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BRITAIN'S OLDER INDUSTRIAL TOWNS SINCE THE RECESSION

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A recent research report

The Contemporary Labour Market in Britain's Older Industrial Towns

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Background

- Vast job loss from sectors that were the basis of Britain's original industrial revolution

- Geographical concentration of the job losses = long-term economic problems in some places

But:

- Since the 2008/9 recession, recorded unemployment in Britain's older industrial towns has fallen to historic lows

Research questions

- Does lower unemployment reflect a resurgence in jobs or other labour market adjustments?

- How do trends in older industrial towns compare with trends in the cities?

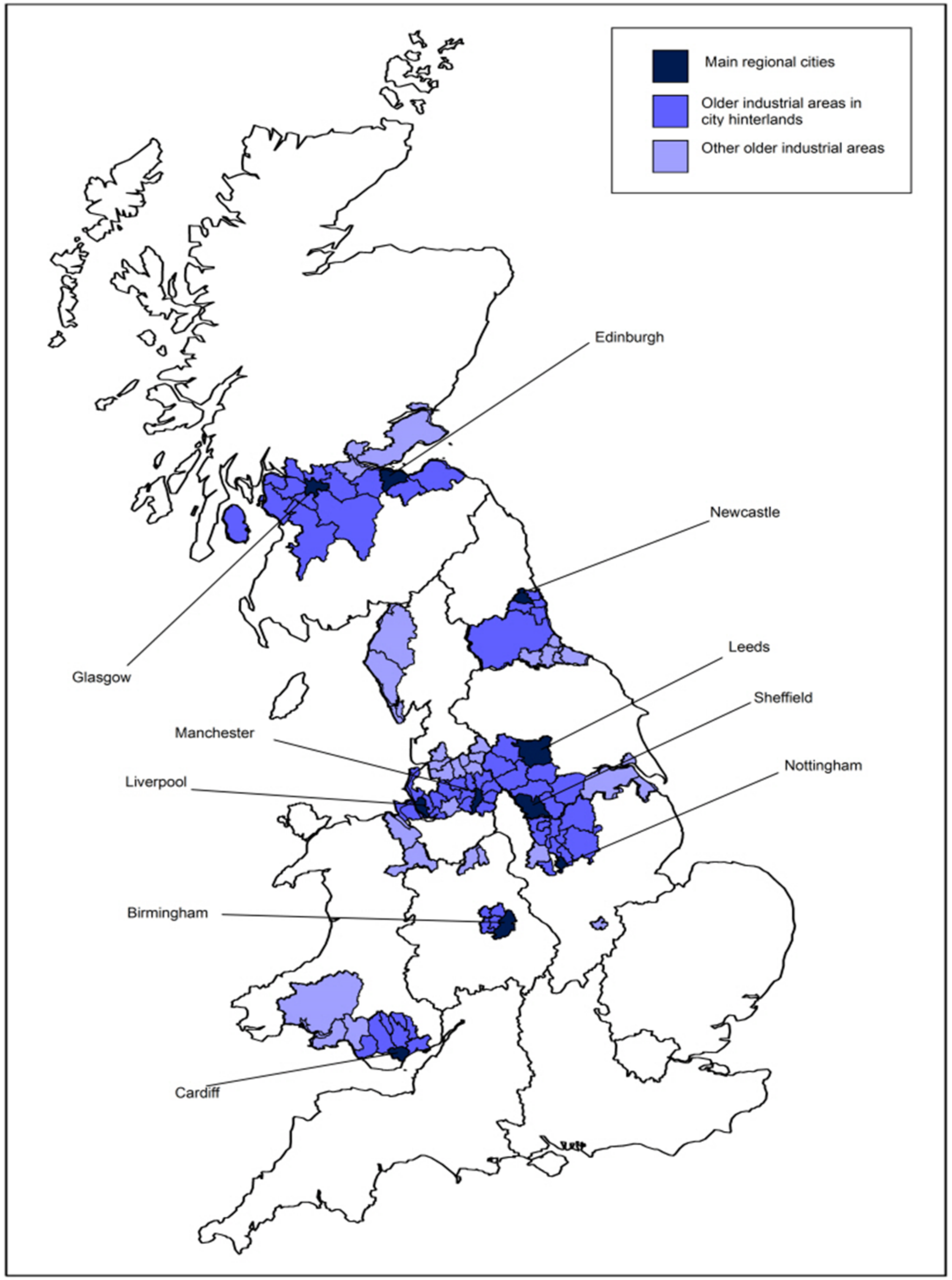
- Is there variation among the towns by region or proximity to a major city?

- How are trends in the towns linked to other places by commuting and migration?

