

THE FUTURE OF WORK: REGIONAL REVOLUTION

Part II: Rebalancing growth and opportunity
in post-industrial Britain

September 2018



Future of Work: Regional Revolution
Rebalancing growth and opportunity in post-industrial Britain
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About the Centre for Social Justice

Established in 2004, the Centre for Social Justice (CSJ) is an independent think tank that studies the root causes of Britain's social problems and addresses them by recommending practical, workable policy interventions. The CSJ's vision is to give people in the UK who are experiencing the worst disadvantage and injustice every possible opportunity to reach their full potential.

Since its inception, the CSJ has changed the landscape of our political discourse by putting social justice at the heart of British politics. This has led to a transformation in Government thinking and policy. The majority of the CSJ's work is organised around five 'pathways to poverty', first identified in our ground-breaking 2007 report, *Breakthrough Britain*. These are: family breakdown; educational failure; economic dependency and worklessness; addiction to drugs and alcohol; and severe personal debt.

In March 2013, the CSJ report *It Happens Here* shone a light on the horrific reality of human trafficking and modern slavery in the UK. As a direct result of this report, the Government passed the Modern Slavery Act 2015, one of the first pieces of legislation in the world to address slavery and trafficking in the 21st century.

The CSJ delivers empirical, practical, fully funded policy solutions to address the scale of the social justice problems facing the UK. Our research is informed by expert working groups comprising prominent academics, practitioners and policy-makers. Furthermore, the CSJ Alliance is a unique group of charities, social enterprises and other grass-roots organisations that have a proven track record of reversing social breakdown across the UK.

The 13 years since the CSJ was founded has brought with it much success. But the social justice challenges facing Britain remain serious. Our response, therefore, must be equally serious. In 2018 and beyond, we will continue to advance the cause of social justice in this nation.

Acknowledgements

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Supported by



With additional thanks to B.E. Wedge Holdings.

The Future of Work Programme: overview

The Future of Work research programme was conceived in response to the 2017 report by the CSJ, *The Great British Breakthrough: Driving productivity growth in the UK*. That report concluded that there were several significant barriers to productivity growth in the UK and proposed a whole series of policy initiatives to address this. The barriers included: low investment, including low capital investment across the UK economy that had resulted in a slow take-up of new technologies and a low rate of investment in training of staff; a regional growth imbalance, explained by many factors including the deindustrialisation of large parts of the Midlands and North of England and by the competitive strength of London; and a lack of occupational mobility in the labour market, alongside low wage growth, that led a large number of people to just manage in low paid and low skilled work for the majority of their working lives. Where *The Great British Breakthrough* was retrospective, this report aims to look to the future. Work is changing, both here and across the globe, and Britain needs to be prepared for this. This has implications for people, for businesses, and for policy makers in Westminster, who need to be aware of the drivers of change, prepared for them and positioned for the future. If not, then Britain will not succeed in tackling the drivers of low productivity, issues connected with low pay and low skills, or in maintaining high levels of employment. This research programme seeks to better understand the future of work, and in particular its impact on those at the bottom of the ladder. In order for the UK to have informed policy decisions and look after its most vulnerable, there is a need to understand fully the changes that are occurring, and could take place, in the world of work. These include socio-economic change, demographic trends, technology advancements, greater levels of globalisation, evolving skill demands and a cultural shift among younger workers. Informed policy decisions should help ensure employment rates remain high and that no one is left behind, allowing the market mechanism to work properly and intervening where needed. Work is a vital route out of poverty and central to future prosperity.

Structure

This paper is the second in a series of five separate reports, as part of The Future of Work Programme:

- I. Working in Britain Today – State of the Nation
- II. Regional Revolution – Rebalancing Growth and Opportunity in Post-Industrial Britain
- III. Embracing Technology – Understanding how Technology can be a Job Creator, not a Job Killer
- IV. A Skilled Workforce for the Future – Preparing our Workforce for the Future of Work
- V. The Supply of Labour – Population Growth, Immigration and an Ageing Workforce

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Disclaimer: Participation in the working group does not indicate that each participant agrees with all recommendations in the final report.

Executive summary

The North-South divide has been a psychological scar for the UK since the first industrial revolution. Economist John Hobson talked in 1900 of the 'Producer's England' in the North and the 'Consumers England' in the South. Unfortunately, since the turn of the 20th Century, and the onset of deindustrialisation, this gap in economic fortune has worsened and is becoming increasingly complicated.

Our analysis shows that while the North South divide has widened, so has the gap between London and major cities (Birmingham, Manchester, Leeds and Bristol) and the gap between major cities and the Left Behind Towns and Cities that have struggled in the post-industrial era.

London and the South East are home to a quarter of the UK's population, yet it has more than 30 per cent of the country's jobs and contributes 37 per cent to our total economic output (as measured by GVA). London saw a 49 per cent increase in jobs located in the city between 1996 and 2018, twice the average UK rate of 25 per cent. Most concerning, CSJ projections of future employment growth across the country show this trend will continue between now and 2025. Lastly, a large majority of well-paid jobs in the UK will be created in a select few urban clusters, leaving some small towns and rural communities detached from prosperity and economic opportunity.

There are signs that things are changing, some cities and towns in the North are beginning to reverse this economic tide. Manchester is challenging London by becoming a major commercial hub with a thriving tech and digital marketing scene. The Tees Valley has begun the process of repurposing the old SSI Steel Works in Redcar, turning it in to an Advanced Manufacturing and Energy cluster. However, more can be done and must be done.

UK economic policy should aim to sustain the high employment rates we currently enjoy. However, this cannot be done if we continue to tolerate such a geographically imbalanced economy. This paper provides a policy blueprint for central and local government to boost job growth across the UK and increase economic opportunity for people in left-behind parts of the country.

We recommend interventions around 4 major themes:

- Transport – Connecting communities with jobs.
- Business – Unleashing private sector growth.
- Governance – Empowering local champions to lead community revival.
- Society – Tackling social breakdown in left behind communities.

If government follows the 21 recommendations below, the UK can start to allow communities and regions that have struggled in the post-industrial era to generate real growth and opportunity for their populations.

Recommendations

Recommendation 1

The UK Government needs to accelerate plans to support greater transport integration of the Northern Powerhouse cities. Specifically, we advocate the full implantation of the Transport for the North integrated rail network between Liverpool, Manchester, Leeds, Sheffield, Hull and Newcastle.

Recommendation 2

As well as supporting rail connectivity between major cities, the Government must work with local authorities to improve connectivity between commuter towns and urban centres. This can be done by supporting local authorities to operate a TFL model, accessing private finance and utilising cutting edge technology such as driverless trains.

Recommendation 3 and 4

We believe that the travel fare system can be hard to navigate for some using the public transport system. The Department for Transportation should roll out a pan-UK Oyster Card system allowing people to use one payment card across all public rail and public bus systems. We also call for the Department for Work and Pensions to increase awareness and power of the discretionary support fund to help people pay for travel to and from the JCP and job interviews.

Recommendation 5 and 6

Businesses create jobs and prosperity in communities. Many communities struggled when major employers (predominantly in the manufacturing and production sectors) disappeared in the second half of the 20th century. We have created our list of 10 Left Behind Towns and Cities (Doncaster, Wigan, Blackpool, Mansfield, Barnsley, Bradford, Plymouth, Stoke-on-Trent, Wakefield, and Dudley). The Government should create 10 new Enterprise Zones (EZ) in each of these places. Each of these EZs should prioritise extra support for employers in high growth businesses.

Recommendation 7

We support the Free Ports policy as advocated by Rishi Sunak MP.

Recommendation 8

The Mayoral Development Corporation policy has proved successful in London and the Tees Valley. So far, they have only been extended to Metro Mayors, we believe they should be extended to all Combined Authorities.

Recommendation 9

The Ministry for Housing, Communities and Local Government (MHCLG) should continue its devolution programme, creating a Combined Authority around the cities of Oxford, Nottingham, Leicester and Derby. They should also work to secure the creation of a Mayor for the West Yorkshire Combined Authorities, and other Combined Authorities in the future.

Recommendation 10

MHCLG should work with all local authorities to ensure that they have developed a specific poverty reduction plan.

Recommendation 11

HM Treasury (HMT) should devolve more financial power to Combined Authorities and Mayors. Specifically, we call for the devolution of funding for transport, housing, adult skills provision, creative arts and culture investment.

Recommendation 12

The role of Education and Adult Skills Commissioner should be created in all Combined Authorities. Appointed by either the Mayor or Chief Executive, the EASC would be responsible for developing a local skills agenda and deploying the devolved resources from the Adult Education Budget.

Recommendation 13

The Department for Business, Energy and Industrial Strategy (BEIS) should work with MHCLG to help each Local Enterprise Partnership (LEP) create and lead an automation taskforce. Each taskforce would include representatives of Local Government, education providers, employers, employees and unions. They would be tasked with helping workers, facing redundancy from technology, to upskill and find new jobs that deliver good wages. In the case of areas with Metro Mayors, the Automation Taskforce should answer to the Mayor, otherwise they should answer to the LEP chief executive.

Recommendation 14

The Ministry of Justice (MOJ) should support the introduction of the CSJ's second chance programme aimed at supporting drug-addicted offenders through an abstinence-based recovery programme.

Recommendation 15

The Department for Work and Pensions (DWP) must accelerate the roll-out of Universal Support, with extra focus on helping disability benefit claimants who want to get back to work.

Recommendation 16

The Government should commit further investment to the Family Hub programme. It supports strong families and stable households, increasing the chance of children reaching higher levels of educational attainment and being employed in well paid jobs later on in life.

Recommendation 17

The Department for Education (DfE) should work with local authorities to reduce the number of students who do not meet the basic level of attainment in Maths and English GCSE. We specifically call for greater financial support for good teachers to teach in low performing schools.

Recommendation 18

MHCLG should increase the awareness and power of Right to Move, which gives social tenants preferential treatment on social housing waiting lists in other areas, on the condition that they are moving for work.

Recommendation 19

MHCLG should look to roll out a programme that offers private sector housing vouchers for people who move location for work – effectively replicating the highly successful Moving to Opportunity Programme in the USA.

Recommendation 20

The Government should increase Share-to-Buy scheme opportunities for low income households – this can be done by expanding the stock of shared-ownership housing, reducing the minimum share to 10 per cent (with a 0 per cent deposit) and allow for people to increase that share through monthly payments.

Recommendation 21

Young people and businesses make decisions on where to live and base themselves according to quality of life factors. For this reason, we believe HMT should repurpose some of the Transforming Cities Fund to support greater investment in cultural infrastructure within towns and cities.

chapter one

Jobs in Britain – a regional imbalance

The Problem

Jobs and employment

The story of the UK labour market since the global financial crisis in 2008 has been broadly positive. Over 3 million more people are in work in 2018 than in 2009, a larger portion of which is women (previously under-represented in the UK workforce) and people working part-time or defined as self-employed. The UK now has the highest employment rate on record at 75.6 per cent.¹ Regional employment rates have strengthened in recent years, part of the upward trend across the UK labour market. While they have narrowed, the South and East of England have higher average employment rates than the North and Midlands. The highest employment rates in the UK can be found in the South East, South West and East whereas the lowest employment rate can be found in the Northern Ireland. Unlike the aftermath of recessions in the mid-80s and early-90s, there is little evidence to suggest the British public as a whole are struggling to find work.

Table 1: Employment rate by UK region

December 2017	North East	North West	Yorks and Humber	East Midlands	West Midlands	East
Employment rate (%)	70.6	73.0	73.4	74.1	72.4	77.8
December 2017	London	South East	South West	Scotland	Wales	Northern Ireland
Employment rate (%)	74.0	78.8	78.6	74.3	72.4	69.0

Source: House of Commons Library

The growth in employment has been regionally imbalanced across the UK, but most evidently in England. Of the 3.2 million new jobs created since 2010, 31 per cent of them have been in London and 15 per cent of them in the South East.² The London jobs market

¹ Note: As of February – April 2018

² ONS, JOBS05: Workforce jobs by region and industry

grew by 49 per cent between 1996 and 2018, twice the average UK rate of 25 per cent, and higher than the North East (12 per cent), North West (17 per cent), and Yorkshire and Humberside (15 per cent).

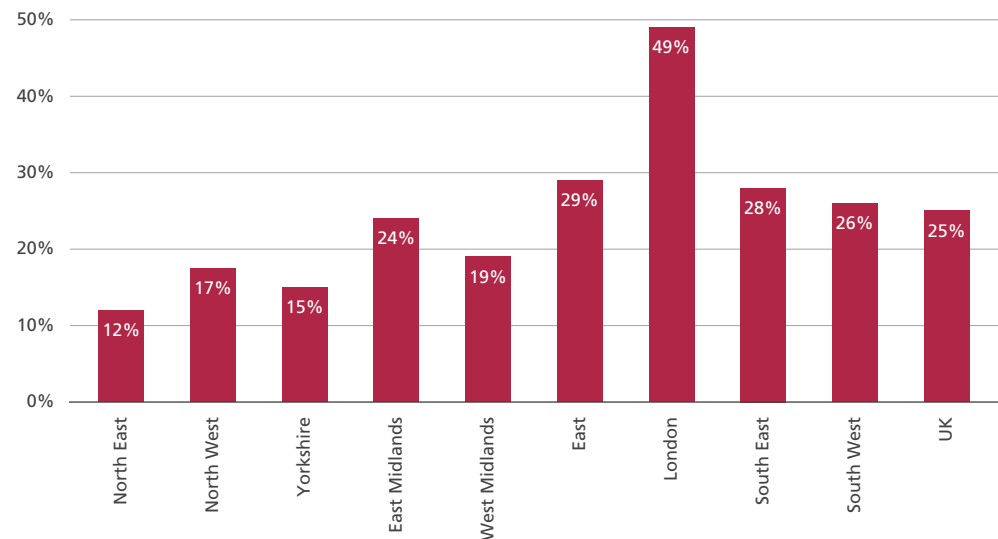
Of course, the South East and London are more populous, however when taking account of population the growth in jobs is still imbalanced. London accounted for 13 per cent of the UK population in 2018, but 17 per cent of all jobs, and nearly a third of all job growth. While the North East makes up 4 per cent of the population it accounts for 3.4 per cent of UK jobs, and 0.1 per cent of job growth since 2009. Yorkshire and Humberside make up 8.3 per cent of UK population, but 7.7 per cent of UK jobs and 4.5 per cent of job growth.³

Table 2: Share of jobs and population by English region

	North East	North West	Yorks and Humber	East Midlands	West Midlands	East	London	South East	South West
2018 % of Jobs	3.4	10.5	7.7	6.8	8.6	9.0	16.8	13.9	8.4
Population %	4.0	11.0	8.3	7.2	8.9	9.3	13.4	13.8	8.4

Source: ONS

Figure 1: % Job growth by region 1996–2018



Source: ONS

Productivity

Productivity performance also differs between the regions. The UK average GVA per head is £26,584. London is the most productive region in the UK at £45,046, while the South East is £28,506. The North East is the least productive region in England, less than half as productive as London and 74 per cent of the UK average. The least productive region in the UK is Wales, with per head GVA of £19,200.⁴

³ ONS, Population Estimates for UK, England and Wales, Scotland and Northern Ireland: mid-2012 to mid-2016

⁴ ONS, Regional gross value added (income approach) [accessed via: www.ons.gov.uk/economy/grossvalueaddedgva/datasets/regionalgrossvalueaddedincomeapproach]

All regions of the UK saw growth in productivity per head between 1997 and 2016. While London grew at a faster rate than other regions, there was greater variation between the rest. The North East grew faster than the South East and the North West, and Yorkshire and Humberside grew at faster rates than the Midlands, East of England and South West.

