



UNIVERSITY of STRATHCLYDE
**FRASER OF ALLANDER
INSTITUTE**

Regional economic inequalities in the UK and Scotland pre and post-Brexit



February 2020



Regional Inequalities

- Economic
 - Public Spending
 - Demography
-

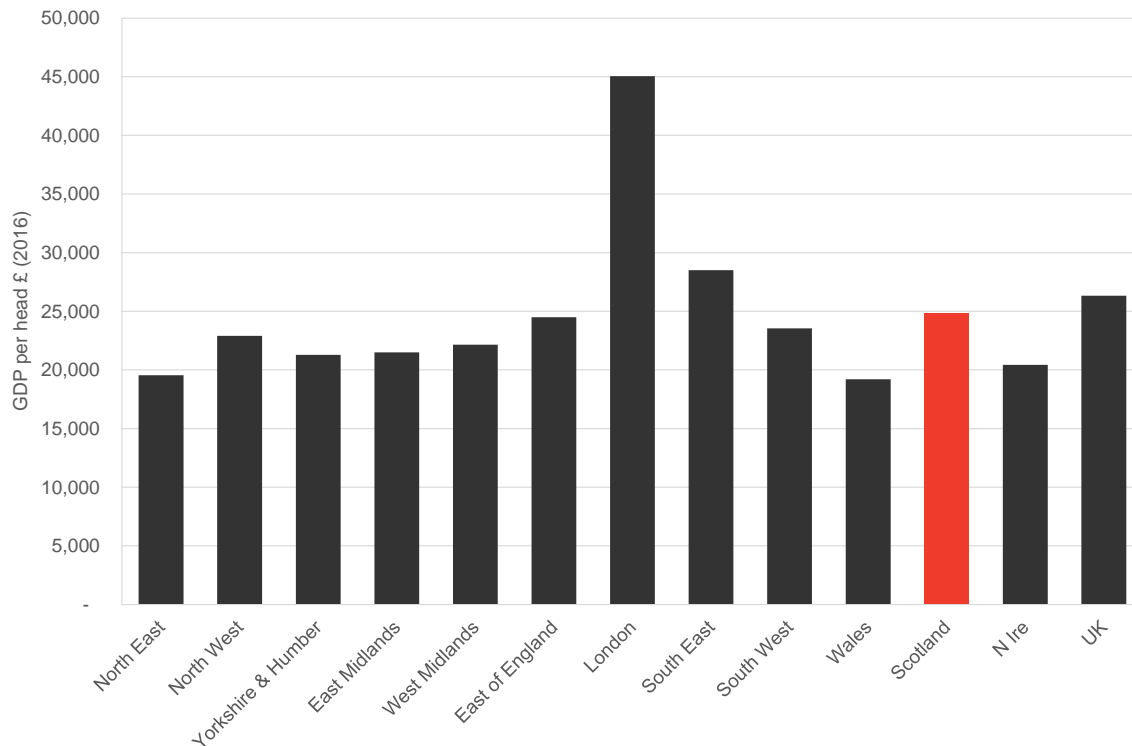


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Economic inequalities

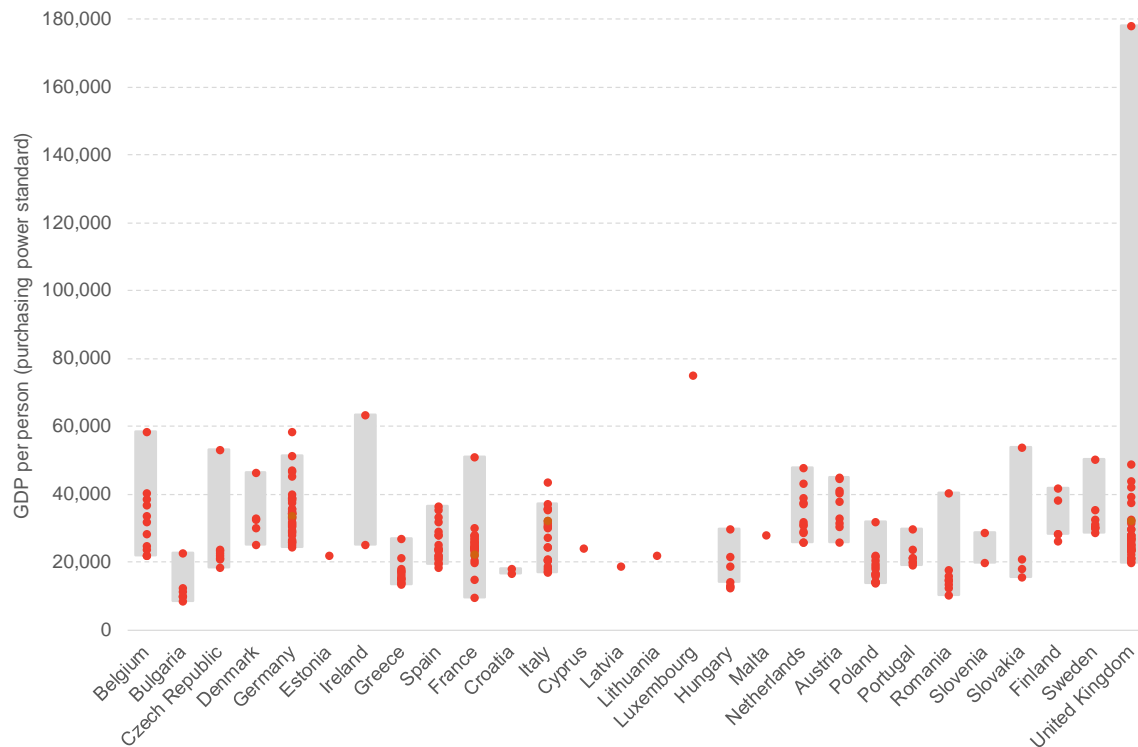


Scotland compared to other parts of UK



- › Outside of London and SE, Scotland is one of the richest parts of the UK
- › The chart also shows the high levels of inequality across the UK

Regional inequality in the UK



- › On a regional basis, the UK has the greatest inequality of any EU country
- › The centre and west end of London have amongst the highest incomes of anywhere in Europe
- › Southern Scotland and West Wales have amongst the lowest

