

Considerations for Analysing Patterns of Work Deprivation and Employment

Introduction

The purpose of this case study is to consider how the datasets available on the Neighbourhood Statistics website can be used to help analyse patterns of work deprivation. Work deprivation is a term used to encompass policy areas that are designed to improve employment opportunities.

We will also consider how different data sources can help to provide an insight into factors to consider when tackling work deprivation.

Section 1: Data

The Neighbourhood Statistics website includes a range of datasets within the Work Deprivation domain. For example, employment rates, economic activity, jobseekers allowance claimants, incapacity benefits and characteristics about businesses.

The first part of this case study will use data on estimated employment rates for 1999 and 2004. Employment rates show the number of people employed as a percentage of the working population. Employment rates can provide an indication of labour market position.

Employment data are collected as part of the Office for National Statistics (ONS) Labour Force Survey (LFS).

The LFS definition of employment is anyone of working age who does at least one hour's paid work in the week prior to their LFS interview, or has a job that they are temporarily away from (for example, on holiday). Also included are people who do unpaid work in a family business and people on Government-supported employment training schemes. This is in line with the International Labour Organisation (ILO) definition.

The working age population (which is used as the denominator) includes people aged between 16 and the retirement age (60 for women and 65 for men). The population figures are obtained using mid year population estimates which are produced annually by ONS.

Because LFS is a survey, the employment rate estimates are subject to sampling error. By sampling error we mean the difference between the estimate derived from a sample and the true population value.

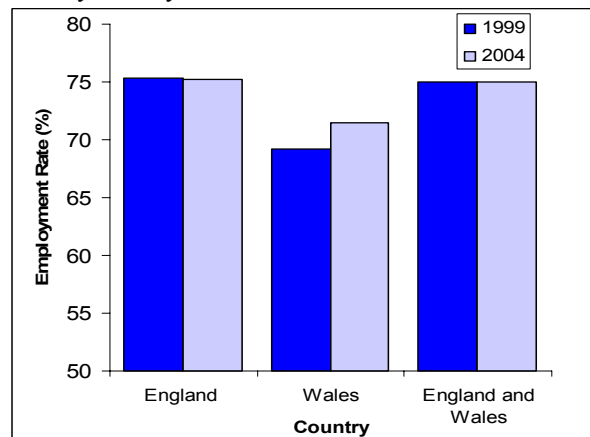
This means that in reality, the estimated employment rates given in the analysis below could be higher or lower because of sampling error. The estimated employment rates given therefore only provide an indication of what actually happened to employment rates between 1999 and 2004.

The second part of this case study will use data available on the characteristics of businesses.

What can we do with the data on estimated employment rates?

The national picture

Figure 1: Estimated employment rates for 1999 and 2004 by country



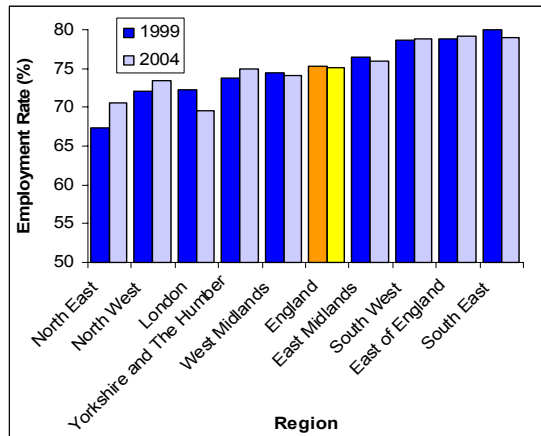
What does the chart show me?

For England the estimated employment rate indicates a slight decrease (0.1 percentage point) from 75.3 per cent to 75.2 per cent between 1999 and 2004. For Wales the estimated employment rate indicates an increase (2.3 percentage points) from 69.2 per cent to 71.5 per cent between 1999 and 2004. For England and Wales as a whole the estimated employment rate remained the same between 1999 and 2004 at 75.0 per cent.