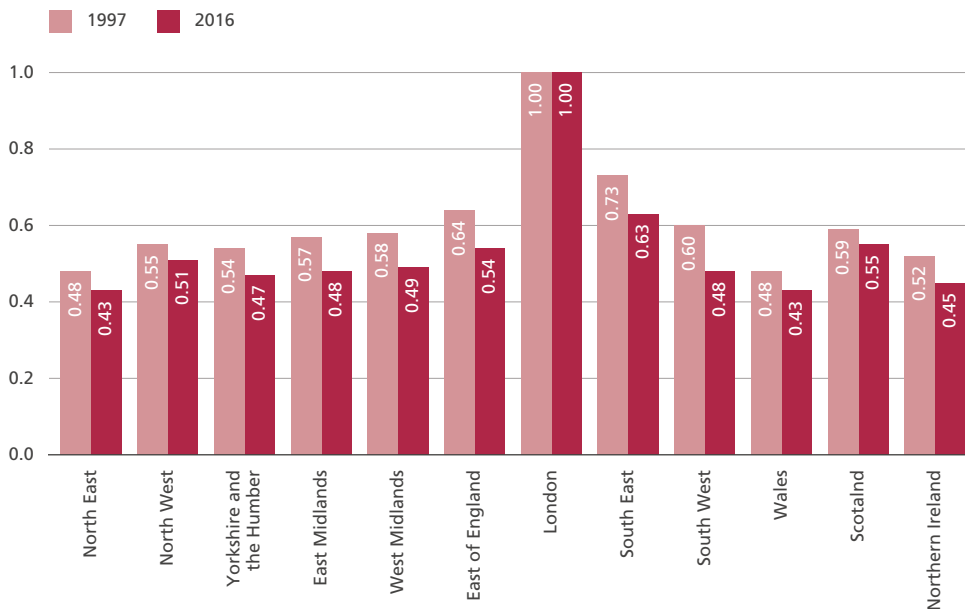
This imbalance in productivity growth has widened the productivity gap between London and the rest. In 1997 the gap between London and the North East was 53 per cent, since then it has grown to 57 per cent. In 1997 the North West was 45 per cent less productive, in 2016 it was 50 per cent less. The East Midlands now has a productivity gap with London of more than 50 per cent, whereas in 1997 it was just 43 per cent.

Table 3: GVA per head and GVA growth per UK region

2016	North East	North West	Yorks and Humber	East Midlands	West Midlands	East
GVA per head (£)	19,542	22,899	21,285	21,502	22,144	24,488
GVA per head growth 1997–2016 %	82	84	74	66	70	71
2016	London	South East	South West	Scotland	Wales	Northern Ireland
GVA per head (£)	45,046	28,506	23,548	24,876	19,200	20,435
GVA per head growth 1997–2016 %	100	74	73	86	76	74

Source: ONS

Figure 2: Productivity gap between London and the regions

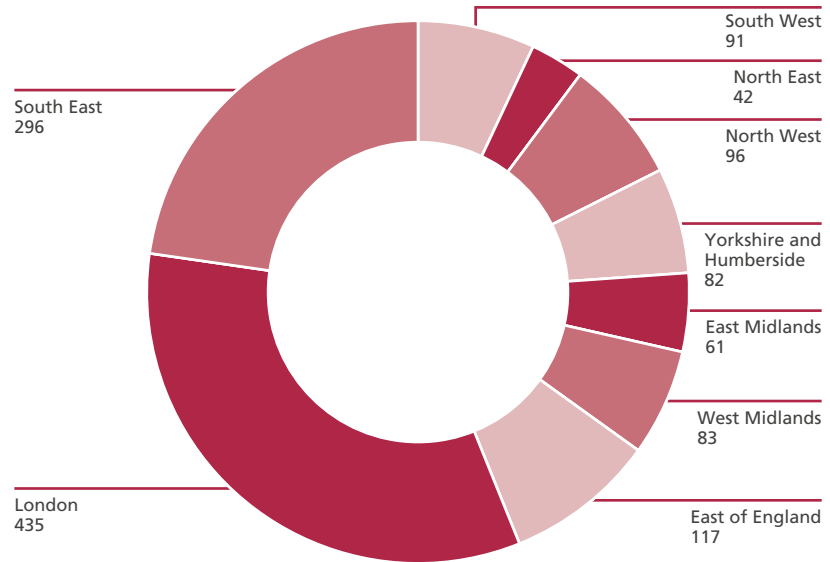


Source: ONS

The divergence in productivity performance is a function of the fact that high value sectors and high value jobs are increasingly located in London and the South East. Assuming good jobs are in industries with above average wages – Professional, Scientific and Technical

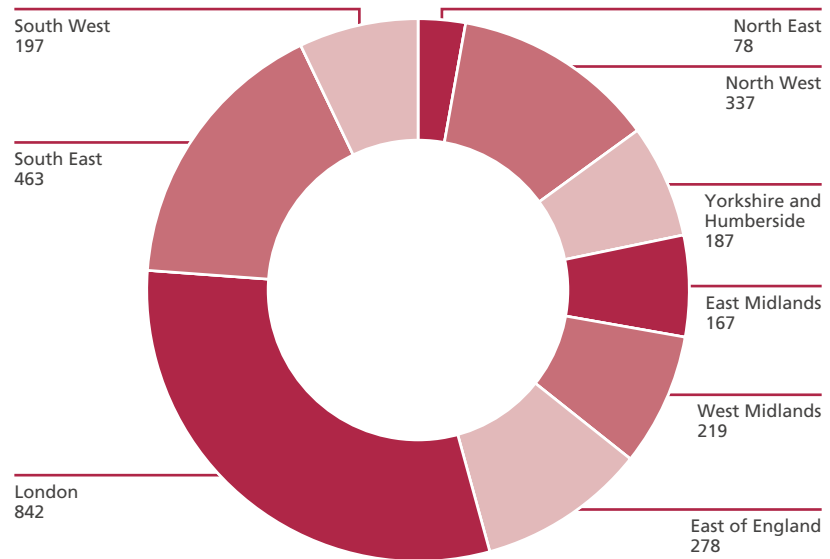
Service Industry (PST), Financial Services (FS), and Information and Communication Technology Industry (ICT) – we can see from ONS figures that the vast number of jobs in these industries are focussed in the South East and London.

Figure 3: Information, communication and technology jobs by region



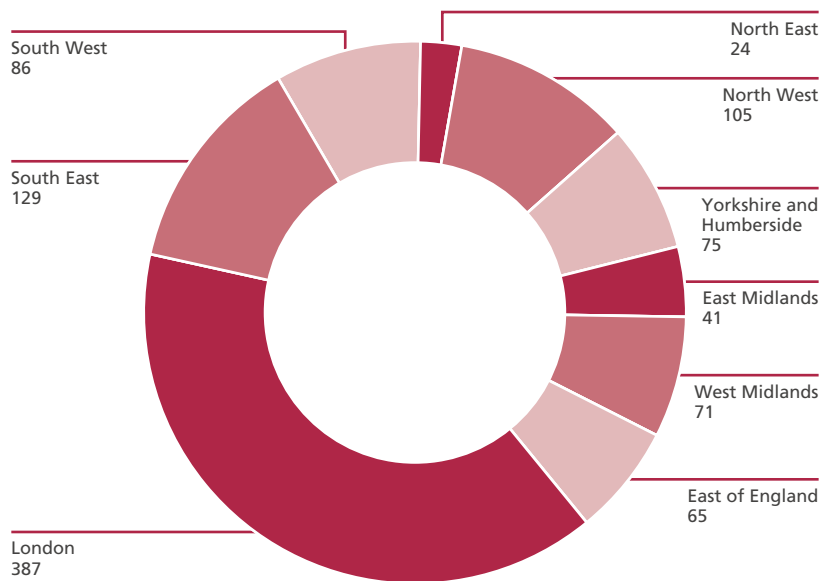
Source: ONS

Figure 4: Professional, scientific and technical service sector jobs by region



Source: ONS

Figure 5: Financial and insurance service jobs by region



Source: ONS

Market share

This is not to say that good jobs have not been created in the North and Midlands, there is a strong growth in jobs linked to the tech industry in Manchester and bio-pharmaceuticals industry in the North East. However, growth in these industries and jobs has not been at the rate achieved by the stronger southern economies. The North East saw the size of its high value industries – ICT, PST and FS industries – increase by more than a third between 1996 and 2017. However, in that period the North East's share in all these high value industries declined by 0.3 per cent. The West Midlands performed comparatively worse, seeing an increase in high value jobs of 28 per cent, but a decline in their share of 1.4 per cent.⁵ Only two regions in the UK saw relative increase in their share of high value industry jobs – London and the South East.

Table 4: % change in jobs and change in market share

	North East	North West	Yorks and Humber	East Midlands	West Midlands	East	London	South East	South West
Jobs (% change)	36.6	45.7	37.7	45.4	28.7	46.8	70.3	57.9	41.1
Market Share (% change)	-0.3	-0.4	-0.7	-0.2	-1.4	-0.3	3.2	0.7	-0.6

Source: ONS

Low pay and public sector

There is a disproportionately large number of low paid jobs in the North and Midlands as well. Nearly one in four jobs in the East Midlands is below the low pay threshold (60 per cent of the median), while Yorkshire and Humberside, West Midlands and the North East all have 22 per cent of jobs considered in low pay. In London, just one-in-ten

⁵ ONS, JOBS05: Workforce jobs by region and industryjobs05 (12 June 2018), CSJ Calculations

jobs are low paid.⁶ When looking at extreme low pay (below minimum wage) the variance is less but still visible, with 1.6 per cent of jobs in the North below the extreme threshold, 1.65 per cent in the Midlands, and 1.2 per cent in London and across the South.⁷ The five major cities with the lowest median wage are also situated outside of the South; Blackpool (£437.7 median gross weekly wage, 2017), Leicester (£437.8), Kingston upon Hull (£447.8), Nottingham (£450.6) and Blackburn (£460.2).⁸

As well as low paid jobs, slower economies in the Midlands have partially bucked the job growth trend by generating more public-sector jobs than most other regions. The West Midlands saw public sector related employment grow by roughly the same rate as London between 1996 and 2017 – 45 per cent.

Pay in the public sector exceeds that in the private sector, particularly for those at the bottom of the income spectrum. In 2013, with the exception of the East of England, London and Scotland, average hourly pay in the public sector exceeded that in the private sector. Meanwhile, those who are 5 per cent from the bottom of the pay threshold in the private sector are paid 8.4 per cent less than those who are 5 per cent from the bottom of the pay threshold in the public sector. It is 8.3 per cent for those 10 per cent from the bottom of the pay threshold, before the gap starts to shrink.⁹ Given that the national minimum wage already exists to prevent exploitative pay, the issue is whether higher levels of public sector pay could crowd out jobs in the private sector, or the availability of workers in low pay sectors. There is a significant impact when one looks at pay between public and private sectors, particularly across regions, and at the lower end of the income spectrum. This might become less of an issue if there was even greater variation in regional pay across the public sector.

Clusters and cities

Cities and urban clusters are becoming increasingly important in driving growth in the UK economy. The 10 most populous cities in the country (London, Manchester, Liverpool, Bradford, Leeds, Sheffield, Birmingham, Bristol, Glasgow and Edinburgh) account for 19 per cent of the total UK population but 31 per cent of total UK economic output.¹⁰

The ten most productive¹¹ UK cities not including London (Milton Keynes, Aberdeen, Oxford, Edinburgh, Cambridge, Glasgow, Belfast, Bristol, Exeter, and Leeds) have an average per head GVA (£36,915) 38 per cent higher than the UK average (£26,584). These cities have also seen average GVA growth between 1998 and 2016 of 87 per cent, 13 percentage points faster than the UK average over the same period.¹²

While cities are booming in size and economic capacity, three of the least productive areas in the UK are predominantly rural; the five least productive local authorities in the country are Blaenau Gwent (£11,640), Ards and North Down (£13,209), Weymouth and Portland (£13,386), Isle of Anglesey (£13,655) and Castle Point (£13,769).¹³

6 D'Arcy, C. *Low Pay Britain 2018* (Resolution Foundation, 2018)

7 Annual Survey of Hours and Earnings – Office for National Statistics

8 Annual Survey of Hours and Earnings – Office for National Statistics

9 Annual Survey of Hours and Earnings – Office for National Statistics

10 Centre for Social Justice, *The Great British Breakthrough: Driving Productivity Growth in the UK* (2017)

11 Note: Judged as GVA per head of population

12 ONS, Regional Gross Value Added (Balanced) by Local Authority in the UK

13 ONS, Regional Gross Value Added (Balanced) by Local Authority in the UK

This is, of course, nothing new, growth in most western economies is generated within cities. This is because our economy has shifted first from its dependence on agricultural output, then towards manufacturing output, and lastly towards an economy focussed on the service sector. Since the late 70s, the size of the manufacturing sector (as a proportion of total UK economic output) has halved. This is similar to most western economies; France, Canada, Italy and the USA. Germany is the only country with a manufacturing sector that has remained consistent in size as a proportion of the total economy (approximately 23 per cent over the last two decades).¹⁴

As manufacturing jobs have declined, so knowledge-based service sector jobs have become more prevalent, which benefited city economies. In 2017, two-thirds of skilled knowledge-based jobs and 71 per cent of all high skilled jobs were located in cities.¹⁵ Today, UK cities account for more than half the population and almost two-thirds of UK exports.¹⁶ Income tax generated in cities is equal to more than a third of total tax receipts across the country.¹⁷ The local authority of Manchester has a per head GVA 47 per cent higher than the average across the North West. Liverpool City has per head productivity 54 per cent higher than nearby area of the Wirral. Cambridgeshire has output four times that of next door Peterborough, while Westminster (population 226,000, over area of 21km²) has greater economic output than the whole of Essex (population 1.4 million, over 3,670 km²).¹⁸

Suburbs around cities that have done well attracting high skilled knowledge-based jobs, for instance Surrey, Buckinghamshire, and Berkshire (around London), have also prospered greatly as a result of this trend. Chiltern District in Buckinghamshire has the third highest (full-time) median wage in the country. Trafford has a median wage of £602, 26 per cent higher than the City of Manchester.¹⁹

However, as well as an obvious divergence between cities and rural communities, it is increasingly evident that there is a gap between our capital London and our major cities – Birmingham, Leeds, Glasgow, Edinburgh, Manchester, Bristol, Milton Keynes, Sheffield, Liverpool, and Belfast (see methodology for more information on what defines a major city) – as well as a gap between major cities and low growth cities and towns that have been left behind in the post-industrial era.

First of all, London's growth and economic strength is far greater than other cities across the UK. Per head of population GVA in London in 2016 was £45,046,²⁰ considerably higher than Manchester (£33,573), Leeds (£28,079), Birmingham (£22,871), Liverpool (£23,389) and Bristol (£31,513).²¹ Looking at median wages by local authority, the highest in the country are situated in London and also in the surrounding counties. Kensington and Chelsea have the highest gross median weekly wage of £1,582, Westminster the

14 World Bank, Manufacturing, value added (% of GDP) [accessed via: data.worldbank.org/indicator/NV.IND.MANFZS?locations=FR-IT-CA-US-DE]

15 Social Mobility Commission, *State of the Nation 2017* (Gov.uk, 2017)

16 Centre for Cities, *Cities Outlook 2017* (2017)

17 CSJ Calculations, Centre for Cities

18 ONS, Regional Gross Value Added (Balanced) by Local Authority in the UK

19 Annual Survey of Hours and Earnings – Office for National Statistics

20 Note: London is calculated as a NUTS3 region [accessed via: ONS, Regional gross value added (income approach) reference tables] whereas all other areas are defined by local authority boundaries

21 ONS, Regional Gross Value Added (Balanced) by Local Authority in the UK

second with £1,178, while the third and fourth are London commuter areas of Chiltern (£804.7) and South Bucks (£758.3).²² The earning potential is far higher in and around London than the UK average, £550.

London's economic strength as a share of the UK economy is far greater than most comparable EU cities and countries. According to Eurostat, London accounts for 30 per cent of UK GDP, Madrid is 19 per cent of Spain, Rome is 9.5 per cent of Italy and Berlin is 5.3 per cent of Germany (Paris is similar to London in its size as a proportion of the French economy).²³

Secondly, while some major cities (Manchester, Birmingham, Leeds, Oxford etc) are doing well, some cities and towns in the UK have been left behind. Cities and towns such as Doncaster, Wigan, Mansfield, Blackpool and Barnsley are some of the least productive in the country, with low employment rates, high per capita welfare expenditure, and few world class businesses in high growth industries offering skilled well-paid jobs. It is also the case that some of the suburban areas that sit outside of major cities have fared poorly over time. Wirral is one of the poorest parts of the country, despite being just across the river from Liverpool. Rochdale, a commuter town outside of Manchester, has a lower median wage, higher levels of unemployment, fewer high skilled and well-paid jobs, and lastly poorer levels of educational attainment.

