Session 3 briefing:
a focus on employment, education and skills

November 2020

Local Trust

Left Behind Neighbourhoods

This briefing provides members of the All-Party Parliamentary Group for 'left behind' neighbourhoods with an overview of the economic characteristics of 'left behind' neighourhoods. Drawing on the latest research together with OCSI's 'data dive' for the APPG, it highlights key issues and trends relating to employment, education and skills.

At a glance

Recent polling from Survation (2020) reveals that four in ten residents of 'left behind' neighbourhoods feel that they have less access to resources compared to nearby communities. Over half of these referred to a lack of economic opportunities as a key area where they were not getting their fair share (Survation, 2020). Now, OCSI's latest data dive confirms their concerns; even prior to the COVID-19 crisis, people living and working in 'left behind' neighbourhoods faced constrained economic opportunity: limited high-quality, secure and well-paid jobs and high levels of unemployment and wider worklessness (people involuntarily excluded from the labour market).

These areas are characterised by:

- **Unemployment:** lower numbers of locally based jobs and a striking lack of self-employment

- **Worklessness:** a greater likelihood of residents being excluded from the labour market due to poor health or disability

- **Poor educational attainment**: lower educational attainment from primary school to post-16

- **Low skills**: a higher proportion of adults with no or low qualifications and who lack basic skills.

This is in comparison with other equally deprived areas i.e. areas also amongst the 10 per cent most deprived but which have more community provision (see boxes overleaf and at the end of this briefing for more information about 'left behind' areas and comparator areas).
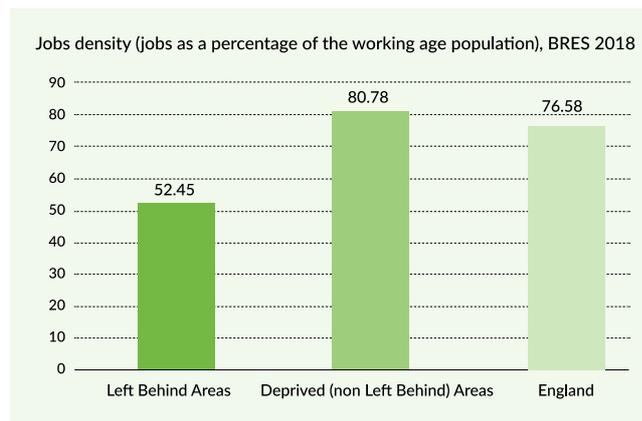
> ## What neighbourhoods are 'left behind'?
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> There are 225 'left behind' neighbourhoods in England, home to just under 2.4 million people, or 4.3% of the population. They range from post-industrial areas and housing estates on the edge of towns and cities in the north and Midlands to southern coastal communities. Suffering from a combination of social and economic deprivation, poor connectivity (physical and digital), low levels of civic engagement, and a lack of community spaces and places in which to meet - what we've termed 'social infrastructure' - these neighbourhoods rank in the top 10% of both the *Index of Multiple Deprivation* (IMD) and the *Community Needs Index* (CNI).

Jobs, jobs, jobs: an issue of quality and quantity

Since 2008, the growth of available jobs has not been spread evenly, with areas outside of major cities not receiving their fair share (CSJ, 2018a:13). Such employment disparities are rooted in a divergence of productivity performance, with the growth of high value sectors (and higher value jobs) concentrated in city centres and major urban clusters (CSJ, 2018b:6). This has led to the creation of 'productivity coldspots', identified as those 'left behind suburban-rural communities' who have experienced a decline in high quality, locally based employment opportunities (CSJ, 2018b:6).
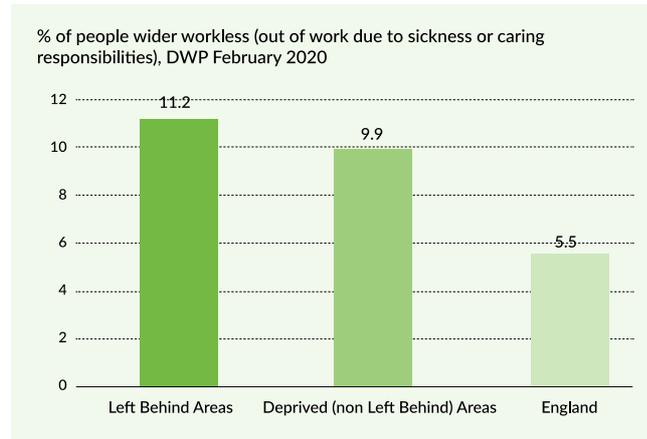
The OCSI research confirms that 'left behind' neighbourhoods have suffered such economic decline. These neighbourhoods have notably fewer employment opportunities, with only 5 jobs for every 10 people, compared to 8 for every 10 in other equally deprived areas. There are far fewer high value and high growth employment opportunities, meaning that people with jobs are more likely to be in low-skilled, part-time positions within low-value and contracting sectors such as manufacturing, retail and transport and storage. People in these neighbourhoods are also half as likely to be self-employed or running a small business than the England average.

