

# Spatial inequalities in access to Good Work

Professor Anne Green  
University of Birmingham

Work Foundation Centenary Provocation Papers

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## About the Work Foundation

The Work Foundation is the leading think tank for improving work in the UK. We have been an authoritative, independent source of ideas and analysis on the labour market and the wider economy for over a hundred years.

As the pace of economic change continues to disrupt the ways we work and do business, **our mission is to support everyone in the UK to access rewarding and high-quality work and enable businesses to realise the potential of their teams.**

To do this, we engage directly with practitioners, businesses and workers, producing rigorous applied research that allows us to develop practical solutions and policy recommendations to tackle the challenges facing the world of work.

We are part of Lancaster University's Management School, and work with a range of partners and organisations across our research programmes.

## About the Author

**Professor Anne Green** is Professor of Regional Economic Development the University of Birmingham. She is based at City-REDI (Regional Economic Development Institute) and WM REDI (West Midlands Regional Economic Development Institute). A geographer by background, she started her career at the Centre for Urban and Regional Development Studies (CURDS) in Newcastle, before moving to the Department for City and Regional Planning in Cardiff and then the Institute for Employment Research (IER), University of Warwick.

Anne conducts applied research of relevance to academia and policy, mainly on spatial dimensions of socio-demographic and economic change. Her research interests span employment, non-employment, regional and local labour market issues, skills strategies, urban and rural development, migration and commuting, area regeneration, associated policy issues and evaluation. Her research has been funded by the Economic and Social Research Council, the Joseph Rowntree Foundation, the National Lottery Community Fund, various government departments and agencies at national and regional levels, the OECD Local Economic and Employment Development Programme and the European Commission. She has acted for several of these organisations in an advisory capacity. She has published in high profile academic journals and has written numerous reports for research foundations, UK Government Departments and agencies.

## About the Editors

**Lesley Giles** is a senior executive with extensive experience in research and shaping policy and practice, acquired operating at the heart of Government, through public sector agencies and commercial consultancies. This includes 16 years working for industry-led Non-Departmental Public Bodies, providing guidance on skills and employment issues to Industry and Government in the UK skills system; she was Deputy Director and Company Secretary at the UK Commission for Employment and Skills; and Acting

Director for Strategy and Research. In addition, Lesley has worked in a variety of other roles including for: the Work Foundation; Department for Education and Employment; the Cabinet Office; the Institute for Employment Research; and the University of Portsmouth. She now operates as a consultant and is an Associate of the Work Foundation.

**Heather Carey** is a senior executive with over 15 years' experience in advising Government including the Cabinet Office, CLG, BEIS, DWP, HCA and the Welsh Assembly; Local Authorities across the UK, Industry bodies, Skills bodies, think tanks and major corporates. Her expertise spans many areas of public policy: in particular, inclusive growth, industrial strategy, international trade and investment, enterprise support, skills development and good work, demographic change, poverty and social inclusion. Her roles include: Head of Experian PLC's Public Policy team and Deputy Director at the Work Foundation. She now operates as a consultant and is an Associate of the Work Foundation.

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# Foreword

This paper represents one in a series forming the Work Foundation's Centenary Provocation Papers. They were developed as part of the Work Foundation's Celebrations to mark 100 years specialising in understanding developments in the world of work. Each were produced during 2019, before the onset of the Covid-19 crisis that has engulfed countries around the globe. At the time of publication, it is still too early to say what the longer-term impacts of the crisis will be, nor how the world of work will change as a result. Nevertheless, each of the papers provide a range of invaluable perspectives on the challenges facing workers, businesses and policymakers in the UK at the end of the second decade of the 21st Century. The papers will also help to shape priorities for the Work Foundation's future work programme in the years to come.

.When the Work Foundation became established as the Industrial Welfare Association, at the end of the First World War in 1919, it set out its core purpose and mission. Its goals were to:

- study the most pressing employment challenges of the day
- design schemes to support better employee welfare and working conditions for all, and
- build opportunities to exchange views and share experiences through meetings, conferences and communication activities.

Of course, the world of work has changed dramatically since then. We have more people in work than ever before, lower rates of unemployment and higher earnings. This is in part helped by improvements in labour market regulations and employment standards, such as the introduction of the National Minimum Wage and, more recently, the National Living Wage.<sup>1</sup> But, a focus on enhancing employment conditions for people at work is still as fundamental as it ever was. Furthermore, there are also similarities and common threads from the past that can help offer insights about the future. By drawing on what we have experienced in the labour market, this presents the potential to extract valuable practical lessons about what has or has not worked, from which we can learn.

The Provocation papers have provided a unique opportunity for the Work Foundation to revisit with its partners what progress has been made to restore Good Work in a modern economy and how we can continue to demonstrate its value, in challenging inequality and driving more inclusive growth in future. In particular, we have looked at what can be done to resolve the same thorny employment issues that plagued policy-makers, practitioners and business 100 years ago to create more *Good Work for all*.

In 2019, we commissioned 4 papers exploring topics aligned to the Work Foundation's strategic themes around Good Work. These themes have drawn heavily on the Work Foundation's long track record and existing evidence base, but have also been shaped at the launch event for the Work Foundation's new

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<sup>1</sup> ONS (2017) *UK Labour Market Statistics*

strategy in 2016 - Shaping the Future of Good Work<sup>2</sup> and the subsequent evolving work programme<sup>3</sup>. Consequently, the current debate and hence associated *call to action* has aimed to cover:

- **High performance working:** the importance of better management practices to improve productivity through people and their talents and to empower the workforce and ensure workers voices are heard and responded to. Mechanisms to drive better management practices have been covered by Peter Totterdill in his paper, "*Are we really serious about securing enhanced productivity through our people?*" In turn, David Coats deals with issues around what can be done to give the workforce a stronger voice, in his paper "*Good Work and the Worker Voice*";
- **Skills and progression:** supporting better skills development and use. Some of the current challenges here have been taken up by Paul Sisson in his paper, "*Making Progress? The challenges and opportunities for increasing wage and career progression*"; and
- **Equality:** action to tackle growing inequality in the labour market and what can be done to encourage opportunities at work for all. Anne Green has embraced some of these issues in her paper, "*Spatial inequalities in Access to Good Work*".

A closer focus on each paper provides a chance to understand more fully some of the current and future challenges ahead.

In this paper, Anne Green aims to advance future employment policy debates and action within the UK by investigating inequalities in access to 'Good Work'. In particular, at a time when there is increasing recognition that people's sense of well-being is shaped by local factors, her paper considers *spatial disparities in the experience of work* and therefore how much place matters to the quality of employment opportunities. After a hundred years that have seen huge advances in technology and ways of working and where national debates emphasise the huge benefits and opportunities the future of work will bring to all, the paper seeks to get under the skin to the realities of whether this is in fact the case. At a time when UK Government is reinvigorating place-based policies, through a series of local industrial strategies and placed based initiatives, it seems the time is right to advance the Good Work agenda locally in a way that will make a positive difference.

Given the recognition of the importance of history, in the Work Foundation's Centenary year, Anne begins the discussion with an *historical perspective*. This reflects on the evolving nature of employment over time, and key geographical dimensions of change. It then explores *spatial disparities in the experience of work, highlighting where and for whom disparities matter* most. Finally, the paper examines the changing youth labour market for a more detailed assessment of spatial dimensions of change. In particular, through this lens, the paper explores how geographical factors impinge on the opportunities and outcomes for young people as they enter the labour market, and what this means for their future careers. The paper concludes with a discussion on policy implications, with a particular emphasis on *how to make place-based policy more effective* in future.

