

Using the Inclusive Growth Score™ to address UK's levelling up missions in York and North Yorkshire

About the Inclusive Growth Score

The Inclusive Growth Score (IGS), a Mastercard Center for Inclusive Growth platform, can be a valuable tool for governments, planners, and policymakers looking to meaningfully implement policies to support levelling up across the nation and to ensure that the advancement they see in communities is truly benefiting everyone living there. By taking a place-based approach to economic development, the IGS provides novel insights and awareness on geographical disparities among communities present in the UK and offers a data-driven approach to policymakers and other stakeholders tackling such disparities. Insights from the tool may be used to uncover and prioritise opportunities for revitalisation and investment.

The IGS is powered by spending-based insights derived from Mastercard's anonymised and aggregated Mastercard transaction data, along with publicly available sources, and other proprietary licensed data, to create a 21-metric index spanning three pillars - place, economy, and community - to highlight the social and economic profile of a postcode sector and the potential for growth and investment it may hold. The IGS score is created via a ranking of each postcode sector in any given region or set of similarly urbanized postcode sectors. The platform includes scores for England, Scotland, Northern Ireland, and Wales, and provides distinct and comprehensive insights to assess inclusive growth through indicators such as changes in economic spend, education accessibility, affordability of housing, and air quality.

About the Levelling Up Agenda

The UK government has set itself a mission that, by 2030, every part of England that wants a devolution deal will have a devolution deal (meant to encourage local decision-making) with powers at, or approaching, the highest level of devolution, with a simplified, long-term funding settlement. The 2022 Levelling Up White Paper makes the case for devolution as the engine room of improved productivity and reduced regional disparities.

With a population of around 818,000 and a nominal Gross Value Added (GVA) of £20.5 billion, York and North Yorkshire offer enormous potential for increased economic activity. It is home to over 46,000 businesses and has an employment rate of 79.2%. Together, York and North Yorkshire form a coherent economic area with several significant strengths, including growth in the bioeconomy and agri-tech sectors, a tourism industry which harnesses both its natural assets and its urban appeal, and major investment in clean energy. Sizeable areas of York and North Yorkshire enjoy these strengths, but the region also faces challenges which constrain productivity levels and the ability to grow. These include poor rural digital connectivity; poor transport connectivity; high house prices,

coupled with low wages; and coastal deprivation, which puts the area in the bottom ten percent for social mobility¹.

The UK government's levelling up agenda puts forth 12 missions for policymakers to address, including education, skills, housing, living standards, and more, with a common underlying thread of boosting economic growth across the whole country, not just in a few places. The 21 metrics of the IGS align well with these missions, providing annual, hyper-local data points that may inform a targeted approach in bringing opportunity, investment, and resources where they are currently lacking, and a consistent way to track progress over time.

Key Findings

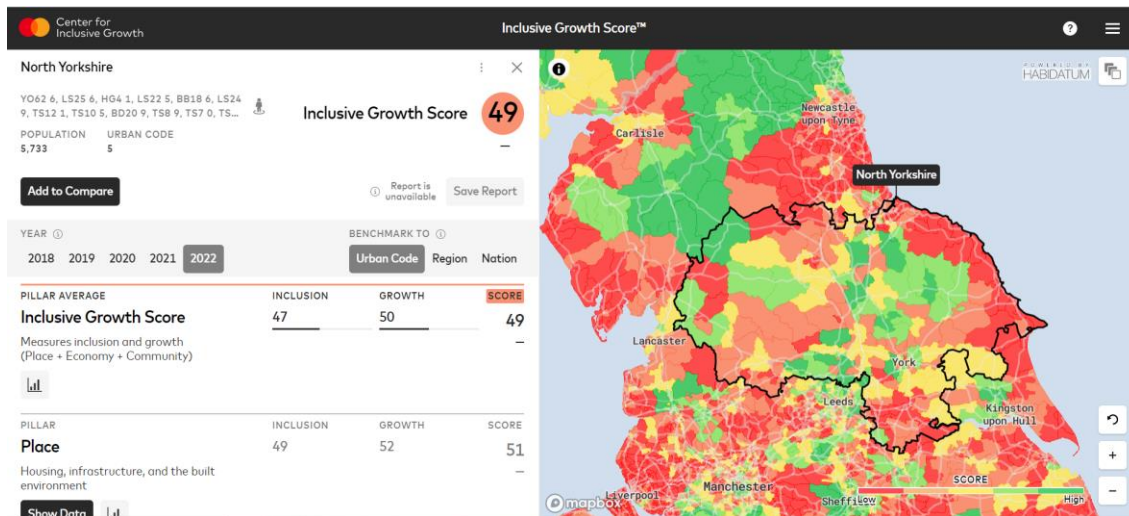
We have used the IGS to provide data-driven insights to help inform policymakers both from central government and local authorities from across York and North Yorkshire as they think about how their new powers and funding can best drive the regeneration of the area to create growth that's sustainable and inclusive.

