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# A new perspective on the success of public sector worklessness interventions in the UK's most deprived areas

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## Abstract

No urban economic assessment is complete without an analysis of worklessness in the most deprived neighbourhoods. In Manchester,<sup>1</sup> as in most other cities, there are many neighbourhoods where worklessness rates are persistently high. However, because the analysis usually done is an anonymous snapshot, it is never possible to know whether this is the result of individuals getting work and moving out to a 'better' area, only to be replaced by a new tranche of the jobless, or whether it is in fact the dynamics of the neighbourhood that militate against a higher rate of employment. This analysis breaks new ground in using real individuals' data on employment transitions and geographical movements, taken from the Department for Work and Pensions' and Her Majesty's Revenue and Customs' administrative records. By working through that population's movement into employment and movement out of an area, it sheds new light on neighbourhood level population dynamics. With some caution, the work suggests that the movement out of an area of people who get a job does not seem to be a key factor in the persistence of high worklessness rates in the most deprived areas.

## Keywords

data, deprived, IMD, innovation, interventions, longitudinal, Manchester, MIER, New Economy, unemployment, worklessness

## Introduction

This article is able to draw important conclusions on the nature of persistent

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**Table 1.** Deprived areas, non-deprived areas and changes in worklessness rates.

	Number of LSOAs	Deprived LSOAs		Worklessness rate (deprived LSOAs)		Worklessness rate (non-deprived LSOAs)	
		Number	% of all LSOAs	2004	2007	2004	2007
Bolton	175	38	21.7%	31.8%	31.5%	12.7%	12.6%
Bury	120	15	12.5%	31.2%	30.3%	11.6%	11.4%
City of Manchester	259	112	43.2%	35.5%	30.9%	14.2%	12.2%
Oldham	144	38	26.4%	31.3%	31.8%	12.7%	12.6%
Rochdale	135	35	25.9%	34.7%	35.0%	13.6%	13.3%
Salford	144	47	32.6%	34.7%	32.4%	13.3%	12.2%
Stockport	190	16	8.4%	32.9%	33.8%	9.4%	9.2%
Tameside	141	32	22.7%	30.1%	30.4%	13.6%	13.2%
Trafford	138	13	9.4%	30.7%	29.6%	10.1%	9.5%
Wigan	200	42	21.0%	32.8%	31.6%	14.1%	12.9%
Manchester	1,646	388	23.6%	33.5%	31.7%	12.5%	11.8%
England	32,482	3,829	11.8%	31.6%	30.0%	10.5%	10.0%

worklessness in deprived areas,<sup>2</sup> as after over five years of due process researchers were able to access 'longitudinal' data based on administrative records of individuals' employment and unemployment spells from Her Majesty's Revenue and Customs (HMRC) and the Department for Work and Pensions (DWP).<sup>3</sup> This data made it possible to track those individuals that remained workless and those that made the transition to employment over a three year period between 2004 and 2007. It breaks new ground by linking this information with individual level address details to analyse the extent to which residents of the most deprived areas leave these areas when they move in to employment.

### Worklessness in Manchester's most deprived areas

The focus is on residents in receipt of key out-of-work benefits who live in Manchester's most deprived areas, defined as those that fell into the worst 10% nationally in terms of worklessness rates in any year between 2004 and 2007. These areas

make up approximately one-quarter of Manchester's Lower layer Super Output Areas (LSOAs),<sup>4</sup> which accounts for over 10% of the most deprived LSOAs in England (see Table 1).

Based on standard place-based measures, around a third of the working age population in the most deprived areas was workless in both 2004 and 2007, although the broad figures disguise varying patterns at LSOA level. For example, in the most deprived areas in Rochdale in 2007 there was a difference of over 50 percentage points between the LSOA with the lowest worklessness rate (23.4%) and the LSOA with the highest worklessness rate (76.3%). It is striking that at both points in time it was a Manchester LSOA that had the highest worklessness in the country: the City of Manchester in 2004; Rochdale in 2007. Generally, the place-based worklessness rate in the most deprived neighbourhoods decreased between 2004 and 2007.<sup>5</sup> The improvement was not uniform however. Table 2 shows that during the period, around half the LSOAs in Manchester improved ('improvers'), with