A working definition

- 91 district and unitary authorities across Northern England, Midlands, Scotland and Wales
- 16.6 million residents
- 'Towns' beyond the core cities
- Principal data for 2010 to 2016

Britain's older industrial towns



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Labour market accounts

	Increase in number of jobs
minus	Natural increase in workforce
minus	Internal net in-migration
minus	International net in-migration
minus	Increase in net in-commuting
minus	Increase in economically active
equals	Reduction in recorded unemployment

Data sources

Increase in number of jobs	*APS*
Natural increase in workforce	*ONS*, *cohort survival model*
Internal net in-migration	*ONS*
International net in-migration	*Residual, cross-checked against ONS*
Increase in net in-commuting	*Derived from APS*
Increase in economically active	*APS*
Reduction in unemployment	*APS*

Older industrial towns 2010-16

	Increase in number of jobs	220,000
minus	Natural increase in workforce	- 190,000
minus	Internal net in-migration	- 20,000
minus	International net in-migration	160,000
minus	Increase in net in-commuting	- 110,000
minus	Increase in economic activity rate	120,000
equals	Reduction in recorded unemployment	270,000

Sources: APS, ONS and authors' estimates

Variation across the country

Averages for older industrial towns in Midlands, North, Wales and Scotland reveal:

- Almost identical reductions in recorded unemployment
- Broadly similar rates of employment growth
- Rising net out-commuting in all parts of the country
- International net in-migration to all, though less so in Scotland
- Biggest rise in economic activity rate in Wales

Increase in number of jobs 2010-16

	no.	as % of working age pop
Older industrial towns	220,000	2.1
Main regional cities*	250,000	7.0
London	800,000	14.5
GB	2,010,000	5.1

*Birmingham, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham, Sheffield

Sources: APS and ONS

International net in-migration 2010-16

	no.	as % of working age pop
Older industrial towns	160,000	1.8
Main regional cities	160,000	4.5
London	530,000	9.5
GB	1,100,000	2.8

Sources: APS, ONS and authors' estimates

Impact of international migration

Net inflow to older industrial towns 2010-16 of 160,000 economically active adults of working age

- Failed to fully offset impact of ageing workforce (190,000)
- Equal to roughly three quarters of job growth (220,000)

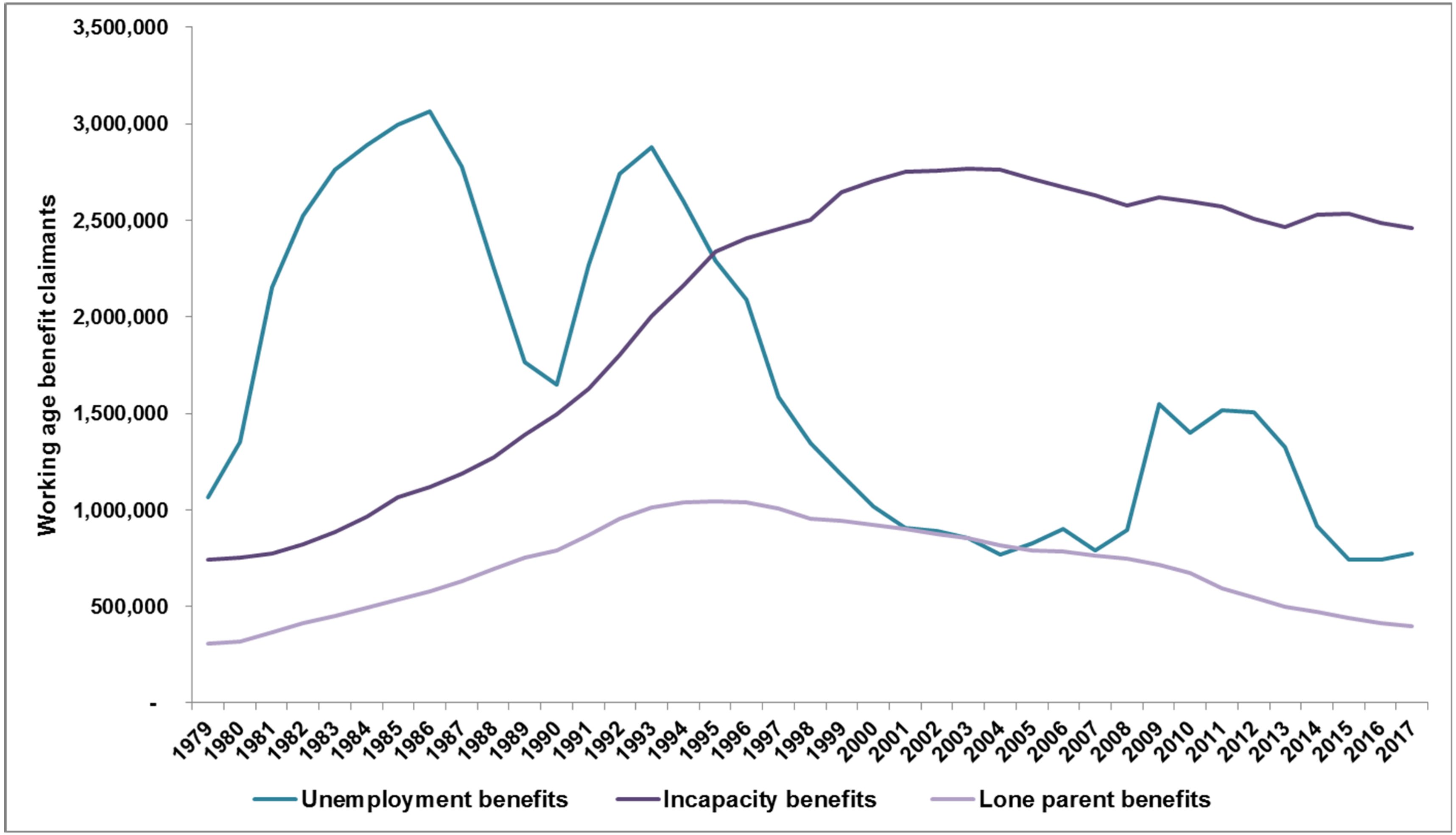
How many of the new jobs would have been created in the absence of international migration?

