

**New Deal for Disabled People:
LOCAL LABOUR MARKET STUDIES**

In-house report 79

**Anne Green with David Owen
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**New Deal for Disabled People:
LOCAL LABOUR MARKET STUDIES**

**A quantitative study carried out on behalf of the
Department for Work and Pensions**

By

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GLOSSARY

AES	Annual Employment Survey – contains workplace-based information on employees
BAD	Benefit Agency District
crude birth rate	number of births in every 1000 of the population
crude death rate	number of deaths in every 1000 of the population
disabled	those with a current long-term disability or health problem
DSS	Department of Social Security
economic activity rate	the percentage of the population in a specified sub-group who are economically active
economically active	the employed plus the unemployed
economically inactive	those who are neither employed nor unemployed
employed	employees, the self-employed and those on government education and training schemes
employment rate	the percentage of the population in a specified sub-group who are in employment
ES	Employment Service
general fertility rate	number of live births per 1000 women of childbearing age (i.e. age 15-44 years)
ILO unemployed	those actively searching and available for work
inactivity rate	the percentage of the population in a specified sub-group who are economically inactive
infant mortality rate	number of babies dying at under 12 months per 1000 live births
JUVOS claimant count	count of the claimant unemployed; (it is the by-product of an administrative system and does not include those ‘unemployed’ ineligible to claim benefits)
LFS	Labour Force Survey
NDDP	New Deal for Disabled People
NES	New Earnings Survey
SEG	socio-economic group
SIC	Standard Industrial Classification
SOC	Standard Occupational Classification
social rented sector	those renting from a local authority or new town, from Scottish Homes or from a housing association
standardised mortality ratio	ratio between the actual number of deaths in a given year and the hypothetical number of deaths that would occur in a given year if mortality in each age group matched the national average
Tranche 1 pilot areas	these are the six areas in which the New Deal for Disabled People was administered by the Employment Service in September 1998; (these areas are sometimes referred to in other reports as ‘Employment Service areas’)

Tranche 2 pilot areas	these are the six areas in which administration of the New Deal for Disabled People was contracted to private, public and voluntary sector partnerships in April 1999; (these areas are sometimes referred to in other reports as ‘Contract areas’)
TTWA	Travel-To-Work Area
unemployment rate	unemployed as a percentage of the economically active
unemployment/vacancy ratio	calculated as the claimant unemployed divided by the number of unfilled vacancies multiplied by three
vital statistics	births and deaths
working age	males aged 16-64 years and females aged 16-59 years
workplace	the place at which an individual works (some data sets are ‘workplace-based’, as opposed to ‘residence-based’ [i.e. where an individual lives])

SUMMARY

Rationale

- This study is concerned with synthesising information from a wide range of statistical sources to provide a comparative overview of the socio-demographic and labour market characteristics of the twelve pilot areas. The aim is to provide a description and limited assessment of the context in which the New Deal for Disabled People (NDDP) operated.

Introduction

- The New Deal for Disabled People, a programme to assist those people with an impairment or health condition who want to work to do so, was piloted in twelve Benefit Agency Districts (BADs), distributed across Great Britain. These pilot areas were matched with another twelve control areas, again defined in terms of BADs (details are provided in Chapter 1 and Appendix 2).
- The pilot areas, which form the focus for this report, were divided into two tranches (the tranche 1 areas are otherwise referred to as ‘Employment Service areas’ and the tranche 2 areas are otherwise referred to as ‘Contract areas’) and were classified into three groups according to incapacity and unemployment as follows;

<i>5 high unemployment/incapacity areas:</i>	Sandwell (tranche 1) Lanarkshire (tranche 1) Eastern Valleys (tranche 1) Newham (tranche 2) South Tyneside (tranche 2)
<i>4 medium unemployment/incapacity areas:</i>	Bolton (tranche 1) Central Sussex (tranche 1) Mercia East (tranche 2) South Devon (tranche 2)
<i>3 low unemployment/incapacity areas:</i>	Bristol East and Bath (tranche 1) Bedfordshire (tranche 2) North Yorkshire (tranche 2)

- They were further classified according to urban and rural character, as follows;

<i>2 “inner city” areas</i>	Sandwell (tranche 1) Newham (tranche 2)
<i>4 “urban” areas:</i>	Bolton (tranche 1) Bristol East and Bath (tranche 1) South Tyneside (tranche 2) South Devon (tranche 2)
<i>3 “mixed” areas:</i>	Lanarkshire (tranche 1) Central Sussex (tranche 1) Bedfordshire (tranche 2)
<i>3 “rural” areas:</i>	Eastern Valleys (tranche 1) Mercia East (tranche 2) North Yorkshire (tranche 2)

- This report concentrates on the characteristics of the pilot areas. Pen portraits of the twelve local areas are contained in Chapter 2.
- In this report statistics have been compiled for postcode aggregations, and also for ‘best-fit’ County/Unitary Authority/Local Authority District definitions of Benefit Agency Districts. Information is presented in Chapter 1 on which geographical area frameworks were used in generating data on particular topics.

The pilot areas

- Pen portraits of the twelve local areas are contained in Chapter 2.
- *Sandwell*, in the West Midlands, has an industrial base that rests to a greater extent on manufacturing than the national average, and an associated marked concentration of employment in manual occupations. Unemployment rates have been consistently greater than the national average.
- *Lanarkshire* covers a number of towns and cities to the south and south-west of Glasgow. In the past the employment structure rested heavily on manufacturing and manual occupations. Inactivity rates, unemployment rates and the prevalence of limiting long-term illness are higher than average.
- *Eastern Valleys* covers the eastern part of the South Wales Valleys. The most distinctive features of this local area are the much higher than average inactivity rates and a high incidence of limiting long-term illness. Manufacturing and public services account for a greater proportion of employment than across Great Britain as a whole.
- *Bolton*, a major urban centre in the Greater Manchester conurbation, has an industrial structure weighted more towards manufacturing industry and manual occupations than the national average. Female economic activity rates are higher than average, while male economic activity rates are lower than average.
- *Central Sussex*, centred on Brighton, records one of the highest unemployment rates in southern England outside London. The area has an older than average age profile, and an industrial structure dominated by services.
- *Bristol East and Bath* is characterised by lower than average unemployment and inactivity rates, and on virtually all socio-economic indicators examined performs more favourably than the national average. The service sector dominates the local economy, with a particular specialisation in financial and other producer services.
- *Newham*, in the eastern part of Inner London, is characterised by high unemployment. It has a large ethnic minority population with a youthful age profile. Economic activity rates are lower than average. Service industries dominate, and there are higher shares of employment in lower level occupations than nationally.
- *South Tyneside* is a long-standing high unemployment area, also characterised by higher than average inactivity and limiting long-term illness rates. The occupational profile is biased towards semi-skilled, unskilled and skilled manual occupations.
- *Mercia East* is a predominantly rural area in eastern England, bordering the Wash. Relative to other local areas, Mercia East is characterised by a greater degree of seasonal employment opportunities – in tourism and agriculture, and this is also reflected in unemployment trends. Producer services are under-represented relative to the national average.

- *South Devon* is a typical resort and seaside area, with an older than average age profile, and slightly higher than average unemployment and inactivity rates. Tourism is an important element in the local economy.
- *Bedfordshire* has a younger than average age profile, and is characterised by lower than average unemployment and inactivity rates. The incidence of limiting long-term illness is lower than nationally. The proportion of employment in managerial and professional occupations is greater than average.
- *North Yorkshire* emerges as a relatively prosperous area across a range of socio-economic indicators. Economic activity and employment rates are above average, and unemployment rates have been consistently lower than the national average. Services and primary industries dominate the employment structure.

Socio-demographic characteristics

- Key demographic and socio-economic characteristics from the 1991 Census of Population are presented in Part 2 of the report.
- There was little variation in age structure between the pilot areas. Newham had the youngest age structure while Central Sussex and Mercia East areas contained the highest percentages of older people.
- Four pilot areas had higher shares of their residents from non-white ethnic groups than in Great Britain as a whole: Newham, Sandwell (both inner city and high unemployment/incapacity areas), Bedfordshire (a mixed low unemployment/incapacity area), and Bolton (an urban medium unemployment/incapacity area). The percentage of the population from ethnic minorities was much lower in rural and mixed areas than in urban and inner city areas, this percentage being highest by far in inner city areas.
- In aggregate car ownership levels differed substantially between more urban and less urbanised areas. About a half of all households in Newham and South Tyneside and two-fifths of those in Lanarkshire and Sandwell (all high unemployment/incapacity areas) had no car in 1991. Rates of car ownership were highest in the coastal and more rural areas (though this might also reflect the much poorer quality of public transport in such areas).
- The percentage of households in owner-occupied accommodation was greatest (over 70 per cent) in Bristol East and Bath, Central Sussex, Bedfordshire, North Yorkshire, South Devon and Mercia East, all areas of medium/low unemployment/incapacity. Only half of households in Newham and two-fifths of those in Lanarkshire owned their own homes. Social renting was most common in Lanarkshire, South Tyneside, Newham and Sandwell, and least common in the least urban and coastal areas, with lower rates of unemployment/incapacity.
- Variations in social class composition were identified through comparing the percentages of households headed by persons with managerial & professional jobs and the percentage headed by people with semi- or unskilled jobs. Considerable differences in socio-economic profiles between pilot areas were revealed. Less than a quarter of household heads were managers and professionals in Sandwell, compared with 45 per cent in Central Sussex. Rural and low unemployment areas generally tended to have high percentages of household heads from these high status occupations. In contrast, more than a fifth of household heads had semi- or unskilled jobs in the Eastern Valleys, Newham, Sandwell, Lanarkshire, Mercia East and South Tyneside.

Illness and health

- The report draws upon information from the 1991 Census of Population and Labour Force Survey to provide indicative information on the health of the population of pilot areas and the wider areas in which they are located.
- The percentage of the working age population suffering from a long-term limiting illness varied considerably between pilot areas. According to the 1991 Census of Population it was highest (at 16.5 per cent) in the Eastern Valleys, followed by other areas of long-standing unemployment and urban areas, such as Lanarkshire, South Tyneside, Bolton, Newham and Sandwell. By contrast, this percentage was lowest (below the Great Britain average) in Bedfordshire.
- The winter 1998/9 Labour Force Survey revealed that nearly 18 per cent of the population of working age in Britain was disabled. There were marked regional variations; nearly a quarter of the working age population of Wales, the North East, Merseyside and South Yorkshire were disabled, compared with only 15 per cent in Eastern and South East England. Similar patterns of regional variation were evident in the proportion of the working age population reporting work limiting health problems.
- The prevalence of health problems persistent enough to limit the kind of work an individual can do tends to increase with age. Around an eighth of people aged under 25 years suffered such problems, compared with more than a quarter of those aged over 45 years.
- The incidence of long-standing illness was highest in the Eastern Valleys area, affecting more than a quarter of all people of working age. In this area, the poor health of young people was particularly high. Rates of illness for those aged over 45 were particularly high in the larger metropolitan regions in which Lanarkshire and South Tyneside are located (i.e. in Strathclyde and Tyne & Wear). Illness rates for people of working age were lowest in coastal areas, in the Bristol region (i.e. Avon) and Inner London.
- About a third of all health problems were associated with limbs or backs and a further two-fifths were classified as cardiac, respiratory and stomach problems. There were no marked variations in the nature of health problems between local areas.
- Data on vital statistics (birth and death rates) are presented for the pilot areas in Section 5.2. Birth rates were highest in the Newham and Sandwell inner city pilot areas which were also areas of high unemployment/incapacity. Pilot areas characterised as rural, together with resort and coastal areas, had very low birth rates. The same pattern held for infant mortality rates.
- The standardised mortality ratio is often used as an indicator of the general health of an area. Standardised mortality rates in 1991 were highest for South Tyneside, Newham, Bolton and the Eastern Valleys, and lowest in Mercia East, Central Sussex and Bristol East and Bath pilot areas. Standardised Mortality Ratios tended to be higher for men than for women, especially in South Tyneside.

Economic position

- Information on indicators of economic activity and inactivity from the 1991 Census of Population and the Labour Force Survey (up to the winter 1999/2000 period) is presented in Chapter 6 of the report.

- In 1991, 87 per cent of men and 68 per cent of women of working age in Great Britain as a whole were economically active. Activity rates have been declining over time for men and increasing over time for women. Activity rates for women were lower than those for men in all economically active age groups.
- Above average male and female economic activity rates occurred in Bristol East and Bath, Central Sussex, Bedfordshire and North Yorkshire, all medium or low unemployment/incapacity areas in less urbanised settings. The lowest economic activity rates occurred in Eastern Valleys, Lanarkshire, Newham and South Tyneside.
- Labour Force Survey data for spring 1997 to winter 1999/2000 revealed that approximately 79 per cent of the working age population were economically active. Economic activity rates remained fairly constant over this period in most pilot areas, with the exception that economic activity rates increased in Central Sussex and Bristol East and Bath for both men and women, increased for men in Bolton and declined for men and women in Newham.
- There were substantial variations in the percentage economically inactive between pilot areas in 1991. Nearly two-fifths of men aged 45-64 in the Eastern Valleys were inactive, compared with around 30 per cent in Lanarkshire and South Tyneside and only 12 per cent in Bedfordshire.
- Economic inactivity rates also tended to be higher than average over the period from spring 1997 to winter 1999/2000 in the Eastern Valleys, Lanarkshire and Sandwell pilot areas. Inactivity rates were above average and increasing over time in Newham. The inactivity rate was below the national average in Bristol East and Bath and was declining over time in Central Sussex. North Yorkshire and Bedfordshire displayed the lowest inactivity rates.
- Employment rates in 1991 were generally higher for males (76 per cent) than females (63 per cent) for Great Britain as a whole and tended to be highest for 25 to 44 year olds. Employment rates were lowest in the high unemployment/incapacity pilot areas of Eastern Valleys, Lanarkshire, Newham and South Tyneside. Bedfordshire and Bristol East and Bath (both low unemployment/incapacity pilot areas) displayed the highest employment rates.
- Over the period from spring 1997 to winter 1999/2000, Bristol East and Bath, North Yorkshire, Bedfordshire and Mercia East recorded employment rates above the Great Britain average. Eastern Valleys, Lanarkshire, Sandwell, Newham (which had the lowest employment rate of all) and South Tyneside all displayed below average employment rates.
- Non-employment rates were higher than average in Newham, Eastern Valleys, Lanarkshire and South Tyneside and lowest in Bedfordshire, Bristol East and Bath and North Yorkshire.

Employment

- The 1991 Census of Population, the 1993 Census of Employment and the 1997 and 1998 Annual Employment Surveys (AES) are the main sources drawn upon to provide information on employment in section 7. Information from the former is presented for aggregations of postcode sectors, while data from the Census of Employment and AES is

presented for 'best-fit' Local Authority District definitions of Benefit Agency Districts. Some information from the Labour Force Survey is also presented.

- In 1991, Central Sussex, Bristol East and Bath, North Yorkshire and Bedfordshire had above average percentages of their employed residents in higher level non-manual occupations. The first two also displayed very low percentages of workers from manual occupations, but these workers were more common in Bedfordshire. In Sandwell, Lanarkshire, Eastern Valleys and Bolton the percentage of manual workers was above average and the percentage of higher level non-manual workers below average. The percentage of employed residents in clerical and secretarial occupations was particularly high in Newham, while the percentage of craft & skilled workers was particularly high in South Tyneside and Mercia East and the percentage of people working in personal and protective service occupations was particularly high in South Devon.
- Similar features were displayed in winter 1999/2000 (using Labour Force Survey data). Low unemployment/incapacity areas (e.g. Bristol East and Bath, Bedfordshire and North Yorkshire) displayed high proportions of employment in non-manual occupations, while in high unemployment/incapacity areas, the share of employment in skilled manual, plant & machine operative and other occupations was above average.
- In 1998, the four sectors accounting for the largest shares of employment were manufacturing, wholesale & retail trade, repair, etc, real estate, renting & business activities and health and social work. 55 per cent of all male employment was accounted for by the first three of these, with 70 per cent of primary, manufacturing, construction and distribution employees being male. Manufacturing was thus much less important for women, with health & social work the largest single sector of employment and education accounting for a further 11 per cent of female employees. Women made up 70 per cent of all employees in these two sectors.
- A high percentage of employees in the high unemployment/incapacity pilot areas (notably in Sandwell) worked in manufacturing industry, though the share of manufacturing in total employment was very low in Newham, and also lower than nationally in Central Sussex and Bristol East and Bath.
- The percentage employed in wholesaling & retailing varied little across pilot areas, but was greatest in Bolton, Mercia East and Bedfordshire and least in Eastern Valleys and Central Sussex.
- The percentage employed in real estate, renting & business activities was greatest in Bristol East and Bath, Bedfordshire and Central Sussex and least in the Eastern Valleys and Lanarkshire.
- The percentage of all employees working in health and social work was greatest in the Eastern Valleys, Central Sussex and South Devon and least in Bedfordshire and Sandwell.
- Bristol East and Bath emerged as distinctive from other pilot areas in the high percentage of employees working in producer services. Newham was distinctive in the very low representation of manufacturing and the high percentages working in transport & communications, financial intermediation and public services. Mercia East was distinctive in having a high percentage of employees working in agriculture. South Devon had a distinctively tourist-oriented employment structure. In Sandwell manufacturing remained a much more important source of employment than nationally.

- The growth in part-time employment (over 11 per cent) exceeded that in full-time employment (5 per cent) over the period from 1993 to 1997. Female employment increased slightly faster than male employment during this period. However, despite a continuing increase in employment between 1997 and 1998 the pattern of employment change was reversed with the greatest gains being recorded by full-time and by male employees.
- Between 1993 and 1997 total employment increased most rapidly in Mercia East, South Devon, Central Sussex and Bristol East and Bath. Full-time employment also increased fastest in these areas. Part-time employment increased most rapidly in Bristol East and Bath, followed by Mercia East and Sandwell. Male employment grew fastest in South Devon, Mercia East and Central Sussex and female employment grew fastest in Bristol East and Bath and Mercia East.
- Employment increased most slowly in Lanarkshire, South Tyneside, Bedfordshire and Newham between 1993 and 1997. Yet these areas, along with Central Sussex, recorded amongst the greatest relative gains in employees in the year from 1997 to 1998.
- There was relatively little variation in the size distribution of workplaces between pilot areas, although an urban-rural continuum is apparent, with proportionately fewer smaller workplaces in larger urban than in rural areas.

Unemployment

- The unemployment data presented in Chapter 8 draws mainly upon the JUVOS claimant count series, the Labour Force Survey and the 1991 Census of Population. The coverage of the unemployment count varies between the sources. The JUVOS claimant count is a by-product of an administrative system and hence coverage is subject to change in benefit regulations. A count of unemployed according to the ILO definition is available from the LFS, while the Census of Population adopts a self-enumeration approach.
- Pilot areas characterised as high unemployment/incapacity areas - Sandwell, Lanarkshire, Eastern Valleys, Newham and South Tyneside - displayed unemployment rates above the average for Great Britain in 1991 (and in more recent years). The unemployment rate in Newham was four times the Great Britain average. Bristol East and Bath, North Yorkshire, and Bedfordshire recorded unemployment rates well below the average.
- The number unemployed in Great Britain declined from 1.84 million to 1.10 million between January 1997 and April 2000, with the corresponding percentage unemployed falling from 6.6 per cent to 3.9 per cent.
- Unemployment rates were consistently above the Great Britain average in Lanarkshire, Eastern Valleys, Sandwell, Newham, South Tyneside, South Devon and Central Sussex and more than three times the average in Newham for much of this period. Unemployment rates were below the average for Great Britain in the more rural areas such as Mercia East, together with Bolton and Bristol East and Bath.
- Long(er)-term unemployment rates were presented for the period from January 1997 to April 2000. Over this period, the number unemployed for more than a year halved. The incidence of long(er)-term unemployment declined faster than the national average in Bristol East and Bath, North Yorkshire, Bedfordshire and Mercia East. However, the relative incidence of long(er)-term unemployment increased in Sandwell, Lanarkshire, the

Eastern Valleys, and South Tyneside. In Newham, the incidence of long(er)-term unemployment was three times the Great Britain average.

- The proportion of claimants leaving the JUVOS claimant count to employment and to incapacity benefit was examined over the period from January 1998 to April 2000 in each of the pilot areas.
- The percentages entering employment were consistently higher than the national average in Mercia East and North Yorkshire, while the percentage leaving the count for employment was consistently below average in Newham, Sandwell and Central Sussex. In most areas, the percentage leaving the register for employment increased slightly over this period.
- The proportions of leavers claiming incapacity benefit were greatest in Eastern Valleys, Lanarkshire, South Tyneside and Sandwell. The smallest proportions were recorded in North Yorkshire, Bedfordshire, Mercia East and Central Sussex.

Vacancies

- Chapter 9 presents information derived from administrative records on vacancies held by the Employment Service. The coverage of this source is partial, and is skewed towards less skilled and clerical & secretarial jobs. Growing concerns have been raised about the Employment Service vacancy series over the last year, and hence it is necessary to exercise caution in interpreting such statistics.
- Monthly trends in notified, unfilled and filled vacancies are presented for Great Britain for the period from January 1997 to December 1999, over which no clear trend was apparent. Most local areas follow the national trend.
- However, in Sandwell and Bolton there was a relatively lower level of unfilled vacancies than the national trend from Spring 1991 onwards. Central Sussex and Newham displayed more marked fluctuations than the national trend. Seasonal fluctuations in the level of unfilled vacancies were particularly great in Mercia East.
- In April 1999, 63 per cent of all notified vacancies were in the four SOC sub-major groups: other elementary occupations, personal service occupations, clerical occupations and other sales occupations.
- Similarly, four industries - distribution, hotels & restaurants, banking, finance, insurance, etc, public administration, education and health and manufacturing accounted for 80 per cent of notified vacancies at the same date.
- These industrial and occupational patterns of concentration were broadly repeated in each of the pilot areas.
- Above average shares of vacancies for industrial plant and machine operators, skilled engineering trades and skilled manual jobs generated by the manufacturing sector was characteristic of Sandwell, Lanarkshire, South Tyneside and Bolton.
- The percentage of manual jobs was also above average in Eastern Valleys, but here there was also a relatively high percentage of vacancies for personal service and some professional occupations. Public sector services comprised a higher than average share of all vacancies.

- Newham was distinctive in having a relatively large share of vacancies in semi-skilled manual occupations, protective service and secretarial occupations but a higher than average share of vacancies from banking, finance and insurance.
- Vacancies in personal service occupations and the distribution sector were more common than average in rural and resort areas, while vacancies for agricultural occupations were most common in Mercia East.
- The average period for which a vacancy remained unfilled fell slightly between April 1997 and April 1999. This reduction was most marked in Eastern Valleys and Central Sussex.
- Vacancies remained unfilled for longest in Lanarkshire, Eastern Valleys and Newham. Vacancy durations were shorter than average in Sandwell and South Tyneside.
- The ratio of the number unemployed to the number of unfilled vacancies over the period from January 1997 to April 1999 is presented for Great Britain and all 12 pilot areas in Appendix 12. The value of this ratio declined slightly over this period.
- The unemployment/vacancy ratio was generally above the national average in Lanarkshire, Eastern Valleys, Sandwell, Newham and South Tyneside.
- In contrast, the unemployment/vacancy ratio was consistently below the national average in Bristol East and Bath, North Yorkshire, Bedfordshire and Mercia East.

PART 1: THE LOCAL AREAS – GEOGRAPHICAL ISSUES

1. PURPOSE OF LOCAL LABOUR MARKET STUDIES AND THE GEOGRAPHICAL BASE

This chapter provides a brief introduction to the New Deal for Disabled People and the background to the local labour market studies provided in this report. In particular, it focuses on some of the technical issues involved in conducting local area studies.

1.1 Introduction to the New Deal for Disabled People

The New Deal for Disabled People (NDDP) Personal Adviser Service pilot began in six areas administered by the Employment Service in September 1998 and in another six areas under contract to private, public and voluntary sector partnerships in April 1999. It aims to assist people with an impairment or health condition who want to work to do so, to help those already in work to remain in employment, and to extend the range of services available to them.

Further details of the implementation and early operation of the pilot in areas administered by the Employment Service can be found in a DSS Report entitled *New Deal for Disabled People: Early Implementation*.¹ The development of the Personal Adviser Service is reported in *Evaluation of the New Deal for Disabled People Personal Adviser Service Pilot: Final Report*.² The design for the NDDP evaluation blends qualitative and quantitative research methods, and this is reported separately.³ There is also a separate survey report on the client group,⁴ providing a description of the population most likely to be affected by the extension of the NDDP pilot.

1.2 Background to the local labour market studies

The purpose of the local area studies was to provide comparative baseline and contextual information about the socio-demographic and labour market characteristics of the twelve pilot areas in which the NDDP operated. Hence the local area studies are intended to provide a descriptive backdrop to aid the interpretation of differential outcomes at the local level.⁵

The methodology involved construction and compilation of a range of labour market and other economic and socio-demographic indicators at local level from a range of statistical sources. The sources included the:

- 1991 Census of Population – providing the most up-to-date information at small area level at the time of writing,
- the Labour Force Survey – providing information on various aspects of socio-economic structure at local authority district, county, regional and national levels,

¹ Arthur, S. *et al.* (1999). *New Deal for Disabled People: Early Implementation*. DSS Report 106. London: DSS.

² Loumidis J.M. *et al.* (2001). *Evaluation of the New Deal for Disabled People Personal Adviser Service Pilot: Final Report*. Report to DSS.

³ Lessof, C. *et al.* (2001).

⁴ Loumidis J.M. *et al.* (2001). *National Survey of Incapacity Benefits Claimants*. Report to DSS.

⁵ Similar information has been produced for the twelve control areas, but it is not reported in detail here in the main body of the text. Some statistical information on pilot and control areas is presented in tables in the Appendices.

- the Annual Employment Survey – providing information on the industrial distribution of employees in employment,
- the New Earnings Survey – a key source of information on earnings,
- the JUVOS claimant count – providing information on unemployment, and
- Employment Service vacancy statistics – a key source of information on vacancies.

The remainder of this chapter outlines the geographical definitions and key features of the local areas which formed the basis of this study.

1.3 Pilot and control areas

The geographical basis for the local labour market area studies were twenty-four (groups of) Benefit Agency Districts (BADs). Twelve of the twenty-four were pilot areas and twelve were ‘matched’ control areas. In practice, it proved difficult to generate well matched pilot and control areas, across several dimensions of urban-rural character, regional location and socio-economic characteristics.

The twelve pilot and twelve control areas were divided into two tranches (see Table 1.1 for details of the first tranche and Table 1.2 for details of the second tranche [referred to as ‘Employment Service areas’ in other NDDP reports]). The tranche 1 areas are the six areas in which the NDDP was administered by the Employment Service in September 1998; (these areas are sometimes referred to in other reports as ‘Employment Service areas’). The tranche 2 areas are the six areas in which administration of the NDDP was contracted to private, public and voluntary sector partnerships in April 1999; (these areas are sometimes referred to in other reports as ‘Contract areas’; see Appendix 1 for details of activity in the tranche 1 and tranche 2 areas). Although account was taken to select tranche 1 and tranche 2 areas from across a range of geographical area and incapacity/unemployment rate types, local level differences mean that comparisons of combined tranche 1 and tranche 2 areas should be treated with caution.

Table 1.1 First tranche of pilot and control areas

Pilot areas	Control areas
Sandwell	Bankside
Lanarkshire	South West Lancashire
Eastern Valleys	South West Wales
Bolton	Forth Valley
Central Sussex	Shropshire & Wolverhampton
Bristol East & Bath	North Worcestershire

Table 1.2 Second tranche of pilot and control areas

Pilot areas	Control areas
Newham	Hackney & Islington
South Tyneside	Doncaster
Mercia East	North Cumbria
South Devon	East Edinburgh & Borders
Bedfordshire	North Kent
North Yorkshire	Northamptonshire

The focus of attention here in the main body of this report is on the twelve pilot areas. Originally, the twelve control areas were intended to play a greater role in the overall research design, but subsequently they were dropped. Hence, the other NDDP evaluation reports mentioned in section 1.1 focus on the twelve pilot areas and do not include references to the control areas.