Jobs density (jobs as a percentage of the working age population), BRES 2018

Left Behind Areas	52.45
Deprived (non Left Behind) Areas	80.78
England	76.58

Unemployment and worklessness

Across the country, there is visible labour market variation between regions, areas and neighbourhoods (CPP, 2018). The North East (6.2%), Yorkshire and Humberside and the West Midlands (both 4.3%), had the highest unemployment rates prior to COVID-19, whilst the South West and East of England had the lowest (ONSa, 2020). However; with a higher proportion of at-risk industries, these latter regions will suffer from rising numbers of people out of work in the near future (ONSb, 2020).
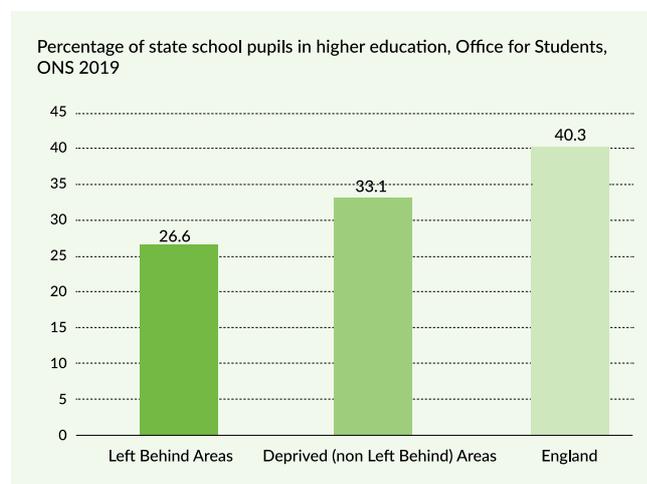
For the past decade, 'left behind' neighbourhoods have suffered from increasing levels of unemployment. Whilst current overall unemployment rates are comparable with other equally deprived areas, people living in 'left behind' neighbourhoods are more likely to be excluded from the labour market due to a wide range of factors, most notably poor health and disability. And, it is these individuals, often facing multiple and complex disadvantage, who are those least supported and most alienated by the current welfare and benefits system (New Local, 2020).

% of people wider workless (out of work due to sickness or caring responsibilities), DWP February 2020

Left Behind Areas: 11.2
Deprived (non Left Behind) Areas: 9.9
England: 5.5

Education

Educational attainment gaps develop between advantaged and disadvantaged pupils throughout their school journey (Sutton Trust, 2019:26-27). The Social Mobility Commission (2020:35) highlights large differences in the attainment of disadvantaged pupils relative to their peers across local authorities– even those located adjacent to each other. Local authorities with the largest attainment gaps range from East Lindsey and Torbay to Lancaster and Scarborough. These areas all have high levels of socioeconomic inequality, revealing a link between place-based deprivation and lower educational attainment (Social Mobility Commission, 2020:35).

'Left behind' neighbourhoods rank below the average on educational attainment compared to other equally deprived areas and England as a whole. This means that pupils in these areas have lower basic literacy and numeracy skills at Key Stage 2, attain lower grades at GCSE and face some of the lowest levels of participation in post-16 education. Disadvantage extends into young adulthood, with just one in four young adults from 'left behind' neighbourhoods progressing to university.

Percentage of state school pupils in higher education, Office for Students, ONS 2019

Left Behind Areas: 26.6
Deprived (non Left Behind) Areas: 33.1
England: 40.3

Skills

Low educational attainment continues into adulthood, resulting in additional barriers in a skills system that already lacks funding, flexibility and take-up (DfE, 2019a). The Augar review of post-18 education found that weaknesses of the skills system cause "young people to opt for full-time degrees (Level 6) [...] to the near-exclusion of other options" (DfE, 2019a:37).[1] It noted this disproportionately impacts residents of deprived areas, who are less likely to enter higher education and who face greater barriers to full time training (DfE, 2019a).

OCSI's data dive reveals that more than half of all adults in 'left behind' neighbourhoods possess no or low qualifications. People in these neighbourhoods are also more likely to lack basic literacy, numeracy and IT skills than those in other equally deprived neighbourhoods and across England. There is also evidence of a strong relationship between neighbourhoods with low or no qualifications and high levels of unemployment, suggesting that poor skills lead to a relatively weaker position in employment and labour markets.

Current proposals for boosting the economy and employment

On the 29th September, the Prime Minister set out his plans to establish the new Lifetime Skills Guarantee. This will provide everyone access to financial support for up to four years of training on a flexible basis, throughout their lifetime (Johnson, 2020).

Other recent initiatives include:

- £8 million for digital skills boot camps to enable people to gain modern skills in new industries.

- The Kickstart scheme, providing funding to employers for 6-month job placements for young people currently on Universal Credit and at risk of long-term unemployment (DWP, 2020).

- £100m to the National Retraining Scheme, helping workers aged over 24 and earning below a certain wage threshold to access education to retrain and upskill (DfE, 2019b).