Fall in recorded unemployment 2010-16

	no.	as % of working age pop
Older industrial towns	270,000	2.5
Main regional cities	90,000	2.5
London	100,000	1.8
GB	790,000	2.0

Sources: APS and ONS

Working age benefit claimants, GB, 1979-2017



Source: DWP

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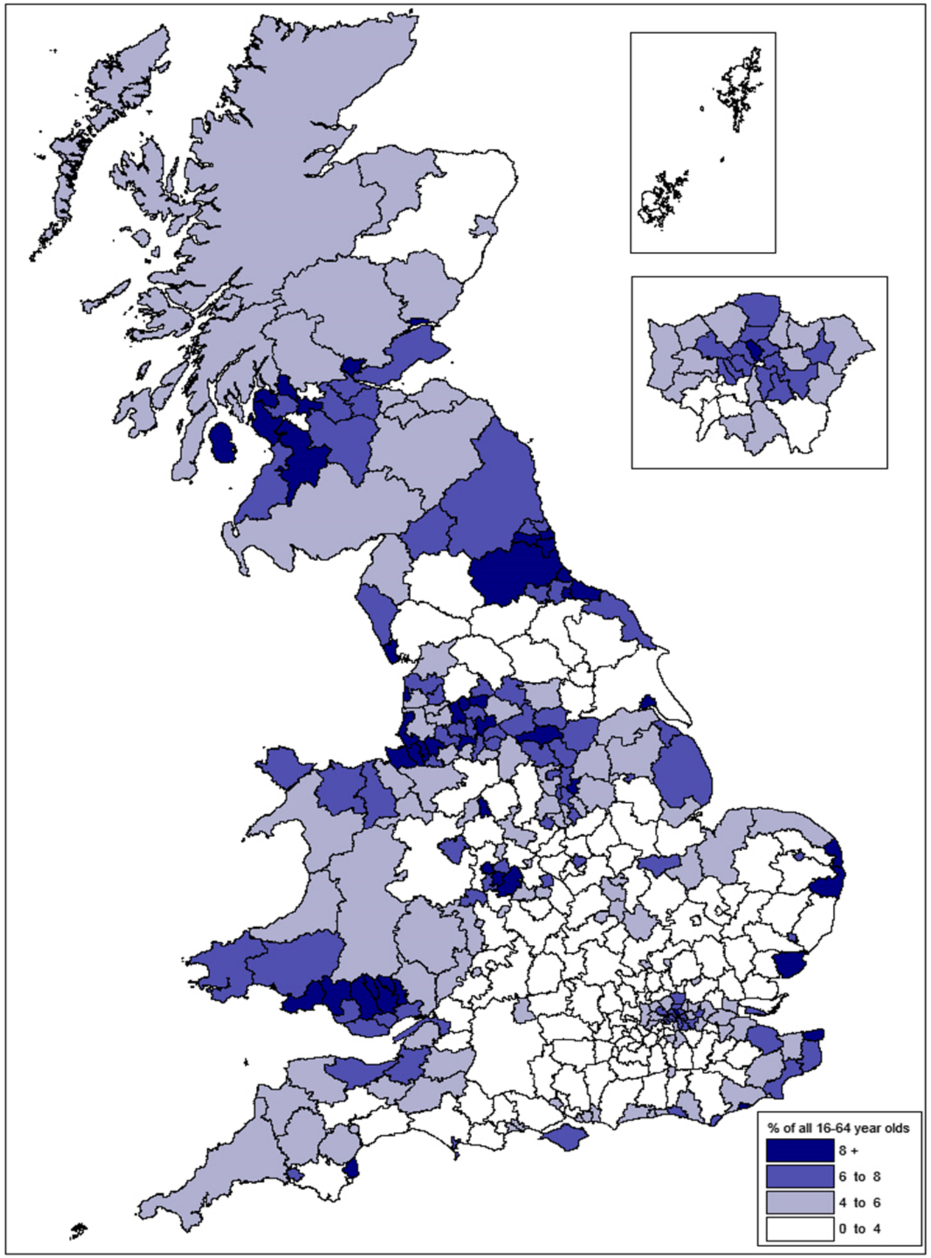
Real unemployment by district, 2017