Regional inequality in the UK – NUTS 2

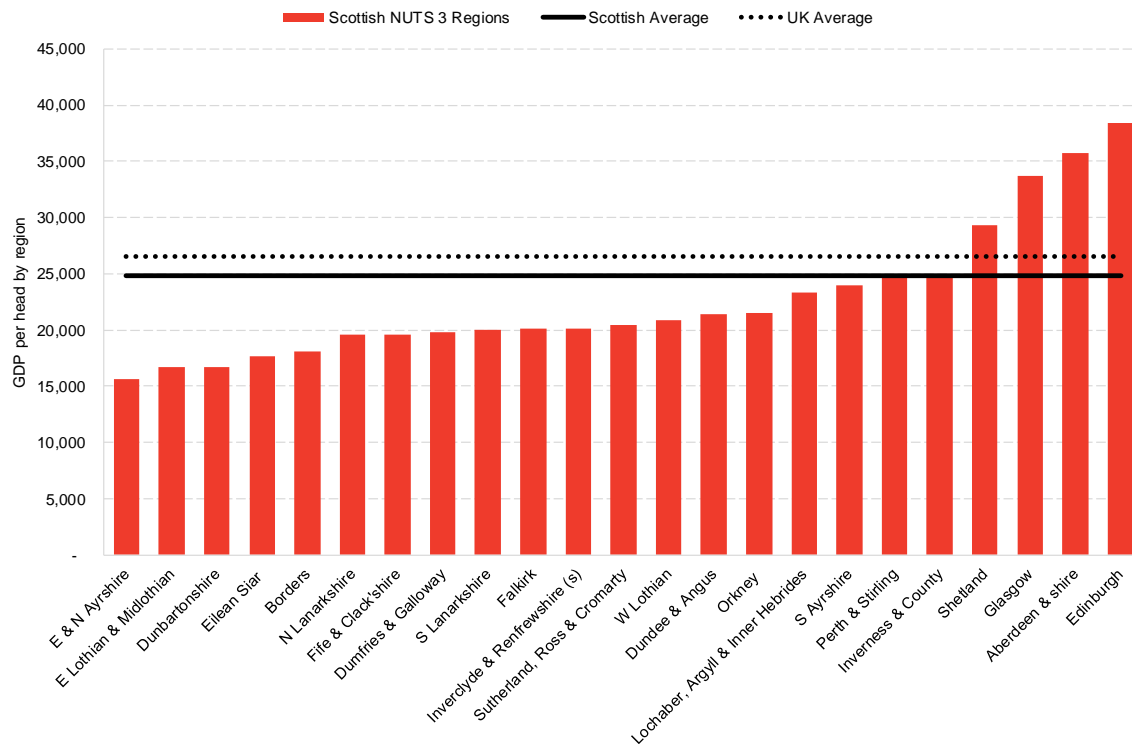
Top 10

NUTS 2 area	GDP per capita	UK=100%
Inner London - West	167,977	585%
Inner London - East	44,864	156%
Berkshire, Buckinghamshire and Oxfordshire	39,273	137%
North Eastern Scotland	37,288	130%
Cheshire	34,896	121%
Outer London - West and North West	34,470	120%
Bedfordshire and Hertfordshire	31,103	108%
Gloucestershire, Wiltshire and Bath/Bristol area	29,230	102%
