Painting the towns blue

Demography, economy and living standards in the political geographies emerging from the 2019 General Election

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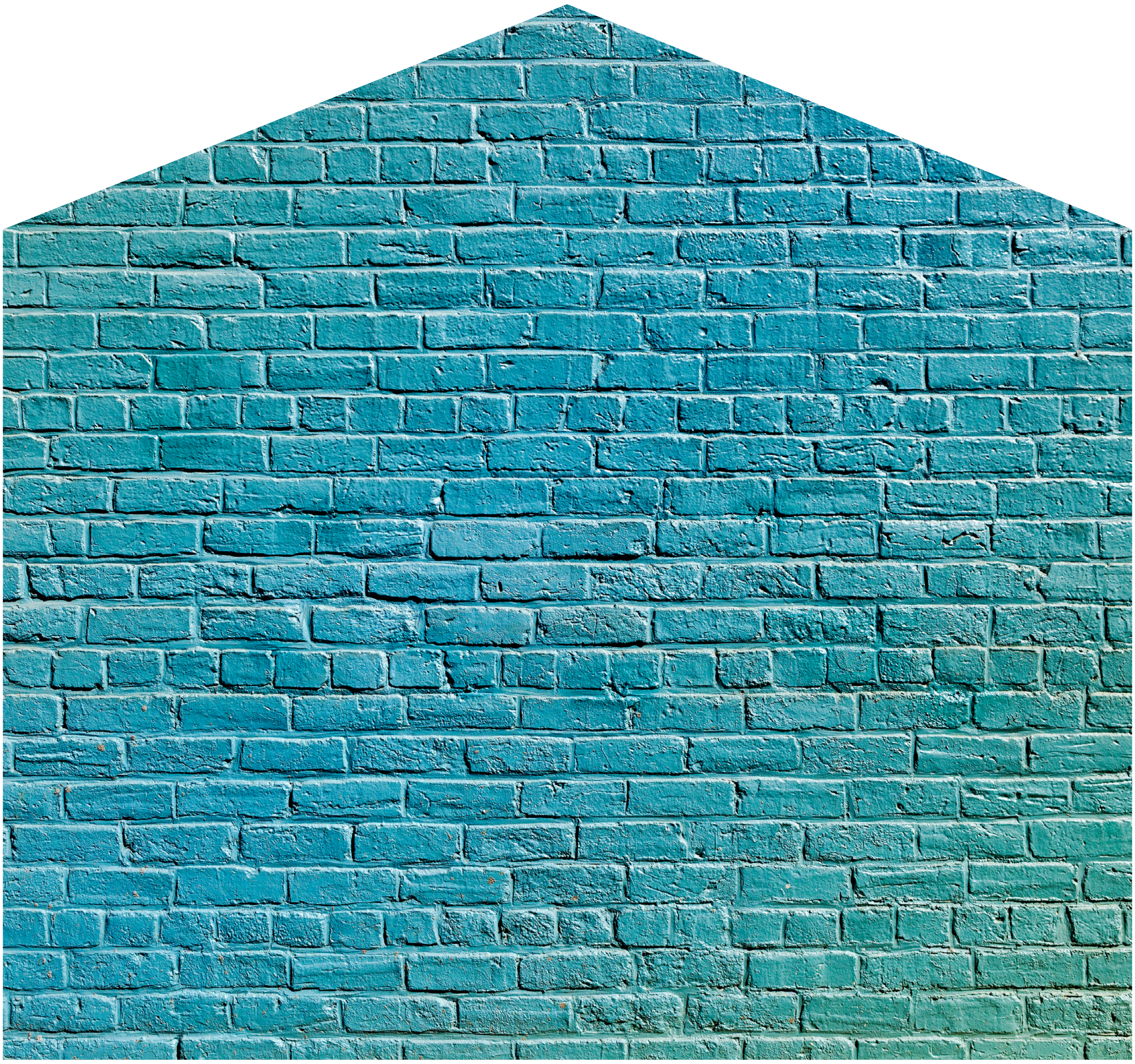

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Executive Summary

The politics and economics of place are up in lights following the 2019 General Election

Autopsies of the 2019 General Election result have focused on Labour's 'Red Wall' of seats across the North of England, the Midlands and Wales turning partially blue. Having determined the election result, the political significance of these constituencies is clear. But they are also important in terms of policy, sitting behind the new government's 'levelling up' agenda focused on narrowing the gaps between the poorest and richest parts of the country.

For that reason, this report provides an audit of the demography, economy and living standards of what we term the 'Blue Wall': the 50 seats that were gained by the Conservatives from Labour in the North East and West, Yorkshire and the Humber, the East and West Midlands, and Wales.

In particular, we explore whether simplistic conclusions drawn about the Blue Wall have a basis in evidence. Is it accurate to characterise the Blue Wall as being made up of old, economically 'left behind' towns, for example? Are young people moving away in droves, and are residents being forced to leave in order to find work? The answers to these and other questions tell us much about the role of place in 21st century Britain, and provide the nuance needed to draw the right lessons for policy.

The Blue Wall is poor, but not the poorest

Our first conclusion is that while the Blue Wall has below-average living standards compared to the country as a whole and other Conservative seats in particular, it generally does not have the lowest, especially when compared to areas within the same regions.

Typical weekly pay in the Blue Wall, at £449, is £39 per week lower than the figure in Labour seats, and £44 per week lower than that for other Conservative areas. However, this largely reflects much higher pay levels in London and the South East. When we narrow our focus to the North of England, the Midlands and Wales, we find that the Blue Wall's deficit to other Conservative seats falls to £21 per week. Within these regions, typical pay in Labour seats is £9 per week lower than in the Blue Wall.

Employment performance in the Blue Wall similarly sits in between other Conservative and Labour seats, although again closer to the latter. The working-age employment rate in the Blue Wall is 72.9 per cent, compared to 78.6 per cent across other Conservative seats and 72.1 per cent across Labour-held seats.

Using incomes as an overall proxy for living standards drives similar conclusions. Blue Wall constituencies have the same typical household incomes as Labour seats (£24,400) and lower incomes than other Conservative seats (£25,500). But this partly reflects the North-South divide. Within the North, Midlands and Wales, Blue Wall seats are better off than Labour seats, where typical incomes are just £22,400. Overall, while living standards in the Blue Wall clearly sit below the national average, it is not the poorest or most deprived on most measures.

The Blue Wall has fallen behind relative to other areas over the course of the 2010s

If living standards levels in the Blue Wall do not mark it out particularly, then its relative performance over the course of the 2010s does.

While employment declines between 2004 and 2010 were similar across the different political geographies we focus on, employment has grown less quickly in the Blue Wall than in other areas during the 2010s. The working-age employment rate is 4.0 percentage points higher in the Blue Wall today than it was in 2010, compared to an increase of 5.3 percentage points across Great Britain. Looking across the whole of the past decade-and-a-half, the Blue Wall has experienced less than half the employment increase of the country as a whole. This outcome is partly a reflection of previously very low-employment, large cities (very often represented by Labour) experiencing the fastest employment rate growth over the past decade. In addition, the sectoral mix of jobs in the Blue wall poses challenges, with slower increases in high-value and growing professional sectors.

In the same vein, real weekly pay in Blue Wall constituencies is down by 2.1 per cent since 2010, compared to a 1.5 per cent fall across Britain as a whole. Blue Wall seats have fared particularly badly relative to other Conservative and Labour seats in the North, Midlands and Wales (which have experienced real pay falls of 0.7 and 1 per cent, respectively).

House prices and rents have grown sluggishly over the course of this decade, too. Nominal house prices have grown by just 2.1 per cent a year since 2010 and rents by 1.2 per cent per year – in both cases less than half the growth rate of other Conservative and Labour seats. Growth rates during the late-1990s and 2000s were much more even across areas.

Some might assume that the Blue Wall had a relatively tough time in the 1980s, and has fallen consistently further behind since. While the former is true given the geographically varied impacts of industrial change in that period (which reinforces the long lasting North-South divide), further relative decline appears a more recent phenomenon.

Far from everyone leaving, the Blue Wall is characterised by low population growth and a lack of dynamism

So is the Blue Wall comprised of older, 'left behind' towns that everyone is leaving? One element of this characterisation is correct: 68 per cent of the Blue Wall's population lives in towns, with a particularly high share in larger towns, at 29 per cent. This compares to 48 per cent of people across Great Britain living in towns of any size, with smaller cities also more common in the Blue Wall than elsewhere.

But the other parts of this characterisation are a far cry from the facts. First, rather than being old, the Blue Wall is firmly middle-aged. Its average age of 41 years is almost identical to the national average of 40.3 years. It sits in between the average ages of Labour and other Conservative seats across Great Britain, at 37.5 years and 42.3 years, respectively.

Rather than large exoduses, people (including young people) are far less likely to move to a different local authority from the Blue Wall than from Labour or other Conservative areas (their emigration rate is around one-third lower). People are also far less likely to move into Blue Wall areas from other parts of Britain, or from abroad. So one of the defining characteristics of the Blue Wall is less a desertion by the young, and more a wider low level of demographic dynamism.

Less dynamism relates to the Blue Wall's other defining demographic characteristic: slow population growth over the course of the 21st century. The Blue Wall population grew by 7 per cent between 2002 and 2018, half the 14 per cent rate in other Conservative seats and 15 per cent in seats that are today held by Labour. This has happened because the Blue Wall population doesn't get a boost from net internal migration in the way that other Conservative seats do (with low inflows into the Blue Wall roughly matching low outflows from it), and because net international migration rates are well below those in Labour areas. The latter drives the Blue Wall's particularly low migrant population share: 9.2 per cent of its population is born outside the UK, compared to 14.5 per cent of people across Great Britain.

Population dynamism is also low when we focus on the commutes of workers living in the Blue Wall. Blue Wall residents are much less likely to leave their local authority for work than people living in other Conservative or Labour seats, and have the shortest commutes, at 24 minutes each way, even when we limit our analysis to the North, Midlands and Wales. Five-in-six residents drive to work, and only 2 per cent commute by train, compared to 4 per cent of workers in Labour seats and 6 per cent of workers in other Conservative seats in the North, Midlands and Wales.

Overall, the Blue Wall can be summarised as containing large towns and smaller cities, which are slow-growing population-wise, and have low levels of population churn either in terms of where people live or where they work. People aren't leaving the Blue Wall in droves, either in terms of moving away or in commuting to access high-paid jobs. Set alongside a low skills profile (24 per cent of the working-age population in the Blue Wall has a degree-level qualification, compared to 32 per cent across Great Britain) that is improving slowly, this puts at risk the longer-term prospects for productivity growth feeding through to Blue Wall residents.

The Blue Wall has broadly shared – although low – property wealth

Low house prices stand out as a key feature of the Blue Wall. The typical price paid for a house in the Blue Wall in 2019 was £142,000, compared to an average in England and Wales of £263,000. In many ways this is a regional story. Focusing only within the North, Midlands and Wales, house prices in Labour seats are less than £5,000 higher than typical Blue Wall prices, while typical prices in other Conservative constituencies are just over £50,000 higher.

Lower house price growth has helped properties remain more affordable in the Blue Wall, where the typical house costs the equivalent of 5.2 times average full-time annual earnings. This is significantly below the national average of 9.3 times full-time annual earnings.

The result is that home ownership rates in the Blue Wall – at 54 per cent of families – are slightly higher than across Great Britain (53 per cent), and higher than in Labour seats (43 per cent), including when we limit our analysis just to the North, Midlands and Wales (47 per cent). Ownership rates are lower than in other Conservative seats in these regions, however, which stand at 61 per cent.

These higher ownership rates trump low house prices, which means that estimated typical gross property wealth per family is higher in the Blue Wall (£77,000) than in Labour seats across the North, Midlands and Wales (£69,000). So although house prices are low, a positive finding is that stronger ownership rates in the Blue Wall mean property wealth is higher and more broadly shared than in some other parts of the North of England, the Midlands and Wales.

The Blue Wall has been particularly exposed to welfare cuts, and is set to lose out from the switch to Universal Credit

Finally we find that, alongside other parts of the North, Midlands and Wales, the Blue Wall is more exposed to changes in welfare policy. Working-age benefit spending in the Blue Wall, at £2,300 per working-age person, is much higher than in other Conservative areas (£1,600) and only slightly lower than in Labour seats (£2,500). This is driven by disability spending and in-work benefit spending, which are similar to levels in Labour areas. As a result, the Blue Wall will have been more exposed to the impact of reduced working-age welfare generosity in recent years, compared to other Conservative areas.

Universal Credit (UC) – the government's flagship welfare reform – will also have different impacts on those living in different regions of the country. Across the North of England, the Midlands, and Wales, 48 per cent of eventual UC claimants will be made worse off by the switch from legacy benefits to UC. This compares to 41 per cent of claimants being made worse off across the East, the South East and London, and reflects factors including UC's (well-intentioned) relative generosity towards working families with high rents having less impact in areas where rents are low.

Some specific examples of families based on rents and earnings levels in different political geographies bring this point home. An illustrative young single parent in the Blue Wall working 18 hours per week is likely to be £280 per year worse off under UC compared to legacy benefits, compared to £170 worse off in other

Conservative areas and £180 worse off in Labour seats. A dual-earning, working couple with children is likely to be £530 better off under UC in the Blue Wall, whereas a similar family is set to be £2,760 better off in other Conservative seats.

Overall, the Blue Wall's relatively high exposure to benefit cuts, and higher likelihood of losing out from the switch to UC, mean it represents a very different welfare environment to that in other Conservative areas.

There are important lessons from these findings for the government's levelling up and austerity-ending agenda

The analysis in this report presents a rounded and varied economic and demographic picture of the Blue Wall – and one that challenges some simplistic assumptions that might be made about these seats. How should policy makers respond to this evidence? We offer three brief policy directions that follow from this report's findings, while noting that policy makers will need a much wider range of inputs to decision-taking.

First, this report provides a strong argument for 'levelling up'. But given that the Blue Wall doesn't have the poorest living standards levels today within its regions, this is mainly about the North, Midlands and Wales generally rather than the Blue Wall in particular. Closing the North-South divide is not a new objective in British public policy, but it is an important one. This is particularly true when it comes to productivity, where regional gaps have remained stubbornly high even as employment and earnings gaps have fallen.

Second, the Blue Wall's relatively weaker performance since 2010 does highlight the need for different approaches within these regions in some respects, not least in relation to skills and connectivity. Some may assume a tension between the goal of growing opportunities *within* Blue Wall (and similar) areas themselves, and that of prioritising connecting resident populations to more productive neighbouring cities. But neither of these approaches is currently describing what is happening and, in practice, virtuous circles can exist between the two – pursuing connectivity does not entail giving up on local economies. A policy agenda that goes beyond the current focus on connecting large, urban areas to each other to improving both connectivity and skill levels within wider urban areas is desirable. The nature of such a policy agenda will clearly be different in different places, highlighting the overlap between a levelling up agenda and a devolution one.

Third, insofar as this government wants to bring the era of austerity to a close, this report should prompt policy makers to think hard about the differential impacts of Universal Credit in different parts of the country. Too little consideration has been given to how much strain a greater proportion of families losing out from the switch to UC will be putting on its implementation in particular places. This will also act as a headwind to the wider objective of closing place-based gaps. These impacts will be harder to bear in the Blue Wall, given that it has been somewhat more exposed to welfare cuts still being rolled out.

This report is by no means the last word on the Blue Wall – it says nothing about what people living there want, for example, or the experiences of those who actually voted Conservative in the 2019 General Election. Nor does it provide a granular assessment of the large differences that exist between Blue Wall constituencies, which are clearly in no way a homogenous group. But via a wide-ranging assessment of demography, economy and living standards across this new political geography, this report provides one part of the evidence base upon which more reasoned policy judgements can be made. As well as being important to parties looking to hold onto or win back Blue Wall voters, this evidence provides an essential underpinning to the new government's focus on ending austerity and levelling up.

Section 1

Introduction

The politics and economics of place are up in lights following the 2019 General Election. The sharpest focus has been on those constituencies stretched across the North of England, the Midlands and Wales that switched from Labour to the Conservatives in December. These seats are hugely important politically, having determined the election result. But their importance goes far beyond that, because they sit behind much of the new government's 'levelling up' agenda aimed at narrowing the gaps between the poorest and richest areas of the country.

This report is one contribution to understanding the context of those places.[1] It provides an economic and demographic audit of the 'Blue Wall': the 50 seats that the Conservatives gained from Labour in the North East and North West, Yorkshire and the Humber, the East and West Midlands and Wales.[2] It compares this political geography to other Conservative constituencies, and to the seats held by Labour following the 2019 election.[3] In doing so, it provides the facts with which to scrutinise some of the common assumptions that have been made about these places.

In particular, we test simplistic characterisations of the Blue Wall as made up of old, economically 'left behind' towns, with young people leaving them, and residents who commute outside of their local area to work.[4] Such characterisations risk being wide of the mark, or insufficiently nuanced as a basis for policy choices.

What this report is not is an assessment of what voters living in the Blue Wall want, or a characterisation of those who actually voted Conservative in these constituencies. Nor is it a direct engagement with the politics of place. Those topics are best explored via other kinds of analysis, not least qualitative studies that engage with voters themselves. Rather,

1 For an example of other analyses aimed at providing a similar contribution, see: L Cooper & C Cooper, The devastating defeat: Why Labour lost and how it can win again – Part 1: Britain's new political divides in the Brexit election, Europe for the Many, January 2020
2 We exclude the four seats the Conservatives gained from Labour in other regions from this definition, because these results are generally viewed as reflecting different trends than the erosion of Labour's support in its traditional 'heartlands'.
3 These political geographies are based on the 2019 General Election result and will be referred to throughout this report.
4 For an example of some of these characterisations, see: B Mueller, How Labour's Working-Class Vote Crumbled and Its Nemesis Won the North, The New York Times, December 2019; R Crampton, Labour's Red Wall collapsed along faultline of broken towns, The Times, December 2019

the explicit goal of this report is to provide the economic and demographic facts that should underpin the growing focus on 'levelling up'.

The structure of this report

Six sections follow in the remainder of this report, structured as follows:

- **Section 2** provides an overview of **the demography and geography** of the Blue Wall, i.e. the people and places it comprises.
- **Section 3** focuses on **the labour market and local economy** of the Blue Wall and comparator areas.
- **Section 4** looks into **housing costs and availability** within the Blue Wall, including house prices, housing tenure and property wealth.
- **Section 5** zooms in **on the welfare state,** assessing geographic differences in working-age benefit spending and the impact of Universal Credit.
- **Section 6** assesses **incomes and inequality in the Blue Wall**, compared to other areas.
- **Section 7** provides a brief **conclusion**, which includes directions for policy.

Section 2

People and place

Some might characterise the Blue Wall as made up of smaller, disconnected towns, with older populations and young people moving away. In this section we look at how closely these assumptions match the facts.

We find that the 'towns' characterisation is largely correct, although the Blue Wall is tilted towards big towns and smaller cities, relative to other areas. Far from being old, the Blue Wall is middle-aged, with a mean age, at 41 years, very similar to the national average of 40.3 years. And the defining demographic feature of the Blue Wall isn't young people moving elsewhere, but incredibly low demographic dynamism that entails fewer people arriving or leaving than in most other areas of the country.

Because the Blue Wall population doesn't get a boost from net internal migration in the way that other Conservative seats do, and because net international migration rates are well below those in Labour areas, over the course of the 21st century the Blue Wall has experienced slower population growth than the other political geographies we look at. Its population grew by 7 per cent between 2002 and 2018, compared to a growth rate of 14 per cent in other Conservative seats and 15 per cent in seats that are today held by Labour.

The Blue Wall is made up mainly of large towns and smaller cities

The Blue Wall terminology used in this report comes from the 'Red Wall' – the name coined for the contiguous groups of post-industrial constituencies in North Wales, the Midlands and the North of England that traditionally tended to return Labour candidates.[5]

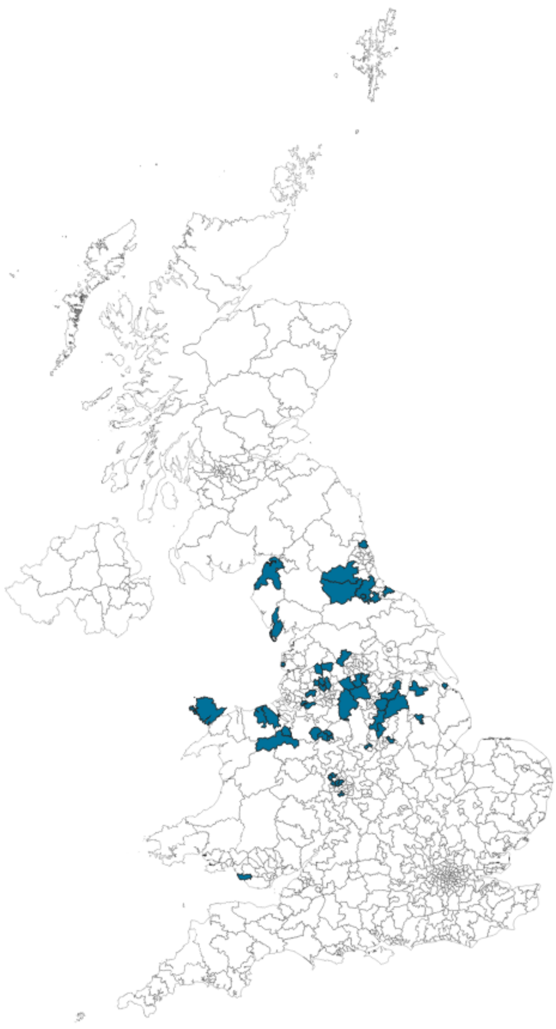
As detailed in the previous section, and shown in Figure 1, we define the Blue Wall as the 50 seats the Conservatives gained from Labour across the North of England, the

5 See, for example: J Kanagasooriam, How the Labour party's 'red wall' turned blue, Financial Times, December 2019; The Economist, What's the story, northern Tories? Who are the Conservatives' new voters in the north? And how can the Tories keep their loyalty, December 2019

Midlands and Wales in the 2019 General Election. Of the 50 constituencies, 12 are in the North West, nine in Yorkshire and the Humber, nine in the West Midlands, seven in each of the North East and East Midlands, and six in Wales. The constituencies are most concentrated in the stretch of the country from the outskirts of Liverpool in the North West of England to Grimsby in Yorkshire and the Humber.