**Lesley Giles and Heather Carey**

**Associates of the Work Foundation, Spring 2020**

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<sup>2</sup> <http://www.theworkfoundation.com/events/shape-the-agenda-of-good-work/>

<sup>3</sup> <http://www.theworkfoundation.com/wf-reports/>

# 1. Discussion

## Introduction

### Purpose of the paper

In May 2019, Andy Haldane (Chief Economist at the Bank of England) posed the question: 'Is all economics local'? He concluded in the affirmative, saying that our economies are local and that *people's sense of well-being is shaped by local factors*. After a hundred years that have seen huge advances in technology and in the structure and geographical distribution of employment, which some commentators might have expected to result in reduced local differentiation, the UK Government has given *place a central position in its policy agenda*. Does this mean the time is right to advance employment opportunities locally?

This provocation paper is concerned with spatial inequalities in access to 'Good Work', so highlighting the increased prominence of concerns about the quality of employment. It begins with an historical perspective on the evolving nature of employment and key spatial dimensions of change to set a context for exploring the *potential role of place-based policies in enhancing future employment opportunities*. Chiming with Haldane's assertion about the importance of local factors, the second section looks at spatial disparities in the experience of work, highlighting where and for whom disparities matter most. The third section examines the changing youth labour market as one area to focus in more depth. It considers how geographical factors impinge on the opportunities and outcomes for young people as they enter the labour market, and what this means for their future careers. The paper concludes with a discussion on policy implications, with a particular emphasis on what is critical to enhancing place-based policies future success.

### Historical trajectories and spatial inequalities in employment

Given the importance of history in shaping futures, the paper starts in this section by setting out changes in employment over time and considers the implications for patterns of spatial inequality. It then goes on to discuss how local labour market factors impinge on employability in a broader context.

### From a predominant interest with employment quantity to job quality

In 2018 the employment rate reached a new high point in the UK, with 76% of people aged between 16 and 64 years in employment (Clarke and Cominetti, 2019). Unemployment – which has historically been a key indicator of labour market inequalities at sub-national level - was at its lowest level since 1971, at 4%. With the *increase in employment rates* there has been a discernible shift in the nature of academic and policy debates from the 'quantity of work' to the '*quality of work*'. A range of issues has fuelled concerns about the quality of work. These include employment insecurity and precarity (Rubery et al., 2016), employment inequality including vertical and horizontal segregation (Felstead et al., 2015); skills polarisation (Goos and Manning, 2007), the impact of technological change on the nature and experience of work (Frey and Osborne, 2017), in-work poverty (Lee et al., 2018) and weak productivity growth (Innes, 2018). All have implications for living standards. In this context, the Taylor Review of Modern Working Practices (2017) called on the government to play closer attention to the quality of work, alongside the



quantity of work. In December 2018, the UK Government published its 'Good Work Plan' with a commitment to improving the quality of work at its heart. The importance of quality work as a UK policy goal is also recognised in wider national initiatives such as the Fair Work Convention in Scotland and Fair Work Commission in Wales. The paper reviews these employment developments more fully.

## The increase in the share of women in employment

Over the long-term a key change in the labour market has been the *increase in the number of women* in employment - underpinned by socio-economic, cultural and legislative changes, as well as the changing structural composition of employment in favour of services (as outlined below). In 1971, the employment rate for women was 53%, compared with 93% for men. At the start of 2019, it was nearly 72% for women compared with just over 80% for men. Throughout the century, there have been marked gender divisions by sector and occupation, although increases in the proportions of women in further and higher education and legislative changes have led to improvements in their position. The 1970 Equal Pay Act prohibited any less favourable treatment between men and women in terms of pay and in 1975 the Sex Discrimination Act and the Employment Protection Act strengthened the position of women in the labour market. From 2010 the increase in state pension ages for women, in a move towards equalisation of state pension ages, has been a factor in the increase in the number of women in employment. This contrasts markedly with the position in the years before World War I when the focus of policy was on the 'male breadwinner' model, and casual work amongst wives was regarded as a symptom of poverty. Today women are officially expected to be labour market active (Whiteside, 2017), including lone mothers with children of school age.

## Demographic change and labour supply

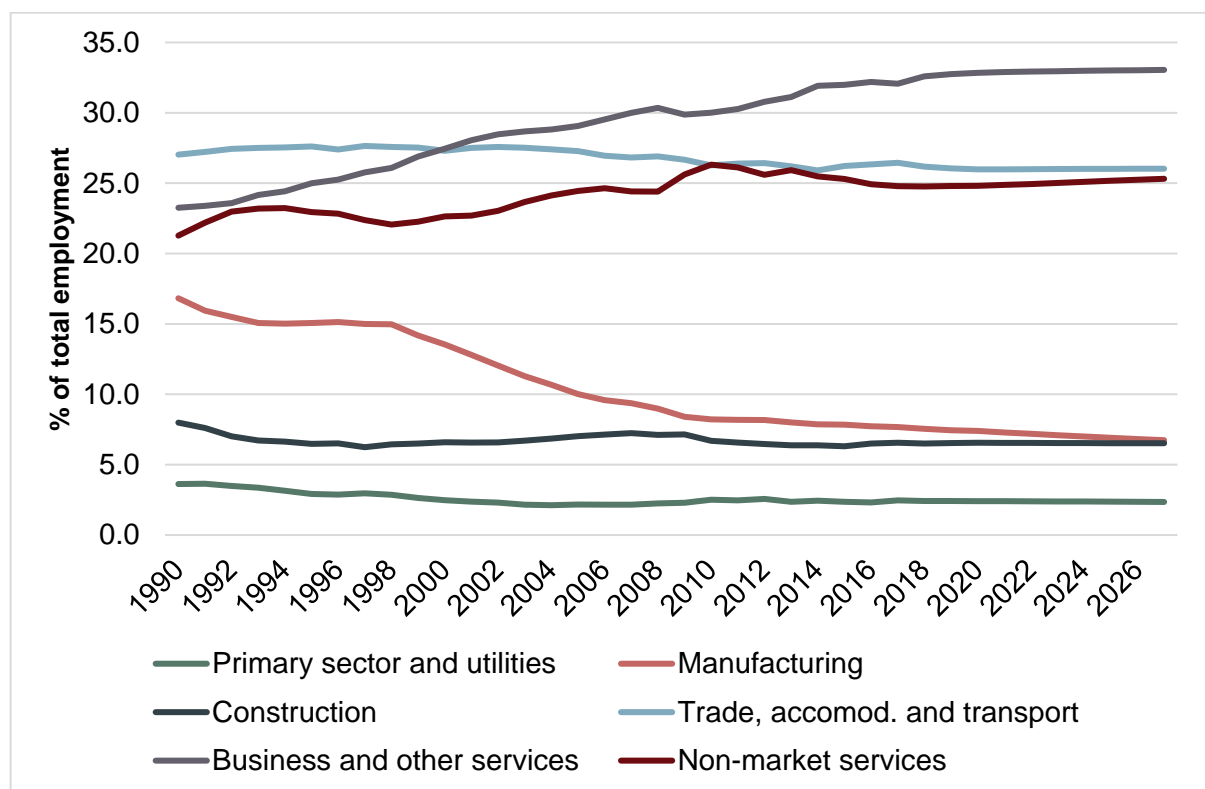
As well as an increase in the number of women in the labour market, another key feature is the *increase in the number of non-UK nationals* in the labour market. In the years after World War II, immigrants from the Commonwealth were welcomed to the UK. More recently, the focus of attention has been on migrant workers from the European Economic Area, especially following the expansion of the European Union in 2004. In 2016 3.4 million workers, comprising 11% of 30.3 million workers in the UK labour market were non-UK nationals. EU nationals comprised 7% of the workforce and non-EU nationals 4% (Vickers, 2017). *Non-UK nationals display a bi-modal distribution*, with elementary occupations and professional occupations accounting for the highest numbers of workers. They are unevenly distributed by sector, with EU-nationals over-represented relative to UK workers in industries such as hospitality, food manufacturing and warehousing (Migration Advisory Committee, 2018). In the context of an ageing population and workforce, new arrivals to the UK also play an important role in reducing the average age of the population, especially in peripheral rural areas where the average age of the workforce is higher and increasing faster than in urban areas. The role of non-UK nationals in the labour market remains a subject of debate in the light of Brexit and changing immigration policy.