The result of this trend – divergence between major city growth clusters and Left Behind Towns and Cities – that has helped drive the regional growth imbalance has helped support the geographic dysfunctionality we see in the UK today. While the growth of the service sector and city economies has been replicated across most major western economies, the extent to which the UK has one dominant city – London – has not. According to ONS figures London contributes 23 per cent of UK GVA, the next largest metro area is Greater Manchester which contributes less than 4 per cent. Leeds, Liverpool and Birmingham combined contribute less to the UK economy than the two boroughs of Camden and the City of London. A quarter of all jobs created in the UK between 1997 and 2017 have been created in London. More than half of all income tax generated in 2014 came from London.²⁴

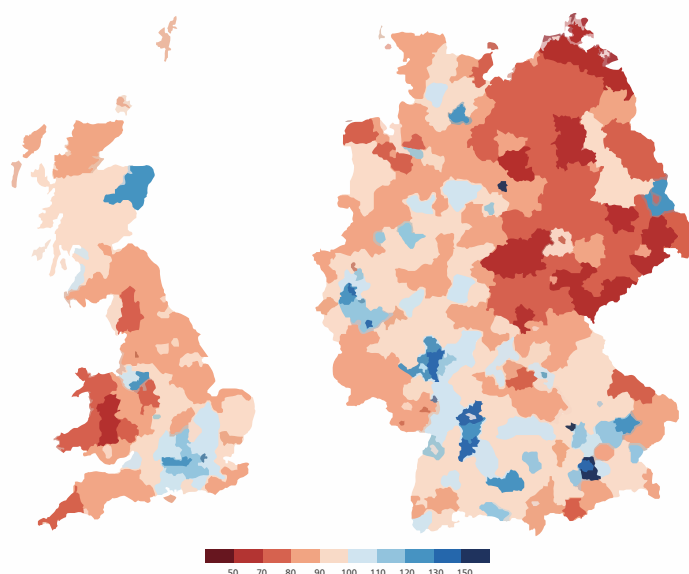
This situation is unique for a large developed economy – the chart above (produced by the London School of Economics) shows German output is clustered around multiple hubs – financial services in Frankfurt, manufacturing in Munich, technology start-ups in Berlin, and the automotive industry in Stuttgart. Whereas the UK has just a single major commercial hub, London (with two smaller regions in the North West around Manchester, and in Scotland around Aberdeen), larger cities outside London have not developed reputations within single industries and few multinational businesses base themselves outside of London. The US similarly has major commercial hubs in New York, Boston, Chicago, Houston and Los Angeles. Britain is an outlier with a model that is dependent on one core economic engine.

22 Annual Survey of Hours and Earnings – Office for National Statistics

23 Eurostat, *Urban Europe – statistics on cities, towns and suburbs – the dominance of capital cities* (April 2016)

24 CSJ Calculations, Centre for Cities, HM Treasury Budget Red Book 2014

Figure 6: Industry in Britain – an atlas (CEPR, LSE)



Accessed via: cep.lse.ac.uk/pubs/download/special/cepsp34.pdf

Why is London so dominant?

London's success is largely because it attracts both businesses (predominantly in high-skilled, high-value service sector industries) and people. Growth in the number of businesses that start-up and run in London, economic migrants and graduates have been three of the most significant drivers of London's economic dominance in the UK.

The ONS released statistics in 2017 showing London is home to more than half a million companies, equivalent to 19 per cent of all UK companies.²⁵ This was an increase of more than 55,000 in 2 years since 2015, and an increase in the share of UK companies of almost 4 per cent. Of new companies recorded in the UK between 2015 and 2017, London was home to more than a quarter of them. Again, like most Western economies this trend is linked to the growth in service orientated economies and the decline in the size of manufacturing sectors.²⁶

As well as business growth, London has attracted students searching for work. The Centre for Cities report *The Great British Brain Drain* (2016) found that while students going to university largely flocked to mid and large cities outside of London and the South East – Leeds, Nottingham, Edinburgh and Cardiff were the four largest – London was the single most popular destination of students once they left university. While London made up less than 20 per cent of jobs in 2015, it made up almost one-in-four graduate jobs. This was partly due to a very high retention rate among London university students, 77 per cent of whom stayed in London after graduating (Manchester is the only other city to retain more than half of its university students, 51.5 per cent, after graduation). London is also

²⁵ Defined as a company if it VAT or PAYE based businesses.

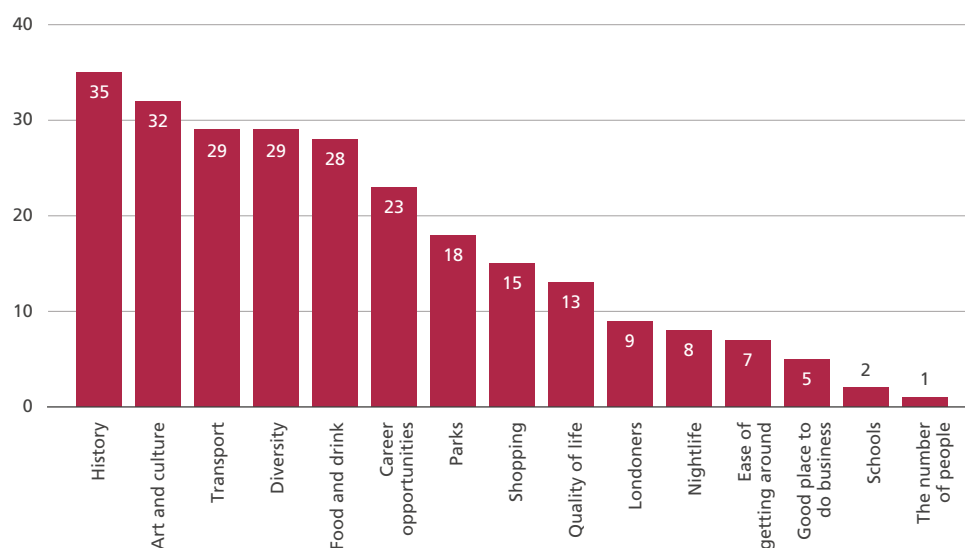
²⁶ World Bank, Manufacturing, value added (% of GDP) [accessed via: data.worldbank.org/indicator/NV.IND.MANF.ZS]

successful at attracting high achievers, providing jobs for 37 per cent of Russell Group graduates with an upper second or first-class degree. 52 per cent of Oxbridge graduates went on to work in London after graduation in 2015.²⁷

International economic migrants have also flocked to London and have contributed to the city's economic success story. The House of Commons Library estimate that a third of Britain's migrant population live in London. 25 per cent of London residents are considered migrants, of which just over half are from the EU.²⁸ While it is certainly true that many move to London for job opportunities, the value of all forms of economic migration in London is considerable. The importance of economic migration cannot be overstated – the Joseph Rowntree Foundation (JRF) released evidence in 2016 showing that one of the defining factors that drove economic decline in a city was: *lower rates of net in-migration of economically active age groups.*²⁹

The reason for London's popularity among young people specifically and employers is hard to identify as a single or even small collection of reasons. Anecdotally both groups often refer to wanting to be 'close to the action'. Graduates are also often drawn by the idea of escaping their home town and experiencing 'big city life'. A YouGov survey in 2016 found that Londoners cited History, Art/Culture, Diversity and Food/Drink as four of the top five things about living in London.³⁰ While the cost of living and housing were cited as two of the things people least like. We know that the cost of living begins to outweigh the non-financial benefits of living in London once people pass their thirties, get married and have children because Centre for Cities data shows that London loses graduates between the ages of 31 and 45 years old.³¹

Figure 7: The best things about living in London, according to Londoners



27 Swinney, P. and Williams, M. *The Great British Brain Drain* (Centre for Cities, November 2016)

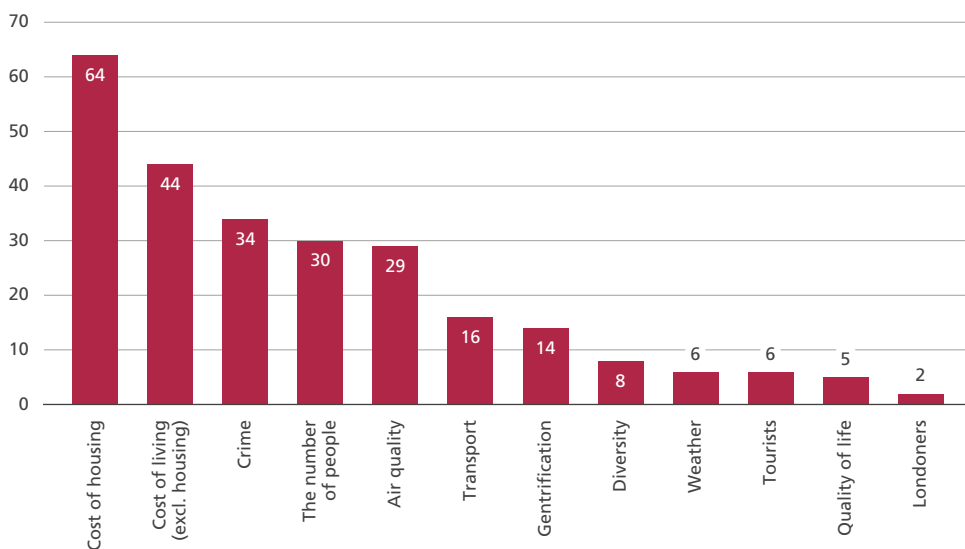
28 House of Commons Library, *Migration Statistics* (February 2018)

29 Pike, I., MacKinnon, D., Coombes, M., Champion, T., Bradley, D., Cumbers, A., Robson, L. and Wymer, C. *Uneven growth: tackling city decline* (Joseph Rowntree Foundation, 2016)

30 YouGov, *What do Londoners like most and least about living in London?* (9 November 2016) [accessed via: yougov.co.uk/news/2016/11/09/what-do-londoners-most-and-least-about-living-lond]

31 *Ibid*, Swinney, P. and Williams, M. (2016)

Figure 8: The worst things about living in London, according to Londoners

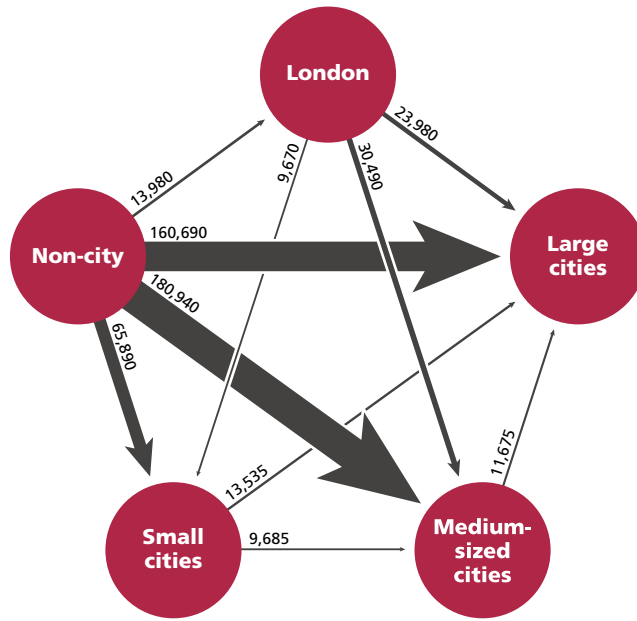


Source: yougov.co.uk/news/2016/11/09/what-do-londoners-most-and-least-about-living-lond

Businesses traditionally moved to London because they needed to be based near clients and suppliers. While this was once reasonable, geographic proximity is becoming less important for businesses. The internet and other forms of modern communication have allowed people to do trade and communicate from opposite sides of the country, without ever needing to meet in person. Businesses have potentially begun to think more about the non-financial and intangible benefits of living in London – cultural assets such as the theatre, museums, restaurants, and bars – that are conducive to a happy workforce. They increasingly recognise the cluster effects that occur in dense urban areas. Employees benefit from regular contact with other people in their industry. This can often result in positive externalities, including the exchange of ideas, greater collaboration, and innovation. These effects are particularly prevalent for people working in high skilled service industries – marketing, legal services, software programming, product and graphic design, media and financial services – and are the core drivers of growth in high growth clusters such as Silicon Valley according to US economist Enrico Moretti.³²

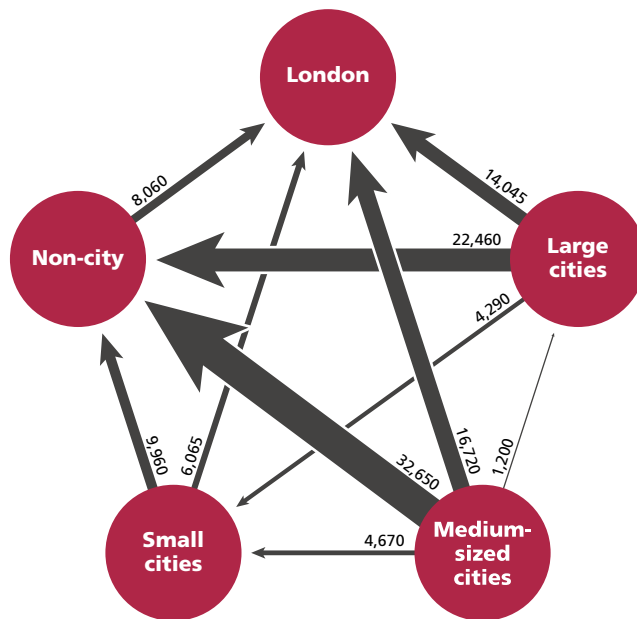
32 Moretti, E. *The New Geography of Jobs* (New York, 2013)

Figure 9: Where students at university came from 2014/15



Source: Centre for Cities

Figure 10: Flow of graduates six months after graduation, 2013/14 and 2014/15

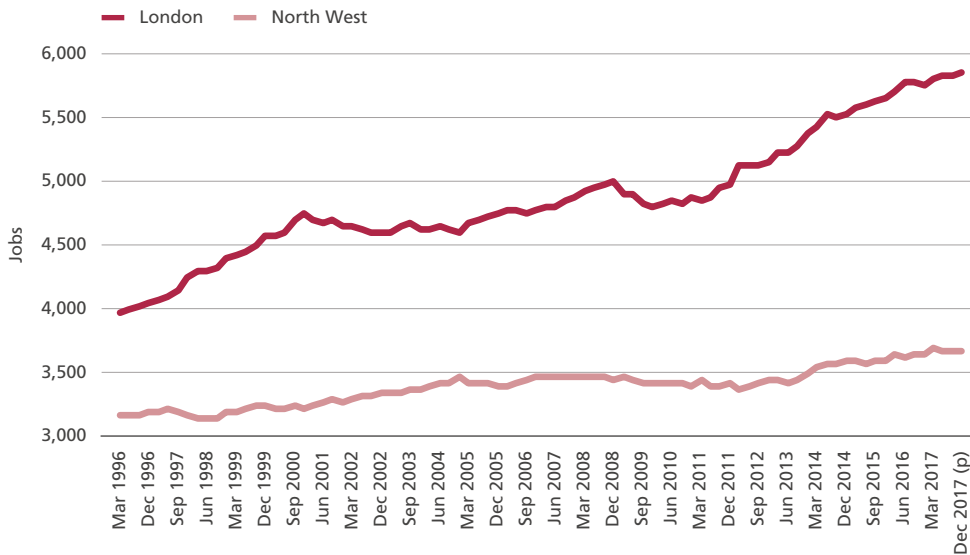


Source: Centre for Cities

What is clear though is that this trend is unlikely to abate. Looking at regional figures from the ONS, between 1997 and 2017 London created 1.88 million jobs (an increase of 47 per cent) whereas the entire North West created 513,000 (an increase

of 16 per cent).³³ Using historical performance to predict the future, by 2017 London will have created an additional half a million jobs, whereas the North West will have only created half of that (see Figures 9 and 10).

Figure 11: Nominal job – London vs North West



Source: ONS

Regional job forecasts – how the problem is getting worse

Between London's dominance and slower growth across the Midlands and the North, CSJ calculations show that job growth will continue to become more imbalanced in the future. To put it simply the problem is getting worse.