Eastern Scotland	29,010	101%
Surrey, East and West Sussex	28,880	101%

Bottom 10

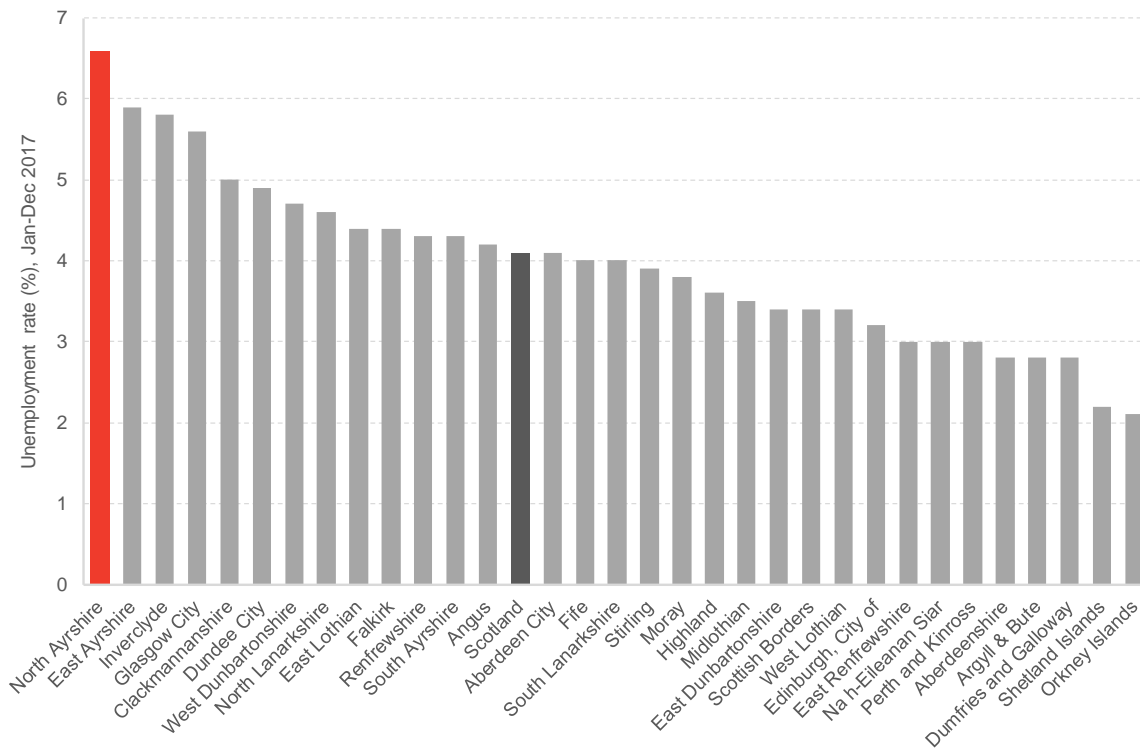
NUTS 2 area	GDP per capita	UK=100%
Merseyside	21,660	75%
Shropshire and Staffordshire	21,318	74%
Devon	21,061	73%
Lincolnshire	19,818	69%
Outer London - East and North East	19,520	68%
South Yorkshire	19,471	68%
Cornwall and Isles of Scilly	19,288	67%
Tees Valley and Durham	18,787	65%
West Wales and The Valleys	18,079	63%
Southern Scotland	17,028	59%