**Table 2.** Percentage of deprived LSOAs that improved, stayed or declined.

	Improvers	Stayers	Decliners	Non-improvers	Number of non-improvers
Bolton	26.5%	50.0%	23.5%	73.5%	25
Bury	38.5%	46.2%	15.4%	61.5%	8
City of Manchester	89.5%	9.3%	1.2%	10.5%	9
Oldham	23.5%	41.2%	35.3%	76.5%	26
Rochdale	21.9%	46.9%	31.3%	78.1%	25
Salford	47.5%	45.0%	7.5%	52.5%	21
Stockport	13.3%	33.3%	53.3%	86.7%	13
Tameside	19.4%	45.2%	35.5%	80.6%	25
Trafford	55.6%	22.2%	22.2%	44.4%	4
Wigan	45.9%	37.8%	16.2%	54.1%	20
Manchester	46.8%	34.1%	19.0%	53.2%	176
England	45.6%	37.6%	16.7%	54.4%	1,877

Figure 1 highlighting that these were mainly neighbourhoods around Manchester city centre and to the south of the city near to the Airport.

This article is concerned with analysis of those areas that worsened ('decliners') and those that remained the same ('stayers'), which together are termed the 'non-improver' areas, as it is these areas in which policies when judged on aggregate place-based data appear to be ineffective. The pattern for Manchester was broadly similar to the pattern for England. However, the City of Manchester and Stockport have particular patterns that are worthy of note. Almost 90% of the City of Manchester's deprived LSOAs are classified as improvers; the remainder mainly stayers. Stockport, on the other hand, had a high proportion of decliners (53.3%) and a low proportion of improvers (13.3%).

### **Employment and geographical movement dynamics in Manchester's most deprived areas**

The principal question the research considered was whether or not it is the case, as many policymakers maintain, that some

deprived neighbourhoods have persistently high levels of worklessness despite the fact that many residents move into work, the explanation being that once in work residents subsequently leave the area, only to be replaced by other workless people. Figure 2 summarises the key finding of this research, based on individual level data, and shows that a clear majority of those in non-improver areas who were workless in 2004, some 71% (or 83% of the cohort if those who passed retirement age or whose status was unknown in 2007 are excluded) were still workless in 2007 – only around 14% (17% of the narrower cohort) found work. Bearing in mind that this period was the peak of the cycle of the UK's most positive employment period, this is a sobering statistic. It is also notable that it is remarkably constant across Manchester and England, as shown in Table 3, suggesting systemic rather than local factors.

Of those individuals who made the transition to employment, around two-thirds remained in the LSOA and one-third moved away. As would be expected, the majority of these went to a less deprived area, although often not substantially so. Several moved to areas amongst the least deprived in the country. The majority of

moves were short distances (70% were less than 5 kilometres) and within the same local authority or to a neighbouring Manchester authority. In general, movers were younger than non-movers, and had spent less time on benefit. It is likely that caring responsibilities, family networks and the length of time out of work explain why some individuals who found employment did not move.

The proportion of the 2004 population that was known to have found work and moved out of the area ('transiting outmovers') in Manchester's non-improving areas was 2.9%. Clearly this is an extremely low proportion of the 2004 workless population. If the (not unrealistic) assumption is made that those whose location was unknown in

2007 exhibited the same moving patterns as the observed cases, this would still only rise to 5% or one in 20 of the 2004 workless population in non-improving areas.

The rate does vary significantly by LSOA though, with Figure 3 showing the range of transiting outmover rates for LSOAs in each Manchester local authority.<sup>6</sup> In some LSOAs transiting outmovers account for less than 1% of the 2004 workless population but a rate of 5% and above is not uncommon and one LSOA in Bolton has a rate of 7.7%. The bulk of non-improving LSOAs' transiting outmover were in the range of 2% to 4%, however.