FIGURE 1: **The Conservative gained 50 seats across the North of England, the Midlands and Wales**

The constituencies making up the Blue Wall



NOTES: The Blue Wall excludes seats the Conservatives gained from Labour outside of the North of England, the Midlands and Wales, because these results are generally viewed as reflecting different trends than the erosion of Labour's support in its traditional 'heartlands'.
SOURCE: RF analysis of Britain Elects

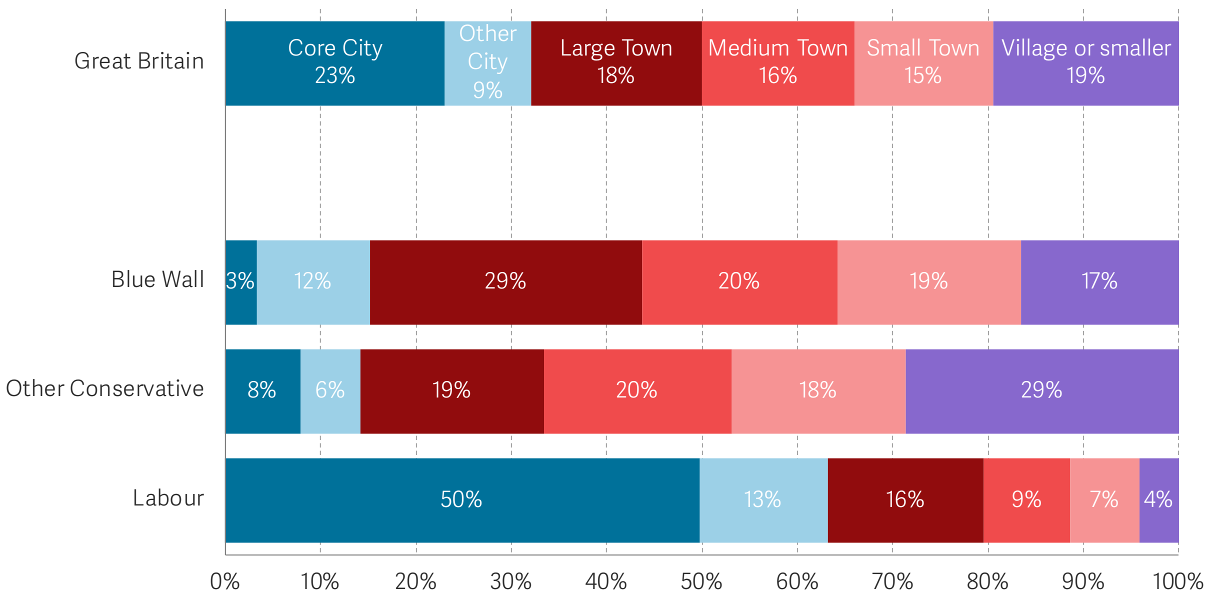
The Blue Wall accounts for some 4.7 million people, or just under eight per cent of England and Wales's population. The population of each Blue Wall constituency varies from 70,000 people living in constituencies in Wales like Wrexham and Delyn, to close to 110,000 people living in larger, metropolitan areas like Warrington, Dewsbury and Lincoln.

At least one element of the common characterisation of these places that holds on close examination of the data is that they are largely made up of towns. Figure 2 shows that the majority of the Blue Wall's population lives in a town, with large towns particularly dominant (accounting for 29 per cent of the Blue Wall population). These towns include seats like Blackpool South, Burnley, and Great Grimsby.

In addition, people in the Blue Wall are more likely than average to live in small cities. The Blue Wall population is twice as likely to live in smaller, more peripheral urban areas than people in other Conservative seats, for example. This includes areas like Bolton North East, Stoke, and Wolverhampton.

FIGURE 2: **The Blue Wall is made up primarily of towns on the edge of urban areas, and smaller cities**

City and town classification of different political geographies compared to GB



NOTES: These estimates are based on 2016 population data.
SOURCE: RF analysis of House of Commons Library, City & Town Classification of Constituencies & Local Authorities; ONS, Mid-Year Population Estimates

These smaller cities tend to be on the periphery of wider urban conurbations. For example, Bury North and Bolton North East are nestled within the wider Manchester travel-to-work area. Section 3 of this report will examine the extent to which this proximity to larger urban agglomerations shapes economic opportunity for those living in the smaller cities, towns and villages that make up the Blue Wall. In particular, it will examine whether people are increasingly commuting out of their local areas for work.[6]

6 For further discussion of such flows, see: P Swinney, R McDonald & L Ramuni, Talk of the Town: The economic links between cities and towns, Centre for Cities, September 2018

The Blue Wall is middle-aged, not old – and ageing at an average pace

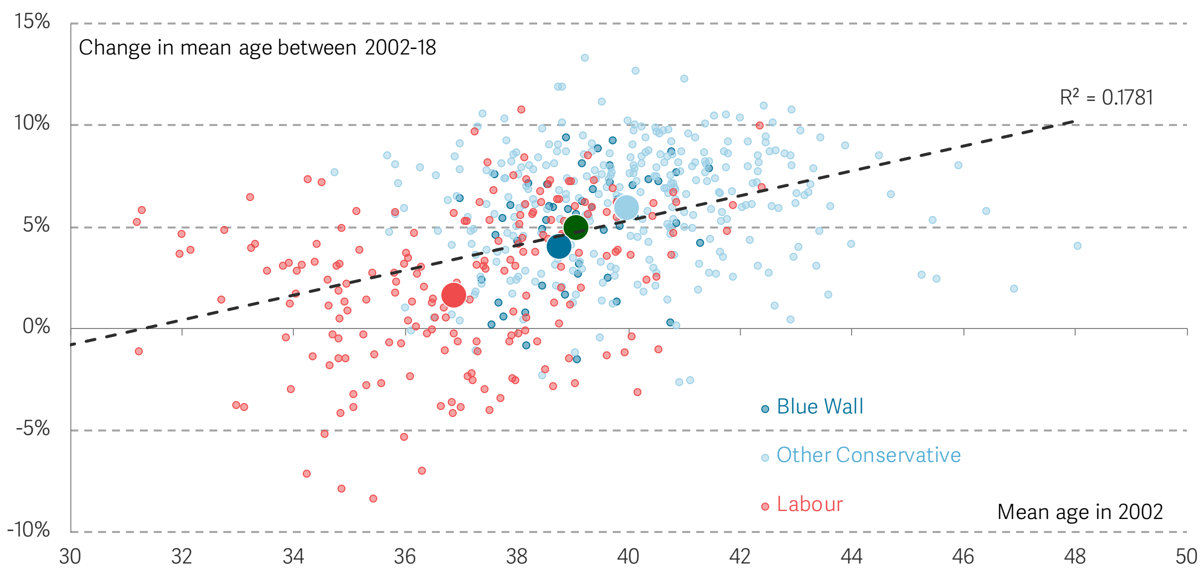
If the 'towns' characterisation of the Blue Wall is correct, the 'old-aged' one is less so.

The longer-term movement of age to the centre stage of our politics has polarised the parties, with the Conservatives now heavily reliant on older voters and older places for support.[7] However, gaining the Blue Wall has not served to rapidly accelerate this trend. This is because the Blue Wall has an average age of 41 years, almost identical to the national average of 40.3 years. In other words, the Blue Wall is middle-aged.

As well as being middling on age, the Blue Wall is roughly average in terms of its rate of population ageing, as Figure 3 shows. Blue Wall seats are ageing at roughly the same rate as England and Wales as a whole – an increase in mean age of four per cent between 2002-18 – compared to a five per cent increase in the England and Wales average, six per cent in the age of other Conservative seats and a two per cent increase in the average age of Labour seats.

FIGURE 3: **The Conservatives picked up middle-ageing seats rather than the fastest-ageing seats**

Relationship between mean age and change in mean age across constituencies: England and Wales, 2002-18



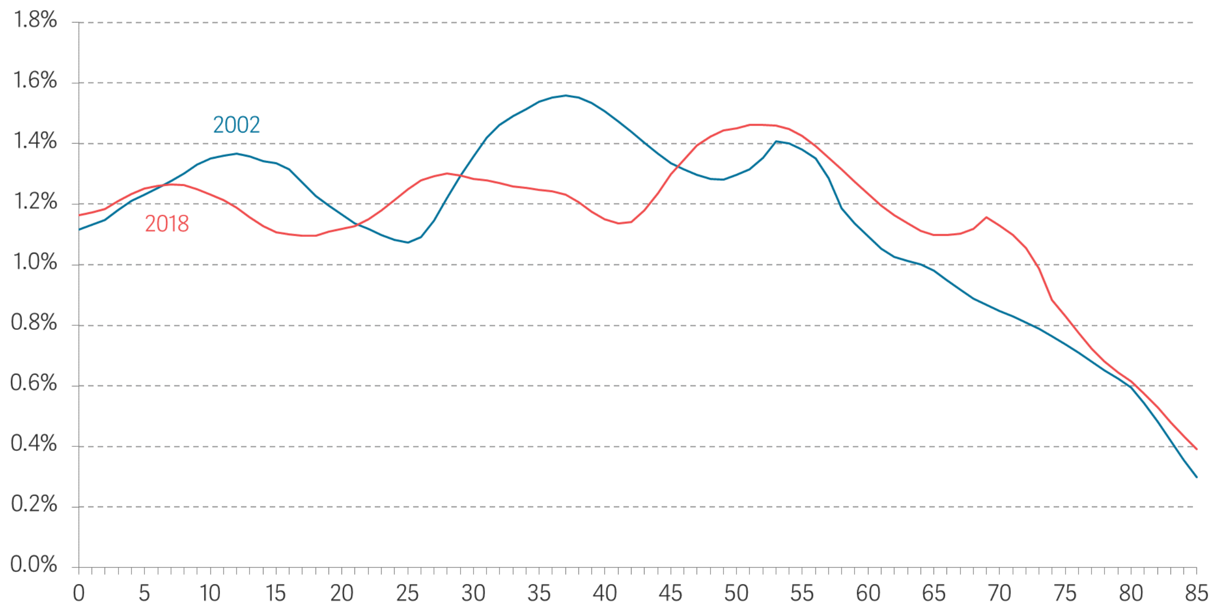
NOTES: Large markers show the weighted average across constituencies within each geography with green showing the E&W. Mean age is estimated based on single-year-of-age data, with those aged 90 and above grouped. To calculate mean ages, we assign all those aged 90 and above an age of 90, meaning we will slightly underestimate the mean age across constituencies. Scotland is excluded because we do not have age estimates for Scottish constituencies prior to 2011.
SOURCE: RF analysis of ONS, Mid-year Population Estimates

7 L Gardiner & M Gustafsson, Bridging divides? Analysing the 2019 general election from a generational perspective, Resolution Foundation, December 2019

Figure 4 shows the shift towards an older age structure in the Blue Wall between 2002 and 2018. In 2002, those aged 65+ made up 16 per cent of the population, while they now comprise 19 per cent. And back in 2002, almost one-in-four of the Blue Wall's population was between the ages of 29 and 45, whereas that figure is now almost one-in-five. Much like the country as a whole, the transition of baby boomers from working age into retirement age since 2009 has changed the age profile of the Blue Wall.[8]

FIGURE 4: **Almost one-fifth of the Blue Wall's population is above the age of 65**

Proportion of the population by single year of age: Blue Wall, 2002 and 2018



NOTES: Uses five-year rolling averages to smooth population data.
SOURCE: RF analysis of ONS, Mid-Year Population Estimates

Again in line with Britain as a whole, there has been some demographic divergence within the Blue Wall, with older places ageing faster than younger ones.[9] In 2002 there was a four-and-a-half year gap between the oldest constituency in the Blue Wall (Ynys Mon in Wales) and the youngest constituency (Dewsbury in the metropolitan borough of Kirklees, West Yorkshire). This gap has since grown to over seven years, with the oldest constituency still Ynys Mon at 44.7 years old, and the youngest constituency now West Bromwich West at 37.6 years old.

We have good-quality age data at both the constituency and local authority level, but for a few of the metrics assessed in this report we only have access to the latter. In these

8 C McCurdy, Ageing, fast and slow: When place and demography collide, Resolution Foundation, October, 2019
9 C McCurdy, Ageing, fast and slow: When place and demography collide, Resolution Foundation, October 2019

cases, we use a best-fit approximation based on ward-level geographies to map from local authorities to constituencies. Box 1 details this method, using the 'dual-coded' age data as a test case for its accuracy.

BOX 1: **Approximating constituency data from local authority data**

At various points in this report we derive constituency data from local authority estimates, when constituency data itself is unavailable or unreliable. We make use of Office for National Statistics geoportal lookups between electoral wards, Westminster parliamentary constituencies and local authority districts. Our method involves assigning a local authority's data to each electoral ward within it, and then estimating a constituency's data as an average across those wards it contains. This approach accounts for the fact that most local authorities contain more than one constituency, as well as the fact that some constituencies sit within more than one local authority.

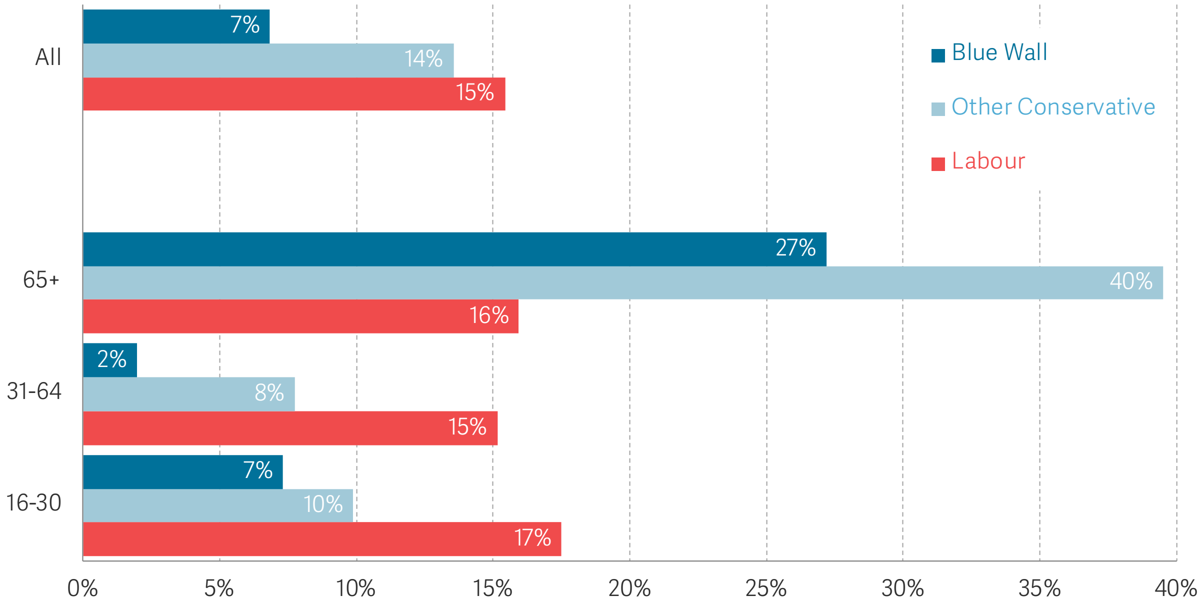
We can test the accuracy of this method using data that exists both at local authority and constituency level. For example, our local authority approximation of the 2018 mean age for Labour seats is 37.7 years, compared to a figure of 37.4 years when using constituency data. Our estimate of the Blue Wall's average age in 2018 using the local authority approximation is 40.6 years, compared to a mean age of 41.0 years from constituency data.

The Blue Wall population has grown half as fast as the population in other Conservative and Labour seats during this century

While demographic assumptions about the Blue Wall often focus on its age or rate of ageing – which are unremarkable and very similar to national averages – the real demographic story lies in the Blue Wall's rate of population growth. The Blue Wall's resident population has grown much more slowly than the population in other areas, increasing by only seven per cent since 2002 (from 4.4 million to 4.7 million), as Figure 5 shows. This compares to growth of 14 per cent in other Conservative areas and 15 per cent in Labour seats. This outcome is partly related to slower population growth overall in the North, Midlands and Wales, but the Blue Wall has a lower population growth rate even within these regions: other Conservative seats in these regions have experienced population growth of 9 per cent, and Labour seats 11 per cent, during 2002-18.

FIGURE 5: **The Blue Wall's population has only grown by seven per cent since 2002**

Rate of population growth within age groups across different political geographies: 2002-18



SOURCE: RF analysis of ONS, Mid-Year Population Estimates

This overall average obscures differences within the Blue Wall itself. The largest increases have occurred in some of the bigger urban areas like Lincoln, West Bromwich and Warrington South, which have all experienced population growth of 15-16 per cent since 2002. At the other end of the spectrum, the Blue Wall constituencies of Barrow and Furness, Redcar and Blackpool South have experienced population decline since 2002.

Figure 5 also shows that growth in the Blue Wall's population has been fastest at the top end of the age distribution, with the population aged 65+ having grown by almost a quarter (equivalent to 240,000 people) since 2002. This is higher than the rate of growth in Labour seats, but lower than the rate in other Conservative seats.

At the same time, the number of 16-30-year olds and 31-64-year olds has increased at a much slower rate in the Blue Wall than in other Conservative seats or Labour seats. Indeed, Labour seats have experienced growth in their resident populations of between 15 and 17 per cent across all age groups.

The Blue Wall has low levels of migration – both internal and international

So what drives this slower population growth in the Blue Wall? Birth and death rates, after adjusting for the age of the population, tend to be fairly constant across areas (although life expectancy differences are material, and are discussed in Box 2).[10] So a large part of the answer must be found in different rates of internal and international migration.

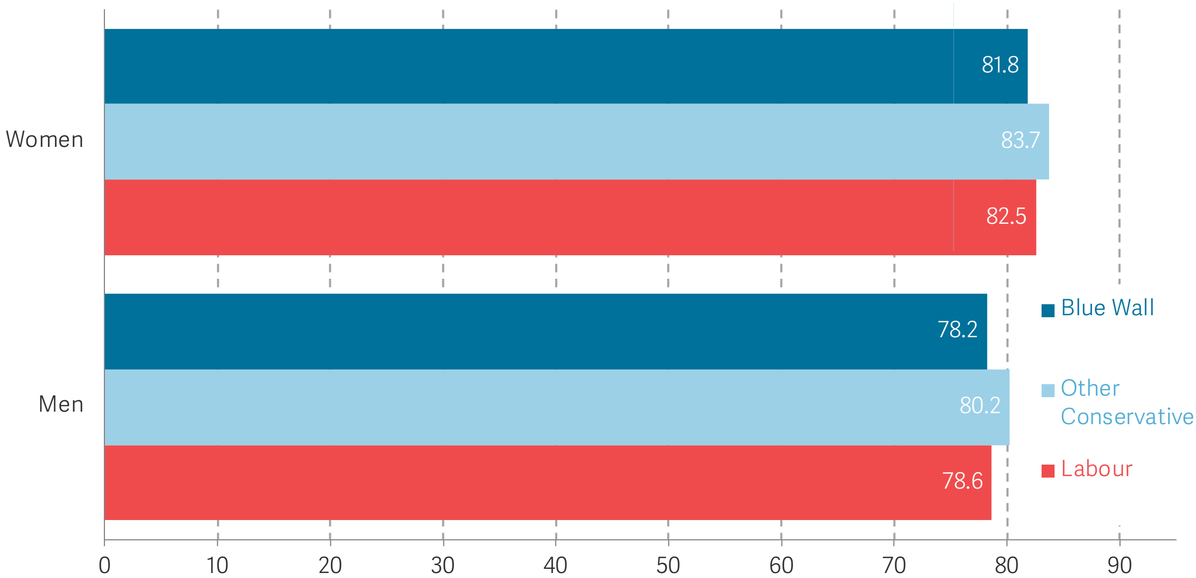
BOX 2: **Life expectancy in the Blue Wall and other political geographies**

Life expectancy in the Blue Wall is lower than in other Conservative constituencies, but broadly in line with other Labour seats. Previous analysis has shown that these findings hold true when looking at healthy life expectancy, too.[11]

Figure 6 shows how life expectancy differs for men and women across the Blue Wall, other Conservative seats and Labour seats. On average, a girl born today in one of the Blue Wall constituencies can expect to live 81.9 years, compared to 83.7 years for a woman living in one of the other Conservative seats – a gap of almost two years. There is a similar gap in life expectancy for men. The differences between the Blue Wall and Labour seats are extremely small, indicating that when it comes to longevity expectations, Blue Wall constituencies are very similar to the electoral coalition they recently left.

FIGURE 6: **The Blue Wall is more similar to Labour seats than other Conservative ones on life expectancy**

Life expectancy at birth in years for different political geographies: 2016-18



NOTES: Figures are based on the number of deaths registered and mid-year population estimates, aggregated over three consecutive years. Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details.
SOURCE: RF analysis of ONS, Life Tables

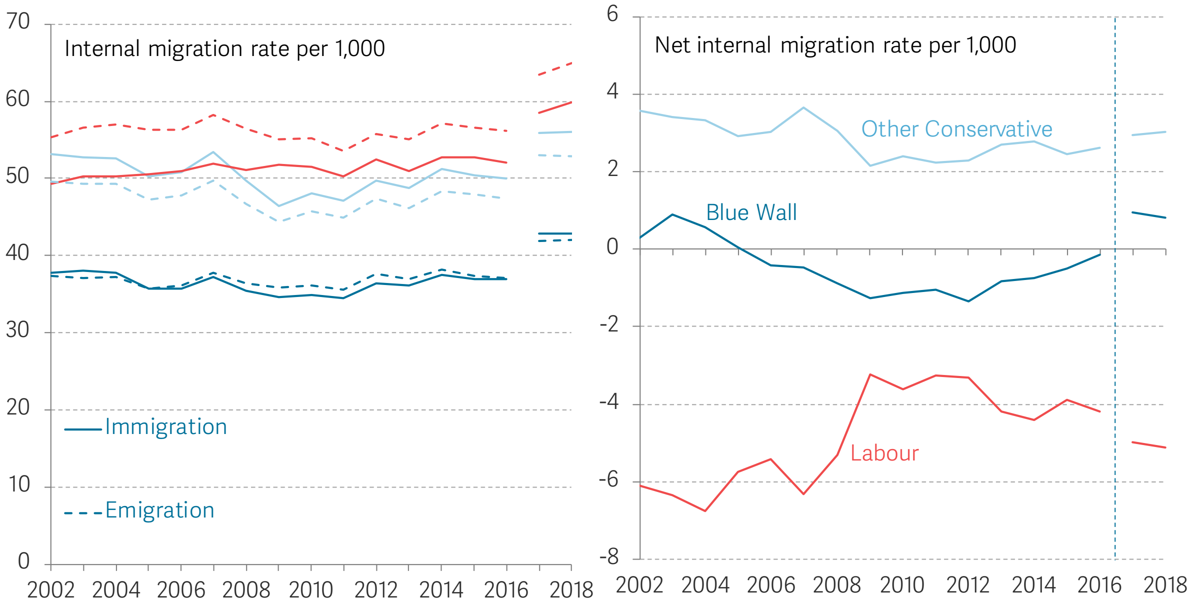
10 See: C McCurdy, Ageing, fast and slow: When place and demography collide, Resolution Foundation, October 2019
11 The Health Foundation, New Conservative seats and the healthy life expectancy gap, December 2019

When it comes to internal migration, the assumption that might follow from characterisations of the Blue Wall as increasingly 'left behind' is that these are areas that (particularly young) people are moving out of in droves. As well as affecting the rate of population change, this matters for the demographic dynamism of places.

