

# **The East Midlands in 2006 – Evidence Base for the East Midlands Regional Economic Strategy 2006-2020: Deprivation and Economic Inclusion**

**A report prepared by *emda***

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# Four

## Deprivation and economic inclusion

# Deprivation and economic inclusion in the East Midlands<sup>1</sup>

## 1. Introduction

This section of *The East Midlands in 2006* assesses deprivation, participation and economic inclusion in the East Midlands. Although the UK has enjoyed a period of sustained economic growth, and maintained high levels of employment and low levels of unemployment in comparison to all of its major competitors, the benefits of economic growth have not flowed equally to all groups in society. Although some parts of the UK can be described as being in a state of full employment, including the East Midlands, many communities suffer from deep-seated inter-generational unemployment and poverty.

This section examines aspects of deprivation and economic inclusion in the East Midlands and makes use of a range of data, including the English Indices of Deprivation 2004, labour market data from the Office for National Statistics and data commissioned from the National Centre for Social Research (NatCen). Because many of the problems of deprivation and economic inclusion are most acute at community level, where possible we provide analysis of sub-regional data.

## 2. Deprivation in the East Midlands

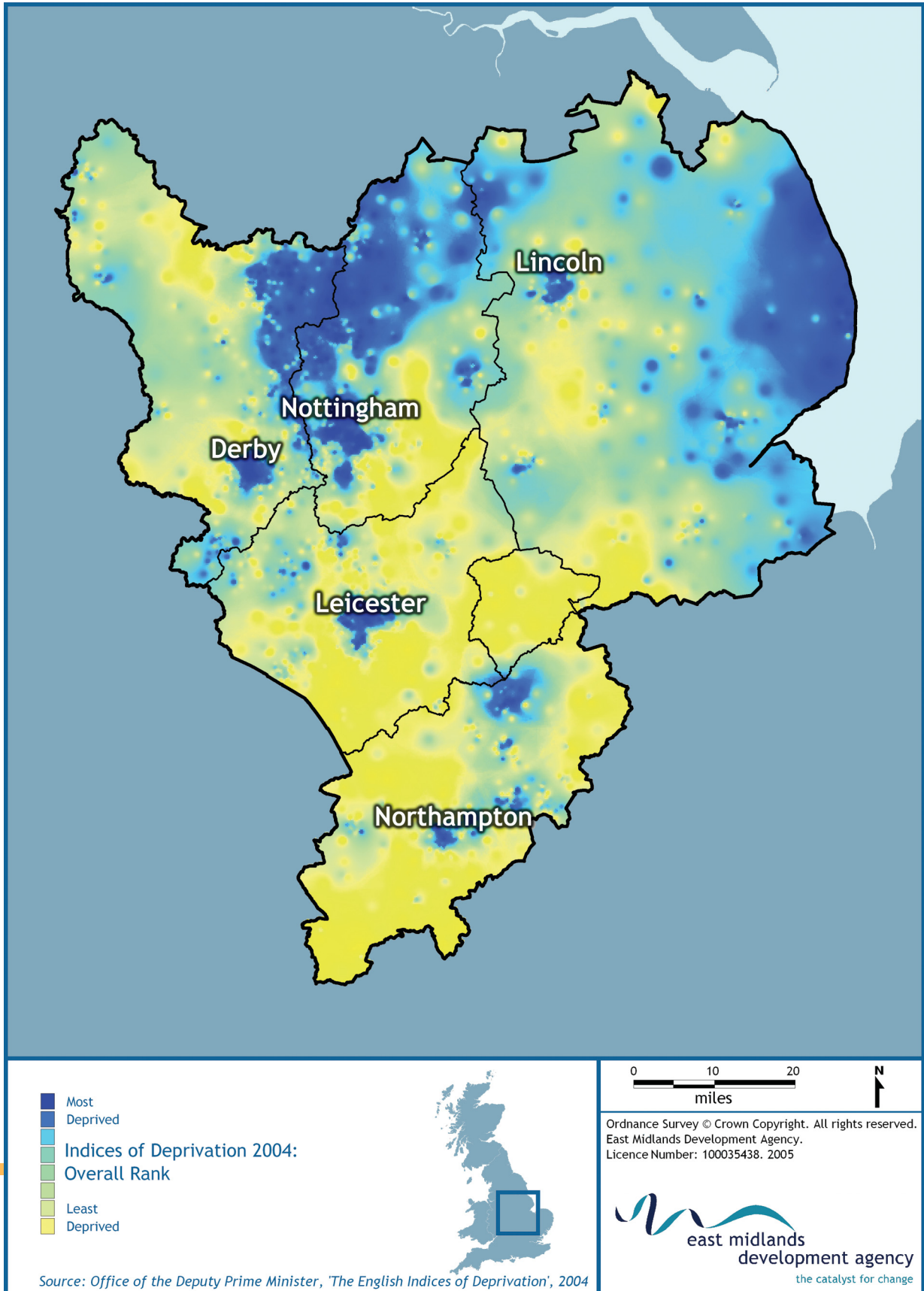
This section provides an overview of deprivation in the East Midlands through an analysis of the English Indices of Deprivation.<sup>2</sup> The Index of Multiple Deprivation 2004 (IMD 2004) is a relative summary measure of multiple deprivation at the small area level as illustrated in Map 1. This clearly shows that levels of deprivation are concentrated in the urban centres, the coalfields, remote rural areas and the Lincolnshire coast.