The missing link: 'left behind' neighbourhoods need extra support

Whilst the Government shows commitment to tackling education and skills deficits, national programmes risk failing to improve outcomes in 'left behind' neighbourhoods. Although all areas will need high, intermediate and generic skills in the future, requirements for such skills will vary in accordance with skills demand, existing skills supply and imbalances (CPP, 2020:8). The specific issues that 'left behind' neighbourhoods face require bespoke intervention at the local level to upskill residents and ensure that they can fully engage in the labour market (CPP, 2020:8).

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[1] Only 4% of students who get a Level 3 qualification (A-levels of equivalent) at 19 go on to get a level 4 or 5 (various pre-bachelors qualifications including accounting qualifications and foundational degrees) by the time they are 25 (CVR, 2020:1).

Focusing solely on supply side interventions is also unlikely to resolve the challenges facing 'left behind' neighbourhoods: the quality and quantity of available jobs matter too. These neighbourhoods need interventions to tackle local economic weaknesses that result in the lower demand for skills and lower average household earnings (OCSI, 2020; Social Mobility Commission, 2020:3). This corresponds with popular support for more community-based jobs in these areas and suggests the value of developing high-quality, local economic opportunities rather than simply improving connectivity to opportunities in the wider region (Onward, 2020:92-93).

A note on OCSI's research as used in this briefing

Data is presented as the aggregate average score for the 225 neighbourhoods previously identified as 'left behind'. The figures are benchmarked against the national average and the average across 'other equally deprived areas'. These are areas ranked in the most deprived 10% on the 2019 Indices of Deprivation but not suffering from the highest level of need on the Community Needs Index. All data is derived from the most up-to-date and publicly available information sources. However; given the need for large sample sizes to make robust calculations at the neighbourhood-level, this is largely drawn from information harvested prior to the COVID-19 crisis.

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Map showing 225 'Left behind' neighbourhoods in England
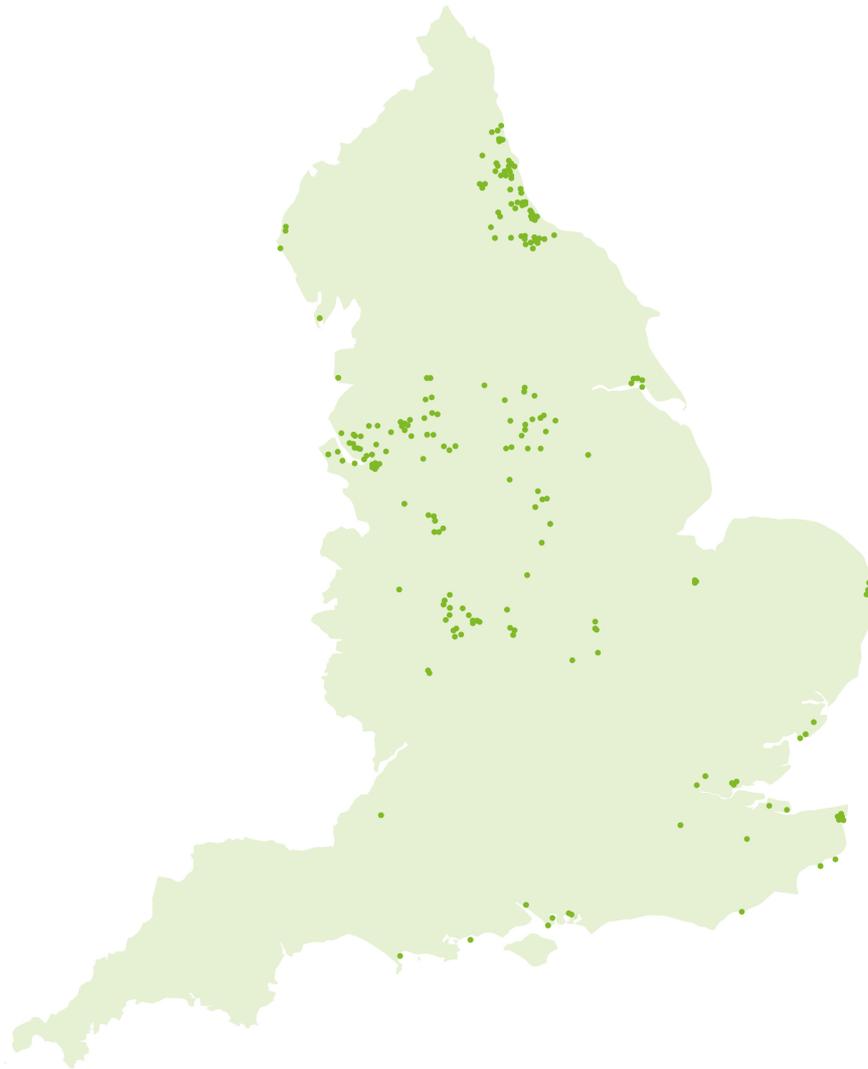
About the APPG for 'left behind' neighbourhoods

The All-Party Parliamentary Group for 'left behind' neighbourhoods is a cross-party group of MPs and Peers. It is committed to improving social and economic outcomes for residents living in 'left behind' neighbourhoods, through the development and advocacy of hyper-local initiatives and policies.