

Oxford Institute
of Social Policy



Worklessness dynamics in deprived areas: evidence from Manchester

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Overarching research question

- Do persistently deprived neighbourhoods exist that have a relatively high and continuous through-flow of population, where workless people move into the area, obtain jobs and then move out of the area to be replaced by workless people moving into the area?

Sub-questions

- What has happened to worklessness rates in deprived neighbourhoods over time?
- To what extent do individuals in persistently deprived neighbourhoods make the transition from worklessness into work?
- Do individuals who make the transition stay in the neighbourhood or move out once they have found a job?
- To what extent do workless individuals move in to replace the individuals who move out?
- Can a group of 'transition' areas be identified?
- Where do individuals go when they leave an area having made the transition into employment?
- Do these outmovers share certain characteristics?
- In what ways do outmovers differ from those who stayed in the area?

Why does this matter?

- Such neighbourhoods pose a very different policy challenge to neighbourhoods characterised by more stable, long-term workless populations
- Neighbourhoods may appear unresponsive to initiatives aimed at reducing worklessness
- Process masks positive outcomes experienced by individuals living in the neighbourhoods and the important role that the area may play in facilitating this

Outline of presentation

- Definitions
- Identifying deprived areas that have not improved
- Examining worklessness and geographical dynamics at individual level
- Identifying 'transition' areas
- Conclusions

Definition of worklessness

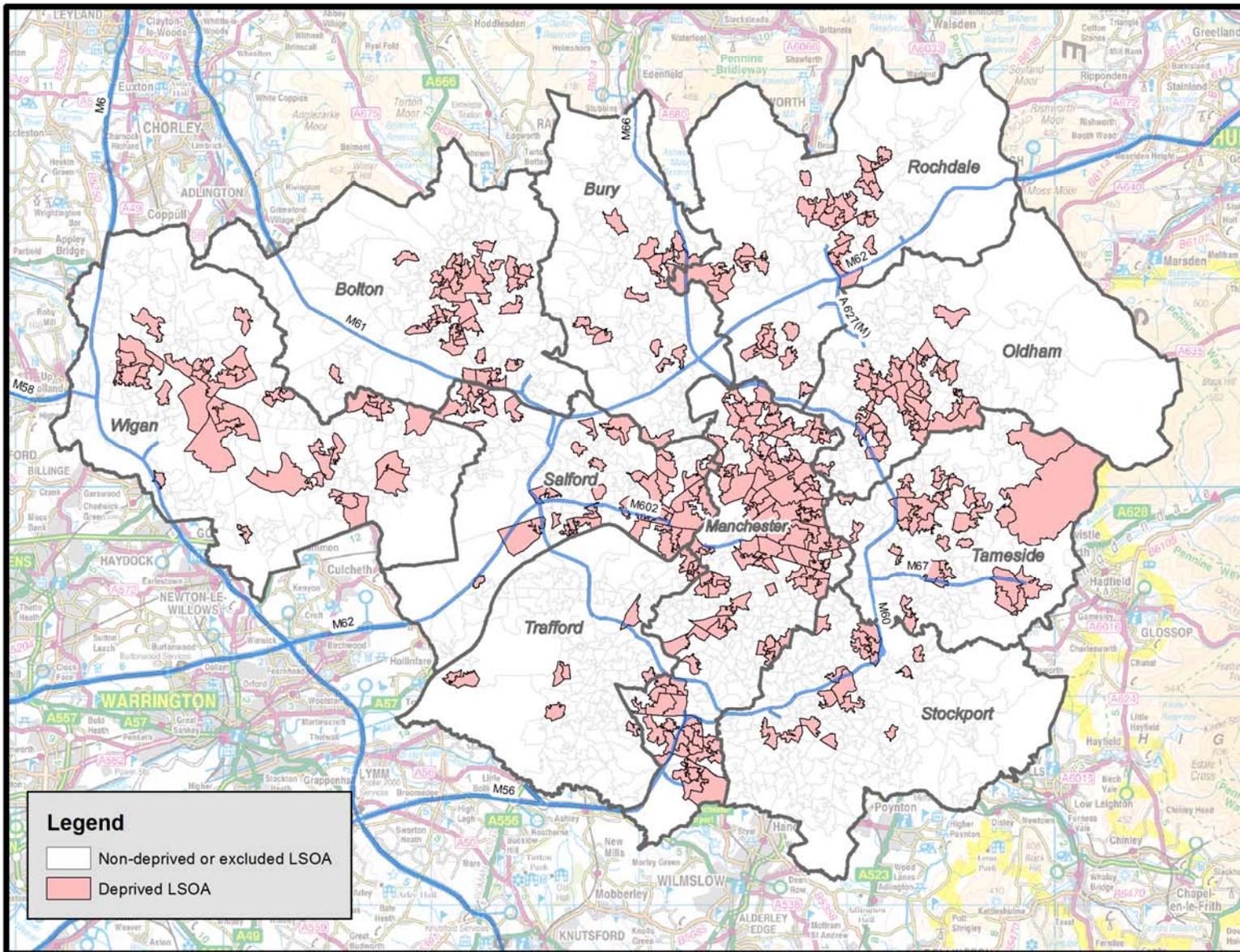
NB. No universally agreed definition of worklessness