The analysis indicates that in York and North Yorkshire:

- In line with key levelling up missions and devolution deal goals, we looked at overall Inclusive Growth trends, education and unemployment metrics, insights derived from Mastercard anonymised and aggregated transaction data, as well as several housing-related indicators
- Most Local Authority Districts (LADs) in York / North Yorkshire experienced above average growth trends, with LADs scoring between 51 and 58 out of 100, but below average inclusion trends, ranging from 38 to 49 out of 100
- Insights derived from anonymised and aggregated Mastercard transaction data and other key indicators, indicate that the economic situation in many LADs has significantly declined since the pandemic, with poorer small business representation, fewer new businesses, and overall lower commercial diversity
- There appear to be significant opportunities to improve education accessibility and reduce the unemployment benefits claimants in many LADs, with an unemployment benefits claimants score as low as 19 in the worst performing LAD
- The housing landscape is quite varied across LADs, indicating that a tailored and targeted revitalization effort is needed to promote growth and inclusion in home ownership

¹ [York and North Yorkshire devolution deal - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/devolution-deals/york-and-north-yorkshire)

Taking a Closer Look



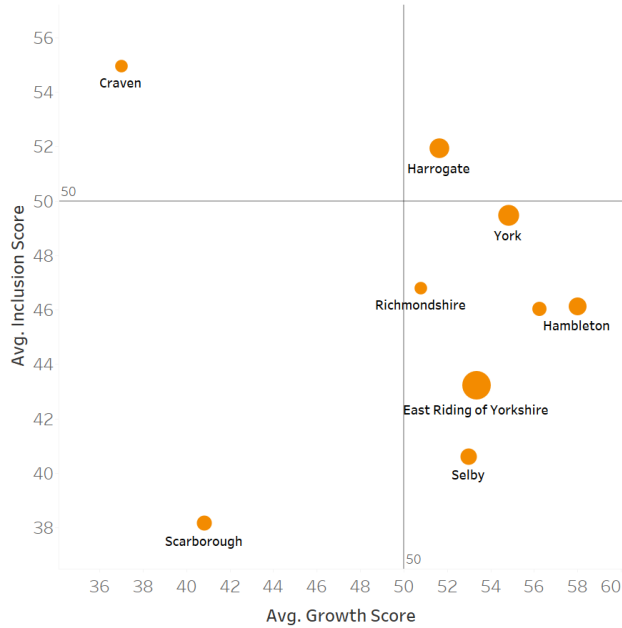
To illustrate the use of the IGS, we zoom into the mayoral authority of York and North Yorkshire, where they will receive £540m of government investment over 30 years as part of the [devolution deal with government](#).

This influx of funding within the context of the levelling up agenda presents a unique opportunity to take a thoughtful, data-informed approach to directing those funds to the parts of the region in greatest need of support.