Table 5: Percentage growth in jobs by selected regions

Percentage growth in jobs	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	London
1997–2007	11%	9%	9%	13%	6%	18%
2007–2017	-3%	7%	6%	8%	8%	21%
2018–2025 (forecast)	2%	5%	5%	3%	-1%	6%

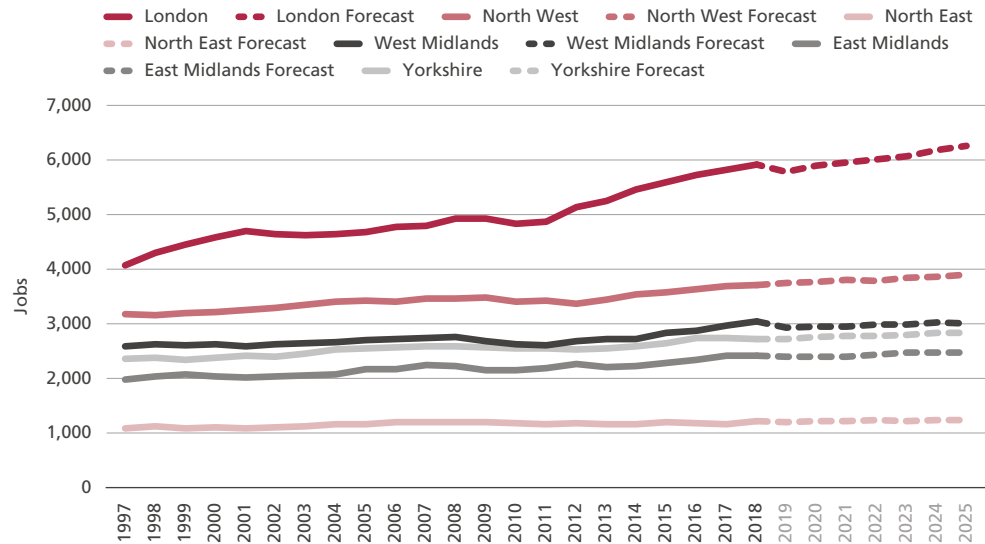
Source: ONS, CSJ calculations

Our calculations of job growth by region are based on 20-year trends and take into account normal cyclical movements in the economy. The table above shows the percentage change in jobs by London and the five ex-industrial regions most synonymously connected to the problem of unemployment and poverty. While London job growth has been higher than the North and Midlands, this gap in the rate of growth grew significantly after 2007 and the financial crisis. Between 1997 and 2007, the number of jobs in London grew by 18 per cent, whereas the average across the North was 9.6 per cent, and the average for the Midlands was 9.5 per cent. Between 2007 and 2017 London job growth was

33 ONS, JOBS05: Workforce jobs by region and industry (March 2018)

21 per cent, whereas the North was 3.3 per cent and the Midlands were at 8 per cent. Our calculations are very conservative, but still show that London's growth outstrips average job growth across the North and Midlands regions. In nominal terms, London will add 441,000 jobs by 2025, whereas the North will have created 380,000 and the Midlands will have created just 106,000.³⁴

Figure 12: Total job growth forecast by region



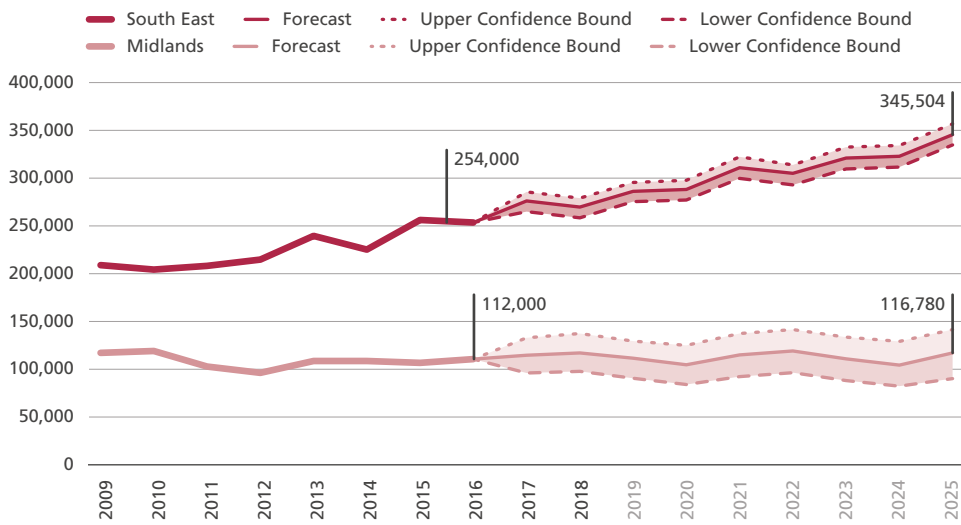
Source: ONS, CSJ calculations

As we pointed out earlier, this uneven balance in job creation across the regions is driven by significant growth in high value industries such as ICT and PST. Figure 13 shows that between 2017 and 2025, trend projections suggest 91,504 new ICT jobs will be created in the South East, while just 4,780 will be created in the entire Midlands region. Figure 14 shows that London will create double the number of new jobs in the PST industry as the North West (despite big cities with a growing demand for professional services such as Manchester and Liverpool).

If these forecasts prove to materialise in to reality, we face the growing risk that the UK becomes a two-tiered economy with jobs and prosperity focussed around London, the South East and a few wealthier cities across the UK while a lack of jobs, income and opportunity plague left behind communities that see little of the prosperity generated elsewhere. The economic and social ramifications of this two-tiered economy would be huge. Therefore, as we prepare for the future of work, we must better understand the factors that have led to this point and will continue to support this status quo.

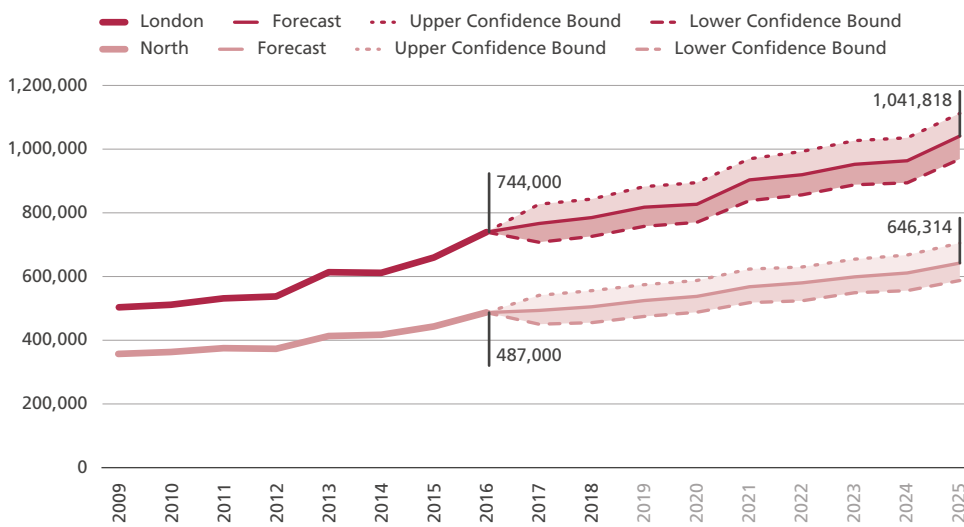
34 ONS, JOBS05 Workforce jobs by region and industry (seasonally adjusted) (March 2018), CSJ Calculations

Figure 13: South East and Midlands ICT jobs growth



Source: ONS, CSJ calculations

Figure 14: London and North PST job forecasts



Source: ONS, CSJ calculations

chapter two

Breaking the cycle

In Chapter 1 we laid out the clear imbalance between regions and cities, not just in recent job growth, but also in the quality of jobs and productivity that are being created and how this trend is likely to continue and worsen. This imbalance has created major growth clusters and Left Behind Towns and Cities that offer little hope and aspiration to their inhabitants. Chapter 2 outlines three of the significant drivers that have triggered and sustained this imbalance – (a) the problems associated with deindustrialisation and, going forward, automation, (b) a cycle of deprivation triggered by mass job loss and sustained by chronic levels of social breakdown and (c) labour disconnection. These drivers sustain and compound the problem of imbalanced job creation and employment between high and low growth Britain and breaking them is necessary to help support continued strong employment across the country in the future.

Deindustrialisation and preparing for the automation revolution

Automation is a major focus of our work later in this project, however the effect of technology on jobs has a strong geographic element, therefore we tackle the subject here.

The story of modern economic decline and job loss across parts of the North and Midlands began in the second half of the 20th century with the slow decline in the size of Britain's manufacturing and production sectors.

Between the first Industrial Revolution in the 18th century and the beginning of the 20th century, Britain became a major producer of steel, chemicals, cotton and textiles. Coal production became increasingly important to power this economic growth, and shipbuilding supported the huge new trading possibilities. Entire communities came to rely on these industries and the small number of employers that dominated them.

Major shipbuilding yards were situated in Dundee, Teesside, and Liverpool, employing a large portion of the local working and middle-class populations. Coal mines in Yorkshire and South Wales would support small towns in County Durham and the Rhondda Valley. By the beginning of the 20th century Manchester attracted nearly a million migrant workers from rural communities to work in its cotton mills.

However increased competition from abroad put pressure on many of these industries. Shipbuilders struggled to compete against Japanese and South Korean companies. Coal mines closed due to depleted stocks and the changing nature of energy production. In 1970 approximately 40 per cent of our energy mix came from coal production, today

it is closer to 15 per cent.³⁵ As these industries closed, so unemployment grew. Between 1971 and 1984, the unemployment rate rose from 4.1 per cent to 11.8 per cent.³⁶ This was equivalent to 2.2 million people falling out of work.³⁷ Many of these people were situated in the North and Midlands where production and manufacturing industries were being decimated.

These developments had a major impact on the economy and society within communities where employment depended on those industries. Dundee in Scotland has one of the lowest employment rates in the country after having suffered from the collapse of their local shipbuilding industry in the late 70s and early 80s. Companies like the Caledon Shipbuilding & Engineering Company in Dundee employed tens of thousands of people locally. Ebbw Vale in Wales was home to the largest rolling mill in Europe that employed 14,000 locals. However, it was all but closed down between the 1980s and 90s, which has precipitated a prolonged period of unemployment and an unprecedented increase in incapacity benefit dependence. Journalist Oliver Wiseman said of Ebbw Vale:

[it] is emblematic of the places that are being left behind. On almost every measure of prosperity and well-being, the town is at the wrong end of the scale. Wages in Blaenau Gwent, the constituency which Ebbw Vale dominates, are the fifth lowest in England, Wales or Scotland. It is in the top 6 per cent when it comes unemployment and more than one in 10 working-age residents are on incapacity benefits. Twenty-eight per cent have no qualifications.³⁸

This process of deindustrialisation was devastating and it is at risk of reoccurring as we embrace the automation revolution. Some regions and cities are very susceptible to extensive job losses related to automation, robotics, AI and other new technologies that can carry out human functions.

There are numerous pieces of work that look at the impact of automation based on job function, industry, and place. Data from PWC (see Figure 15) shows that the industry's most at risk from automation include retail, manufacturing, administration and support, transportation and logistics, and lastly the professional services industry. As a result, certain regions with a disproportionate dependence on those industries are most at risk from automation.

The Midlands has a disproportionately large number of manufacturing jobs when measured relative to the population of the Midlands. 5 per cent of people living in the Midlands work in the manufacturing sector, and while they have 16 per cent of the UK population, they have a quarter of all manufacturing jobs in the country. The North West has 11 per cent of the UK population, but 14 per cent of manufacturing jobs. The South West also has a disproportionately high number of manufacturing, retail and administration jobs. London is not immune as it is home to almost a third of all professional services jobs.³⁹

However, the long-term net impact will vary again by industry. While jobs lost in manufacturing are unlikely to be replaced, jobs lost to automation in the professional services industry are more likely to be replaced. An Insurance Underwriter may lose their

35 www.planete-energies.com/en/medias/saga-energies/history-energy-united-kingdom

36 ONS, Unemployment rate (aged 16 and over, seasonally adjusted)

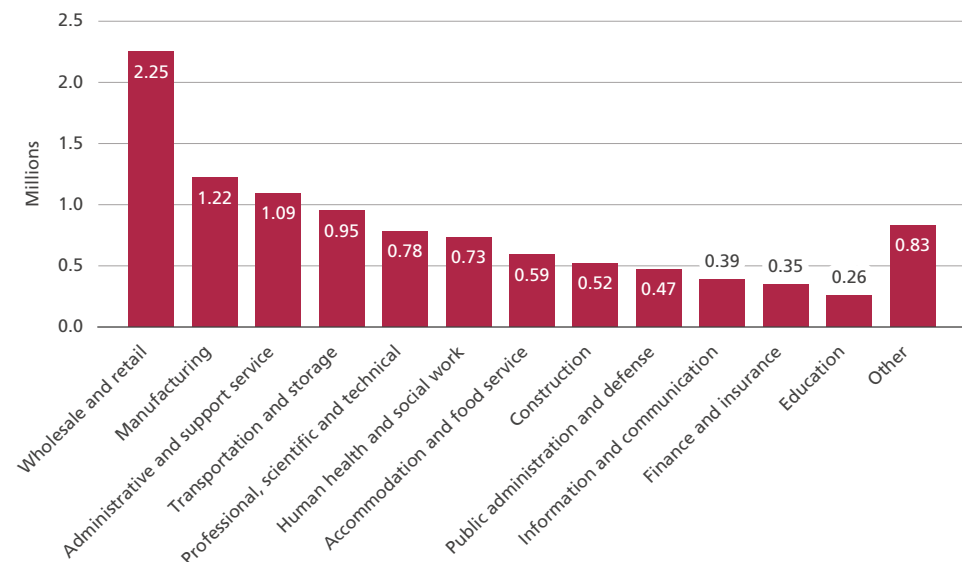
37 ONS, LFS: Unemployed: UK: All: Aged 16+: 000s: SA

38 Wiseman, O. *Can anyone save Ebbw Vale?* (CapX.co, 9 May 2017) [accessed via: capx.co/can-anyone-save-ebbw-vale]

39 NOMIS, Business Register and Employment Survey (excluding units registered for PAYE only) (May 2018)

job to an algorithm, but this will create new jobs in insurance sales and marketing. The same transition will not occur in manufacturing or transport and storage, meaning the long-term effect of automation on the North West, Midlands and South West will be far greater than the effect of automation on the South East and London.

Figure 15: Jobs at risk of automation



Source: www.pwc.co.uk/economic-services/ukeo/pwcukeyo-section-4-automation-march-2017-v2.pdf

The Centre for Cities Outlook 2018 produced analysis showing the cities that were most at risk from the effects of automation related unemployment. The table below, showing the percentage of jobs in a city that are at risk of being automated, concurs with the narrative that the North and Midlands are most at risk of the 4th Industrial Revolution.

The 10 cities most at risk of automation are found in the North and Midlands. Each city risks losing between one-fifth to a third of current jobs by 2030. Most of them have significant manufacturing, retail, administration or transport/logistics industries. Mansfield is considered the city with the largest number of jobs at risk of automation. It used to be a mining town but this has been replaced by low skilled and low wage retail jobs. The largest employers in Nottinghamshire include Boots UK, Pendragon (motor vehicle seller), and Sports Direct (sportswear retailer). Sports Direct has been criticised for harsh employment techniques and below average pay for workers and has situated its main logistics warehouse 6 miles from the centre of Mansfield. Sunderland, number two on the list, is home to the Nissan car plant. Stoke is home to manufacturing companies from the pottery production to tyres.

Existing research suggests automation will impact businesses across the industrial spectrum and across the country. The effect and nature of change will differ across regions and cities. Big cities such as London and Manchester will see a greater level of total disruption – “around 908,000 jobs in London – 25 per cent of all jobs at risk in cities across Great Britain [face being lost]”⁴⁰ but this disruption is likely to occur in industries that are

40 Centre for Cities, Cities Outlook 2018 [accessed here: www.centreforcities.org/wp-content/uploads/2018/01/18-01-12-Final-Full-Cities-Outlook-2018.pdf]

high growth and high value (professional services) and we can expect that new jobs will be created in place of old ones lost. The greater risk is posed to areas where the jobs lost are unlikely to be replaced. Holding other factors constant, these cities can expect to see net job decline over the period.