## Deindustrialisation and the changing sectoral structure of employment

There have also been major changes in the sectoral and occupational structures of employment (Green and Owen, 2006). These underpin spatial inequalities in employment. Over the long-term, the key trends are the *decline in employment in primary industries* (such as agriculture and manufacturing) and the increase in employment in services. Analyses of the changing fortunes of manufacturing in Birmingham and Manchester over the century from 1911 provide an insight into the scale of change (Swinney and Thomas, 2015). In Birmingham half of all jobs in 1911 were in manufacturing, with tools, arms and miscellaneous metal industries particularly prominent (Swinney and Thomas, 2015). In the subsequent

forty years the vehicle industry grew, to account for one in eight jobs in Birmingham by 1951. Over the second half of the twentieth century the number of *jobs in manufacturing declined*, and by 2013 there were 300 thousand fewer jobs in manufacturing than in 1981. In Manchester in 1911, 22% of all jobs were in textiles manufacture and a further 8% were in the supporting logistics industry. Between 1911 and 1951 there was a 90 thousand reduction in jobs in these two sectors, but there was a 60% increase in jobs in engineering and electrical goods. In the following thirty years, there was a 50% reduction in jobs in engineering and electrical goods and the decrease in jobs in textiles exceeded 80%. In the last thirty years *knowledge-intensive business services* have been a key motor for employment growth. The increase in these jobs in business and other services is illustrated at UK level in Figure 1, while employment levels in other service industries are more stable and employment in manufacturing has continued to decline. These structural changes are a function of *technological change, globalisation, specialisation* and *changing patterns of demand* for goods and services. They affect people in terms of the range and nature of employment opportunities available to them.

**Figure 1: Proportion of employment by broad sector in the UK, 1990-2027**



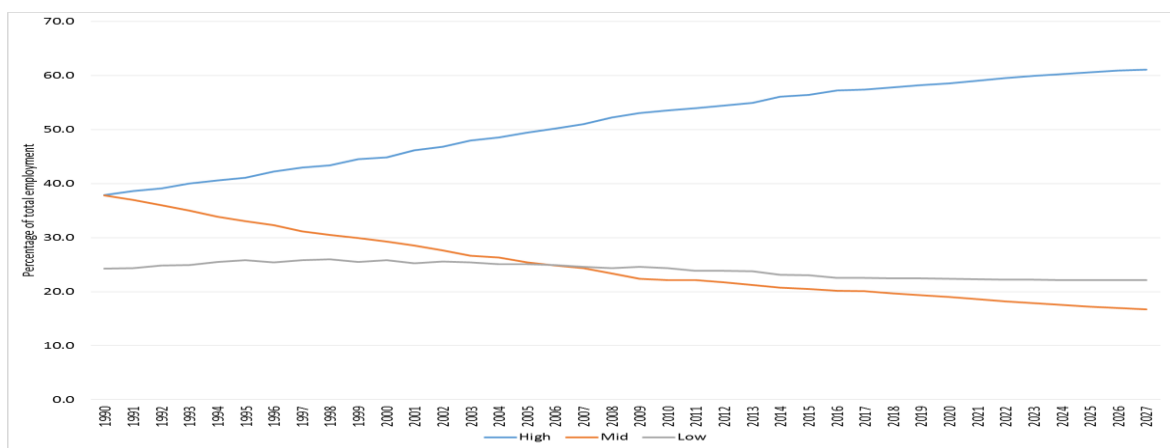
Source: Working Futures (2020)

## Occupational change – professionalisation and polarisation

Transformation in the sectoral composition of employment has had implications for the occupational and skills profile of employment. Changes in the occupational structure have tended to reinforce sectoral effects. In general, the picture has been one of rapid growth in numbers and shares of managerial, professional and associate professional occupations associated with higher-level qualifications. This is exemplified by the growth in the proportion of employment in professional occupations across the UK from around 17% in 2004 to nearly 21% by 2018. The other occupational group with an increase in

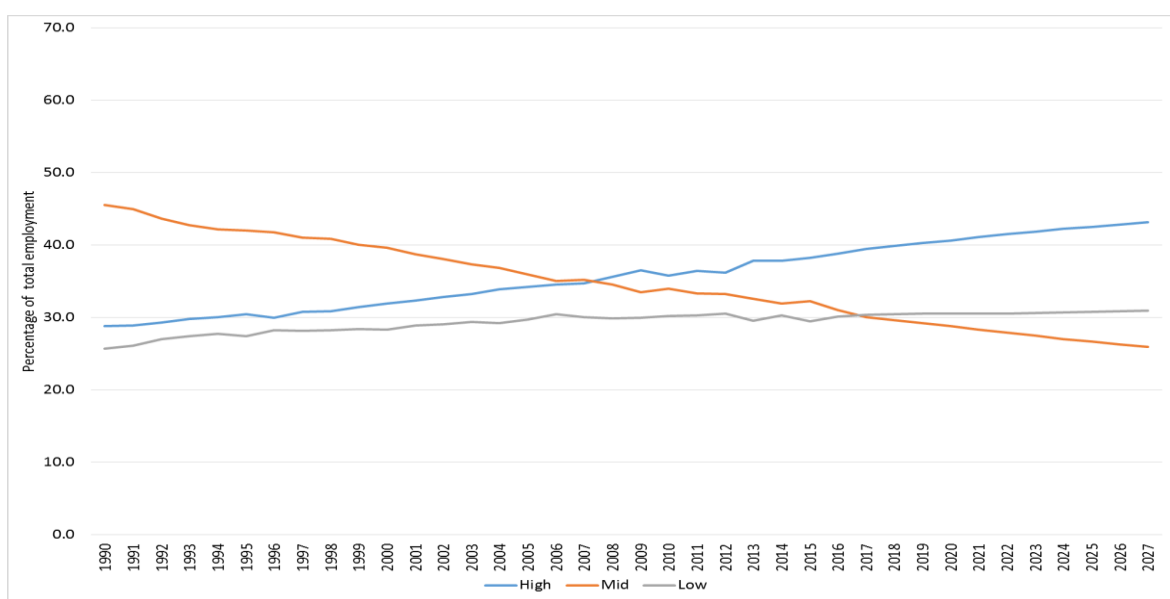
employment during this time was caring, leisure and other service occupations. Conversely, despite witnessing an absolute growth in jobs over this period, administrative and secretarial occupations and skilled trades occupations recorded declines in their shares of employment from 13% to 10% cent and from 12% to 10%, respectively. These patterns of occupational change indicate both ‘professionalisation’ (i.e. an increase in more highly skilled jobs, placing a premium on higher qualifications) and ‘polarisation’ (i.e. a hollowing out of middle level jobs). The degree of *professionalisation* and *polarisation varies geographically*, as illustrated in Figures 2 and 3, comparing the changing proportions of employment in high-, medium- and low-pay jobs over time in London and the West Midlands, respectively. The growth in the share of high-pay occupations is particularly apparent in London, while the shares of mid- and low-pay occupations have declined. In the West Midlands, the growth of high-pay occupations is also apparent, albeit from a lower initial base. The decline in the share of mid-pay occupations is stark, while the share of low-pay occupations has been maintained.