With data available from 2018 onwards, we take a temporal and geographic view of changes in key metrics related to education, skills, businesses, housing, and pride in place to inform which local authority districts (LADs) could benefit most from funding support. The scores used here represent the ranking of each postcode sector relative to similarly urbanized postcode sectors in the rest of the nation, with a score above 50 indicating above average performance, with all postcode sectors in each LAD averaged to create an overall LAD score. By creating the ranking based on benchmarking against similarly urbanized areas, the analysis can control for differences in communities based on their level of urbanization.

A breakdown of the growth and inclusion scores for each LAD indicates the high-level opportunity areas for each LAD, with a sizeable portion of LADs with above average growth trends, with LADs scoring between 51 and 58 out of 100, but below average inclusion trends, ranging from 38 to 49 out of 100.

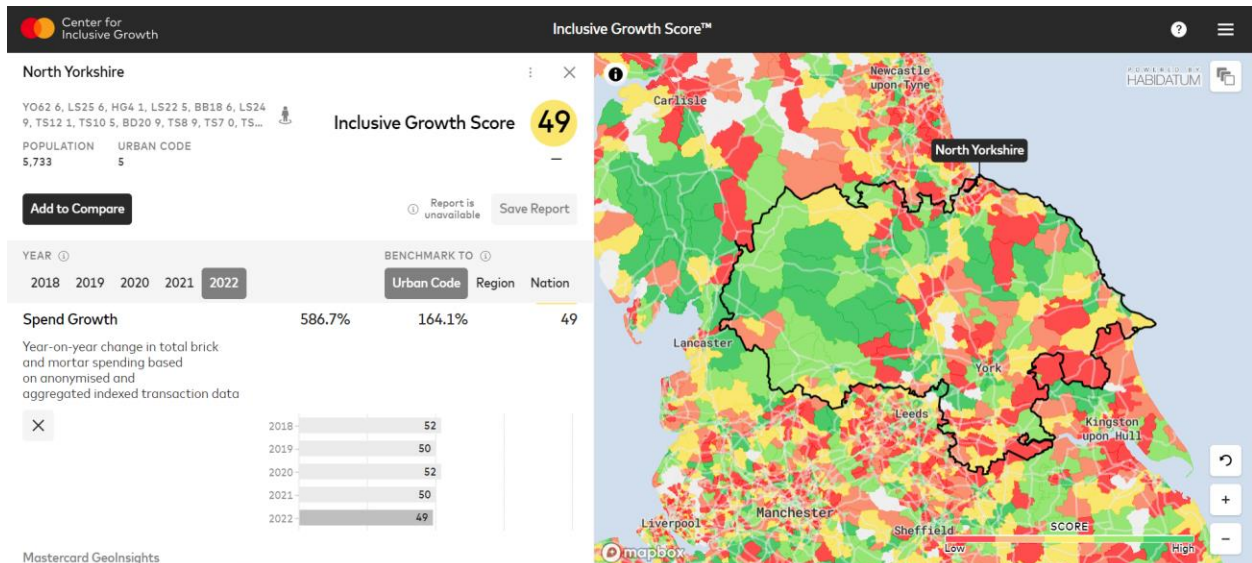
Avg Inclusion Score vs Avg Growth Score for each LAD



This graph shows the average of all growth metrics compared to the average of all inclusion metrics for all postcode sectors in each LAD for 2021, and is sized by the total population of that LAD.

Spending Patterns and Trends:

The IGS uses insights on spending trends derived from anonymised and aggregated Mastercard transaction data, providing a yearly view of trends in spend and economic activity across the UK (see methodology [here](#)). In the visual below, while the York and North Yorkshire region scores right around average, we can see clear geographic disparities in spend growth within the region, and a slow decline over time of spend activity.