The twelve pilot areas were selected to reflect a variety of inner city, urban, rural and mixed districts, with differing levels of unemployment and incapacity for work (see Table 1.3 for details of the categorisation of the first tranche pilot areas on these characteristics and Table 1.4 for details of the categorisation of the second tranche pilot areas). The local areas ranged in character from those with high incapacity and unemployment levels to those with low levels. Inner city, urban, mixed and rural areas were represented amongst the twelve pilot areas.

Table 1.3 First tranche of pilot areas by levels of incapacity/unemployment and urban-rural character

Local area	Incapacity/unemployment	District Type
Sandwell	High	Inner city
Lanarkshire	High	Mixed
Eastern Valleys	High	Rural
Bolton	Medium	Urban
Central Sussex	Medium	Mixed
Bristol East and Bath	Low	Urban

Table 1.4 Second tranche of pilot areas by levels of incapacity/unemployment and urban-rural character

Local area	Incapacity/unemployment	District Type
Newham	High	Inner city
South Tyneside	High	Urban
Mercia East	Medium	Rural
South Devon	Medium	Urban
Bedfordshire	Low	Mixed
North Yorkshire	Low	Rural

1.4 'Best-fitting' of Benefit Agency Districts to other geographical areas

As outlined above, the local areas studies draw upon a wide range of data sources. Very little local labour market information is available for 'non-standard' areas, such as Benefit Agency Districts (BADs). Hence, an initial exercise was undertaken to investigate how the twenty-four BAD-based areas 'nested' into other geographical areas for which local labour market data is more readily available (i.e. Travel-To-Work Areas [TTWAs], unitary authorities, local authority districts and counties).

The 'best-fitting' exercise revealed that the 'fit' of some BADs to other geographical areas (notably Travel-To-Work Areas [TTWAs], defined as relatively self-contained local labour market areas, for which local labour market information is more readily available was relatively poor). Partly this was due to the presence amongst the pilot and control areas of several inner city areas (which do not form functional local labour market areas), and also

relatively small parts of larger metropolitan areas, which tend to form single large TTWAs.⁶ Moreover, the relatively close geographical proximity of some more pilot and control areas to one another, coupled with the relatively poor fit in some cases to TTWAs, would result (in some cases) in the use of the same TTWAs as ‘best fit’ geographies for pilot and control areas. In turn this would have implications for the validity of some inter-area comparisons. For details of the best-fitting of BADs to a range of other geographical units see Appendix 2.

Based on these analyses a decision was taken to make use of the geographical units shown in Table 1.5 for the analysis of various key topics. Counties and unitary authority areas with local authority districts were used for unemployment⁷ and employment analyses. For analyses of economic position, unemployment and employment using data from the Labour Force Survey counties and local authority districts based on 1981 geographies were used. For analyses of data on vacancies it was necessary to use jobcentre-based geographies (as detailed in Table 1.5).⁸ The analyses of socio-demographic characteristics based on the 1991 Census of Population data make use of micro-level data for enumeration districts,⁹ thus enabling a close match to the boundaries of BADs. Hence, a range of geographical bases was used in accordance with data availability constraints. Although this is not ideal, it was felt that the choices made represented the best possible compromises available in order to enable and assessment of the key features of individual local areas and to enable inter-area comparisons.

Table 1.5 Geographical units used in analyses of major topics

Topic	Geographical units
unemployment	counties, unitary authority areas with local authority districts
employment	counties, unitary authority areas with local authority districts
vacancies	jobcentre-based local education authorities, TTWAs, counties ¹⁰
socio-demographic characteristics	enumeration districts

⁶ The BADs with the poorest fit to TTWAs were Newham, South Tyneside, Mercia East, Eastern Valleys, North Worcestershire, London Riverside, Hackney & Islington and South West Lancashire.

⁷ Denominators for use in calculating unemployment rates are available for these areas from 1996. In theoretical terms it would have been preferable to use TTWAs (since TTWAs are defined on a consistent and comparable basis), but due to the poor fit of some BADs to TTWAs the decision to make use of administrative geographies instead was taken.

⁸ This will not match exactly with the ‘geographies’ outlined above.

⁹ The postcode definitions of BADs were matched to enumeration districts, and then data at the level of enumeration districts were extracted from the 1991 Census of Population Small Area Statistics.

¹⁰ These may not match exactly the areas outlined above. For calculation of unemployment/vacancy ratios, unemployment data were extracted for jobcentre-based areas.

2. OVERVIEW OF THE LOCAL AREAS

This chapter provides short summaries of the key characteristics of each of the pilot areas, relative to the labour market and socio-demographic profile of Great Britain. Tranche 1 areas are described first, followed by tranche 2 areas. Within each tranche, the local areas are considered in the orders listed in Tables 1.3 and 1.4; i.e. commencing with the high incapacity/unemployment areas, then the medium and low incapacity/unemployment areas. Within each incapacity/unemployment category, the local areas are ordered in accordance with position on the urban-rural continuum, commencing with those that are most 'urban' in character.

2.1 Tranche 1 areas

Sandwell is a heavily urbanised area in the West Midlands conurbation. People from minority ethnic groups comprised a greater share of the population in 1991 than across Great Britain as a whole. The industrial base rested heavily on manufacturing, and this sector remains much more important in employment terms than nationally. Associated with this is a marked concentration of employment in manual occupations, while professional and managerial occupations were under-represented relative to the national average. Partly reflecting the under-representation of services, female economic activity rates were below average. Unemployment rates and unemployment/vacancy ratios have been consistently above the national average.

Lanarkshire covers a number of cities and towns (such as Motherwell and Hamilton) to the south and south-west of Glasgow. A higher than average proportion of the population lived in the social rented sector and the proportion of households without access to a car was above the Great Britain average in 1991. Unemployment and inactivity rates have remained consistently above those recorded for Great Britain, and the incidence of limiting long-term illness amongst the population of working age has remained substantially higher than nationally. The relative local:national disparity in unemployment rates widened in recent years. The employment structure of Lanarkshire was biased towards manufacturing industry and manual occupations.

Eastern Valleys comprises the eastern part of the South Wales Valleys, including towns such as Ebbw Vale and Merthyr Tydfil, and the Rhymney and Cynon Valleys. It is one of the most distinctive of the twelve pilot areas by virtue of substantially higher than average inactivity rates and long-term limiting illness. While the unemployment rate has remained consistently higher than that for Great Britain, it was the contribution of high levels of inactivity to non-employment that was the most distinctive feature of this area. Although the proportion of unemployed leavers moving off the claimant count was similar to that for Great Britain, the share moving onto Incapacity Benefit was much larger than average. Relative to the Great Britain employment profile, manufacturing and public service industries and manual occupations were strongly represented in Eastern Valleys.

Bolton is an urban centre within the Greater Manchester conurbation. It was categorised as a medium unemployment/inactivity area, and between 1997 and 2000 the unemployment rate rose to exceed that for Great Britain. The industrial and occupational structures in Bolton were weighted more towards manufacturing industry and manual occupations than across Great Britain as a whole. Greater than average female economic activity rates (reflecting the

legacy of the textile industry in the area) contrasted with lower than average economic activity rates for males.

Central Sussex covers Brighton, Hove and Lewes and surrounding areas in Sussex. Despite being characterised as a medium unemployment/inactivity area, unemployment rates on the South Coast were amongst the highest recorded in southern England outside London, and the unemployment rate for Central Sussex was somewhat higher than the national average. Long-term unemployment has also been entrenched, although there was a more marked reduction in long-term unemployment locally than nationally in recent years. Once the older than average age profile has been accounted for, performance on health-related indicators is more favourable than the national average. In socio-demographic terms Central Sussex was characterised by a greater than average share of population from managerial and professional socio-economic groups. The industrial structure was dominated by services, with a particular relative concentration of producer service sectors (including finance and business services).

Bristol East and Bath displayed consistently lower than average unemployment and inactivity rates during the 1990s. Between 1997 and 2000 the relative decline in long-term unemployment was more pronounced than the reduction recorded nationally. On virtually all labour market indicators Bristol East and Bath registered a more favourable performance than the national average. A greater than average share of employed residents were in higher level non-manual occupations, and within the service sector producer services were strongly represented. In socio-demographic terms the population profile was similar to the national average in 1991, and car ownership levels and the incidence of owner-occupation was higher than average. The prevalence of limiting long-term illness and disability was below average.

2.2 Tranche 2 areas

Newham, located on the eastern edge of Inner London, emerged as the most distinctive of the twelve pilot areas. An inner city area with a youthful age structure and substantial ethnic minority population, it exhibited a residential unemployment rate approximately three times the national average between January 1997 and April 2000. Economic activity rates were lower than average. The industrial profile of employment was characterised by greater than national average concentrations in transport & communications, financial services, public services and other services, and an under-representation of employment in manufacturing. In occupational terms there were higher shares of employment in clerical & secretarial occupations and for plant & machine operatives than across Great Britain as a whole.

South Tyneside is a high unemployment/inactivity urban area located between Newcastle upon Tyne and Sunderland. A long-standing high unemployment area, it displayed a greater than average incidence of long-term unemployment, coupled with higher than average inactivity rates and a greater than average incidence of limiting long-term illness amongst the working age population. In relative terms, there was some widening of the local:national gap in unemployment rates between 1997 and 2000. The occupational profile was biased towards semi-skilled, unskilled and skilled manual occupations, while in industrial terms there was a greater concentration of employment in construction, manufacturing, health & social work than nationally.

Mercia East in eastern England is a predominantly rural area, exhibiting an unemployment rate slightly lower than the national average. A key feature of the local economy in this area, where agriculture and tourism were relatively important, was the seasonal nature of

employment opportunities. In aggregate terms, long-term unemployment was a less severe problem than nationally. A higher than average economic activity rate for males contrasted with a rate below the national average for males. Manufacturing accounted for a slightly larger share of employment than the national average, as did semi-skilled and unskilled occupations, while there was a marked under-representation of producer services.

South Devon may be characterised as a typical resort and retirement area with an older than average population profile. In 1991 owner-occupation and private renting were more prevalent than average. Despite the categorisation of *South Devon* as a medium unemployment/inactivity area both unemployment and inactivity rates were slightly higher than the national average for most of the period. A greater than average share of employment in personal & protective service occupations underlined the importance of tourism in the local economy.

Bedfordshire had a younger than average age profile in 1991, with a particular concentration of residents in the younger working age groups (i.e. under 45 years). Levels of car ownership and owner-occupation were above the national average. As befits a low unemployment/inactivity area, unemployment rates were consistently below average, and employment rates were higher than average. There was a greater than average share of employment in manufacturing than the national average, yet in contrast with some of the other pilot areas characterised by relative concentrations of manufacturing, the proportion of the workforce employed in managerial and professional occupations was greater than the Great Britain share. There was also an over-representation of employment in education and in the wholesale/retail sector. The incidence of limiting long-term illness was lower than that recorded for Great Britain.

North Yorkshire displayed a consistently lower than average unemployment rate and unemployment/vacancy ratio, and experienced a larger than national average decline in long-term unemployment in the late 1990s. A greater than average share of people leaving the claimant count entered employment than was the case across Great Britain as a whole, and this was reflected in economic activity and employment rates above the national average. Despite an older than average age profile, the incidence of limiting long-term illness was lower than average. Service and primary industries dominated the industrial structure, and a greater share of employment was in managerial and professional occupations than across Great Britain as a whole.

2.3 Comparison of tranche 1 and tranche 2 areas

It is beyond the scope of this report to provide a detailed comparison of socio-economic and labour market differences between the tranche 1 and tranche 2 areas. As would be expected, there is variation in key characteristics and experience of change amongst both the tranche 1 and tranche 2 areas.¹¹ Of all of the twelve areas, the representative from London (Newham) amongst the tranche 2 areas, is perhaps the most distinctive; the inclusion of a representative from London amongst the tranche 2 areas but not amongst the tranche 1 areas is an important consideration to bear in mind when comparing the fortunes of the two tranches. The tranche 1 areas include the two local areas with the highest proportion of employees in manufacturing. The tranche 2 areas include more local areas with average/below average unemployment rates. Overall, however, there are no systematic patterns across all of the

¹¹ As emphasised in Loumidis *et al.* (2001) *op. cit.*.

variables considered that would lead to an expectation of consistently better/worse success rates across the two tranches.

PART 2: DEMOGRAPHIC AND SOCIAL CHARACTERISTICS

3. POPULATION CHARACTERISTICS

This chapter uses information from the 1991 Census of Population to outline the age structure of the population.¹² The 1991 Census of Population provides the most up-to-date and comprehensive information at the micro area scale at the time of writing. Summary information on ethnic minority groups is presented also. The emphasis is on comparisons between areas – hence the emphasis on the use of percentages rather than absolute numbers in tables. Information on the absolute numbers of working age residents in 1997 for ‘best-fit’ local authority areas is provided in Appendix 3.

3.1 Age structure

Table 3.1 shows the age structure of the resident population of the pilot areas by broad age group.

Table 3.1 Age structure of population, 1991

Local area	0-15 %	16-24 %	25-44 %	45-59 %	60 & over %	Total population (000s)
Sandwell	20.3	13.4	27.1	17.2	22.1	423
Lanarkshire	21.5	13.6	29.1	17.3	18.6	489
Eastern Valleys	20.7	12.4	27.2	17.3	22.4	382
Bolton	21.4	13.1	28.5	16.6	20.4	312
Central Sussex	17.1	11.8	28.9	16.1	26.1	374
Bristol East and Bath	19.4	12.5	29.4	17.2	21.5	618
Newham	24.4	14.1	31.8	13.5	16.2	221
South Tyneside	19.5	12.2	28.6	17.3	22.5	427
Mercia East	18.4	11.6	26.4	17.7	26.0	540
South Devon	19.3	12.2	27.5	16.8	24.2	507
Bedfordshire	21.7	13.0	31.1	16.7	17.4	737
North Yorkshire	19.0	12.1	28.4	17.6	22.9	928
Great Britain	20.1	12.7	29.2	16.8	21.2	54889

Source: 1991 Census of Population, Small Area Statistics

There are no particularly marked variations in age structure between the local areas.

Of the pilot areas in the first tranche:

- Lanarkshire and Bolton were characterised by a slightly younger than average age structure.
- Sandwell and Eastern Valleys had a greater than national proportion of the population aged less than 25 years and also aged 60 years and over.

¹² Information has been compiled for aggregations of postcodes in BADs.

- Central Sussex had an age profile biased more towards the older age groups than the national average.
- The age profile in Bristol East and Bath in 1991 was similar to that for Great Britain.

Of the pilot areas in the second tranche:

- Newham had the youngest age profile, with nearly one-quarter of the 1991 population aged 15 years or younger.
- Bedfordshire also had a greater than national average proportion of population in the under 45 years age group, but the share of the population in the youngest age group was far less pronounced than in Newham.
- The Mercia East, South Devon and North Yorkshire - and to a less pronounced extent, South Tyneside, had older than average age profiles.

3.2 Ethnic minority groups

Table 3.2 shows the proportion of the resident population from ethnic minority groups.

Table 3.2 Percentage of the population from ethnic minority groups, 1991

Local area	% from ethnic minorities	ethnic minority residents (000s)	white residents (000s)
Sandwell	13.0	55.1	368
Lanarkshire	0.7	3.5	486
Eastern Valleys	0.7	2.6	379
Bolton	7.0	22.0	290
Central Sussex	2.4	8.9	365
Bristol East and Bath	2.5	15.6	603
Newham	41.8	92.5	129
South Tyneside	1.0	4.5	423
Mercia East	1.0	5.0	502
South Devon	0.7	3.8	537
Bedfordshire	7.7	56.6	680
North Yorkshire	1.0	9.1	919
Great Britain	5.5	3015.1	51874

Source: 1991 Census of Population, Small Area Statistics

Approximately 6 per cent of the resident population were recorded by the 1991 Census of Population as being from ethnic minority groups (i.e. they were non-white). There were marked local differences in the concentrations of residents from ethnic minorities:

- Newham was one of the parts of London with the highest proportion of people from ethnic minority groups amongst its residents, with the share exceeding two out of five residents. (Moreover, it should be noted that ethnic minorities tend to have a younger age profile than the white population.)
- Sandwell, Bedfordshire and Bolton also displayed shares of ethnic minority residents in excess of the Great Britain average.
- In Lanarkshire, Eastern Valleys, South Tyneside, Mercia East, South Devon and North Yorkshire 1 per cent or less of the population were from ethnic minority groups.

4. SOCIO-ECONOMIC CHARACTERISTICS

This chapter uses information from the 1991 Census of Population to outline selected dimensions of the socio-economic structure of the population in the pilot areas. Topics covered include car ownership, housing tenure and socio-economic group. As in chapter 3, the emphasis is on comparisons between areas – hence the use of percentages rather than absolute numbers in tables and figures presented.

4.1 Car ownership

Statistics on car ownership are presented in Table 4.1. The figures for the proportion of households with no cars in tranche 1 and tranche 2 pilot areas are graphed in Figures 4.1 and 4.2, respectively.¹³

In 1991 one-third of households did not have access to a car, while 23 per cent had two or more cars. Lack of access to a car is a commonly used indicator of poverty (although it is recognised that lack of access to a car is indicative of greater deprivation in rural than in urban areas), while ‘two car households’ is sometimes used as an indicator of wealth.

Table 4.1 Car ownership by household, 1991

Local area	% households with no car	% households with one car	% households with two or more cars
Sandwell	41.6	41.7	16.6
Lanarkshire	44.7	40.3	15.0
Eastern Valleys	37.5	44.0	18.5
Bolton	37.8	41.6	20.6
Central Sussex	35.1	43.3	21.5
Bristol East and Bath	24.3	45.7	30.0
Newham	53.3	37.7	9.0
South Tyneside	49.5	38.2	12.3
Mercia East	22.0	50.6	27.5
South Devon	29.7	48.1	22.2
Bedfordshire	23.7	44.4	31.9
North Yorkshire	27.2	46.8	26.0
Great Britain	33.4	43.5	23.1

Source: 1991 Census of Population, Small Area Statistics

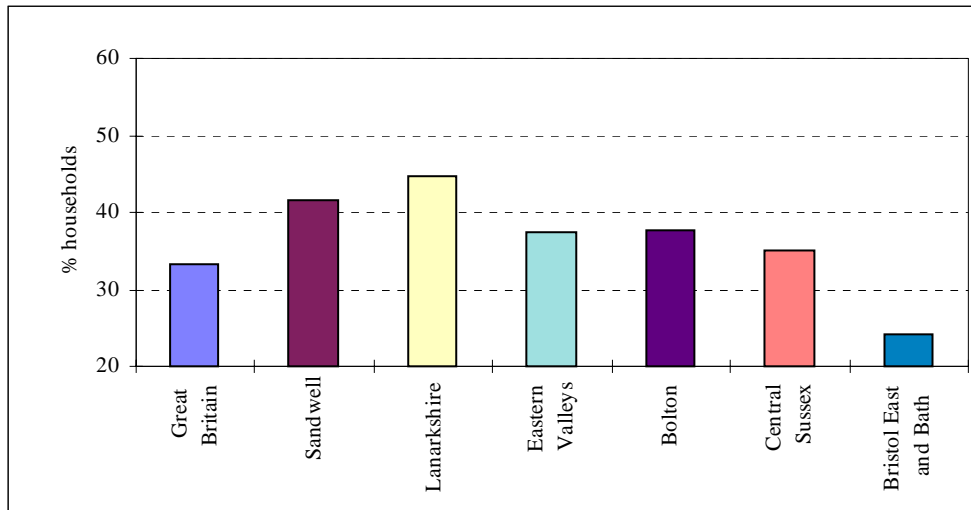
At the local level key inter-area variations included:

- Approximately one-half of all households in Newham and South Tyneside (inner city and urban areas) had no access to a car in 1991.
- In Lanarkshire and Sandwell (also urban areas) over two-fifths of households did not have access to a car in 1991.

¹³ It should be noted that in many of the figures presented in this chapter the y-axis does not display the full range of variation from zero to 100 per cent, and therefore the differences between areas tend to be exaggerated.

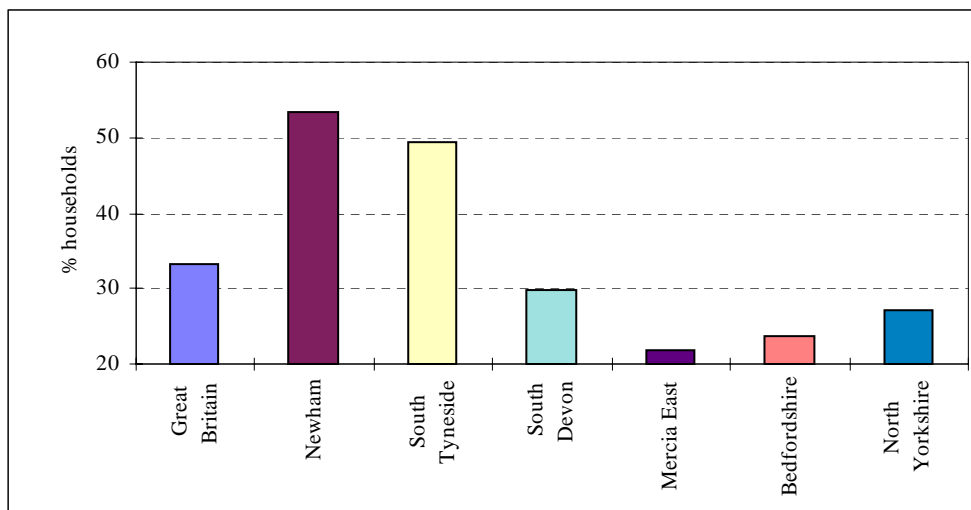
- The proportions of households with no car were lowest, and the shares of households with two or more cars were highest in Mercia East, Bedfordshire, Bristol East and Bath and North Yorkshire. It seems likely that these higher car ownership levels were a function of a settlement patterns, the wealth of the population (taking account of the caveat mentioned previously) and the household and age profile of the population. For example, in Bedfordshire a larger than average proportion of the population were in the younger and middle age adult group.

Figure 4.1 Percentage of households with no car, 1991 – tranche 1 pilot areas



Source: 1991 Census of Population, Small Area Statistics

Figure 4.2 Percentage of households with no car, 1991 – tranche 2 pilot areas



Source: 1991 Census of Population, Small Area Statistics

4.2 Housing tenure

In 1991 two-thirds of households in Great Britain were in owner-occupation, a quarter were in the social rented sector (i.e. those renting from a local authority or new town, from Scottish Homes or from a housing association) and 7 per cent were in private rented accommodation. Table 4.2 shows the distribution of households by these three broad tenure types in each of the pilot areas, while Figures 4.3-4.8 show these proportions graphically.

The social rented sector is often associated with labour market disadvantage; (as is the private rented sector to some extent).

Table 4.2 Housing tenure by household, 1991

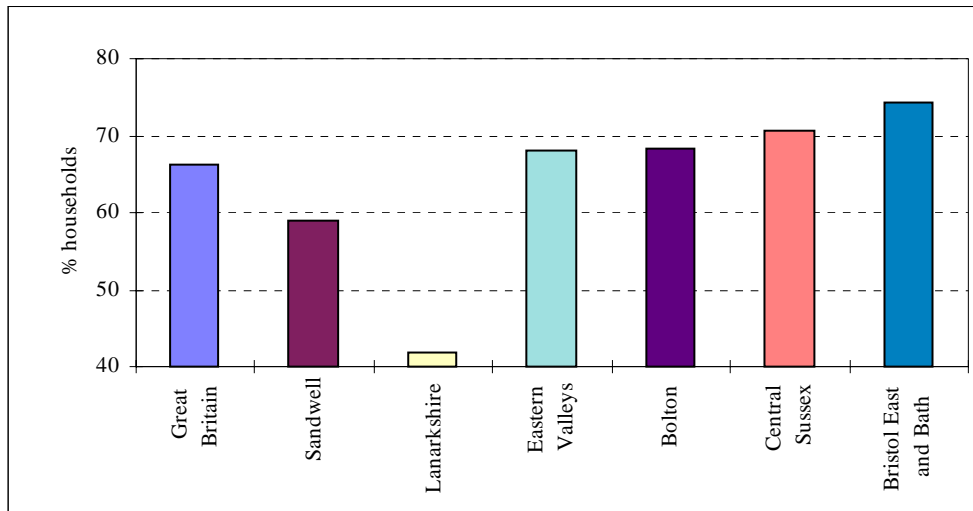
Local area	% households owner-occupiers	% households private renters	% households social renters
Sandwell	58.9	3.2	36.7
Lanarkshire	41.8	1.3	55.8
Eastern Valleys	68.2	3.8	26.8
Bolton	68.3	3.3	27.4
Central Sussex	70.8	12.6	14.7
Bristol East and Bath	74.4	6.2	17.7
Newham	50.1	11.7	36.9
South Tyneside	55.1	4.9	38.9
Mercia East	70.7	7.8	16.6
South Devon	71.0	10.3	16.4
Bedfordshire	73.8	6.5	17.7
North Yorkshire	73.0	7.7	15.6
Great Britain	66.3	7.1	24.7

Source: 1991 Census of Population, Small Area Statistics

At the local area level there were some marked differences in housing tenure profiles:

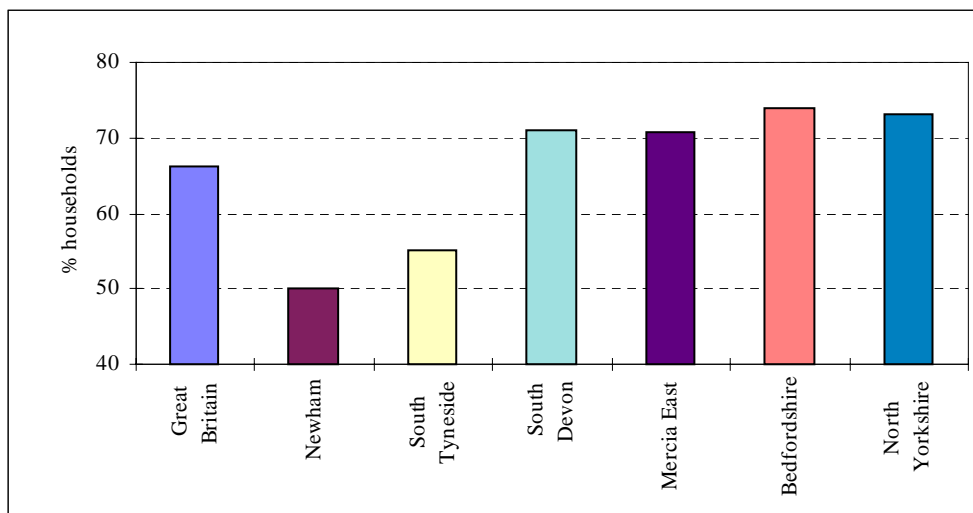
- In Bristol East and Bath, Central Sussex, Bedfordshire, North Yorkshire, South Devon and the Mercia East more than 70 per cent of households were in owner-occupation in 1991. This contrasted with one-half in Newham and just over two-fifths in Lanarkshire. It should be noted that owner-occupation tends to be less prevalent, and social renting more prevalent, in Scotland than in England and Wales.
- The private renting sector was most important in Central Sussex, Newham and South Devon, where it accounted for over 10 per cent of households in 1991, compared with 7 per cent nationally. By contrast, the private rented sector was considerably smaller than average in Lanarkshire, Sandwell, Bolton and Eastern Valleys.
- Social renting was most prevalent in Lanarkshire (accounting for 56 per cent of households compared with 25 per cent across Great Britain as a whole). Greater than average shares of households in social renting were also evident in South Tyneside, Newham and Sandwell, where social renting accounted for over one-third of households. By contrast, fewer than 18 per cent of households were in the social renting sector in 1991 in Central Sussex, North Yorkshire, South Devon, Mercia East, Bedfordshire and Bristol East and Bath.