Table 6: Cities ranked by share of current jobs that will be lost to automation by 2030

City	Share of current jobs	City	Share of current jobs
1 Mansfield	29.4%	32 Bournemouth	21.9%
2 Sunderland	29.2%	33 Birkenhead	21.8%
3 Wakefield	29.2%	34 Barnsley	21.5%
4 Stoke	28.4%	35 Milton Keynes	21.5%
5 Doncaster	26.5%	36 Preston	21.4%
6 Blackburn	26.3%	37 Liverpool	21.3%
7 Northampton	25.8%	38 Leeds	21.3%
8 Dundee	25.3%	39 Derby	21.3%
9 Huddersfield	25.3%	40 Plymouth	21.0%
10 Telford	24.9%	41 Nottingham	21.0%
11 Leicester	24.9%	42 Norwich	20.7%
12 Coventry	24.8%	43 Slough	20.7%
13 Wigan	24.7%	44 Crawley	20.6%
14 Peterborough	24.6%	45 Ipswich	20.5%
15 Bradford	24.2%	46 Glasgow	20.5%
16 Swindon	23.9%	47 Cardiff	20.4%
17 Hull	23.9%	48 Aldershot	20.3%
18 Basildon	23.9%	49 Luton	20.1%
19 Burnley	23.8%	50 Exeter	19.4%
20 Warrington	23.7%	51 Aberdeen	19.3%
21 Sheffield	23.5%	52 Bristol	19.1%
22 Newport	23.4%	53 Portsmouth	19.1%
23 Newcastle	23.3%	54 York	18.7%
24 Birmingham	23.2%	55 Blackpool	18.6%
25 Gloucester	23.2%	56 Brighton	18.5%
26 Swansea	23.2%	57 Edinburgh	17.5%
27 Southend	22.4%	58 London	16.1%
28 Middlesbrough	22.4%	59 Worthing	16.0%
29 Manchester	22.4%	60 Reading	15.4%
30 Chatham	21.9%	61 Cambridge	12.9%
31 Southampton	21.9%	62 Oxford	12.8%

Source: Centre for Cities

The risk for policy makers is that jobs created as a result of technology advancement are completely different in nature to the old jobs lost and located far away from those that are lost. An example would be a company replacing a machine operator in a factory in Sunderland with a software manager role located in Leeds city centre.

In summary, automation will affect workers, industries and regions in both positive and negative ways. Here we detail the regional ramifications of automation – mostly that there are areas of the UK that are likely to suffer more than others. This is not to undermine the arguments in favour of developing 4th Industrial Revolution technology for the wider benefit of the UK economy. But policy makers must recognise that while jobs will be lost and new ones created, they are unlikely to be the same jobs nor in the same locations as before.

The cycle of deprivation and social breakdown in left behind towns and cities

Table 7: Number and percentage of jobs paid below the minimum wage by region (UK, April 2016)

Region	Jobs (thousands)	% of jobs
All	362	1.3
North East	15	1.5
North West	47	1.6
Yorkshire & Humber	38	1.7
East Midlands	29	1.6
West Midlands	40	1.7
East	35	1.4
London	35	0.9
South East	44	1.2
South West	33	1.4

Source: ONS

The loss of jobs linked to deindustrialisation in the second half of the 20th Century set-off a chain of social and economic repercussions that are still being felt in ex-industrial communities today. From an economic perspective, business closures and lower levels of business investment reduced the opportunities for skilled, well-paid work, leaving many unemployed, dependent on welfare and often without any opportunities for new employment. Those who did manage to find new jobs found frequently themselves in low paid and sometimes atypical work. This took the form of agency-based work in the food and hospitality industry, transport and logistics (HGV drivers and warehouse workers), shop clerks or administrative and clerical office work. These industries are pretty evenly spread across the UK. Big employers that offer jobs synonymous with low pay and poor working conditions (Sports Direct, Amazon and Primark) often place their major warehouses in parts of the country that suffered from de-industrialisation; Rugeley in Staffordshire (Amazon warehouse), Doncaster in Yorkshire (Amazon warehouse), Bolton outside

Greater Manchester (Amazon warehouse), Shirebrook in Nottinghamshire (Sports Direct distribution centre) and Kettering in Northamptonshire (Primark). Looking at extreme low pay (below the minimum wage) by region, again deindustrialised parts of the North and Midlands outperform the South.

From a social perspective, low skilled work, unemployment and welfare dependency have led to a sense of loss and social atomisation in these communities. James Bloodworth states in his book *HIRED: Work gives people a sense of identity and a sense of purpose*, and that many people in these left behind communities: *[are] searching for a sense of place in the world several decades after industry disappeared*.⁴¹

While the economic damage in terms of jobs lost is easy to measure, the social damage caused by deindustrialisation is harder to grasp. Economists and social policy analysts have begun to use a range of proxies – intergenerational worklessness, welfare dependency, crime, drug use and family breakdown. Across most, there is a clear positive correlation between social breakdown and ex-industrial communities.

The sizeable increase in incapacity welfare claimants is used by some to illustrate the problems in post-industrial communities. Between the 1970s and today, the number of people claiming incapacity benefits has tripled to 2.5 million. This is despite considerable improvements in general health standards, higher life expectancy, reduced risk of injury at work, and better-quality healthcare for terminal conditions. The London School of Economics Professor John Macnicol stated in 2011 that this growth was linked to job losses in ex-industrial regions:

The causes are complex and inter-related, but essentially four principal ones can be considered. First, it has been argued that the higher monetary value and easier eligibility conditions for Incapacity Benefit (especially at the long-term rate) acted as an incentive to drop out of the labour market, particularly in areas where job offerings are scarce. Second, claimants to all disability benefits tend to be poorly qualified – some 60 per cent have no formal qualifications at all – and thus have sub-optimal employability which makes them intrinsically unattractive to employers. Third, there are issues of health: long-term joblessness undoubtedly worsens health status and renders individuals less likely to be reabsorbed into employment once conditions improve. The fourth and final factor is lack of sectoral labour market demand, which is especially acute in certain regions.⁴²

Beatty and Fothergill (2015) also stated that the increase in the number of disability welfare claimants is best understood:

as part of a triangular relationship between levels of employment, unemployment and sickness.⁴³

Other forms of social breakdown such as drug abuse, crime, family breakdown and lower educational attainment are also higher in ex-industrial communities. The CSJ report *Productivity, Place and Poverty* (2018) established a clear correlation between higher levels of addiction, welfare dependency and indebtedness within a community with lower levels of productivity across local authorities.⁴⁴

41 Bloodworth, J. and Pickles, C., *Audiocast: How dead-end jobs killed small-town pride* (UnHerd.com, 9 July 2018) [accessed via: unherd.com/2018/07/audiocast-dead-end-jobs-killed-small-town-pride]

42 Macnicol, J. *The history of work-disability* (London School of Economics, February 2011)

43 Beatty, C. and Fothergill, S. *Disability Benefits in An Age Of Austerity* (Centre for Regional and Economic Research, 2015)

44 Centre for Social Justice, *Productivity, Place and Poverty* (2018)

Between 2014 and 2016, the drug misuse death rate for the North East was 71 percent higher than the average for England. Blackpool has the highest rate of drug misuse death in the country at 20.1 per cent, followed by Neath Port Talbot (11.6 per cent), Burnley (11.3 per cent) and Middlesbrough (11 per cent).⁴⁵ Middlesbrough as a city has struggled since the closure of nearby steel works and the local shipbuilding industry. Port Talbot is a town synonymous with the UK steel industry, and Blackpool is a posterchild for seaside town decline in the North West.

Bloodworth's description of Blackpool as an undercover journalist working in the social care industry brings these facts in to an eerie reality:

On arriving in town, I had spotted a pile of washing discarded outside of a local laundrette and made to alert the owner. It turned out to be an old man buried under a pile of corrugated card board and bin liners. Occasionally you would see someone labouring under the effects of the drug spice, a crumbly mixture of synthetic chemicals and herbs that resembled cannabis. 'Spice' said a local barman, contempt dripping from his voice as he pointed a wagging finger accusingly in the direction of a young man lying prostrate outside a chicken shop with a streak of mud down his back.... 'They are all [sic] on it'.⁴⁶

Domestic violence, one proxy measuring both crime and family breakdown, tends to be higher in ex-industrial communities. The five police force areas with the highest recorded rates of domestic violence include Durham (36.60 per 1000 population), Cleveland (27.50), Gwent (27.50), South Wales (25.30) and Humberside (24.60) – all areas struggling with post-industrial decline.⁴⁷ American political scientist Robert Putnam spoke of the effect economic anxiety had had on family formation in his home town of Port Clinton, Ohio (USA):

Not surprisingly, given the economic stresses and strains, single parents in Ottawa County doubled from 1970 to 2010, from 10 per cent to 20 per cent, and the divorce rate quintupled. The incidence of unwed births in the county rose sharply between 1990 and 2010, from less than 20 per cent to nearly 40 per cent... In Port Clinton itself, epicentre of the local economic collapse of the 1980s the rate of unwed births absolutely exploded in little more than a decade. Between 1978 and 1990 the rate jumped from 9 per cent (about half the race-adjusted national average) to about 40 per cent (nearly twice the national average).⁴⁸

Over-indebtedness is also a bigger problem in these communities. According to the Money Advice Service, the North and Midlands have higher levels of over-indebtedness than the South East and East of England (London is the anomaly with equally high levels of indebtedness). Local Authorities with the highest levels of indebtedness include Nottingham (21.9 per cent of households considered over-indebted), Blaenau Gwent (21.6 per cent), Kingston upon Hull (21.5 per cent), Leicester (20 per cent), Merthyr Tydfil (20 per cent), and Stoke-on-Trent (20 per cent) – again all communities that have struggled in the post-industrial era.⁴⁹

45 ONS, Drug misuse deaths by local authority (2 August 2017)

46 Bloodworth, J. *HIRED* (Bloomsbury, 2018)

47 ONS, Domestic abuse in England and Wales: year ending March 2017

48 Putnam, R. *Our Kids – The American Dream in Crisis* (New York, 2015)

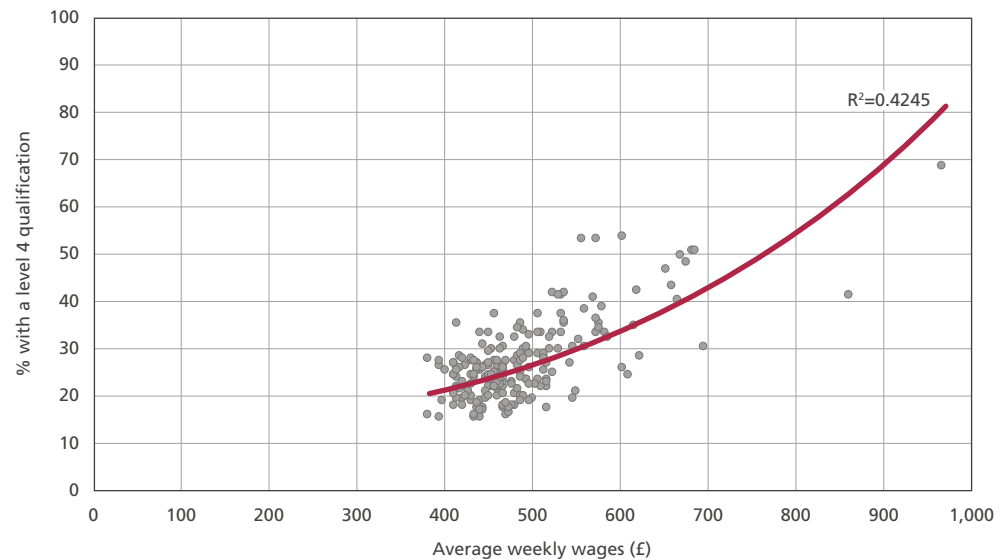
49 Money Advice Service, A Picture of Over-indebtedness: 2017 [accessed via: overindebtednessmap.org]

Average educational performance in ex-industrial parts of the North and Midlands are drastically lower than in the South. A student in the South East is 20 per cent more likely to pass English and Maths GCSE⁵⁰ than one in the North East.⁵¹ A student in Sutton (the highest performing borough in London) is twice-as-likely to pass English and Maths GCSE than a student in Stoke-on-Trent. Extreme educational underperformance can become embedded over time. In Knowsley one-in-four students passed their English and Maths GCSE in the academic year 2016/17. This has hardly changed since 1998 when the percentage of pupils meeting that standard in Knowsley was 23.7 per cent.⁵² In every year since 1998 Knowsley has placed at or near the bottom on the list of performing local authorities for GCSE results. The argument often promulgated is that school funding is inadequate in low performing areas. However, the Education Select Committee recently concluded that there was a positive association between spending on students and attainment, but the impact was small:

Overall, spending an extra £1,000 per pupil, can over time boost pupils' attainment at GCSE, but only by a fraction of a grade.⁵³

This is not to suggest more money should not be spent in low attainment areas, but the long-term term improvement of education provision and student achievement locally will require more than money.

Figure 16: Highest qualification at Level 4 vs Wages (2011, £)



Source: Nomis

50 GCSE pass judged as a grade 9 to 5 (A*–C grade under the old system).

51 Department for Education, GCSE and equivalent results: 2016 to 2017 (provisional) [accessed via: www.gov.uk/government/statistics/gcse-and-equivalent-results-2016-to-2017-provisional]

52 Institute of Education, Public Examinations: GCSE/GNVQ and GCE/AGNVQ in England 1998 [accessed via: dera.ioe.ac.uk/13525/1/GCSE-GNVQ%2520and%2520GCE%2520A-AS%2520level%2520and%2520advanced%2520GNVQ%2520exam%2520results%25201997-98%2520%28Stats%2520Bull%25208_99%29.pdf]

53 House of Commons, What Impact Does School Spending Have On Pupil Attainment? [accessed via: www.parliament.uk/documents/commons-committees/Education/Impact-of-school-spending-on-pupil-attainment.pdf]

The relationship between education and wages creates a feedback loop as low attainment at school is associated with low wages later in life and parental incomes are strongly linked with child attainment at school. The chart above shows the strong positive correlation between post-secondary non-graduate qualifications and wages. The greater the number of workers locally with at least a level 4 qualification, the higher the average weekly wage in that area.

Finally, there is proof that, even controlling for income, living in a 'left behind' town reduces your life expectancy. Analysing American towns and cities, Raj Chetty and economists with the Equality of Opportunity Project found people living in the bottom 5 per cent of earners in New York could expect to live 5 years longer than someone living in the bottom 5 per cent of earners in Detroit.⁵⁴ Simply put, being poor in a low growth, low opportunity, ex-industrial area significantly shortened your life.

This is part of what William Julius Wilson called the cycles of deprivation, an understanding that structural poverty (lack of job, income and opportunity) has a pernicious effect on social outlook and community culture. Keith Joseph understood it as the Cycle of Transmitted Deprivation while Michael Rutter and Nicola Madge called it the Cycles of Disadvantage. When a community experiences an economic shock, the social problems that evolve as a result make it harder to bring back jobs, investment and opportunity. Once the vicious cycle of social breakdown sets in, economic revival becomes almost impossible.

In Britain this happened in communities when people lost their jobs in coal mines, car plants and steel mills. Many became dependent on welfare for support, and as they lost their sense of self-worth and identity (that had previously come with paid employment at a company) individuals and communities fell in to a cycle of economic and social decline that meant business never returned.

Labour disconnection

As well as a structural lack of job growth due to automation, and a cycle of deprivation that crushes local communities and economies, policy makers are faced with the real problem of connecting people with new jobs. This is due to the phenomenon of labour disconnection.

As we alluded to earlier, new jobs created in the future are unlikely to be evenly spread across the country and many will not be created near old jobs that were lost due to automation. This is not a problem for highly mobile workers (the highly qualified and student population are more mobile) but it is a problem for groups that are less physically mobile, including those from low income households and individuals facing mental and physical health conditions. Norman Tebbit's call for workers to 'get on their bike' to look for work, just doesn't hold for individuals with complex lives in poor communities.

