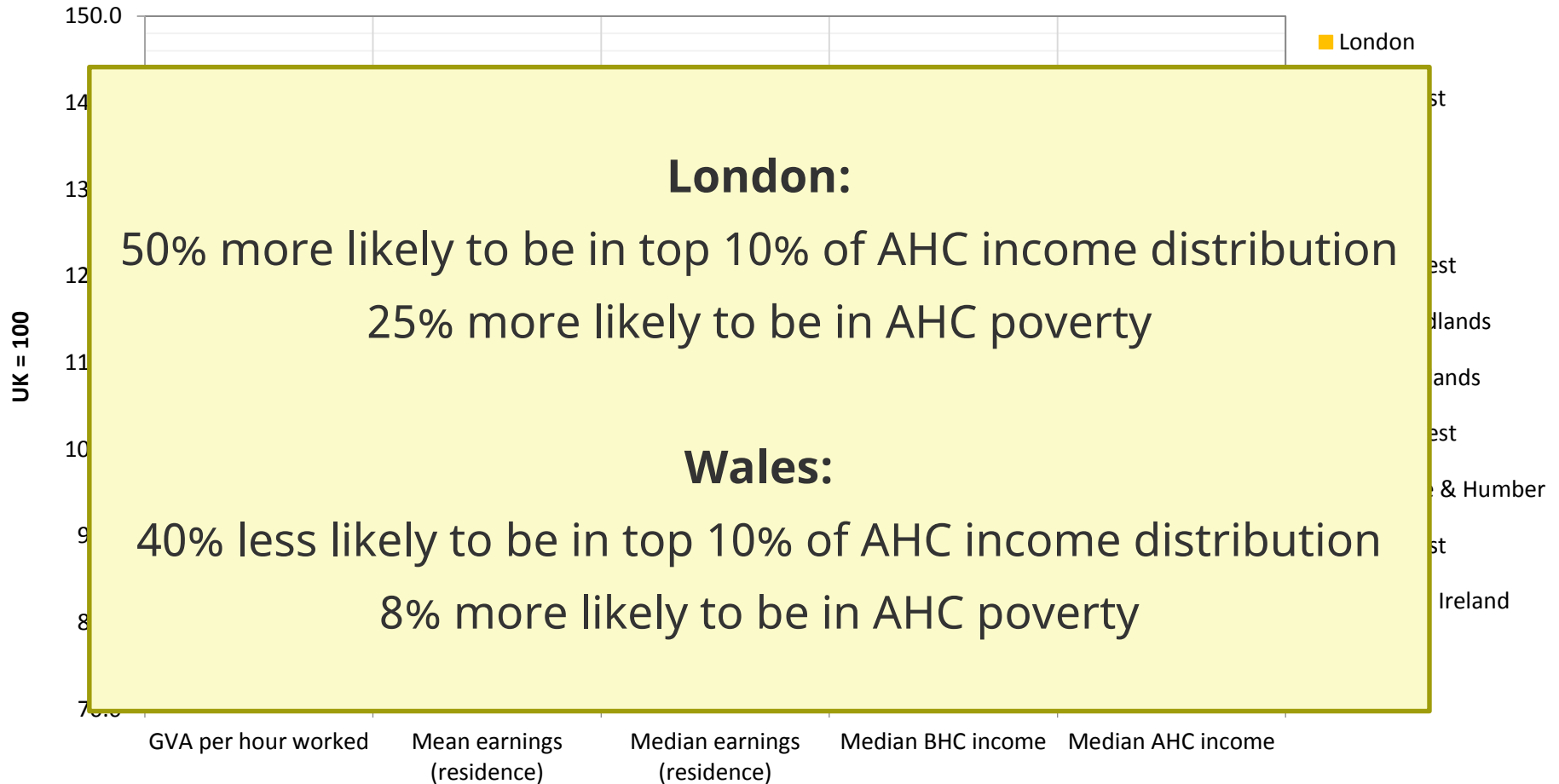
As do differences in housing costs



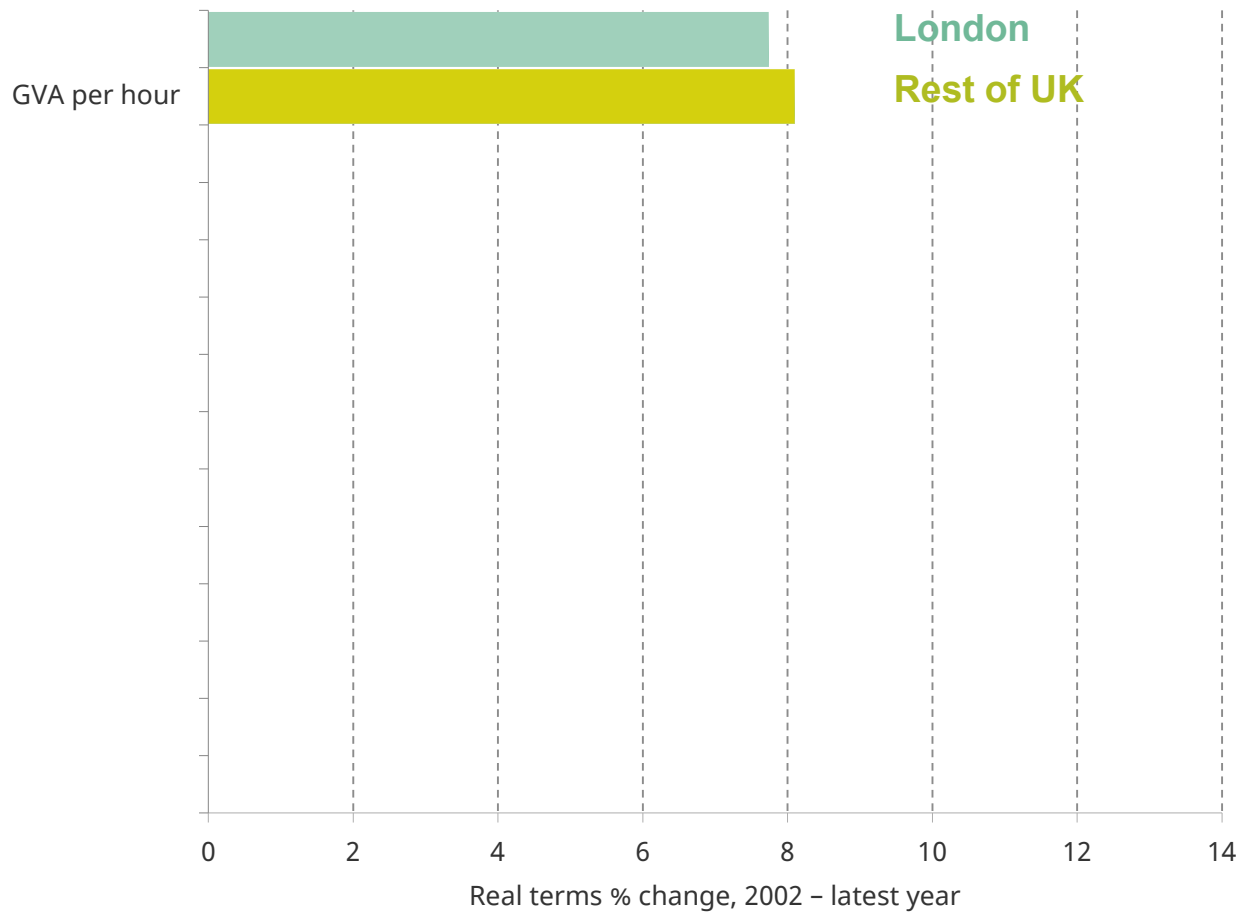