Figure 4.3 Percentage of households in owner-occupation, 1991 – tranche 1 pilot areas



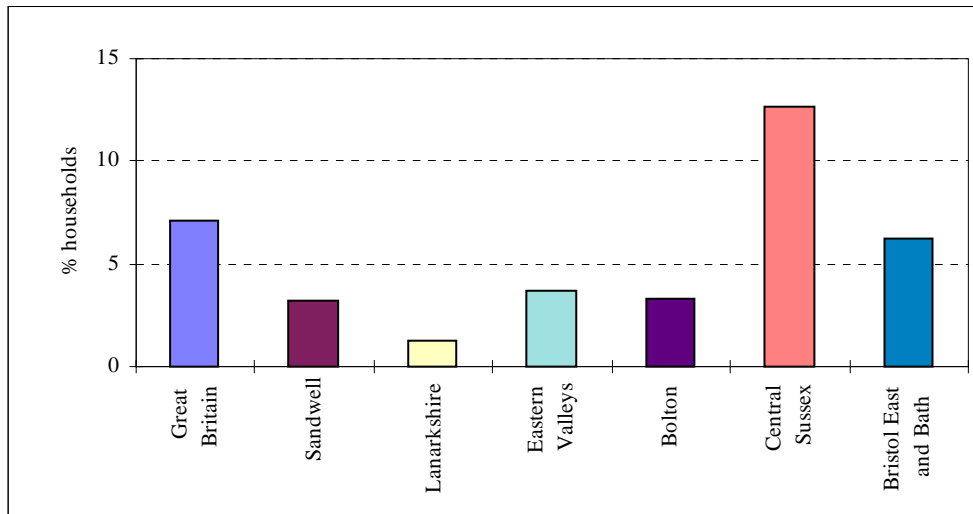
Source: 1991 Census of Population, Small Area Statistics

Figure 4.4 Percentage of households in owner-occupation, 1991 – tranche 2 pilot areas



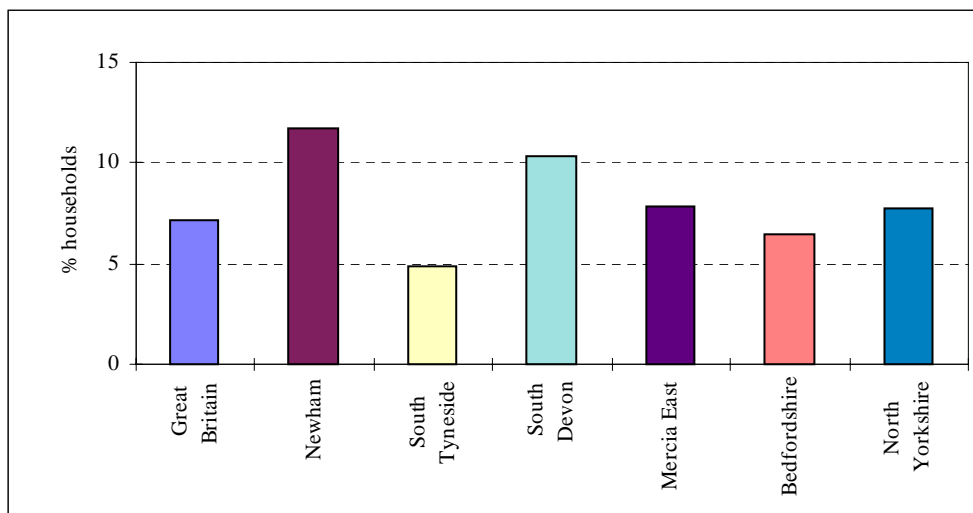
Source: 1991 Census of Population, Small Area Statistics

Figure 4.5 Percentage of households in private renting, 1991 – tranche 1 pilot areas



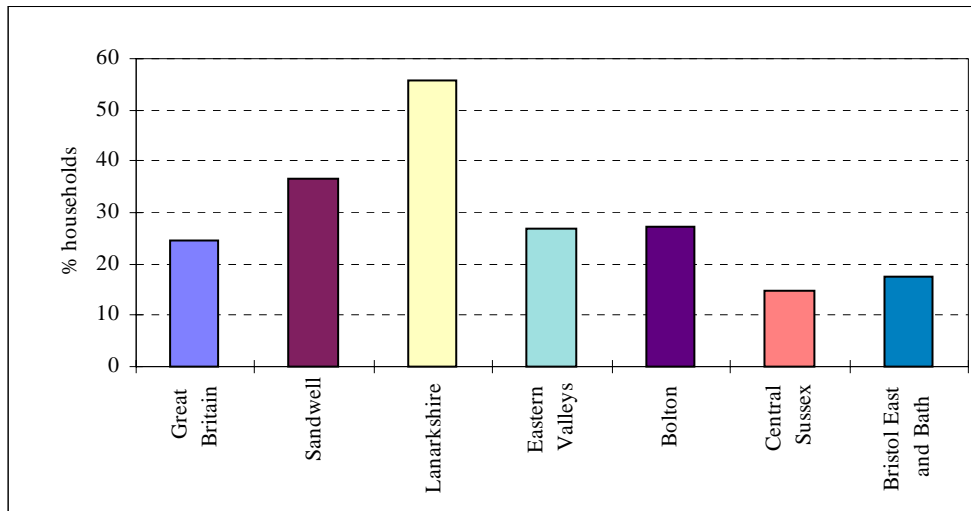
Source: 1991 Census of Population, Small Area Statistics

Figure 4.6 Percentage of households in private renting, 1991 – tranche 2 pilot areas



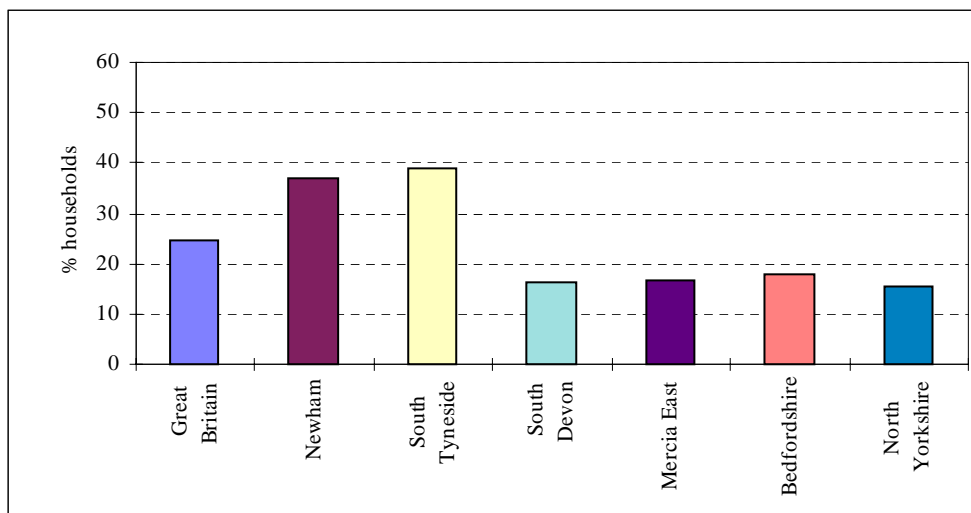
Source: 1991 Census of Population, Small Area Statistics

Figure 4.7 Percentage of households in social renting, 1991 – tranche 1 pilot areas



Source: 1991 Census of Population, Small Area Statistics

Figure 4.8 Percentage of households in social renting, 1991 – tranche 2 pilot areas



Source: 1991 Census of Population, Small Area Statistics

4.3 Socio-economic group

Two broad socio-economic groupings (compiled by aggregating socio-economic groups [SEGs]) were identified to capture the socio-economic composition of the population (see Table 4.3). The first was the percentage of the population in households headed by a person in managerial/professional SEGs (see Figure 4.9) and the second was the percentage of the population in households headed by a person in semi-skilled/unskilled SEGs (Figure 4.10).

Table 4.3 Socio-economic group of head of household, 1991

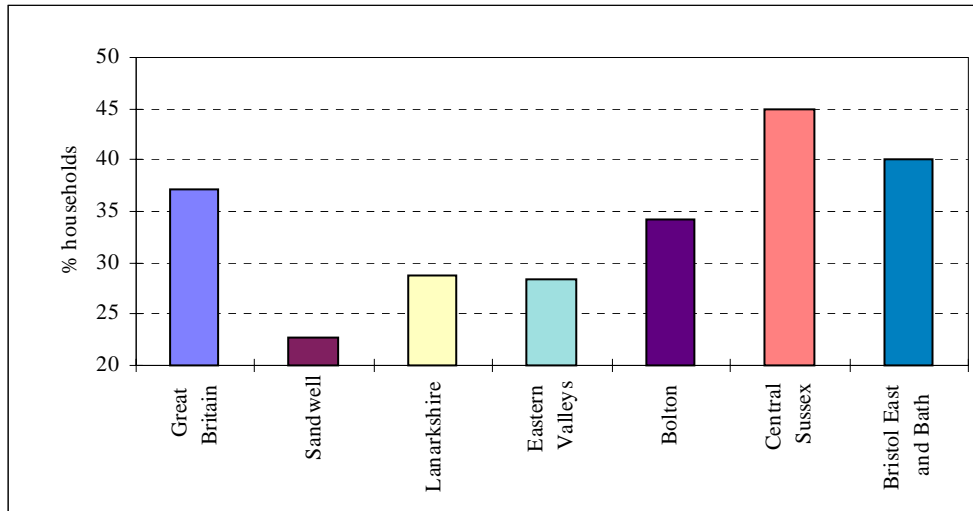
Local area	% households with managerial & professional heads	% households with semi-skilled/unskilled heads	Total households (000s)
Sandwell	22.6	22.7	165
Lanarkshire	28.7	22.0	185
Eastern Valleys	28.4	23.9	149
Bolton	34.2	19.9	123
Central Sussex	45.0	14.9	163
Bristol East and Bath	40.0	16.2	246
Newham	25.1	23.8	84
South Tyneside	27.4	21.2	176
Mercia East	31.8	21.4	204
South Devon	32.6	19.0	218
Bedfordshire	41.3	16.5	282
North Yorkshire	41.7	17.4	370
Great Britain	37.2	18.3	21897

Source: 1991 Census of Population, Small Area Statistics

Marked variations in the socio-economic profile of local areas were evident:

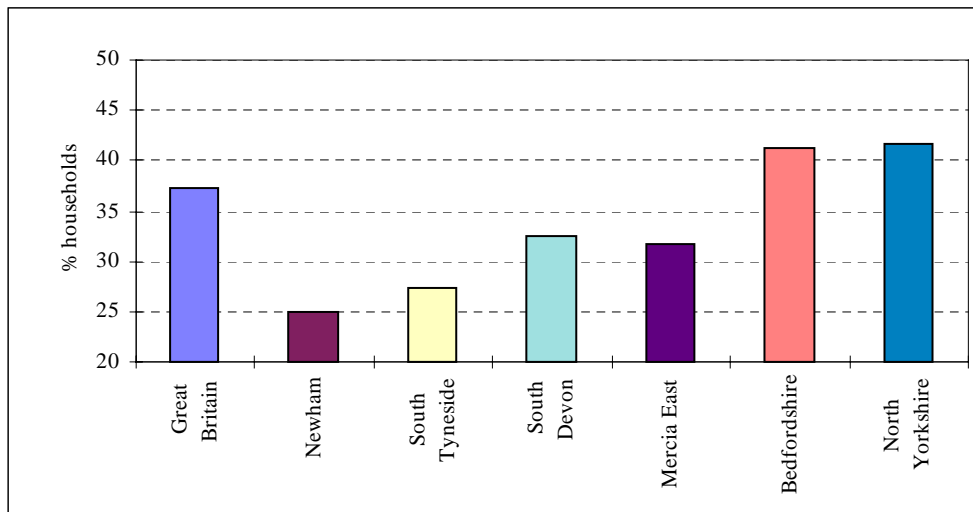
- The proportion of household heads from managerial and professional groups ranged from 23 per cent in Sandwell to 45 per cent in Central Sussex, compared with 37 per cent for Great Britain as a whole.
- Apart from Central Sussex, the other local areas displaying a greater than national average share of household heads in managerial and professional groups were North Yorkshire, Bedfordshire and Bristol East and Bath. In all of these areas the share equalled or exceeded 40 per cent.
- Conversely, these local areas exhibited smaller than average proportions of household heads from semi-skilled/unskilled groups.
- The local areas with the largest proportions of household heads from semi-skilled/unskilled groups were Eastern Valleys, Newham, Sandwell, Lanarkshire, Mercia East and South Tyneside, with percentages in excess of 21 per cent, compared with a national average of 18 per cent.

Figure 4.9 Percentage of households with a managerial/professional head, 1991 – tranche 1 pilot areas



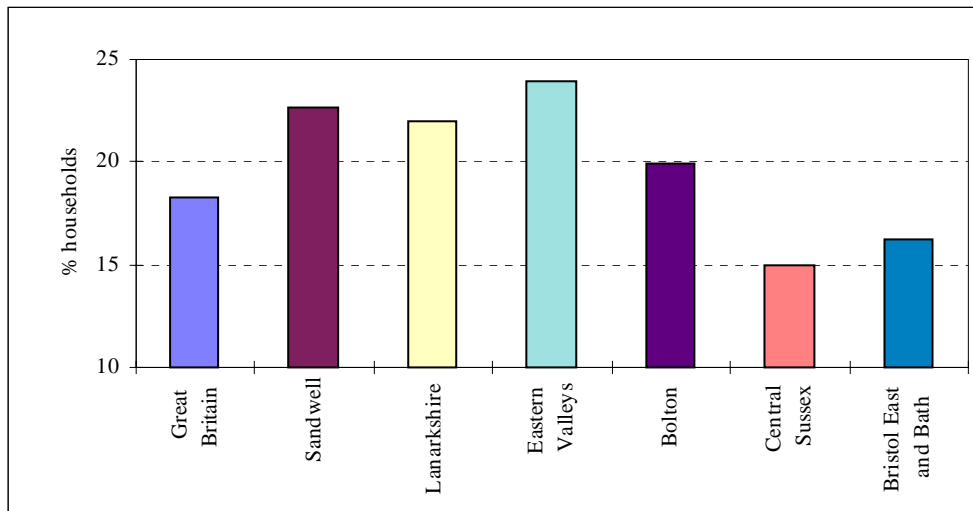
Source: 1991 Census of Population, Small Area Statistics

Figure 4.10 Percentage of households with a managerial/professional head, 1991 – tranche 2 pilot areas



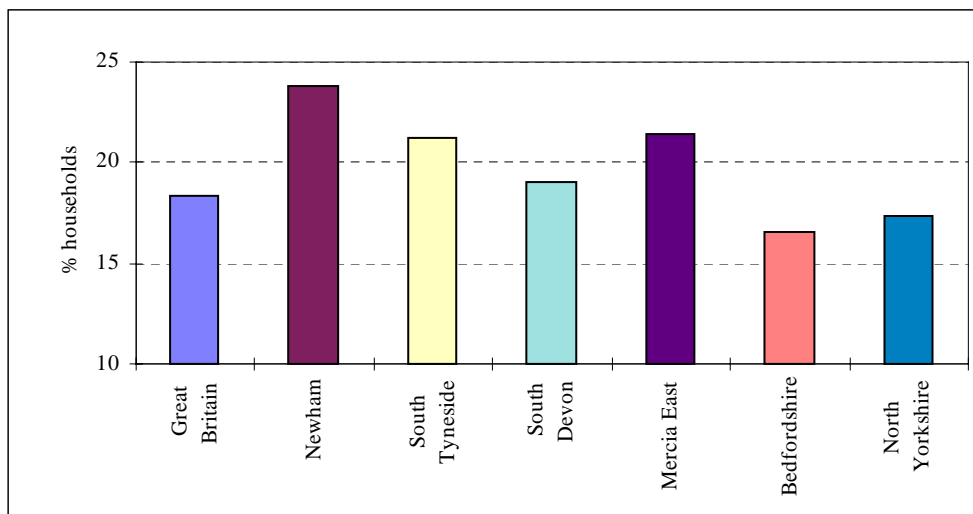
Source: 1991 Census of Population, Small Area Statistics

Figure 4.11 Percentage of households with a semi-skilled/unskilled head, 1991 – tranche 1 pilot areas



Source: 1991 Census of Population, Small Area Statistics

Figure 4.12 Percentage of households with a semi-skilled/unskilled head, 1991 – tranche 2 pilot areas



Source: 1991 Census of Population, Small Area Statistics

5. ILLNESS AND HEALTH

This chapter uses information from a variety of data sources, notably the 1991 Census of Population and the Labour Force Survey, to provide an indicative picture of the health of the population in local areas, with a particular emphasis on health-related limitations on participation in the labour market.

5.1 Long-term limiting illness

The 1991 Census of Population contains a question relating to limiting long-term illness. Table 5.1 and Figures 5.1 and 5.2 show how the incidence of self-reported limiting long-term illness for the population of working age varies between local areas. In general, levels of limiting long-term illness increase with age; hence the restriction here to the population of working age, since it is the main focus of attention in this context. It should also be noted that self-reported measures are based on a subjective assessment of individual circumstances: of two individuals with objectively the same condition, one might assess himself/herself as 'long-term ill', while the other might not. Hence, this uncertainty regarding the reliability of self-reported measures needs to be borne in mind when making comparative assessments.

Table 5.1 Percentage of the working age suffering limiting long-term illness, 1991

Local area	% suffering limiting long-term illness	suffering limiting long-term illness (000s)
Sandwell	9.9	25.1
Lanarkshire	13.7	41.8
Eastern Valleys	16.5	37.5
Bolton	10.7	20.1
Central Sussex	8.6	16.9
Bristol East and Bath	6.5	24.9
Newham	10.4	13.9
South Tyneside	12.0	31.2
Mercia East	8.3	24.5
South Devon	8.6	27.3
Bedfordshire	6.1	28.3
North Yorkshire	7.1	40.1
Great Britain	8.7	2913

Source: 1991 Census of Population, Small Area Statistics

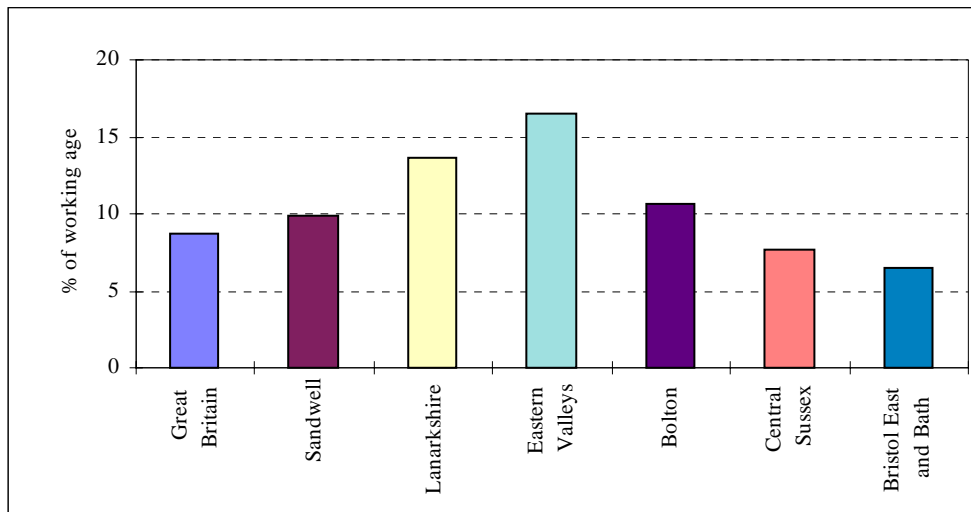
In 1991 8.7 per cent of the working age population of Great Britain reported that they suffered limiting long-term illness. However, there were marked variations around this average:

- The proportion of the working age population suffering limiting long-term illness ranged from 6 per cent in Bedfordshire to 16.5 per cent in Eastern Valleys. (Variations between local areas in the age structure of the population are insufficient to account for differences of this magnitude.)
- Apart from Eastern Valleys, other pilot areas with greater proportions of the working age population suffering limiting long-term illness than the Great Britain average were

Lanarkshire, South Tyneside, Bolton, Newham and Sandwell. It is notable that the majority of these areas are drawn from northern Britain (i.e. north of a line from the Severn to the Wash) - (Newham is the exception), and all exhibit higher than average unemployment and non-employment rates. (Indeed, there is a growing literature on geographical patterns of unemployment, sickness/disability and non-employment, in which former coalfield areas in South Wales and northern England, as well as declining industrial areas, feature particularly prominently.)

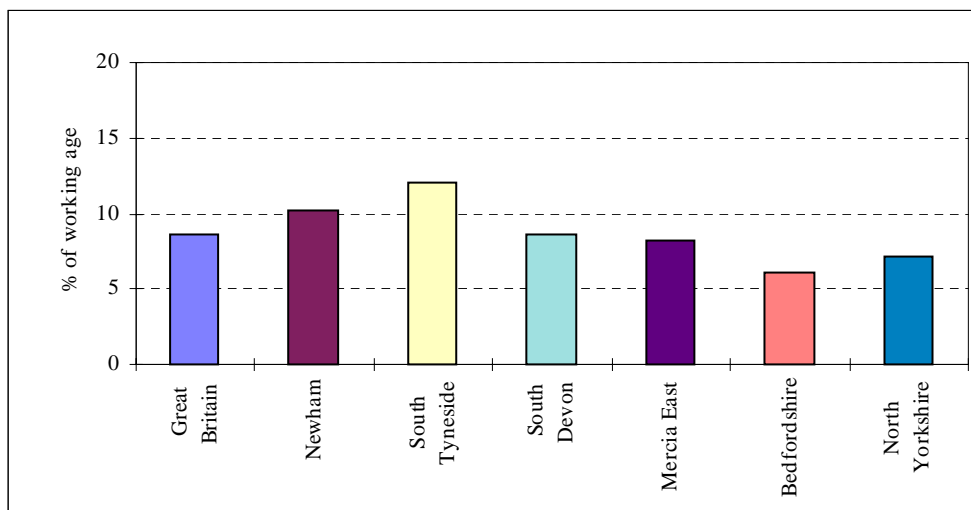
- Along with Bedfordshire, Bristol East and Bath and North Yorkshire displayed lower than average proportions of the population suffering limiting long-term illness in 1991.

Figure 5.1 Percentage of population of working age suffering limiting long-term illness, 1991 – tranche 1 pilot areas



Source: 1991 Census of Population, Small Area Statistics

Figure 5.2 Percentage of population of working age suffering limiting long-term illness, 1991 – tranche 2 pilot areas



Source: 1991 Census of Population, Small Area Statistics

The Labour Force Survey (LFS) contains a greater range of information on illness/disability than the 1991 Census of Population. However, it is difficult to make direct comparisons

between sources, due to differences in the wording of questions. It is also worthy of note that information changes over time in reporting of long-standing illness or may reflect people's changing perception of illness and disability, as well as any real changes in ill-health. In spring 1997 the module of questions on illness/disability included in the LFS was expanded. Answers to these questions may then be crosstabulated against information on other individual characteristics collected in the LFS.

Table 5.2 Disabled people as a percentage of the working age population by region, winter 1998/9

Nation / Region	Local area	% working age population disabled
Great Britain		17.8
North East		23.7
Tyne & Wear	South Tyneside	22.6
Rest of North East		24.6
North West		19.9
Greater Manchester	Bolton	19.9
Merseyside		23.6
Rest of North West		18.2
Yorkshire and the Humber		18.8
South Yorkshire		24.0
West Yorkshire		17.2
Rest of Yorkshire and the Humber	North Yorkshire	16.6
East Midlands	Mercia East	17.7
West Midlands		19.2
West Midlands Metropolitan County	Sandwell	20.4
Rest of West Midlands		18.1
East	Bedfordshire	14.8
Greater London		15.8
Inner London	Newham	17.1
Outer London		15.0
South East	Central Sussex	15.4
South West	Bristol East and Bath	16.4
	South Devon	
Wales	Eastern Valleys	23.3
Scotland		18.1
Strathclyde	Lanarkshire	20.6
Rest of Scotland		16.1

Source: Labour Force Survey, winter 1998/9

Table 5.2 shows the proportion of the working age population¹⁴ recorded as disabled (i.e. had a current long-term disability or health problem) at the regional level in the winter 1998/9 LFS. According to the LFS nearly 18 per cent (6.23 million people) of the population of working age in Great Britain suffered were disabled. Even at the regional level, marked variations were evident, with 15 per cent of the working age population recorded as disabled

¹⁴ Information for the whole population is not presented because some of the LFS questions are directed only to people of working age.

in the Eastern and South East regions, compared with at least 23 per cent in Wales, the North East, Merseyside and South Yorkshire – all of these may be thought of as the traditionally ‘depressed’ regions. Analyses have shown¹⁵ that regional variations in disability rates are particularly pronounced amongst the older working age groups (i.e. those aged 50-59/64). In this age group over 40 per cent of the population were recorded as having a disability in 1998/9, compared with approximately one-third nationally and one-quarter in the South East and Eastern regions.

Table 5.3 shows the percentage of the population of working age who responded to the relevant LFS question in summer 1999 that they had a health problem affecting the kind of work that they could do and the percentage with a health problem lasting more than one year.

Table 5.3 Percentage of the population of working age, summer 1999
(a) indicating a health problem affecting the kind of work they could do
(b) with a health problem lasting more than one year

Nation / Region	Local area	% with work limiting health problem	% with health problem lasting > 1 year
Great Britain		15.0	25.1
Tyne & Wear	South Tyneside	19.1	29.9
Rest of Northern region		19.5	30.2
South Yorkshire		19.5	31.3
West Yorkshire		15.4	26.3
Rest of Yorks & Humberside	North Yorkshire	14.0	26.8
East Midlands	Mercia East	14.5	24.7
East Anglia		12.5	23.3
Inner London	Newham	14.8	22.5
Outer London		12.2	22.2
Rest of South East	Bedfordshire	12.0	23.0
	Central Sussex		
South West	Bristol East and Bath	14.0	25.0
	South Devon		
West Midlands (met county)	Sandwell	16.5	27.5
Rest of West Midlands		15.1	26.3
Greater Manchester	Bolton	15.9	24.5
Merseyside		18.2	27.4
Rest of North West		15.5	25.9
Wales	Eastern Valleys	20.2	29.0
Strathclyde	Lanarkshire	18.5	26.9
Rest of Scotland		13.9	23.8

Source: Labour Force Survey, summer 1999

¹⁵ See Sly F., Thair T. and Risdon A. (1999) ‘Disability and the labour market: results from the winter 1998/9 LFS’, *Labour Market Trends* 107(9), 455-466. See also other articles focusing on disability in the September 1999 issue of *Labour Market Trends*.

Across Great Britain a quarter of the working age population reported a health problem lasting for more than one year, while 15 per cent reported a work limiting health problem. The patterns of regional variation are similar across both indicators, with Wales (Eastern Valleys), Strathclyde (Lanarkshire) and Tyne & Wear (South Tyneside) recording a greater prevalence of health problems. Conversely, the Rest of the South East recorded the lowest prevalence of health problems.

Further information at sub-regional level¹⁶ from the LFS is presented in Table 5.4. The prevalence of health problems persistent enough to limit an individual's ability to work generally increases with age. In general, about a tenth of people aged under 25 years suffered such problems, compared with more than one-quarter of those aged over 45 years.

Table 5.4 Percentage of broad age groups experiencing health problems lasting for more than one year and with a health problem which limits the kind of work they can do, summer 1999

Pilot area and county	16-24 (%)	25-44 (%)	45 to pension age (%)	All working age (%)
Great Britain	9	11	24	15
Sandwell (West Midlands)	10	11	28	17
Lanarkshire (Strathclyde)	10	13	31	19
Eastern Valleys (Mid Glamorgan)	-	18	40	25
Bolton (Greater Manchester)	8	12	26	16
Central Sussex (East Sussex)	13	11	24	16
Bristol East and Bath (Avon)	11	7	17	11
Newham (Inner London)	5	12	28	15
South Tyneside (Tyne & Wear)	12	14	31	19
Mercia East (Lincolnshire & Norfolk)	9	11	23	16
South Devon (Devon)	10	12	21	15
Bedfordshire (Bedfordshire)	-	10	16	12
North Yorkshire (N Yorkshire)	-	9	19	12

Source: Labour Force Survey, summer 1999.

Note: A dash indicates the sample number on which the percentage is based was smaller than 10 thousand; (such data cannot be released for confidentiality reasons).

There were clear local contrasts in the prevalence of illness. The incidence of long-standing illness was highest in the area in which the Eastern Valleys area is located, with a quarter of those of working age affected, compared with 15 per cent across Great Britain. Illness rates were higher here than in any other area in each age group. Rates of illness for those aged 45 years and over were also higher than average in Strathclyde (Lanarkshire) and Tyne & Wear (South Tyneside), with nearly a third of this age groups affected. Rates of illness among persons of working age were lowest in Avon (Bristol East & Bath), Bedfordshire and North Yorkshire.

¹⁶ This information is based on data at the level of counties in which the pilot areas are located.