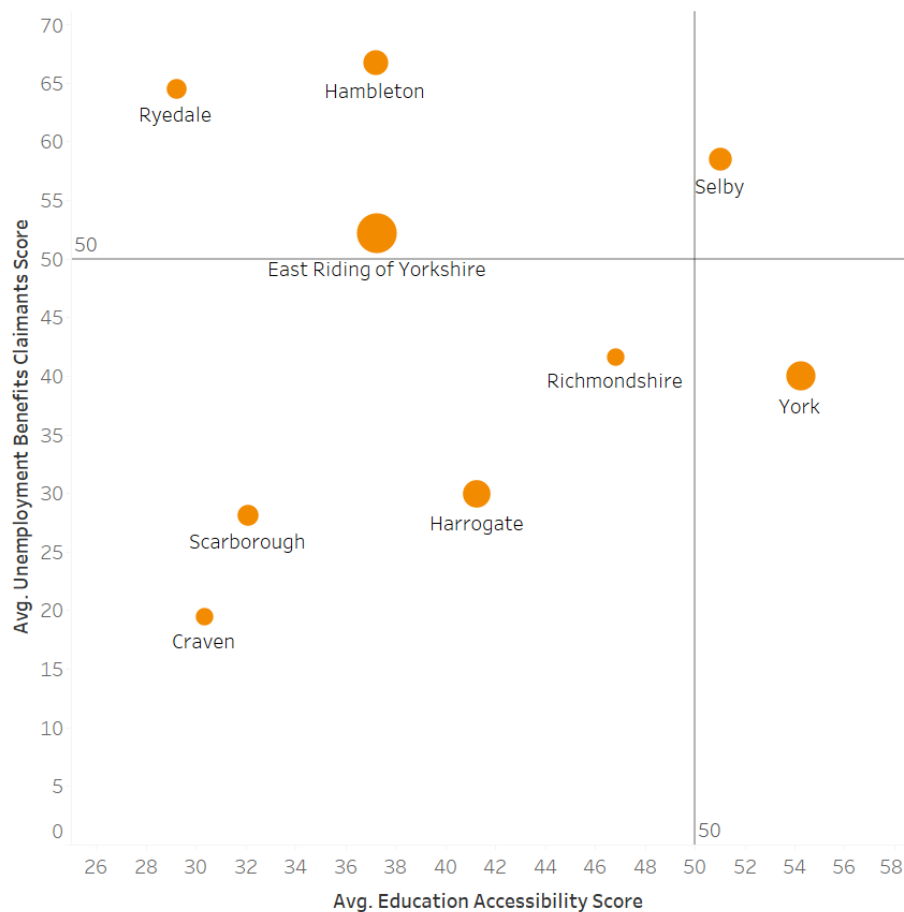


Education and Skills:

The Education Accessibility² metric, provides a view of the accessibility of secondary education in each postcode sector, and the Unemployment Benefits Claimants³ metric shows the change in the number of residents claiming unemployment benefits, with a higher score indicating a lower number of claimants. **Together, these metrics give insight to where funds like the Adult Education Budget and Local Skills Improvement Plans in York and North Yorkshire can be directed.**

We see that the LADs of Craven, Scarborough, and Harrogate perform below average for both dimensions, whereas Selby is performing just above average. The chart below also prompts the question of what is happening in York, where education accessibility is above average, but unemployment benefits claimants is below.

Education and Skills



Average of Unemployment Benefits Claimants Score vs Average of Education Accessibility Score for each LAD for 2021, where size shows total population of the LAD

² Geolytix Education Pack

³ DWP Alternative Claimant Count

Year-over-year trends in the average unemployment benefits claimants scores for each LAD also indicate significant declines for Craven and Richmondshire, especially after the pandemic, indicating an added need to address these areas.