⁵⁴ Chetty, R., Stepner, M., Abraham, S., Lin S., Scuderi, B., Turner, N., Bergeron, A., and Cutler, D. *The Association between Income and Life Expectancy in the United States, 2001–2014* (The Journal of the American Medical Association, 2016)

The UK is well connected as long as you are coming to or going from London. It is conceivable to travel from London to the furthest reaches of England (the Scottish border or Lands End) in between 4–5 hours (by car, plane or train). It can take between two to three hours to get a train to Newcastle, and less than an hour to get a plane to Edinburgh. The CBI noted though in 2016 that while transport links to and from London are good:

travel times between other major cities, regions and nations are relatively poor.⁵⁵

Internal migration in the UK has fallen in recent years. Analysis by the Resolution Foundation in 2017 found that the rate that people move region and employer has fallen by a quarter since the year 2000 to about 0.6 per cent of the population. This fall is exacerbated for low income households and those out of work. Just 10 per cent of those people moving regions were previously out of work, suggesting internal migration is a phenomenon visible only among those in work and higher up the income distribution.⁵⁶

Stephen Clarke from the Resolution Foundation continues to suggest that the decline in job-to-job mobility is partly driven by lower levels of mobility among indigenous workers, as migrants make up a larger portion of the mobile workforce:

Over the past two-decade, international migrants have accounted for a growing share of regional job-to-job moves: they now account for 24 per cent, up from 8 per cent in 1995. The evidence is that migrants not only go to where there are jobs when they move to the UK, but also remain mobile once they are here.⁵⁷

He also remarks that the young are becoming less mobile:

once we control for age and other economic and demographic characteristics we find that whereas graduates under the age of 35 were almost 5.7 times more likely to move region and employer than non-graduates in the 1990s they are now just 3 times as likely.⁵⁸

From our earlier analysis that shows Russell Group and Oxbridge graduates are still moving to London en-masse, the reality is likely that students from less elite universities, holding less valuable degrees, are less able and willing to move locality for work (see Figures 9 and 10 on page 22).

The cause of this slow-down in long distance job-to-job mobility is often linked to the high costs of moving house.

The Institute for Fiscal Studies recently produced analysis that showed housing costs were becoming the biggest driver of income poverty in the UK. For low income families, the increase in housing costs has been dramatic:

Between 2002–03 and 2016–17, real mean housing costs among households with children in the bottom 20 per cent of the AHC income distribution rose by 47 per cent.⁵⁹

55 CBI, *Unlocking Regional Growth* (2016)

56 Clarke, S. *Get A Move On? The decline in regional job-to-job moves and its impact on productivity and pay* (Resolution Foundation, 2017)

57 Clarke, S. *Get A Move On? The decline in regional job-to-job moves and its impact on productivity and pay* (Resolution Foundation, 2017)

58 Ibid, Clarke, S. (2017)

59 Cribb, J., Norris Keiller, A. and Waters, T. *Living standards, poverty and inequality in the UK: 2018* (IFS, 2018)

This is linked largely to an increase in the portion of low income families living in the private rented sector compared to either the social sector or being owner occupiers:

In 2002–03, 15 per cent of children living in the poorest 20 per cent of households lived in private rented accommodation, and this figure rose to 36 per cent in 2016–17.⁶⁰

Traditionally being a renter has been associated with being more mobile, but in reality, this relationship has fractured due to the dwindling stock of social housing. Families are stuck renting in the private housing market as there are fewer social or council housing alternatives and they cannot afford to move locality for work where the rent is often likely to be higher and home ownership is simply out of reach.

Even for individuals and families in social housing, the inability to access social housing units in other local authorities can prevent them from making the move. During CSJ focus group discussions in Birkenhead and Wirral, many participants spoke of the difficulty in moving town and city for fear that they would end up at the bottom of the council housing list. The sense was, once you have stable social housing, do not move and risk losing it. For those not in social housing, homelessness was the reality they faced if they moved.

However, as well as long-distance disconnection – where someone cannot move to a new region and job due to housing costs – there is also a near-distance social and physical disconnection. This is where someone is unable to access a new job due to low educational attainment, cost of transport, and social isolation.

The Social Mobility Commission (SMC) identify education as one of the most significant inhibitors for people to move job and progress up the income scale. Their thesis in 2016 describes how working-class areas became increasingly ‘socially hollowed out’ as those with qualifications and money moved to other parts of the country for better job opportunities. These ‘left behind areas’ see an outflow of the best teachers and students (through grammar education or parents moving to better catchment areas) meaning the best schools offering more opportunity are often, though not always in the better off communities. The real problem occurs when the long-held myth in British society ‘that rich students excel past poorer students at school’ becomes a self-fulfilling prophecy. What has emerged is a two-tiered labour market where a large chunk of UK workers are stuck in low paid work. Indeed, SMC analysis in 2016 found just one-in-ten low paid workers at the start of the last decade (year 2000) had escaped after 10 years.⁶¹ The CSJ’s own analysis of productivity found evidence to suggest that just 15 per cent of low skilled workers progress into mid-skilled jobs.⁶²

This problem of low educational attainment risks worsening in the future if left unchecked. Someone with educational attainment to a level 2 working as a welder in Sheffield, is unlikely to be able to access jobs linked to database administration in Birmingham, which offers the same salary, but demands at least level 3 or 4 in an Information and Technology related course. Of course, this raises the issue of mid-career adult learning and ensuring our current education system is designed to meet the needs of the modern economy.

60 Ibid, Cribb, J., Norris Keiller, A. and Waters, T. (2018)

61 Social Mobility Commission, *State of the Nation 2016: Social Mobility in Great Britain* (Gov.uk, 2016)

62 Centre for Social Justice, *The Great British Breakthrough: Driving Productivity Growth in the UK* (London, 2017)

Recent analysis from the JRF found that public transport costs are also a barrier for many low-income individuals from accessing jobs and opportunity nearby. Interviews with 79 residents from low income neighbourhoods who relied on low wage work, complained that public transport was often unreliable (trains and buses were late), sometimes unavailable (respondents would often miss a connecting bus, train or tram) and unaffordable. Similar to our discussion with JCP staff, the complexity of fare structure and ticketing options was also commented on by JRF survey respondents.⁶³

The CSJ's own field analysis and focus group discussion with people in and out of work in economically depressed communities found that many people on the fringes of the labour market were unwilling or felt unable to access jobs that they might have suited. Sometimes this was linked to complex personal problems associated with unemployment – substance addiction, homelessness, or a criminal conviction. Other times it was a lack of soft skills and digital literacy which meant they couldn't access job adverts online, didn't have a CV and weren't able to interview well. All of these factors are undoubtedly interlinked and can be caused by or result in a lack of education and skills.

Tied in to this is the evidence showing personal and community relationships are inhibitors for low income households looking to move for employment opportunities. Skobba and Goetz (2013) studied low-income families in the US and found that many individuals, single parents, and larger families without financial resources, would double up with family, friends and unrelated roommates to secure stable accommodation, and would therefore make job and living decisions based on what was in the best interest of their relationship. They found many people were hyper-mobile, moving sporadically around a number of dwellings over time – the average time in one accommodation lasted just 16 months. Talking to participants in their survey, Skobba and Goetz established that:

relationships, rather than neighbourhoods, appear to be the driving factor in residual mobility and decision making for low income families. In the absence of financial resources, people are an essential source of capital.⁶⁴

When individuals and families did move residence it was forced, either through evictions or a breakdown in the relationship.

In summary, the reality for low income families is that they are not mobile rational economic actors that react to prices in the labour market. While good jobs may be created in nearby towns and cities, low income individuals remain disconnected from those opportunities. The disconnection is caused by tangible factors including the cost of transport or housing but also intangible factors such as personal relationships, poor education and low levels of confidence and aspiration. As a result:

local jobs do not mean local employment for residents of deprived areas – in many poorer areas jobs are filled by residents from more prosperous areas.⁶⁵

63 Crisp, R et Al. *Tackling transport-related barriers to employment in low-income neighbourhoods* (JRF, 2018)

64 Skobba, K. and Goetz, E. *Mobility Decisions of Very Low-Income Households* (Cityscape: A Journal of Policy Development and Research, 2013) [accessed via: www.huduser.gov/portal/periodicals/cityscpe/vol15num2/ch11.pdf]

65 Rae, A., Hamilton, R., Crisp, R. and Powell, R. *Overcoming deprivation and disconnection in UK cities* (JRF, 2018)

chapter three

Policy for growth

Our analysis of the uneven level of job growth across the UK suggests policy makers must concentrate on four themes to rebalance our economy and prepare for the future of work in the UK:

1. Transport – Connecting communities with jobs.
2. Business – Unleashing private sector growth.
3. Governance – Empowering local champions to lead community revival.
4. Society – Tackling social breakdown in ex-industrial communities.

Transport – connecting communities with jobs

It is no doubt that London's economy is an asset to the country, acting as both a hub and centrifugal force of trade and finance across the UK. However, as we have outlined, the UK's reliance on one city of global importance is unique. Failure to transition the economy away from dependence on a single hub, could create problems going forward – increased inequality, increased social stratification, greater concentration of poverty and overall economic stagnation.

Creating the same level of global competitiveness and economic strength of London outside London would help reduce the risks of unemployment and poverty in some areas of the country. Our own analysis of what has made London so dominant, its ability to attract both people and businesses should therefore inform our policies here to build a mega-cluster around six of the largest cities in the North – Liverpool, Manchester, Leeds, Sheffield, Hull and Newcastle.

This requires a shift in direction for government policy away from focussing on industries, and focussing on place instead.

First and foremost, the CSJ support the primary proposal of Transport for the North (TFN) in creating Northern Powerhouse Rail (NPR), a high-speed rail network between the six largest cities in the North – Liverpool, Manchester, Leeds, Sheffield, Hull and Newcastle. TFN believe that NPR could increase the number of people in the North who are within 60 minutes reach of four or more cities by 5.5 million – meaning a total of 18.8 million people would be within an hour of at least four of the largest cities in the North of England.⁶⁶ Under TFN's proposals, it would require a brand-new line built between Liverpool and Manchester airport, and between central Manchester and Leeds.

⁶⁶ Transport for the North, Northern Powerhouse Rail [accessed via: transportfornorth.com/wp-content/uploads/Northern-Powerhouse-Rail-booklet-FINAL.pdf]

The premise for support of this idea is rooted in JRF research showing that low income households feel physically disconnected from work opportunities, but also clear evidence that reducing commuting times increases productivity⁶⁷ and that inter-regional transport infrastructure is comparatively poor in Britain when compared to inter-London transport infrastructure. It currently takes one-hour to travel between Liverpool and Manchester by train (only 8 minutes quicker than the car alternative). Driving between Liverpool and Leeds on the M62 would take just 35 minutes less than taking a train the same distance. Taking a train from Liverpool to Leeds would take 2 hours 21 minutes, longer than the service between London and Leeds, and could encompass using Merseyrail, East Midlands trains, and the Transpennine Express. Compared to Germany, a train between Dusseldorf and Frankfurt (at 210km, twice the physical distance between Liverpool and Leeds) takes 1 hour 20 minutes, half the time as the same trip by car. Train's must provide a faster, cheaper and more sustainable means of travel for people between cities.

Recommendation 1

Implement Transport for the North (TFN) integrated transport system across Liverpool, Manchester, Leeds, Sheffield, Hull and Newcastle. This includes an integrated payment system as detailed in Recommendation 3.

Creating growth clusters around city centres also requires connecting them to suburbs and commuter towns. For the most part this is because cities need to house their workers outside of a city centre, but also because it expands the economic footprint of a city and generates a more inclusive and prosperous economy. The problem for Britain today is that suburbs are getting older, poorer, less populous and with an increasing prevalence of social breakdown. The Smith Institute found in 2016 that suburban communities around London, Birmingham and Manchester had become much more deprived between 1999 and 2009, than corresponding parts of inner city neighbourhoods – around London 48 per cent of suburban areas became more economically deprived, in the West Midlands it was 74 per cent and in Greater Manchester it was 54 per cent.⁶⁸

Trying to boost job growth and reduce poverty in low growth suburbs will require joined up policy across a number of different areas – public and private investment, business growth, housing support, a strategy to tackle social breakdown – however here we address the issue of boosting urban-suburban connectivity. As we have noted in this paper, the majority of good paying high skilled jobs will be created in cities in the future, which poses a significant risk to people who are physically and socially disconnected from city centres. The evidence supporting transport investment connecting low income neighbourhoods to higher income neighbourhoods is criticised as ambiguous by some. Costa, Gibbons, Overman and Pelkonen (LSE, 2010) found that transportation investment boosted job outcomes and wages for new residents and not local residents (this manifests itself in the well-worn phrase often heard in poor communities – *'there are jobs, just not for people like us'*). Alternatively, Manning and Petrongolo (LSE, 2017) found that reducing the

67 Mercer, Long commutes costing firms a week's worth of staff productivity (17 May 2017) [accessed via: www.uk.mercer.com/newsroom/britains-healthiest-workplace-flexible-working-and-commuting.html]

68 Hunter, P. *Towards a suburban renaissance: an agenda for our city suburbs* (Smith Institute, 2016)

distance to a job increased someone's propensity to apply for it and introducing transport links between high and low employment areas increases the flow of workers between the two. Analysis of the Manchester Metrolink also shows that expansion of the Metrolink is associated with creating new jobs across Manchester and making current jobs more productive.⁶⁹ A report from the Lincoln Institute of Land Policy looking at the economic fortune of small towns and cities across the US 'rust belt' found that small towns with good transport links to big cities fared better than isolated towns in the post-industrial economy.

Our own survey research suggests that regional and local transport links are popular with businesses. YouGov results for the CSJ's report *Great British Breakthrough* (2017) found that businesses believed financial support for regional infrastructure in the North was one of the most popular policies for boosting productivity, and 74 per cent of business respondents agreed with the statement that money would be better:

spent on local road and rail improvements [rather] than larger transport projects such as high-speed rail.⁷⁰

Our conclusion is that the improvement of inter-city commuter links would be of great economic benefit to both commuter towns and urban centres, provided it is combined with social and economic policies that target other economic and social problems. The Smith Institute states that:

If there are many more people working in the city centres, earning good money and commuting back to the suburbs, then all will be fine.⁷¹

We believe that Fast-Bus systems offer better value for money being the fraction of the cost of building a Light Railway Network. However, the responsibility for setting up both Light Railway Networks and Fast-Bus systems should be that of local officials, and not the Department for Transport. In our opinion this reduces the risk that inefficient investments are made in unnecessary links, ensure that decisions better reflect demand and congestion, that projects are not held back through bureaucracy and that costs are kept down. The Department for Transport should support City and Local Authorities in setting up quasi-government agencies using the same model as Transport for London (TfL) and allowing each agency to raise private capital via bond and loan issuance in capital markets. This would reduce pressure on HM Treasury (HMT) and existing regional growth funds. The Department should also support the use of new transport technologies such as smart phone app-based payments, smart payment travel cards, and electric and driverless trains. Finally, these new transport links should be integrated in to a wider national Oyster Card payment system.

69 Volterra Consulting, *Economic Benefits of the Metrolink extension* (2008) [accessed via: www.hydeparkandwoodhouseonline.com/wp-content/uploads/2013/06/Metrolink_report_final_31-Jul-08-copy.pdf]

70 Centre for Social Justice and YouGov, *The Great British Breakthrough: YouGov Polling Results* (2017) [accessed via: www.centreforsocialjustice.org.uk/library/great-british-breakthrough-yougov-polling-results]

71 Hunter, P. *Towards a suburban renaissance: an agenda for our city suburbs* (Smith Institute, 2016)

Recommendation 2

Support towns and cities that want to build Light Railway Networks and Fast-Bus Systems to increase physical connectivity for people in commuter towns. This can be done by; (a) supporting cities to replicate TFL model of quasi-public agency, (b) Help each agency issue loans and bonds to capital markets (each LRN or Fast Bus Route can be privately financed, reducing pressure on public funds), (c) Integrate each LRN and Fast-Bus in to the pan-UK public transport Oyster Card, and (d) support the use of cutting edge-technology.

As a result of the cycle of deprivation, new job opportunities may arise but individuals and entire communities can be disconnected from them. This happens all over the country. Miles Platting has one of the highest rates of unemployment in the country with a third of working age adults out of work, despite being a 30-minute walk from central Manchester's retail district. Sunderland is now known for the being home to one of the biggest car manufacturing plants in Europe, providing thousands of skilled mid-wage jobs. However, Sunderland as a city still has one of the lowest employment rates (69.3 per cent, 2017) and one of the highest welfare spends per capita (£3,924, 2014).⁷²

Reducing labour disconnection (both physical and social) is a key aim of this report. Transport costs pose a real problem for people in and out of work. For those out of work, and living in a remote area, the cost of travelling long distances using multiple modes of transport (bus, trains and trams) each requiring different tickets and payments, is significant. For people facing complex problems through physical or mental health conditions, the complexities in the public transport system can be a barrier to getting a job.