Overall, at the national level, the estimated employment rate for England seemed relatively stable over time at 75 per cent. However, we cannot be conclusive because the employment rates are estimates and subject to sampling error and in reality could be different from the values given.

The regional picture for England

Figure 2: Estimated employment rates for 1999 and 2004 by Region



What does the chart show me?

Figure 2 indicates that in 1999, estimated employment rates ranged from 67.4 per cent in the North East to 80 per cent in the South East. In 2004, estimated employment rates ranged from 69.6 per cent in London to 79.2 per cent in the East of England.

In 1999, the five regions of the North East, North West, London, Yorkshire and The Humber and the West Midlands had estimated employment rates that were lower than the overall estimated rate for England. The four regions of the East Midlands, South West, East of England and the South East had estimated employment rates that were higher than the overall estimated rate for England. The chart indicates that this pattern was repeated in 2004.

It is interesting to note that the neighbouring regions of London and the South East indicated contrasting experiences in estimated employment rates in both 1999 and 2004. In 2004, for example, London experienced the least favourable estimated employment rate at 69.6 per cent, whereas the South East had the second most favourable estimated employment rate at 79.0 per cent.

Between 1999 and 2004, the four regions of London, West Midlands, East Midlands and the South East experienced a decrease in estimated employment rate, while the five regions of the North East, North West, Yorkshire and The Humber, South West and the East of England experienced an increase in the estimated employment rate.

The North East experienced the largest increase in estimated employment rate (3.2 per cent) from 67.4 per cent in 1999 to 70.6 per cent in 2004. But despite this increase it was still nearly 5 per cent

lower than the overall estimated rate for England in 2004.

In contrast, London experienced the largest decrease in estimated employment rate (2.7 per cent) from 72.3 per cent in 1999 to 69.6 per cent in 2004.

The next section investigates in further detail the experiences of the North East and London. Both regions had estimated employment rates lower than the overall rate for England, but each had contrasting experiences in terms of how their estimated employment rates changed from 1999 to 2004.

The local authority district level picture

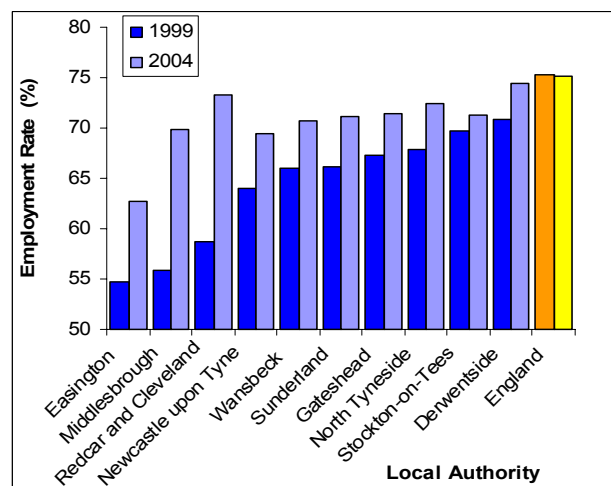
We have focused this part of the analysis on those local authorities that are in the Government Office Regions of the North East and London and are also in receipt of Neighbourhood Renewal Funding (NRF). NRF provides communities in the 88 poorest local authority districts in England with extra funds to tackle deprivation.

The North East

In the North East there are 23 local authority districts in total. 14 of these local authorities have been in receipt of NRF since 2001. The analysis below concentrates on these 14 local authorities.

Of the 14 local authorities, most (10) experienced an increase in their estimated employment rate between 1999 and 2004. This is illustrated in figure 3.

Figure 3: North East region: local authorities that experienced an increase in estimated employment rate between 1999 and 2004 and received NRF since 2001



Easington experienced the lowest estimated employment rate in 1999, at 54.7 per cent. Redcar and Cleveland experienced the largest estimated increase from 58.7 per cent in 1999 to 73.3 per cent in 2004. Despite the increases, all 10 local authorities

still indicated an estimated employment rate that was lower than the overall estimated rate for England in 2004. Nevertheless, the majority are moving in the right direction.