As do differences in housing costs



As do differences in housing costs

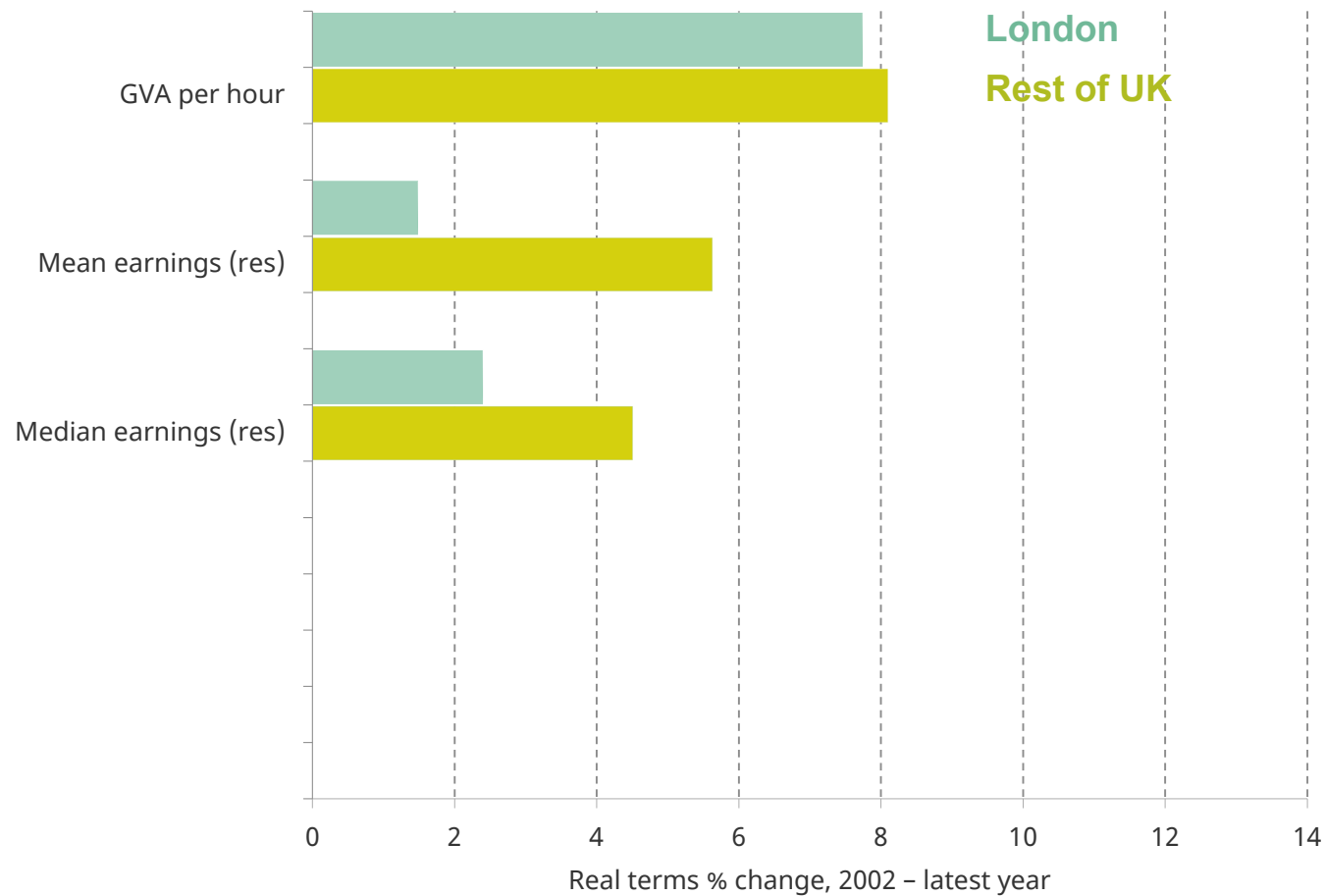


Productivity in London and rUK grown at same rate since early 2000s...