Figure 7 sets out rates of internal migration (across local authority boundaries) for each political geography over the 2002-18 period.[12] Focusing first on the left-hand panel, we find that the Blue Wall has experienced much lower levels of internal immigration and emigration than other Conservative or Labour areas. There have been approximately 37 internal immigrants per 1,000 population entering the Blue Wall in each year between 2002 and 2018, with a very similar rate of internal emigrants. This results in a local authority level net internal migration rate that has hovered around zero since the turn of the century. Far from having very high population outflows to other parts of England & Wales, the Blue Wall has low outflows – part of its broader defining feature of a more static population.

FIGURE 7: **Blue Wall seats have experienced virtually zero churn from internal migration over the 21st century**

Internal migration for different political geographies



NOTES: Dashed lines refer to emigration and solid lines refer to immigration. The break in the data between 2016 and 2017 reflects a discontinuity in estimation methods. Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details.
SOURCE: RF analysis of ONS, Mid-2001 to Mid-2018 Detailed Population Time Series

12 The break in the data between 2016 and 2017 illustrates a change to methods for estimating internal migration, with the main impact of these changes being on young adults. The previous approach underestimated the data on non-EU students. This explains the sharp uptick in Labour's rates of internal migration in 2017. See: Office for National Statistics, Guidance note for revising official long-term non-EU student migration estimates, year ending September 2016, February 2019

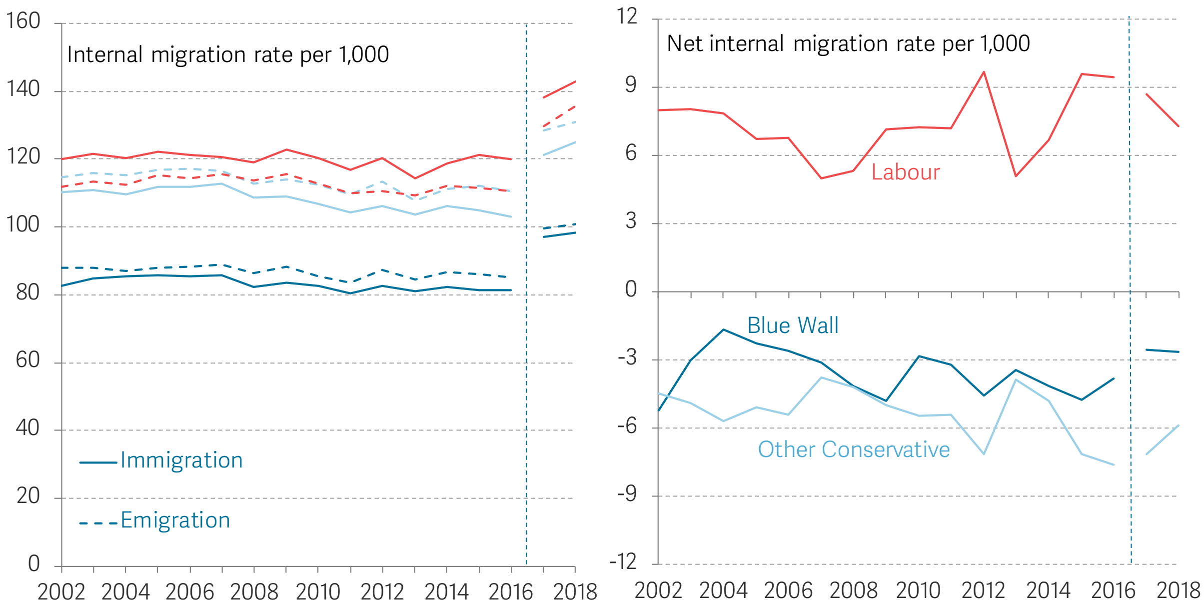
The right-hand panel in Figure 7 shows that other Conservative seats have positive rates of net internal migration across local authorities, while more people move out of Labour seats to other parts of England & Wales than move in. These trends are almost identical if we look just at the people aged 65 and over. In other words, we can disabuse the notion that the Blue Wall has particularly high net inflows of older people from other parts of the UK. Rather, and as depicted in Figure 4, its 65+ year old population is growing due to the ageing of people already living there.

If the Blue Wall isn't gaining inflows of older people, is it is losing the young?[13] The left-hand panel in Figure 8 shows that this is not the case either – the Blue Wall's lower level of population dynamism holds for young people, just as it does across the age range. This means that if you are young and living in the Blue Wall, you are less likely to move to a different constituency than if you live in a Labour seat or another Conservative seat.

The young aren't leaving the Blue Wall in droves, but even fewer young people are moving there, meaning that net internal migration rates within this age group are negative (but similar to those in other Conservative constituencies). By comparison, Labour seats are net 'importers' of 16-30-year olds, which is what we would expect given how many of these seats are in cities. But of course while cities do clearly attract the young, Figure 7 reminds us that they don't stay there forever.

FIGURE 8: **Fewer young people are moving to or leaving the Blue Wall constituencies than other areas**

Internal migration among 16-30-year olds for different political geographies



NOTES: Dashed lines refer to emigration and solid lines refer to immigration. The break in the data between 2016 and 2017 reflects a discontinuity in estimation methods. Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details.
SOURCE: RF analysis of ONS, Mid-2001 to Mid-2018 Detailed Population Time Series

13 See for example: J Elledge, How demographics explain why northern seats are turning Tory, New Statesman, December 2019

Returning to the picture across age groups, while net internal migration rates tell us much about the dynamism of the Blue Wall's population, they don't by themselves explain slower population growth. For a fuller explanation we need to look at rates of international migration.

Compared to people born in the UK, international migrants are much more likely to be working age, and less likely to be children or people of retirement age.[14] This reflects the fact that one of the most common reasons to move to the UK is for work. However, immigration for work has been falling since 2016, and studying has narrowly overtaken work as the main reason for immigration.[15]

The Blue Wall is not a major beneficiary of these movements from abroad, however, with far lower rates of net international migration than Labour seats, and similar net international migration rates to other Conservative seats in England and Wales. For example, in 2018 Labour seats had a net international migration rate of seven per 1,000 people, compared to three per 1,000 in other Conservative seats and two per 1,000 in Blue Wall seats.

So Labour seats get a particular population boost from international migration, while other Conservative seats get a population boost from internal migration. The fact that the Blue Wall has neither explains its slower rate of population growth.

While international migration doesn't directly read across to the proportion of a population born abroad,[16] these patterns do coincide with a particularly low non-UK born population in the Blue Wall. Figure 9 charts the proportion of the population born outside the UK in each political geography, compared to the country as a whole. The non-UK born population share is far lower in the Blue Wall than in Labour seats, and much more similar to the figure for other Conservative seats. In 2004 only 5 per cent of the Blue Wall population had been born abroad, compared to 6.9 per cent of people in other Conservative seats and 15.2 per cent of those in Labour seats.

Absolute changes in non-UK born populations have been similar across these political geographies, although slightly larger in Labour areas (mirroring its higher net international migration rates, discussed above). But where the Blue Wall stands out is in the relative growth rate in the proportion of the population born abroad, which has almost doubled between 2004 and 2018, to 9.2 per cent of the population.[17]

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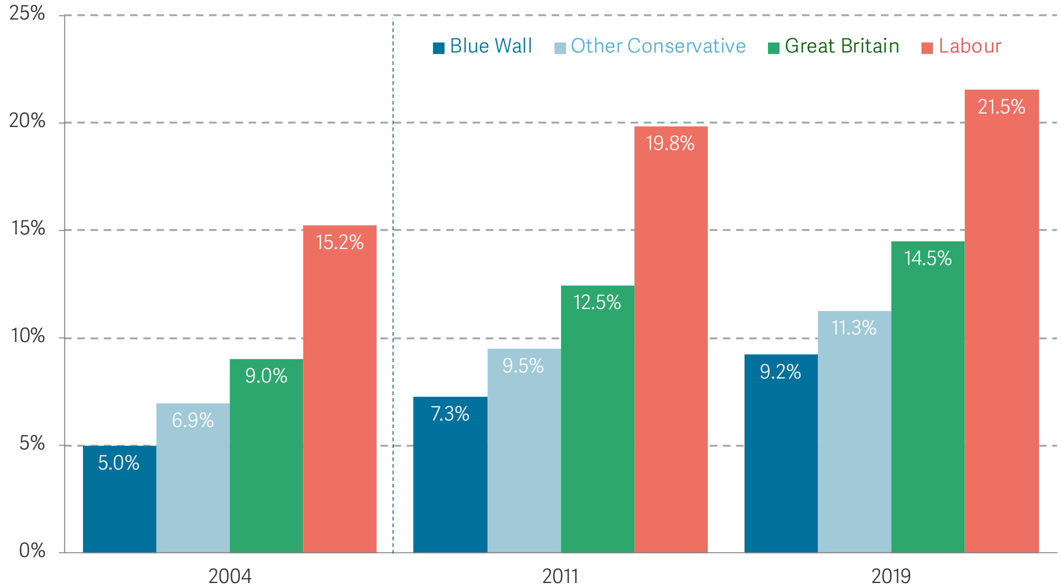
14 C Vargas-Silva & C Rienzo, Migrants in the UK: An Overview, The Migration Observatory, University of Oxford, October 2019
15 Office for National Statistics, Migration statistics quarterly report, August 2019
16 International immigrants can be people born in the UK returning after a period abroad for example, and non-UK born people can arrive in one part of the country as international immigrants and then move to a different part, upon which they would be counted as an internal migrant.
17 We know from previous work that areas where the migrant population has grown rapidly (but was often low to begin with) were more likely to vote to leave the European Union. See: S Clarke, Why did we vote to leave? What an analysis of place can tell us about Brexit, Resolution Foundation, July 2016

FIGURE 9: **The Blue Wall has a smaller non-UK born population than other areas**

Proportion of the population born outside the UK in different political geographies: GB



NOTES: Series break reflects changes to the way in which ethnicity was recorded in the Annual Population Survey. Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details.
SOURCE: RF analysis of ONS, Annual Population Survey

All of the factors discussed in this section suggest that the demography and geography of the Blue Wall is more complex than some of the characterisations that have emerged following the 2019 General Election. The Blue Wall is middling on average age and has aged at roughly the same rate as the country as a whole. So the Blue Wall is not particularly old. Rather, the defining demographic feature of the Blue Wall is slow population growth and low demographic dynamism.

Building on this understanding of the Blue Wall's population and demography, the following section turns to people's experiences in the labour market.

Section 3

The labour market and local economy

This section assesses the pay and employment prospects of Blue Wall residents, and the characteristics of Blue Wall economies. We find that while the Blue Wall has below-average employment and pay levels compared to the country as a whole, it does not have the weakest labour market when compared to areas within the same regions (typical weekly pay, at £449, is £9 per week higher than its level in Labour seats in the North, Midlands and Wales, for example).

What really marks the Blue Wall labour market out however is its weak performance since 2010. Employment has grown less quickly than in other areas (by 4.0 percentages points, compared to 5.3 percentage points across Great Britain), overall and for both sexes, and pay has fallen notably further than it has across the rest of the North, Midlands and Wales.

Partly this might reflect the fact that these seats have high employment shares in some generally shrinking sectors, including retail and manufacturing. More concerning, however, is that while these sectors have generally held onto their employment shares in the Blue Wall, its sectoral mix is not shifting towards the highest-value industries at the rate being achieved across Britain.

While the Blue Wall's productivity is very low, there has been no relative decline since 2010 on this metric. However, the underlying drivers of productivity improvements – access to skills and highly-paid jobs – remain weaker than elsewhere, limiting the prospects for catch-up.

Employment growth in the Blue Wall has been weaker than in other areas over the past decade

Over the past decade, the standout features of Britain's labour market have been a remarkable jobs boom on the one hand,[18] and extremely weak pay and productivity

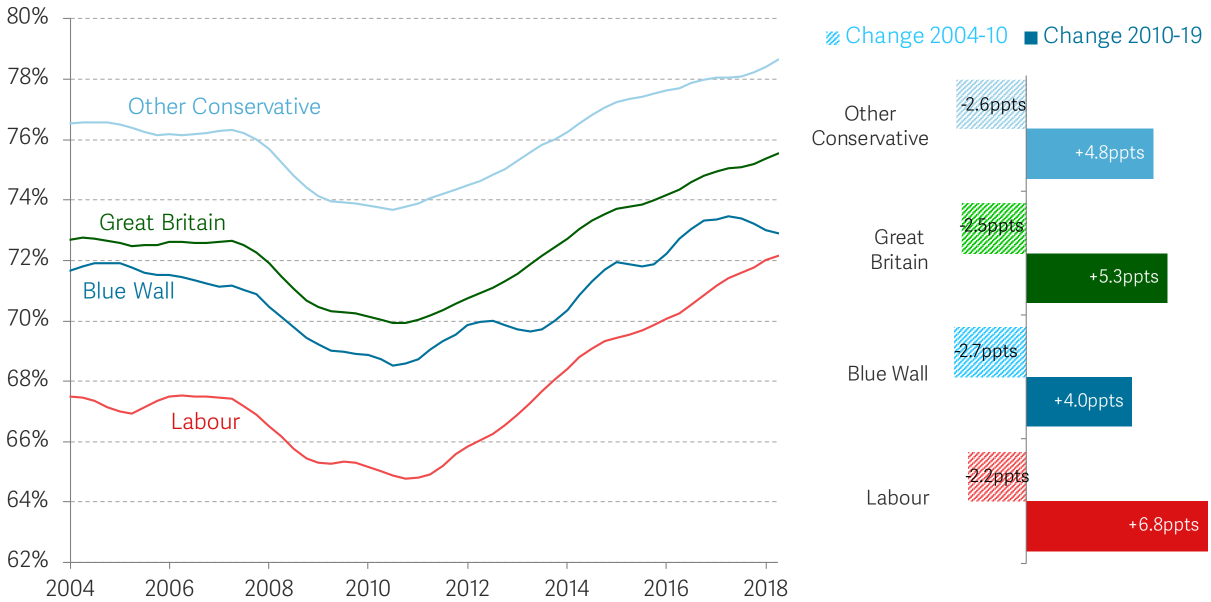
18 S Clarke & N Cominetti, Setting the record straight: How record employment has changed the UK, Resolution Foundation, January 2019

growth on the other.[19] In this section we take each of these elements of the national story in turn. We investigate how Blue Wall constituencies compare to other parts of the country today on employment, pay and productivity levels; and we assess the extent to which changes in these metrics have tracked national developments in recent years.

Turning first to employment, and echoing many of our conclusions in the previous section, we find that today the Blue Wall sits somewhere in between other Conservative and Labour areas, but closer to the Labour-end of the spectrum. Figure 10 shows that the working-age employment rate in the Blue Wall is 72.9 per cent, well below the rate across other Conservative seats (78.6 per cent), but slightly higher than the rate across Labour-held seats (72.1 per cent). Focusing only on other Conservative and Labour seats in the same regions of the country as the Blue Wall (the North, Midlands and Wales) doesn't change our conclusion that the Blue Wall is in the middle of the two but closer to the Labour experience.[20] So our first clear finding is that employment levels in the Blue Wall are low, but not the lowest.

FIGURE 10: **The Blue Wall has fallen behind on employment since 2010**

16-64-year-old employment rate by political geography: GB



NOTES: Data are smoothed using 18-month rolling averages.
SOURCE: RF analysis of ONS, Annual Population Survey

What marks the Blue Wall out more clearly is its experience over the past decade. The left-hand panel in Figure 10 shows that the Blue Wall had a fairly average working-age employment rate in the mid-2000s, but now has a rate similar to that in seats held by Labour. This reflects a similar employment decline across areas between 2004 and 2010,

19 S Clarke & P Gregg, Count the pennies: Explaining a decade of lost pay growth, Resolution Foundation, October 2018
20 The working-age employment rate across other Conservative seats excluding those in the South and Scotland is 78.3 per cent, while the rate in Labour seats excluding the South and Scotland is 70.7 per cent.

but noticeably weaker growth in the Blue Wall than in other areas from 2010 onwards, as shown in the right-hand panel. The working-age employment rate is 4.0 percentage points higher in the Blue Wall today than it was in 2010, compared to an increase of 5.3 percentage points across Great Britain. Recalling the Blue Wall's low share of large city-dwellers detailed in the previous section, this outcome is partly a reflection of large, low-employment urban areas experiencing the fastest employment rate growth over the past decade.[21] The result is that the Blue Wall's much closer affinity to seats now held by Labour on employment is a recent phenomenon – back in the mid-2000s it was much closer to the national average.

These findings mean that we need a more nuanced assessment than the characterisation of the Blue Wall as having a tough time in the 1980s, and having consistently fallen further behind since. The regional concentration of unemployment impacts in industrial areas of the north and midlands during the 1980s recession will mean that the former is certainly true.[22] But our analysis shows that the direction of travel has not stayed constant since then, with the financial crisis marking something of a turning point. This did not happen because the Blue Wall lost more jobs than elsewhere, but because much weaker employment growth then followed.

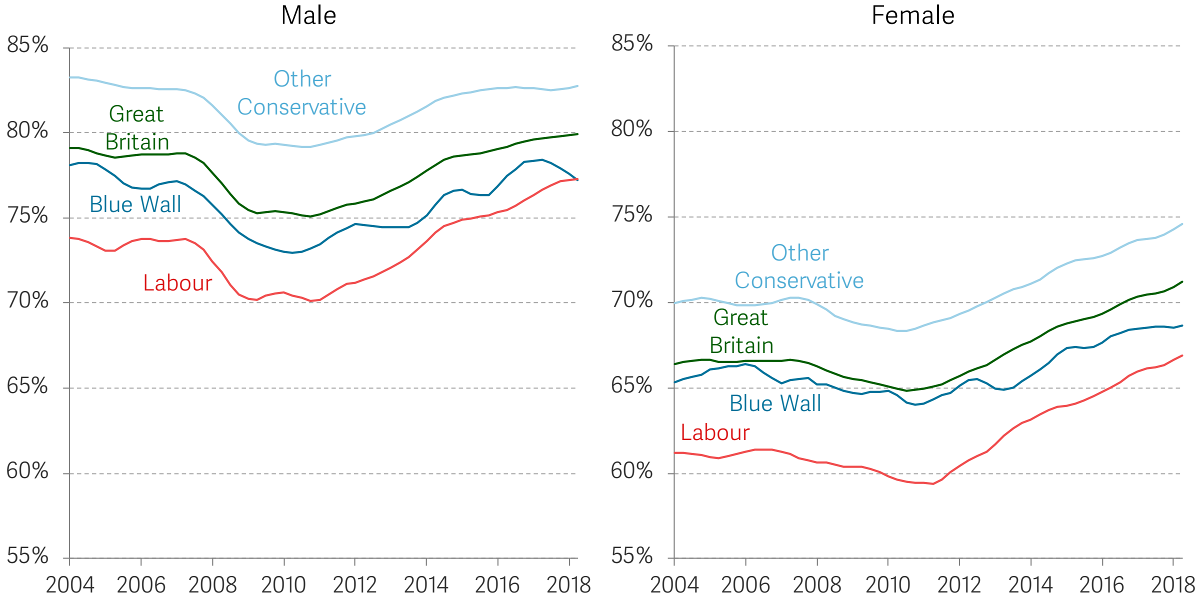
Figure 11 takes our investigation of the relative employment decline in the Blue Wall a step further, disaggregating across the sexes. Overall, it's clear that both male and female employment rates in the Blue Wall have fallen behind relative to other areas over the past 15 years. More specifically, there is evidence of men in the Blue Wall doing worse in the 2004-10 period (their employment rate fell 5.0 percentage points, compared to a fall of 3.7 percentage points for men nationally), when female employment in the Blue Wall was more similar relative to the national average. Since 2010, however, the relative employment decline in the Blue Wall has been shared across the sexes: the rate has risen 4.1 percentage points for men in the Blue Wall and 3.8 percentage points for women, compared to figures of 4.6 and 6.0 percentage points for men and women nationally. So the Blue Wall's change of employment fortunes around 2010 reflects the changing experience of women there compared to women in other areas.

21 S Clarke & N Cominetti, Setting the record straight: How record employment has changed the UK, Resolution Foundation, January 2019

22 See Box 1 in: G Bangham et al., An intergenerational audit for the UK: 2019, Resolution Foundation, June 2019

FIGURE 11: **This employment slowdown has been felt across genders, although men had a relatively worse time in the 2000s**

16-64-year-old employment rate, by political geography and sex: GB



NOTES: Data are smoothed using 18-month rolling averages.
SOURCE: RF analysis of ONS, Annual Population Survey

Unemployment is higher in the Blue Wall than in either other Conservative or Labour areas

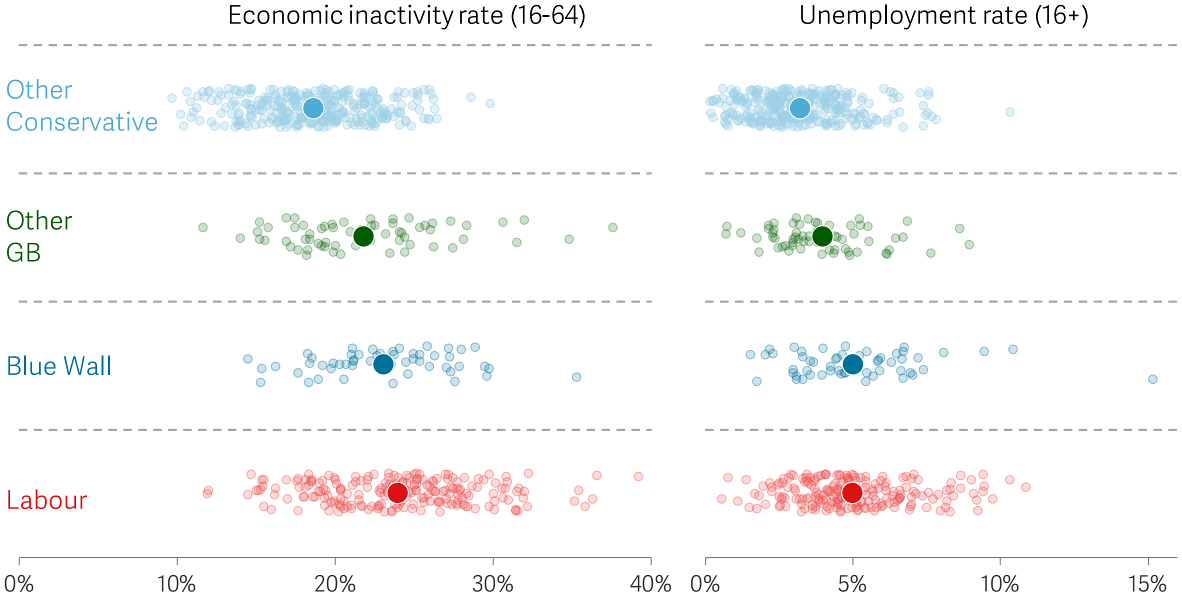
The flipside of Britain's jobs boom is that both unemployment (those looking and available for work) and economic inactivity (other workless people) have been falling in recent years, and are lower than they were in the mid-2000s across Great Britain. So has the Blue Wall's relatively poorer employment performance over the past decade been felt mainly in slower-than-average unemployment declines, or slower-than-average declines in economic inactivity? The answer is both, but with much more weight on the unemployment side. The (16-64-year-old) economic inactivity rate today is 6 per cent lower in the Blue Wall than it was in 2004-05, compared to a decline of 10 per cent across Great Britain. But the unemployment differential is greater, with the Blue Wall failing to track national declines: the (16+ year old) unemployment rate is actually 5 per cent higher in the Blue Wall today than it was in 2004-05, compared to 15 per cent lower nationally. This latter outcome has been particularly felt by women in the Blue Wall, whose unemployment rate is 20 per cent higher than it was in the mid-2000s (compared to a 10 per cent fall across Great Britain).