- Individuals involuntarily excluded from the labour market and in receipt of certain out-of-work benefits: Jobseeker's Allowance, Incapacity Benefit/Severe Disablement Allowance, Income Support (lone parents), Carer's Allowance and other income related benefits
- **Worklessness rate** = number of workless people divided by the working age population in that area (men aged 16 to 64 inclusive and women aged 16 to 59 inclusive)

Definition of 'deprived area'

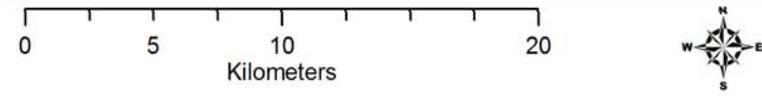
- Neighbourhood = Lower layer Super Output Area (LSOA)
- In the most deprived national decile in terms of worklessness rate in any year between 2004 and 2007
 - 69.4% of areas in most deprived decile in all four years (England)
 - Close match with PSA 8 wards and the 'worst performing neighbourhood' LSOAs
- Worklessness rate calculated using unrounded counts of workless people (source: Work and Pensions Longitudinal Study) and mid-year population estimates (source: Office for National Statistics)

Location of 'deprived areas' in Greater Manchester



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Worklessness rates in 'deprived areas'

Area	2004	2007
England	31.6	30.0
Greater Manchester	33.5	31.7
Bolton	31.8	31.5
Bury	31.2	30.3
Manchester	35.5	30.9
Oldham	31.3	31.8
Rochdale	34.7	35.0
Salford	34.7	32.4
Stockport	32.9	33.8
Tameside	30.1	30.4
Trafford	30.7	29.6
Wigan	32.8	31.6