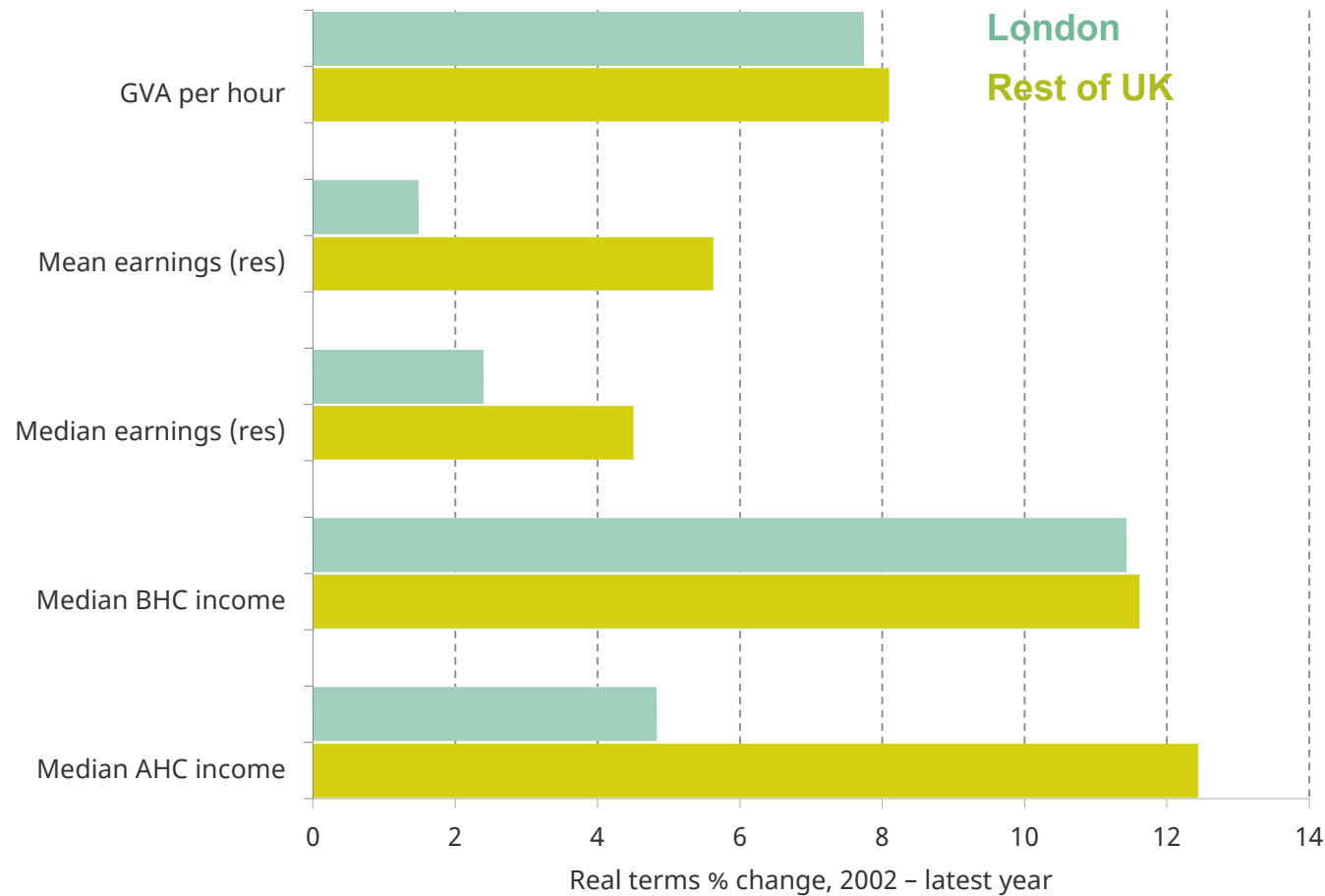
Source: Authors' calculations using data from ONS and Department for Work and Pensions. Series begins in 2002 when data on earnings based on resident are first available.

... but earnings have done better outside London, driven by post-recession period...