**Figure 2 : Proportion of employment in high-, mid- and low-pay occupations, London, 1990-2027**



Source: Working Futures (2020)

**Figure 3 Proportion of employment in high-, mid- and low-pay occupations, West Midlands, 1990-2027**



Source: Working Futures (2020)

## Technological change

A key factor underpinning changes in the sectoral and occupational composition of employment is technological change. In contemporary terms, debates focus on information and communication technologies (ICTs), the rise of the internet, robots, digitalisation and artificial intelligence (AI). On the one hand, these promise big productivity gains and economic opportunities through automation and increased efficiency, and especially when digital technologies are combined with other technologies to support “smarter working”. But, on the other hand, there are concerns that automation will put thousands of people out of work, and concentrate wealth with the owners. More recently, research has placed greater emphasis on the likelihood of *job enrichment and evolution*, as a result of technological developments, as organisations adapt jobs to ensure people can work effectively with and alongside machines, to optimise their positive outcomes (Bakhshi et al., 2017; Bughin et al., 2018; OECD, 2019). While the nature of jobs and tasks then evolve in the light of technological change, *routine and repetitive* tasks have been most *vulnerable to replacement* to date. These are often middle- and low-income jobs. While removing jobs directly in one part of the labour market, automation can also indirectly create jobs elsewhere in the economy (e.g. in consumer and leisure services). Hence, automation is a factor in the polarisation process set out above. Looking forward, the advance of *AI places cognitive tasks* at risk from automation, with implications for changes in the nature and volumes of professional jobs.

## And its implications for labour market geographies

As well as having implications for types of jobs, ICT and digitalisation have implications for employability and for spatial and temporal dimensions of employment (i.e. where and when work is undertaken) (Felstead, 2012). They have underpinned developments in job search, recruitment and selection practices where the internet plays a key role (alongside traditional informal methods) and the delivery of employability services (available increasingly on a ‘self-service’ basis via online resources), and provide a means of surveillance of work and job seekers’ behaviour (Green, 2017). One hundred years ago, the operation of local labour markets was highly localised, with most workers reliant on social networks for job opportunities. *ICTs have increased the geographical scope of labour markets*: today, it is possible to conduct job search, to work remotely beyond the local area with colleagues and customers (including via online platforms) in different countries and time zones, both nationally and internationally. This has resulted in an unbundling of conventional spatial relationships between homes and workplaces, with potential for increasing inequality between and within spatial labour markets. In turn, this has implications for inequalities: “in socio-spatial terms, those individuals who are *poorly networked* (socially and electronically), and with deficiencies in attributes, skills and qualifications associated with employability are *most likely to face labour market exclusion*” (Green, 2017: 1651).

## Spatial contours of employment change – the North-South divide:

Over the long-term, *job creation has been biased towards the South*. At city-level over the period from 1911 to 2013 Crawley (a New Town and home of Gatwick Airport), Peterborough (an Expanded Town), Oxford, Cambridge, Swindon and Reading saw the largest percentage increases in numbers of jobs; in these cities the numbers of jobs increased by over 200% (Swinney and Thomas, 2015). Conversely, Burnley, Blackburn, Rochdale, Wigan, Bolton, Bradford, Huddersfield and Liverpool saw the largest job losses over this period out of all British cities. Swinney and Thomas (2015) calculate that for every job created in the

North, Midlands and Wales, there were 2.3 jobs created in the South. This underlines the North-South divide as a key dimension of spatial inequality.

## Intra-regional and intra-urban dimensions

Inter-regional differences and variations between city-regions disguise further important spatial inequalities at intra-regional and intra-urban scales. A key general trend is for increasing concentration of higher-skilled jobs (particularly in services) in city centres and at other accessible locations along key transport corridors (Tochtermann and Clayton, 2011). Conversely, lower-skilled jobs (especially those in manufacturing and warehousing) have tended to decentralise to urban peripheries. This has raised issues around *physical accessibility* to jobs (Crisp et al., 2017) (as explored further below), and so-called *spatial mismatch* (Houston, 2005), between the geographical location of jobs and workers.

## Implications for employability

The changing structure of employment has implications for employability. Arguably, the main pillars of employability remain relatively constant over time, but the relative weight of different factors within them may change. Green et al (2013) identify five pillars in a broad conceptualisation of the factors impinging on employability:

- *Individual factors* – amongst a basket of attributes, skills and qualifications, digital skills, adaptability, flexibility and mobility have arguably become more important
- *Individual circumstances* – household characteristics (including non-work responsibilities) are important for overall well-being and for choices regarding employment, access to resources (including ICT and private transport given the spatial decentralisation and work times required by employers) have a key role in access to job opportunities
- *Employer/ organisational practices* – shape employability through recruitment and selection practices, job design factors, working practices and opportunities for progression
- *Local contextual factors* – are important determinants of the features of local employment (including the location of jobs vis-à-vis residences and transport infrastructure) and local labour market operations and norms, with consequential implications for employment opportunities available locally
- *Macro level factors* – including the state of the macro economy, employment and education policy and the welfare regime shape both labour demand and labour supply decisions.
- *Enabling support factors* – *these* span across these five pillars, and encompass support to business and labour market intermediaries with responsibility for employment advice to individuals (e.g. through training, careers support etc.) whether in out of or in employment.

## The lived experience of work: how spatial disparities matter, where and for whom

This section is concerned with what spatial inequalities mean for individuals and households, highlighting how local factors play a key role in experiences. It begins by focusing at the household level (recognising the increase in women's employment in the formal labour market as a key feature of change over the last one hundred years). It then considers spatial variations in employment rates and how these vary by qualification level and looks in more detail at how spatial constraints can limit opportunity structures. It concludes with a short discussion of the role of spatial mobility in employability.