Interestingly, a significantly higher proportion of individuals who had claimed

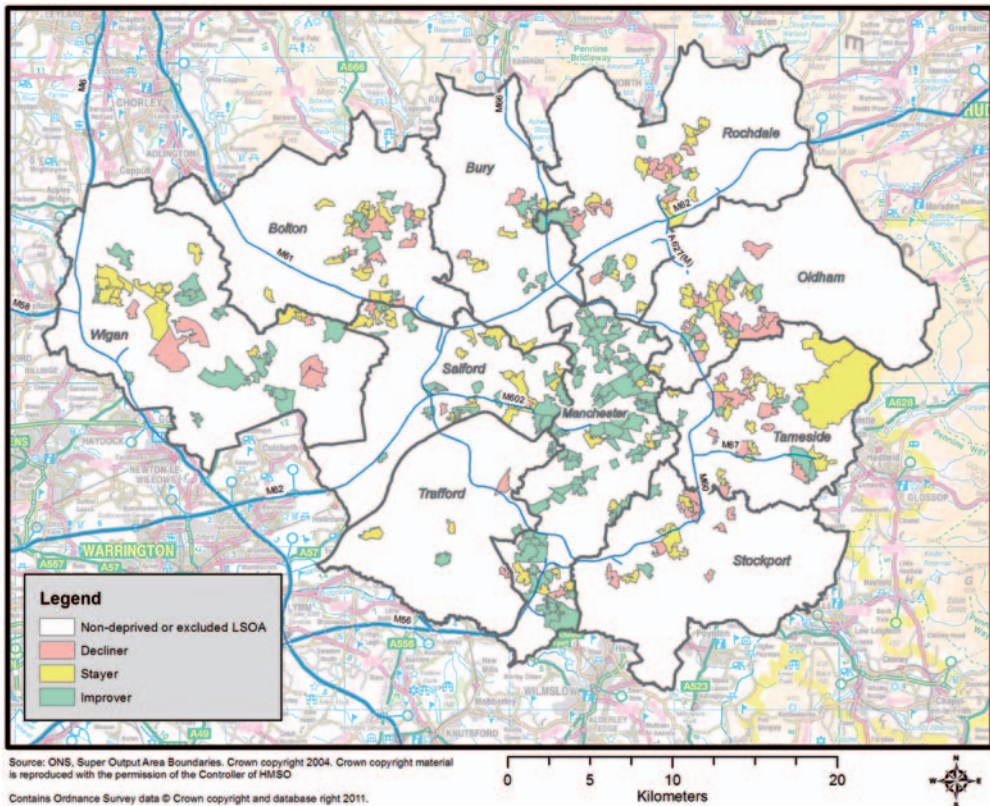
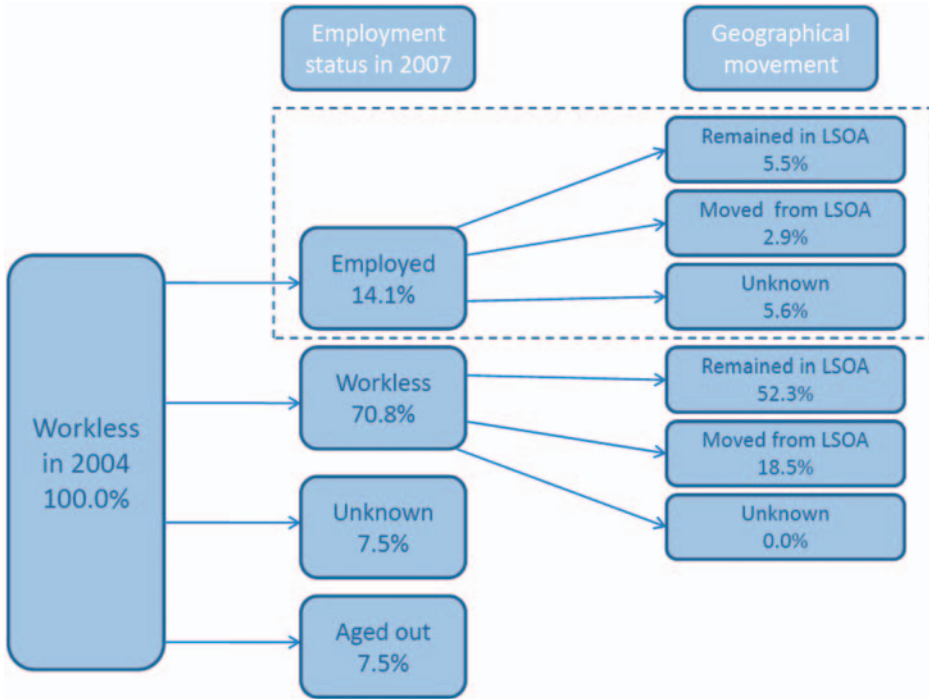


Figure 1. GM deprived LSOAs by change in worklessness rate 2004–2007.



