# Levelling Up Narrative – England's Economic Heartland (EEH)

The EEH region is a net contributor to the Treasury with potential for further growth which will support the government's ambitious levelling up agenda across the UK. Its world-leading businesses and institutions play a key role for Global Britain on the international stage.

However, our future success cannot be guaranteed. The region faces several major challenges, including supporting significant housing growth to meet the needs of growing local economies and communities. This growth is adding pressure to infrastructure that is already under strain. With the right investment, these challenges can be overcome and indeed unlock opportunities for the benefit of both the UK and the region. If not addressed, they will place a brake on the UK economy while also risking the country's ability to meet legal targets on decarbonisation.

**Connectivity challenges could put the brakes on our economic success, which itself has a key role in supporting levelling up not just in this region, but across the country**

As the Levelling Up white paper acknowledges, levelling up other parts of the country should not mean 'dampening-down' places such as the Heartland.  Our region is a world-leading economic area, founded on science and technology innovation, powered by a network of world-leading universities and research centres. And, with the right investment in infrastructure, it has the potential to achieve even more.

Its economic success benefits the UK more widely, with the Heartland being a net contributor to the Treasury. In 2019 the region's GVA stood at £168 billion, equating to almost 9% of UK total GVA. Economic growth between 2012-2019 was 35% compared to 30% nationally. The tax receipts generated in the Heartland supports levelling up across the country.

However, the region's headline success to date should not mask the very serious challenges facing the Heartland, which will only be exacerbated by a rapidly increasing population. As the National Infrastructure Commission warned, our future success cannot be taken for granted: failure to address these challenges will limit the region's ability to support UK-wide levelling up.

High house prices and low levels of affordability, exacerbated by poor transport links, is a serious issue in the region, constraining the supply of labour. The NIC's 2019 report, 'Partnering for Prosperity' said: "workers at all levels are being priced out of local housing markets, restricting firms' access to labour and impacting upon competitiveness."

In quarter three 2019 the ratio of median house price to median gross annual earnings in the region was 9.25 compared to 8.15 nationally. In Cambridge, Oxford and parts of Buckinghamshire and Hertfordshire, the ratio is over 12. Yet in other places, including Swindon, Peterborough, Fenland and parts of Northamptonshire, the ratio is under eight.

This is why improved transport connectivity is so important – linking affordable places to live to jobs, skilled workers to ambitious businesses.

The Heartland is taking on major levels of housing growth. Growth in current local plans will equate to an increase in population of around 1.3 million people[1] – that's a 25% increase from the current population of 5.1 million. If delivery was to continue at the yearly rate of current local plans, the population will have increased by around two million by 2050 (40%).

However, this level of housing growth must be supported by appropriate investment in infrastructure – to enable sites to be delivered and ensure they are sustainable and do not have an adverse impact on existing communities and infrastructure.

EEH's evidence base shows the scale of congestion in the region and the unreliability of journey times, which has an impact on business productivity. Indeed, in significant parts of the Heartland, productivity levels remain below the UK average (only 11 out of 37 planning authority areas as at 2019 were above the English average for GVA per hour worked) and are consistently below that of our global competitors.

**Despite our headline economic success, our region contains significant pockets of deprivation and inequality, and issues with affordability**

As the Levelling Up white paper acknowledges, 'pockets of affluence and deprivation may exist in the same district. Indeed, many of the worst areas of deprivation are found in the UK's most successful cities'. The Heartland is a case in point, marked by high levels of inequality and pockets of significant deprivation (in rural as well as urban areas) which need to be addressed.

More than 800,000 people in the Heartland are living in the top third most deprived planning authority areas in England, accounting for 15% of the total population. These five authorities (in order of most deprived, based on 2019 boundaries) are Fenland (a predominantly rural area), Luton, Peterborough, Corby and Northampton.

Thirteen of the Heartland's planning authority areas (based on 2019 boundaries) contain neighbourhoods which are amongst the 10% most deprived nationally: Fenland, Peterborough, Northampton, Daventry, Wellingborough, Kettering, Corby, Bedford, Luton, Hertsmere, Milton Keynes, Oxford and Swindon.

In addition, East Northamptonshire, Kettering, Luton, Peterborough and Wellingborough are identified by government as 'priority one' areas for its levelling up fund.

There are also significant variations in life chances within the same towns and cities. For example, the life expectancy of boys in the Northfield Brook estate in Oxford is 75.5, almost 15 years lower than their peers in Oxford North – just six miles away. Similarly, in the Harpur ward in Bedford, life expectancy at birth for males is 71.6 years: less than five miles away in the Oakley ward, it is 86.9 years.