Just four of the 14 local authorities experienced a decrease in their estimated employment rate between 1999 and 2004. They included South Tyneside, Hartlepool, Sedgefield and Wear Valley. In 2004, all four of these local authorities had estimated employment rates that were lower than the overall estimated rate for England in 2004.

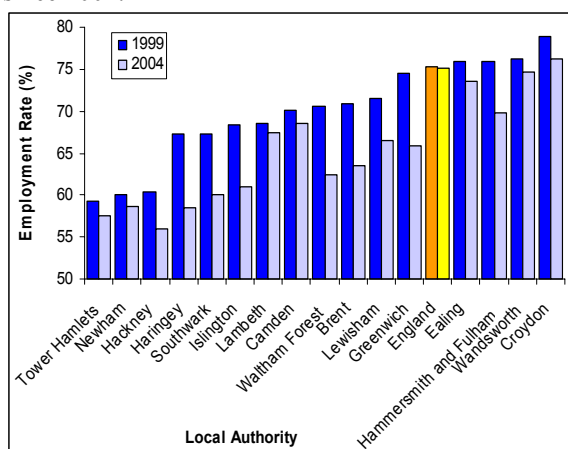
However, it may be worth investigating in more detail why some local authorities appear to be performing better than others. It may be possible to learn valuable lessons from local authorities like Easington, Middlesbrough and Redcar and Cleveland which all appear to experience relatively large increases in estimated employment rates between 1999 and 2004. For example, we could analyse their employment related policies and consider any characteristics that may be specific to these local authorities and then compare them against local authorities that seem to be performing less well.

London

In London there are 33 local authority districts in total. 20 of these local authorities have been in receipt of NRF since 2001. The analysis below concentrates on these 20 local authorities.

Of these 20 local authorities, most (16) experienced a decrease in their estimated employment rate between 1999 and 2004. This is illustrated in figure 4.

Figure 4: London region: local authorities that experienced a decrease in estimated employment rates between 1999 and 2004 and received NRF since 2001.



Tower Hamlets experienced the lowest estimated employment rate in 1999 at 59.2 per cent.

Haringey experienced the largest estimated decrease from 67.2 per cent in 1999 to 58.2 per cent in 2004. In 2004, apart from Croydon, all of the remaining 15 local authorities indicated employment rates that were lower than the overall estimated rate for England.

Just four of the 20 local authorities experienced an increase in estimated employment rates between 1999 and 2004. They included Kensington and Chelsea, Westminster, Enfield, Barking and Dagenham. But despite the increases all four of these local authorities still had estimated employment rates that were lower than the overall estimated rate for England in both 1999 and 2004.

Overall, the employment rate data indicate contrasting patterns of change for the North East and London.

The broad pattern suggests that for those local authorities in receipt of NRF, the estimated employment rates increased for most local authorities in the North East, but decreased for most local authorities in London between 1999 and 2004.

The overall pattern suggests that the North East experienced greater success in improving employment rates compared to London. This could have arisen due to different initiatives that are in place, for example, funding packages to attract new businesses into an area. It may be that lessons can be learned about why the North East has been successful.

There may also be more inherent factors that are having an impact. For example, the employment opportunities available in London may have been filled by commuters rather than the resident population.

To build up a more comprehensive picture of why certain patterns of worklessness occur in different areas it can be helpful to analyse further data sources.

Section 2: Other data sources

There are other data sources available on the Neighbourhood Statistics website which may help regeneration practitioners develop initiatives to support local areas with relatively low employment rates when compared to other local areas. For example, data about the characteristics of businesses within local areas.

The ONS produces data on the 'Counts of Local Units for Census Area Statistics (CAS) Wards by Broad Industry Groups'. By local unit we mean an individual business site, such as a factory or shop situated in a geographically identified place. This dataset is located within the Work Deprivation domain.