Unemployment Benefits Claimants Score Trend

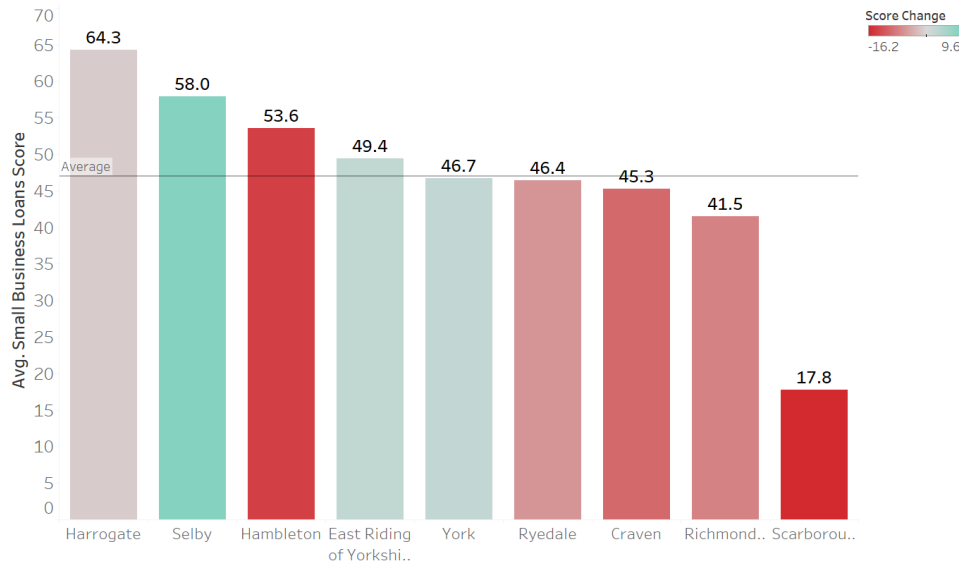
Year	Craven	East Riding of Yorkshire	Hambleton	Harrogate	Richmondshi..	Ryedale	Scarborough	Selby	York
2018	54.6	65.5	73.3	64.5	68.2	68.0	30.6	40.7	55.4
2019	22.8	67.1	56.3	28.7	50.6	50.5	33.7	36.2	27.5
2020	44.6	53.9	79.2	65.7	47.2	59.7	47.2	53.8	67.4
2021	19.4	52.1	66.7	29.9	41.6	64.5	28.1	58.5	40.0

Year over year trends for the Unemployment Benefits Claimants Score for each LAD

Businesses and Economy:

Small businesses were hit hardest by the pandemic, a trend we saw globally that has continued to persist through 2022. With small businesses making up more than 99% of all businesses, and employing about 60% of working individuals in the private sector⁴, they are the economic backbone of every community, and their presence is essential in revitalising a community and creating good jobs. The Small Business Representation metric shows us the proportion of businesses that are small businesses. A higher score indicates that a postcode sector has stronger representation relative to similarly urbanized areas of the UK. A stronger representation means a stronger local business voice to inform local decision making. We see that Harrogate not only has a low score for 2021, but the score has also declined significantly since 2019, indicating a pressing issue for the local government to address.

LADs ordered by Small Business Representation Score

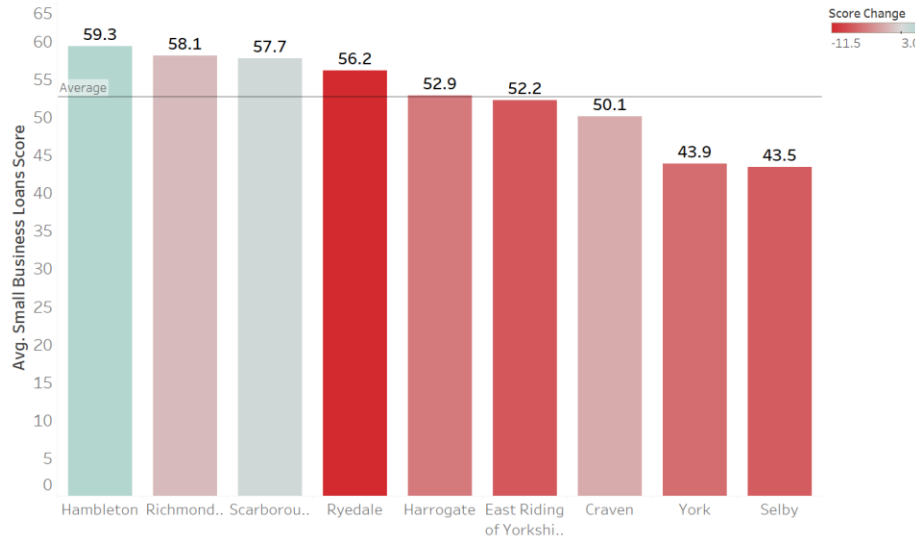


LADs ordered by their average 2021 score, shaded by the score change from pre to post pandemic (2019 to 2021)

⁴ Statistics based on an [article](#) from startups.co.uk

Looking at the small business loans indicator, we see about average scores for each LAD, though many LADs have experienced sharp declines in their scores after the pandemic.