Speaking to welfare officers based in Tandridge Council, the CSJ learnt of many instances where ESA claimants would have to travel over an hour across relatively short distances via Southern Rail, Thameslink and Southdown Bus Service, to Redhill to meet with a Work Coach or for a Work Capability Assessment. Each service would require buying separate tickets and making connections that sometimes proved challenging. In some situations, claimants would get sanctioned for missing an appointment at the JCP or with an assessor for ESA. While ensuring public transport services are reliable remains a general aim for the overall welfare of the country, welfare officers lamented the complexities of travelling on public transport. One of their many requests was for a streamlined integrated fare payments system – for instance extending Oyster Cards across all bus and train services in the UK. The aim would be to reduce the barriers that poor transport links pose to many people.

One of the new possibilities through the use of an integrated smart card system is the chance to easily deposit transport funds for claimants in complex situations. This is a power that is available to welfare officers through a discretionary fund. A smart card system would make this process easier and again reduce the risk of claimants missing Work Coach meetings, getting sanctioned and losing welfare payments unnecessarily.

72 Centre for Cities, Data Tool

The secondary benefit of building an integrated transport system with one smart card would be making commuting easier for workers across the country and between cities. The primary example of this would be across the Northern Powerhouse (Liverpool, Manchester, Leeds, Sheffield, York and Middlesbrough). An integrated transport system with a single smart card for payment would reduce travel times between cities and their commuter towns. A study cited in the CSJ's *Great British Breakthrough* (2017) from the University of Cambridge found that someone with a commute of less than 30 minutes was 7 days more productive per year than others with longer commutes.⁷³

Recommendation 3

Building integrated transport systems across the country. Public transport users would need a universal Oyster Card to access all forms of public transport across the UK.

Recommendation 4

Expand and increase awareness of discretionary financial support for travel for UC and ESA claimants.

Business – unleashing private sector growth

Jobs and business investment are essential for the long term economic survival of a town, city, region or country. While London and the South East continue to attract business investment and new jobs, we must do more to help other cities and towns in developing their own local economies.

During our conversations with local government and representatives of the business community, the key to attracting businesses to cities outside of London and the South East involves co-operation between local government and business as well as reducing the cost of doing business locally. In a report on Levittown, a small community in Pennsylvania that bucked the deindustrialisation trend, Henry Olsen spoke of steps they had taken to help boost the local economy, including “*tax incentives for smaller companies that wanted to locate there*” and co-operation between local government and businesses to repurpose an old port.⁷⁴

The two most significant costs for businesses we heard of were costs related to energy consumption and taxation. Therefore, we advocate for a new round of Enterprise Zones (EZs) to be established. EZs are specific area-based initiatives where Government offers tax breaks and financial support for businesses that set up within a defined area. There are 24 current Enterprise Zones in the UK and evidence from What Works Local Growth

73 Mercer, Long commutes costing firms a week's worth of staff productivity (17 May 2017) [accessed via: www.uk.mercer.com/newsroom/britains-healthiest-workplace-flexible-working-and-commuting.html]

74 Olsen, H. The flyover town that dodged decline (UnHerd.com, 30 May 2018) [accessed via: unherd.com/2018/05/flyover-town-dodged-decline/#]

shows EZs in the US, UK and France have had a positive impact on unemployment, a positive impact on wages and a positive effect on local businesses.⁷⁵ In *The Great British Breakthrough* (2017) the CSJ recommended that Government expand the number of EZs and increase the support of up to £500 per resident.

Here we go further. Currently the EZs are small in size, with not enough financial firepower and focussed on industrial sectors. First, we call for an expansion of the programme so that ten cities in the UK determined by the CSJ to be those that most exhibit 'left-behind' status, become EZs; Doncaster, Wigan, Blackpool, Mansfield, Barnsley, Bradford, Plymouth, Stoke-on-Trent, Wakefield, and Dudley.⁷⁶ Secondly, along with set aside funds of £500 per resident, we propose giving all high growth businesses exemptions on employer's national insurance. The qualifications for businesses to be considered high growth businesses according to the OECD would be:

All enterprises with average annualized growth greater than twenty percent per annum, over a three-year period, and with ten or more employees at the beginning of the observation period. Growth is thus measured by the number of employees and by turnover".⁷⁷

£500 per resident across the new EZs (estimated at 2.8 million residents) would require a fund of £1.4 billion, which would be devolved to local authorities to pursue infrastructure investment, urban regeneration, targeted programmes to reduce social breakdown and poverty.

Recommendation 5

Expand the current Enterprise Zones in the UK, by designating 10 new ones across Doncaster, Wigan, Blackpool, Mansfield, Barnsley, Bradford, Plymouth, Stoke-on-Trent, Wakefield, and Dudley.

Recommendation 6

In each new EZ, the Government should provide for £500 in extra discretionary financial support for local authorities and give all high growth businesses exemptions to pay employers national insurance.

The CSJ fully endorses the policy of Free Ports, as advocated by Rishi Sunak MP and the Centre for Policy Studies. Free Ports are an extension of place-based policies that "support economic activity through financial incentives like Research and Development (R&D) tax credits, regulatory flexibility, and tax reductions".⁷⁸ The international evidence, as highlighted by Sunak (2016), is conclusive, each Free Port can create up to and above 2,000 jobs, handle £2.2 billion in tradable goods, and can support a manufacturing

75 What Works Local Economic Growth, Area Based Initiatives: Evidence Review Summary [accessed via: www.whatworksgrowth.org/policy-reviews/area-based-initiatives/evidence-review]

76 Note: See Methodology for why we have picked these towns and cities

77 Audretsch, D, Determinants of High-Growth Entrepreneurship (OECD, March 2012)

78 Sunak, R. *The Free Ports Opportunity: How Brexit could boost trade, manufacturing and the North* (Centre for Policy Studies, 2016)

resurgence in the area. Considering Britain's departure from the EU, the Single Market and the Customs Union, Free Ports also offer importers and exporters from the EU the opportunity to use the UK as a trading hub where good can be assembled and sold on without the need to manage any additional customs processes.

Recommendation 7

Introduce Free Ports policy across strategic ports in Britain.

As we said earlier, co-operation between central and local government, as well as between local government and business is essential if place-based policies for economic regeneration are to work. Levittown in Pennsylvania, USA bucked the de-industrialisation trend because local government offered tax incentives to small businesses, repurposed the old steel port so that it managed asphalt and sand coming in and out of nearby gas fracking sites. They also worked with US Steel to convert the old steel plant into a small business manufacturing hub.

There is currently just one Mayoral Development Corporation (MDC) outside of London – the South Tees Development Corporation (STDC). In our discussions with the Tees Valley Combined Authority, the benefits of an MDC were made clear – reduced bureaucracy, locally accountable, and business led. The STDC had both cross-party support and ministerial buy-in. Most significantly, the Mayor and board of the MDC were able to develop a holistic strategy for a large area that ensured businesses were attracted, infrastructure provided, and the local skill base was adapted to help meet new labour demand.

MDCs should be expanded so that they can be set up by Combined Authorities without Mayors. They should be empowered also, with increased tax incentives, centralised commitments from HMT for spending, and reduced planning restrictions.

Recommendation 8

Expansion and empowerment of the Mayoral Development Corporation programme. They should be open to all Combined Authorities, and there should be greater financial firepower behind them to attract business.

Governance – empowering local champions to lead community revival

There are success stories across the US and UK of towns and cities rebuilding after periods of deindustrialisation mass unemployment.

- **Manchester, UK**

Manchester's revival as a hub for marketing, technology, design and other professional services is partially down to the powerful leadership of Sir Howard Bernstein (CEO, Manchester City Council) and Sir Richard Leese (Leader of Manchester City Council). In the 19th century Manchester had been at the centre of the North West's cotton industry. Since the textile industries collapse Manchester struggled to redefine its economy. Today it contributes approximately 5 per cent of UK GVA and attracts the largest amount of Foreign Direct Investment for a city in the UK (excluding London).⁷⁹ City leadership led a major reconstruction effort across dilapidated and unused parts of the city, creating work space in converted factories and attractive flats in old parts of the city.

- **Levittown, USA**

The economic and social success of Levittown has been covered extensively by journalist Henry Olsen. Situated in Pennsylvania, 35 miles outside of Philadelphia and just across the Delaware River from Trenton, New Jersey, it is in the heart of America's East Coast rust belt. Olsen notes that Levittown was once reliant on five large manufacturers to employ the bulk of its 55,000-person community. As those companies folded, and many towns across the state struggled, Levittown used tax incentives and public investment in old disused steel works to keep the local economy going. This was reaffirmed over time by what Olsen refers to as 'the spirit of its people'.⁸⁰

- **Milton Keynes, UK**

Perhaps not a town that had previously depended on manufacturing and production industries, Milton Keynes remains an example of how integrated planning and leadership can position a city/town in the post-industrial economy. Situated an hour and a half outside of London (by car), near struggling towns such as Stevenage, it is the first truly successful use of the Development Corporation model. Strong leadership, with extensive powers over planning and budget, allowed for Milton Keynes to be built so that it attracted people and businesses. Green space, wide boulevards and pedestrianised centres allowed for a good quality of life, while well connected industrial parks and good transport links attracted international corporates. The Milton Keynes Development Corporation, under the leadership of Fred Roche, marshalled this effort with previous failures to build new towns in mind. Milton Keynes is now home to the UK headquarters of Volkswagen Group, Domino's Pizza, and Yamaha Music Europe.

The CSJ's conclusion, drawn from examples above and our conversations with representatives across local government and the business community, is that one of the key ingredients to regenerating low-growth regions is the existence of clear and strong

79 Financial Times, *Manchester: UK's new order?* [accessed via: www.ft.com/content/a0513f2a-b7bb-11e4-981d-00144feab7de]

80 Olsen, H. The flyover town that dodged decline (UnHerd.com, 30 May 2018) [accessed via: unherd.com/2018/05/flyover-town-dodged-decline/#]

leadership that convenes and directs resources with buy-in from government, business and civic society. It is when directly elected officials, appointed officials, business and social organisations come together with a concrete plan for regeneration and redevelopment, that long-term improvement in a town or cities fortunes are secured. Of course, each example above details how a city or town managed a transition towards new industries, private sector growth and attracting young professionals. In the case of Levittown, local government worked with US Steel to repurpose a disused steel site, creating office space for small businesses. Manchester's success is borne from the commitment of its leaders Leese and Bernstein, who Lord Heseltine described as being "*consistently aged of the game*",⁸¹ to create a modern city thriving on music, sport and business.

It is therefore the view of the CSJ that devolution and the creation of Metro Mayors in Combined Authorities should continue. This is a repeat of our recommendations in 2017, to 'accelerate efforts that support the creation of Combined Authorities through devolution deals across the UK' and correspondingly create more Mayors.⁸² Key targets should include creating a Mayoral position in Leeds (West Yorkshire CA) and Newcastle (North East CA), and new CA's with Mayors in Oxford, Nottingham, Leicester and Derby.

Mayors and local leaders can help focus a city or town towards a future. As a journalist at CityLab succinctly said:

Perhaps the most important common factor that many high-performing legacy cities share is an eye toward the future. Instead of trying to revive the industries that built them, the most successful cities are finding creative ways to reinvent themselves.⁸³

One of the core conclusions of this report is appreciating the effect of place, geography and environment on employment prospects. Place can compound structural problems, such as the lack of business growth and investment, that leads to a recurring problem of unemployment, social breakdown and labour disconnection. The CSJ believe that existing Mayors and all local authorities should adopt a clear social policy commitment to reducing poverty in their area.

Recommendation 9

The Ministry for Housing, Communities and Local Government should push forward with the next round of devolution with the creation of a Metro Mayor in West Yorkshire. We also recommend pursuing a devolution deal to create both a Combined Authority and Metro Mayor role in; Oxford, Nottingham, Leicester and Derby.

81 Financial Times, *Manchester: UK's new order?* [accessed via: www.ft.com/content/a0513f2a-b7bb-11e4-981d-00144feab7de]

82 Centre for Social Justice, *The Great British Breakthrough: Driving Productivity Growth in the UK* (2017)

83 CityLab.com, *The Overlooked Cities of the Rust Belt* [accessed via: www.citylab.com/life/2017/09/the-overlooked-cities-of-the-rust-belt/538479/]

Recommendation 10

Recognising that place drives social exclusion, unemployment and poverty. All elected Mayors and local authorities (combined, unitary, metropolitan borough and county councils) must commit to a poverty reduction mission and put in place a targeted poverty reduction plan that is tailored to the problems specific to their area. The Social Mobility Commission can hold Mayors and local authorities to account for their progress in rolling out their plan and meeting their mission target.

As well as new Devolution Deals, we believe existing ones should be enhanced. Specifically, Combined Authorities should have more funding devolved to their office, so that they can meet the needs of their administration without needing support from the Government. We believe that Mayors first and then other Combined Authorities should be afforded more budgetary power for adult education, housing, transport, digital infrastructure, and creative arts/culture investment. This would empower Mayors to achieve more in terms of economically valuable investment in their local area and be more able to drive local regeneration.

Recommendation 11

Funding devolution to Combined Authorities and Mayors – folding multiple funding streams in to one silo for mayors, including transport, housing, adult skills education and creative arts and culture. Central Government retains budget to pursue its own interests but Mayors have access to per head funding for their own initiatives.

Education, skill development and practical training opportunities remain the best way, in our opinion, of minimising the negative effects of automation and helping low-income children and young adults progress in to a middle-income work. Without education opportunities, it will be hard to convert efforts to reduce crime, drug use, social atomisation and family breakdown in to long-term success rebuilding social and economic structures. This is why we advocate better secondary education standards (see Recommendation 17) and devolving the adult skills budget to Combined Authorities (see Recommendation 11) – because they are better placed to understand local labour market conditions, opportunities for the local workforce and the education/skill needs to pair local workers with local employment opportunities.

The key aspect of devolving adult education funding to local government is to allow local government to develop a local skills strategy based on the pool of human capital, current education providers and local job opportunities. For instance, the Tees Valley Combined Authority could set a strategic objective for Redcar and Cleveland College and Stockton Riverside College to produce a certain number of Level 4 Pharmaceutical Science graduates, ready for employment at the Billingham Bio-pharmaceutical campus in Stockton. Both colleges would be accountable to that strategic objective and funding decisions. While discretionary, this would reflect their success in meeting that strategic objective and having good labour market outcomes for students.

This form of strategic planning for the future is why we also support the creation of Education and Adult Skills Commissioners, who would have responsibility over developing a local skills agenda and funding adult skills provision in the area. Examples of similar positions include Regional Schools Commissioners, who are tasked with oversight of academies across the UK (although these are accountable to DfE and do not have budgetary powers). The Education Select Committee said of RSCs, “*There is a clear need for an intermediate structure between Whitehall and individual schools*” and emphasised that while the role is still being defined there were huge benefits to its existence.⁸⁴ The role of commissioner, superintendent and chancellor within the public-school system exists in America. In New York, the Chancellor of the New York City Department of Education is responsible for the funding, strategic direction and day-to-day running of public schools in their area.

Recommendation 12

Create the roll of an Education and Adult Skills Commissioner (EASC) in Combined Authorities. The EASC would be appointed by the Mayor or Chief Executive when a Mayor is not present. The EASC would have devolved responsibility for the Adult Education Budget, be responsible for putting in place a local adult skills strategy and working with providers to deliver on that strategy. In the long term, deals between HMT and DfE can look at devolving more funding power and responsibility to each EASC.

The Department for Business, Energy and Industrial Strategy (BEIS) and MHCLG should help each Local Enterprise Partnership to set up an Automation Taskforce, as a means of preparing for unemployment linked to automation and the 4th Industrial Revolution. The taskforce would be responsible for working with businesses to manage the workers effected by automation, and co-ordinate local support with Further Education colleges, JCPs, and third-sector organisations to help with retraining and reallocating workers into new jobs.