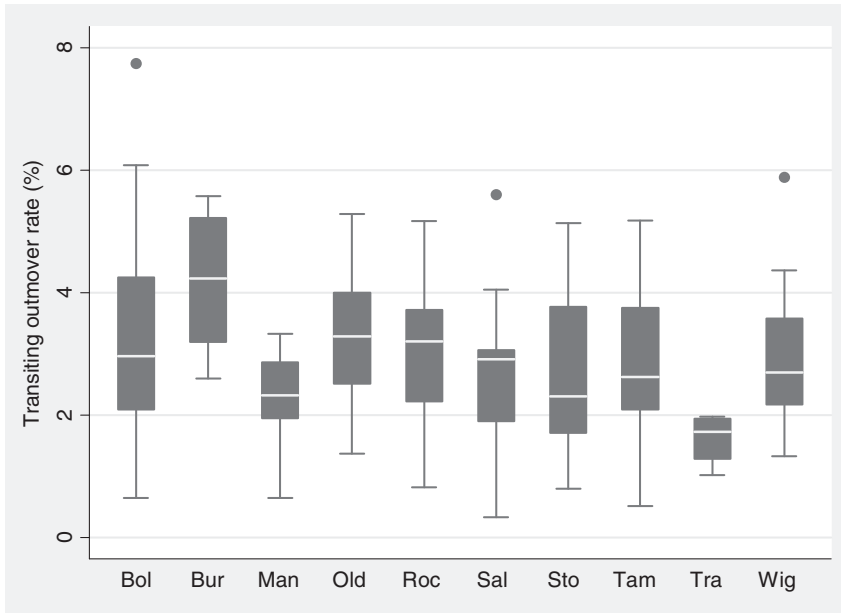
**Figure 2.** Employment status changes and geographical movements of individuals who were workless in 2004.

**Table 3.** Employment status in 2007 of individuals who were workless in 2004, non-improver areas.

	Remained workless	Became employed	Unknown	Aged out
Bolton	70.1%	15.0%	7.4%	7.4%
Bury	69.6%	14.4%	8.2%	7.8%
City of Manchester	72.2%	14.1%	7.1%	6.6%
Oldham	70.7%	14.2%	7.4%	7.6%
Rochdale	71.0%	14.3%	7.5%	7.3%
Salford	72.6%	13.3%	7.4%	6.7%
Stockport	70.6%	13.7%	8.2%	7.6%
Tameside	70.2%	14.3%	7.4%	8.2%
Trafford	71.7%	13.4%	8.3%	6.6%
Wigan	70.2%	13.9%	7.4%	8.5%
Manchester	70.8%	14.1%	7.5%	7.5%
England	69.9%	15.3%	7.8%	7.1%

Jobseeker’s Allowance (JSA), at around 37%, or Lone Parents’ Income Support (LPIS), around 26%, made the transition into employment, than of claimants of other out-of-work benefits, such as Incapacity Benefit/Severe Disablement Allowance (IB/SDA) and Carer’s Allowance (CA). While the overarching trends are the same across Manchester’s districts, there are some significant differences between areas (see Table 4). For instance, just 2.2 % of those claiming CA in 2004 in Trafford were found to be in employment in 2007, which was less than one-fifth of the national rate for this group. In comparison, over one-sixth (17.6%) of 2004 CA claimants in Stockport made the transition to employment. Less dramatic variations in





**Figure 3.** Spread of transiting outover rates, non-improver areas in Manchester.

**Table 4.** Transitions into employment of 2004 benefit claimants by client group, non-improver areas.

	JSA	IB/SDA	LPIS	CA	Other
Bolton	39.8%	7.8%	23.3%	11.1%	13.1%
Bury	35.6%	6.5%	27.9%	16.5%	8.0%
City of Manchester	38.4%	6.8%	22.8%	11.9%	10.0%
Oldham	36.0%	6.6%	23.9%	10.6%	14.2%
Rochdale	38.6%	6.1%	24.2%	11.3%	13.2%
Salford	34.0%	6.0%	23.4%	9.2%	14.7%
Stockport	30.5%	6.1%	26.1%	17.6%	12.0%
Tameside	39.3%	6.4%	25.5%	14.4%	11.9%
Trafford	35.0%	4.7%	28.0%	2.2%	9.1%
Wigan	35.4%	6.5%	26.0%	9.9%	16.3%
Manchester	36.6%	6.5%	24.6%	11.7%	13.2%
England	34.7%	6.9%	22.8%	11.6%	11.9%

performance were also seen for IB/SDA (where 7.8% of 2004 claimants in Bolton were found to be in work in 2007 compared with just 4.7% in Trafford), JSA and LPIS. Unfortunately the data set does not allow for an interrogation of what the factors behind this divergence might be (differences

in skill level, length of time out of work, etc.) or, indeed, for an assessment of what programmes an individual has been through.