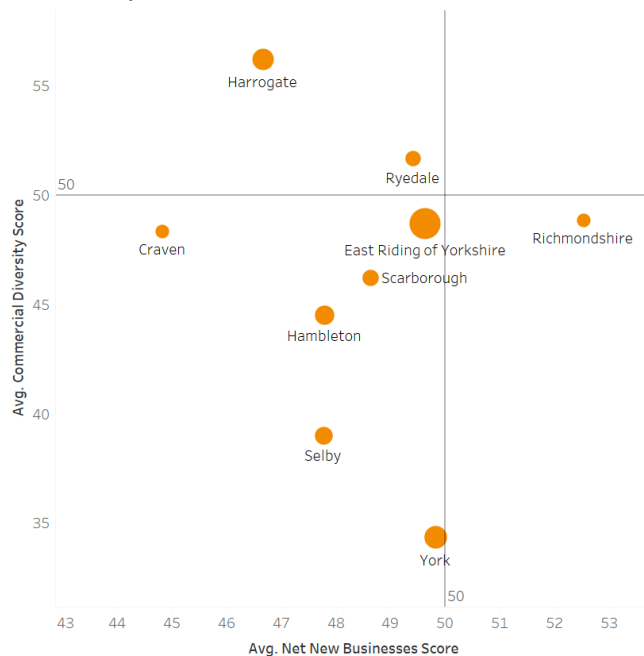
LADs ordered by Small Business Loans Score



LADs ordered by their average 2021 score, shaded by the score change from pre to post pandemic (2019 to 2021)

Along with small business loans and representation, the creation of new businesses that are commercially diverse is an important part of a community's economic growth. Diving into the average scores for each LAD, we find that all of them are underperforming on one or both of those dimensions.

Business Dynamics



Average of Commercial Diversity Score vs Average of Net New Businesses Score for each LAD for 2021, where size shows total population of the LAD

Housing:

Housing is another key mission of the levelling up agenda, and the Inclusive Growth Score provides a compelling insight into the built environment leveraging metrics like affordability of housing (inclusion), the change in newly built homes, changes in housing turnover, and the change in residential property value (growth) through the Place pillar. The York and North Yorkshire region indicate above average levels of growth, with room for improvement on the affordability of housing in certain LADs.



Average of Place Growth vs. Average of Affordability of Housing Score for each LAD in 2021, with the size showing the overall population

Conclusion

By understanding overall inclusion and growth dynamics, we can easily visualise the strengths and opportunities of each postcode sector in the United Kingdom. This is just the start of how the Inclusive Growth Score can play a significant role in helping UK governments make data-driven decisions around funding, the levelling up agenda, and their plans to promote inclusive growth.

For more information on the tool, or on how to partner, contact us at inclusivegrowthscore@mastercard.com.

Methodology (2018 – 2022 to-date):

The Inclusive Growth Score is composed of three pillars: Place, Economy, and Community. Pillars are composed of Inclusion (level of access) and Growth (level of change) metrics. The measures of Inclusion are static figures speaking to the accessibility of resources or community assets, whilst measures of Growth provide detailed views into how communities are changing over time.

The Inclusive Growth Score, pillars, and underlying metrics are transformed into percentile ranks (0 - 100) relative to a user selected base. To calculate the ranks, all postcode sectors are rank ordered according to the metric value. Scores are calculated by taking the postcode sector's relative position, divided by the total number of postcode sectors in the benchmark, and multiplied by 100.

For full methodology, visit <https://inclusivegrowthscore.com/market/uk/>