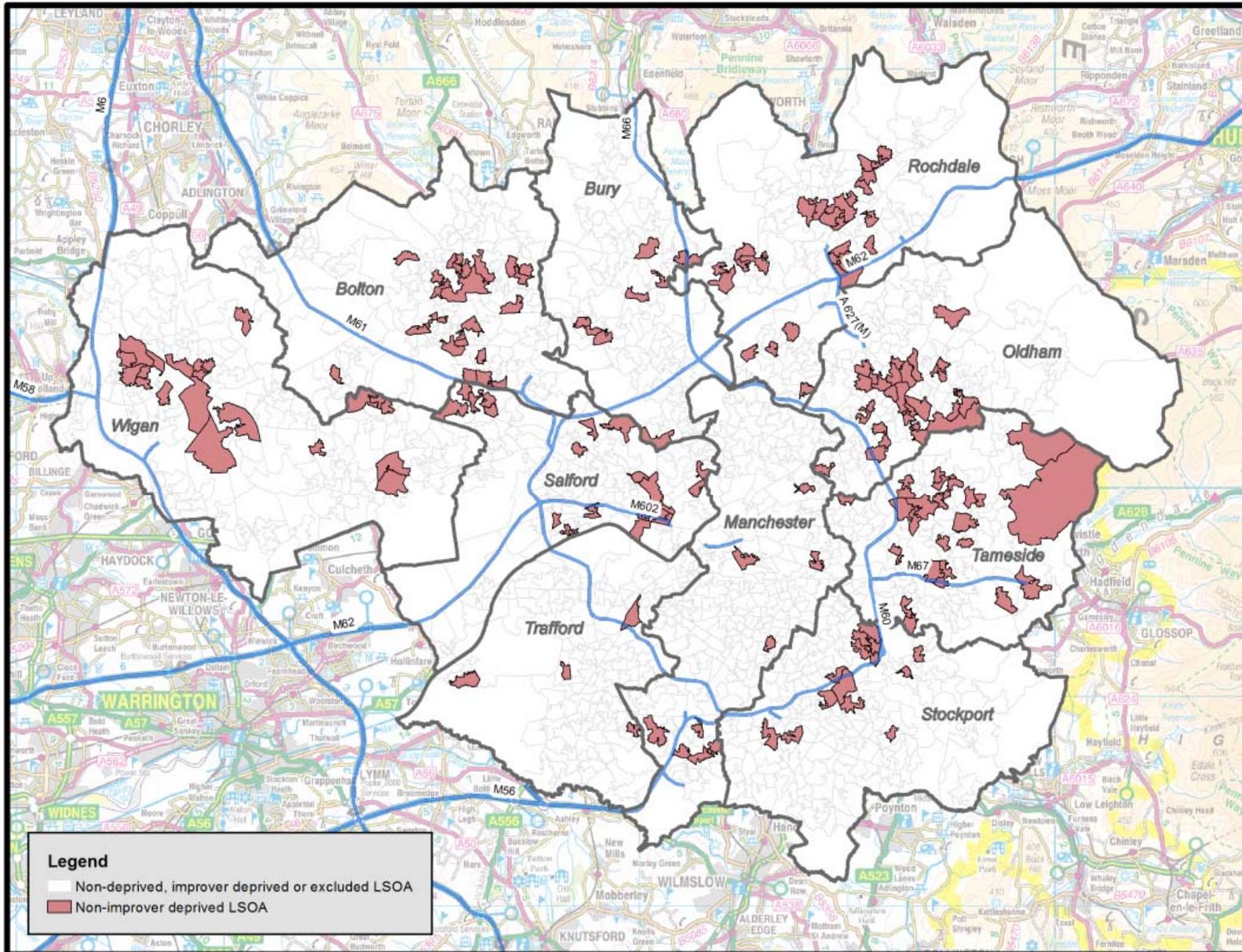
Calculating change in worklessness rate 2004-2007

- To identify areas that have not improved
- Method
 - Calculate percentage point change in worklessness rate between 2004 and 2007 for each LSOA in the country (i.e. 32,482 in England)
 - Classify areas as 'improvers', 'decliners' or 'stayers' using standardised difference method (ONS, 2009)
 - Compare LSOA change in worklessness rate to standard deviation estimate for country
 - Standardised difference of greater than one standard deviation in either direction was considered significant
 - Some improvers and decliners excluded, upon request of DWP, as change to worklessness rate considered to have been driven primarily by population denominator change rather than numerator change (N = 971 LSOAs/datazones in GB = 2.4%)

Distribution of 'deprived areas' across the three groups

Area	Percentage of improvers	Percentage of stayers	Percentage of decliners
England	45.6	37.6	16.7
Greater Manchester	46.8	34.1	19.0
Bolton	26.5	50.0	23.5
Bury	38.5	46.2	15.4
Manchester	89.5	9.3	1.2
Oldham	23.5	41.2	35.3
Rochdale	21.9	46.9	31.3
Salford	47.5	45.0	7.5
Stockport	13.3	33.3	53.3
Tameside	19.4	45.2	35.5
Trafford	55.6	22.2	22.2
Wigan	45.9	37.8	16.2