## Households and employment

In the context of increasing participation of women in the labour market and in-work poverty, *dual-earner households are increasingly commonplace*. At the end of 2018 out of all households where at least one per person was aged 16-64 years (excluding student households), 59.6% were 'working households' where all members aged over 16 years in employment. 27% were 'mixed households' containing workless and non-working members, and 13.4% were workless households (Watson, 2019). Analyses by local area show that nine out of every ten counties and unitary authority areas saw an increase in working households between 2012 and 2017 (Watson, 2018). Prior to Covid-19 the *proportion of workless households has fallen* from 17.5% since 2004, while over the same period the proportions of working households and mixed households increased from 56.8% and 26.1%, respectively (Watson, 2019). However, there is a *clear geography of workless households with more in the north and midlands* (with Hartlepool, Glasgow City, Liverpool, Middlesbrough and Wolverhampton having an average rank in the top five over the period from 2013 to 2017) and fewer in the south-east (with Windsor and Maidenhead, West Berkshire, Bracknell Forest, Merton and Buckinghamshire having an average rank in the bottom five over the same period) (Watson, 2018). Household labour supply is an important factor in insulating households from poverty: analyses by Sissons et al. (2018) show that the in-work poverty rate for dual-adult households with a single earner is much higher than for those for dual-adult households with two earners (at 26.4% and 4.2%, respectively). Their analyses show that part-time working for a second earner has a higher poverty risk than full-time work, but significantly less so than non-employment. However, *poverty rates are comparatively high in a number of low-paid sectors* (such as accommodation and food services, administrative and support services, residential care and retail) even when household labour supply is high.

## Dual-earner households and spatial factors

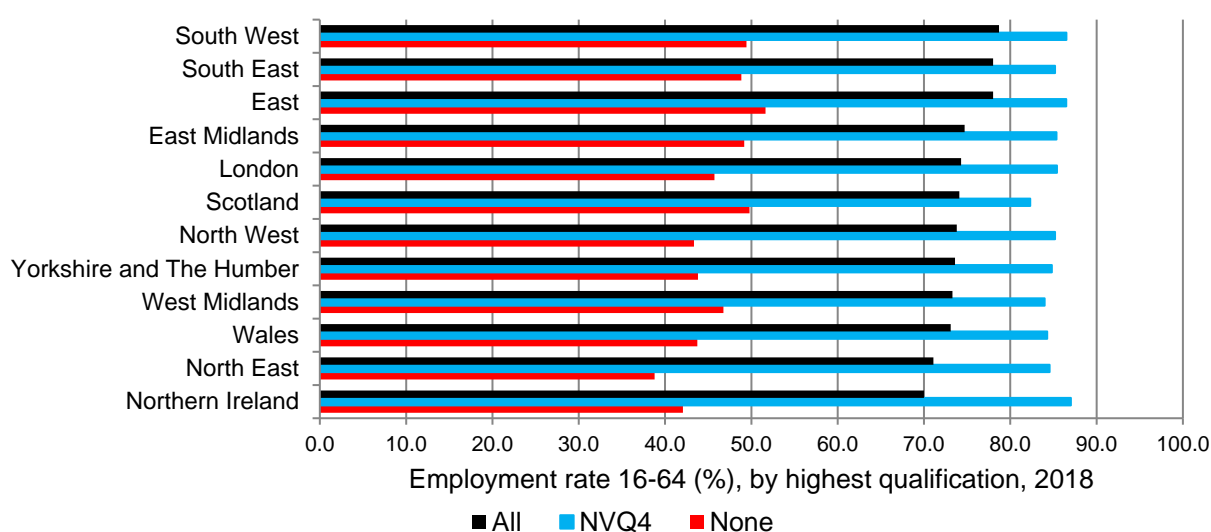
With more workers within households, employment strategies (including location and spatial mobility decisions) need to be considered at household, rather than solely at individual level. This likely makes decision-making more complex, particularly in so called 'dual career' households when it is not necessarily clear that one labour market career should take precedence over another. The greatest concentration of dual career households in Great Britain is in London and the South East, reflecting the greater quantity, quality and diversity of employment opportunities compared with other regions (Green et al., 1999). There is also some evidence that *dual career households have a preference for accessible residential locations* (whether in cities in accessible semi-rural locations with good communications links) so as to maximise commuting potential and minimise the need for future residential migration (Green, 1997). This factor, along with ICT, has been cited as a factor in declining rates of internal migration over longer distances (Cooke, 2011).

## Spatial variations in employment rates

There has long been an interest in spatial variations in unemployment and employment rates. Traditionally unemployment rates have been used to categorise local areas for assisted area status (less economically advantaged places that would benefit from additional support for development). Over time a body of research has shown the unemployment rate to be a partial measure, with some individuals exiting the labour market through economic inactivity (often for reasons associated with long-term sickness) – especially in more disadvantaged areas. This means that the greater the degree of labour market slack, the less appropriate unemployment is as a measure of labour reserve (MacKay and Davies, 2008; see also

Beatty et al., 2017). Alternatively, *insights into spatial inequalities* may be gained by examining *employment rates*. Figure 4 shows UK regions and nations ranked by employment rates in 2018. A familiar North-South pattern is evident, with the employment rate for people aged 16-64 years ranging from 70% in Northern Ireland and 71% in the North East, to at least 78% in the South West, the South East and the East of England. These contrast with higher, and less geographically diverse, employment rates for people with a highest qualification of NVQ4 (i.e. degree level or above) - the range being between the highest and lowest ranked region/nation is 4.7 percentage points from 82.3% to 87.0%. Conversely, employment rates for people with no qualifications are much lower, and spatial variations are more pronounced than for the highly qualified, ranging by 12.8 percentage points from 38.8% in the North East to 51.6% in the East of England.

**Figure 4: Employment rates by nation and region, 2018**



Source: Labour Force Survey

### Spatial constraints and local opportunity structures

Analyses of commuting patterns show that workers in occupations associated with lower skills levels travel less far to work on average than those with in occupations requiring higher skills. Likewise, full-time workers travel longer distances to work than part-time workers do. This likely reflects, at least in part, differences in earnings, and means that in practice travel-to-work areas (TTWAs) vary by sub-group. Based on commuting data from 2011, there are 153 TTWAs for workers with high qualifications, but 416 for workers with low qualifications, for example (Office for National Statistics, 2016). Hence, *the geography of labour demand shapes opportunities locally*. Transport is a barrier to employment for some individuals reliant on public transport with both the spatial configuration of transport networks and the timing of services limiting the locations, where some individuals are able to look for work (Crisp et al., 2018). Furthermore, it is not worth travelling far for poorly paid and insecure work. The availability of local jobs matters particularly for those people who are most constrained and have limited agency – they are the most confined to their local area. Lone parents are one sub-group who are in this category. Quantitative analyses at local authority level by Whitworth (2012) highlight the *importance of structural factors* – especially job availability and childcare costs – for (un)employment outcomes, with behavioural factors

playing a negligible role. Insights from qualitative interviews with mothers (both lone and partnered mothers) highlight similar issues regarding:

- affordability and accessibility of formal childcare
- trip chaining issues (relating to the need to co-ordinate non-work related travel [e.g. to take/collect children from school/care alongside work-related trips])
- local work compatible (in terms of hours and geographical location) with the flexibility they require, and
- limited availability of better-paid jobs close by that could compensate for costs of childcare and travel and that might enable progression (Tunstall et al., 2016).

A further consideration in relation to local opportunity structures is *awareness of job opportunities available*; amongst some young people in particular, limited spatial horizons, place-based social networks and lack of confidence may mean that for perceived opportunities for employment are more limited than the objective reality (White and Green, 2011). Overall, the evidence suggests that *geographical context matters in terms of shaping employment opportunities* available and decisions about *labour market choices*.