Regional inequality in Scotland



- › Scotland has its own regional inequalities
- › Just four regions within the country are above the UK average.....
- ›the remainder are below the average

Labour Market



- › There are also significant differences when it comes to labour market outcomes.....
- ›some of this reflects economic, social, geographical challenges & strengths.....
- ›and it also reflects legacy issues from industrial decline

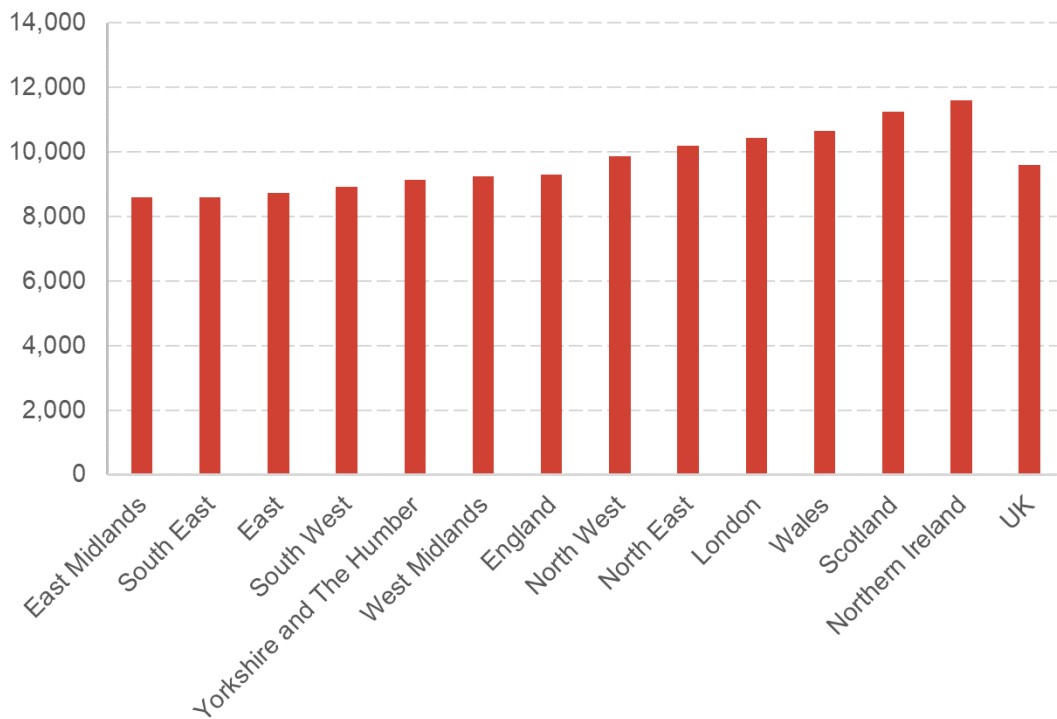


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Public Spending



Spending on services across the UK



- › There are huge variations on how much is spent on services across the UK at the moment
- › For example, spending in the East Midlands is only 74% of the level in Northern Ireland

EU Payments - UK

NUTS 2 Regions	Euro
South Western Scotland	81,782,354
Eastern Scotland	71,667,701
Northern Ireland	54,711,996
North Eastern Scotland	53,986,128
Derbyshire and Nottinghamshire	47,900,780
South Yorkshire	35,795,972
Cornwall and Isles of Scilly	33,880,107
Leicestershire, Rutland and Northamptonshire	28,560,697
West Midlands	26,638,797
Merseyside	21,222,607

- › These are the top 10 areas which received ESF and ERDF in 2016
- › The replacement for such regional support is still to be outlined