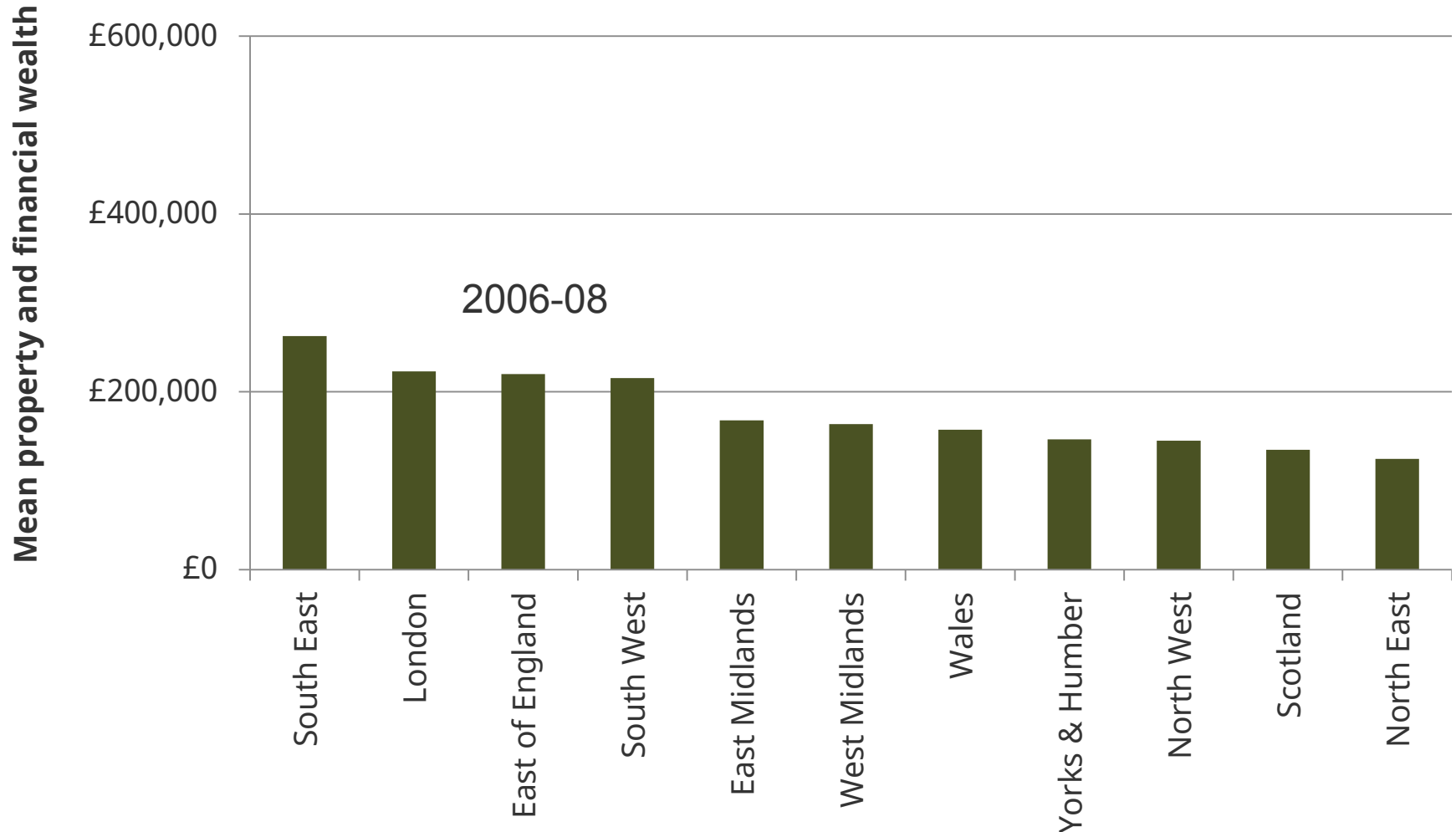
Source: Authors' calculations using data from ONS and Department for Work and Pensions. Series begins in 2002 when data on earnings based on resident are first available.

... and picture for median household income depends on treatment of housing costs