Location of 'non-improver deprived areas' in Greater Manchester



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Kilometers

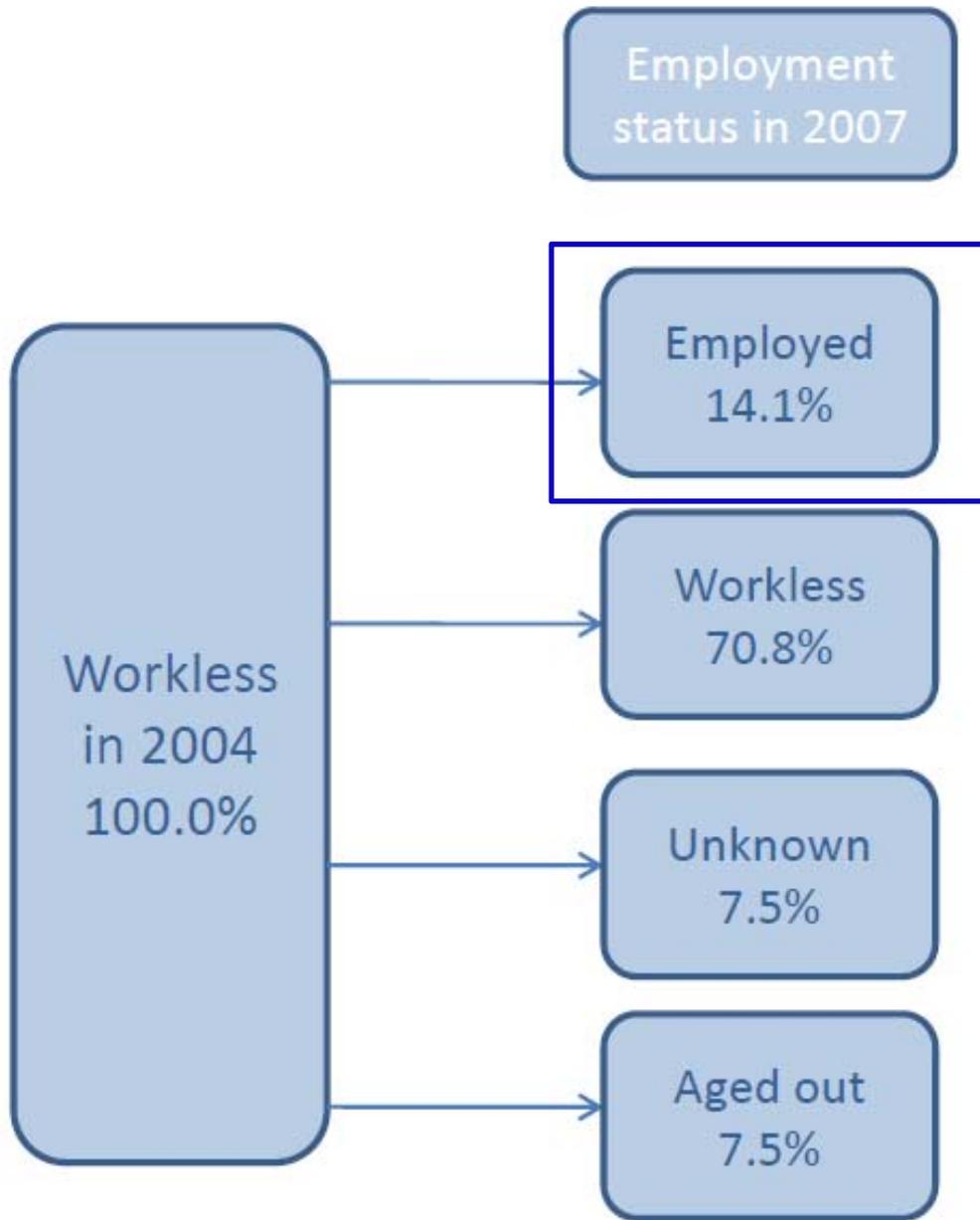


Data

- Work and Pensions Longitudinal Study (WPLS)
 - Benefit data: NS datasets (used to produce published national statistics and so cleaned and quality assured by DWP)
 - Employment data:
 - P45/P46 datasets (data from P45 and P46 returns made by employers when an individual joins or leaves an employment scheme)
 - Tax credits datasets (for addresses of people in employment)
- Individual level data for ten years (1999 to 2008) - status (one of five benefits or employed), LSOA/datazone code, age and sex
- Ten years linked together by unique anonymised ID variable
- August time-point

Data issues

- Only data for DWP customers since August 1999
- Only information on geographical location for spells of employment that are sufficiently low paid for the person to be eligible for working tax credit (and claiming it)
- Also address information from child tax credit data which stretches much higher up the income distribution, but only for individuals with children
- P45/P46 data do not cover all employees as no requirement for employers to supply information if the individual is below PAYE tax thresholds
- Tax credit data only available for 2004 to 2007