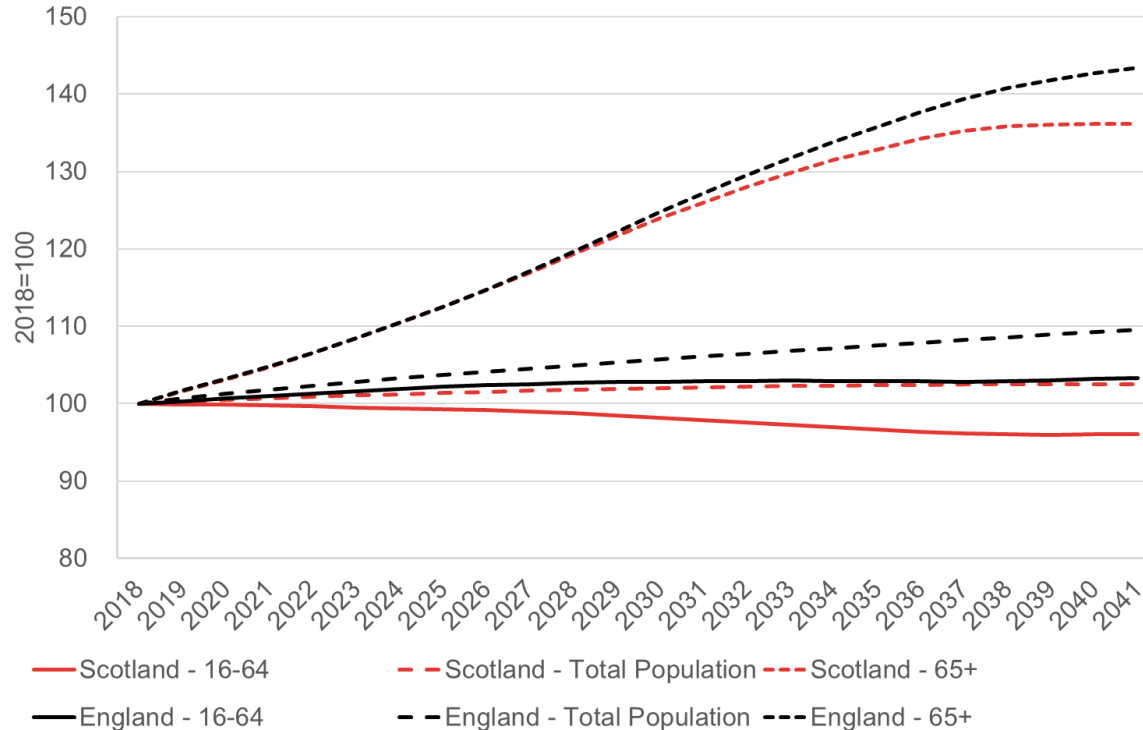


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Demography

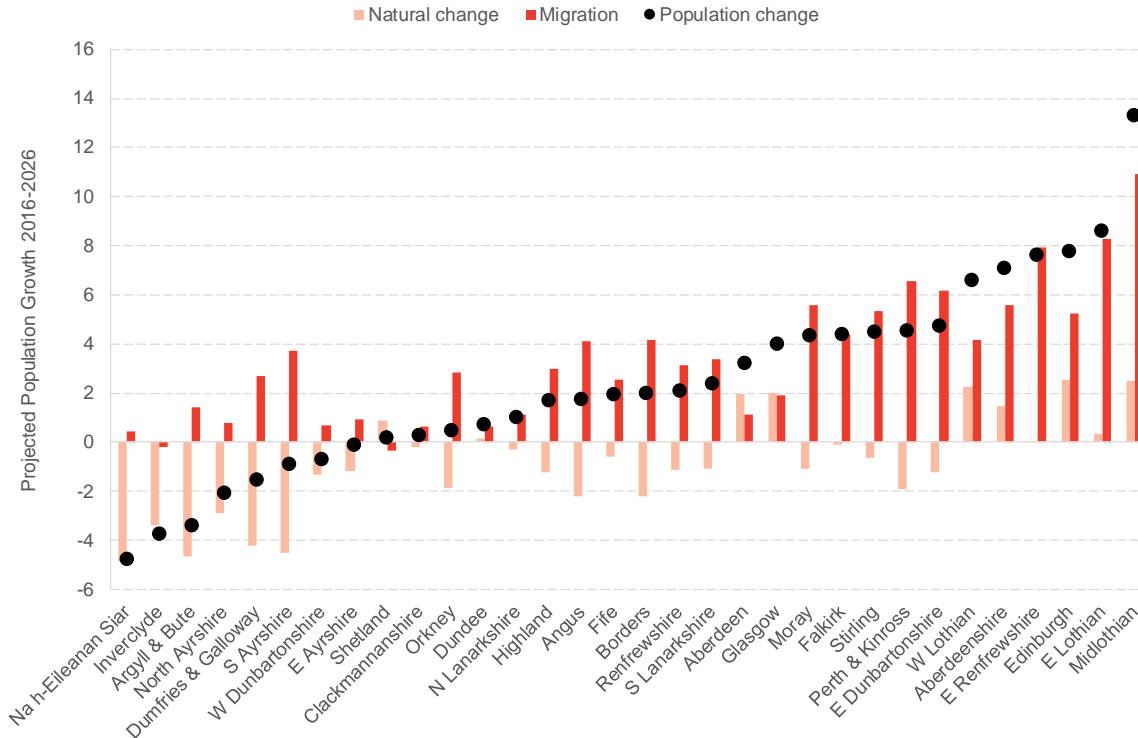


Population projections



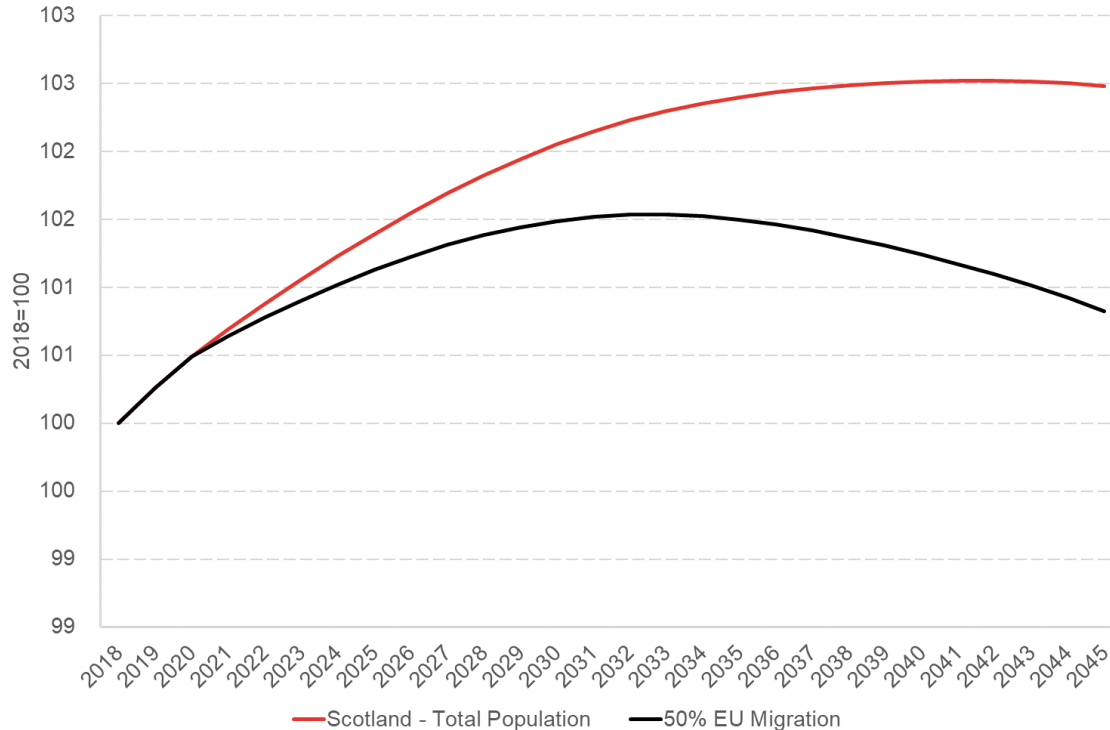
- › The outlook for Scotland's population is concerning
- › Ageing population....
- › And a falling working age population

Scotland's population - projections



- › One of the challenges that Scotland faces relates to the spread of its population changes
- › With many of the more fragile economic areas projected to see further population declines in the years ahead

Effect of EU Migration changes



- › A falling off in EU migration is likely to have a significant effect on the outlook for Scotland's population...
- › ... and an even greater effect on the working age population



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