The types of health problem (expressed in terms of percentages of the all health problems) suffered in the counties in which the pilot areas are located are summarised in Table 5.5. About a third of all health problems were associated with limbs or backs and two-fifths were broadly classified as heart, respiratory or stomach problems or diabetes. A further one-eighth were progressive and other illnesses.¹⁷

Table 5.5 Percentage of the working age population reporting different types of health problem at local area level, summer 1999

Pilot area and county	Musculo skeletal - limbs, back, etc. (%)	Sensory – sight, hearing, etc. (%)	Cardiac, respiratory, stomach, diabetes (%)	Mental health and learning difficulties (%)	Progressive illness and other (%)
Great Britain	33	5	39	10	13
Sandwell (West Midlands)	34	5	41	9	11
Lanarkshire (Strathclyde)	31	4	39	14	13
Eastern Valleys (Mid Glamorgan)	35	-	38	10	13
Bolton (Greater Manchester)	36	3	37	12	11
Central Sussex (East Sussex)	32	-	29	12	19
Bristol East and Bath (Avon)	36	-	35	8	15
Newham (Inner London)	32	4	38	12	14
South Tyneside (Tyne & Wear)	35	-	38	12	12
Mercia East (Lincolnshire & Norfolk)	35	5	38	11	11
South Devon (Devon)	34	-	37	9	14
Bedfordshire (Bedfordshire)	32	-	39	-	-
North Yorkshire (N Yorkshire)	36	-	41	10	10

Source: Labour Force Survey, summer 1999.

Note: A dash indicates the sample number on which the percentage is based was smaller than 10 thousand; (such data cannot be released for confidentiality reasons).

There was relatively little difference between the counties in which the pilot areas are located in the nature of the health problems faced.

5.2 Other health-related indicators

The general health of the population of an area can be measured by use of ‘vital statistics’ (i.e. births and deaths) data. They include the age breakdown of deaths and the number of births and infant deaths. These data are published annually by the Office for National Statistics for electoral wards, local authority districts and health authority areas. Raw numbers of births and deaths are of little use, being mainly influenced by the size of an area’s population. In order to obtain meaningful indicators, it is necessary to convert these numbers into rates, using data on the age structure of the population. The most recent data on the population at the ward scale is the 1991 Census of Population. Ward boundaries have changed since then, but there is no clear documentation of the relationship between 1991

¹⁷ This table has been constructed by grouping together more information on more detailed health problems recorded in the LFS.

wards and more recent wards. Thus the calculations presented here are based on vital statistics information for 1991.

‘Crude’ birth and death rates are calculated as the ratio of the number of births and deaths in an area to the total population of an area, generally expressed as the number of births and deaths in every 1000 of the population. Higher crude death rates might be an indicator of poorer health, but could also result from an elderly population in which the likelihood of death was higher. Similarly, a high crude birth rate could be recorded in an area with a very youthful population. A slightly more sophisticated measure is the General Fertility Rate. This is the number of live births per 1000 women of childbearing age (aged 15 to 44) and hence is a more accurate measure of fertility differences among the section of the population ‘at risk’ of giving birth. The Infant Mortality Rate is another indicator commonly used to identify areas of poverty, representing the number of babies dying at under 12 months of age per 1000 live births or an approximation to the probability of a baby dying before reaching its first birthday. Table 5.6 presents these crude rates, along with other health-related indicators, for the pilot areas.

The information presented in the second data panel of Table 5.6 shows that birth rates were highest by far in Newham (an area noted in Chapter 3 as having a larger than average share of young people in its population), followed by Sandwell and Bedfordshire. The General Fertility Rate emphasises differences between areas, with Newham and Sandwell revealed as having very high numbers of births per thousand women of childbearing age and rural, coastal and resort areas (often characterised by older than average age profiles) having very low numbers. The Infant Mortality Rate was highest in Sandwell, followed by Newham, and lowest in North Yorkshire, Central Sussex and South Devon.

Table 5.6 Mortality and fertility in pilot areas, 1991

Area	Standardised Mortality Ratios			Crude Rates (per 1000)			
	All	Male	Female	Death	Birth	General Fertility Rate	Infant Mortality Rate
Sandwell	107.7	112.7	102.9	11.9	15.1	72.8	12.0
Lanarkshire	-	-	-	-	-	-	-
Eastern Valleys	110.6	110.2	110.9	12.7	13.5	65.6	7.3
Bolton	112.4	112.9	111.9	11.8	14.7	68.3	8.4
Central Sussex	93.6	94.9	92.5	14.0	12.4	59.4	6.6
Bristol East and Bath	93.3	96.9	89.9	10.8	13.9	63.2	7.8
Newham	113.9	119.9	108.0	10.0	20.9	86.9	9.8
South Tyneside	117.0	119.4	114.8	13.3	13.1	63.0	8.6
Mercia East	92.5	92.1	93.0	13.0	11.9	62.4	8.8
South Devon	94.0	93.1	94.7	12.5	12.9	62.4	6.6
Bedfordshire	102.8	101.3	104.4	9.5	15.5	67.4	7.3
North Yorkshire	98.2	96.9	99.4	12.4	12.0	57.6	6.0

Source: OPCS Vital Statistics for England and Wales, 1991

Note: Standardised Mortality Ratios are calculated using the England & Wales average. Data were not available for Scotland – hence the missing values for Lanarkshire.

A more sensitive approach to differences in health between areas is made possible by standardising mortality data to take into account differences in age structure between areas. This is achieved by firstly calculating the proportion of the population of a given age who died during the year in the country as a whole (in this case, England and Wales taken as a whole). These proportions are then multiplied against the population for each age group separately, and the result of this calculation summed across all age groups. This gives the hypothetical number of deaths that would occur in an area if mortality rates in each age group matched the national average. Thus, calculating the ratio (Standardised Mortality Ratio) between the actual number of deaths in a given year and this hypothetical number of deaths provides an indication of the extent to which death rates tend to be higher or lower than the national average).

The Crude Death Rate identifies Central Sussex, South Tyneside, Mercia East, Eastern Valleys and South Devon as having the highest rates of mortality, and Bedfordshire and Newham, with relatively youthful age profiles) as having the lowest rates. However, once the influence of age structure is removed (i.e. the effect of a high percentage of elderly retired people in the population of Central Sussex and South Devon), a rather different pattern is revealed. The highest standardised mortality rates occurred in South Tyneside, Newham, Bolton and the Eastern Valleys, with Mercia East, Central Sussex and Bristol East and Bath experiencing the lowest standardised mortality rates. Standardised Mortality Ratios were generally higher for men than for women, especially in South Tyneside.

In general, the picture emerging is one of poorer than average performance on health-related indicators in the high unemployment/inactivity areas than in the low unemployment/inactivity areas. In part, it might be the case that the legacy of extractive and certain manufacturing industries has had a disproportionately large effect in high unemployment/inactivity areas. There is also the possibility that unemployed people are more vulnerable than average to ill-health – i.e. causal links between ill-health and unemployment may operate in two directions.

PART 3: ECONOMIC ACTIVITY AND THE LABOUR MARKET

6. ECONOMIC POSITION

This chapter discusses the conventional categorisations used in measuring economic position. It draws on information from the 1991 Census of Population¹⁸ and more up-to-date information (for the period from spring 1997 to winter 1999/2000) from the Labour Force Survey¹⁹ to outline the main variations in economic activity, economic inactivity and employment and non-employment rates between the pilot areas.

6.1 Introduction

The adult (or working age) population is conventionally divided into three groups:

- the *employed*: employees, the self-employed and those on government education and training schemes;
- the *unemployed*: those who are searching for and available for work (according to the ILO definition of unemployment); and
- the economically *inactive*: all remaining members of the population.

Those in employment or unemployment are conventionally termed *economically active*. (The unemployed are conventionally categorised as economically active because although they are not in employment they are available and looking for work [i.e. they are part of the labour force].) Those categorised as economically inactive may be outside of employment for many different reasons. For example, they may be participating in full-time education, they may be looking after the home/family, they may want work but are not looking for work because they believe no job opportunities exist for them, etc. Individuals in this latter category are often termed ‘discouraged workers’; they are not classified as unemployed because they are not actively searching for work.

The focus in this chapter is on economic activity (and inactivity); (while patterns and trends in employment and unemployment are explored in further detail in chapters 7 and 8, respectively).

6.2 Economic activity

Differences between areas and sub-groups in the incidence of economic activity are conventionally measured by the *economic activity rate* (i.e. the percentage of the population in a certain age group who are economically active). Table 6.1 presents information on economic activity rates in 1991 for males, females and the total population of working age, while Table 6.2 shows similar information for three broad age groups, disaggregated by gender.

In Great Britain in 1991 nearly 87 per cent of males of working age and 68 per cent of women of working age were economically active. The general trend has been for a decrease in male economic activity rates and an increase in female economic activity rates in recent years. Economic activity rates were lower for females than for males in all three broad age groups identified in Table 6.2, and are highest in the 25-44 years age group.

Table 6.1 Economic activity rates for the population of working age, 1991

¹⁸ This information relates specifically to the BADs (defined using aggregates of postcode sectors).

¹⁹ The LFS data were compiled for ‘best fit’ unitary authorities/local authority districts. It should be noted that the geographical bases used in the analyses presented in this chapter differ according to data source.

Local area	Males (%)	Females (%)	Total (%)
Sandwell	87.4	66.2	77.4
Lanarkshire	82.5	62.5	72.7
Eastern Valleys	77.9	59.7	69.2
Bolton	85.0	67.7	76.7
Central Sussex	87.2	70.0	78.9
Bristol East and Bath	88.9	71.3	80.4
Newham	83.7	59.2	71.8
South Tyneside	83.1	65.6	74.7
Mercia East	87.8	65.8	77.4
South Devon	85.8	65.3	76.0
Bedfordshire	90.3	69.6	80.4
North Yorkshire	87.5	69.1	78.6
Great Britain	86.6	67.6	77.4

Source: 1991 Census of Population, Small Area Statistics

Table 6.2 Economic activity rates by broad age group and gender, 1991

Local area	Males (%)			Females (%)		
	16-24	25-44	45-64	16-24	25-44	45-59
Sandwell	81.3	95.6	81.3	66.6	67.8	63.4
Lanarkshire	81.2	92.2	70.5	68.9	65.1	53.3
Eastern Valleys	77.6	91.4	62.0	59.5	63.9	53.1
Bolton	76.8	94.6	77.2	63.6	71.5	64.3
Central Sussex	74.4	95.1	83.3	66.2	72.2	69.1
Bristol East and Bath	77.5	96.6	85.3	68.8	73.2	69.7
Newham	74.0	91.2	78.0	59.0	59.8	58.0
South Tyneside	79.2	93.8	71.9	66.4	68.7	59.8
Mercia East	79.5	96.6	82.3	65.8	68.4	61.7
South Devon	75.1	95.4	80.0	63.2	67.6	63.2
Bedfordshire	77.8	97.1	88.0	67.5	70.4	69.8
North Yorkshire	74.7	96.8	82.8	64.5	72.9	66.0
Great Britain	76.7	95.3	80.7	65.6	70.0	65.1

Source: 1991 Census of Population, Small Area Statistics

Amongst key features of variation apparent at the local level were:

- Economic activity rates were higher than the Great Britain average for both males and females of working age in Bristol East and Bath, Central Sussex, Bedfordshire and North Yorkshire.
- In Bolton the economic activity rate for females of working age was higher than the national average while the economic activity rate for males was lower than the national average. The reverse pattern (i.e. a lower than average female economic activity rate and a higher than average male economic activity rate) applied in Mercia East and Sandwell.

- Eastern Valleys recorded the lowest economic activity rates (69 per cent for the total population of working age, compared with 77 per cent for Great Britain). Economic activity rates were also substantially lower than the national average in Lanarkshire, Newham and South Tyneside. In Eastern Valleys and Lanarkshire only 53 per cent of men aged between 45 and 64 years were economically active.

More up-to-date information showing economic activity rates for persons of working age on a quarterly basis between the spring quarter 1997 and the winter quarter 1999/2000 is shown in Tables 6.3 and 6.4 for tranche 1 and tranche 2 pilot areas, respectively;²⁰ (analogous data for control areas is presented in Table A3.6.3 and Table A3.6.4 in Appendix 4). Due to sampling variability from one quarter of the LFS to the next, some caution should be exercised in interpreting the values / trends shown. When sample sizes are relatively small (as they are for local areas) it is difficult to distinguish ‘real’ change from changes due to sampling variability. Hence, inter-area variations may be exaggerated or disguised by sampling variation. Moreover, small sample sizes preclude the possibility of introducing detailed disaggregations by age at the local area level. However, it is clear from national level sources that the increase in inactivity has been particularly marked amongst older working age males, and therefore it would be expected that local areas with older age profiles would tend to display higher than average inactivity rates.

Table 6.3 Economic activity rates for population of working age, spring 1997-winter 1999/2000 – tranche 1 pilot areas

Quarter ending	GB (%)	Sandwell (%)	Lanarkshire (%)	E. Valleys (%)	Bolton (%)	C. Sussex (%)	Bristol E./Bath (%)
May 1997	78.4	76.0	73.5	71.4	73.4	76.2	79.7
Aug 1997	79.3	73.8	74.9	70.5	74.9	77.6	81.4
Nov 1997	78.8	75.3	75.0	70.9	75.4	78.9	81.3
Feb 1998	78.2	70.8	75.3	69.4	76.2	77.9	81.2
May 1998	78.2	74.2	75.5	70.3	75.2	78.8	81.4
Aug 1998	79.5	75.8	77.4	69.9	76.6	81.1	83.1
Nov 1998	79.2	81.1	77.2	70.9	78.1	82.5	81.1
Feb 1999	78.9	77.3	77.0	72.9	78.9	81.9	81.2
May 1999	78.6	76.5	76.4	72.0	78.2	82.3	81.9
Aug 1999	79.6	77.3	77.3	70.0	78.9	82.3	81.9
Nov 1999	79.4	75.8	77.1	70.4	80.2	83.5	83.7
Feb 2000	78.8	73.7	75.8	71.2	81.2	82.0	83.3

Source: Labour Force Survey

The trend over the three-year period was for economic activity rates to remain relatively stable at around 79 per cent of the population of working age. In most local areas the composite picture was one of overall stability. Partial exceptions to this picture of comparative stability were:

- Central Sussex – with a trend towards increased economic activity rates for both men and women; (information for men and women separately is not shown here).

²⁰ It should be noted that the LFS data were rebased in 2000. The rebased data are presented in Tables 6.3 and 6.4.

- Bristol East and Bath – also displayed some evidence for an increase in economic activity rates for both men and women, particularly over the latter part of the three-year period.
- Bolton – displayed an increase in economic activity rates, particularly for men.
- Lanarkshire – displayed some increase in economic activity rates for women.
- Newham – exhibited an overall decline in economic activity rates, as a function of a decrease in economic activity rates amongst of working age.

Table 6.4 Economic activity rates for population of working age, spring 1997-winter 1999/2000 – tranche 2 pilot areas

Quarter ending	GB (%)	Newham (%)	S. Tyneside (%)	Mercia East (%)	S. Devon (%)	Beds (%)	N. Yorks (%)
May 1997	78.4	69.7	75.0	79.0	76.2	81.9	80.9
Aug 1997	79.3	69.5	74.8	78.6	76.3	82.0	80.7
Nov 1997	78.8	70.3	76.5	82.0	78.2	84.9	81.8
Feb 1998	78.2	67.2	77.7	80.8	79.6	83.8	81.9
May 1998	78.1	64.9	76.1	83.3	77.6	84.1	82.5
Aug 1998	79.4	65.7	75.9	82.6	79.1	82.5	82.8
Nov 1998	79.2	64.2	75.7	80.4	77.6	82.1	82.2
Feb 1999	78.9	64.3	73.3	79.6	77.6	81.2	81.8
May 1999	78.6	66.9	74.5	79.8	76.8	81.3	82.2
Aug 1999	79.6	68.6	74.3	80.7	78.7	83.6	83.6
Nov 1999	79.4	69.1	74.9	80.5	79.5	83.0	82.0
Feb 2000	78.8	64.5	74.4	79.8	78.4	83.0	79.7

Source: Labour Force Survey

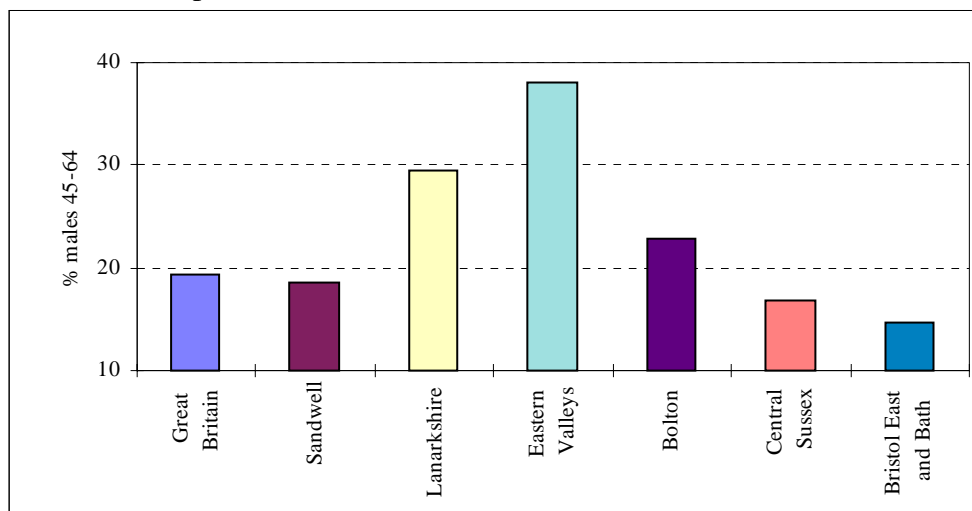
6.3 Economic inactivity

Economic inactivity is the inverse of economic activity; (hence tables showing inactivity rates are not shown here).

In recent years much discussion has focused on economic inactivity rates of older males. Figures 6.1 and 6.2 show inactivity rates for men aged between 45 and 64 years in 1991 for tranche 1 and tranche 2 pilot areas, respectively. Considerable local variation in inactivity rates amongst the older working age groups is evident, with nearly two in five men aged 45-64 years in Eastern Valleys reporting that they were economically inactive, while in Lanarkshire and South Tyneside the proportions approached 30 per cent. The general finding that inactivity rates tend to be particularly high in the former mining areas and in Wales is supported by recent analysis which demonstrates that the percentage of people claiming Incapacity Benefit and Income Support at the local authority level. By contrast in Bedfordshire (the pilot area with the lowest economic activity rate for older men) only 12 per cent of men aged 45-64 years were economically inactive in 1991.

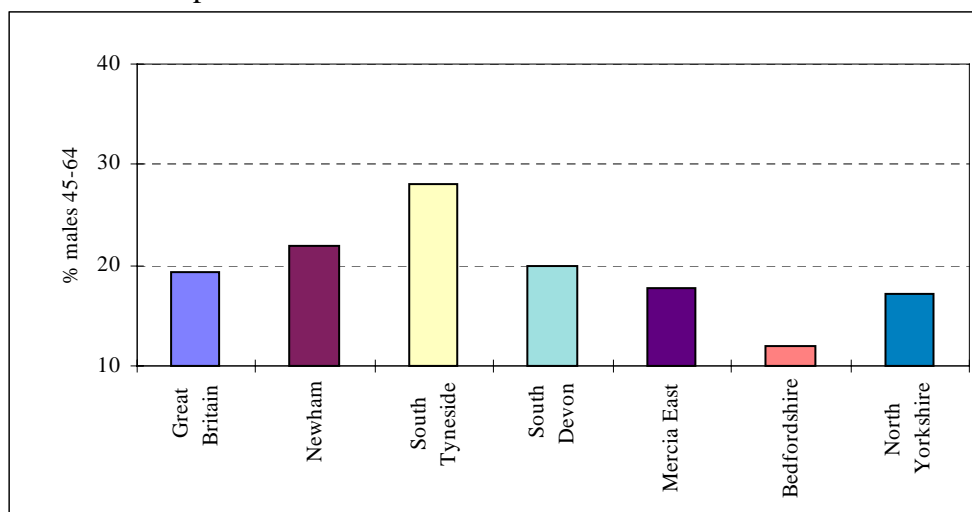
Tables 6.3 and 6.4 showed economic activity rates on a quarterly basis over the period from spring 1997 to winter 1999/2000, and since inactivity rates are the inverse of these they are not reproduced here. Instead, in order to capture graphically the inter-area differences in inactivity rates relative to the Great Britain average, in Figures 6.3 and 6.4 inactivity rates for persons of working age are expressed as an index of the Great Britain rates - where the value for Great Britain in each quarter is set to 100.

Figure 6.1 Percentage of males aged 45-64 years economically inactive, 1991 – tranche 1 pilot areas



Source: 1991 Census of Population, Small Area Statistics

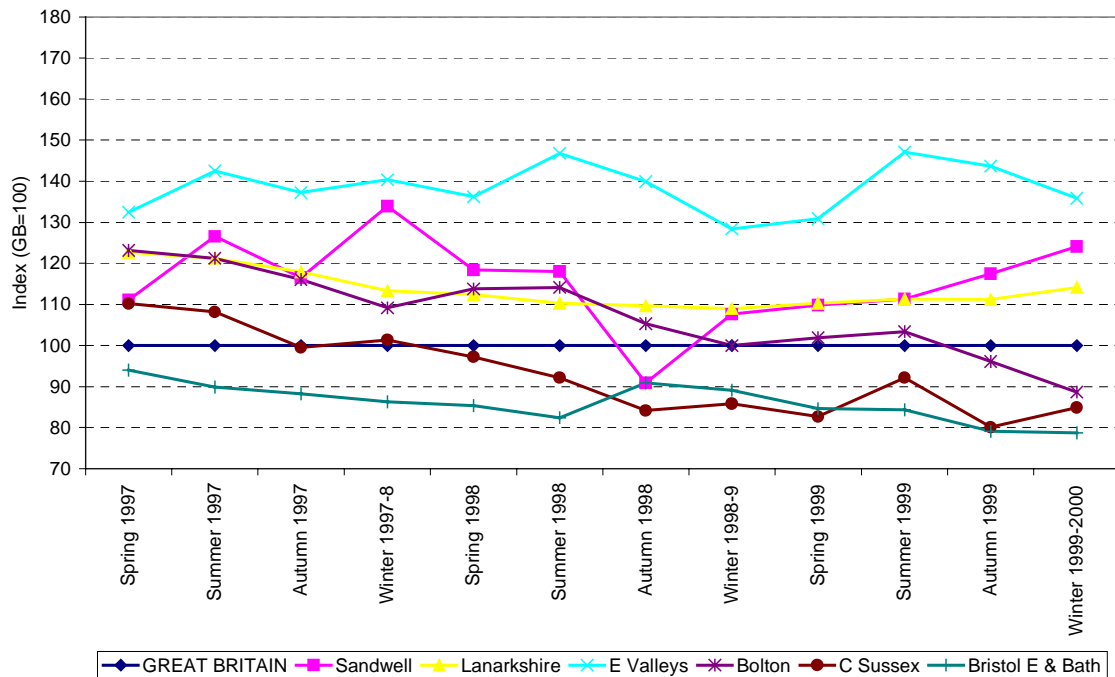
Figure 6.2 Percentage of males aged 45-64 years economically inactive, 1991 – tranche 2 pilot areas



Source: 1991 Census of Population, Small Area Statistics

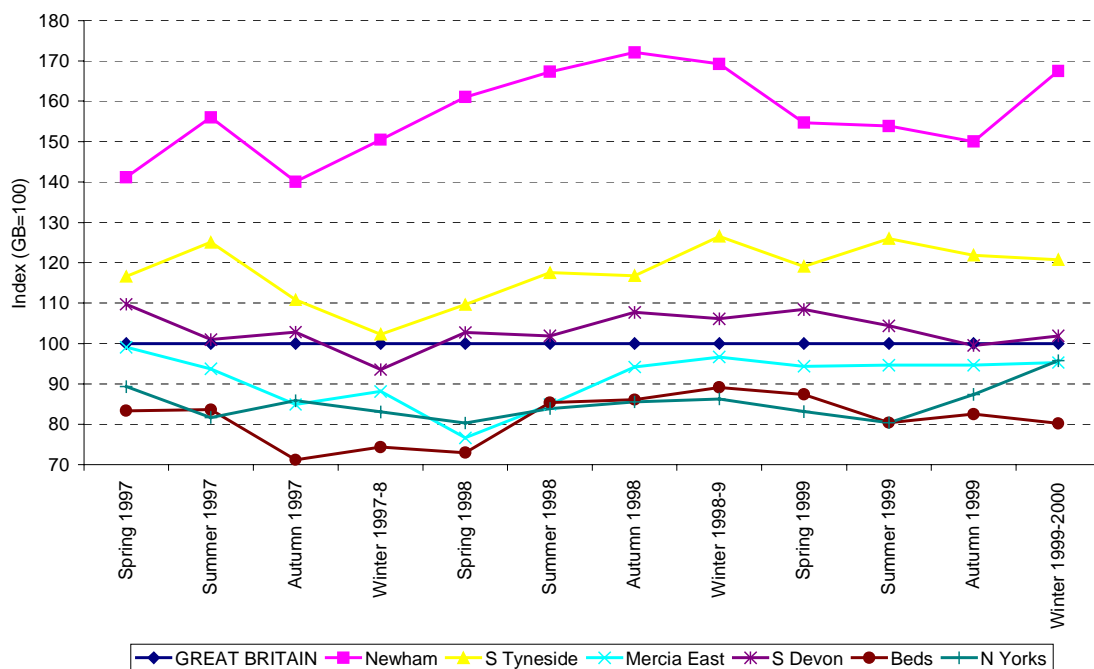
Key features evident from an examination of the trend in inactivity rates in tranche 1 pilot areas (see Figure 6.3) included higher than national average inactivity rates in Eastern Valleys in particular, and also in Lanarkshire and Sandwell throughout (virtually all of) the period. All three areas were categorised as high unemployment/inactivity areas. In Bolton, categorised as a medium unemployment/inactivity area, the inactivity rate was higher than the Great Britain average until winter 1998/9 and then dipped below average from autumn 1999. In Central Sussex there was a decrease in the aggregate inactivity rates over the period, with lower than national average inactivity rates from 1998 onwards, contrasting with higher than average inactivity rates for the first part of 1997. In Bristol East and Bath (a low unemployment/inactivity area) the inactivity rate was lower than the national average throughout the period.

Figure 6.3 Indices of inactivity rate for persons of working age, spring 1997 to winter 1999/2000 – tranche 1 pilot areas



Source: Labour Force Survey

Figure 6.4 Indices of inactivity rate for persons of working age, spring 1997 to winter 1999/2000 – tranche 2 pilot areas



Source: Labour Force Survey

The most notable feature from an examination of trends and differentials in inactivity rates in the second tranche of pilot areas (see Figure 6.4) was the markedly higher than national average inactivity rates in Newham. South Tyneside (also categorised as a high unemployment/inactivity rate area) also displayed an inactivity rate consistently greater than the national trend. North Yorkshire and Bedfordshire displayed the lowest inactivity rates of the tranche 2 areas, at levels consistently lower than the Great Britain average. In the Mercia East area inactivity rates were marginally lower than across Great Britain as a whole, whereas in South Devon, a local area with an older than average age profile, inactivity rates were slightly above the national average for most of the period.

6.4 Employment and non-employment rates

Given the growth in inactivity rates amongst men over the medium-term, particularly since the early 1980s, while unemployment rates have tended to remain stable or reduce – particularly since the mid 1990s, increasing emphasis in labour market studies has been placed on employment and non-employment rates.

Table 6.5 Employment rates for the population of working age, 1991

Local area	Males (%)	Females (%)	Total (%)
Sandwell	73.0	59.7	66.7
Lanarkshire	67.0	55.8	61.5
Eastern Valleys	64.0	54.4	59.4
Bolton	73.1	62.4	67.9
Central Sussex	76.7	65.5	71.3
Bristol East and Bath	80.6	67.3	74.2
Newham	63.9	49.5	56.8
South Tyneside	67.2	59.1	63.3
Mercia East	78.7	61.3	70.5
South Devon	73.8	59.8	67.1
Bedfordshire	82.0	65.7	74.2
North Yorkshire	80.6	65.6	73.4
Great Britain	75.5	62.5	69.2

Source: 1991 Census of Population, Small Area Statistics

From Table 6.5 it is evident that employment rates were consistently higher for males (76 per cent across Great Britain as a whole) than for females (the respective rate was 63 per cent) in 1991, while the composite employment rate for the population of working age was 69 per cent. Eastern Valleys, Lanarkshire, Newham and South Tyneside (all categorised as high unemployment/inactivity areas) displayed the lowest employment rates, while in Sandwell, Bolton, and South Devon also employment rates were lower than the Great Britain average. Bedfordshire and Bristol East and Bath recorded the highest employment rates – with values of 74 per cent, compared with 69 per cent nationally. This general pattern of inter-area variations was maintained across age groups. For both men and women, the highest employment rates were recorded in the 25-44 years age group.