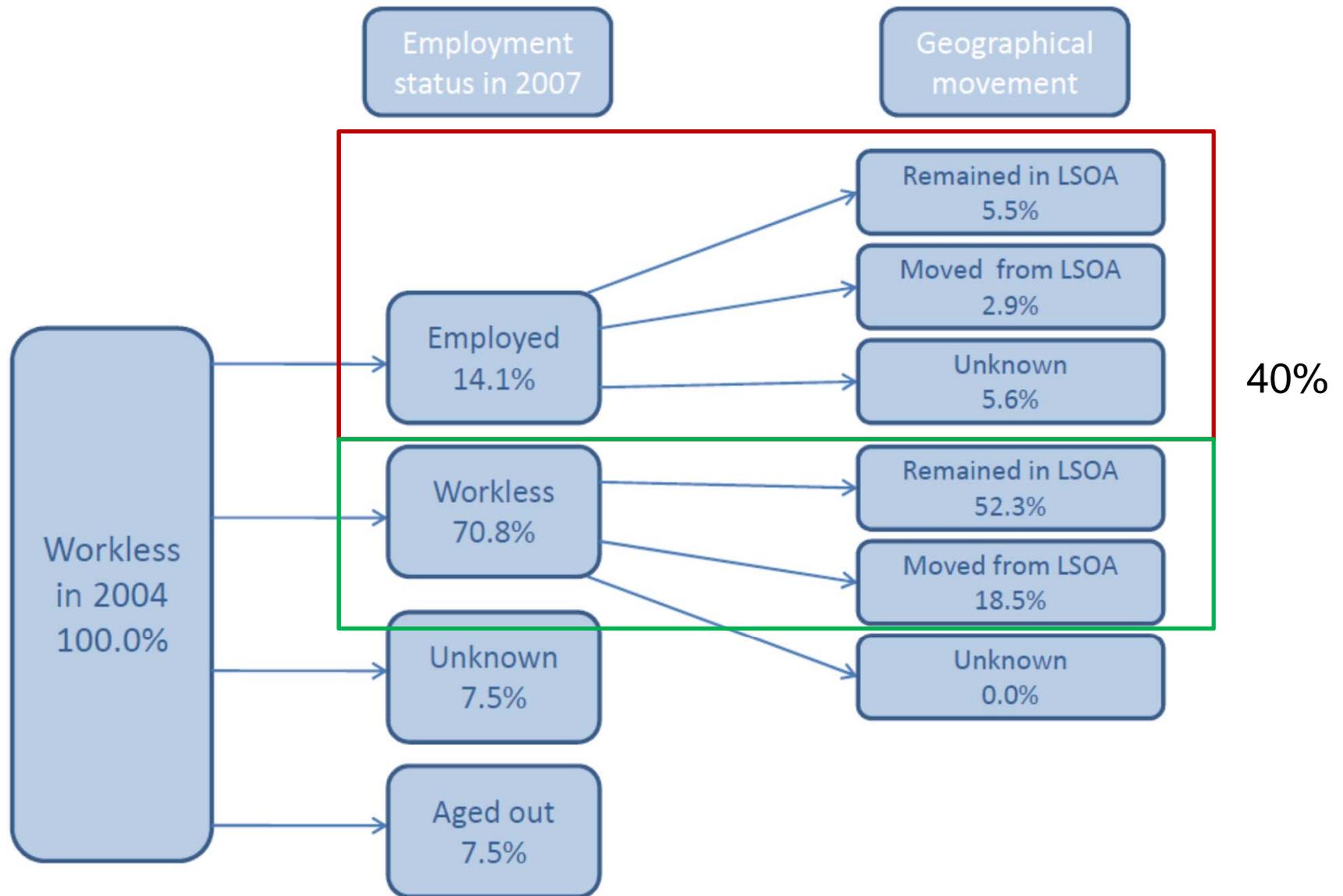
Employment status in 2007 of individuals who were workless in 2004

Transitions into employment of 2004 benefit claimants by client group

In 2007...