These findings are consistent with previous Resolution Foundation analysis showing that Britain's jobs boom has largely resulted from an increase in labour supply in the face of weak pay growth and reduced welfare support. In other words, people wanted to work more because they felt poorer, with women in particular trying to do so given that potential second earners in couples have the most capacity to increase labour supply.[23] We would expect this labour supply push to be seen across the country given the nationally shared nature of the pay squeeze and benefit cuts, resulting in the more uniform fall in economic inactivity across areas. The fact that more of the (particularly female) activity increase has gone into unemployment rather than employment, then, indicates that there has been less success in that increased supply meeting increased labour demand in the Blue Wall than elsewhere.

The result, shown in Figure 12, is that while economic inactivity among Blue Wall residents remains lower than in Labour-held areas, the unemployment rate is the same. It stands at 5.0 per cent in 2018-19 compared to 4.0 per cent across Great Britain. This is a big turnaround from the 2004-05 position, when the Blue Wall had the same unemployment rate as Great Britain as a whole (4.8 per cent), and a much lower rate than that across the constituencies that Labour now holds (6.6 per cent).

FIGURE 12: **The Blue Wall has higher unemployment than other areas**

Economic inactivity and unemployment across constituencies, by political geography: GB, 2018-19



NOTES: Large markers show the weighted average across constituencies within each geography. Data are smoothed using 18-month rolling averages.
SOURCE: RF analysis of ONS, Annual Population Survey

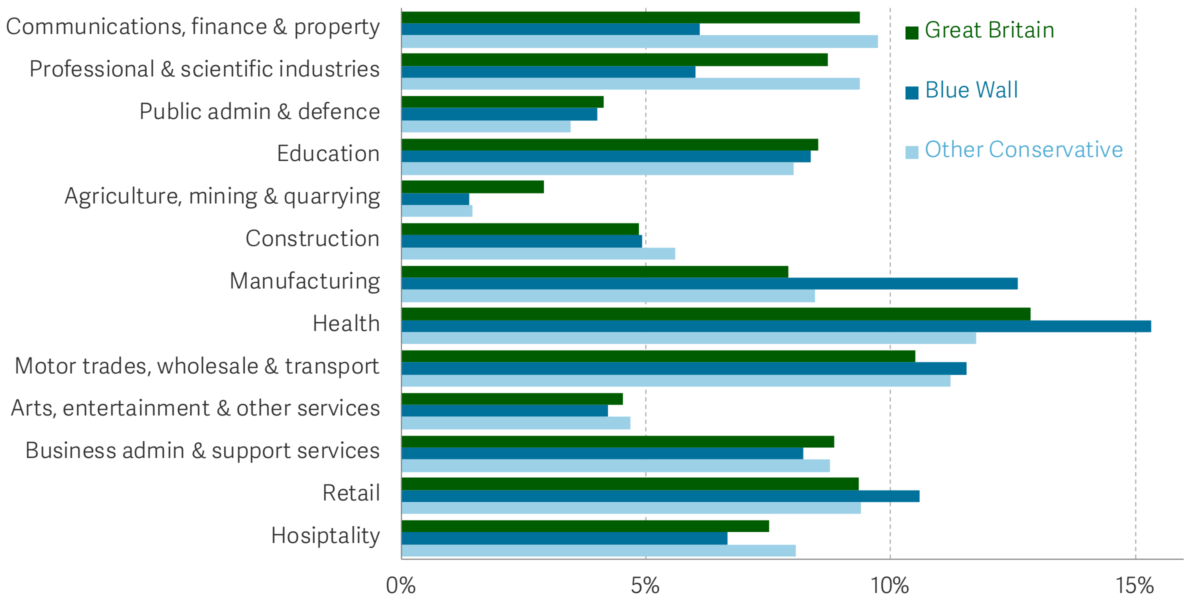
23 T Bell & L Gardiner, Feel poor, work more: Explaining the UK's record employment, Resolution Foundation, November 2019

Employment in the Blue Wall is tilted towards manufacturing, retail and health, and high-value sectors aren't growing as quickly as elsewhere

Some context for the Blue Wall's relatively weaker employment performance and elevated levels of labour market slack (in terms of unemployment) might be found in its industrial mix. Focusing now on the jobs done in the area rather than the jobs held by its residents,[24] Figure 13 shows that the manufacturing, health and retail sectors are overrepresented in the Blue Wall economy relative to Great Britain as a whole, and to other Conservative seats. Retail and manufacturing have been in decline across the country over this period,[25] so it might be that the Blue Wall's high reliance on these sectors has contributed to its slower-than-average employment growth. A simple decomposition based on national changes in employment shares suggests that, all else equal, the Blue Wall's sectoral mix entailed a 0.6 percentage point drag on its working-age employment rate over 2010-18.[26]

FIGURE 13: **Manufacturing, health and retail account for a high proportion of employment in the Blue Wall**

Proportion of employment, by sector and political geography: GB, 2018



NOTES: Employment is workplace-based.
SOURCE: RF analysis of ONS, Business Register and Employment Survey

24 Repeating the same analysis on residence-based sectoral employment data – which is only available at a much less detailed level of aggregation – provides a very similar picture.

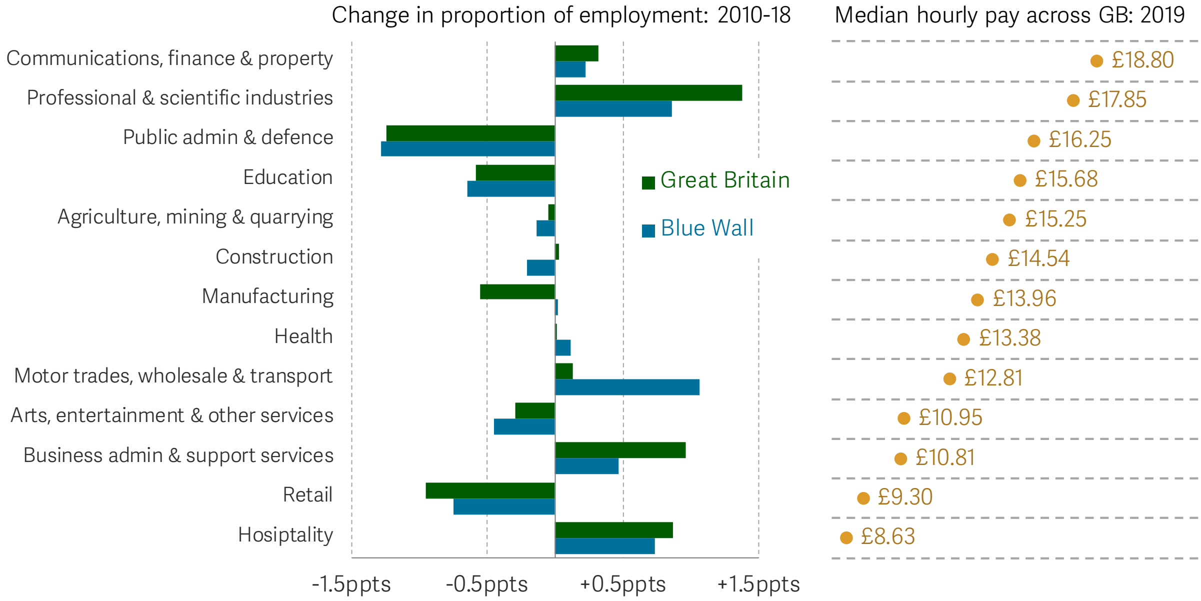
25 L Gardiner & D Tomlinson, Sorry, we're closed: Understanding the impact of retail's decline on people and places, Resolution Foundation, February 2019

26 We take the Blue Wall's (workplace-based) proportion of employment in each sector in 2010, multiply these figures by its (resident-based) working-age employment rate in 2010, multiply the results by the Great Britain-wide change in the proportion of employment in each sector over 2010-18, and take the total. This approximates to the compositional effect on employment of the Blue Wall's sectoral mix, assuming sectoral change is the same in different parts of the country. Source: RF analysis of ONS, Business Register and Employment Survey; ONS, Annual Population Survey

However, all else has not been equal over the past decade. The left-hand panel in Figure 14 shows that manufacturing and retail have shrunk less as a share of employment in the Blue Wall relative to the rest of the country. The below-average change in these sectors may have prevented an even weaker relative employment performance in the Blue Wall.

FIGURE 14: **Higher-paid sectors aren't growing as fast in the Blue Wall as they are across Britain**

Change in proportion of employment and median pay, by sector and political geography: GB



NOTES: Employment is workplace-based. Data by sector are indexed backwards from 2015 to account for a discontinuity in the series at that point. Pay data covers employees only, and is calculated as a weighted average of sectoral medians for those categories that combine multiple sectors.
SOURCE: RF analysis of ONS, Business Register and Employment Survey; ONS, Annual Survey of Hours and Earnings

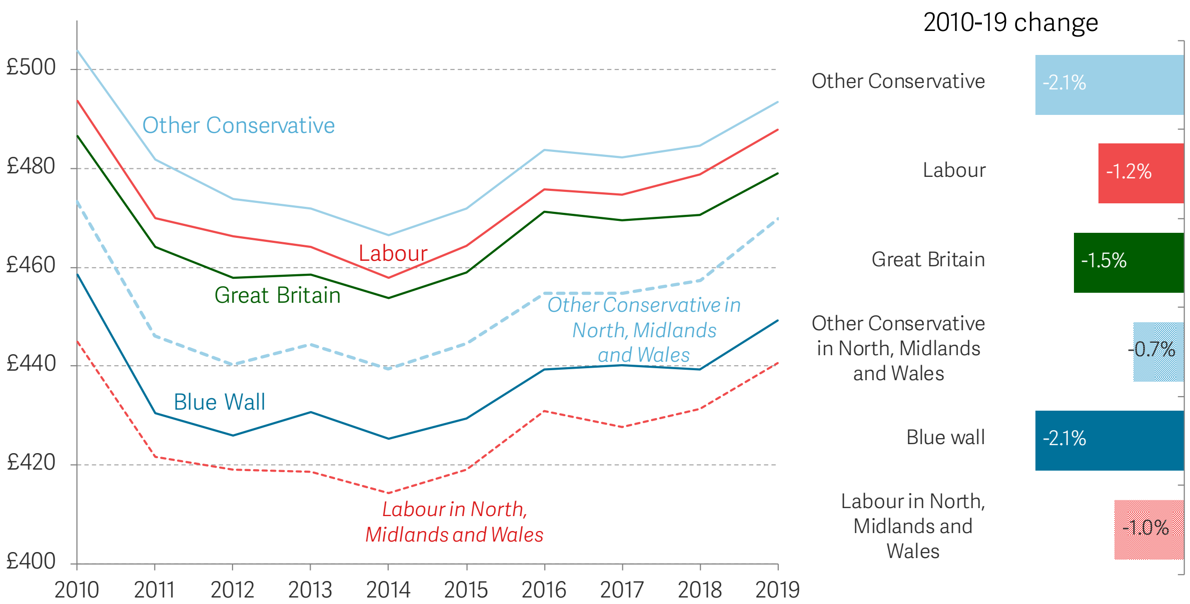
But there are much more concerning trends in the sectoral mix in Figure 14, relating to how the Blue Wall's changing job patterns map across to typical earnings, shown in the right-hand panel. In the top six highest-paying sectors, employment shares in the Blue Wall are either growing more slowly or shrinking faster than the national average. The Blue Wall's main growth sector – motor trades, wholesale and transport – paid slightly below the overall median across Great Britain in 2019 (£12.81, compared to £13.21). So while it has to some extent been protected from employment falls in its declining sectors that make up a larger-than-average share of employment, the Blue Wall hasn't experienced growth in the highest-value sectors on the same scale as Great Britain has.

Pay has fallen further in the Blue Wall than in other parts of the North, Midlands and Wales

The Blue Wall may sit somewhere in between other Conservative and Labour seats in terms of employment levels, but the same cannot be said for pay. Figure 15 shows that typical weekly pay in the Blue Wall, at £449, is £20 per week lower than the figure for Great Britain, and £44 per week lower than that for other Conservative areas. However, this largely reflects much higher pay levels in London and the South East. When we remove these areas (plus the South West, East and Scotland) from the comparators to focus on those regions within which these seats sit, the Blue Wall returns to being somewhere in between other Conservative and Labour areas in terms of its weekly pay. The Blue Wall is lower paid compared to the national average, but not the lowest-earning geography we look at.

FIGURE 15: **The weekly pay of Blue Wall residents is lower than that of those living in other Conservative and Labour seats**

Median real (CPIH-adjusted to 2019 prices) gross weekly employee pay, by political geography: GB



NOTES: Pay data covers employees only, is residence-based, and is calculated as a weighted average of medians across constituencies. Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of ONS, Annual Survey of Hours and Earnings

As mentioned previously, the flipside to very strong employment growth across the country has been the very weak performance of pay. So, has the Blue Wall's relatively weaker employment performance been tempered by a less severe pay squeeze? The right-hand panel in Figure 15 tells us that this is not the case: real pay has fallen further in the Blue Wall than across Great Britain over the past nine years – figures of -2.1 per cent and -1.5 per cent, respectively. The Blue Wall's experience particularly stands out in comparison to other Conservative and Labour seats in the North, Midlands and Wales, where the pay squeeze has been less than half as big in each case. Conclusions are very similar when we look at median hourly pay, and across the sexes.[27] The overall message is that the relatively weaker employment performance over the 2010s in the Blue Wall has been matched by a somewhat deeper pay squeeze than in other areas.

Productivity in the Blue Wall is low, but has tracked other areas since 2010

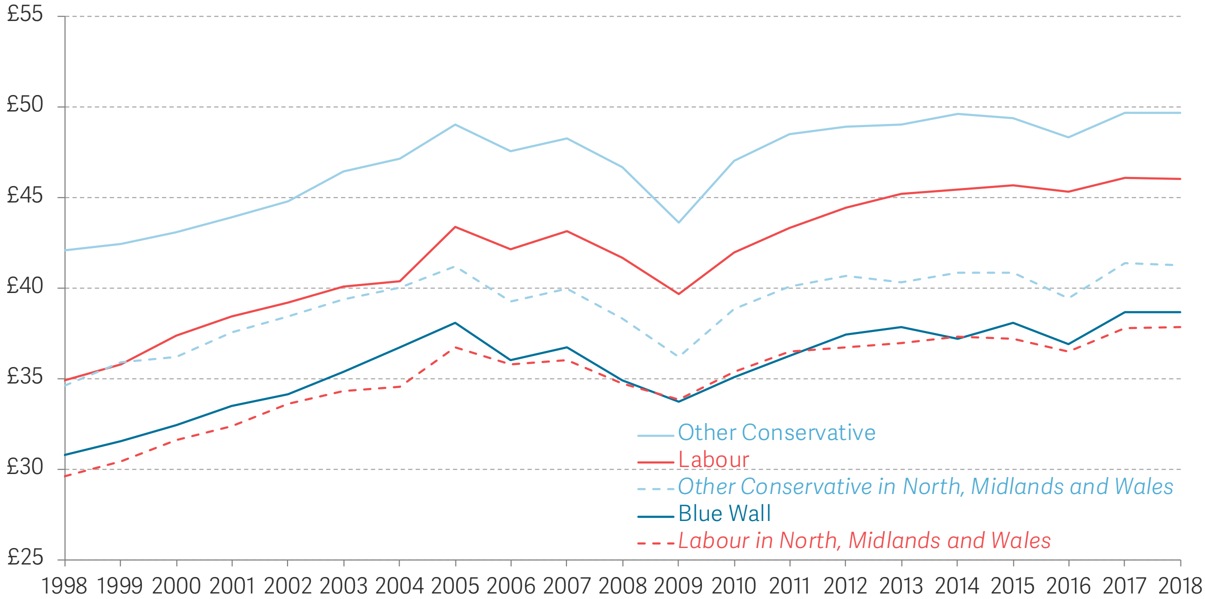
In the medium and long term, sustained real pay improvements across different parts of the country will be underpinned by growth in productivity, something that has been sorely lacking over the past decade. To understand how this has played out across areas, Figure 16 presents an estimate of productivity (based on employee hours only) in our geographies of interest, switching the focus again from the residents of each area to the work that is done there (something that unavoidably places significant constraints on interpretation). Unsurprisingly, productivity levels roughly mirror the picture for pay, although the Blue Wall falls right to the bottom of the pack. It has had roughly the same (low) level of GDP per employee hour worked as seats currently held by Labour in the North, Midlands and Wales for most of the past 15 years.

However, unlike the story on employment and pay, there is no evidence that the Blue Wall has fared relatively worse since 2010. Growth in real GDP per employee hour worked since 2010 has been between 6 per cent and 9 per cent in the North, Midlands and Wales across the three political geographies we focus on.

27 Men's real weekly pay is 5.0 per cent lower in the Blue Wall today than it was in 2010, compared to a fall of 4.5 per cent across Great Britain. Women's real weekly pay is 0.1 per cent higher than it was in 2010, compared to an increase of 1.7 per cent across Great Britain. Here we focus on the mean rather than the median, because median pay data disaggregated by constituency and sex has much larger confidence intervals than the mean pay data does. Our findings for both sexes combined, shown in Figure 15, hold up when the mean is used.

FIGURE 16: **Productivity in the Blue Wall is similar to that in Labour seats in the North, Midlands and Wales**

Real (GDP-deflated to 2018 prices) GDP per employee hour worked, by political geography: GB



NOTES: Hours data is workplace-based, and refers to employees only. Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details. Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of ONS, Regional economic activity by gross domestic product; ONS, Annual Survey of Hours and Earnings

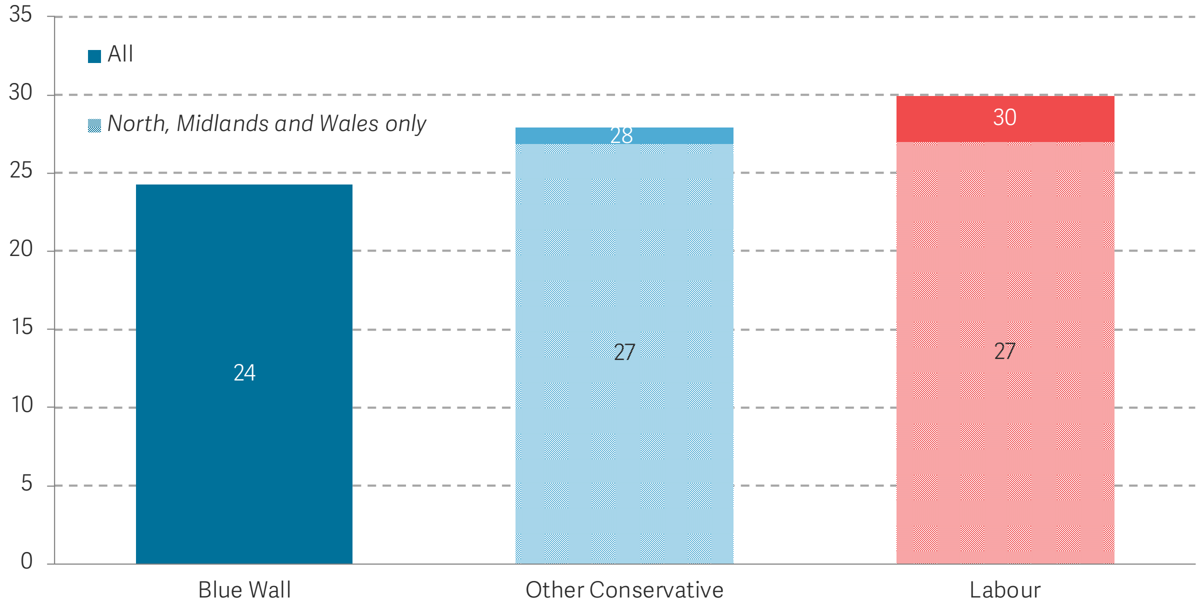
But the longer-term prospects for productivity gains feeding though to Blue Wall residents look less assured than in other areas

With at least no decline in the productivity of the Blue Wall economy relative to other areas over the past decade, what are the longer-term prospects for productivity growth feeding through to living standards improvements for residents? Given agglomeration effects and the concentration of high-skilled jobs growth in larger urban areas, one assumption sometimes made about the places that make up the Blue Wall is that people living there are increasingly forced to travel elsewhere for work.

However, there is no evidence at all that this is a fair characterisation of the Blue Wall. First, as Figure 17 shows, Blue Wall residents have the shortest commutes, even when compared to other parts of the North, Midlands and Wales.

FIGURE 17: **Blue wall residents spend less time commuting than those in other areas**

Time spent commuting from home to work in minutes by political geography: GB, 2016

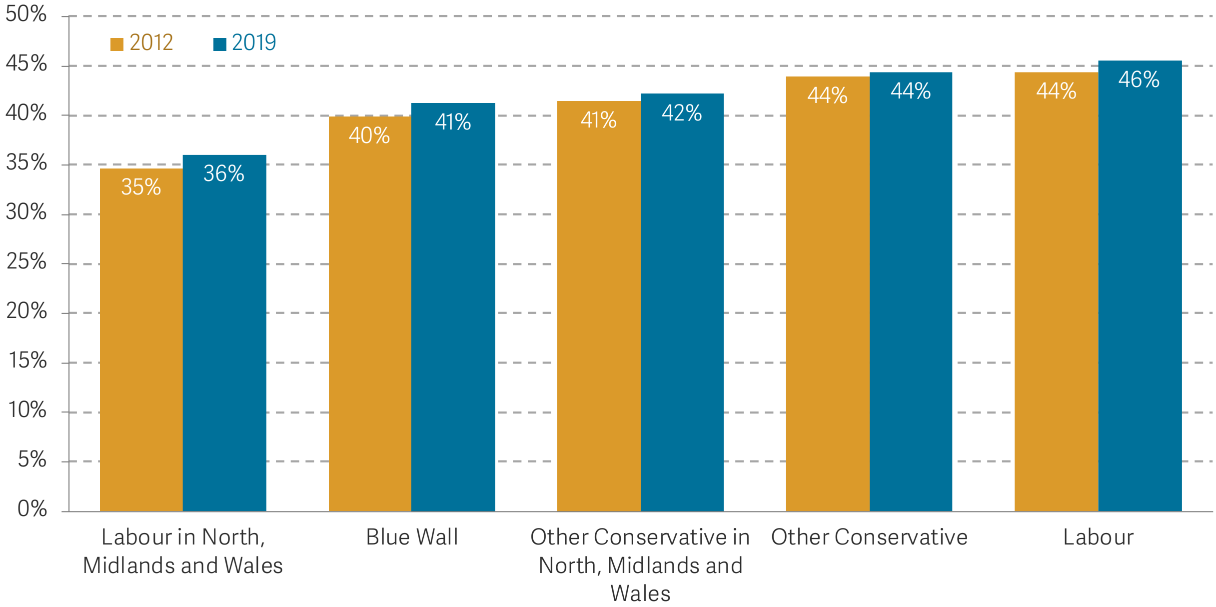


NOTES: Residence-based. Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details. Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of ONS, Labour Force Survey

Second, Figure 18 shows that while Blue Wall residents are more likely to work outside the local authority in which they live compared to people living in Labour-held seats across the North, Midlands and Wales, they are less likely to than those living in other Conservative seats in these regions (and other Conservative and Labour seats across the country). Importantly, the (extremely marginal) rate of change over the previous seven years has been uniform across these different political geographies.