<sup>1</sup>This section draws heavily on data and material collated by Matters of Fact Ltd *Social State of the East Midlands Region* August 2005, *Update and Additions to Interim Evidence Base* December 2005, *Mapping Deprivation in the East Midlands* Anne Green, University of Warwick, August 2005 and *Secondary Analysis of Regional Data in National Surveys*, National Centre for Social Research, 2005.

<sup>2</sup>The English Indices of Deprivation 2004 provides only a snapshot of deprivation as the indices are not comparable over time. Although not directly comparable, data from the British Social Attitudes Survey 2003 suggests that fewer respondents in the East Midlands than average reported an increase in their standard of living in the four years prior to the survey.

MAP 1

Indices of deprivation 2004: overall rank

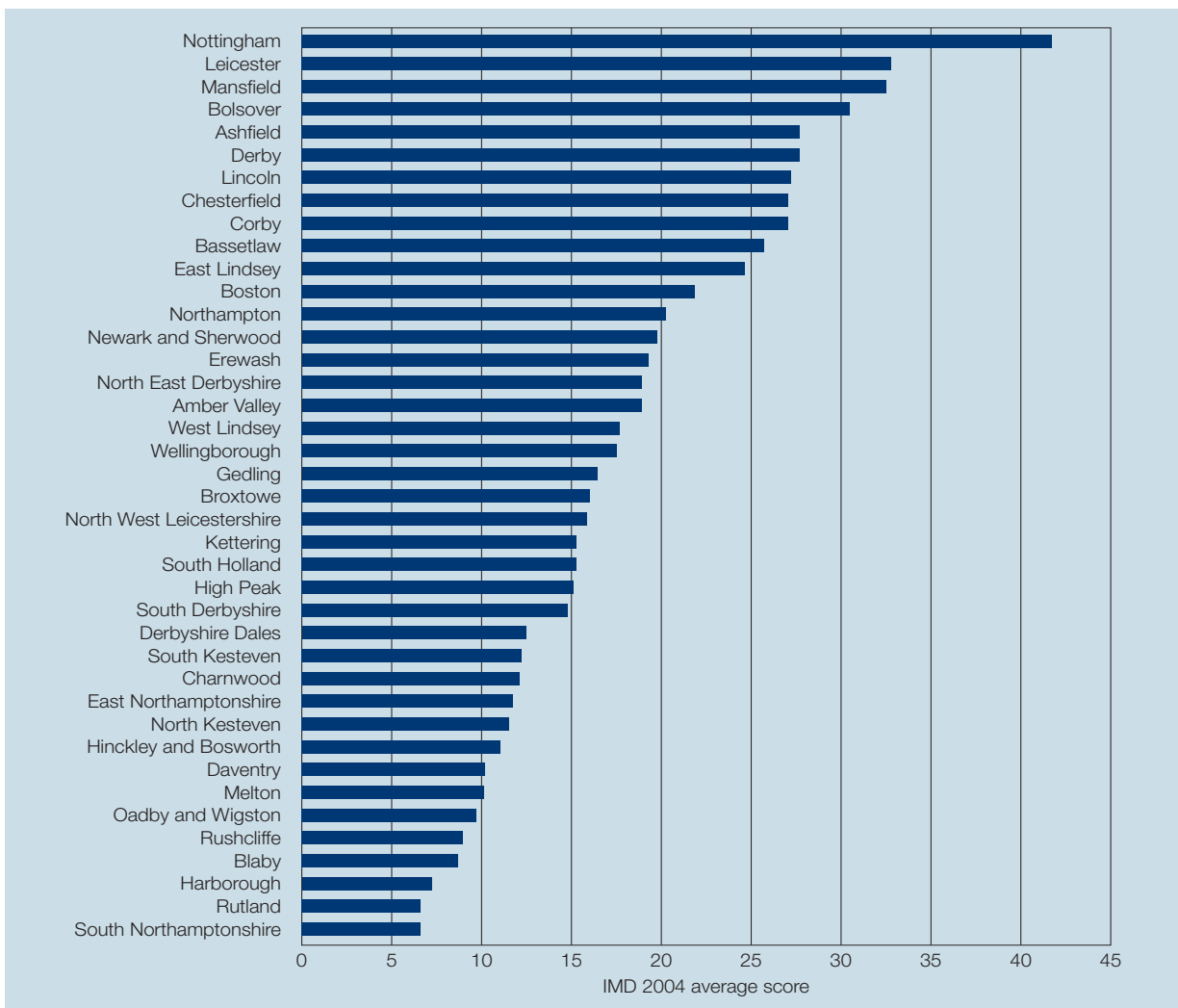


The IMD 2004 is constructed using seven domains: income; employment; health and disability; education, skills and training; barriers to housing and services<sup>3</sup>; the living environment; and crime. These domains are a combination of individual indicators. The domains have been weighted to reflect current understanding of the contribution each makes to overall levels of deprivation. Consequently income and employment deprivation are weighted more heavily than environmental deprivation or crime. There are also two supplementary indices (Income Deprivation Affecting Children and Income Deprivation Affecting Older People).<sup>4</sup>

Summary measures of the IMD 2004 for the East Midlands are presented at local authority level. There are 354 local authorities in England and each can be given a score (average score) and a rank on the index. The higher the score, the lower the rank and the more deprived the district (a rank of 1 would be most deprived in England, 354 the least deprived). Scores for the East Midlands local authorities out of all LADs in England are provided in Chart 1.

## CHART 1

### Index of multiple deprivation 2004 by East Midlands local authority



Source: Indices of Deprivation 2004, Office of the Deputy Prime Minister

<sup>3</sup>Barriers to services used in the IMD 2004 are road distance to GP premises, supermarket or convenience store, primary school and a Post Office. Data from the British Social Attitudes Survey 2003 show that residents of the East Midlands are also disadvantaged in terms of access to rail travel. Eighty percent of respondents in the East Midlands were over 1 mile away from the nearest railway station, compared to 55% for England.

<sup>4</sup>Office of the Deputy Prime Minister, Neighbourhood Renewal Unit, *English Indices of Deprivation 2004 (Revised)*, April 2004.

Chart 1 shows that:

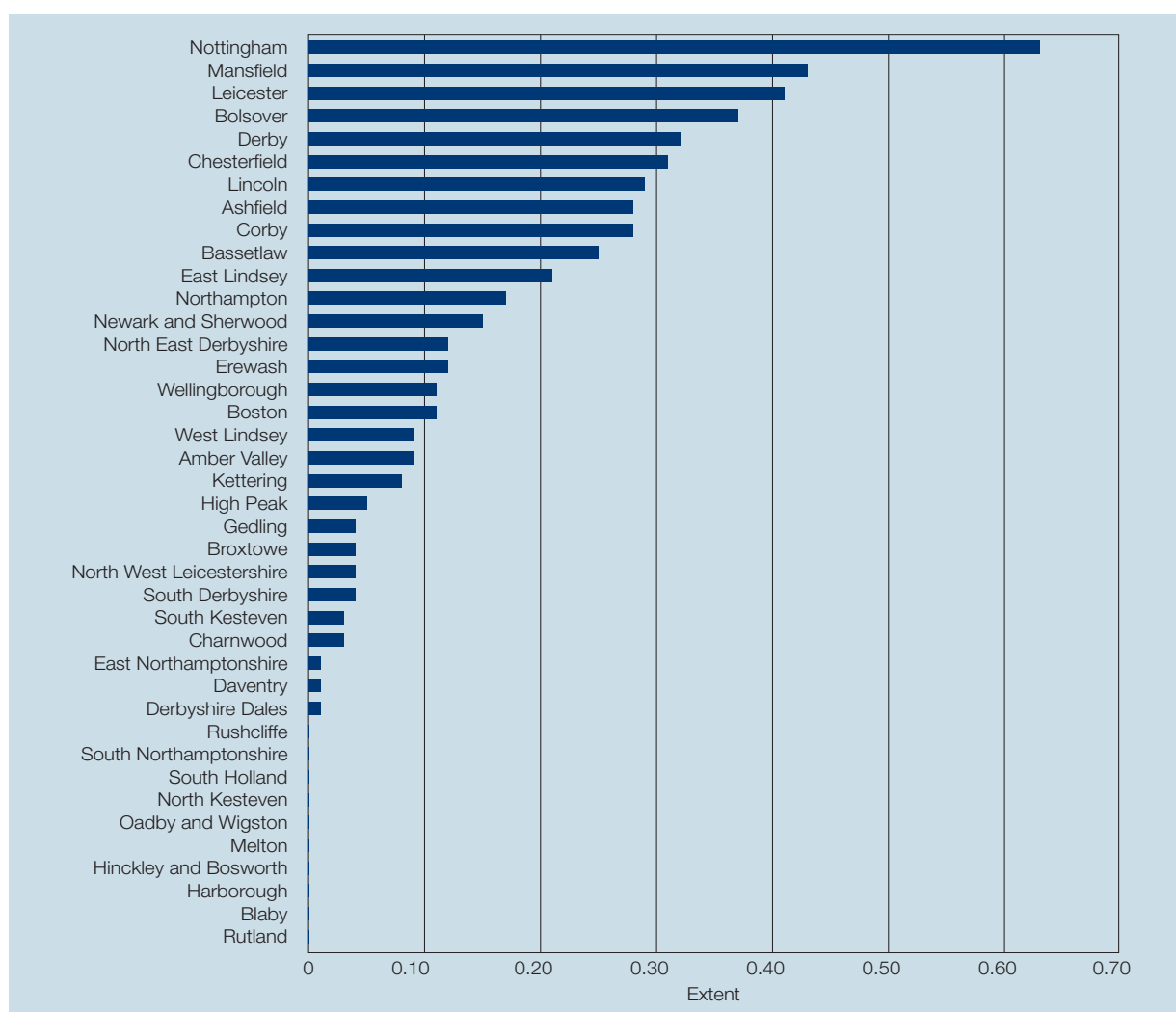
- Nottingham City is the most deprived local authority in the East Midlands on this measure (with an IMD 2004 score of 41.75) and South Northamptonshire the least deprived (with an IMD 2004 score of 6.59);
- The most deprived districts in the region include the major cities (Nottingham, Leicester and Derby), districts in the coalfields area such as Mansfield, Bolsover and Ashfield, and coastal districts such as East Lindsey;

- There is something of a north-south split in the region with districts in the north generally having higher deprivation scores than those in the south.

IMD 2004 also gives a measure of the “Extent” of multiple deprivation, which is defined as the proportion of a district’s population living in the most deprived Super Output Areas (SOAs)<sup>5</sup> in the country. This is a more subtle measure of deprivation as it measures the concentration of deprivation in each district. This measure of extent is illustrated in Chart 2.

## CHART 2

### Extent of deprivation (the proportion of a district’s population living in the most deprived SOAs in the country) by East Midlands local authority



Source: Indices of Deprivation 2004, Office of the Deputy Prime Minister

<sup>5</sup>Super Output Areas are a level of aggregation of Census Output Areas, a stable small area geographical boundary established for the 2001 Census and developed by the ONS to replace wards as the preferred unit for small area statistics.