None of these figures makes for comfortable reading. Even the JSA figure is relatively poor when it is considered that

DWP research shows that nationally 60% of JSA recipients stop claiming the benefit within three months and almost 80% leave within six months (DWP, 2011). This does not bode well for the less benign economic period we are now in or for the very challenging performance criteria to which the DWP's Work Programme providers are subject. That only 6.5% of IB/SDA claimants found work in a period of good jobs growth (although it should be noted this was without a significant mainstream programme targeted to support them to do so) also raises a flag about the difficulties that may arise following the work capability assessment of the IB stock, given this group's general lack of economically valuable skills and lengthy disengagement from the labour market.

Another important, and more unexpected finding, was that, again in those areas that experienced no improvement in worklessness rates, 18.5% of the population that was workless throughout the period moved out – or 26% of the sample that was tracked. In fact, this was the largest population movement observed. The key population movement dynamic was not residents moving into employment and then out of a neighbourhood, but instead residents who remained workless moving out of a neighbourhood. It is striking that, in the most deprived areas, almost one-quarter (22.2%) of the 2007 workless population had been workless and living elsewhere three years previously. The reasons for this are not known from the study but are likely to include: people finding a job, moving and then losing it; individuals moving to better social housing; or perhaps because of family or care issues. Informed speculation would expect this particular population churn to increase in the current period due to benefit changes, particularly housing benefit. As this sizeable population movement seems important to understand, it warrants

**Table 5.** Geographical movements of individuals who moved into employment, non-improver areas.

	Remained in LSOA	Moved away from LSOA	Location unknown
Bolton	39.8%	21.4%	38.8%
Bury	39.9%	29.7%	30.4%
City of Manchester	45.0%	15.7%	39.4%
Oldham	37.8%	22.9%	39.3%
Rochdale	36.9%	21.9%	41.2%
Salford	35.9%	18.9%	45.2%
Stockport	37.3%	20.5%	42.2%
Tameside	40.2%	19.6%	40.1%
Trafford	50.0%	12.2%	37.8%
Wigan	41.7%	20.7%	37.7%
Manchester	39.2%	20.8%	40.0%
England	37.4%	22.0%	40.6%

further study, if only to know whether support agencies are able to keep track of these individuals and provide appropriate support in to work.

Of those transitions into employment that can be tracked geographically a higher proportion of transiting individuals remained in the LSOA than moved away, and this was the case in all 10 local authority areas (see Table 5). Across Manchester, around twice as many transiting individuals did not move after becoming employed than did move. It was possible to track only 60% of those individuals who made the transition to employment, due to poor quality address data on employment records, other than for those claiming tax credits. However, modelling of the two extreme scenarios (those individuals who were unknown all moved out of the LSOA or all 'unknowns' stayed in the LSOA) does not change the 2007 worklessness rate significantly in any area. In those areas with the greatest change to the worklessness rate under different assumptions, the worklessness rates remain high and the difference between the estimated worklessness rate and the observed rate is not particularly large. This is powerful evidence that the



connection between getting a job and moving out of a deprived area may not be as strong as is often assumed. This is further supported by the finding that there is no substantial difference in the proportion that made the transition to work and moved out between non-improving and improving neighbourhoods (2.9% and 3.0% respectively).

## Conclusions

This work challenges the popular assumption that some neighbourhoods play a particular social and economic function in a broader urban environment, from which people move on at the first opportunity. This literature presumes that a group of deprived neighbourhoods exist which play an important role as ‘transitional’ areas within the wider labour market area (see, for instance, Cole, 2007; Fenton et al., 2010; Glennerster et al., 1999; Robson et al., 2000).<sup>7</sup> These neighbourhoods, it is argued, have a high through-flow of population and act as a ‘springboard’ for individuals to achieve improved social and economic outcomes. In this scheme of thinking, the transition from worklessness into employment facilitates geographical mobility, enabling people to move to less deprived neighbourhoods. As they do, they are replaced by inflows of other workless people. This is sometimes cited as a reason why the outcomes of programmes such as the Working Neighbourhood Fund or the Neighbourhood Renewal Fund were not reflected in area-based statistics. This is the largely-accepted hypothesis for why the overall rate in those neighbourhoods did not change much over time. This work challenges that theory.