FIGURE 18: **Blue Wall residents are among the least likely to work outside of the local authority in which they live**

Proportion of 16-64-year-olds working outside their local authority of residence, by political geography: GB

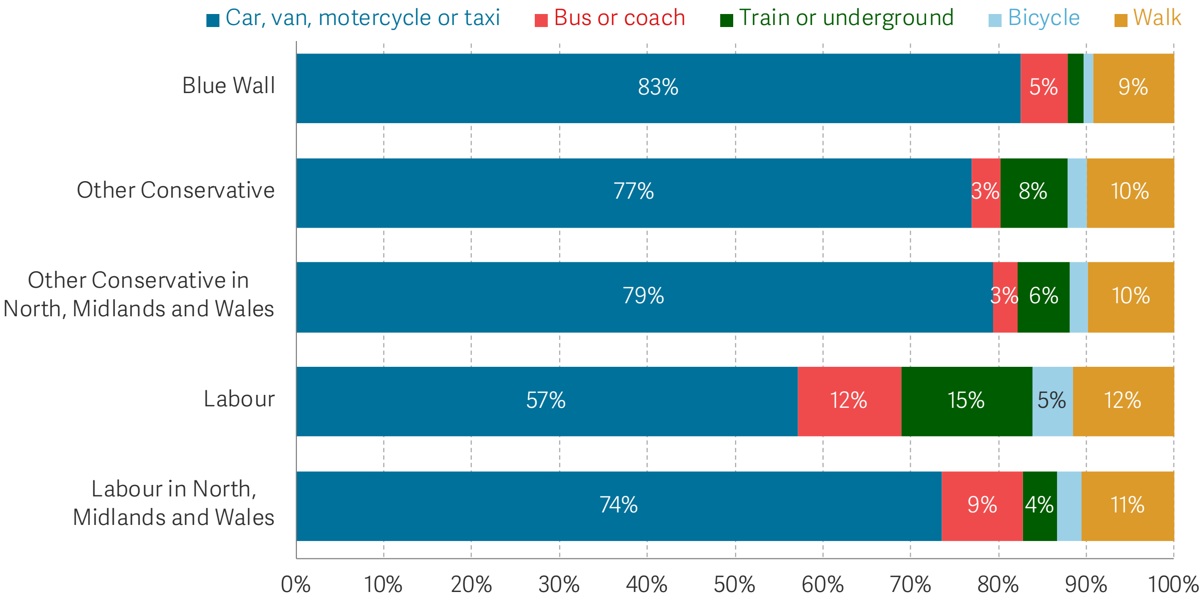


NOTES: Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of Office for National Statistics, Social Survey Division, Northern Ireland Statistics and Research Agency, Central Survey Unit. (2020). Quarterly Labour Force Survey, 1992-2019: Secure Access. [04/02/2020]. 18th Edition.UK Data Service. SN: 6727

Figure 19 adds context to these two points, showing that workers living in the Blue Wall are very unlikely to commute by train (only 2 per cent do), and are the most likely to travel to work by car. On top of evidence of shorter commutes and a relatively low likelihood of leaving one's local authority for work, this serves as a reminder of just how unaccustomed to commuting via public transport Blue Wall residents are. This doesn't mean that investment in trains and buses in the Blue Wall won't be welcomed and open up new opportunities, but it wouldn't be aligned to the behaviours of today's workforce. That is to say, the objective of such investment would be to drive change, rather than improve the ease of activity currently taking place.

FIGURE 19: **Blue Wall residents are the most likely to commute by car**

Mode of commute by political geography: GB, 2016



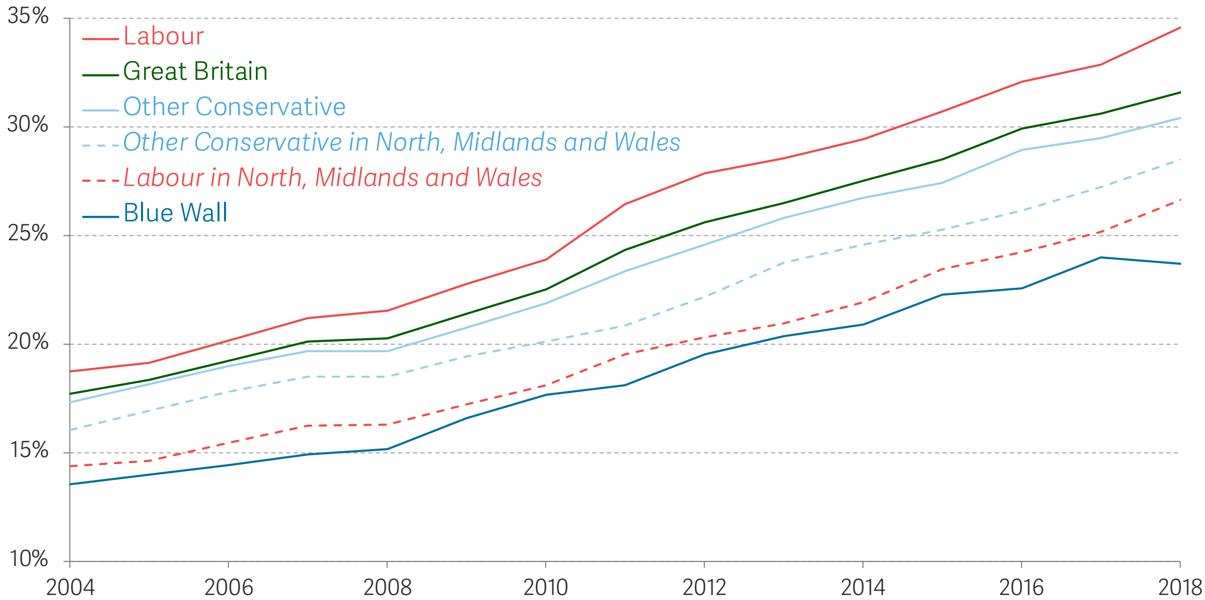
NOTES: Residence-based. Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details. Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of ONS, Labour Force Survey

Workers being required to travel further afield for quality job opportunities would represent a cause for concern in many people's eyes, signalling local areas being left behind by economic growth. So it could be seen as good news that people in the Blue Wall aren't increasingly having to travel to big cities for work. But a different perspective is that the low levels of workforce mobility in the Blue Wall have far from positive implications, affecting residents' opportunities to access high-productivity jobs. This should be seen particularly in the context of the relatively weak growth of higher-paying sectors in Blue Wall seats themselves.

Alongside access to high-paid jobs, another key driver of longer-term living standards improvements is rates of upskilling. And here the evidence is also less than encouraging. Figure 20 shows that the working-age population in the Blue Wall is less likely to hold a degree-level qualification than in any of the other political geographies our analysis focuses on (24 per cent do, compared to 32 per cent across Great Britain). What's more, the rate of increase in the Blue Wall has been slightly slower (in absolute terms) than the national average, with a rise of 10 percentage points since 2004 compared to 14 percentage points across Great Britain.

FIGURE 20: **The Blue Wall has the lowest-qualified working-age population**

Proportion of 16-64-year-olds with degree-level or equivalent qualifications, by political geography: GB



NOTES: Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of ONS, Annual Population Survey

Overall, then, the Blue Wall looks to be in a worse position than other areas of the country when it comes to the longer-term drivers of residents' living standards: access to skills and high-paid jobs. This means the idea that everyone is travelling elsewhere to find work is wide of the mark. And this outlook comes on top of a relatively poor decade for the Blue Wall's labour market in terms of both employment and pay – a story of relative decline that seems to be a particular phenomenon of the 2010s rather than simply a fact of life since the 1980s.

To build a picture of how these labour market outcomes combine with other factors to drive households' living standards, the next section turns to the cost and availability of housing.

Section 4

Housing costs and tenure

This section assesses housing in the Blue Wall in comparison to other areas. We find that there is less housing pressure in the Blue Wall than elsewhere on a range of indicators, including access to housing and services, rents, and house prices. For example, the typical price paid for a house in the Blue Wall in 2019 was £142,000, compared to an average in England and Wales of £263,000. Slower growth in rents and house prices over the course of the 2010s – which will be related to the lack of demographic pressure discussed in Section 2 – has widened these gaps.

Partly as a result of lower house price pressures, home ownership rates in the Blue Wall – at 54 per cent of families – are higher than across Great Britain (53 per cent), and higher than in Labour seats (43 per cent), including when we limit our analysis just to the North, Midlands and Wales (47 per cent). These higher ownership rates trump low house prices to mean that estimated typical gross property wealth per family is higher in the Blue Wall (£77,000) than in Labour seats across the North, Midlands and Wales (£69,000).

Measures of housing services, rents and house prices suggest less housing pressure in the Blue Wall than elsewhere

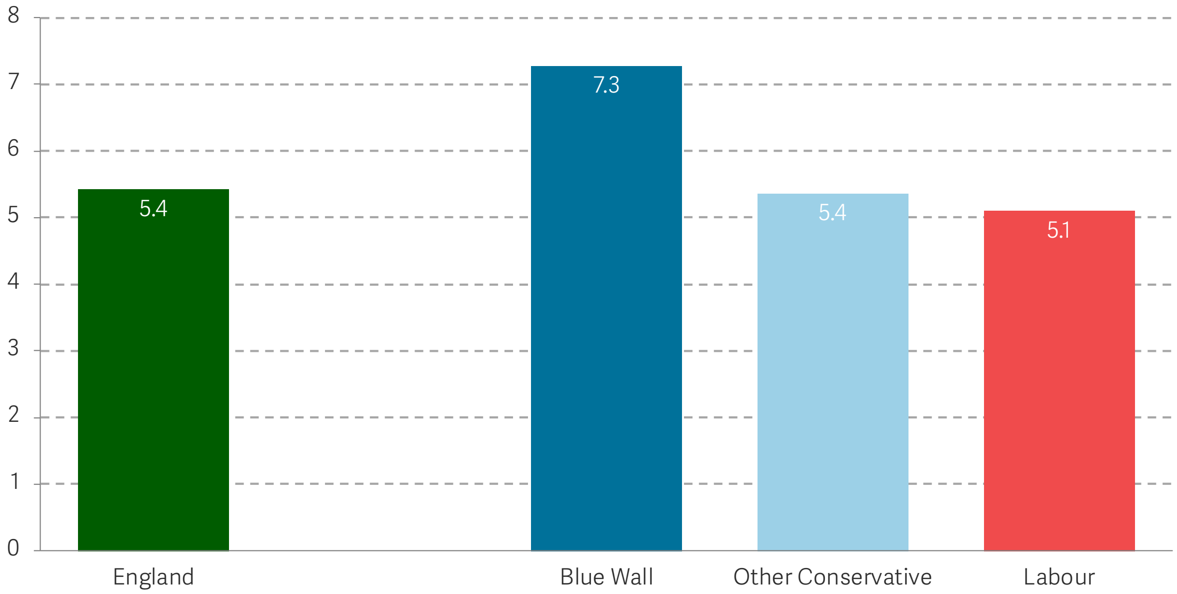
We begin our story of the housing situation in the Blue Wall with an assessment of housing pressure, as indicated by access to housing services, and rent and house price levels.

One indication of how accessible housing is to people is the Index of Multiple Deprivation rank of barriers to housing and services. This summary indicator measures the physical and financial accessibility of housing and local services, and ranks them in deciles.

Figure 21 presents the scores on this measure across political geographies. The Blue Wall's high score of 7.3 out of 10 suggests that its population experiences relatively lower barriers to housing and services compared to people across the rest of England. In this respect, the Blue Wall stands out from Labour seats and other Conservative ones, where there are, on average, higher barriers to housing and services.

FIGURE 21: **On average, the Blue Wall has lower barriers to housing and services than the rest of the country**

Average rank on the Indices of Multiple Deprivation 'barriers to housing and services' index (higher score = fewer barriers), by political geography: England, 2019

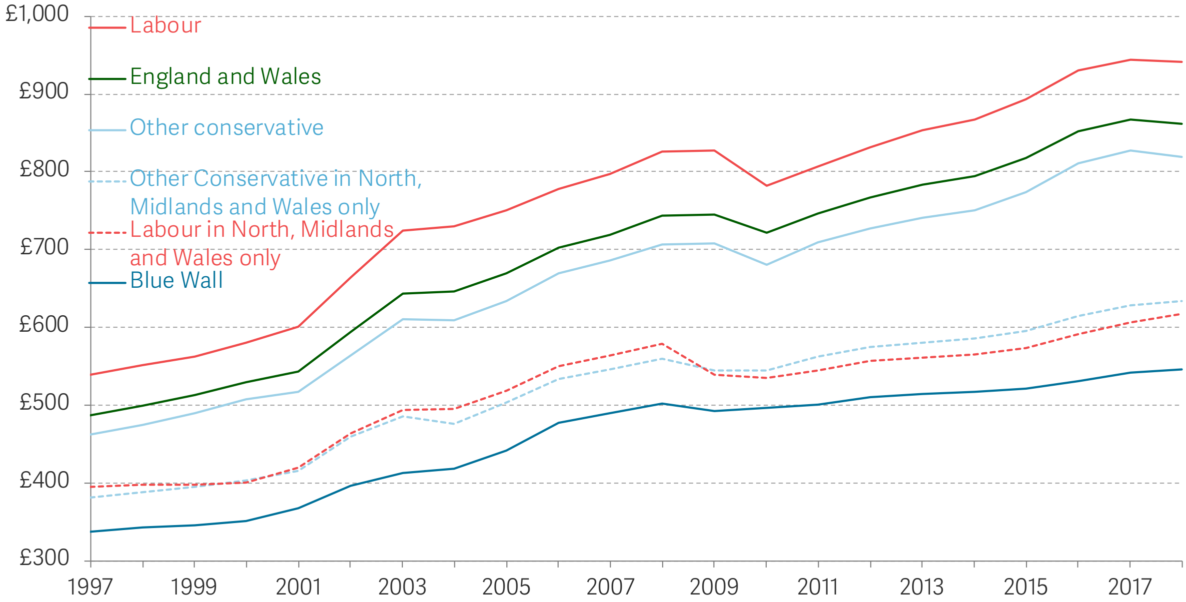


NOTES: Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details.
SOURCE: RF analysis of MHCLG, English indices of deprivation 2019

A broader measure of housing pressures relates to the wider costs of housing. There are significant differences in rents and house prices in the Blue Wall compared to Labour seats and other Conservative areas. Private rents in the Blue Wall are lower than they are in both Labour and other Conservative constituencies. In 2018 Blue Wall rents were £316 lower per month compared to the England and Wales average, as Figure 22 shows. Nominal rents in the Blue Wall are so much lower than in other areas that rents today in the Blue Wall are equivalent to the average rent across England 2001.

FIGURE 22: **Private rents are lowest in the Blue Wall**

Average nominal monthly private rents, by political geography: England, 1997-2018



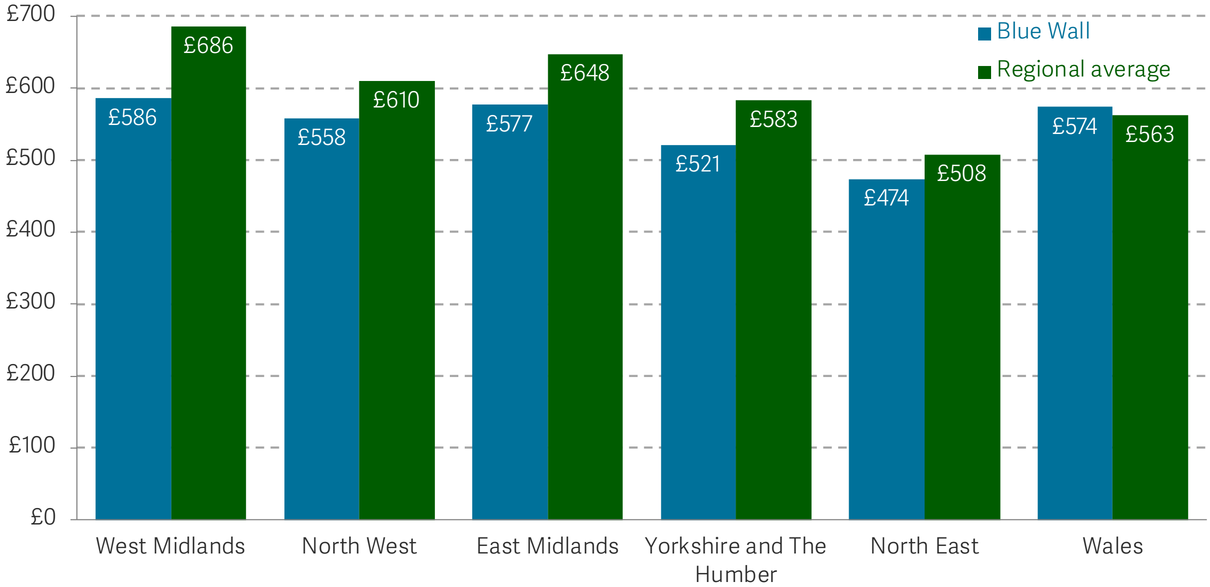
NOTES: Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales. Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details. Wales data only exists in the period 2010-18.
SOURCE: Resolution Foundation private rents data series

In a large part, these lower rents in the Blue Wall simply reflect lower housing costs in the North of England than in London and the South. But focusing just on seats in the Blue Wall's regions, as the dashed lines in Figure 22 do, shows that Blue Wall rents are still below those in other seats in their regions.

This story of lower rents in Blue Wall constituencies compared to their surrounding regions holds across each region individually, as Figure 23 shows. Wales is the only exception. The difference between the regional average and the Blue Wall average in the region is largest in the West Midlands, where Blue Wall rents are £100 lower per month. The smallest difference, apart from Wales, is in the North East, where Blue Wall rents are £34 lower per month lower than the regional average.

FIGURE 23: **Private rents are lower in Blue Wall constituencies than regional averages**

Average monthly private rents, by political geography and region: 2018



NOTES: Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details.
SOURCE: Resolution Foundation private rents data series

These lower private rents have a read-across to the Blue Wall's lower level of internal migration outflows, discussed in Section 2. Previous Resolution Foundation research has shown that faster rents growth in higher-rent areas during the 21st century has acted as a headwind to people moving from lower-rent (lower-productivity) areas to higher-rent ones in search of work.[28]

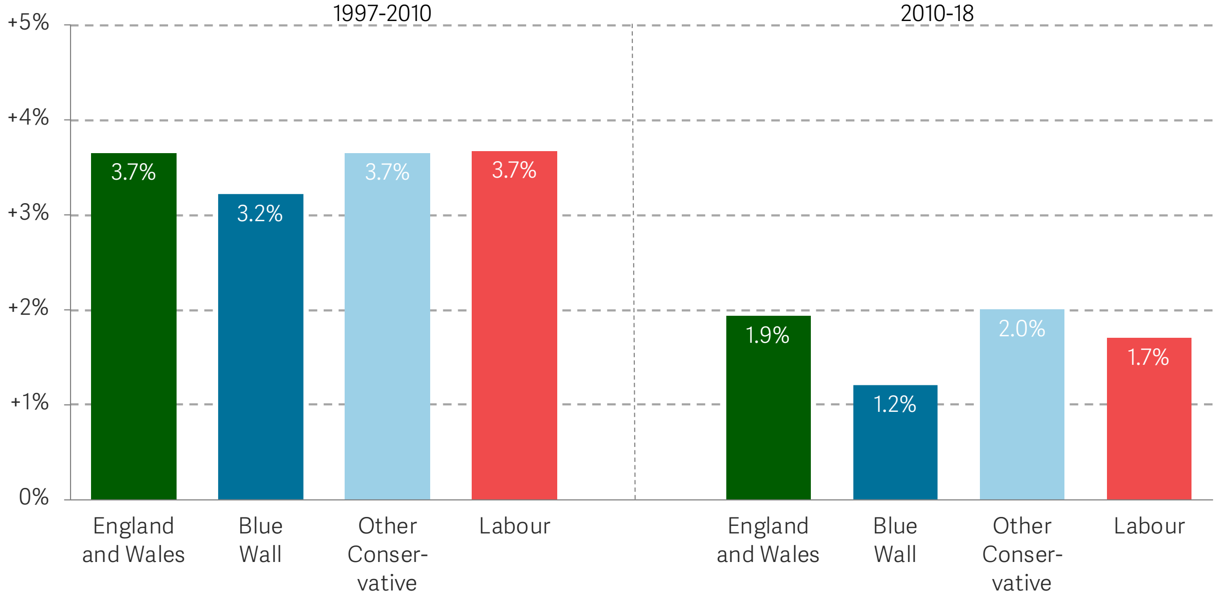
Figure 22 suggested that the growth in rents in the Blue Wall has been slower than the national average since the crisis. Figure 24 hones in on this observation, showing average annual nominal rents growth before and after 2010. Before 2010, rents in the Blue Wall, Labour seats and other Conservative areas grew at largely the same rate as the England and Wales average of 3.7 percent. In this period nominal rents increased by over half across the country, from an average of £486 to £745 per month.

After 2010, however, growth rates in the Blue Wall started to fall behind both Labour and other Conservative constituencies. In this period, the Blue Wall grew at a rate of nearly half the England and Wales average. This will reflect the Blue Wall's relatively weak employment and earnings performance post-crisis, detailed in the previous section, and also much slower population growth in the Blue Wall than elsewhere, identified in Section 2.