Chart 2 shows that concentrations of deprivation are most severe in Nottingham:

- More than 60% of the population of Nottingham live in SOAs that are among the most deprived 10% of SOAs nationally;
- Mansfield, Leicester, Bolsover, Derby and Chesterfield all have 30% or more of their populations living in SOAs that are among the most deprived 10% of SOAs nationally;
- The chart shows that ten districts in the region have no SOAs in the most deprived decile of SOAs.

Of the seven domain indices that make up the IMD 2004 the Income, Employment and Education, Training & Skills deprivation domains are of particular interest from the point of view of economic development policy.

### 2.1 Income deprivation

The purpose of the Income Domain is to capture the proportion of the population experiencing income deprivation in an area.

Income scores are derived from counts of people in families in receipt of means tested benefits. Scores for local authorities are counts of individuals experiencing income deprivation, i.e. they give an indication of the absolute rather than the relative level of income deprivation.

The income deprivation domain is shown for the East Midlands in Map 2.

### 2.2 Employment deprivation

The Employment Deprivation Domain measures employment deprivation as 'involuntary exclusion of the working age population from the world of work'. This is distinct from income deprivation to which lack of employment may lead. The indicators in the employment deprivation domain of IMD 2004 constitute non-overlapping counts of those excluded from the labour market through unemployment, ill health or disability.

Employment scores for local authorities reflect the absolute rather than the relative level of employment deprivation. The Employment Domain is shown in Map 3.

Maps 2 and 3 share a number of common features:

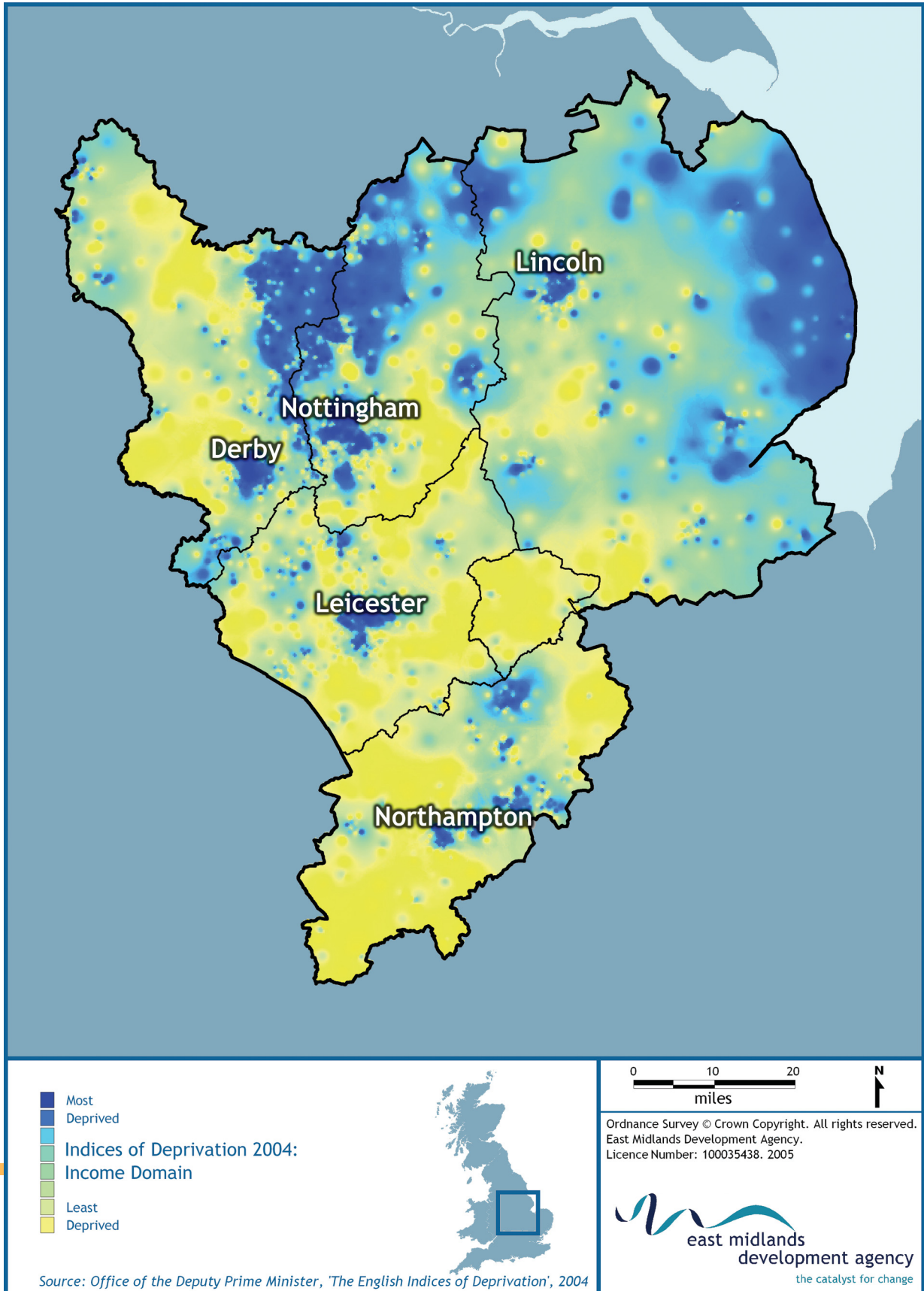
- In both cases the most deprived districts are the urban centres of Nottingham, Leicester, Derby and Northampton. Nottingham and Leicester have significantly lower scores than other districts in both domains;
- In both cases the least deprived districts are found in the south of the region. On both domains only two districts in the country are ranked as less deprived than Rutland.