## Spatial mobility and employability

Spatial themes involving employment location and worker mobility in the labour market recur in the literature on the geography of labour market. In the context of spatial mismatch, workers may be exhorted to move to the jobs – but inter- and intra-regional variations in the housing market can make this difficult, as well as leading to disruptions in social networks of families and friends that some people rely on to maintain their work and non-work lives. Broad notions of employability emphasise the role of the demand-side by stressing the need for accessible local jobs. However, historical efforts to take ‘work to the workers’ have not always proved viable over the long-term as branch plants and back offices in peripheral areas have been closed. Some spatial mismatches may be addressed by improved transport connections, enabling people to reach existing job opportunities. Out-of-work benefit regulations state that claimants should look for work beyond their immediate locality (specifying expected travel times to delimit the area of job search). In this regard, *spatial mobility is an important element in the ‘employability mix’* (Shuttleworth and Green, 2009).

## Focus on young people

The paper ends by undertaking a more detailed assessment of the changing labour market, including spatial dimensions of change, for one sub-group: young people. This section focuses on the youth labour market because young people have displayed a greater than average susceptibility to disadvantage in economic downturns and therefore represent a group where there could be substantial benefits to advancing opportunities for Good Work and hence their future careers. It provides an overview of long-term changes in labour market participation trends, highlights the demise of the youth labour market since the 1970s, outlines policies to combat youth unemployment, and examines current routes to employment for young people, including the recent policy focus on strengthening work-based pathways such as apprenticeships and where there may be opportunities for progressing place based priorities.

## Changing participation in education, training and employment

One hundred years ago, school attendance was compulsory and in 1918 the school leaving age rose from 12 years to 14 years. A system of part-time ‘continuation day’ classes provided education for those in work aged 14-18 years. Hence, transitions to employment occurred during childhood. When unemployment



rose in the 1920s and 1930s, the policy focus was mainly on boys (mirroring adult unemployment being seen as a 'male' problem). In keeping with the early 20<sup>th</sup> century notion of employment as commitment to a single trade (or employer) throughout an individual's working life, the focus of youth unemployment policy in the 1930s combined a duty of care to children with discipline. In Birmingham, for example, the municipal authorities enforced attendance at Junior Instruction Centres as a condition of receipt of benefit. Here the training of boys focused on industrial skills and there was an emphasis on discipline, in preparation for regular employment. Practical classes reflected the local industrial structure and included handwork in brass, tin-smithing, gauge making, electrical work, general motor repairs and the mechanism of the internal combustion engine and in lessons on science the focus was on metallurgy. Girls, meanwhile, mainly undertook dressmaking, needlework, various handicrafts and cookery, and these activities were favoured over commercial work and household accounts (Cooper, 2018). Hence, there was a stark gender division in activities. After World War II, the school leaving age rose to 15 years in 1947 and then 16 years in 1972. 2013 saw the introduction of a requirement to participate in education until the age of 17 years, and this requirement was raised to 18 years in 2015 (Purcell et al., 2017). Empirical analyses show that up to the 1970s the UK had one of the lowest full-time education enrolment rates among post-compulsory school age individuals within OECD countries and a high youth employment rate relative to most European countries. From the 1970s onwards, a process of delaying transitions to employment is evident, with post-18 education participation rates increasing. This increase in post-compulsory education and the progressive delay in entering the labour market has resulted in a *better-qualified labour force over time* (Kirchner Sala et al., 2015), but this does not necessarily mean that young people's qualifications are fully utilised because they do not necessarily equate to the skills demanded by employers in the labour market.

## The demise of the youth labour market

Up until the early 1980s, the norm in youth transitions was entry to work straight from school. Changes in the nature and overall level of labour demand have had important consequences for young people's employment prospects. In a youth labour market study in 1978/79, involving interviews with employers in three contrasting local areas - Sunderland (an area with a relatively slack labour market), Leicester (an 'average' area) and St Albans (an area with a tight labour market) - Ashton et al. (1982) found marked disparities in opportunities for young people and channels of recruitment. Since this time, the *youth labour market has steadily declined in size* as a result of young people entering post-compulsory education to gain qualifications, and to avoid youth unemployment. As well as this contraction in size there have been important changes in the structure of the youth labour market. First there has been a *shift in the types of occupations available to young people*, with a substantial share of young people employed in sales and customer service and elementary occupations characterised by low level skills and either projected employment decline or slower than average growth (UKCES, 2012). This is part of a broader pattern of change that has disadvantaged young people: whereas more experienced workers have either stayed in middle-skill work or moved up to high-skill work, employment trends disaggregated by broad skill level and age suggest that younger workers seem to find it more difficult to enter into middle-skill work and (at least in the aftermath of recession) have experienced difficulty in entering high-skilled work (UKCES, 2015b). Secondly, the *earnings gaps between young people and other age groups has widened* (UKCES, 2012). Thirdly, an *increase in the share of employment in small businesses disadvantages young people* because such businesses use informal recruitment methods to a greater extent than average and also are disproportionately reliant on experience (which young people lack) in selection processes (UKCES, 2012).

There is evidence of a *scarring effect* of higher unemployment and lower earnings persisting for young people who fail to make 'good' initial transitions into the labour market, with implications for lifetime earnings, savings and pensions, as well as for individual well-being (Speckesser and Kirchner Sala, 2015). This highlights the importance of *combatting youth unemployment* and *facilitating transitions* from education to employment that are beneficial for the young people concerned.

## Policies to combat youth unemployment

In general, youth unemployment interventions across Great Britain have focused on:

- *looking for work* – including building confidence, resilience and practical job search skills;
- *developing skills for jobs* – including both inter-personal, organisation and team work skills and job-specific/vocational skills;
- *addressing gaps in CVs* – that may cause employers to overlook them (e.g. through volunteering, work placements, etc.); and
- *barriers to work* – including health (and increasingly mental health issues), caring responsibilities, transport costs, clothes for interviews, etc.

Over the last forty years, there have been numerous *labour market activation and welfare reform* measures designed to address youth unemployment. This sub-section outlines some of the key measures. The *Youth Opportunities Programme* introduced in 1978 provided 12 months' work experience and training programmes for unemployed school leavers. The *Youth Training Scheme* - a two-year programme combining training with work experience – replaced this in 1983. The 1980s was a time of high youth unemployment. In 1998, the *New Deal for Young People* (aged 18-24) provided a 'gateway period' of intensive job search, followed by participation in a subsidised job, a placement on the Environment Task Force or with a voluntary sector employer, or full-time education or training. The New Deal programme was concerned with influencing the character of labour supply, and has been critiqued for neglecting labour demand considerations, particularly the uneven geography of employment, which influenced the programmes impact and effectiveness (Turok and Webster, 1998; Sunley et al., 2001).

Adopting a rather different focus to previous employment programmes, in 2009 the *Future Jobs Fund* created subsidised jobs for six months in the public or third sector for young people who had been on Job Seekers Allowance (JSA) for 6 months in selected local areas in Great Britain characterised by high unemployment. In 2011, the mandatory *Work Programme* offered a range of back-to-work support delivered by private and third sector organisations. This became part of the *Young Person's Guarantee*, which offered all 18-24 years olds reaching 6 months on JSA a job, training or work experience. The *Youth Contract* offered unemployed young people work experience or a *Sector-Based Work Academy* place, plus extra personal adviser time from the third month of their claim. With subsequent major welfare reform and the start of the rollout of *Universal Credit* the conditionality and sanctions regime became stronger. Indeed, Crisp and Powell (2017) suggest that over time policies to combat youth unemployment have been characterised by three key trends that have resulted in a more punitive regime for young people:

- a near-exclusive *focus on supply-side interventions* to improve employability;
- *growing levels of conditionality* to enforce attachment to the labour market; and
- *differential treatment* of young people relative to other age cohorts.