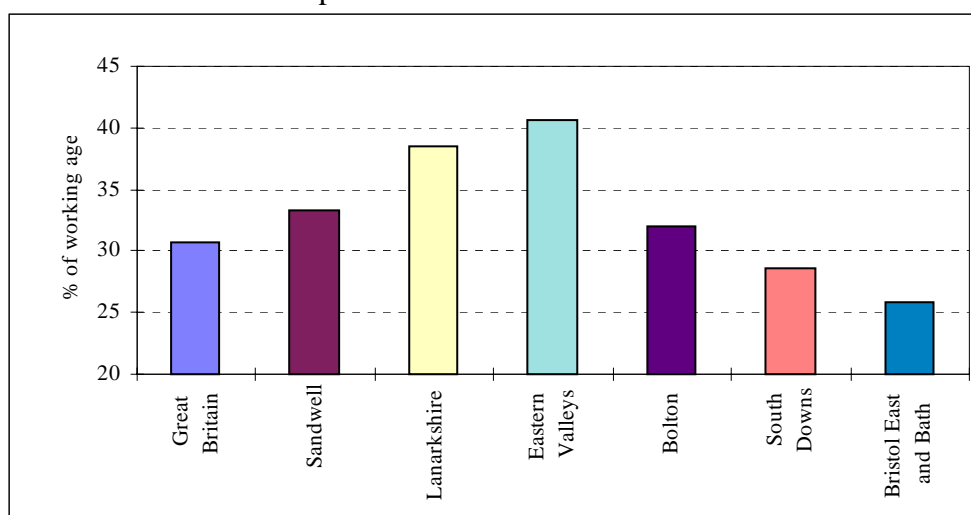
Table 6.6 Employment rates by broad age group and gender, 1991

Local area	Males			Females		
	16-24	25-44	45-64	16-24	25-44	45-59
Sandwell	60.7	82.3	69.1	53.8	62.5	58.5
Lanarkshire	56.1	78.1	59.3	55.3	59.5	48.9
Eastern Valleys	53.2	77.4	54.0	47.9	59.6	50.1
Bolton	57.6	83.4	69.1	53.0	66.9	60.8
Central Sussex	59.2	84.7	75.6	57.9	67.7	65.5
Bristol East and Bath	64.1	89.0	79.0	60.8	69.5	66.7
Newham	48.4	71.2	62.9	43.0	50.9	51.3
South Tyneside	53.1	79.0	59.8	52.4	63.4	55.6
Mercia East	64.6	88.5	74.9	56.1	64.6	58.4
South Devon	57.2	83.7	70.8	52.1	62.9	59.4
Bedfordshire	65.1	89.8	81.0	59.5	67.0	66.8
North Yorkshire	63.1	90.8	77.5	56.8	69.8	63.6
Great Britain	59.2	85.0	72.4	55.2	65.4	61.5

Source: 1991 Census of Population, Small Area Statistics

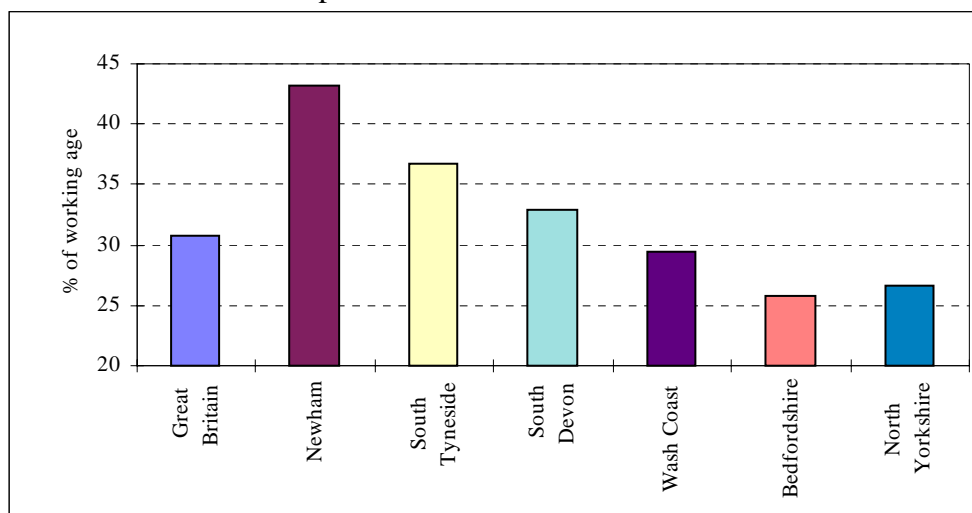
Figures 6.5-6.6 illustrate the inverse picture to that documented in Table 6.5, by showing non-employment rates for the total population of working age in 1991. The most notable features are the higher than average non-employment rates in Newham, Eastern Valleys, Lanarkshire and South Tyneside, and lower than average non-employment rates in Bedfordshire, Bristol East and Bath and North Yorkshire.

Figure 6.5 Percentage of total population of working age not in employment, 1991 – tranche 1 pilot areas



Source: 1991 Census of Population, Small Area Statistics

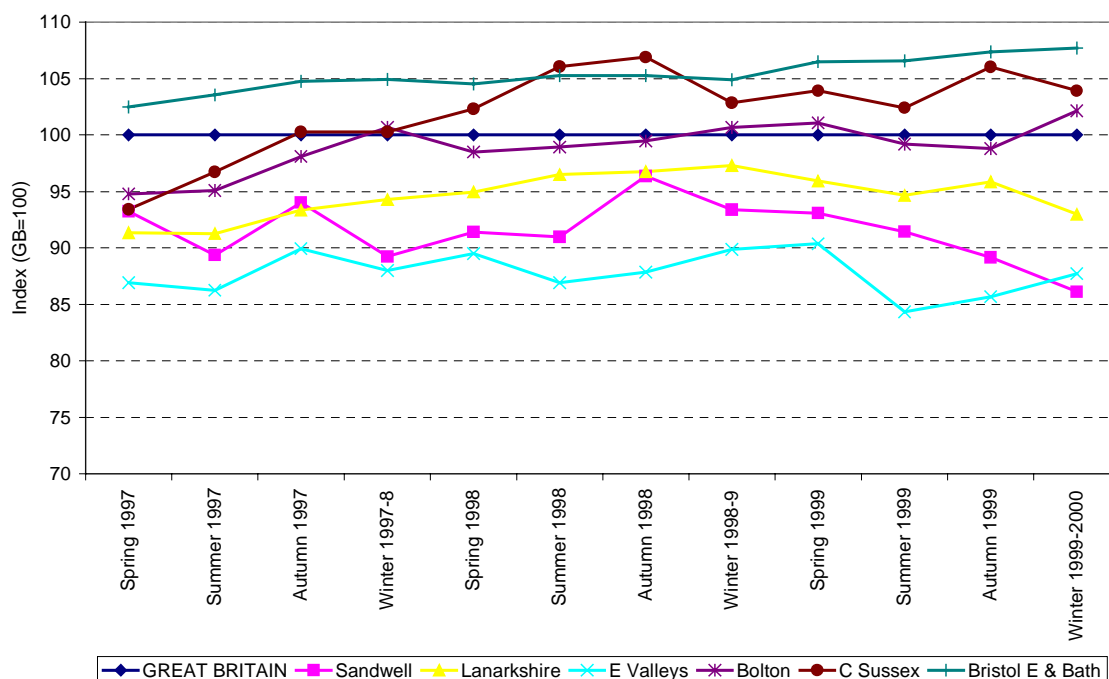
Figure 6.6 Percentage of total population of working age not in employment, 1991 – tranche 2 pilot areas



Source: 1991 Census of Population, Small Area Statistics

Turning to trends over a more recent period, Figures 6.7 and 6.8 show employment rates for persons of working age expressed as an index of the Great Britain value (i.e. the Great Britain rate is assigned a value of 100) for tranche 1 and tranche 2 pilot areas, respectively, for the period from spring 1997 to winter 1999/2000. (Graphs of employment rates for persons of working age over the same period for each pilot and control area compared with the Great Britain rate are presented in Appendix 5.)

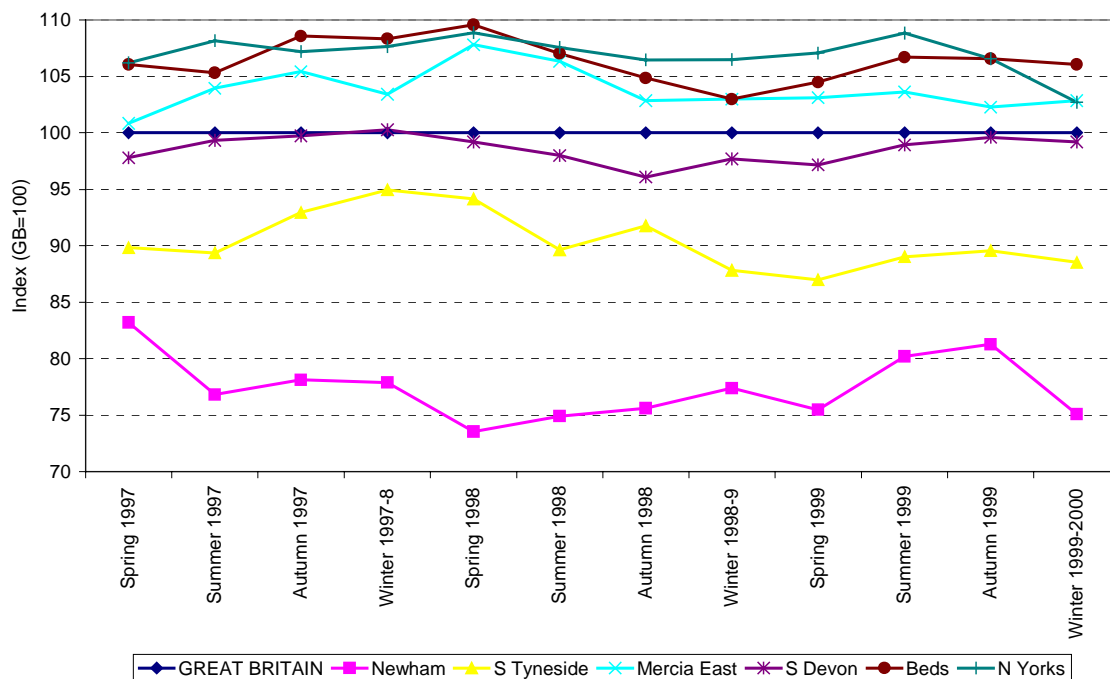
Figure 6.7 Indices of employment rate for persons of working age, spring 1997 to winter 1999/2000 – tranche 1 pilot areas



Source: Labour Force Survey

Of the tranche 1 pilot areas (see Figure 6.7) only Bristol East and Bath (a low unemployment/inactivity area) recorded an employment rate consistently greater than that across Great Britain as a whole. Central Sussex (a medium unemployment/inactivity area), and the only other representative amongst the tranche 1 areas from southern England, displayed an employment rate above the national average from 1998 onwards. In Bolton (also a medium unemployment/inactivity area) the aggregate employment rate remained close to the national average from winter 1997/8 to autumn 1999. Eastern Valleys, Lanarkshire and Sandwell (all categorised as high unemployment/inactivity areas) displayed employment rates below that recorded for Great Britain, with the former area registering the lowest employment rate of the six tranche 1 areas.

Figure 6.8 Indices of employment rate for persons of working age, spring 1997 to winter 1999/2000 – tranche 2 pilot areas



Source: Labour Force Survey

Of the tranche 2 pilot areas (Figure 6.8) North Yorkshire, Bedfordshire and the Mercia East (categorised as low and medium unemployment/inactivity areas) all recorded aggregate employment rates in excess of the national average over the entire period. The employment rate for South Devon (a medium unemployment/inactivity area) remained close to the Great Britain average. Newham registered the lowest employment rate (at less than 80 per cent of the national level for most of the period). This low employment rate may be partly attributable to a high proportion of South Asian women – amongst whom those of Pakistani and Bangladeshi origin tend to display lower than average employment rates. The employment rate for South Tyneside was also consistently lower than the aggregate rate at the national level.

7. EMPLOYMENT STRUCTURE

This chapter provides information on selected aspects of the employment structure at the local level. Topics covered include the occupational and industrial structure of employment, changes in employment in recent years, and the distribution of employees by workplace size category.

7.1 Introduction

There are three main sources of information on employment at the local level:

- the Census of Population,
- the Annual Employment Survey (which replaced the Census of Employment from 1995), and
- the Labour Force Survey.

The Census of Population provides information about residents in employment. Since it has virtually complete coverage, the Census provides accurate and reliable information about the employment status, occupational and industrial distribution of employed residents coded to the 1980 Standard Industrial Classification (SIC).²¹ The main disadvantage of the Census of Population is that it is decennial, and hence the information becomes dated with the passage of time from Census date.

The Annual Employment Survey (AES) provides more up-to-date information. It is a statutory postal survey of employers in which the coverage of smaller establishments is less complete than of larger establishments. It provides information about the gender, full-time/part-time and industrial breakdown of employment coded to the 1992 SIC; (it does not provide information on the occupational breakdown of employment). The unit for data collection is the Inland Revenue paypoint used for the administration of PAYE income tax;²² (these data units may be used to provide an indication of the distribution of employment by size category). It is relevant to note that:

- the AES relates to employees in employment (the self-employed are excluded), and
- the information is workplace-based – i.e. it relates to jobs in a particular area, rather than employed residents in a particular area; (this contrasts with the residence-basis of the Census of Population).

While it is possible to disaggregate AES data to the micro area level, there is concern amongst local users about the reliability of the data at this level. These concerns are a consequence of greater sampling variability resulting from AES procedures. Hence, there may be particular concerns regarding measurement of employment change. Thus, the analyses of AES data presented in this section relate to the ‘best-fit’ unitary authority / local authority district / county definitions of BADs.

The main disadvantage of the Labour Force Survey for analyses at the local level is that sample size limitations preclude detailed disaggregations to the local level. Hence, little reference is made to the Labour Force Survey in this chapter.

²¹ However, the information on occupation and industry is coded only for 10 per cent of residents.

²² Some employers may operate several ‘paypoints’ at one location, while other employers may handle PAYE returns from several locations at a central location. In this latter instance jobs may be recorded at a different address from where they are actually located; in turn, this can lead to errors in the measurement of employment at the local level.

7.2 Occupational structure of employment

Table 7.1 shows the occupational profile of all employed residents area in 1991, using data from the Census of Population. Disaggregation is to the level of the nine Standard Occupational Classification²³ (SOC) Major Groups:

- 1: managers and administrators;
- 2: professional occupations;
- 3: associate professional & technical occupations;
- 4: clerical & secretarial occupations;
- 5: craft & skilled manual occupations;
- 6: personal & protective service occupations;
- 7: sales occupations;
- 8: plant & machine operatives;
- 9: other (unskilled) occupations.

Table 7.1 Occupational profile of employed residents, 1991

	% employed residents by SOC Major Group								
	1	2	3	4	5	6	7	8	9
Great Britain	15.9	8.7	8.7	16.1	14.5	9.1	7.2	10.3	8.6
Sandwell	10.9	4.9	5.8	16.5	19.5	7.8	6.9	18.1	8.7
Lanarkshire	11.9	7.1	8.1	15.5	16.9	8.7	7.5	13.5	10.0
Eastern Valleys	12.3	6.8	7.2	12.8	16.2	8.9	6.8	17.4	10.7
Bolton	15.1	8.1	7.7	15.2	17.1	8.5	8.6	11.0	7.9
Central Sussex	18.5	10.5	10.8	16.9	11.9	9.5	7.3	5.9	7.9
Bristol East and Bath	16.0	9.1	9.1	17.6	14.7	8.3	7.3	9.1	7.9
Newham	11.3	6.5	8.0	20.3	14.2	9.7	6.1	11.1	11.2
South Tyneside	11.1	7.1	7.7	16.2	17.0	9.7	9.1	11.9	9.5
Mercia East	16.7	5.7	5.9	12.1	15.6	11.5	6.9	13.2	11.3
South Devon	15.5	7.1	8.1	13.8	14.5	14.2	7.9	8.9	9.1
Bedfordshire	18.0	9.2	8.3	16.8	14.8	7.7	6.8	11.0	6.6
North Yorkshire	18.9	8.9	8.2	13.5	12.7	10.7	7.4	9.0	9.7

Source: 1991 Census of Population, Small Area Statistics

The pilot areas in the first tranche may be sub-divided into two main groups in terms of their occupational structure. First, Central Sussex and Bristol East and Bath were characterised by higher than average shares of employed residents in higher level non-manual occupations²⁴ and clerical & secretarial occupations, and lower than average shares of employed residents in most manual occupational groups. Secondly, Sandwell, Lanarkshire, Eastern Valleys and Bolton (all categorised as high or medium unemployment/inactivity areas) larger proportions of employed residents in manual occupations - most notably craft & skilled manual occupations (SOC Major Group 5) and plant & machine operatives (SOC Major Group 8), combined with lower than national average shares of employment in higher level non-manual occupational groups.

²³ The SOC 90 classification is used here. (It is to be replaced by SOC 2000 in the 2001 Census of Population.)

²⁴ Managerial & administrative, professional and associate professional & technical occupations (SOC Major Groups 1-3).

Of the second tranche pilot areas, North Yorkshire and Bedfordshire displayed larger than average shares of employed residents in managerial and professional occupations. Newham was distinctive in displaying a much larger share of employed residents in clerical and secretarial occupations (20 per cent) than the national average (16 per cent). It also exhibited larger than average shares of employment in plant & machine operative and other (unskilled) occupations. South Tyneside and Mercia East displayed the largest shares of employment in craft & skilled manual occupations of the second tranche of pilot areas, and along with Newham and Bedfordshire were also characterised by greater than national average shares of residents employed as plant and machine operatives. South Devon was distinctive in terms of the relatively large proportion of employment in personal and protective service occupations (14 per cent of total employees, compared with 9 per cent nationally). This is partly attributable to the importance of tourism in this area

Table 7.2 Occupational profile of employment by selected broad occupational groups, winter 1999/2000

	SOC Major Groups 1-3		SOC Major Groups 8, 9	
	%	index (GB=100)	%	index (GB=100)
Great Britain	37.3	100	16.7	100
Sandwell	18.1	48	21.7	130
Lanarkshire	31.9	86	18.9	113
Eastern Valleys	25.0	67	22.2	133
Bolton	24.8	66	11.9	71
Central Sussex	50.3	135	7.4	44
Bristol East and Bath	39.6	106	15.0	90
Newham	-	-	-	-
South Tyneside	22.7	61	27.3	163
Mercia East	30.4	82	23.6	141
South Devon	32.4	87	18.0	107
Bedfordshire	37.1	99	18.4	110
North Yorkshire	40.1	108	15.8	94

Source: Labour Force Survey, winter 1999/2000

Note: ‘ - ‘ denotes sample size too small for value to be recorded

A more up-to-date occupational profile of employment is provided by the Labour Force Survey.²⁵ Table 7.2 shows the proportion of employed residents in each of two broad occupational groups:

- managerial & administrative, professional and associate professional & technical occupations (SOC Major Groups 1-3) – associated with higher level skills, and
- plant & machine operatives and other (unskilled) occupations (SOC Major Groups 8-9) – associated with lower skill levels.

(Analogous information for control areas is presented in Table A5.7.2 in Appendix 6.)

The same key features are evident as emerged from an examination of 1991 Census of Population data. The low unemployment/inactivity areas – Bristol East and Bath,

²⁵ It should be noted that the local areas to which these data refer are local authority districts/counties, as opposed to the BAD areas used in Table 7.1.

Bedfordshire, North Yorkshire – along with Central Sussex (a medium unemployment/inactivity area) were characterised by above, or close to average, proportions of employment in high level non-manual occupations. Conversely, Sandwell, Eastern Valleys, Mercia East and South Tyneside displayed shares of employment in plant & machine operative and other (unskilled) occupations at least 30 per cent above the Great Britain average. In all four of these local areas plant & machine operatives and other (unskilled) occupations accounted for at least a fifth of total employment in winter 1999/2000, compared with less than 17 per cent across Great Britain as a whole. In Lanarkshire, Bedfordshire and South Devon the share of employment in these occupations was slightly greater than the national average.

7.3 Industrial structure of employment

This section presents key indicators from the 1998 Annual Employment Survey (AES). This source provides the most up-to-date information available on the industrial disaggregation of employment at the local level. The AES covers employees in employment only, and in 1998 much of the information relating to agriculture and forestry was suppressed at the local level; (hence, any data on agriculture should be treated with extreme caution).

Table 7.3 shows the industrial structure of employment in Great Britain in 1998, by gender and full-part time status; (Table A5.7.3 in Appendix 6 presents the counts underlying the percentages).

Using a disaggregation to the 1-digit level of the 1992 Standard Industrial Classification, the four sectors accounting for the single largest shares of employment in 1998 were manufacturing (just under 18 per cent of total employees), wholesale and retail trade, repair, etc (17 per cent of total employees), real estate, renting and business activities (over 14 per cent of total employees) and health and social work (over 10 per cent of total employees). The percentages in Table 7.3 underline the importance of employment in the service sector.²⁶

In 1998 nearly 55 per cent of all male employment was concentrated in three industries: manufacturing (over 24 per cent of male employees), wholesale and retail trade, repair, etc (16 per cent of male employees) and real estate, renting and business activities (14 per cent of male employees). For females the largest employers were wholesale and retail trade, repair, etc (18 per cent of female employees), health and social work etc (17 per cent of female employees), real estate, renting and business activities (15 per cent of male employees), and education (11 per cent of female employees). In construction, manufacturing, most primary industries and transport, storage & communication over 70 per cent of employees were males. Females accounted for over 70 per cent of employees in health & social work and education, and approximately three-fifths of total employees in hotels & restaurants.

²⁶ These percentages are very similar to those recorded in the 1997 AES.

Table 7.3 Industrial structure of employment in Great Britain, 1998

Industry	% total employment by industry			full-time/part-time breakdown of employment		gender breakdown of employment	
	Total	Men	Women	Full-time (%)	Part-time (%)	Men (%)	Women (%)
Agriculture hunting and forestry	1.3	1.8	0.8	80.7	19.3	70.0	30.0
Fishing	0.0	0.0	0.0	74.2	25.8	63.9	36.1
Mining and quarrying	0.3	0.5	0.1	96.2	3.8	84.5	15.5
Manufacturing	17.5	24.4	10.2	93.4	6.6	71.6	28.4
Electricity gas and water supply	0.6	0.8	0.3	93.4	6.6	74.0	26.0
Construction	4.6	7.4	1.6	92.8	7.2	83.2	16.8
Wholesale/retail trade; repair etc	17.1	16.3	17.8	63.5	36.5	49.0	51.0
Hotels and restaurants	5.8	4.6	7.1	50.0	50.0	40.5	59.5
Transport storage and communication	5.8	8.1	3.4	90.6	9.4	71.2	28.8
Financial intermediation	4.2	4.1	4.4	90.0	10.0	49.7	50.3
Real estate renting business activities	14.4	13.8	15.0	67.3	32.7	49.2	50.8
Public admin/defence; social security	5.9	5.9	5.9	81.8	18.2	51.3	48.7
Education	7.6	4.0	11.4	54.7	45.3	27.0	73.0
Health and social work	10.4	4.2	16.9	57.3	42.7	20.7	79.3
Other community social/personal service	4.5	4.0	5.0	63.1	36.9	45.8	54.2
TOTAL	51.3	4.0	5.0	51.3	48.7	72.8	27.1

Source: Annual Employment Survey, 1998

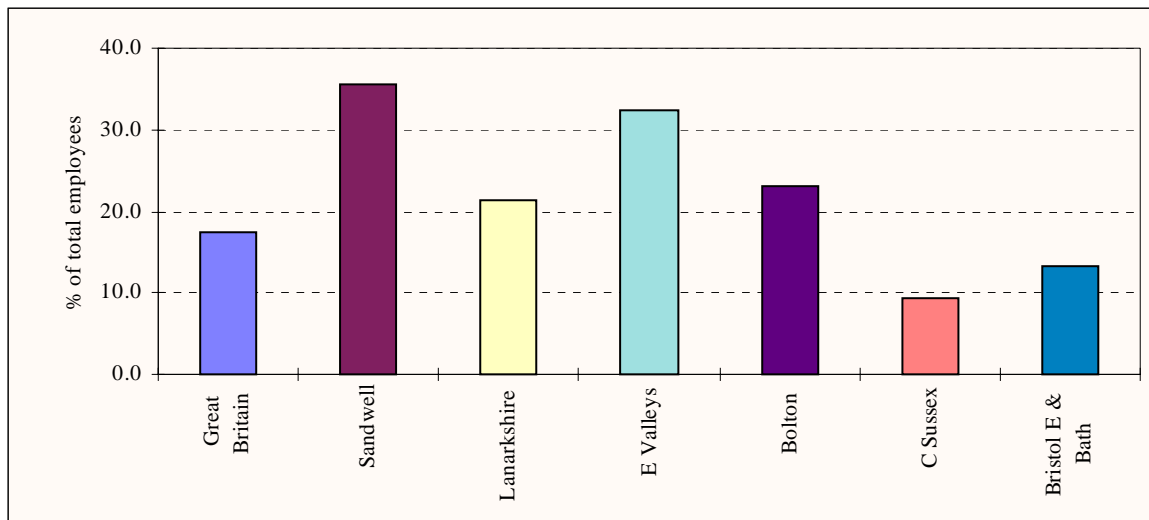
Over 90 per cent of employees in manufacturing, construction, mining and in the electricity, gas & water supply industries worked on a full-time basis in 1998. By contrast, in hotels & restaurants more than one-half of employees worked on a part-time basis. In education and health & social work (both with high proportions of female employees) the proportion of employees working on a part-time basis exceeded two-fifths.

Figures 7.1-7.8 show the percentages of total employees in the four sectors accounting for the largest single shares of employment in 1998:

- manufacturing (Figures 7.1 and 7.2)
- wholesale and retail trade (Figures 7.3 and 7.4)
- real estate, renting and business activities (Figures 7.5 and 7.6)
- health and social work (Figures 7.7 and 7.8).

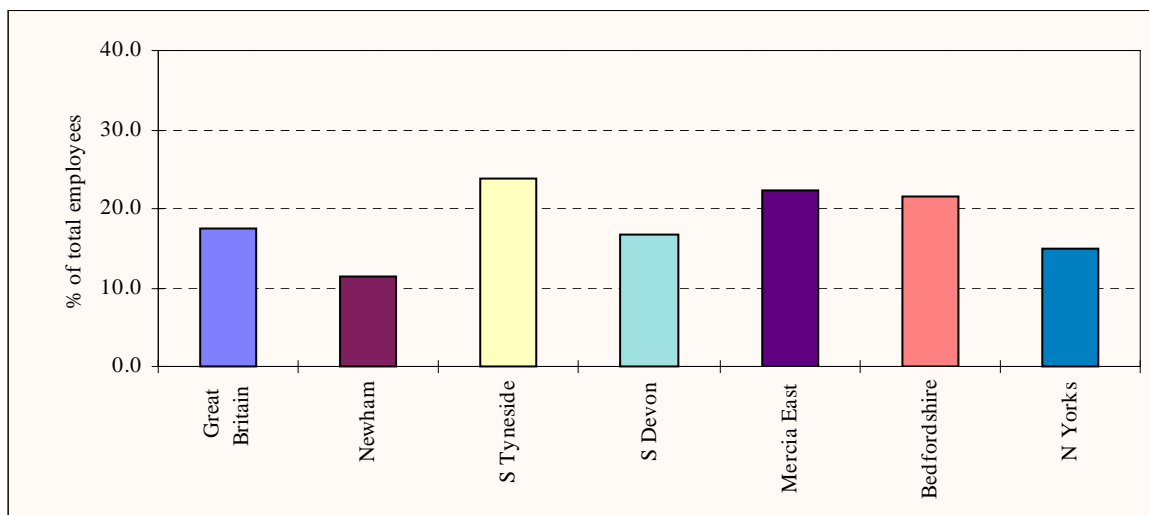
Over a third of total employees in Sandwell were engaged in manufacturing, compared with less than one-fifth across Great Britain as a whole. The other high unemployment/inactivity areas (Eastern Valleys and Lanarkshire) also displayed larger than average shares of employment in manufacturing, along with Bolton (a medium unemployment/inactivity area). Central Sussex displayed the smallest share of employees in manufacturing of the six local areas (less than 10 per cent of the total), and in Bristol East & Bath the share was lower than the national average (at just over 13 per cent of total employees).