Higher levels of deprivation are concentrated in the urban centres, the coalfields, remote rural areas and the Lincolnshire coast



MAP 2

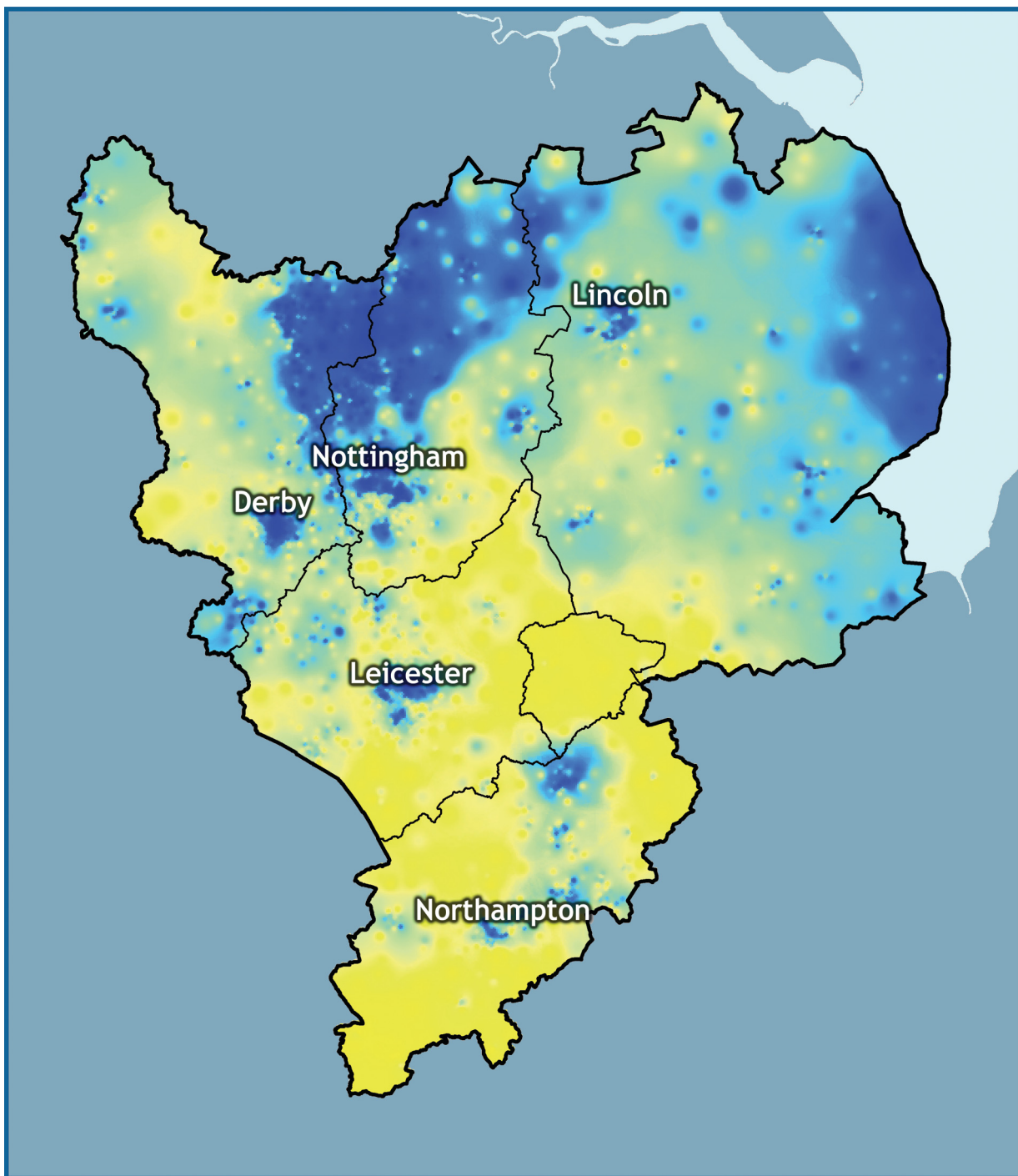
Indices of multiple deprivation 2004: income deprivation domain