Within this context of national level policies, it is important to note that *policies at local level have endeavoured to tackle specific local needs*. For example, as part of the Greater Ipswich City Deal, MyGo

was the UK's first youth employment centre in Ipswich, offering 16-24 year olds in Ipswich and the surrounding area co-located free training, career and employment support, and additional, more intensive, caseworker support to complement that provided by the public employment service (Clayton and McGough, 2015). An evaluation of MyGo showed that co-location eased access to services for local young people and *underlined the importance of effective partnerships*, collaborative leadership and good governance at the strategic as well as the operational level (and operational levels (Bennett et al., 2018). In other local areas initiatives have also focused on *engaging local employers*. For instance, in Greater Manchester and in Sheffield City Region employers have been involved in the design of training programmes to better meet local employers' needs (Clayton and McGough, 2015). In Liverpool the Chamber of Commerce has used employer networks to support the design and offer of apprenticeship training to young people, so emphasising the value of collaborating with local partners and using local labour market information to tailor interventions to local needs (Thomas et al., 2016).

While at the time of writing in 2019 youth unemployment had halved since the Global Financial Crisis, there is growing concern about the number of young people who are 'hidden' from official statistics. This suggests that the scale of the youth *unemployment problem may be underestimated*. There is also the *issue of under-employment* of young people (whether in quantitative terms [i.e. working part-time and precarious forms of employment such as working on zero hours contracts, etc.] or qualitative terms [i.e. occupational downgrading – the employment of young people in routine occupations where hours of work, average pay and job security are relatively low]). Voluntary programmes (such as Talent Match), seeking to address youth unemployment issues, have given a more prominent role to enhance well-being, alongside providing motivation to find employment and supporting access to training, jobs and in-work progression in practical ways (Crisp et al., 2018). In order to optimise the effectiveness of any future policy interventions to support young people and to enhance their future employment opportunities it is important to start from a basis of understanding employers' requirements.

## What employers look for in young people

There are some rich sources of labour market information in the UK that can offer valuable insights about employment and skills requirements. Evidence from the 2016 Employer Perspectives Survey is one such source. This suggests that while only three in ten employers surveyed had employed education leavers in the two-three years prior to the survey, the majority who did so considered that young people were well prepared for the workplace. In cases where employers considered that young people were not well prepared for the workplace, this was generally because of a poor attitude or a perceived lack of work (or life) experience. The *importance of work experience* is underlined by the fact that 65% of employers reported that work experience was a critical or significant factor when considering a recruit of any age, albeit only a minority of employers offer work experience opportunities.

Traditionally young people gained initial work experience in part time work such as Saturday jobs; indeed, in 1997 42% of 16-17 year olds were studying and working. But, by 2014, only 18% were doing so (Conlon et al., 2015). There was a decline also for 18-24 year olds, although this was more modest. Over half (55%) indicated that the main reason for their decision not to combine work and study was due to personal preferences and a desire to focus on their studies, with a fear of 'not doing well' in their studies motivating some young people. Local labour market factors were cited as a reason by 37% of young people, indicating that geography plays a role too, albeit a smaller one.

Research studies show that opportunities for work placements/ internships are greater in London (in particular) and southern Britain than elsewhere (UK Commission for Employment and Skills, 2015a; Purcell et al., 2017). There is a positive association too between the proportion of employers providing work experience and work inspiration activities locally and sub-national indicators such as the level of Gross Value Added and proportion of employment in knowledge intensive businesses. Given that some internships are unpaid with internees having to cover their own travel and living costs, and that word of mouth continues to play an important role in recruitment, having the financial means and social networks and location all matter for access to opportunities: *who you are, who you know and where you live matters*. Therefore, in general, *more disadvantaged young people in more economically deprived areas are most likely to find themselves caught in a 'Catch-22' situation* of being unable to get work without experience and unable to get experience without work. Structural factors are unlikely to help in addressing spatial and social inequalities in the labour market for young workers. Analyses show that occupational change in the period from 2001 to 2018 has been particularly polarised for 18-29 year olds, with occupations that started in the bottom-third of the earnings distribution expanding by 37% and those at the top by 44% (Clarke and Cominetti, 2019).

## Policies to enhance youth employment opportunities

With an increasing recognition by policy-makers of the importance of work-based activities that better connect young people to workplaces and enhance their work experience and employability skills, in recent years, there has been a renewed policy focus on strengthening work-based training programmes such as apprenticeships. More specifically, in England there has been an extensive reform of technical education, which is still underway (Department for Business Innovation & Skills and Department for Education, 2016). For young people, these developments have been promoted as a means to:

- *tackle the productivity gap* between the UK and its competitors, and better prepare for future employment requirements, by developing more and better skills (so meeting employer and national economic needs);
- *facilitate the transition to work* for young people who choose not to take the academic higher education route on leaving school (so addressing individual needs in the context of the demise of the youth labour market and helping to foster social mobility)
- *clarify career pathways*, and by so doing support longer term progression routes and an emphasis on lifelong learning and continual skills and workplace development, reskilling and upskilling to meet the need of an increasingly dynamic future world of work.

Technical education reform has focused, in particular, on increasing the adoption of apprenticeships while at the same time rationalising the range of apprenticeships available, making them more attuned to employers' skills needs and enhancing their quality. Steps have also been taken to review the funding mechanism so that public investment might work more effectively alongside private investment to stimulate engagement and the range of opportunities available to young people moving forward. However, following the introduction of an apprenticeship levy for large firms in 2017 there has been a reduction in apprenticeship starts (Powell, 2019). There has also been concern that the current funding changes have in practice limited the reach of apprenticeships to a broader cross section of employers, especially to those who are smaller and medium-sized. So this remain an area of ongoing concern.

However, the evidence suggests that there are positive returns to individuals in terms of earnings from apprenticeships and therefore they still can offer value in a UK context. That said, the size of returns varies

markedly by gender, sector and apprenticeship level, with bigger returns for men than for women (in part explained by gender segregation by sector) and for advanced, higher and degree level than for intermediate level apprenticeships (Green, 2019). There is also still widespread concern about aspects of the current design and delivery that need to be kept under review to enhance their effectiveness<sup>4</sup>.

Ongoing reforms to technical education aim to support the opportunities for young people, to strengthen work-based pathways, alongside the academic route at the end of compulsory education, and wider investments in the associated skills infrastructure in areas such as careers advice and information and technical training provision through the network of Institutes of Technology (IoTs) (which represent new collaborations between universities, colleges and businesses) for example. Importantly too, this will need to have a strong local dimension to reflect and respond to the spatial sectoral and occupational footprint of local economies. This is exemplified by the Dudley College IoT in the Black Country which proposed to offer courses in advanced manufacturing, modern construction methodologies and medical engineering. From the 2019/20 academic year the Adult Education Budget (AEB) in England has been devolved to Mayoral Combined Authorities and the Greater London Authority. While having to fund statutory entitlements, devolution of the AEB means that the devolved areas are able to begin to shape adult education provision locally in ways that suit the needs of residents and the local economy. Over the medium-term this could lead to the development of local skills ecosystems linked to local industrial strategies.