Figure 7.1 Percentage of total employees in manufacturing, 1998 – tranche 1 pilot areas



Source: Annual Employment Survey, 1998

Figure 7.2 Percentage of total employees in manufacturing, 1998 – tranche 2 pilot areas

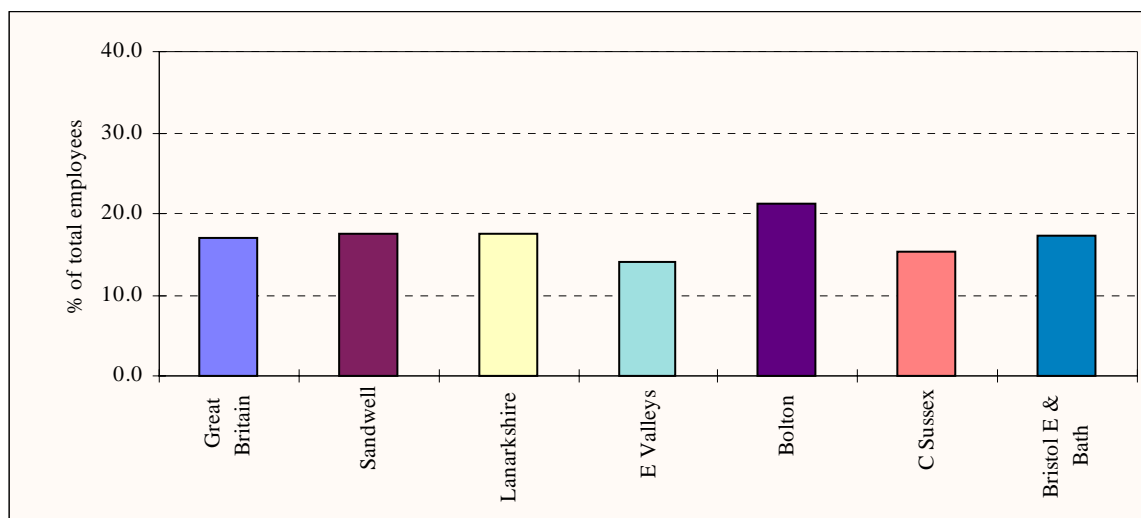


Source: Annual Employment Survey, 1998

None of the second tranche of pilot areas displayed such marked concentrations of manufacturing employment as Sandwell and Eastern Valleys. In South Tyneside, Mercia East and Bedfordshire the proportion of total employees in manufacturing exceeded 20 per cent. Newham recorded the smallest share of employment in manufacturing of any of the second tranche of pilot areas (at just over 11 per cent of total employment), reflecting the small proportion of total employment accounted for by manufacturing in London.

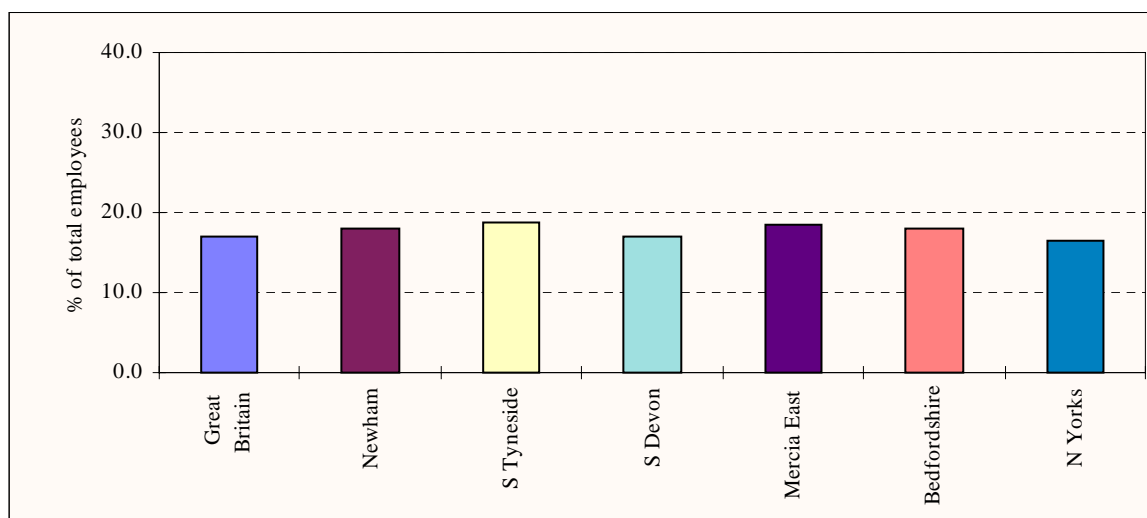
The wholesale/retail trade was more evenly distributed across the six local areas.

Figure 7.3 Percentage of total employees in wholesale and retail trade, 1998 – tranche 1 pilot areas



Source: Annual Employment Survey, 1998

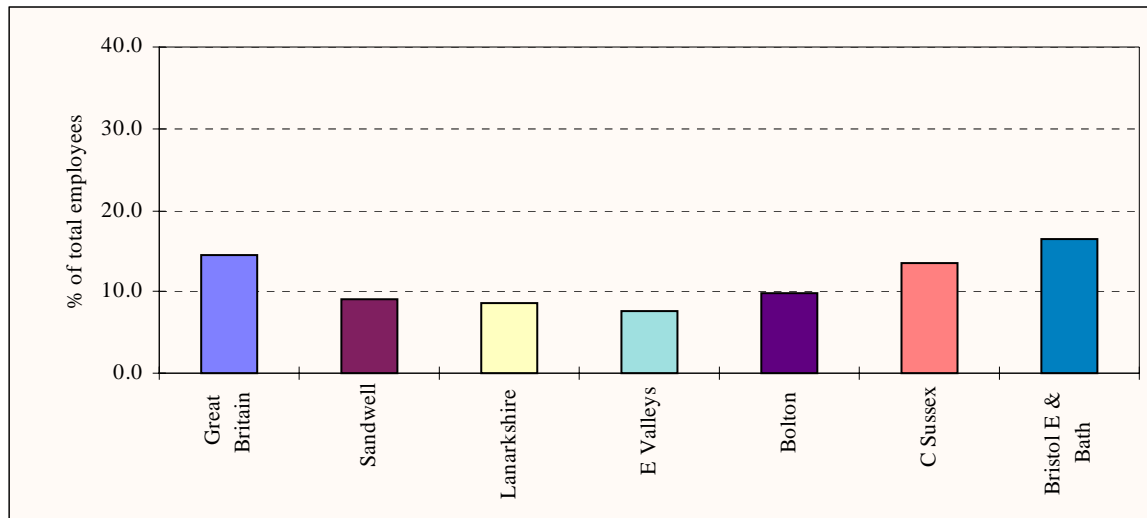
Figure 7.4 Percentage of total employees in wholesale and retail trade, 1998 – tranche 2 pilot areas



Source: Annual Employment Survey, 1998

Of the tranche 1 pilot areas Bolton recorded the largest share of employees in the wholesale and retail trade, with this industry accounting for over 21 per cent of total employees compared with just over 17 per cent nationally. Of the tranche 2 pilot areas South Tyneside, Mercia East and Bedfordshire each had in excess of 18 per cent of total employees in the wholesale and retail trade, with Newham not far behind. Out of the twelve pilot areas only Eastern Valleys and Central Sussex displayed appreciably smaller proportions of employees in the wholesale and retail trade than across Great Britain as a whole.

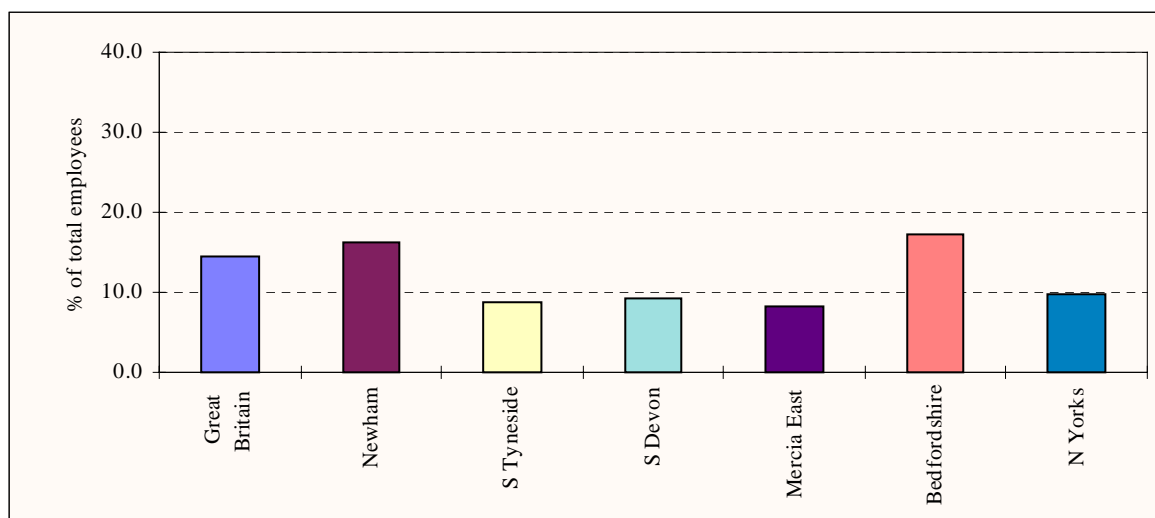
Figure 7.5 Percentage of total employees in real estate, renting and business activities, 1998 – tranche 1 pilot areas



Source: Annual Employment Survey, 1998

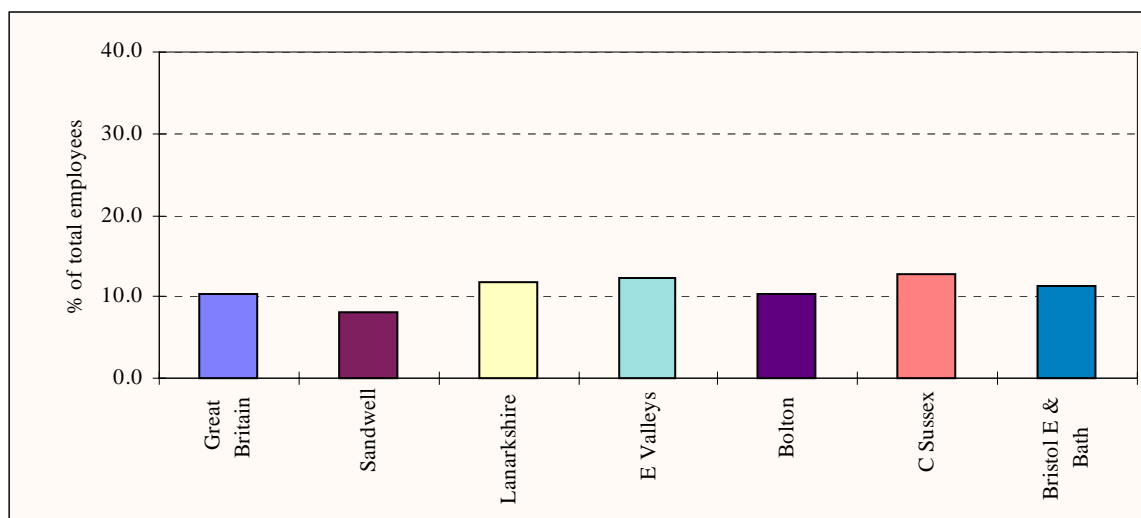
Real estate, renting and business activities accounted for a higher proportion of total employees in Bristol East & Bath and Central Sussex than in the other four tranche 1 pilot areas. Only in Bristol East & Bath did the share of total employees in this sector (16.5 per cent) exceed the Great Britain share (14.4 per cent). This sector was particularly poorly represented in Eastern Valleys (accounting for less than 8 per cent of total employees), followed by Lanarkshire (less than 9 per cent of total employees). Of the tranche 2 pilot areas Bedfordshire and Newham displayed larger shares of employees in this sector than the national average, while Mercia East displayed the smallest share – as is typical of more remote, largely rural, areas, followed by South Tyneside, South Devon and North Yorkshire.

Figure 7.6 Percentage of total employees in real estate, renting and business activities, 1998 – tranche 2 pilot areas



Source: Annual Employment Survey, 1998

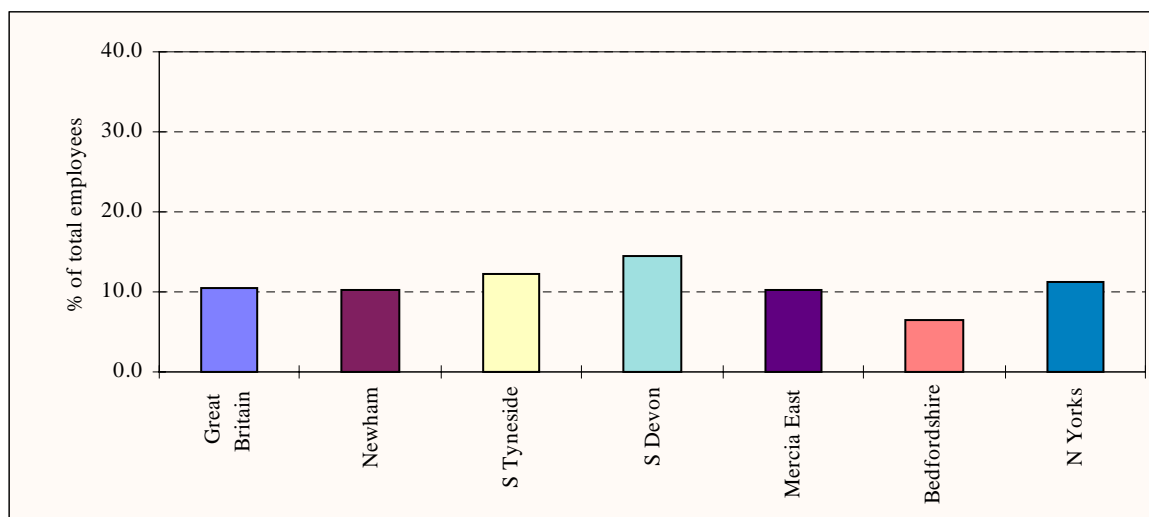
Figure 7.7 Percentage of total employees in health and social work, 1998 – tranche 1 pilot areas



Source: Annual Employment Survey, 1998

Central Sussex, Eastern Valleys, Lanarkshire and Bristol East & Bath displayed the largest shares of employees in health and social work of the tranche 1 pilot areas, with the sector contributing in excess of the 10.4 per cent proportion of total employees across Great Britain as a whole. In Bolton the share of employment was similar to the national average, while only in Sandwell was the proportion of employment in this sector appreciably lower than nationally (at 8 per cent).

Figure 7.8 Percentage of total employees in health and social work, 1998 – tranche 2 pilot areas



Source: Annual Employment Survey, 1998

Of the tranche 2 pilot areas only Bedfordshire (with a mere 6.5 per cent of total employees in the sector) displayed a significantly smaller proportion of total employees in health and social work. In all other tranche 2 pilot areas the share of employees in this industrial sector was similar to, or slightly greater than, the national average. In South Devon over 14.4 per cent of total employees were engaged in health and social work.

Tables 7.4 and 7.5 shows location quotients for each industry in each of the local areas, for tranche 1 and tranche 2 pilot areas respectively. (Tables A5.7.4a and A5.7.4b in Appendix 6 present the counts and percentages on which the location quotients presented in Table 7.4 are based, while Tables A5.7.5a and A5.7.5b provide similar statistics relating to the information presented in Table 7.5. Similar information is also presented in Appendix 6 for control areas).

Table 7.4 Location quotients by industrial sector, 1998 – tranche 1 pilot areas

Industry	GB	Sandwell	Lanark	E Valleys	Bolton	C Sussex	Bristol
Agriculture, etc	1.00	0.04	0.66	0.26	0.16	0.43	0.34
Fishing	1.00	0.00	0.23	0.03	0.20	0.21	0.79
Mining & quarrying	1.00	0.24	<i>1.38</i>	<i>1.61</i>	0.22	0.10	0.36
Manufacturing	1.00	<i>2.04</i>	<i>1.22</i>	<i>1.86</i>	<i>1.32</i>	0.54	0.76
Electricity, gas, water	1.00	<i>1.95</i>	<i>1.38</i>	0.14	<i>2.68</i>	<i>1.31</i>	<i>1.17</i>
Construction	1.00	0.94	<i>1.70</i>	<i>1.04</i>	<i>1.01</i>	0.86	<i>1.02</i>
Wholesale/retail trade	1.00	<i>1.03</i>	<i>1.03</i>	0.83	<i>1.25</i>	0.90	<i>1.01</i>
Hotels & restaurants	1.00	0.54	0.88	0.63	0.98	<i>1.14</i>	0.80
Transport/comms.	1.00	0.99	<i>1.15</i>	0.51	0.85	0.96	<i>1.01</i>
Financial intermediation	1.00	0.34	0.49	0.28	0.54	<i>2.05</i>	<i>1.54</i>
Real estate, business	1.00	0.63	0.60	0.53	0.67	0.93	<i>1.15</i>
Public admin., etc	1.00	0.63	<i>1.13</i>	<i>1.03</i>	0.87	<i>1.11</i>	<i>1.08</i>
Education	1.00	0.84	0.75	<i>1.24</i>	0.99	<i>1.40</i>	<i>1.07</i>
Health & social work	1.00	0.79	<i>1.14</i>	<i>1.18</i>	0.98	<i>1.24</i>	<i>1.09</i>
Other services	1.00	0.80	0.99	<i>1.02</i>	0.83	<i>1.29</i>	0.93

Source: Annual Employment Survey, 1998

Table 7.5 Location quotients by industrial sector, 1997 – tranche 2 pilot areas

Industry	GB	Newham	S Tyne	Mercia E	S Devon	Beds	N Yorks
Agriculture, etc	1.00	0.02	0.12	<i>7.22</i>	<i>1.39</i>	0.00	<i>2.82</i>
Fishing	1.00	0.00	0.03	<i>1.10</i>	<i>2.44</i>	0.09	<i>2.85</i>
Mining & quarrying	1.00	0.00	0.29	0.86	0.81	0.29	<i>3.68</i>
Manufacturing	1.00	0.65	<i>1.36</i>	<i>1.27</i>	0.95	<i>1.22</i>	0.86
Electricity, gas, water	1.00	0.38	0.05	0.37	0.56	0.66	<i>1.35</i>
Construction	1.00	0.91	<i>1.55</i>	<i>1.13</i>	0.95	<i>1.12</i>	<i>1.13</i>
Wholesale/retail trade	1.00	<i>1.05</i>	<i>1.10</i>	<i>1.09</i>	<i>1.00</i>	<i>1.06</i>	0.97
Hotels & restaurants	1.00	0.79	0.97	0.97	<i>1.50</i>	0.85	<i>1.46</i>
Transport/comms.	1.00	<i>1.50</i>	<i>1.09</i>	0.84	0.71	<i>1.19</i>	0.97
Financial intermediation	1.00	<i>1.15</i>	0.35	0.32	0.48	0.46	0.79
Real estate, business	1.00	<i>1.13</i>	0.61	0.58	0.65	<i>1.20</i>	0.67
Public admin., etc	1.00	<i>1.20</i>	0.79	0.63	<i>1.23</i>	0.70	<i>1.01</i>
Education	1.00	<i>1.15</i>	0.82	0.81	<i>1.23</i>	<i>1.14</i>	<i>1.09</i>
Health & social work	1.00	0.99	<i>1.18</i>	0.98	<i>1.38</i>	0.63	<i>1.09</i>
Other services	1.00	<i>1.29</i>	<i>1.06</i>	0.85	0.94	0.79	<i>1.04</i>

Source: Annual Employment Survey, 1998

Location quotients are calculated by dividing the share of employment in a particular industry in a particular local area by the corresponding share of that industry in national employment. Where the value of the location quotient for the local area exceeds 1.00 the industry is ‘over-represented’ in the local area (these are the italicised figures in Tables 7.4 and 7.5), and where the value is less than 1.00 the industry is correspondingly under-represented. For example, a location quotient value of 2.04 for manufacturing in Sandwell indicates that this

sector accounted for just over double the share of total employees in Sandwell than nationally. Conversely, a location quotient value of 0.34 for financial intermediation in Sandwell shows this sector accounted for a share of employment in Sandwell only one-third the size of that recorded for Great Britain. It should be borne in mind that extreme location quotient values are generally more prevalent in industries employing relatively few workers and in industries which are concentrated in a few locations (rather than being more widespread).

Key features of the industrial structure of the pilot areas evident from Tables 7.4 and 7.5 include:

- *Sandwell*: the most notable feature was the much greater importance of manufacturing industry relative to the national average. All service industries – with the exception of the wholesale/retail trade were under-represented relative to the national average.
- *Lanarkshire*: manufacturing, construction, mining and public utilities, along with transport & communications and health & social work were over-represented relative to the Great Britain average. Conversely, there was a smaller than average proportion of employees in many service industries, particularly in producer services - notably financial intermediation and real estate & business services.
- *Eastern Valleys*: manufacturing, mining and public services were over-represented relative to the Great Britain average in 1998, in an industrial profile typical of some of the more traditionally depressed industrial regions. Producer services accounted for a much smaller proportion of employment than across Great Britain as a whole.
- *Bolton*: was characterised by greater than national average shares of employment in manufacturing, the utilities and the wholesale & retail trade. The share of employees in construction was similar to the Great Britain average. With the exception of hotels & restaurants, all other service industries were under-represented.
- *Central Sussex*: had an industrial profile skewed heavily towards service industries relative to the national average. The share of total employees engaged in financial intermediation was over twice the national average, and the shares of employment in education and health & social work also exceeded those across Great Britain as a whole.
- *Bristol East and Bath*: perhaps the most salient characteristic of this local area was the greater than national average importance of producer services in employment terms. At the western end of the M4 corridor and a regional capital for the South West region, Bristol is an important centre for relocations in financial services, as well as providing a range of services for the wider region. The proportions of employment in most service industries identified in Table 7.4, with the exception of hotels & restaurants and other services equalled, or exceeded, the national average.
- *Newham*: had an industrial structure heavily skewed towards service industries. Manufacturing was under-represented and within the service sector employment was particularly concentrated in transport & communications, other services, public administration and producer services.
- *South Tyneside*: industries over-represented in this area relative to the national average in 1998 were construction, manufacturing, health & social work, other services, the wholesale/retail trade and transport & communications. Producer services accounted for much smaller proportions of employment than nationally.
- *Mercia East*: agriculture was a more important employer in this local area than in any of the other pilot areas. Manufacturing and construction were also over-represented relative to the national average in 1998, as was the wholesale/retail trade. The share of employment in producer services was much lower than average and hotels & restaurants.

- *South Devon*: is a traditional tourist centre, with greater than national average proportions of employment in hotels & restaurants. Public services were also over-represented relative to the Great Britain average in 1998.
- *Bedfordshire*: had a greater proportion of employment in manufacturing than the national average in 1998. Real estate & business services, transport & communications, education, construction and the wholesale/retail trade were also over-represented in employment terms relative to Great Britain. The general pattern is one of greater than average shares of total employees in some parts of the service sector, and smaller than average shares of employment in others.
- *North Yorkshire*: an over-representation relative to the Great Britain average of employment in primary and most service industries in this local area, contrasted with a smaller than average share of total employees in manufacturing. Producer services were under-represented.

Overall, therefore, some marked differences in the industrial profiles of local areas were evident. In general, the low unemployment/inactivity areas tend to have industrial profiles more biased towards service industries than the national average, while many of the high unemployment/inactivity areas tend to have more of a tradition of manufacturing and mining employment. However, Newham is a notable exception to this general rule. Indeed, Greater London has a distinctive industrial (and occupational) profile, with an employment structure biased towards service industries (and with a particularly strong concentration of service industries).

7.4 Employment change

Over the period from 1993 to 1997²⁷ employment expanded by 6.8 per cent. At the national level there was growth in both full-time and part-time employees, but in relative terms the growth in part-time employees (at over 11 per cent) exceeded that in full-time employees (5 per cent). Both male and female employees registered employment gains, but females recorded slightly larger gains (a 7 per cent increase) than males (an increase of 6 per cent). Between 1997 and 1998 employment expanded by a further 2.2 per cent - a net increase of just over 500 thousand employees, reflecting continuing economic recovery in the British labour market. However, over this latter period a 3.8 per cent expansion in full-time employees contrasted with a 2 per cent decline of part-time employees, while the increase in male employees (nearly 3 per cent) exceeded the increase in female employees (1.3 per cent).

Table 7.6 shows employment change over the period from 1993 to 1997, and between 1997 and 1998.

²⁷ Some caution should be exercised when interpreting changes because the use of two different data sources – i.e. the Census of Employment and the Annual Employment Survey. For this reason, reference is not made to sector-specific employment changes here.

Table 7.6 Percentage change in total employees, 1993-7 and 1997-8

	1997-8 (%)	1993-7 (%)
Great Britain	2.2	6.8
Sandwell	2.3	5.2
Lanarkshire	6.9	0.7
Eastern Valleys	1.4	4.0
Bolton	0.0	6.3
Central Sussex	5.4	8.1
Bristol East and Bath	-1.3	7.4
Newham	2.7	2.2
South Tyneside	2.9	1.7
Mercia East	0.7	13.1
South Devon	0.5	9.7
Bedfordshire	3.4	2.7
North Yorkshire	-1.3	4.8

Source: Annual Employment Survey, 1998, 1997; Census of Employment, 1993

A key feature to emerge is the variation in experience in many local areas between the two periods; suggesting that the figures should be treated with caution. Of the tranche 1 pilot areas, Lanarkshire recorded the smallest gains in employment between 1993 and 1997, but the largest increase between 1997 and 1998, with virtually all of the employment growth between 1993 and 1997 being accounted for by part-time jobs. Central Sussex and Bristol East and Bath were the only two pilot areas from the first tranche to register relative employment gains in excess of those recorded for Great Britain between 1993 and 1997. Yet Bristol East and Bath fared worse than average between 1997 and 1998, while a greater than national average rate of increase continued in Central Sussex. Eastern Valleys and Bolton displayed smaller than average increases in total employees between 1997 and 1998, while in Sandwell the percentage increase was similar to that recorded for Great Britain.

Out of the tranche 2 pilot areas Mercia East and South Devon were the only areas to record increases in employment in excess of the national average between 1993 and 1997. The regions in which these two areas are located – the East Midlands and South West – are amongst the fastest growing regions (in employment and population terms) in Great Britain. Yet between 1997 and 1998 these two local areas, together with North Yorkshire displayed lower rates of employment increase than the national average. Bedfordshire recorded the largest increase in employees (over 3 per cent) of any of the tranche 2 pilot areas between 1997 and 1998.

7.5 Employment by establishment size

As indicated in section 7.1, the AES contains information on the size of the ‘data unit’ in which employees are employed. ‘Data units’ do not readily correspond to commonly used terms such as ‘firms’, ‘companies’ or ‘businesses’; rather they are roughly equivalent to workplaces.

Table 7.7 shows the distribution of workplaces by size category; (the counts underlying these percentages are presented in Table A5.7.7 in Appendix 6). The size distribution of workplaces can have an affect on the approach Personal Advisers take in terms of marketing to employers. Four size categories of workplace were identified using the 1998 AES: less than 25 employees, 25-49 employees, 50-100 employees and 200 and over employees. In Great Britain 93 per cent of workplaces in 1998 contained less than 25 employees. Across the twelve pilot areas, the proportion of workplaces with less than 25 employees ranged from 88 per cent in Sandwell and 89 per cent in South Tyneside to 94 per cent in Central Sussex, Mercia East and North Yorkshire. An urban-rural continuum is evident here with proportionately fewer small workplaces in urban areas than in rural areas. 4 per cent of workplaces in Great Britain had 25-49 employees, 3 per cent had between 50 and 199 employees and 1 per cent had 200 or more employees. The first data panel of Table 7.7 confirms relatively little variation at the level of pilot areas in the size distribution of workplaces.