- Approximately one third of Jobseeker's Allowance claimants were employed
- Approximately one quarter of Income Support (lone parents) claimants were employed
- Less than 10 per cent of Incapacity Benefit claimants were employed

Employment transitions and geographical movements of individuals who were workless in 2004



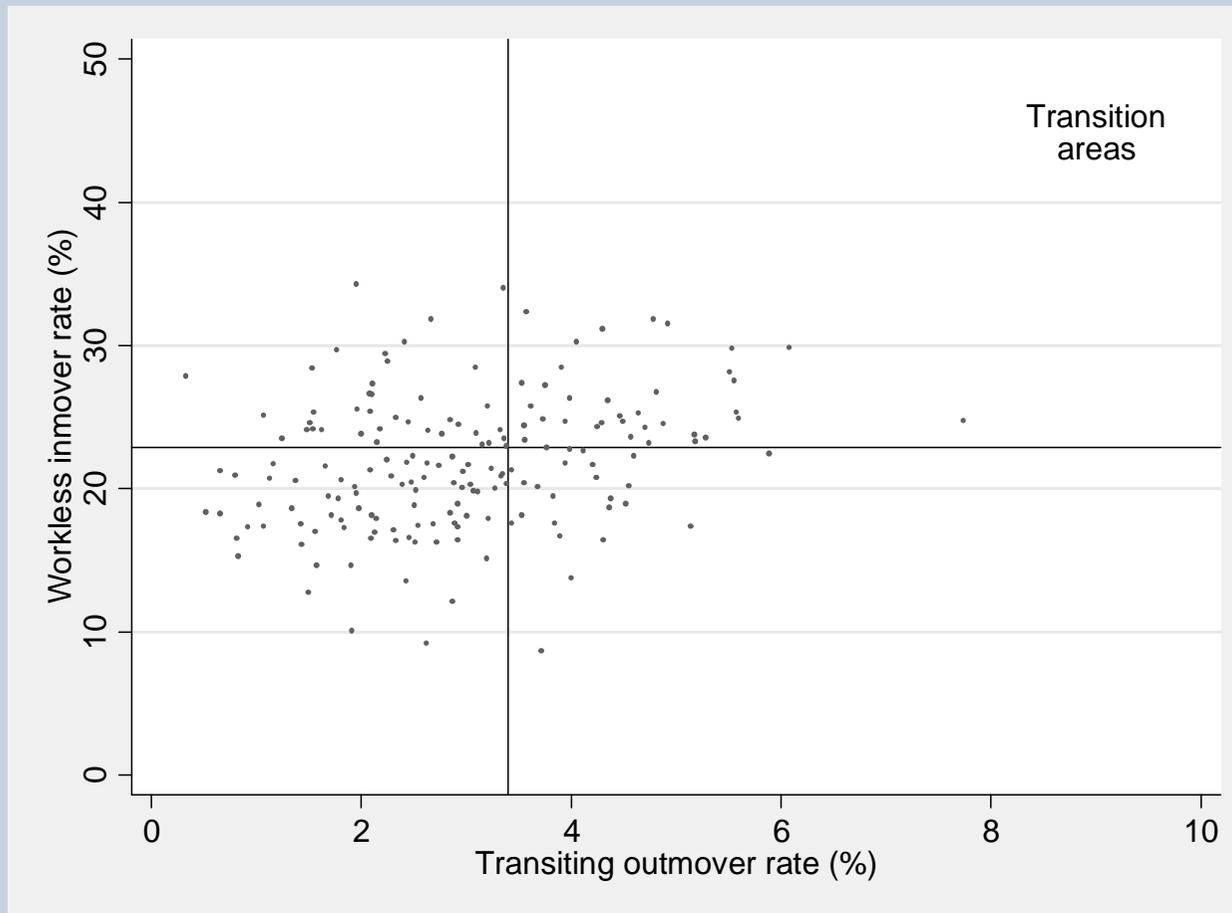
Transition areas

- **Transiting outmover rate** = proportion of the workless population in 2004 that makes the transition into employment and moves out of the LSOA by 2007
- **Workless inmover rate** = proportion of the workless population in 2007 that has moved into the LSOA since 2004
- **Transition area** = above national mean for non-improver deprived areas on these two rates