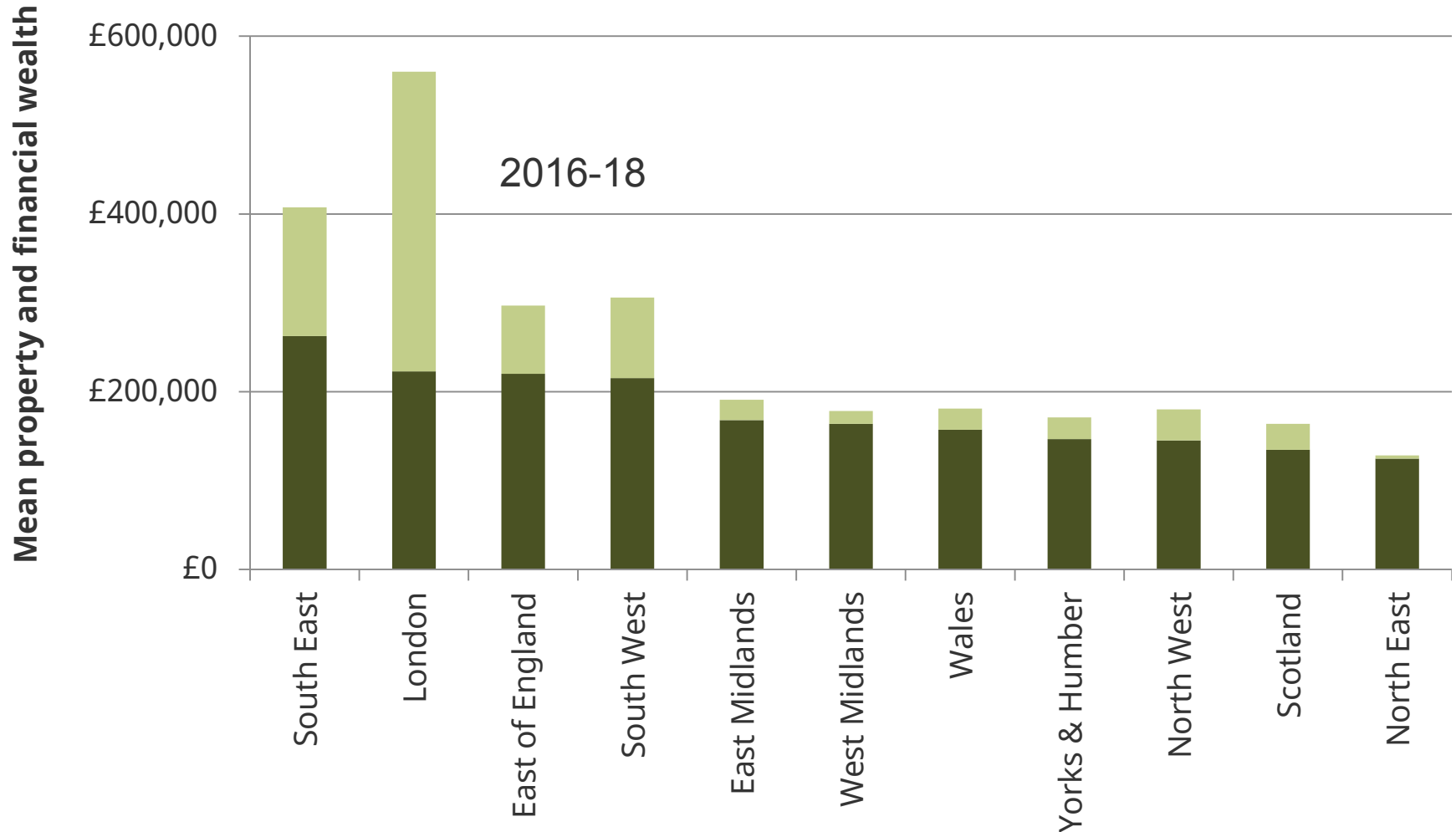
Source: Authors' calculations using data from ONS and Department for Work and Pensions. Series begins in 2002 when data on earnings based on resident are first available.

Clear increase in geographical inequality in mean household wealth



Source: Wealth and Assets Survey 2006-08 to 2016-18.

Clear increase in geographical inequality in mean household wealth



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Local inequalities

Starting levels: how geographically unequal are we, and is geographically inequality increasing?