Table 7.7 Percentage of workplaces by size category, 1998

	Data units (% by no. of employees)				Employees (% by workplace size)			
	< 25	25-49	50-199	200+	< 25	25-49	50-199	200+
Great Britain	93	4	3	1	32	14	24	31
Sandwell	88	6	4	1	28	16	29	27
Lanarkshire	91	4	3	1	32	13	28	27
Eastern Valleys	91	4	4	1	28	12	28	32
Bolton	92	5	3	1	31	14	25	30
Central Sussex	94	3	2	0	36	13	22	28
Bristol East and Bath	92	4	3	1	30	13	23	34
Newham	92	4	3	1	31	14	29	26
South Tyneside	89	6	4	1	30	15	25	30
Mercia East	94	4	2	0	41	16	24	19
South Devon	93	4	2	1	35	14	21	31
Bedfordshire	93	4	3	1	32	14	24	30
North Yorkshire	94	4	2	0	37	14	22	27

Source: Annual Employment Survey, 1998

The second data panel of Table 7.7 shows that nearly a third of employees worked at workplaces with less than 25 employees, and a similar proportion (31 per cent) worked at workplaces with 200 or more employees. Nearly a quarter of all employees in Great Britain worked at workplaces with 50-199 employees, and 14 per cent at workplaces with 25-49 employees. Of the pilot areas, Mercia East, North Yorkshire, Central Sussex and South Devon had greater than average proportions of employees working at workplaces with less than 25 employees; (in Mercia East the 41 per cent of employees were in this category, compared with 32 per cent nationally). At the opposite end of the workplace size spectrum, Bristol East & Bath and Bolton were the only pilot areas with a greater share of employees in workplaces employing 200 or more workers than the national average; (in Mercia East only 19 per cent of employees were in this category). Sandwell, Newham, Lanarkshire, Eastern Valleys, Bolton and South Tyneside recorded at least a quarter of employees working at workplaces with 50-199 employees, compared with 24 per cent across Great Britain.

8. UNEMPLOYMENT

This chapter presents selected information on the incidence and trends in unemployment, mainly over the period from January 1997 to April 2000. Particular emphasis is placed on unemployment rates, but reference is also made to the duration of unemployment, as well as to unemployment flows and the destinations from out-flows.

8.1 Introduction

The unemployment rate, conventionally calculated as the unemployed as a percentage of the economically active, is the most widely used socio-economic indicator - particularly at the local level. It is used both as an indicator of social distress, and as an indicator of labour market imbalance.

There are three main data sources for deriving unemployment data in the UK:

- the JUVOS claimant count series,
- the Labour Force Survey, and
- the 1991 Census of Population.

It is important to note that the three sources differ in terms of:

- *coverage*: the JUVOS claimant count series covers all claimant unemployed, the LFS is a sample survey, while the Census of Population is a national census;
- *scope and basis of definition of unemployment*: the JUVOS claimant count series is a by-product of an administrative system and hence the definition of unemployment is subject to change in benefit regulations, while the LFS enables utilisation of the ILO definition of unemployment, and the Census of Population adopts a self-enumeration approach;
- *spatial disaggregations*: unemployment 'count' data are available at the micro area level (i.e. the ward and postcode sector level) from the JUVOS claimant series and the Census of Population - but only the latter source provides a denominator at the micro area level²⁸ for use in unemployment rate calculations, while from the JUVOS claimant series unemployment rates are available for unitary and local authority districts, TTWAs and counties, and from the LFS unemployment rates are available for larger local authority districts and for TEC/LEC areas;
- *frequency*: the JUVOS claimant data are available monthly, LFS data are available quarterly, and Census of Population data are available on a decennial basis.

None of these sources is ideal in terms of conceptual integrity, coverage, timeliness, spatial disaggregations and other disaggregations. Comparisons of unemployment measured using different data sources have illustrated that those counted as unemployed in each of the sources are distinct but overlapping sub-groups of the unemployed. Hence, at a single point in time estimates of unemployment can vary quite markedly according to the scope of the definition of unemployment applied.

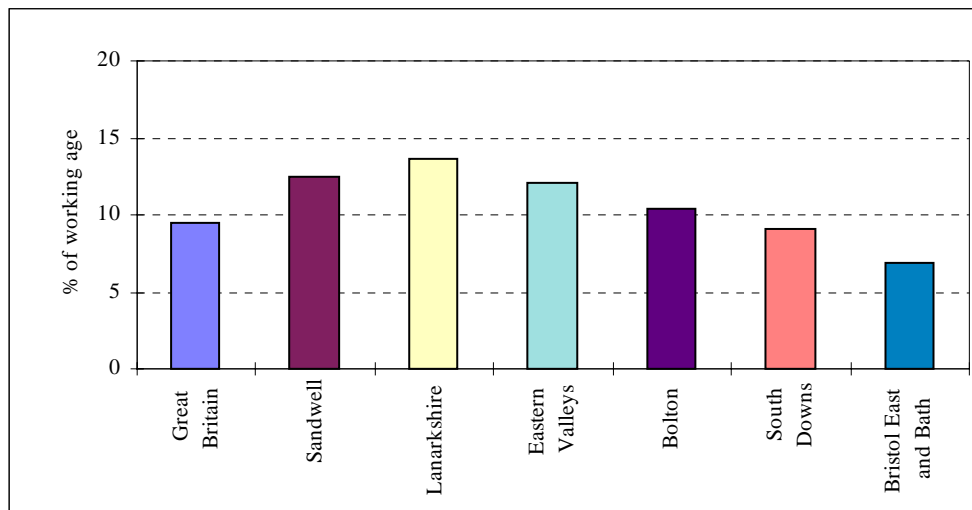
8.2 Unemployment rates

Figures 8.1 and 8.2 show unemployment rates for persons of working age in 1991 in tranche 1 and tranche 2 pilot areas, respectively. As would be expected, those areas categorised as high unemployment/inactivity areas – Sandwell, Lanarkshire, Eastern Valleys, Newham and South Tyneside - displayed unemployment rates in excess of that for Great Britain. In

²⁸ Since this relates to 1991 it is relatively dated at the time of writing.

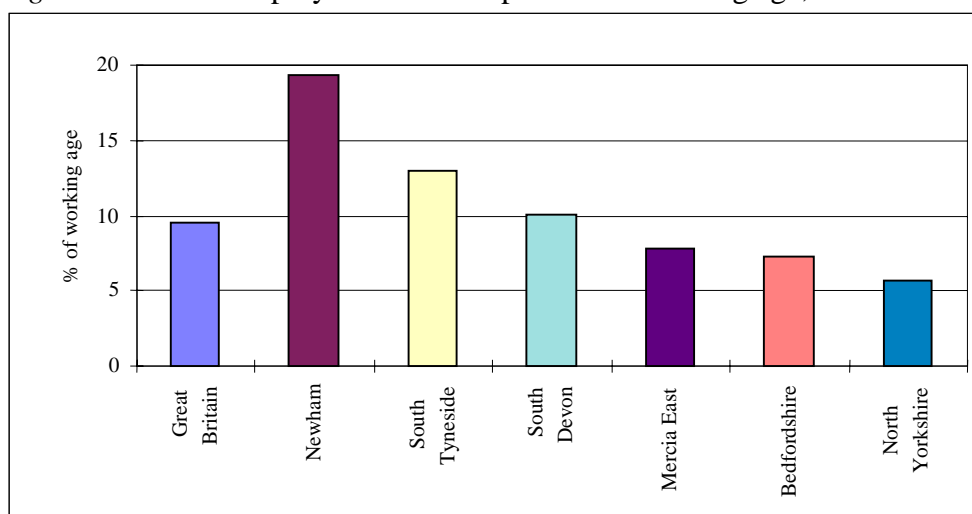
Newham (Figure 8.2) virtually two out of every five people of working age assessed themselves as unemployed compared with slightly under one in ten across Great Britain as a whole. Bristol East and Bath, North Yorkshire and Bedfordshire (all categorised as low unemployment/inactivity rate areas) recorded unemployment rates significantly lower than the national average.

Figure 8.1 Unemployment rate for persons of working age, 1991 – tranche 1 pilot areas



Source: 1991 Census of Population, Small Area Statistics

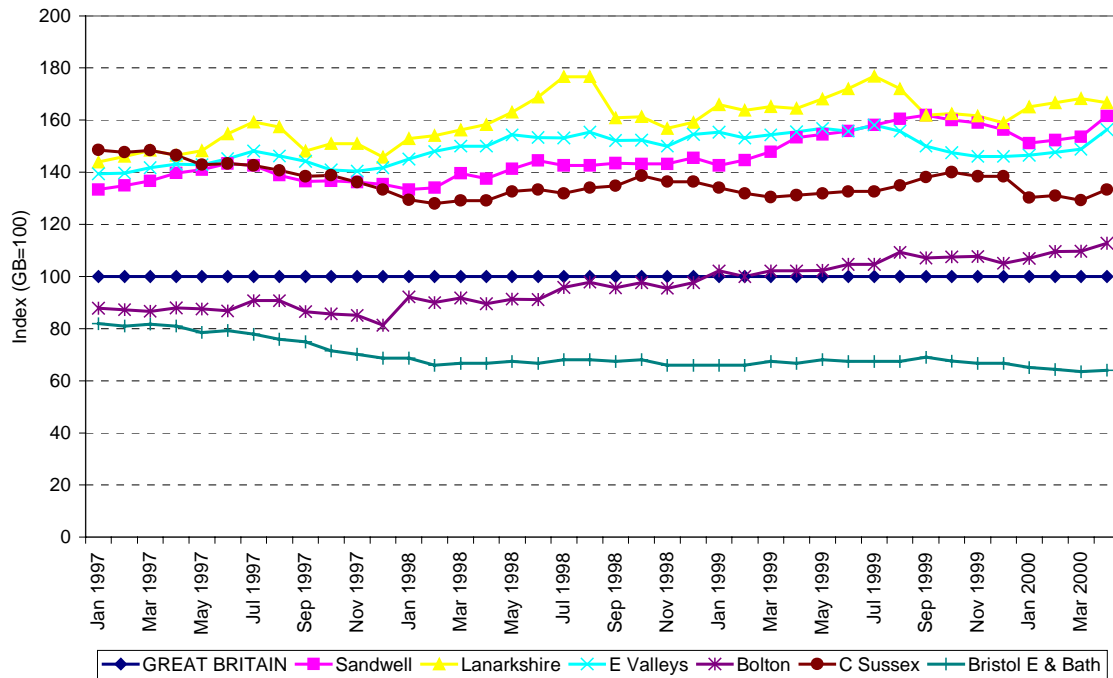
Figure 8.2 Unemployment rate for persons of working age, 1991 – tranche 2 pilot areas



Source: 1991 Census of Population, Small Area Statistics

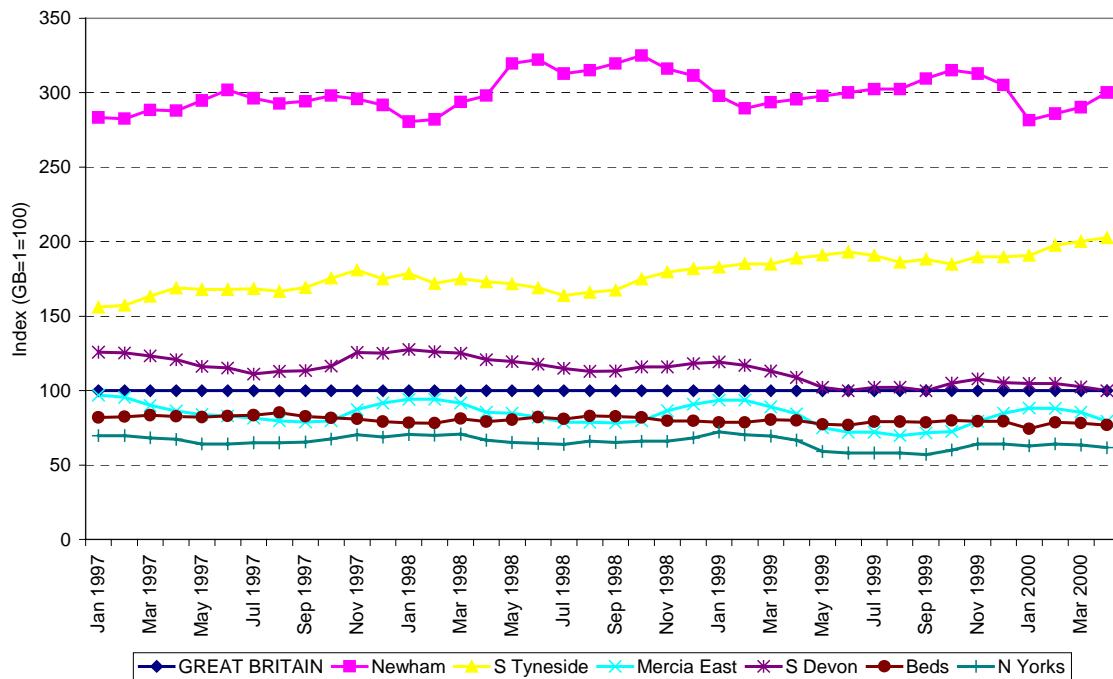
Turning to more recent trends, across Great Britain the numbers of unemployed included in the JUVOS claimant count declined from 1.84 million (an unemployment rate of 6.6 per cent) in January 1997 to 1.10 million (an unemployment rate of 3.9 per cent) in April 2000. (Underlying statistics for pilot and control areas are tabulated in Appendix 7.) Figures showing the trends in unemployment in each of the twelve pilot areas relative to the Great Britain are shown in Appendix 8. The same information for each of the tranche 1 and tranche 2 pilot areas is expressed as an index of the Great Britain unemployment rate (i.e. the unemployment rate for Great Britain in each month is set to a value of 100) in Figures 8.3 and 8.4, respectively.

Figure 8.3 Indices of unemployment rate, January 1997 to April 2000 – tranche 1 pilot areas



Source: JUVOS claimant count

Figure 8.4 Indices of unemployment rate, January 1997 to April 2000 – tranche 2 pilot areas



Source: JUVOS claimant count

Of the tranche 1 pilot areas (see Figure 8.3) Lanarkshire, Eastern Valleys, Sandwell (high unemployment/inactivity areas) and Central Sussex (a medium unemployment/inactivity

area) displayed unemployment rates consistently higher than the Great Britain average over the period. In Bolton (a medium unemployment/inactivity area) the unemployment rate rose from below the national average to above the national average over the course of the period, with above average unemployment rates from early 1999 onwards. Bristol East & Bath (a low unemployment/inactivity area) was characterised by unemployment rates below the national average. Unemployment rates in Lanarkshire and in Bristol East & Bath tended to diverge from the Great Britain average from 1998. In all six of the tranche 1 pilot areas a lower unemployment rate was recorded in April 2000 than in January 1997.

Of the tranche 2 pilot areas (see Figure 8.4) Newham and South Tyneside (high unemployment/inactivity areas) displayed unemployment rates consistently above the Great Britain average over the period. In Newham the unemployment rate recorded was approximately three times the national average over much of the period, despite declining from nearly 19 per cent to less than 12 per cent between January 1997 and April 2000. In South Devon (a medium unemployment/inactivity area) a higher than average unemployment rate was recorded until summer 1999; thereafter, the rate was close to the Great Britain average. North Yorkshire and Bedfordshire (low unemployment/inactivity areas) and Mercia East (a medium unemployment/inactivity area) recorded unemployment rates consistently below the national average over the period. In this latter group of three areas local:national differentials in the unemployment rate were largely maintained over the period, although the more marked than average seasonal trend, characterised by higher unemployment rates in the winter months - when there are fewer opportunities for employment in agriculture and tourism - than in the summer months, in the unemployment rate for Mercia East is evident. Some indication of divergence from the national trend is evident in the high unemployment/inactivity areas over the period – notably in South Tyneside. All tranche 2 pilot areas shared in the downward trend in unemployment rates between January 1997 and April 2000, although in some instances this was not particularly marked.

8.3 Unemployment duration

The stock of unemployment is in a constant state of flux with newly unemployed people joining the stock while some other unemployed people leave the stock (for employment, education, etc). An unemployed individual enters the stock of unemployed, remains unemployed for some time, and then exits the stock. The duration of the unemployment spell varies from individual to individual, while the duration profile of unemployment spells varies over the economic cycle. Using the JUVOS claimant unemployment series available via NOMIS particular spells of individual's unemployment are observed, but repeated spells are not linked.²⁹ Rather unemployment is observed by looking at periodic cross-sections of the unemployed.

In Tables 8.1 and 8.2 long(er)-term unemployment rates are presented on a quarterly basis over the period January 1997 to April 2000 for those unemployed; (the underlying counts are presented in Appendix 9):

- over 6 months, and
- over 12 months,

in tranche 1 and tranche 2 pilot areas, respectively. At the national level there was a decline in the number unemployed for over 6 months from 975 thousand in January 1997 to 438 thousand in April 2000. Over the same period there was a reduction from 651 thousand to 242 thousand in the numbers unemployed for more than 12 months. However, it should be

²⁹ Except in the 5 per cent JUVOS Cohort Survey.

noted that during this period various New Deal initiatives focusing on the long(er)-term unemployed were introduced.

Table 8.1 Long(er)-term unemployment rates, January 1997 to April 2000 – tranche 1 pilot areas

Date	GB		Sandwell		Lanarkshir		E. Valleys		Bolton		C. Sussex		Bristol E.	
	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index
<i>unemployed over 6 months</i>														
01-97	3.5	100	5.5	157	4.7	134	4.9	140	2.5	71	6.0	171	3.0	86
04-97	3.1	100	4.8	155	4.3	139	4.2	135	2.1	68	5.3	171	2.6	84
07-97	2.6	100	4.2	162	3.8	146	3.8	146	1.7	65	4.3	165	2.1	81
10-97	2.3	100	3.5	152	3.3	143	3.2	139	1.4	61	3.4	148	1.5	65
01-98	2.2	100	3.3	150	3.1	141	3.1	141	1.4	64	3.0	136	1.3	59
04-98	2.1	100	3.1	148	2.8	133	3.1	148	1.3	62	2.8	133	1.2	57
07-98	2.1	100	3.2	152	3.0	143	3.2	152	1.5	71	2.9	138	1.2	57
10-98	2.0	100	3.2	160	2.9	145	3.0	150	1.4	70	2.9	145	1.2	60
01-99	1.9	100	3.2	168	3.1	163	3.0	158	1.5	79	3.0	158	1.2	63
04-99	1.9	100	3.1	163	2.9	153	2.9	153	1.5	79	3.0	158	1.2	63
07-99	1.8	100	3.2	178	2.8	156	2.7	150	1.5	83	2.9	161	1.1	61
10-99	1.6	100	3.2	200	2.5	156	2.3	144	1.4	88	2.7	169	1.0	63
01-00	1.6	100	3.2	200	2.5	156	2.2	138	1.5	94	2.7	169	0.9	56
04-00	1.6	100	3.0	188	2.4	150	2.1	131	1.5	94	2.6	163	0.9	56
<i>unemployed over 12 months</i>														
01-97	2.3	100	3.9	170	3.0	130	3.2	139	1.4	61	4.4	191	2.0	87
04-97	2.1	100	3.6	171	2.8	133	2.8	133	1.3	62	4.0	190	1.7	81
07-97	1.8	100	3.1	172	2.4	133	2.4	133	1.0	56	3.3	183	1.4	78
10-97	1.5	100	2.4	160	2.0	133	1.9	127	0.7	47	2.5	167	0.9	60
01-98	1.3	100	2.1	162	1.7	131	1.8	138	0.6	46	2.0	154	0.7	54
04-98	1.2	100	1.9	158	1.4	117	1.7	142	0.6	50	1.6	133	0.6	50
07-98	1.2	100	1.9	158	1.5	125	1.8	150	0.6	50	1.6	133	0.6	50
10-98	1.2	100	1.7	142	1.4	117	1.7	142	0.7	58	1.6	133	0.6	50
01-99	1.1	100	1.8	164	1.5	136	1.7	155	0.7	64	1.7	155	0.6	55
04-99	1.1	100	1.9	173	1.5	136	1.6	145	0.7	64	1.8	164	0.7	64
07-99	1.0	100	2.0	200	1.5	150	1.5	150	0.7	70	1.8	180	0.6	60
10-99	1.0	100	2.0	200	1.3	130	1.3	130	0.7	70	1.8	180	0.5	50
01-00	0.9	100	2.0	222	1.3	144	1.3	144	0.7	78	1.7	189	0.5	56
04-00	0.9	100	1.9	211	1.3	144	1.2	133	0.7	78	1.6	178	0.4	44

Source: JUVOS claimant count quarterly duration statistics

From Table 8.1 it is apparent that all tranche 1 pilot areas shared in a reduction in long(er)-term unemployment rates between January 1997 and April 2000. While the local:national differential in long(er)-term unemployment rates in Sandwell and Lanarkshire (i.e. two of the three high unemployment/inactivity areas where the incidence of long(er)-term unemployment was more severe than nationally) widened – indicating a greater relative concentration of long-term unemployment in these areas compared with the national average, in Bristol East and Bath the decline in the incidence of long(er)-term unemployment (from a relatively low initial base) was more marked than average. Central Sussex, centred on the

Brighton area (a medium unemployment/inactivity area), displayed particularly severe problems of long-term unemployment at the start of the period, but witnessed a relative improvement by April 2000, despite the fact that rates of long(er)-term unemployment were at levels more akin to those experienced in high unemployment/inactivity areas. In Bolton problems of long(er) term employment rose relative to the national average, while in Eastern Valleys local:national differentials remained relatively unchanged over the period.

Table 8.2 Long(er)-term unemployment rates, January 1997 to April 2000 – tranche 2 pilot areas

Date	GB		Newham		S. Tyneside		Mercia E.		S. Devon		Beds		N. Yorks	
	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index
<i>unemployed over 6 months</i>														
01-97	3.5	100	11.7	334	5.9	169	2.4	69	4.2	120	2.8	80	2.0	57
04-97	3.1	100	10.0	323	5.4	174	2.1	68	3.7	119	2.4	77	1.7	55
07-97	2.6	100	8.5	327	4.8	185	1.8	69	3.0	115	2.0	77	1.4	54
10-97	2.3	100	6.9	300	4.1	178	1.4	61	2.5	109	1.8	78	1.2	52
01-98	2.2	100	6.4	291	3.9	177	1.3	59	2.4	109	1.7	77	1.1	50
04-98	2.1	100	6.3	300	3.7	176	1.3	62	2.5	119	1.6	76	1.1	52
07-98	2.1	100	6.9	329	3.6	171	1.3	62	2.4	114	1.5	71	1.1	52
10-98	2.0	100	7.2	360	3.2	160	1.1	55	2.1	105	1.5	75	1.0	50
01-99	1.9	100	7.0	368	3.3	174	1.1	58	2.1	111	1.4	74	1.0	53
04-99	1.9	100	6.5	342	3.5	184	1.1	58	2.0	105	1.3	68	1.0	53
07-99	1.8	100	6.1	339	3.5	194	1.1	61	1.8	100	1.2	67	0.9	50
10-99	1.6	100	5.7	356	3.2	200	0.9	56	1.5	94	1.2	75	0.8	50
01-00	1.6	100	5.7	356	3.2	200	0.9	56	1.5	94	1.2	75	0.8	50
04-00	1.6	100	5.4	338	3.1	194	0.9	56	1.5	94	1.1	69	0.8	50
<i>unemployed over 12 months</i>														
01-97	2.3	100	8.2	357	4.1	178	1.6	70	2.7	117	1.8	78	1.3	57
04-97	2.1	100	7.0	333	3.8	181	1.3	62	2.4	114	1.6	76	1.1	52
07-97	1.8	100	5.9	328	3.3	183	1.1	61	2.0	111	1.4	78	0.9	50
10-97	1.5	100	4.2	280	2.7	180	0.9	60	1.7	113	1.1	73	0.8	53
01-98	1.3	100	3.4	262	2.3	177	0.8	62	1.5	115	1.0	77	0.7	54
04-98	1.2	100	3.1	258	2.1	175	0.7	58	1.4	117	1.0	83	0.6	50
07-98	1.2	100	3.5	292	2.0	167	0.7	58	1.4	117	0.9	75	0.6	50
10-98	1.2	100	3.6	300	1.8	150	0.6	50	1.3	108	0.9	75	0.5	42
01-99	1.1	100	3.7	336	1.8	164	0.6	55	1.3	118	0.8	73	0.5	45
04-99	1.1	100	3.7	336	1.8	164	0.6	55	1.1	100	0.8	73	0.5	45
07-99	1.0	100	3.7	370	1.9	190	0.5	50	1.0	100	0.7	70	0.5	50
10-99	1.0	100	3.4	340	1.8	180	0.5	50	0.9	90	0.6	60	0.4	40
01-00	0.9	100	3.2	356	1.8	200	0.5	56	0.8	89	0.6	67	0.4	44
04-00	0.9	100	3.1	344	1.8	200	0.5	56	0.8	89	0.6	67	0.4	44

Source: JUVOS claimant count quarterly duration statistics

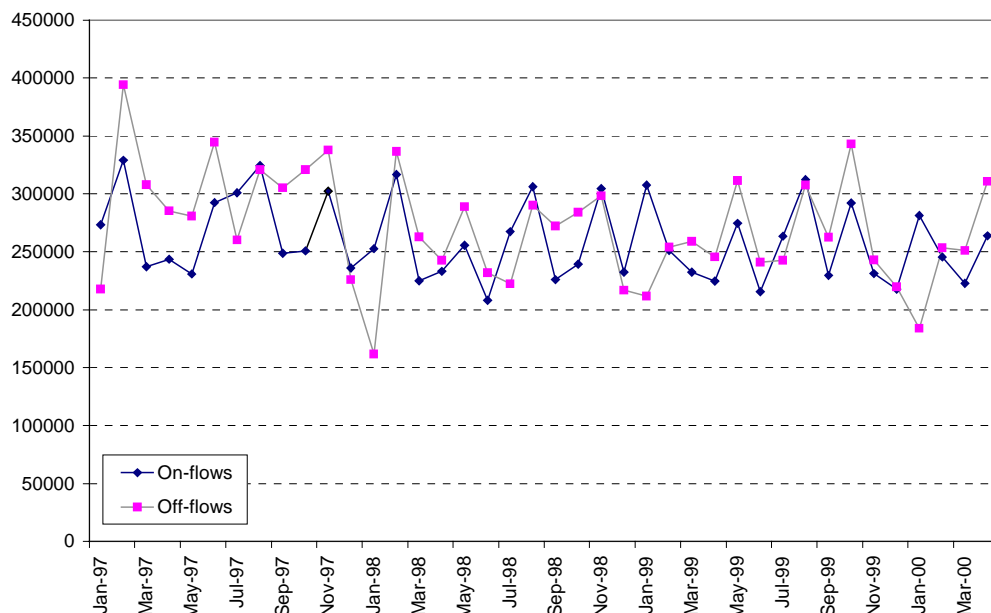
The most notable feature emerging from an examination of long(er)-term unemployment rates in the tranche 2 pilot areas (see Table 8.2) is the very high incidence of long(er)-term unemployment – in excess of three times the national average - in Newham. In South Tyneside (the other high unemployment/inactivity area in the second tranche) long(er)-term unemployment rates remained stubbornly higher than the national average, and there was some worsening of the position relative to the national average over the period. In North Yorkshire and Bedfordshire (the low unemployment/inactivity areas), as well as in Mercia East and South Devon, the incidence of long(er)-term unemployment declined at a faster rate than nationally between January 1997 and April 2000.

8.4 Unemployment flows and destinations of the unemployed

As noted at the start of section 8.3, there is constant turnover in the stock of unemployment: newly unemployed people join the stock (*on-flows*), while unemployed people leave the stock (*off-flows*). These on-flows and off-flows and the average duration of unemployment determine the stock of unemployment.

Monthly on-flows and off-flows are often extremely volatile. When on-flows exceed off-flows the level of unemployment rises, and vice versa. Figure 8.5 shows on-flows and off-flows from unemployment on a monthly basis over the period from January 1997 to April 2000 in Great Britain. It is clear that there was considerable fluctuation in both on-flows and off-flows, and pronounced seasonal patterns were evident. (At the local area level similar patterns were evident.³⁰)

Figure 8.5 Unemployment on-flows and off-flows in Great Britain, January 1997 to April 2000



Source: JUVOS claimant statistics

³⁰ Figures are not reproduced here.