At the time of writing in 2019, the continuing development of local industrial strategies was important in informing how policy investments and priorities will need to be adapted to best support varying local skills and employment needs. For example, the West Midlands LIS (HM Government, 2019a) identified Modern Services as a market opportunity with high-value business and professional services having potential for growth, so necessitating a local action plan to ensure that the highly diverse local population can benefit from high skilled employment opportunities in this growing sector. The Greater Manchester Local Industrial Strategy (HM Government, 2019b) highlighted the importance of digital skills in all sectors in order to capitalise on links between digital and creative industries associated with significant local clusters in broadcasting, content creation and media, while in the West of England Local Industrial Strategy (HM Government, 2019c) one of the sectoral strengths identified is advanced engineering and aerospace. All three Local Industrial Strategies mentioned here emphasise the importance of general and specific skills to support priority sectors and inclusive growth ambitions.

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<sup>4</sup> See for example the January 2020 Ofsted report <https://www.gov.uk/government/publications/ofsted-annual-report-201819-education-childrens-services-and-skills>

## 2. Conclusion

As the UK Government in 2019 put an increasing focus on place at the heart of its policy agenda, this final part of the paper explores the policy implications from the previous discussion of spatial inequalities, with a particular emphasis on what is critical to enhancing place-based policies future success.

### Policy issues and implications

Over much of the last century the main objective of place-based policies has been to secure jobs in areas of manufacturing decline characterised by relatively high levels of unemployment. Yet for the most part, spatial concentrations of worklessness remain remarkably persistent. The UK 2070 Commission (2019), in a national inquiry on the nature of the problems associated with deep-rooted spatial inequalities across the UK and considering the actions needed to address them, concludes that past policy “with few exceptions, has relied on short-term, reactive, underfunded project bidding processes, with a perverse ‘policy’ environment which reinforces past areas of growth, rather than unlocking areas with future potential” (page 6).

Complacency about place diminished somewhat in the context of Brexit, as illustrated by the role of *'neglected territorial inequalities'* in explaining the geographical patterns of voting in the June 2016 referendum. Also, a focus on place is perhaps increasingly important in the context of emerging secular decline in internal migration. Commentators such as Rodriguez-Pose (2017) have called for *'better' place sensitive policies*. Rather than focusing on providing income transfers or welfare, he highlights the need to *enhance opportunities* in most areas, taking account of local context, and an understanding of the functional roles of different places. At the core of such policies he points to measures to *boost training to develop portable skills*, to promote entrepreneurship and to facilitate the assimilation of knowledge and innovation. This marks a shift towards *building on assets* – of places and people - as opposed to a model focused on deficits.

Similarly, there is a growing emphasis in local policy on *inclusive growth*, which is about enabling more people and places to both contribute to and benefit from economic success. In order to deliver inclusive growth, Hawking (2019) suggested that Local Industrial Strategies should prioritise:

1. *people* – starting with improving basic skills and progression in work
2. *infrastructure* – including homes and transport
3. *business environment* – targeting growth sectors providing good jobs and engaging with employers to open up employment opportunities to those disadvantaged in the labour market, using business grants to incentivise good employment practice, and practical support to improve job quality in low pay sectors and
4. *place* – including harnessing the collective hiring, training and purchasing power of anchor institutions.

The Taylor Review of Modern Working Practices (2017) highlights the *need for sectoral strategies* engaging employers, employees and stakeholders. *Employer leadership* is crucial here and previous research on policy levers that can encourage employers to *train on a collective basis* in order to provide a pool of skills at sectoral level for mutual benefit (Stanfield et al., 2009). This has highlighted the efficacy of levers such as *inter-employer networks* for incentivising training, the development of tools to assist employer decisions regarding *training, levies, licenses to practice, quality standards* and *tax incentives* to foster sectoral action. More generally, *procurement* is increasingly used as a tool to increase skills levels and to foster Good Work. For example, in Wales the Welsh Government has developed an economic contract approach to drive inclusive growth and responsible business behaviours where businesses seeking access to finance are considered in terms of growth potential (i.e. employment, productivity, supply chain multipliers), fair work, promotion of health (with a special emphasis on mental health and skills and learning in the workplace), and progress in reducing the carbon footprint.

While direct policy transfer is not necessarily possible from one institutional context to another, it is instructive to learn from international experience. With particular reference to regional imbalances and spatial inequalities, the UK 2070 Commission (2019) points to the lack of an explicit spatial strategy, and the limited scale and nature of resources and handled by regional and local stakeholders, and calls for *greater devolution* of power from Whitehall in order to unlock growth across the UK. With more specific reference to employment and skills, international evidence (from a body of research from the OECD and others on local skills ecosystems) highlights the key importance of developing skills demand, alongside supply, in addressing regional and local economic development challenges. In the USA local Workforce Investment Boards (comprised of local stakeholders, the majority of whom are from private businesses, provide a *forum for collaboration and partnerships* among local entities concerned with employment, economic development and vocational education and training activities (Eberts, 2013). In Sweden there is some local flexibility aligned with a national focus in skills and employment policy. In Skåne in southern Sweden forecasts of skills supply and demand have been used to bring together local partners to address specific skills challenges and stimulate change in skills provision at secondary and tertiary education levels to address local skills needs (Lindell, 2015; Green et al., 2016). A more specific local sector-focused example from the Riviera del Brenta industrial district in Italy shows how employers in the footwear industry came together to shift their product market development strategies to become a global centre for high quality women's footwear, with employers, trade unions and a local education and training institution playing important roles in the shift towards higher value added product market strategies (Destefanis, 2012). Shafique and Dent (2019) emphasise that developing and investing in skills is critical to building an inclusive, innovative and productive economy. Building on international case studies, they suggest the key success factors from a skills development perspective are:

- (1) *stakeholder-led locally-rooted governance* – enabling structures and an institutional structure for partnerships that enables employers and other local stakeholders playing a key role in the skills system;
- (2) *permeable and flexible learning pathways* – that provide individuals and employers with different but transparent training routes to suit their needs and circumstances;
- (3) *building a high quality, high status skills system* – including parity between vocational and academic routes/qualifications; and

(4) *shared vision setting and movement building* – creating a vision for place/ for change that local stakeholders and citizens can get behind, and *mobilising local anchor institutions* (including major private sector employers, as well as universities, colleges and hospitals [so called ‘eds and meds’]). Anchor institutions can play key roles in local economies through local procurement, local recruitment, provision of workforce training, incubation of new businesses, and helping to build/ participate in local networks. One of the most developed examples internationally is in Cleveland, Ohio, in the USA, where the Cleveland Foundation has initiated an anchor institution strategy involving universities, hospitals and cultural institutions<sup>5</sup> (Green et al., 2017), while in the UK there has been a concerted effort by anchor institutions in Preston, Lancashire, to procure and invest locally to benefit the local economy (Jackson and McInroy, 2017).

These success factors rest on focusing on both demand and supply of skills at the local economy level and emphasising principles of *co-design in partnership working* at local level. They also emphasise the importance of *linking skills systems more strategically to regional and local economic development* through partnership and collaboration between sub-national institutional actors and employers. Whereas skills systems in the UK have been characterised by considerable flux in recent years, international evidence suggests that *stability in policy* and the *infrastructure* of skills systems, together with a stronger role for social partners than is the case in the UK, are key features in enabling strong partnership working and collaboration. The challenge is balancing such stability with *sufficient flexibility* to respond to changing needs (Green and Taylor, 2020).

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<sup>5</sup> See <https://www.jrf.org.uk/case-study/developing-inclusive-growth-agenda-cleveland>



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