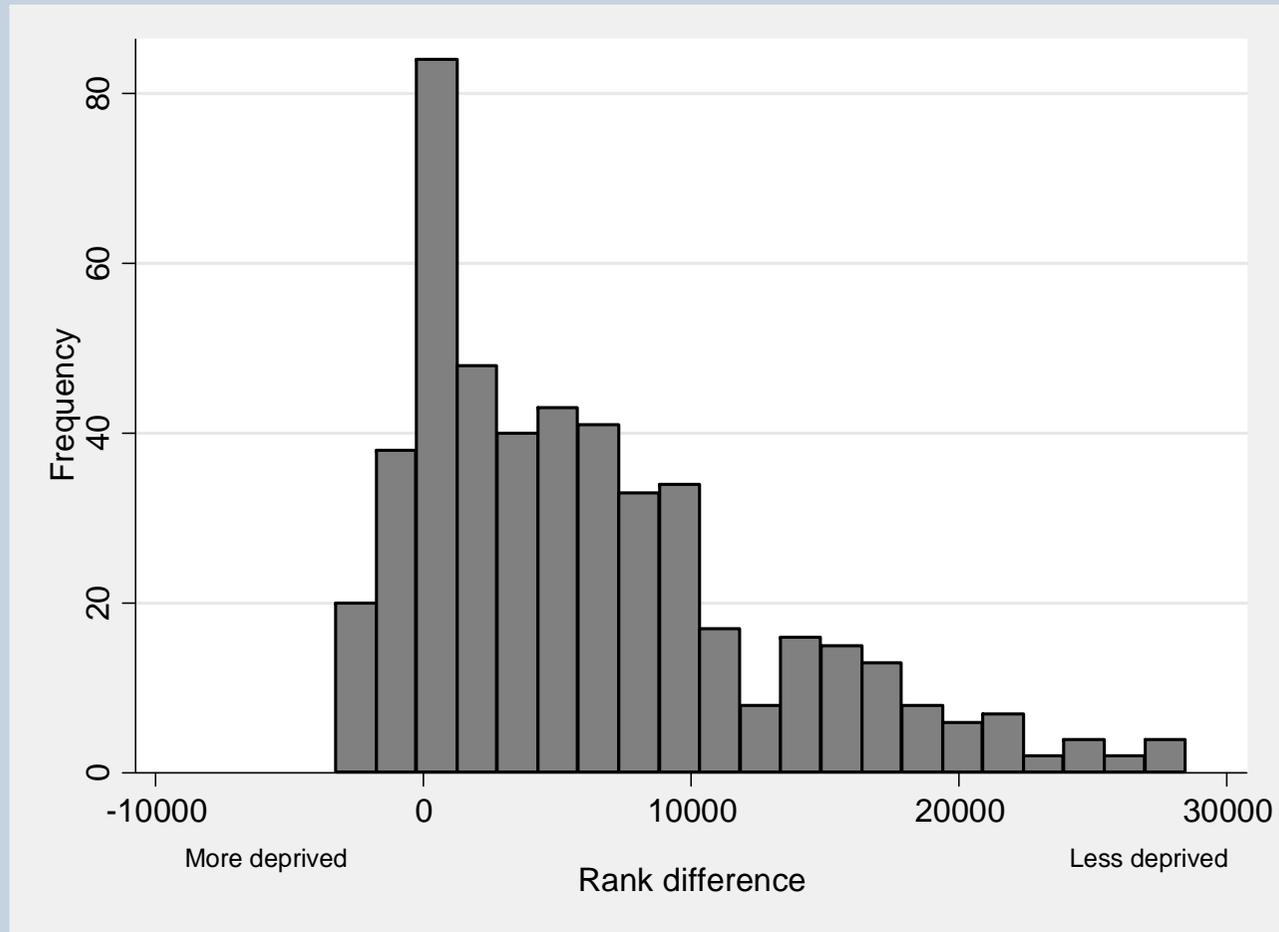
Transiting outmover rates and workless inmover rates

Area	Transiting outmover rate (%)	Workless inmover rate (%)
England	3.4	22.9
Greater Manchester	2.9	22.2
Bolton	3.2	23.4
Bury	4.3	25.2
Manchester	2.2	22.5
Oldham	3.3	22.1
Rochdale	3.1	23.5
Salford	2.5	22.5
Stockport	2.8	20.5
Tameside	2.8	21.3
Trafford	1.6	17.4
Wigan	2.9	20.5

Transiting outmover rates by workless inmover rates



Change in IMD rank for transiting outmovers in transition areas



Conclusions

- Due to underlying data quality issues it has not been possible to fully answer all the questions
- Even in the most deprived areas across all local authorities some individuals experienced positive employment outcomes
- Unlikely that out-movement of individuals when they find employment can explain persistently high worklessness rates
- Important geographical dynamics of those workless at both time points