Experian Mosaic data shines a light on the diverse nature of households in the region. Nearly 10% of Heartland households are classed as 'family basics', characterised 'as those with limited resources who must budget to make ends meet'. In places such as Aylesbury, this is as high as 21%. A further 7% of the region's households are made up of 'transient renters' - single people privately renting low cost homes, often in terraced housing, for the short term. This is as high as 14% in Milton Keynes and Northampton.

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[1] Number of homes multiplied by average size of English household, 2.4

The affordability of housing is also having a significant impact on our residents' quality of life alongside businesses' ability to access the right skills. For example, in the third quarter of 2019 in the Three Rivers district in Hertfordshire, the ratio of median house price to median gross annual residence-based earnings was 14.53, compared to the national average of 8.15. Of the 38 planning authorities in the region as of 2019, 15 had affordability ratios of more than 10, and only seven were below the national average.

**The Heartland is vital for Global Britain: its universities and businesses help the UK compete on the international stage**

The Heartland is the UK's Silicon Valley. The UK's competitiveness on the global stage is in large part down to what happens in our region: our world class universities; science parks, laboratories, and iconic venues such as Silverstone, Pinewood and Elstree around which world class clusters have formed.

- More than one in 10 of the UK's knowledge sector jobs are in the region's cutting-edge science parks, research institutions, businesses and incubators, creating an innovation ecosystem that is globally renowned.
- The number of enterprises in the Heartland grew by 28.3% between 2013-2019, ahead of the UK average of 25.4%.
- Five of the six places identified in The Centre for Cities' Fast Growth Cities group - Cambridge, Milton Keynes, Oxford, Peterborough and Swindon – are located in the Heartland.
- The universities of Oxford and Cambridge continue to be ranked among the top three in the world
- Luton Airport is the biggest private aviation hub in the country and fourth biggest in Europe. It is the fastest growing major airport in the UK, with a new enterprise zone focussed on aerospace and advanced engineering

The region is finding solutions to global challenges including the COVID-19 vaccine and green technology.

The Heartland creates the innovation, enterprises and intellectual property which are then spun out beyond the region, creating jobs and prosperity across the UK.

As the Levelling Up white paper states: "It is vital that we preserve and enhance the economic, academic and cultural success stories of the UK's most productive counties, towns and cities."

**The Heartland's location in the centre of the country makes the performance of its transport network vital for union connectivity and logistics**

The high number of 'through journeys' across our region by HGVs and LGVs makes the performance of the Heartland's strategic and major road networks of particular importance to the UK.

The region is at the heart of the 'Golden Triangle' for logistics with many of the world leading distribution companies already operating national distribution centres here.

Our strategic infrastructure already accommodates significant freight flows linked with international gateways at Felixstowe, Southampton and London Gateway, with shippers forecasting long-term growth in these flows in response to economic growth and the use of global supply chains.

The country's fifth busiest airport, London Luton, is located in the middle of the region, while Heathrow and Stansted (the first and third busiest airports) are located on our borders. Between them, they served more than 126 million passengers in 2019, and handled nearly 75% of the UK's air freight.

The strategic importance of the Heartland's transport system is demonstrated by the inclusion of a high number of UK transport network corridors proposed in the region in the Union Connectivity Review.

**Emissions from transport in the Heartland are higher than elsewhere: the UK will not achieve net zero without investment in the region**

The Heartland will play a critical role in supporting the government's target of net zero no later than 2050.

The transport sector is the biggest single emitter of carbon in the UK. The challenge of reaching net zero transport emissions in the Heartland is significantly steeper than other parts of the UK, which is why investment in public transport, active travel and digital connectivity is so important.

The Heartland accounts for approximately 10% of the UK's carbon emissions from surface transport. Emissions per capita are 30% higher than the UK average (2005-2020), and are growing faster, too.

The region has a diverse range of transport needs, owing to its relatively low number of primary economic centres, a large number of small and medium sized market towns, and large rural areas. As of the 2011 census, just under two million people lived in the 15 most populated cities and towns in the Heartland, accounting for 41% of the total population. Nearly 35% of Heartland residents live in small market towns (under 30,000 population) and their rural hinterlands, compared with 23% in England and Wales.

It means that across the Heartland, people are more likely to travel longer distances to work, more likely to do this by car, and more likely to own multiple vehicles, than the national average.

Nearly 60% of road and rail emissions in the Heartland are from cars, 22% HGVs and 16% vans. Some 44% of all road emissions occur on the strategic road network, while the rest is on local authority managed roads (30% minor roads and 26% major road network).

Our modelling shows that the move to electric vehicles, while important, will not be enough for our transport system to reach net zero. Reducing the need to travel and where it is necessary, shifting this to sustainable modes, is required.

The level of congestion on our roads also directly affects people's health. There are around 80 air quality management areas (AQMAs) in place across the Heartland to improve air quality, with the vast majority relating to the harmful impact of nitrogen oxides (NOx) caused by road traffic.


**England's Economic Heartland**
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