28 L Judge, Moving matters: Housing costs and labour market mobility, Resolution Foundation, June 2019

FIGURE 24: **Private rents have grown at a slower rate in the Blue Wall compared to other constituencies since 2010**

Annual change in average nominal monthly private rents, by political geography: England, 1997-2018



NOTES: Analysis is based on data for local authorities, which are approximately mapped to constituencies via electoral wards – see Box 1 in Section 2 for details.
SOURCE: RF analysis of ONS, Annual Survey of Hours and Earnings; Resolution Foundation private rents data series

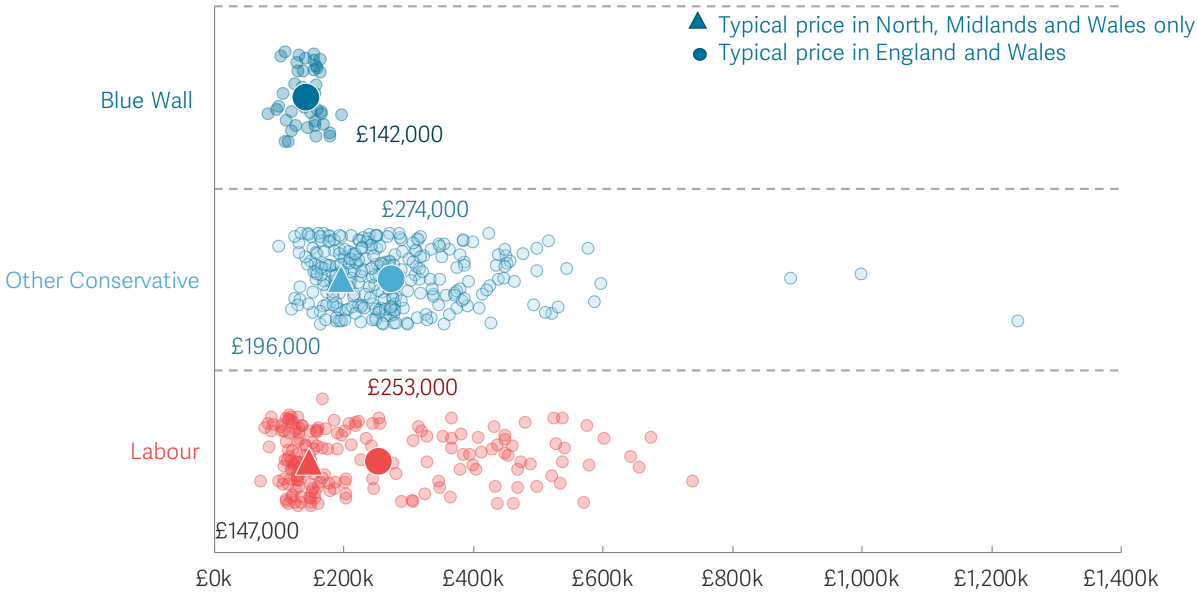
Lower housing cost pressures in the Blue Wall are also visible in lower house prices, shown in Figure 25. Constituency-level average property prices did not exceed £200,000 anywhere in the Blue Wall in the first half of 2019. The typical price paid for a house in the Blue Wall in 2019 was £142,000 compared to a figure across England and Wales of £263,000.

In many ways, this is again a regional story. Figure 25 shows that the typical prices of houses sold in Labour and other Conservative constituencies in Wales, the North and the Midlands were much more similar to those in the Blue Wall. Within these regions, house prices in Labour seats are less than £5,000 more expensive than the typical price in the Blue Wall, while typical prices in other Conservative constituencies within these regions are just over £50,000 higher.

On house prices, we again see a stark pre and post-crisis difference in growth rates. Between 1995 and 2009, typical (nominal) house prices in the Blue Wall broadly tracked the national average, growing at an average annual rate of almost 9 per cent. But after 2010, annual house price growth in the Blue Wall has been less than half that seen across England and Wales as a whole.

FIGURE 25: **Blue Wall house prices are concentrated at the bottom end of the range**

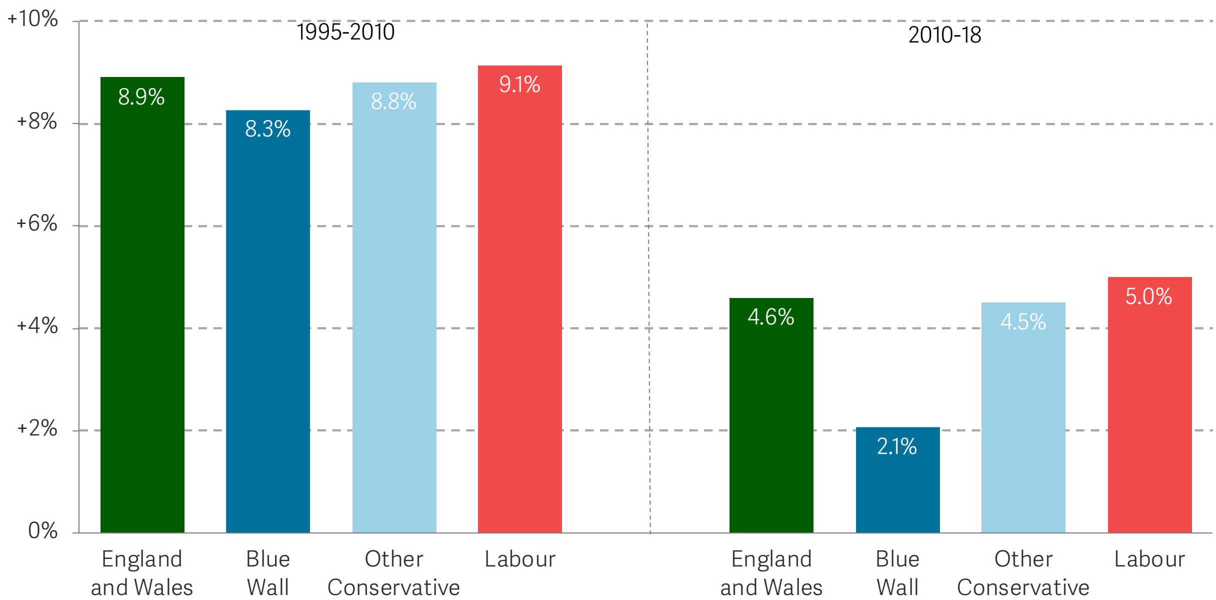
Median house price paid across constituencies, by political geography: England and Wales, 2019



SOURCE: RF analysis of ONS, House Price Statistics for Small Areas

FIGURE 26: **The Blue Wall has experienced lower increases in house prices than other areas since 2010**

Annual change in median nominal house price paid, by political geography: England and Wales, 1995-2019

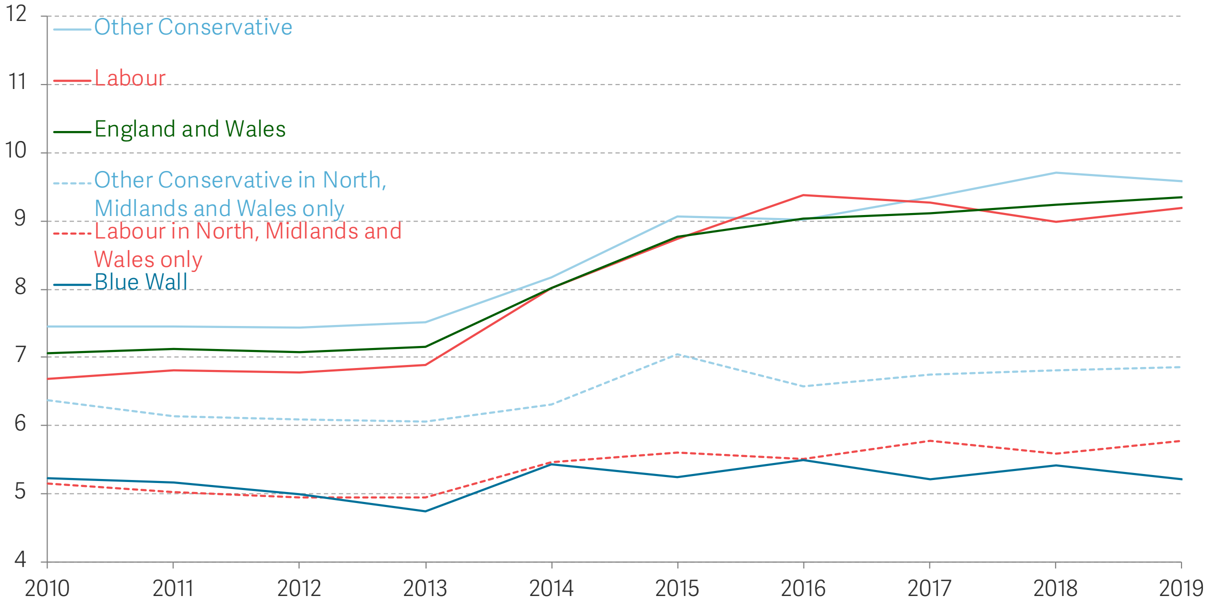


SOURCE: RF analysis of ONS, House Price Statistics for Small Areas

This lower house price growth has helped properties remain more affordable than in other areas. Figure 27 shows that in the Blue Wall, the typical home costs the equivalent of 5.2 times average annual full-time earnings. This is significantly below the national average of 9.3 times annual full-time earnings.

FIGURE 27: **Housing is most affordable in the Blue Wall**

House price affordability (median house price paid as a proportion of median full-time annual pay), by political geography: England and Wales, 2010–19



NOTES: Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of ONS, House Price Statistics for Small Areas; ONS, Annual Survey of Hours and Earnings

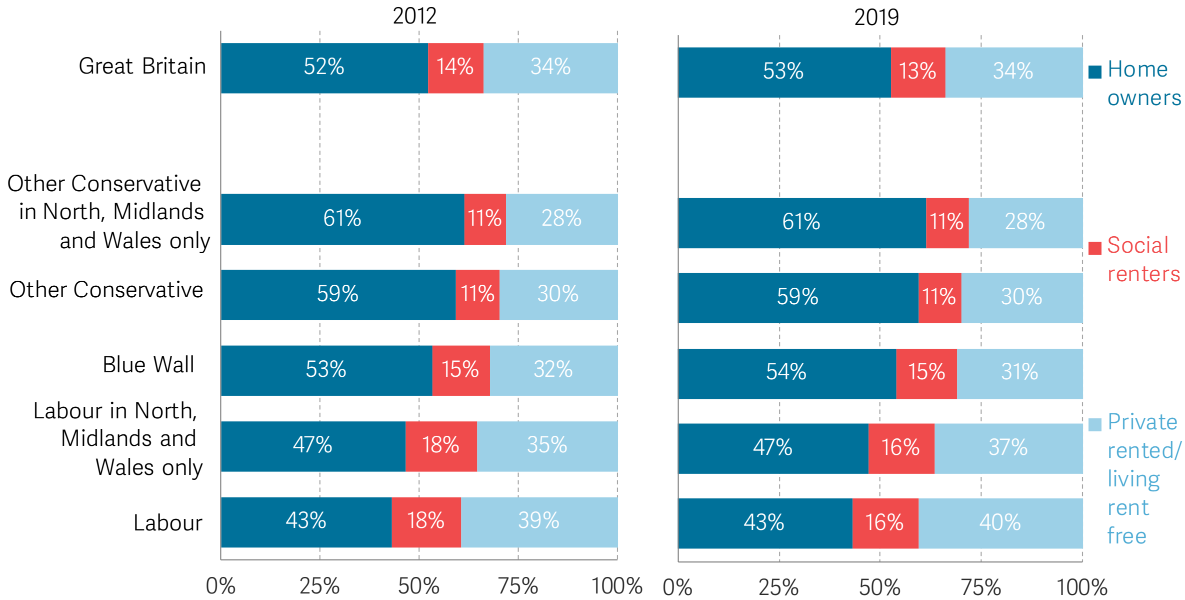
The Blue Wall has higher home ownership rates than in Labour seats

These lower house prices implications for housing tenure across the political geographies we focus on, with lower costs supporting somewhat higher ownership.

Figure 28 shows changes in housing tenure between 2012 and 2019. In 2019, just over half (54 per cent) of all families in the Blue Wall own their own homes. In this sense, home ownership in the Blue Wall is the same as the average across Great Britain (54 per cent), and in between levels in Labour seats and other Conservative ones. When we hone in on the North, Midlands and Wales, we still find that the Blue Wall has substantially higher home ownership than Labour seats (47 per cent).

FIGURE 28: **The Blue Wall has a slightly higher home ownership rate than the national average**

Proportion of family units in each tenure, by political geography: GB



NOTES: Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of Office for National Statistics, Social Survey Division. (2020). Labour Force Survey Household Datasets, 2002-2019: Secure Access. [04/02/2020]. 8th Edition. UK Data Service. SN: 7674

When it comes to private renting, families in the Blue Wall are more similar to other Conservatives seats than Labour ones. In both the Blue Wall and other Conservative areas, around 30 per cent of families were private renters in 2019. Here the Blue Wall differs from Labour seats, where the proportion of private renters is around a third higher.

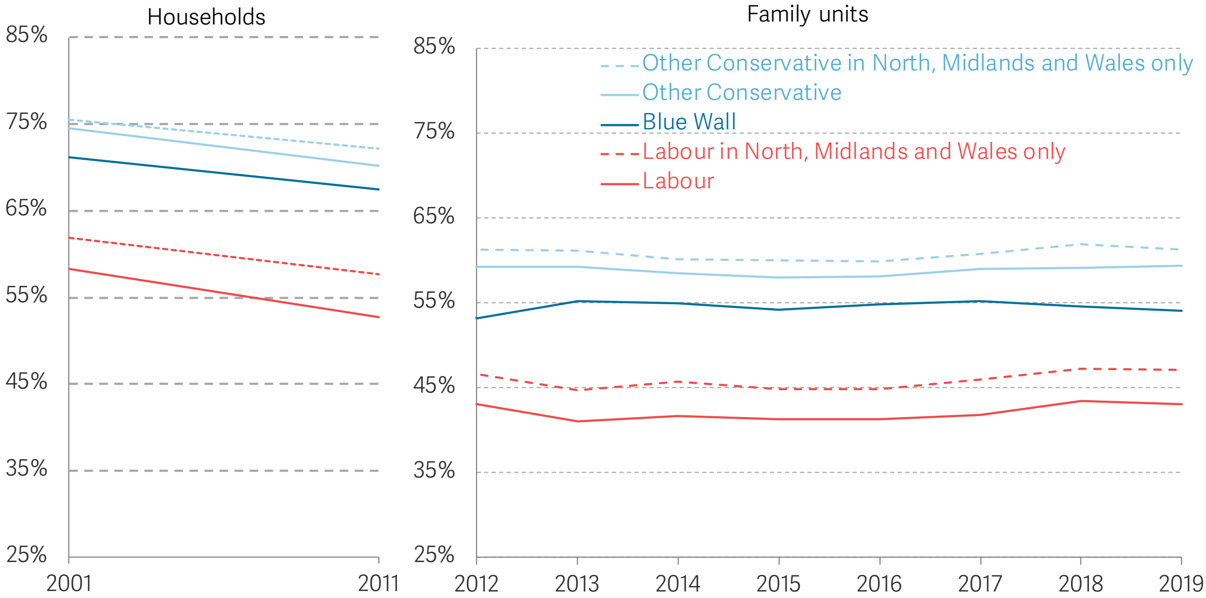
Looking at social renters, the opposite is true. Around 15 per cent of families were in social rented accommodation in the both Blue Wall and Labour seats in 2019. In other Conservative seats, the proportion of social renters was around a third lower.

Figure 29 broadens our analysis of housing tenure by showing changes in home ownership over time, unavoidably using two different home ownership measures that are drawn from different datasets.[29] We find that home ownership fell everywhere over the period 2001-11. Absolute falls were very similar across areas, although the relative decline was largest in Labour seats, given their lower starting point, as discussed below. Since 2012, home ownership has remained roughly flat everywhere.

29 For details of the differences between these measures, see: L Judge & A Corlett, Only half of families own their own home – how do the other half live?, Resolution Foundation, December 2016

FIGURE 29: **Changes in home ownership over time have been similar across different political geographies**

Proportion of households and family units that own their home, by political geography: GB, 2001-19



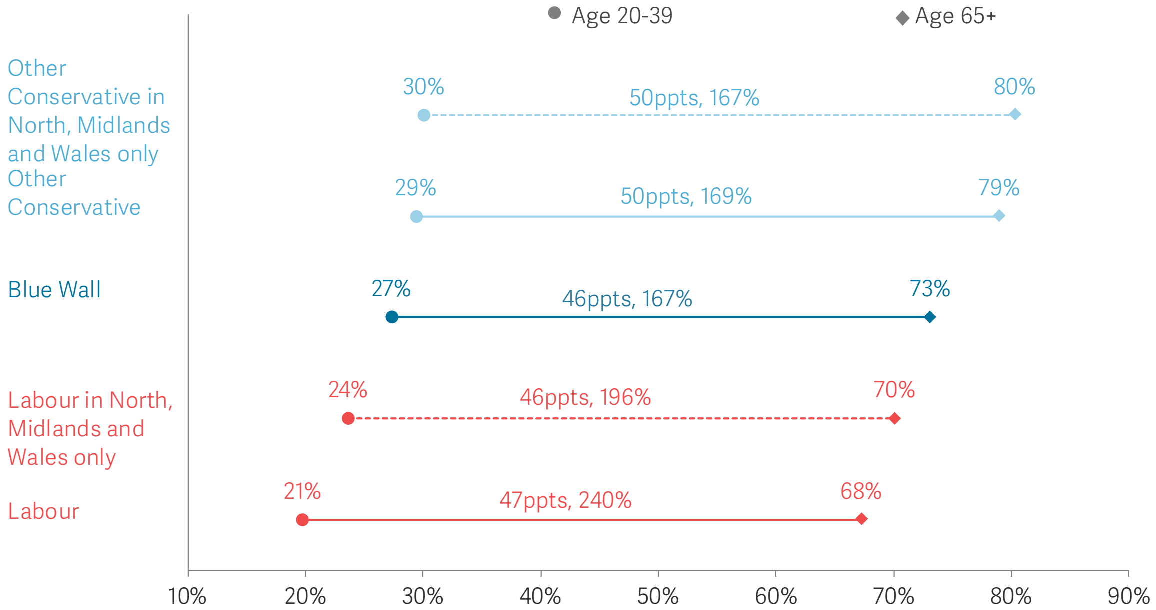
NOTES: The period 2001-11 refers to the home ownership rates of households, while the period 2012-19 refers to home ownership rates for family units. For details on why rates differ across these two metrics, see: L Judge & A Corlett, Only half of families own their own home – how do the other half live? Resolution Foundation, December 2016. Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of Office for National Statistics, Social Survey Division. (2020). Labour Force Survey Household Datasets, 2002-2019: Secure Access. [04/02/2020]. 8th Edition. UK Data Service. SN: 7674

Younger people have experienced larger-than-average declines in home ownership across the country. The largest declines occurred in the period 2001-11. In households headed by people aged 16-49, the home ownership rate fell in relative terms by nearly a fifth (19 per cent) in Labour seats, and 12 per cent and 13 per cent in the Blue Wall and other Conservative areas, respectively. This is in line with the geographic differences for all ages shown in Figure 29, which displays a fall for all ages over this period of 10 per cent in Labour seats, and around 5 per cent in Blue Wall seats and other Conservative areas. In the period 2012-19, the change in home ownership for households headed by someone aged 16-49 mirrored that for all ages, remaining largely flat. Overall then, young adults' sharper declines in home ownership in the first decade of the 21st century have been felt to a similar extent across the political geographies we look at, with the larger relative fall in Labour seats mirroring the experience of people across age groups in those seats.

The relatively larger fall in home ownership for younger compared to older adults means that the home ownership age gap has grown. Figure 30 shows the age gap in home ownership today. The absolute home ownership age gap in the Blue Wall is very slightly lower than that in other Conservative seats, while the relative gap is highest in Labour areas. But overall, age gaps are reasonably uniform across these political geographies today.

FIGURE 30: **The age gap in home ownership rates is similar across different political geographies**

Proportion of family units who own their home, by age group and political geography: GB, 2019



NOTES: Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of Office for National Statistics, Social Survey Division. (2020). Labour Force Survey Household Datasets, 2002-2019: Secure Access. [04/02/2020]. 8th Edition. UK Data Service. SN: 7674

As Section 2 showed, demographic pressures from rising population numbers are lower in the Blue Wall than across the country. This translates into lower pressures on social housing, rents and house prices. As we have shown in this section, increases in rents and house prices across the country have not materialised to the same extent in the Blue Wall. This has meant that the affordability of housing has risen less than in other areas, and will have supported home ownership in the Blue Wall to some extent.

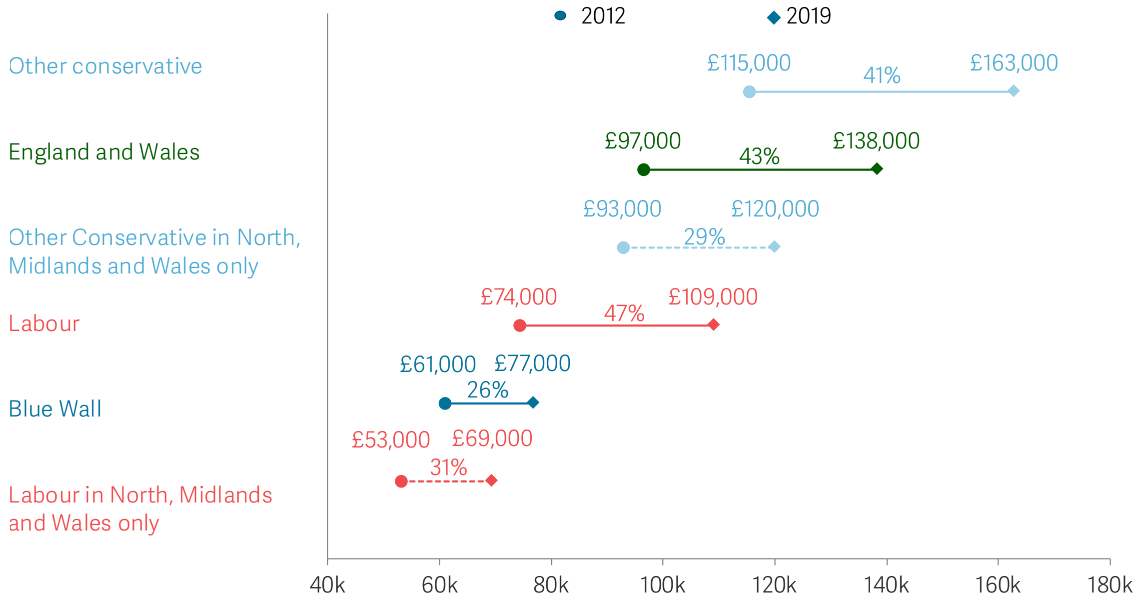
Gross property wealth – while low – is more broadly shared in the Blue Wall than in Labour seats in the North, Midlands and Wales

Lower pressures in the housing market have consequences for wealth. As Figure 31 shows, gross property wealth in the Blue Wall is considerably lower than in most of our comparator areas. In 2019, typical gross family property wealth in the Blue Wall was less than half of its level in other Conservative areas. However, higher home ownership rates mean that despite lower house prices, gross family property wealth is higher in the Blue

Wall than in Labour seats in the North, Midlands and Wales. In this sense, property wealth in the Blue Wall is lower, but more widely shared.