Source: Sheffield Hallam estimates based on ONS and DWP data

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Real unemployment – top 40 districts

as % of all adults of working age, 2017

1. Blackpool	12.1	15. Burnley	9.9	28. Blackburn	8.9
2. Hartlepool	11.6	16. Rhondda CT	9.8	29. Co Durham	8.7
3. Blaenau Gwent	11.1	17. Redcar & C	9.8	30. Torfaen	8.6
4. Merthyr Tydfil	11.0	18. Torbay	9.6	31. Sandwell	8.6
5. Middlesbrough	10.9	19. Glasgow	9.4	32. Barrow	8.6
6. S Tyneside	10.9	20. Hull	9.3	33. Salford	8.5
7. Neath Port Talbot	10.7	21. Stoke	9.3	34. Mansfield	8.5
8. Knowsley	10.7	22. W Dunbarton	9.2	35. Dundee	8.4
9. Inverclyde	10.5	23. Rochdale	9.0	36. Wolverhampton	8.4
10. Sunderland	10.5	24. Caerphilly	9.0	37. Gateshead	8.3
11. Hastings	10.4	25. Birmingham	8.9	38. Sefton	8.3
12. N Ayrshire	10.4	26. Clackmannan	8.9	39. E Ayrshire	8.2
13. Liverpool	10.1	27. Hyndburn	8.9	40. Barnsley	8.2
14. Great Yarmouth	10.0				

Source: Sheffield Hallam estimates based on ONS and DWP data

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Commuting flows (1)

Net commuting out of older industrial towns in city hinterlands, 2016

- 920,000
- equivalent to 18% of all residents in employment

Net commuting into the main regional cities, 2016

- 910,000
- equivalent to 27% of all jobs located in these cities

Change in net commuting, 2010-16

- Net out-commuting from older industrial towns up 110,000
- Net in-commuting to main regional cities up 20,000

Commuting flows (2)

- Clear evidence of rising net commuting into the city from its older industrial hinterland
  - Manchester
  - Edinburgh
  - Cardiff

- More mixed picture
  - Leeds
  - Sheffield
  - Newcastle
  - Glasgow
  - Nottingham
  - Liverpool
  - Birmingham

Proximity to a city

		In hinterland	More remote
		as % of residents of working age	
	Increase in number of jobs	2.1	2.0
minus	Natural increase in workforce	- 1.7	- 2.3
minus	Internal net in-migration	0.0	- 0.7
minus	International net in-migration	1.4	2.1
minus	Increase in net in-commuting	-1.3	- 0.7
minus	Increase in economic activity rate	1.1	1.1
equals	Reduction in recorded unemployment	2.6	2.4

Sources: APS, ONS and authors' estimates

Impact of London's growth

- London's job growth since 2010 has been spectacular
- Extra jobs in London have not attracted more migrants from Midlands, North, Scotland and Wales
- London's new jobs have been filled mainly by
  - International net migration
  - Rising economic activity rates among London residents

London 2010-16

		no.	as % w. age
	Increase in number of jobs	800,000	14.5
minus	Natural increase in workforce	80,000	1.5
minus	Internal net in-migration	- 320,000	- 5.7
minus	International net in-migration	530,000	9.5
minus	Increase in net in-commuting	150,000	2.7
minus	Increase in economic activity rate	260,000	4.6
equals	Reduction in recorded unemployment	100,000	1.8

Sources: APS, ONS and authors' estimates

Conclusions

- Though recorded unemployment in older industrial towns has fallen sharply, job growth has been slow

- There have been big adjustments in labour supply too

- Older industrial towns share much the same labour market trends wherever they are located – proximity to a city doesn't seem to matter

- **Some things are better, but a lot of the towns' problems have not gone away**