The case for managed transitioning was laid out by Dr Klaus Schwab, in a 2018 World Economic Forum paper titled *Towards a Reskilling Revolution*. Using skill, role and competencies matching of different jobs that are being lost and created, the report seeks to establish new job opportunities for workers who are facing redundancies. By identifying ‘transition opportunities’, employees, businesses and policy makers can make practical and better-informed reskilling decisions.

Transitions can be based on similarities in job competencies – for instance someone working in the mineral production industry can be transitioned in to the construction industry. Equally transitions can be forged between similar industries; the offshore oil and gas industry with the renewable off-shore wind energy sector. Lastly, transferable skills are an easy means of helping an individual transition – the skills of someone in a sales role can be valued in the food and hospitality industry. The Automation Taskforce would be ultimately responsible for setting out which transitions are possible within industries and businesses, liaising with other JCPs to maximise re-employment of workers made redundant.

⁸⁴ House of Commons Education Committee, *The role of Regional Schools Commissioners* (House of Commons, 2016)

Trying to predict industrial and occupational growth is difficult. However, analysis in America, which is a fair representation of other western economies, shows that certain technical occupations within certain industries are bucking the hollowing trend across mid-skilled jobs. Holzer (2017) cites specific occupations including; paralegals and legal assistants, insurance agents, biological technicians, personal service workers, occupational health technicians, Curators and Museum technicians. These roles should be at the forefront of where the Automation Taskforce is looking to transition obsolete workers to.

Recommendation 13

BEIS should work with MHCLG, Local Authorities and LEPS to set up Automation Taskforce's in each LEP area. In the case of Metro Mayors, they should answer directly to the Mayor. Each individual taskforce would work with businesses facing redundancies linked to automation to manage workforce decline or reallocation. Each taskforce would consist of a board and full-time staff. The board should have representatives from local government, unions, local education providers, LEPS, businesses and affected workers.

Society – tackling social breakdown in ex-industrial communities

The CSJ established the Five Pathways to Poverty in 2007, redefining our understanding of what drives poverty and social breakdown in modern Britain. The Five Pathways include; educational failure, unemployment, family breakdown, debt and addiction. Our analysis here shows that these five pathways are rife in areas of the country that lost jobs linked to manufacturing and production. The CSJ paper, *Productivity, Place and Poverty* (2018) looked at local authorities across the UK found statistical correlations between lower productivity and low educational attainment, welfare dependency, high levels of indebtedness and addiction.

We have seen here how cities associated with economic decline have tended to exhibit higher levels of crime, drugs abuse, domestic violence, lower levels of educational attainment and both mental and physical health conditions. We therefore feel that it is time for a much greater focus on the social problems associated with economic decline, as these are too often the reason people become marginalised and disconnected from jobs and economic opportunity. We earlier pointed out that the Social Mobility Commission should work with Mayors and Local Authorities to develop local poverty reduction strategies, but central government has a role to play as well. We therefore include three policies below that have been recommended by the CSJ before and will go further in reducing crime, family breakdown and helping people with mental and physical health conditions back in to work.

Recommendation 14

The Government should support the introduction of the CSJ's Second Chance Programme (as introduced in *Desperate for a Fix* (2018)).⁸⁵ The Second Chance Programme is a place-based programme offering drug-addicted criminals a route in to addiction recovery and away from prison. We estimate socio-economic savings linked to the Second Chance Programme to be between £500 million to £1 billion.

Recommendation 15

2 million people in the UK cite long-term health conditions as the source of their economic inactivity, of whom 637,000 want to work.⁸⁶ The Government must provide better mental and physical healthcare support for people out of work on ESA or UC. This should primarily be done through Universal Support. Claimants who are at risk of unemployment linked to a disability should be directed, via Universal Support, to tailored support that helps them get past their affliction. Universal Support can be located in the JCP estate, funded by DWP, and administered by council staff. Providers of support can tend for contracts and be from a diverse range of private providers or third sector organisations. DWP should consider operating a payment-by-results model using Social Impact Bonds as a mechanism for contracting.

Recommendation 16

Strong families and stable households are proven to increase employment and income opportunities for children. The Government should never lose sight of the fact that families reduce the risk of social breakdown. Therefore, the Government should encourage and enable Councils to develop Family Hubs which co-locate early years health and other services with help for parents with children and develop relationship support services for couples in distress or at risk of separation (as advocated in the Strengthening Families Manifesto).⁸⁷

The correlation between educational attainment and long-term employment outcomes is irrefutable. Despite concern for the economic value of higher education, and the importance of non-education actors (such as family make-up and parental education and income),⁸⁸ evidence from the Sutton Trust shows a clear link between incremental increases in educational attainment at all stages and wage growth. However, the rate of basic attainment (Maths and English GCSE) failure for both FSM and non-FSM pupils remains too high. The CSJ has made numerous recommendations to improve the quality of education provision across the country. The CSJ supports the introduction of T-levels as a new means of supporting a more structured pathway for students to become 'career-ready'. However, we believe the Government should not take its eye off ensuring

85 Centre for Social Justice, *Desperate for a Fix* (2018)

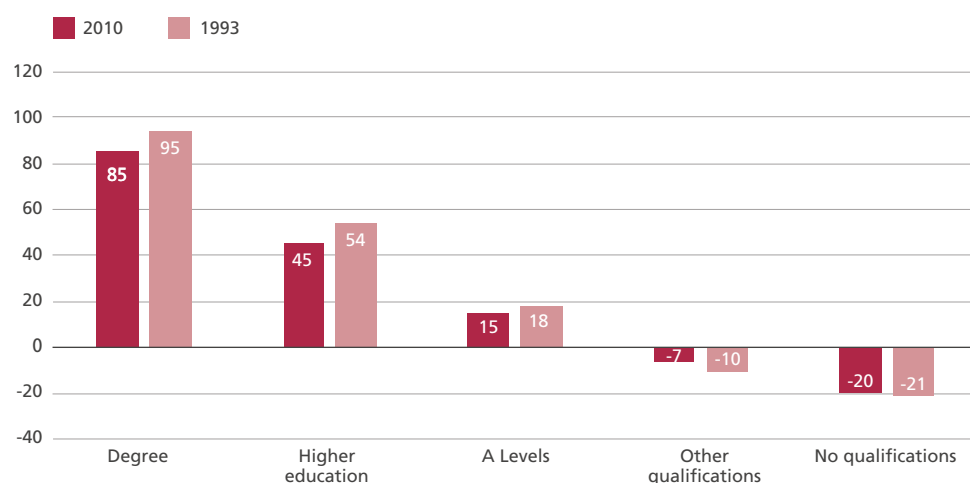
86 Centre for Social Justice, *Rethinking Disability at Work: Recommendations, polling data and key statistics* (2017), [accessed via: www.centreforsocialjustice.org.uk/library/rethinking-disability-work-recommendations-polling-data-key-statistics]

87 Strengthening Families Manifesto [accessed via: www.strengtheningfamiliesmanifesto.com/assets/Family_Manifesto.pdf]

88 Ermisch, J. and Francesconi, M. *Family Matters: Impacts of Family Background on Educational Attainments* *Economica*, May 2001)

a greater number of students meet the level of basic attainment at GCSE. To achieve this in areas of particular low levels of educational attainment, we support greater investment in teaching provision in low performing schools. Evidence from the Sutton Trust shows that “improving the effectiveness of teachers would have a major impact on the performance of the country’s schools”,⁸⁹ while the American Statistical Association concluded that up to 14 per cent of grade variation at school can be attributed to the teacher factor.⁹⁰ This effort can be achieved through developing local talent and ensuring high quality teachers are provided with financial incentives to teach in low performing schools.

Figure 17: Wage premium against GCSE level attainment*



* GCSE = 0

Source: www.nationalarchives.gov.uk/documents/f0048492-office-of-national-statistics-report.pdf

Recommendation 17

Set a clear strategic mission for central and local government to reduce the number of students that fail Maths and English GCSE and review the existing resit policy. Support better teaching provision in poor performing schools in low performing areas. We would specifically recommend introducing more lucrative incentives for good teachers to move to high demand schools and setting up a fast track development scheme to support teachers in to positions of leadership within low performing schools.

Housing, its cost and availability, is clearly one of the biggest barriers facing low income households who are either looking for work, or looking to increase hours, upskill and move up the employment ladder. The reality is that housing increases labour disconnection, it needs to be more available and cheaper if we want people to be better connected to jobs and economic opportunity across the UK.

89 Sutton Trust, *Improving the impact of teachers on pupil achievement in the UK – interim findings* (September 2011)

90 Rogers, T. ‘Teachers can only ever have a small impact on their students’ results – yet they are judged as if they are 100% responsible’ (TES, December 2017)

During our discussions with out-of-work welfare claimants, problems regarding access to housing were recurrent themes. Individuals who were waiting for allocation on social housing waiting lists, were restricted in their ability to take jobs outside of that borough for fear they would be dropped from the waiting list. In one instance, a claimant in Liverpool couldn't take a job in Hull because it would have meant losing his place on the social housing waiting list, making him homeless in the process. A clear answer to this problem should be harmonising social housing waiting lists across boroughs and councils. If someone needs to move locality for work, they should be able to without fear of losing their home.

Helping low income households move for jobs and economic opportunity is a key pledge of this report. One of the most successful government programmes that helped low income households achieve this was the Moving to Opportunity Programme (MTO) in America. Introduced in the 1990s, MTO offered families living in low income neighbourhood lucrative housing vouchers to move to high income neighbourhoods. Chetty, Hendren and Katz (2015) studied the effects of the programme on each family and found that young children who moved out of low income neighbourhoods had much better employment and earning outcomes later in life:

children whose families take up an experimental voucher to move to a lower-poverty area when they are less than 13 years old have an annual income that is \$3,477 (31%) higher on average relative to a mean of \$11,270 in the control group in their mid-twenties.⁹¹

The Government should replicate this programme and introduce it in the UK.

Finally, we believe Share-to-Buy should be bigger and better targeted at low income households who are looking to move for work. This can be done in two ways, firstly by increasing the number of share-to-buy properties in housing associations across the country. Currently, it is estimated that there are 175,000 Share-to-Buy units across the country.⁹² There is little reason for the Government not to expand the availability of Share-to-Buy units to 250,000, and specifically look to increase the number in commuter towns connected to major cities (London, Manchester, Birmingham, Leeds etc). They should also introduce preferential treatment for low income households who either are:

- i. moving for a new job,
- ii. moving for university or non-graduate training, and
- iii. recently enlisted as an apprentice for a company.

Recommendation 18

Increase awareness and power of Right to Move for all social housing tenants who want to move to a different area for work. Increase awareness by making it obligatory for all JCP Work Coaches to reference it when they speak to Universal Credit and JSA claimants. MHCLG should also lead a review of Right to Move regulations, and whether it needs to be empowered so that economic migrants are given preferential treatment on social housing waiting lists.

91 Chetty, R., Hendren, N. and Katz, L. *The Effects of Exposure to Better Neighbourhoods on Children: New Evidence from the Moving to Opportunity Project* (NBER, 2016)

92 www.theguardian.com/money/2016/mar/26/shared-ownership-first-step-property-ladder-slippery-slope-affordable-pitfalls

Recommendation 19

Offer private sector housing vouchers for people who move accommodation for work – the MHCLG should look to replicate the Moving to Opportunity Programme from the USA.

Recommendation 20

Expand Share-to-Buy scheme for low income households – this can be done by increasing the existing stock of shared ownership accommodation and reducing the minimum share for ownership from 25 per cent to 10 per cent and with 0 per cent deposits. The Share-to-Buy scheme should allow for people to increase their share monthly via payments as well as rent.⁹³

The CSJ believe that one of the best means of attracting people to cities and towns is investing in cultural assets – museums, art installations, green spaces, music, restaurants and bar venues. This is largely derived from YouGov polling that shows Londoners were most attracted to intangible quality of life factors in London and least attracted to London by the cost of housing (see Chapter 1).

These twin objectives cannot be done easily from Whitehall by diktat. We discussed earlier in the paper steps to make housing more affordable. However, with regard to improving intangible cultural infrastructure in a city, we believe the £1.4 billion Transforming Cities Fund, which seems to be focussed entirely on transport infrastructure, should be extended to support cultural assets as well. The fund should help support urban regeneration, increase and improve green spaces, protect and preserve cultural assets such as historical monuments, museums, galleries and buildings.

Recommendation 21

Re-purposing the Transforming Cities Fund to support cultural infrastructure as well as transport infrastructure.

93 The third interim report of the CSJ's ongoing Housing Commission will explore ways of fostering home ownership, including non-financial forms of 'ownership', among the most disadvantaged members of society.

Conclusion

The policies outlined here will help policy makers rebalance the British economy and prepare for a more precarious future of work. Our analysis shows clearly that future job growth will continue the trends of the last 20 years:

1. there will be further hollowing out of mid-skilled technician's jobs predominately related to a decline in manufacturing jobs that are going to be automated, and
2. high skilled jobs will continue to be located in most major cities, with London and the South East dominating.

The result is that some areas of the UK are at real risk of being left behind. Evidence shows that when jobs leave an area, the onslaught of extreme levels of social breakdown (drug abuse, crime, educational failure, and family breakdown) and low paid work make it harder to regenerate the area and for inhabitants to access jobs and economic opportunity. In countless towns and cities across the country the story of deindustrialisation is paired with failing schools, high levels of welfare dependency, drug-related criminal behaviour, and family breakdown. It is our belief therefore that to help create a more geographically inclusive economy, we have to address some of the problems occurring in these ex-industrial communities.

Our policy solutions follow four strategies – improve local connectivity, increase business activity and job creation, improve governance and local accountability and tackle social breakdown in ex-industrial communities.

The policies proposed are built on evidence that local problems need local solutions led by local champions. Success stories, where towns have seen a resurgence in economic fortunes, have always involved strong local leadership, joined up thinking across different local and central government departments, co-operation between business and government, and lastly buy-in from across the political divide. We are beginning to see the real fruits of success in Manchester and the Tees-Valley. In Manchester Sir Richard Leese and Sir Howard Bernstein provided the strong leadership that has seen a growth in direct investment, the number of high value businesses and successive devolution deals. In Tees Valley Mayor Ben Houchen is overseeing a complete redevelopment of the Redcar steel site, that at its peak employed more than 20,000 workers.

This paper is also resolute in its belief that policy makers have to look at the social problems that have taken hold in some communities. If you do not tackle crime, welfare dependency, support better schools, reduce the risk of young people being caught up in gang and drug culture, as well as helping parents stay together to support young children, it will be hard to generate the growth, jobs and economic opportunity some communities so desperately need.

If the 21 recommendations in this paper are followed, we believe the UK economy will be more balanced, delivering more and better jobs for people across the country.

Methodology

Economic areas

In Chapter 1 we offer an economic overview of the UK by geography. The chapter focuses on the regional performance and then city/urban performance. When analysing regional economic performance, we have measured a region according to NUTS1 statistical area. When analysing city economies, we used local authority measured areas. Economic indicators by both NUTS1 and local authority areas are provided by the ONS.

Jobs forecasts

In Chapter 1 we forecast job growth across regions in the UK. To do this we uploaded historical job numbers by NUTS1 region in to Microsoft Excel forecast model. The software model uses exponential smoothing to take previous data to predict 10 years forward forecasts, taking in to account seasonal variation every four years. We accept that this is fairly rudimentary but it is acceptable to understand it as indicative of future performance.

Major Cities and Left Behind Cities

Across the report we reference three types of city, London as the capital, Major Cities and Left Behind Cities. Major cities include; Birmingham, Leeds, Glasgow, Edinburgh, Manchester, Bristol, Milton Keynes, Sheffield, Liverpool, and Belfast. These are defined by the CSJ as Major Cities because they are the city regions with highest gross GVA output. We also went on to define 10 Left behind cities and towns. These included Doncaster, Wigan, Blackpool, Mansfield, Barnsley, Bradford, Plymouth, Stoke-on-Trent, Wakefield, and Dudley. These were picked due to the combination of inter-related factors including size (populations above 100,000), percentage of jobs at risk of automation (>20 per cent), low score on the Social Mobility Commission's Social Mobility Index (<260th), and low levels of GVA per head (<£19,938). Each city meets at least three of these thresholds. This is also not a definitive list of towns that meet the criteria, some others may also.

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