FIGURE 31: **Typical gross property wealth in the Blue Wall is almost half its level in other Conservative seats**

Median gross family property wealth, by political geography: England and Wales



NOTES: Gross family property wealth is estimated from the product of the median house price in 2019, and the proportion of families owning their own home (across Great Britain, rather than England and Wales) in that year. Areas covering the North, Midlands and Wales include constituencies in the North East and West of England, Yorkshire and the Humber, the East and West Midlands, and Wales.
SOURCE: RF analysis of Office for National Statistics, Social Survey Division. (2020). Labour Force Survey Household Datasets, 2002-2019: Secure Access. [04/02/2020]. 8th Edition. UK Data Service. SN: 7674; ONS, House Price Statistics for Small Areas 2019

Looking at the rate of change, Figure 31 shows that gross property wealth in the Blue Wall has grown less quickly during the 2010s than wealth in any of the other political geographies we look at. Between 2012 and 2019, gross property wealth grew by about a quarter in the Blue Wall, while across the country it grew by more than two-fifths.

In this section we have looked at housing costs and tenure in the Blue Wall compared to other Conservative and Labour seats. Lower demographic pressures in the Blue Wall and its recent economic performance are reflected in lower pressures on the housing market, with lower barriers to housing, lower rents and lower house prices.

As in our discussion of the labour market in the previous section, changes since 2010 in the Blue Wall particularly stand out, with rents and house prices falling behind other areas. This is true even when we focus only on the regions that Blue Wall constituencies are in.

This means the Blue Wall has low and slow-growing property wealth, although higher home ownership rates than in Labour seats in the North Midlands and Wales mean that the Blue Wall still maintains higher typical gross property wealth than in these areas today.

The following section shifts focus to the other major driver of household incomes and living standards after earnings and housing costs – the welfare state.

Section 5

The welfare state

The Blue Wall's demographics, employment and earnings, detailed in previous sections, are reflected in our analysis of welfare. Working-age spending in the Blue Wall is higher than in other Conservative areas. This is driven by disability spending and in-work benefit spending, which are close to levels in Labour areas. Although this spending has fallen across Great Britain, spending in the Blue Wall has fallen less than in other Conservative or Labour areas. As a result, Blue Wall areas have become increasingly exposed to the reduced welfare generosity that has been a feature of the past decade.

Universal Credit (UC) – the government's flagship welfare reform - will also have different impacts on those living in different regions of the country. Across the North, the Midlands, and Wales, 48 per cent of eventual UC claimants will be worse off on UC compared to previous legacy benefits. This compares to 41 per cent of claimants losing out across the East, the South East and London.

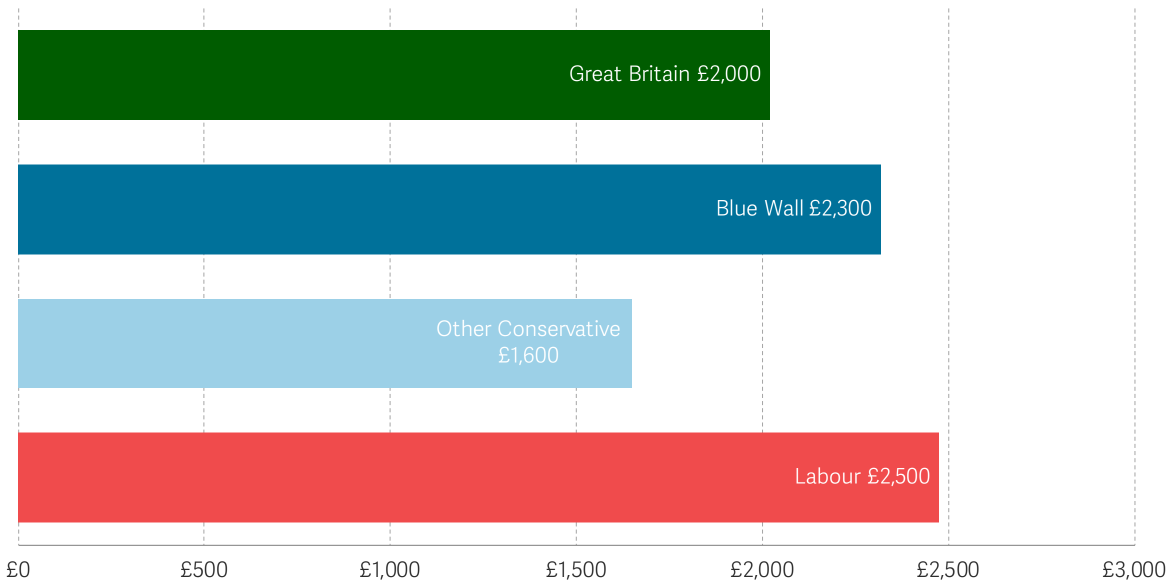
Some specific examples of families – based on rents and earnings levels in different political geographies – bring this point home. An example young single parent in the Blue Wall working 18 hours per week is likely to be £280 per year worse off under UC compared to legacy benefits, compared to £170 worse off in other Conservative areas and £180 worse off in Labour seats. A dual-earning, working couple with children is likely to be £530 better off under UC in the Blue Wall, whereas a similar family is set to be £2,760 better off in other Conservative seats.

The Blue Wall has more working-age welfare spending per person than other Conservative areas, and is more vulnerable to changes in benefit generosity as a result

The Blue Wall is more reliant on working-age welfare spending than the country as a whole, as Figure 32 shows. This is driven by inactivity-related and disability-related spending, as well as in-work support. This outcome reflects the findings of earlier sections of this report, in particular relatively low earnings levels within the Blue Wall. Of the £2,300 of welfare spending per working-age person in the Blue Wall, just under half (£1,000) is health and disability-related, with around £700 going towards tax credits. The remainder is related to Housing Benefit (£500) and a small amount (£60) for Jobseeker's Allowance. These spending levels in the Blue Wall are all consistent with spending across Labour areas, except for Housing Benefit, due to Labour seats' higher housing costs detailed in the previous section.

FIGURE 32: **Blue Wall constituencies typically have higher rates of benefit spending per person than other Conservative seats**

Working-age benefit spending per working-age person, by political geography: GB, 2017-18



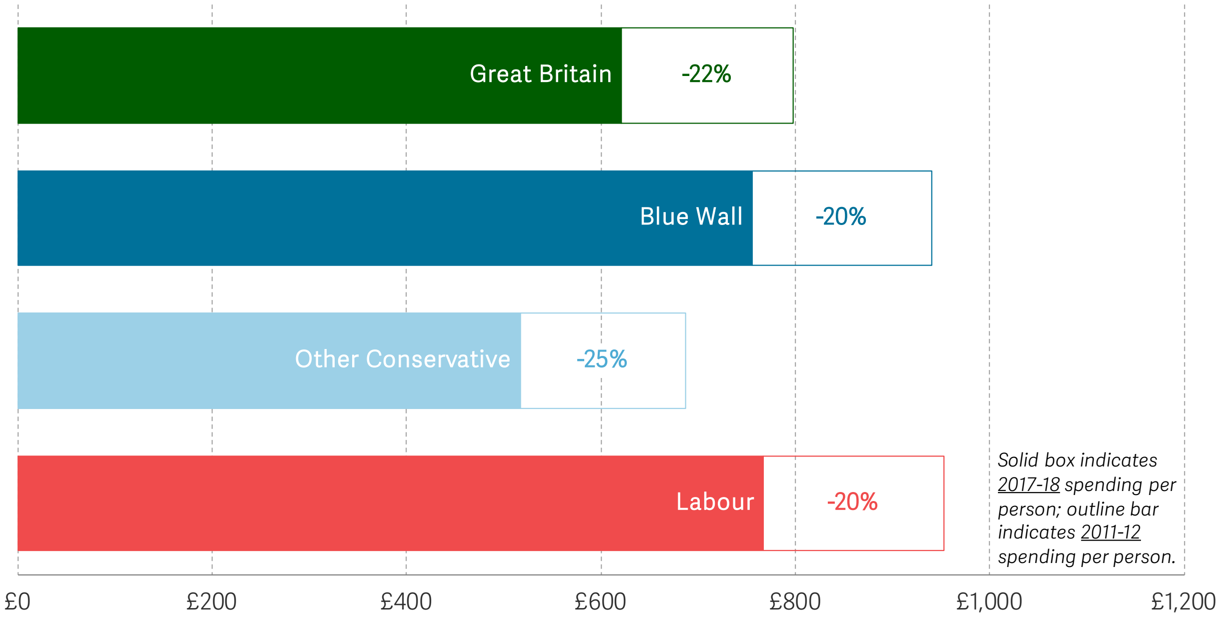
NOTES: Spending includes tax credits, Jobseeker's Allowance, Housing Benefit, Employment and Support Allowance, Incapacity Benefit, Severe Disablement Allowance, Disability Living Allowance, Personal Independence Payment, Income Support, Carer's Allowance and Bereavement Benefit. Universal Credit expenditure is not available at a local level. Tax credits are calculated as average award multiplied by number of receiving families. All figures calculated as spending per working-age person (aged 16-64) in each geographical area. Housing Benefit includes awards to pensioners, however.
SOURCE: RF analysis of HMRC, Tax credit statistics; DWP, Benefit expenditure statistics; ONS, Annual Population Survey

Over time, this welfare spending has fallen in real terms – by 11 per cent across Great Britain since 2011-12. Within this, the Blue Wall has experienced the smallest spending reduction of 8 per cent, whereas other Conservative areas and Labour areas have experienced spending declines of 10 and 12 per cent, respectively. This proportionally lower fall in Blue Wall spending means the gap compared to other Conservative areas has increased.

Digging deeper, Figure 33 shows that falls in tax credits spending have been a key driver of the overall fall in welfare spending, driven by a number of different policy changes and economic effects. In this case, spending in the Blue Wall has fallen in line with the fall across the country as a whole, and other Conservative areas have experienced a larger relative fall in tax credits spending.

FIGURE 33: **In-work benefit spending on tax credits in the Blue Wall has fallen at a similar rate to Great Britain as a whole**

Real (CPIH-adjusted to 2018-19 prices) HMRC tax credits spending per working-age person, by political geography: GB, 2011-12 to 2017-18



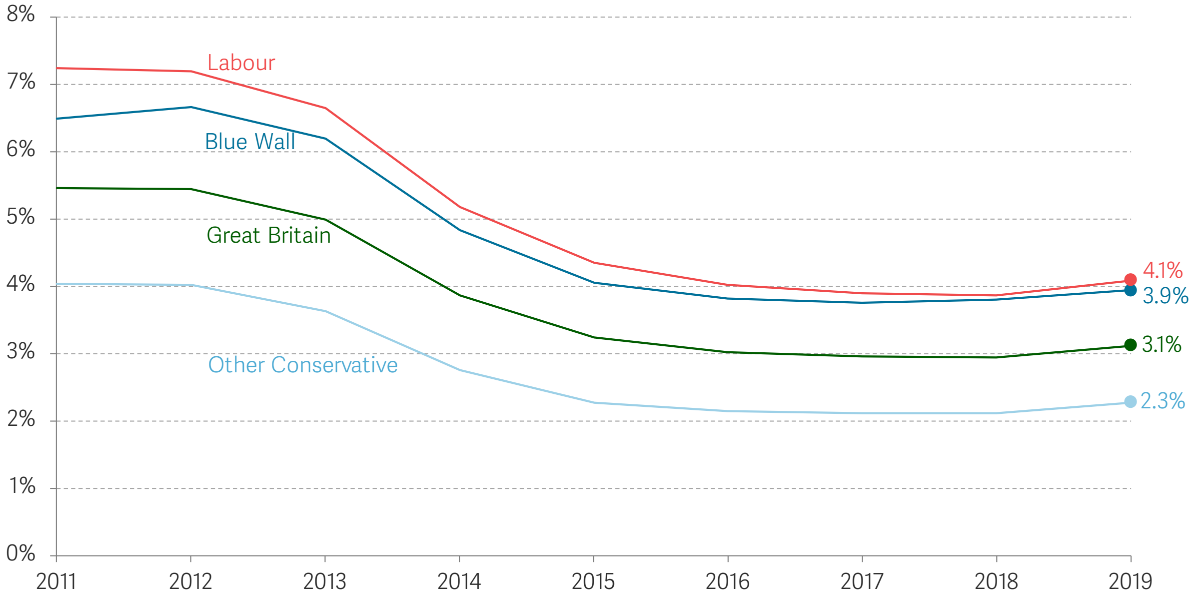
NOTES: Tax credits spending is calculated as average award multiplied by number of receiving families. Figures calculated as spending per working-age person (aged 16-64) in each geographical area.
SOURCE: RF analysis of HMRC, Tax credits statistics; ONS, Annual Population Survey

In terms of health and disability-related spending, which has gone up instead of down, the Blue Wall has experienced an increase of 18 per cent since 2011-12, compared to 19 per cent in other Conservative areas, and just 9 per cent in Labour areas.

Finally, as unemployment has fallen across the country the alternative claimant count rate (which accounts for the roll-out effect of Universal Credit) has fallen by just over a third since 2013 in each of the three main political geographies we analyse. However, the current claimant rate in the Blue Wall (3.9 per cent) is much closer to the figure of 4.1 per cent in Labour areas than the 2.3 per cent figure in other Conservative areas.

FIGURE 34: **Unemployment-related claimant rates have fallen across the country, but the Blue Wall has not improved as much as Labour constituencies**

Alternative Claimant Count rate across political geographies: GB



NOTES: Figures are not seasonally adjusted, and refer to August in each year. The Alternative Claimant Count rate is calculated as the alternative claimant count divided by the 16-64 year old population for years 2013 through 2019. 2018 population figures used as a 2019 estimate. Figures for 2011 and 2012 have been derived using the absolute change in Claimant Count data to extrapolate the Alternative Claimant Count backwards for these years.
SOURCE: RF analysis of DWP, Alternative Claimant Count; DWP, Claimant Count; ONS, Mid-Year Population Estimates

Although the Blue Wall has experienced reductions in welfare spending in a range of areas, these reductions have been less rapid than elsewhere, meaning that welfare spending has risen in the Blue Wall relative to the rest of the country. This reflects our analysis of the Blue Wall labour market in Section 3. Collectively, all of these changes have the effect of increasing the importance of working-age welfare spending in the Blue Wall relative to the rest of Great Britain, and so mean that the Blue Wall has become increasingly exposed to the welfare cuts that have borne down on families in recent years.[30]

Low housing costs and lower wages mean more Blue Wall households will be worse off under Universal Credit compared to the rest of the country

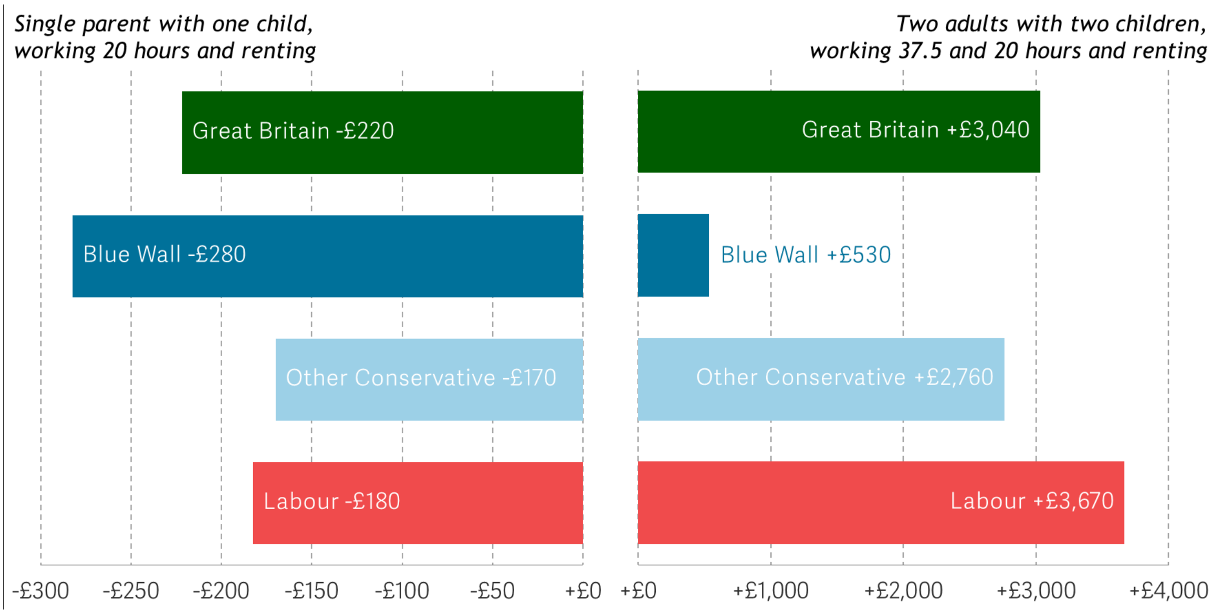
Universal Credit is the most extensive welfare reform for a generation. We have discussed the impact it will have extensively in previous reports – most recently looking at the

30 For details, see: L Gardiner, The shifting shape of social security: Charting the changing size and shape of the British welfare system, Resolution Foundation, November 2019

Liverpool City Region.[31] An inevitable outcome of a reform of UC's scale and complexity is that, with the system not becoming more generous overall, winners and losers (in terms of incomes under UC in comparison to the legacy system) are unavoidable. Based on case studies of example families, Figure 35 shows, for example, that some single parents will be worse off under UC compared to legacy benefits. This outcome does, however, depend on the example we pick, in terms of whether the parent is under 25, and exactly how many hours they are working.[32]

FIGURE 35: **Blue Wall claimants gain less and are left worse off under UC relative to legacy benefits, compared to other areas**

Change in annual family income after housing costs as a result of the switch to UC from legacy benefits, for example renting families across political geographies: 2019-20



NOTES: This analysis assumes that UC is fully rolled out, as are cuts to support for families across the UC and legacy systems (the removal of the family element and limiting support to two children). Single parent aged under 25. Housing costs for two-bedroom accommodation in private rental sector assumed to be £85 per week in Blue Wall, £130 in other Conservative areas, £147 in Labour areas, and £134 across Great Britain. Calculated in line with Local Housing Allowance rates and Resolution Foundation private rents data series. Wage rates calculated as population weighted averages at the 25th percentile based on the latest Annual Survey of Hours and Earnings.
SOURCE: RF analysis using the RF microsimulation model; ONS, Annual Survey of Hours and Earnings; Resolution Foundation private rents data series

Putting this overall picture to one side, Figure 35 also shows that because of somewhat lower wages, alongside much lower housing costs, in the Blue Wall, our single parent example living there will be worse off by £280 per year from the switch to UC, compared to just £170 per year worse off in other Conservative areas. Conversely, UC is more

31 See: L Gardiner & D Finch, The long and winding road: The introduction and impact of Universal Credit in Liverpool City Region and the UK, Resolution Foundation, January 2020
32 For example, at 18 hours per week a young single parent will be worse off under UC, but if they are working 10 or 25 hours, they will actually be better off.

generous than the legacy system to dual-earning working households with children. However, again the effect of average wages and housing costs means that in the Blue Wall such a family will only be £530 better off, compared to a £2,760 annual gain for those living in other Conservative areas.

Although these findings only represent two example families, they are in line with our findings from previous research, which showed that lower housing costs are associated with more families losing out from the switch to UC.[33] Further, Table 1, which is based on more comprehensive modelling of all benefit recipients, shows that there are fewer winners and more losers from the switch to UC in UK regions covering the Blue Wall.

TABLE 1: **Proportion of benefit-recipient families that gain and lose from the switch to UC, compared to the legacy benefits system, by region: 2015-18**

	Losers	No change	Gainers
The North, Midlands and Wales	48%	16%	37%
The South and East	41%	15%	44%
United Kingdom	46%	15%	39%

NOTES: Modelling is based on the population in 2015-18, but assuming that the UC system is fully in place. Modelling is on a take-up basis, accounting for higher benefit take-up in the UC system than in the legacy system. The population captured within this analysis includes families receiving either UC or legacy benefits (or both). Gains and losses less than £1 per week are excluded. The South and East includes: London, the South East, and the East.
SOURCE: RF analysis of DWP, Family Resources Survey; ONS, Quarterly Labour Force Survey, using the IPPR tax-benefit model

The drivers of this UC picture in the Blue Wall are to some extent unintentional – there are good reasons why the system is shifting towards providing relatively more support to people with high rents. But combined with the Blue Wall's relatively high exposure to benefit cuts, the clear conclusion is that the Blue Wall presents a very different welfare environment to that in other Conservative areas.

Having assessed various components of living standards individually, in the following section we look at summary measures of incomes, as well as poverty and inequality.

33 L Gardiner, The shifting shape of social security: Charting the changing size and shape of the British welfare system, Resolution Foundation, November 2019

Section 6

Incomes and inequality

The previous sections have looked at the various component parts of living standards. In this section we bring these together, focusing on overall incomes and inequality. As with our findings in relation to the labour market, Blue Wall poor based on incomes, but not the poorest. Blue Wall constituencies have the same typical household incomes as Labour seats (£24,400) and lower incomes than other Conservative seats (£25,500). But this partly reflects the North-South divide. Within the North, Midlands and Wales, Blue Wall seats are better off than Labour seats, where typical incomes are just £22,400.

We find that Blue Wall seats are less deprived than Labour seats, but have become relatively more so over the past decade. We also explore alternative ways of thinking about income inequality between and within areas, finding that measures of spatial segregation are more pronounced in Blue Wall seats than a classic focus on inequality between households as measured by the Gini coefficient.

Incomes in Blue Wall seats are below those in Conservative seats and the national average, and more like those in Labour seats

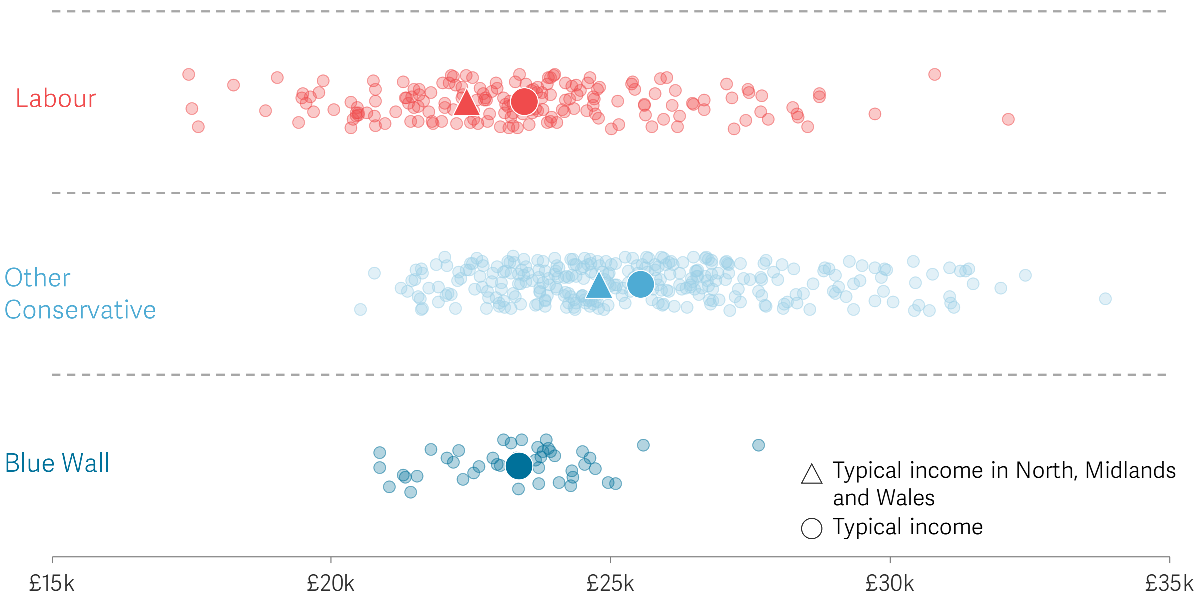
We know that income levels differ hugely across the country.[34] Figure 36 shows the distribution of typical incomes across the three political geographies we focus on in 2016.[35] It highlights that typical household incomes in Blue Wall seats are below the average in other Conservative seats and much more similar to Labour seats. Median income in other Conservative seats was roughly £25,500, compared to £23,400 in Blue Wall and Labour seats, and £24,700 at the English average.