Analysing the broad industry groups may help to provide an indication of the range of skills most

needed in a particular area. This may highlight a mismatch between skills required and skills held by the local workforce. It could also indicate a need for training. Figure 5 and figure 6 provide two examples.

Figure 5: Broad industry groups for England and Wales and the local authority of Easington in the North East of England for March 2004

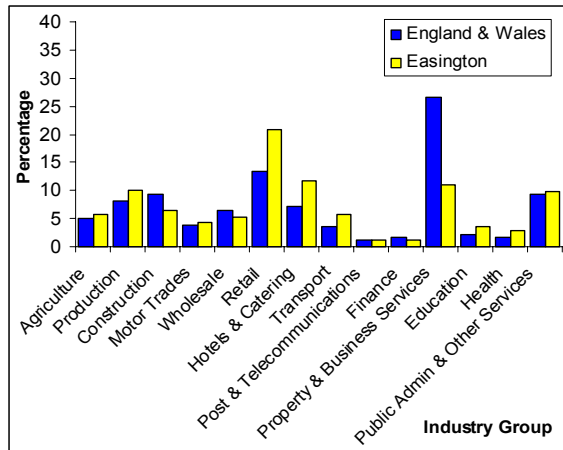
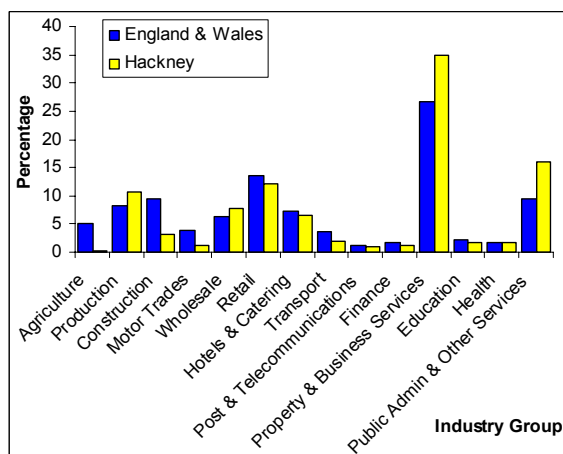


Figure 5 shows that compared to England and Wales, the local authority of Easington in the North East had a lower percentage of businesses within the property and business services industry group and a higher percentage of businesses within the production, retail, transport and hotel & catering industry groups.

To help address economic inactivity for Easington, it may be helpful to investigate whether employment opportunities available in the production, retail, transport and hotel & catering industry groups match the local skill base.

Figure 6: Broad industry groups for England and Wales and the local authority of Hackney in London for March 2004



From figure 6 we can see that Hackney appears to be dominated by only a few industry groups. This is a different picture to Easington in the North East which appears to have more variation in the mix of industry groups. This characteristic may have contributed to the different experiences in employment rates in these two local authorities and regions.

It is important to note that the data on broad industry groups do not take into account the size of each local unit in terms of the number of people employed. There are data on the Neighbourhood Statistics website which include details about the employment size of businesses, located within the Work Deprivation domain (most notably, Counts of Local Units for CAS Wards by Employment Size Band for England and Wales).

Summary

There is a range of datasets available on the Neighbourhood Statistics website that can be used to build up a picture of the patterns of worklessness occurring in different geographic areas. This case study has focused on the use of employment rates and has introduced the possibility of using data on business characteristics. There are further datasets available that could also be helpful for regeneration practitioners.

Some of these you may well be aware of already, including the Indices of Multiple Deprivation (which is at Lower Layer Super Output Area geography). There are also data on Jobseekers Allowance Claimants, Child Benefit Claimants, Income Support Claimants plus others that cover both the Lower and Middle Layer Super Output Area geographies.

In addition, users are referred to the NOMIS website <http://www.nomisweb.co.uk> which is run by the University of Durham on behalf of the Office for National Statistics. NOMIS houses an extensive range of government statistical information on the UK labour market including Employment, Unemployment, Earnings, Labour Force Survey and Jobcentre Plus vacancies.