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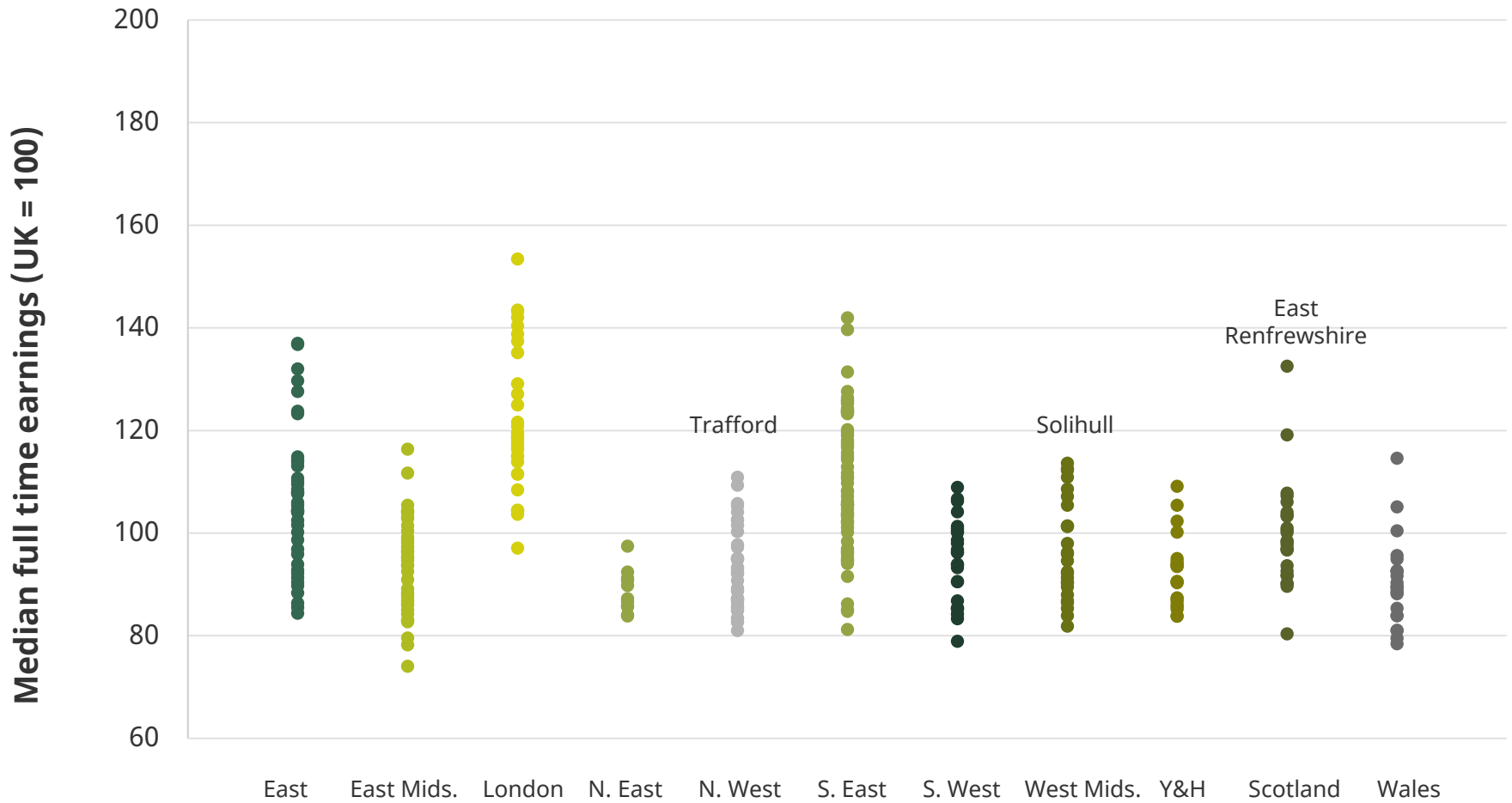
Significant inequality *within* regions



Significant inequality *within* regions



Significant inequality *within* regions



Significant inequality *within* regions



Trends for different kinds of places

Earnings and household incomes higher in towns and country surrounding cities than cities themselves – except London

Earnings and incomes for residents of towns and country have grown slightly faster than cities since early 2000s

- Although cities' relative performance has improved since late 2000s recession

Those of former industrial towns in North & Midlands and coastal towns have grown at similar pace to rest of the country since early 2000s

- But have not made up previous lost ground

Key takeaways

Key takeaways

Significant geographic inequalities in earnings

Smaller geographic inequalities in AHC incomes

Both have fallen a little in recent years

Why have concerns grown so much?

- Impact of de-industrialisation still largely with us after 40 years?
- Stagnation of earnings and incomes?
- Changes in other geographic inequalities?

Key takeaways (II)

Differences at top and bottom of earnings and income distributions

- London has both lots of high income and high AHC poverty
- 'Poor' regions are poor due to having few high income households

Big differences in earnings and incomes between LAs *within* regions

- Linked to commuting to high-paid jobs in major cities

Different parts of the country face different issues

- High housing costs in London and surrounding areas
- Low productivity and few high paying jobs in much of rest of country

Important bearing on investment and policy focus

A look ahead to the March 2020 Budget

Wednesday 26 February 2020

One Birdcage Walk, London

 @TheIFS