There are good reasons why conclusions drawn from this research must be tentative. However, it nonetheless brings forward powerful evidence that runs counter to the

proposition that many of the most deprived neighbourhoods have persistently high levels of worklessness because many residents move in to work and then leave the area, only to be replaced by other workless people. Broadly, in Manchester’s non-improver areas for the period between 2004 and 2007, this was found not to be the case. Policymakers and researchers should therefore be looking for other reasons for persistently high rates of worklessness, as these population dynamics do not offer a strong explanation. The work behind this article squarely suggests instead that the reason these areas failed to improve worklessness outcomes in a benign economic period was a rather simpler one: not enough people moved into work.

This research sheds new light on the population movement dynamics in Manchester’s most deprived areas. It also serves to highlight the many gaps that exist in our understanding of individual transitions into sustainable employment. Information is not routinely collected and analysed on individuals’ personal characteristics (skill levels being the most obvious gap) or, crucially, what programmes an individual has been through (DWP and other agencies, such as local authorities, Skills Funding Agency, etc.). The introduction of Universal Credit from 2013 – of which Manchester is a pilot area – is a once in a generation opportunity to create a fit for purpose tracking system that can be used to support the design and evaluation of programmes and services aiming to get people back in to work. With welfare budgets likely to be stretched for decades to come, it is an opportunity that the UK cannot afford to miss.

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Michael Noble, the team at the Social Disadvantage Research Centre, Oxford Institute of Social Policy, University of Oxford for the original research this article is based on, and which can be seen in full, published on the New Economy website as 'Trading places: Worklessness dynamics in Greater Manchester'. We are also grateful to the Department for Work and Pensions, in particular Joe Cleave, for making data available from a national project for this analysis, and to the Office for National Statistics.

## Notes

1. In this paper 'Manchester' is used to refer to the economic city region that can be loosely defined as comprising the 10 local authority districts of Bolton, Bury, the City of Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan.
2. For the purposes of this research, 'workless' were those not in work and in receipt of certain out-of-work benefits, namely: the unemployed, actively seeking work and claiming Jobseeker's Allowance (JSA); those on incapacity benefits unable to work due to work-limiting illness and claiming Incapacity Benefit or Severe Disablement Allowance (IB) (this changed in 2008 to Employment and Support Allowance); lone parents unable to work due to a child aged under 16 and claiming Income Support (LPIS); carers unable to work due to caring responsibilities and claiming Carer's Allowance (CA); and those claiming other out-of-work benefits, such as Income Support, including Disability Premium and Pension Credit under state pension age.
3. The work was able to draw on DWP's Work and Pensions Longitudinal Study, which combines benefit and programme information from DWP with employment, earnings, savings, tax credit and pension records from HMRC, so it contains comprehensive records of individuals' employment and benefit spells. Because of the unreliability of HMRC address information, tax credit data was used for the addresses of people in employment. This is the first time that these data have been used to analyse individual level employment and address movements at a neighbourhood level. Annual extracts from the various datasets were taken in August each year and linked together using a unique anonymised ID variable.
4. This is a standard UK unit of geography derived from the 2001 census with a population of around 1500. It is the statistical geography that best captures the level of a single neighbourhood.
5. While the research dataset only holds data up to 2007, published data from the Office for National Statistics and DWP can be used to calculate worklessness rates post 2007. While population dynamics cannot be analysed over this time period it is important to recognise the impact the economic downturn has had. The credit crunch and resultant recession led to increases in worklessness across Manchester. Between 2007 and 2008 there was a slight decrease or little change in worklessness rates. However, the worklessness rate in all local authorities increased (i.e. got worse) between 2008 and 2009 and has continued to rise since.
6. The central shaded box illustrates the interquartile range of each LSOA distribution of transiting outmover rates, whilst the horizontal line within this shaded box shows the median rate of that distribution. The vertical lines (the 'whiskers') illustrate the range of transiting outmover rates in each local authority. Data points that lie more than 1.5 times the interquartile range away from the nearer quartile value are plotted separately as small dots on the chart at either end of the whiskers.

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