Since 1998 information has been made available on the destinations of those individuals leaving the claimant count. Tables 8.3 and 8.4 show, for tranche 1 and tranche 2 pilot areas, respectively, the proportions of claimants leaving the JUVOS unemployment count in each quarter from January 1998 to April 2000 in two of the single most important destination categories³¹; (comparable tables for control areas are presented in Appendix 10):

- to employment (69.6 per cent of total destinations in Great Britain in April 2000), and
- to incapacity benefit (6.2 per cent of total destinations in Great Britain in April 2000).

Table 8.3 Percentage of all persons leaving the unemployment count (a) to enter employment, and (b) to claim incapacity benefit, January 1998 to April 2000 – tranche 1 pilot areas

	Great Britain		Sandwell		Lanarkshire		E Valleys		Bolton		C. Sussex		Bristol E.	
	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index
<i>Destination: to Employment</i>														
Jan 1998	66.8	100	60.4	90	64.5	97	71.3	107	65.9	99	58.2	87	60.1	90
Apr 1998	73.1	100	70.3	96	73.1	100	75.0	103	76.5	105	67.3	92	69.9	96
Jul 1998	66.1	100	59.1	89	65.4	99	66.9	101	66.8	101	63.9	97	67.1	102
Oct 1998	62.5	100	57.1	91	66.1	106	62.2	100	68.4	109	59.9	96	62.7	100
Jan 1999	66.3	100	59.4	90	67.4	102	67.3	102	69.6	105	59.5	90	63.8	96
Apr 1999	69.9	100	64.4	92	69.8	100	69.1	99	70.6	101	64.5	92	72.5	104
Jul 1999	63.6	100	60.5	95	48.7	77	64.9	102	65.6	103	62.4	98	64.0	101
Oct 1999	64.3	100	61.3	95	65.3	102	66.3	103	66.1	103	60.8	95	64.9	101
Jan 2000	64.9	100	61.1	94	61.8	95	67.9	105	65.1	100	60.9	94	63.0	97
Apr 2000	69.6	100	63.3	91	71.2	102	67.9	98	68.0	98	63.5	91	69.0	99
<i>Destination: to Incapacity Benefit</i>														
Jan 1998	6.8	100	7.8	115	10.8	159	11.8	174	7.5	110	5.1	75	6.7	99
Apr 1998	5.7	100	7.1	125	9.1	160	10.6	186	4.2	74	3.2	56	5.7	100
Jul 1998	6.7	100	9.7	145	9.1	136	10.9	163	9.0	134	5.1	76	5.8	87
Oct 1998	5.4	100	6.3	117	7.6	141	8.1	150	5.4	100	3.5	65	5.3	98
Jan 1999	6.8	100	6.9	101	11.0	162	10.9	160	10.5	154	5.2	76	6.7	99
Apr 1999	6.1	100	7.6	125	9.3	152	10.9	179	8.8	144	4.7	77	6.1	100
Jul 1999	6.4	100	7.0	109	8.4	131	9.8	153	9.6	150	5.7	89	7.2	113
Oct 1999	5.3	100	6.6	125	7.3	138	7.9	149	7.2	136	4.9	92	5.9	111
Jan 2000	6.6	100	7.4	112	10.3	156	9.5	144	9.4	142	5.3	80	6.8	103
Apr 2000	6.2	100	8.2	132	8.9	144	9.6	155	9.9	160	5.8	94	6.2	100

Source: JUVOS destination statistics

Note: The percentages are expressed as an index (GB=100) in the second column for each area

Considering both tranche 1 and tranche 2 pilot areas, an examination of these destinations statistics shows that the proportions entering employment were consistently higher than the national average in all quarters in Mercia East and North Yorkshire. In Eastern Valleys, Bolton and Bedfordshire the proportion of leavers entering employment were higher than average in most quarters. In Newham, Sandwell and Central Sussex the proportion of leavers from the claimant count entering employment were consistently below average. In some of the high unemployment/inactivity areas – notably Lanarkshire, Eastern Valleys and South Tyneside – the percentage of all leavers entering employment was close to the national average and was akin to the percentage recorded in Bristol East and Bath (a low unemployment/inactivity area). In most (but not all) pilot areas the general tendency was for a small increase in the percentage of leavers entering employment over the period from

³¹ Other destination categories include ‘training’ and claiming ‘other benefits’.

January 1998 to April 2000; (perhaps the most notable exception to this general trends was Eastern Valleys).

Table 8.4 Percentage of all persons leaving the unemployment count (a) to enter employment, and (b) to claim incapacity benefit, January 1998 to April 2000 – tranche 2 pilot areas

	Great Britain		Newham		S. Tyneside		Mercia East		S. Devon		Beds		N. Yorks	
	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index	%	Index
<i>Destination: to Employment</i>														
Jan 1998	66.8	100	48.4	72	68.7	103	78.3	117	64.4	96	72.5	109	72.4	108
Apr 1998	73.1	100	57.7	79	71.7	98	82.2	112	74.8	102	70.2	96	76.6	105
Jul 1998	66.1	100	49.8	75	65.8	100	73.9	112	66.8	101	71.2	108	72.3	109
Oct 1998	62.5	100	50.6	81	59.1	95	71.7	115	60.4	97	67.7	108	64.1	103
Jan 1999	66.3	100	51.5	78	71.5	108	71.1	107	65.1	98	65.3	98	72.4	109
Apr 1999	69.9	100	49.4	71	69.9	100	81.2	116	73.5	105	71.0	102	78.1	112
Jul 1999	63.6	100	43.0	68	66.8	105	72.3	114	65.2	103	65.5	103	69.0	108
Oct 1999	64.3	100	51.3	80	67.0	104	71.2	111	64.3	100	69.7	108	68.2	106
Jan 2000	64.9	100	45.6	70	70.5	109	67.9	105	64.8	100	60.1	93	70.5	109
Apr 2000	69.6	100	51.2	74	67.6	97	79.4	114	72.0	103	68.4	98	74.9	108
<i>Destination: to Incapacity Benefit</i>														
Jan 1998	6.8	100	7.9	116	6.6	97	4.7	69	6.2	91	3.6	53	5.2	76
Apr 1998	5.7	100	4.9	86	6.7	118	3.4	60	4.6	81	5.3	93	4.9	86
Jul 1998	6.7	100	5.6	84	6.9	103	5.3	79	6.3	94	5.6	84	4.8	72
Oct 1998	5.4	100	4.9	91	7.1	131	4.3	80	5.2	96	2.5	46	4.0	74
Jan 1999	6.8	100	5.1	75	8.3	122	5.5	81	6.4	94	6.7	99	4.5	66
Apr 1999	6.1	100	6.3	103	6.4	105	3.3	54	5.4	89	4.1	67	4.1	67
Jul 1999	6.4	100	6.4	100	6.4	100	4.8	75	6.0	94	4.9	77	4.4	69
Oct 1999	5.3	100	3.5	66	5.4	102	4.9	92	5.4	102	4.0	75	3.7	70
Jan 2000	6.6	100	4.7	71	6.1	92	5.1	77	6.0	91	6.6	100	4.4	67
Apr 2000	6.2	100	5.2	84	7.3	118	3.6	58	5.9	95	5.1	82	4.0	65

Source: JUVOS destination statistics

Note: The percentages are expressed as an index (GB=100) in the second column for each area

The proportions of leavers claiming incapacity benefit were greatest in Eastern Valleys (where nearly 12 per cent of leavers moved to incapacity benefit in January 1998 compared with less than 7 per cent nationally), Lanarkshire, Sandwell and South Tyneside – all high unemployment/inactivity areas in northern Britain, and Bolton (also in northern England). North Yorkshire, Bedfordshire, Mercia East and Central Sussex recorded the smallest percentages of leavers to incapacity benefit.

9. VACANCIES

Selected information on the incidence, trends and profile of vacancies is presented in this chapter. Reference is also made to the level of unfilled vacancies relative to the level of unemployment as a crude indicator of labour market tightness.

9.1 Introduction

At the outset it should be noted that there is no comprehensive information source on vacancies. The main source used by labour market analysts is derived from the administrative records held by the Employment Service (ES), and this is the source used in this chapter. These figures relate to vacancies notified by employers to ES Jobcentres. A count of unfilled vacancies at Jobcentres takes place once a month. In addition, figures are collated relating to inflows to, and outflows from, this vacancy stock. Information is thus available on vacancies notified, unfilled vacancies, vacancies filled and vacancies cancelled during the month prior to the count.

Employment growth, skills shortages and labour turnover may generate vacancies in a local economy; (the relative importance of these factors is likely to differ between local areas). Hence, the number of vacancies and the share of them that are notified to Jobcentres is sensitive to the level of economic activity. This factor, together with differences in employment and establishment size structures, historical precedent, and the penetration of private employment agencies, means that the incidence of notification of vacancies may vary between local areas. The extent of this local variation is not known, although the conventional wisdom is that around one-third of vacancies in the economy are notified. Over recent years the use of private employment agencies and the internet for posting of vacancies has increased. Some employers make no use at all of Jobcentres, while others notify virtually all vacancies. Hence, while ES vacancy data can provide a guide to local labour market conditions, the information must be treated with caution. What is clear is that vacancies notified to Jobcentres tend to be predominantly in semi-skilled and unskilled occupations, while for some higher skilled occupations notification is rare. Vacancies in these latter occupations are more likely to be dealt with by private employment agencies or through advertising in the press and trade journals. Hence, the picture of vacancies provided by the Employment Service vacancy series is likely to be more complete for some occupations and industries than for others.

Over recent months growing concerns have been raised about the ES vacancy series – particularly about the increase in the numbers of ES notified vacancies from April 1999. It seems appropriate to conclude that the ES vacancy series is compromised by administrative factors, so placing limitations on its use for economic analysis. In April 2000 the House of Commons Education and Employment Committee recommended that: “the Government should show caution in drawing inferences from vacancy data until it has established a robust method of estimating local vacancies.”³²

Some TECs/LECs and local authorities attempt to gather additional information on vacancies by monitoring job adverts in the press and by asking questions on recruitment in employer surveys. However, information on vacancies (other than ES data) is not collected or compiled on a consistent basis between local areas, hence making comparisons between areas

³² House of Commons Education and Employment Committee (2000) *Employability and Jobs: Is there a Jobs Gap?*. London: Stationery Office. Paragraphs 18-21.

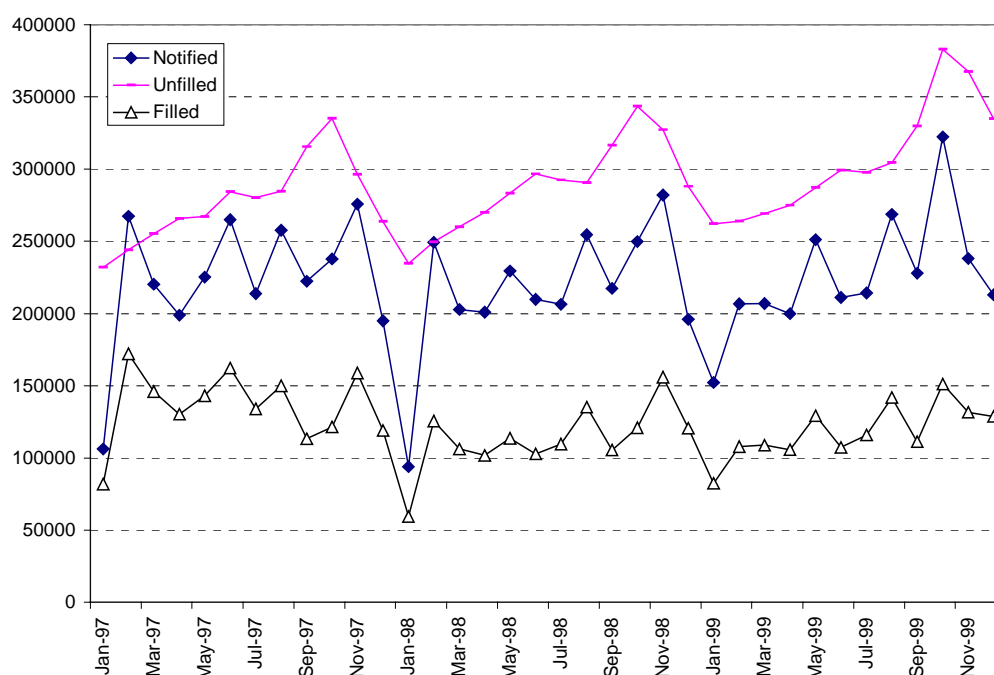
difficult. Indeed, there is widespread recognition that all sources of information on vacancies are partial.

Despite the shortcomings of the ES vacancy statistics, there is no other readily available data source with such consistent and widespread coverage. Moreover, the ES vacancy statistics are readily available, and are presented in a common format for different local areas. Hence, they represent the best information available for comparative local labour market analysis. However, they should be interpreted with caution.

9.2 Trends in vacancies

Figure 9.1 shows trends in notified, unfilled and filled vacancies in Great Britain on a monthly basis from January 1997 to December 1999. It is immediately apparent that there were considerable seasonal fluctuations in vacancies over the period. An upward trend in unfilled vacancies is evident over this two-year period, (reflecting the general upward trend in economic conditions). No very clear upward or downward trends in notified or filled vacancies are apparent.

Figure 9.1 Trends in vacancies in Great Britain, January 1997 to December 1999



Source: Employment Service vacancy statistics

Similar figures are not presented here for each of the pilot areas, (although counts of notified, unfilled and filled vacancies for pilot and control areas are tabulated in Appendix 10).

However, Appendix 12 contains a series of figures in which the trend in unfilled vacancies in each of the twelve pilot areas is compared with the national trend.³³ Most pilot areas follow the Great Britain trend over the period from January 1997 to December 1999. However, there are some deviations from the national trend:

³³ In order to aid inter-area comparisons when absolute numbers are involved the level of unfilled vacancies in each area is indexed to 100 in October 1998. Values of greater than 100 indicate a higher level of unfilled vacancies than recorded in October 1998, while values of less than 100 indicate a lower level of unfilled vacancies than recorded in October 1998.

- In Sandwell and Bolton there was a relatively lower level of unfilled vacancies than the national trend from Spring 1999 onwards.
- In Central Sussex there were more marked fluctuations than nationally in numbers of unfilled vacancies, with a massive increase recorded in the second half of 1998. Newham also displayed more marked fluctuations than the national trend.
- In South Tyneside there was a massive increase in the number of unfilled vacancies relative to the national average from Spring 1999. (Given the caveats outlined in section 9.1, this trend should be interpreted with extreme caution.)
- Mercia East displayed more pronounced seasonal fluctuations in the level of unfilled vacancies than across Great Britain as a whole, with marked reductions in unfilled vacancies in the winter months, reflecting the orientation of the local economy towards tourism and agriculture. This reflects the seasonal nature of employment opportunities noted previously.

9.3 Occupational and industrial disaggregation of vacancies

In April 1999 four out of 22 SOC Sub-Major Groups accounted for 63 per cent of all vacancies notified to Jobcentres in Great Britain:

- other elementary occupations - 21 per cent of total notified vacancies,
- personal service occupations - 18 per cent of total notified vacancies,
- clerical occupations - 13 per cent of total notified vacancies, and
- other sales occupations - 11 per cent of total notified vacancies.

Sub-Major Groups exhibiting the next highest shares of notified vacancies (and the share of total notified vacancies they accounted for) were industrial plant/machine operators (6 per cent), other skilled trades (6 per cent) and drivers/mobile machine operators (5 per cent). Managerial, professional and associate professional & technical occupations accounted for less than 8 per cent of all vacancies notified to Jobcentres.

Adopting a broad nine-fold industrial classification of vacancies, notified vacancies in Great Britain in April 1999 were concentrated in four industries:

- distribution, hotels & restaurants - 32 per cent of total notified vacancies,
- banking, finance, insurance, etc - 20 per cent of total notified vacancies,
- public administration, education & health - 16 per cent of total notified vacancies, and
- manufacturing - 12 per cent of total notified vacancies.

These main features of concentration of vacancies in particular occupations and industries were also evident in most pilot areas. For instance, the distribution, hotels & restaurants sector accounted for at least three-tenths of vacancies notified to Jobcentres in virtually all pilot areas. Nevertheless, at the local level the occupational and industrial profiles of vacancies displayed the following key features relative to the Great Britain average - often reflecting the key features of the occupational and industrial structure of the areas in question:

- *Sandwell* displayed a greater than national average share of vacancies for industrial plant/machine operators, in skilled engineering trades and for drivers/mobile machine operators, and in manufacturing;
- in *Lanarkshire* there were relatively more vacancies than across Great Britain as a whole for industrial plant/machine operators, in other skilled trades and in skilled construction trades, and in construction and manufacturing;
- *Eastern Valleys* displayed an over-representation of vacancies for industrial plant/machine operators and in personal service and selected professional occupations

relative to Great Britain, while in industrial terms there was a particular concentration relative to the Great Britain average in public administration, education & health, manufacturing and transport & communications sectors;

- *Bolton* had a greater share of vacancies in manufacturing than across Great Britain as a whole, while in occupational terms there were relatively more vacancies in skilled engineering trades, for industrial plant/machine operators, and in secretarial and clerical occupations than nationally;
- in *Central Sussex* there was an over-representation of vacancies in professional and associate professional occupations relative to the national average (although in absolute terms the number of such vacancies was small) and in other elementary occupations, while in industrial terms vacancies in other services and public administration, education & health were over-represented relative to the Great Britain share;
- in *Bristol East and Bath* there was a greater share of vacancies in clerical and in secretarial occupations than across Great Britain as a whole, and slightly more vacancies than nationally were in the banking, finance & insurance and distribution, hotels & restaurants sectors;
- in *Newham* vacancies for drivers/mobile machine operators, protective service occupations and secretarial occupations were over-represented relative to the national average, while in industrial terms the single largest share of vacancies (27 per cent of the total) were in the banking, finance & insurance sector – no doubt a function of location close to the City of London;
- *South Tyneside* displayed a greater than national average share of vacancies in manufacturing, and in all skilled trades;
- in *Mercia East* area relatively more vacancies were accounted for by industrial plant/machine operators and personal service occupations than nationally, and in agriculture & fishing, manufacturing and other services;
- *South Devon* exhibited a greater than national average share of vacancies in personal service occupations and in distribution, hotels & restaurants and other services;
- in *Bedfordshire* vacancies in skilled engineering trades, in clerical occupations and for plant & machine operators were over-represented relative to the national average, while in industrial terms transport & communications, manufacturing and other services accounted for more vacancies than the national average;
- in *North Yorkshire* there was an over-representation of vacancies in secretarial, other elementary and personal service occupations relative to the national average, while in industrial terms nearly 39 per cent of all notified vacancies (compared with 32 per cent in Great Britain) were in the distribution, hotels & restaurants sector.

9.4 Duration of vacancies

Table 9.1 shows the average amount of time that vacancies remained unfilled in April 1997 and April 1999 in Great Britain and in each of the pilot areas. Both mean and median duration measures are presented. The former may be distorted by the presence of vacancies of particularly long durations. However, together the mean and median measures provide some insight into the duration of vacancies.

On average there was a very slight reduction in the average duration of vacancies over the two-year period. The reduction in average vacancy durations was most marked in Eastern Valleys – the area recording the longest average vacancy durations in April 1997 out of the twelve pilot areas, and in Central Sussex. Lanarkshire, Eastern Valleys and Newham (all high unemployment/inactivity areas) displayed values in excess of those recorded for Great Britain on all average durations measures, whereas in Sandwell and South Tyneside (also high unemployment/inactivity areas) average durations were slightly below the national average.

Overall, the picture emerging from an examination of the changing duration of vacancies is unclear.

Table 9.1 Duration of unfilled vacancies, April 1997 and April 1999

Area	Mean duration (weeks)		Median duration (weeks)	
	April 1997	April 1999	April 1997	April 1999
Sandwell	8.4	7.7	4.9	4.4
Lanarkshire	13.0	12.2	6.8	5.5
Eastern Valleys	14.5	7.0	10.8	4.8
Bolton	10.1	8.9	5.2	3.8
Central Sussex	5.7	3.2	5.8	2.9
Bristol East and Bath	10.3	9.8	5.3	4.4
Newham	10.0	10.7	8.2	4.9
South Tyneside	6.2	7.3	3.8	3.4
Mercia East	6.5	3.8	6.8	3.4
South Devon	9.1	9.0	4.3	3.8
Bedfordshire	9.3	9.5	5.4	4.7
North Yorkshire	8.3	8.7	4.7	4.3
Great Britain	10.5	10.0	5.2	4.7

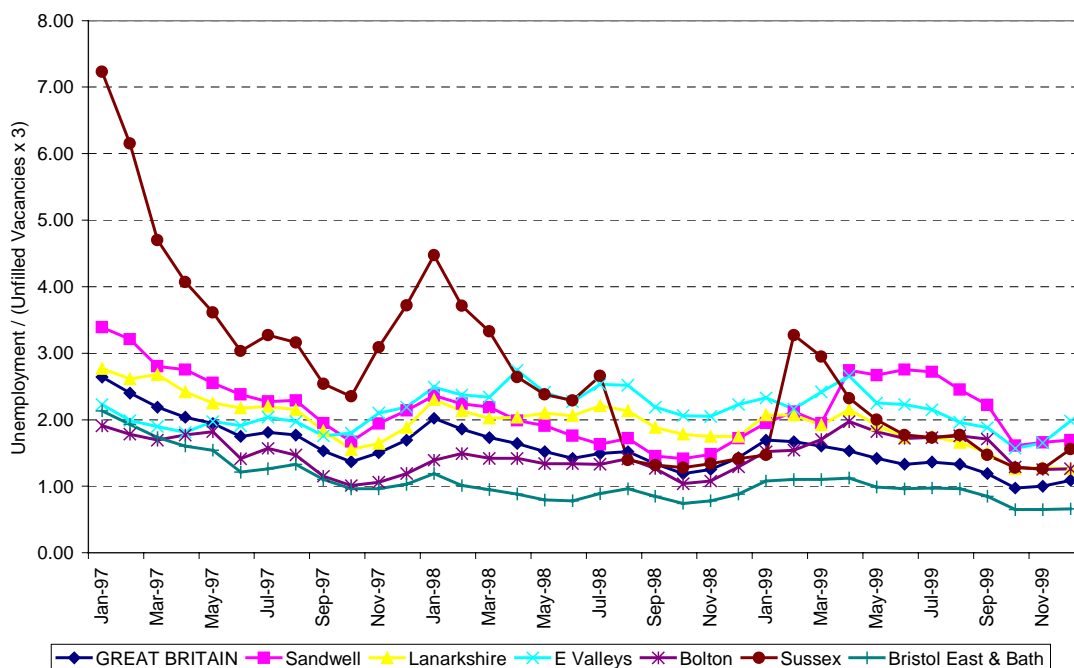
Source: Employment Service vacancy statistics

9.5 Unemployment/vacancy ratios

Information on vacancy may be set alongside data on the numbers of unemployed to provide an indication of the numbers of unemployed relative to the numbers of vacancies. The unemployed/vacancy (U/V) ratios presented in this section for the period from January 1997 to December 1999 have been calculated by dividing the claimant unemployed by the number of unfilled vacancies in an area³⁴ multiplied by three. (This multiplication factor is based on the conventional assumption [noted in section 9.1] that only a third of vacancies in the labour market will be notified to Jobcentres, [although it is acknowledged that this proportion may vary by local area].) The higher the U/V ratio the greater the number of unemployed persons per vacancy. It should be noted that the U/V ratio is a relatively crude measure and takes no account of possible skills mismatches between the unemployed and jobs available.

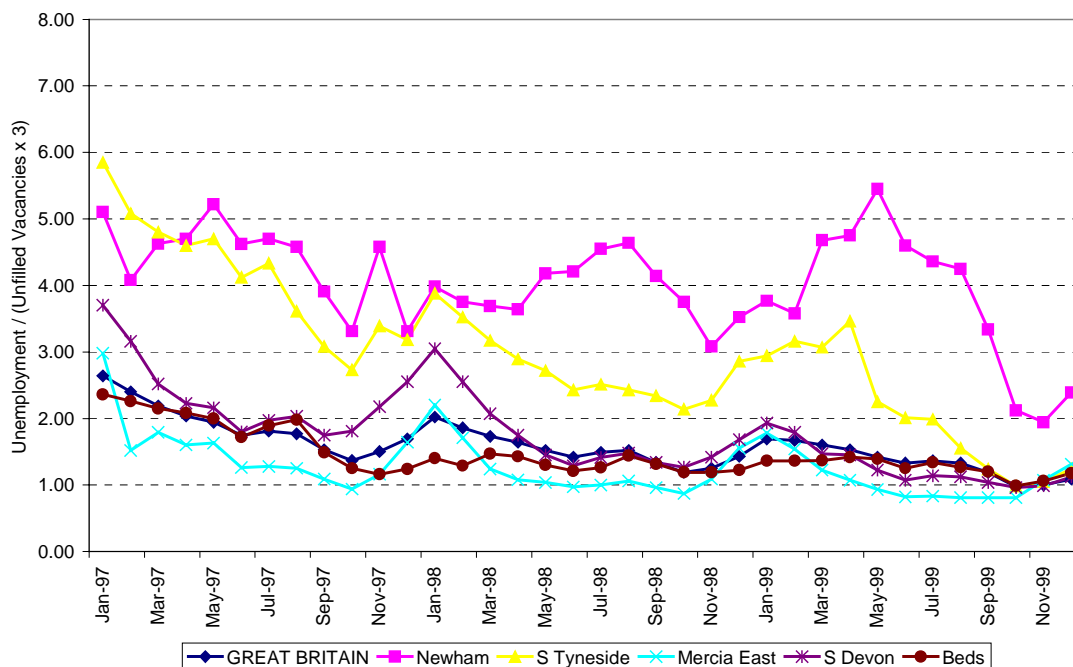
³⁴ It should be noted that the geographies used here are in many cases *not* the same as those used for the unemployment rates detailed in Chapter 8; (for further information on geographical bases see section 1.2).

Figure 9.2 Trends in unemployment/vacancy ratios, January 1997 to December 1999 – tranche 1 pilot areas



Source: JUVOS claimant count and Employment Service vacancy statistics

Figure 9.3 Trends in unemployment/vacancy ratios, January 1997 to December 1999 – tranche 2 pilot areas



Source: JUVOS claimant count and Employment Service vacancy statistics

The trends in U/V ratios for each of the twelve pilot areas, twelve control areas and Great Britain are presented in Appendix 12. Figures 9.2 and 9.3 show the trends in U/V ratios expressed as indices relative to the national average (i.e. Great Britain = 100) for tranche 1 and tranche 2 pilot areas, respectively.

The trend in U/V ratios in most local areas follows the Great Britain trend, which is for a slight reduction in U/V ratios over the period. It should be noted that vacancy stock figures for Great Britain were adjusted by the Employment Service in April 1999 to make up for a gradual build up in inaccuracies; (reference has been made above to other concerns also). This resulted in discontinuities (both upwards and downwards) for some Jobcentres.

Of the tranche 1 pilot areas (Figure 9.2) Central Sussex³⁵ displayed the most marked variations in U/V ratios over the period. Lanarkshire, Eastern Valleys and Sandwell (high unemployment/inactivity areas) tended to display U/V ratios close to, but slightly above, the Great Britain average. Bristol East and Bath (a low unemployment/inactivity area) exhibited a consistently lower than average U/V ratio, while in Bolton the trend in U/V ratios tracked the Great Britain trend, but at a slightly lower level until early 1999, and thereafter U/V ratios exceeded the national average.

The key features emerging from an examination of U/V ratios for the tranche 2 pilot areas (see Figure 9.3) are the higher than national average ratios for Newham and South Tyneside (both high unemployment/inactivity areas). In the former area there was no evidence for a downward trend until the latter part of 1999. South Devon (a medium unemployment/inactivity area) displayed U/V ratios slightly above the Great Britain average until 1999. North Yorkshire (a low unemployment/inactivity area), Bedfordshire and Mercia East displayed U/V ratios generally slightly below the Great Britain average.

³⁵ This is the area covering Brighton, Hove and Lewes. The South Coast has some of highest unemployment rates in southern England.