34 A Corlett et al., The Living Standards Audit 2019, Resolution Foundation, July 2019

35 This 'before housing costs' (BHC) income data does not yet have the status of an 'official statistic' under the Statistics and Registration Service Act 2007. It does, however, provide valuable new insights into the extent to which incomes differ across small geographies, which cannot be determined from looking at national or even regional figures. However, the caveat to this data is that it excludes self-assessed income.

FIGURE 36: **Incomes in the Blue Wall are at the bottom end of the Conservative income distribution**

Median net equivalised household Pay as You Earn (PAYE) and benefits income across constituencies, by political geography: England, 2016



NOTES: This analysis uses a best fit lookup from LSOA to electoral ward, and then approximately maps to constituencies – see Box 1 in Section 2 for details.
SOURCE: RF analysis of ONS, Pay as you Earn and benefits income data by LSOA

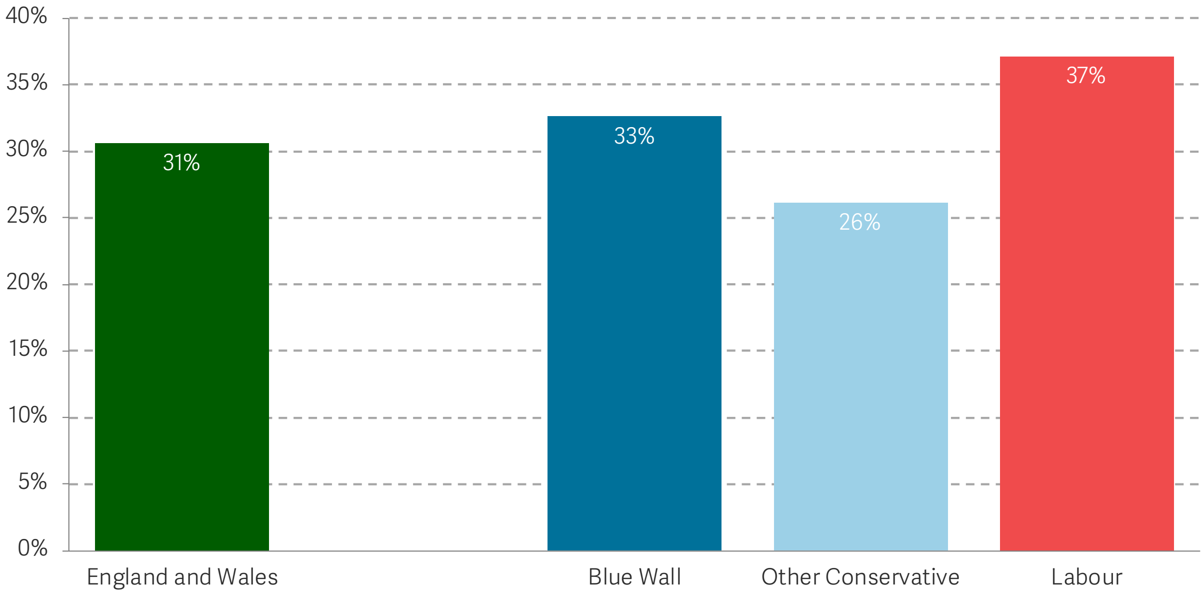
So, Blue Wall seats are poor when compared to other Conservative seats or the national average. But what happens when we remove London and the South from Labour and other Conservative areas? For Labour seats, this drags the average income down to almost £200 below the average income in the Blue Wall. Incomes in other Conservative seats remain much higher than in the Blue Wall even when restricting our analysis to these regions, however. So within regions, the Blue Wall is poor but not as poor as regionally comparable Labour seats, and there are big gaps between North and South. This reflects the fact that the broader level of geographic inequality in incomes across the 12 regions and nations of the UK is far too high, as our previous work has shown.[36]

In addition to income levels across our different political geographies, levels of poverty deserve particular attention. As we have highlighted in previous sections, a higher claimant count and lower wages in the Blue Wall means more children in low-income households, and greater exposure to changes in benefit rates. More broadly we know that, after a period in which it fell, child poverty in the UK shows signs of rising whether measured in 'relative' or 'absolute' terms or before or after housing costs.[37] As Figure 37 shows, there are higher rates of after-housing-costs child poverty in Blue Wall seats than in other Conservative seats or across the country as a whole.

36 See: S Clarke, Mapping gaps: Geographic inequality in productivity and living standards, Resolution Foundation, July 2019 for a fuller discussion of changes in regional inequality.
37 See: J Stone & D Hirsch, Local indicators of child poverty, 2017/18: Summary of estimates of child poverty in small areas of Great Britain, Loughborough University, May 2019

FIGURE 37: **Blue Wall seats are more similar to Labour than other Conservative seats on relative child poverty rates**

Child poverty rates (after housing costs) by political geography: England & Wales, 2017-18



NOTES: Analysis is based on data for constituencies.
SOURCE: RF analysis of J Stone, F Azpitarte & D Hirsch, Local indicators of child poverty, Loughborough University, Centre for Research in Social Policy, May 2019

After-housing-costs child poverty estimates tend to be highest in large cities, particularly London, Birmingham and Greater Manchester, which explains the high child poverty rates in Labour seats compared to the rest of the country. Before taking account of housing costs, the highest child poverty rates are found in Northern and Midlands cities, with Stoke-on-Trent Central (in the Blue Wall) among the top 20 parliamentary constituencies with the highest levels of child poverty before housing costs.

The Blue Wall seats are less deprived than Labour seats today, but have become relatively more deprived over the 2010s

The role of relative deprivation in determining whether constituencies return a Labour or Conservative candidate has declined, although it is far from eliminated. So it is unsurprising that the most deprived parts of the country – measured by the Index of Multiple Deprivation (IMD)[38] - tend to be Labour seats, while the least deprived tend to return Conservative candidates.

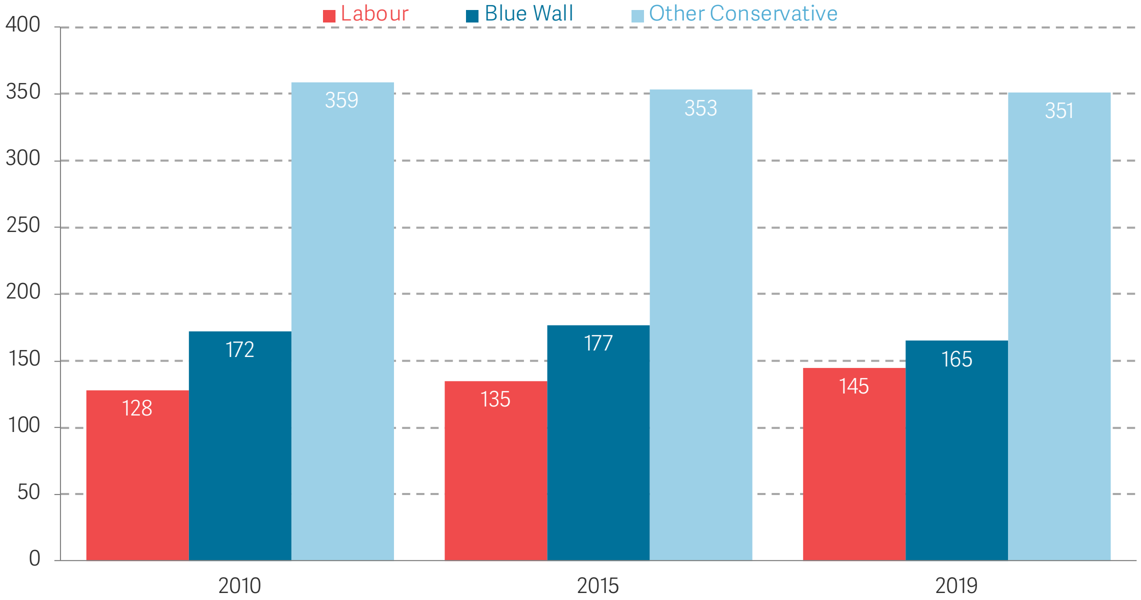
This shifted to some extent following the 2019 General Election. Before the election, 17 Conservative seats were among the most deprived 25 per cent of English constituencies, but since the election this number has doubled. All but eight of the Blue Wall seats in England are in the most deprived half of constituencies.

38 It is important to note that when referencing deprivation, we refer to relative deprivation.

Figure 38 shows average IMD ranks across the political geographies we focus on during 2010-19. Over the 2010s Labour seats have become less deprived (albeit from a lower base) with the Blue Wall and the rest of the Conservative seats going in the opposite direction. Almost seven-in-ten (31 of the 44)[39] Blue Wall seats have become more deprived since 2010. Poor employment growth and reliance on benefits in Blue Wall constituencies helps explain increased rates of deprivation across this political geography.

FIGURE 38: **Blue Wall seats are more deprived than other Conservative seats, and have become relatively more deprived over the last decade**

Average Index of Multiple Deprivation rank for each political geography (higher rank = lower deprivation): England, 2019



SOURCE: RF analysis of MHCLG, English indices of deprivation 2019

What's really going in here is that the Conservatives have come to represent more Northern seats, with the average seat in the North West or North East among the 30 per cent most deprived local areas across England. Blue Wall constituencies lie in the middle of this Northern distribution of relative deprivation.

39 The data isn't available outside of England, so Welsh constituencies are excluded.

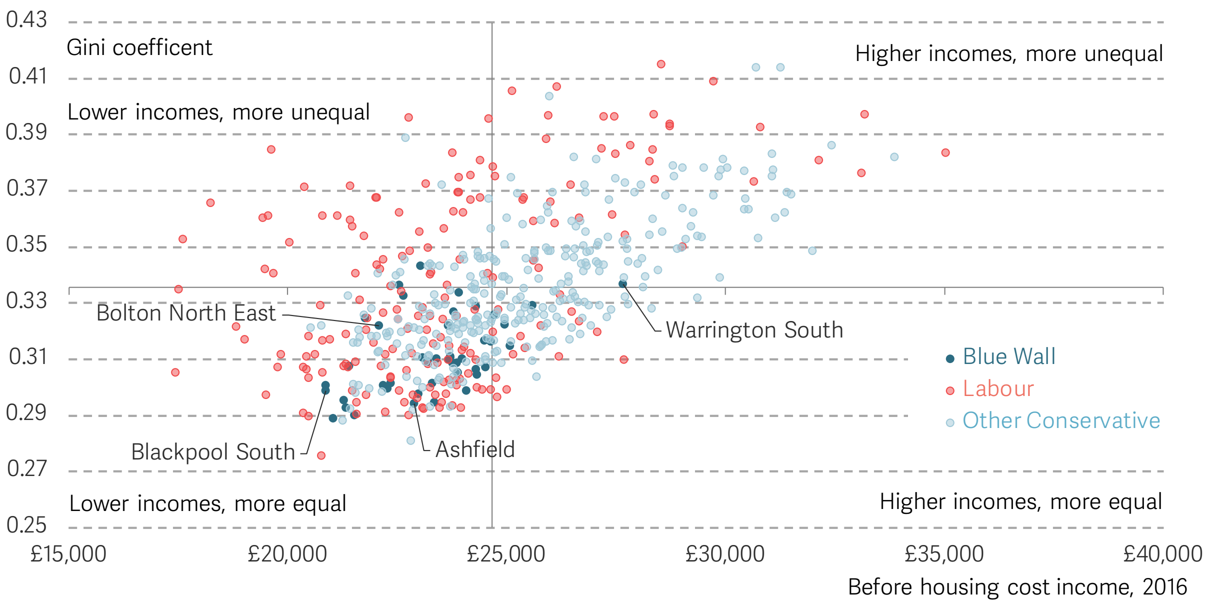
There are also important differences within the areas that make up the Blue Wall. In Blackpool South and Great Grimsby, almost half of all neighbourhoods are among the most deprived in England, while in places like Penistone and Stocksbridge (in the peripheries of Barnsley and Sheffield) and Gedling (part of the wider Nottingham area) only 3 to 4 per cent of neighbourhoods are highly deprived. On this basis, we now turn to a more explicit focus on within-area inequality.

Some of the poorest constituencies also have the most equality between households, but geographic segregation within poorer constituencies is more marked

The picture set out above points to the Blue Wall as being a geography in which relative deprivation has grown over the past decade, and where incomes are below those in Conservative areas, and national averages. But there are other ways to think about economic gaps, particularly within local areas. Figure 39 shows that across the country, some of the poorest places are also the most equal: the areas in the bottom left-hand quadrant have lower levels of income and lower Ginis than the English average. The Blue Wall as a whole has a lower average Gini coefficient (0.32) than either the other Conservative seats or Labour seats (both 0.34).

FIGURE 39: **Higher-income constituencies tend to be more unequal**

Median net equivalised household Pay as You Earn (PAYE) and benefits income compared to Gini coefficient across constituencies: England, 2016

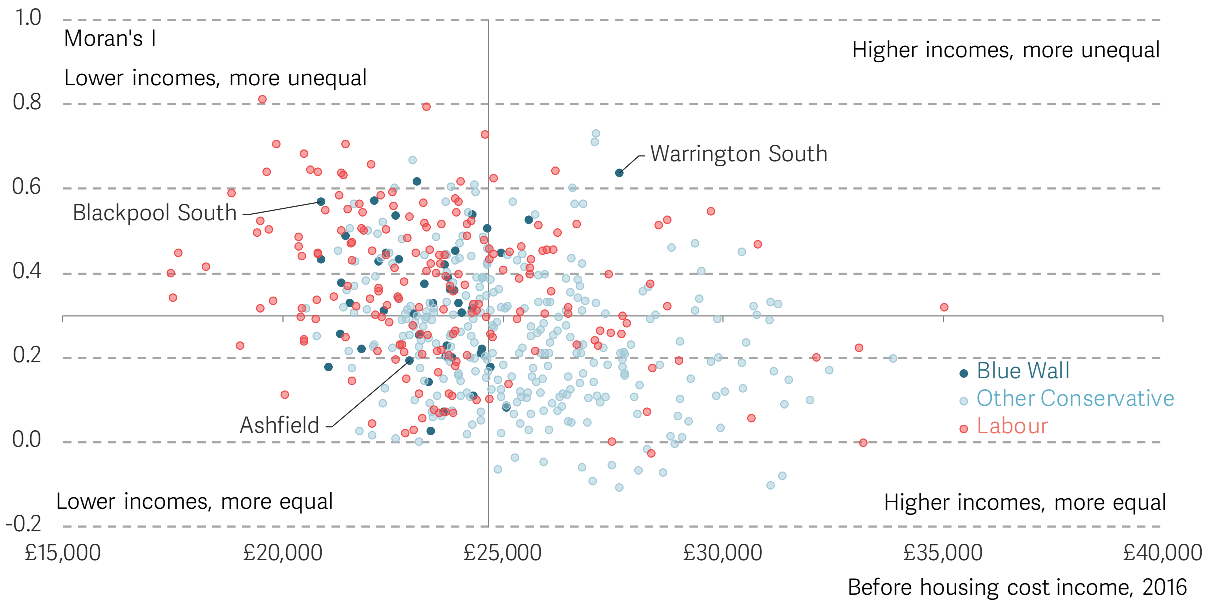


SOURCE: RF analysis of A Rae & E Nyanzu, An English Atlas of Inequality, University of Sheffield, November 2019; ONS, Pay as you Earn and benefits income data by LSOA

Adopting a more explicit geographical metric of income inequality provides a different perspective. The Gini coefficient focuses on the distribution of incomes across households, and fails to adopt a spatial notion of inequality. Figure 40 plots before-housing-costs incomes against Moran's I - an index of spatial correlation.[40] It provides a means to understand the extent to which rich and poor areas are spatially separated, with a value of 1 indicating that rich and poor areas are completely separated. Previous studies have shown that economic deprivation within England is quite highly clustered.[41] Using data from Rae and Nyanzu's English Atlas of Inequality, we can see that this varies considerably by local area.

FIGURE 40: **A more spatial definition of inequality results in higher levels of economic separation in Blue Wall constituencies**

Median net equivalised household Pay as You Earn (PAYE) and benefits income compared to Moran's I statistic across constituencies: England, 2016/2019



NOTES: Income data refers to 2016; Moran's I data refers to 2019.
SOURCE: RF analysis of A Rae & E Nyanzu, An English Atlas of Inequality, University of Sheffield, November 2019; ONS, Pay as you Earn and benefits income data by LSOA

The shift from the Gini coefficient, which has no spatial dimension, to a geographic measure of inequality dramatically changes how we think about income inequality within the Blue Wall, and across the Blue Wall and other areas. The average index of spatial inequality (Moran's I) is higher in Blue Wall seats (0.34) than in other Conservative seats (0.25) but not as high as it is in Labour seats (0.38). Warrington South (part of the

40 This is similar to a standard correlation coefficient in that it ranges from -1 to 1. -1 refers to a very mixed area with rich and poor areas laid out like a chess board. 1 refers to a situation where rich and poor areas are completely segregated. A value of 0 would indicate that there is no geographic clustering. For more information see Rae and Nyanzu's technical report: A Rae & E Nyanzu, An English Atlas of Inequality: Technical Report, University of Sheffield, November 2019

41 A Rae, Spatially concentrated deprivation in England: An empirical assessment, Regional Studies 46(9), 2012

wider Liverpool area) and Keighley (part of the metro area of Bradford) have some of the highest levels of geographic inequality in the Blue Wall. Combined with higher levels of geographic inequality in Labour seats, it appears that geographic segregation is common in urban areas.

With this overall perspective on living standards, inequality and poverty across different political geographies established, the final section turns to some brief conclusions from our analysis for policy makers.

Section 7

Conclusion

Given its salience following the 2019 General Election in both political terms and in terms of underpinning the government's 'levelling up' agenda, this report shines a light on the demography, economy and living standards of the 'Blue Wall'. In particular, it aims to test whether assumptions sometimes made about these 50 seats across the North of England, the Midlands and Wales that switched from Labour to Conservative are correct.

Our conclusion is that in many respects, the economic and demographic situation of the Blue Wall is more nuanced than initial assumptions might suggest. The Blue Wall has below-average pay, earnings and incomes, but not as low as those in Labour constituencies within the North, Midlands and Wales. Far from an ongoing story of economic decline, our analysis points to 2010 as something of a turning point. Since then, the performance of employment, pay, the sectoral mix and house prices has been relatively weaker than in other areas.

Far from being older places that people are flocking out of, the Blue Wall is middle-aged, and is characterised by low population dynamism (whether to live or in terms of commutes for work) and slow population growth. More positively, higher home ownership than in Labour seats in the North, Midlands and Wales means that gross property wealth in the Blue Wall is higher and more broadly shared. Less positively, the Blue Wall is more exposed to recent benefit cuts than other Conservative seats, and its residents are more likely to lose out from the switch to Universal Credit.

What should policy makers conclude from these varied findings? We offer three brief thoughts.

First, on the basis of much lower living standards levels, this report provides a strong argument for 'levelling up', but for the North of England, the Midlands and Wales generally rather than the Blue Wall in particular. Comparing employment, pay and incomes within these regions puts the Blue Wall's experience in between that of other Conservative and Labour seats. This supports wider efforts to close the country's large North-South productivity divides, which are the backdrop to the Blue Wall's experience.

Second, there are grounds to consider the economic situation of the Blue Wall seats more specifically when it comes to its weaker performance over the course of the past decade. Reflecting on some of the factors underpinning this – slower growth in high-paid sectors and low commuting – some may notice a tension between the goal of growing opportunities within the Blue Wall itself, and that of connecting the Blue Wall's residents to more productive neighbouring cities. In practice, focus on this tension is unnecessary given that neither approach is currently being pursued and evidence suggests that virtuous circles can exist between the two. This entails moving beyond the national infrastructure focus that has centred on the links between core and peripheral urban areas. What this report highlights is the importance of more within-sub-region thinking: improving connectivity *within* wider urban areas and to the towns surrounding them should therefore be a priority, and has been shown to have beneficial impacts.[42] But of course this is more relevant in some parts of the Blue Wall than others, with a seat like Workington, for example, unlikely to benefit from better transport links into larger cities. The need for different policy answers in different places highlights the overlap between a levelling up agenda and a devolution one.

The same logic applies to improving skills within the areas of the North, Midlands and Wales that make up the Blue Wall from their particularly low starting point. Investment to do so would improve both the prospects for a higher-productivity sectoral mix within these economies themselves, as well as opening up opportunities for residents that might choose to travel to access high-productivity jobs nearby.[43]

Third, this report should prompt policy makers to think hard about the differential impacts of Universal Credit in different parts of the country. Despite the drivers of these differences being unintentional – there are good reasons why the system is shifting towards providing relatively more support to people with high rents – too little consideration has been given to how much strain these differential effects will be putting on UC's implementation in particular places. And these impacts will be harder to bear in the Blue Wall given that it has been somewhat more exposed to welfare cuts still being rolled out across both the legacy system and UC. Ongoing pressure from welfare reforms concentrated in certain parts of the country calls into question the extent to which it will feel like austerity has ended and levelling up is happening.

The new government is driving forward on these agendas in the upcoming Budget and beyond, and the sights of both main parties are set on how the Blue Wall can be held onto or won back in future. This means a firm grounding in the living standards,

42 P Chiambaretto, A de Palma & S Proost, The impact of interregional and intraregional transportation costs on industrial location and efficient transport policies, The French National Centre for Scientific Research, 2011

43 Previous analysis has shown the importance of factoring in local considerations in terms of parts of the country that have a 'low skills equilibrium', with low skills demand from employers and low supply of high skills. See: F Froy, Global policy developments towards industrial policy and skills: skills for competitiveness and growth, Oxford Review of Economic Policy 29(2), November 2013

demography and economics of the places in question will remain essential in the months and years to come. This report aims to provide just such a grounding, that policy makers will want to supplement with wider inputs – not least by listening to what people living in different parts of the country actually want.

The Resolution Foundation is an independent research and policy organisation. Our goal is to improve the lives of people with low to middle incomes by delivering change in areas where they are currently disadvantaged.

We do this by undertaking research and analysis to understand the challenges facing people on a low to middle income, developing practical and effective policy proposals; and engaging with policy makers and stakeholders to influence decision-making and bring about change.

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