MAP 3

Indices of multiple deprivation 2004: employment deprivation domain



-  Most Deprived
-  Deprived
-  Indices of Deprivation 2004: Employment Domain
-  Least Deprived
-  Deprived



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Source: Office of the Deputy Prime Minister, 'The English Indices of Deprivation', 2004

The analysis of the Education, Training & Skills Deprivation domain provides similar results to the analyses of the Income and Employment deprivation domains. The most deprived areas include the region's major urban centres and the least deprived areas are to the south of the region.

### 3. Labour market participation in the East Midlands

The focus of this sub-section is on participation in the labour market, and more specifically on participation by various sub-groups defined by gender, age, disability and ethnic minority group. It should be noted that data by ethnic minority group is presented in terms of a White/Non-White breakdown because sample sizes in the Annual Population Survey (APS) are not large enough to allow for a more detailed breakdown. However, research indicates that ethnic minority groups differ in their labour market experiences.<sup>6</sup>

Following the assessment of participation there will be a short examination of benefit dependency and a discussion of labour market outcomes such as incomes and related measures of material deprivation.

#### 3.1 Economic activity

The economic activity rate measures the percentage of the population who are in employment or unemployed<sup>7</sup>, and is therefore a useful general measure of labour market participation. It is usually expressed as a percentage of the working age population. A discussion of employment and unemployment follows in subsequent sections.

Data from the Annual Population Survey 2004 reveals that the economic activity rate was 78.8% in the East Midlands compared to 78.0% in the UK. These figures suggest that the regional economy as a whole is relatively successful at engaging its population in labour market activity. The East of England, the South East and the South West are the only English regions with higher economic activity rates than the East Midlands. However, there is considerable sub-regional variation, with economic activity generally lower in the cities. The lowest economic activity rate is in Nottingham City, at 69.7% of the working age population (although much of this can be attributed to the large student population)<sup>8</sup> and the highest is in Leicestershire and Northamptonshire, at 82.7%.<sup>9</sup>

Not only are there differences within the region but there are also considerable differences in economic activity rates within certain groups in the region. Chart 3 shows how activity rates in the East Midlands differ by gender, disability and ethnicity. The key points to note are:

- The economic activity rate for women is lower than that for men (73.6% compared to 83.7%);
- The economic activity rate for those with a disability is just 37.7%, which is less than half the rate reported for those without a disability (84.3%);
- The economic activity rate for those who are White, at 79.9%, is significantly higher than the rate for Non-Whites (65.6%).

Economic activity rates for women, those with a disability and ethnic minorities are below average

<sup>6</sup> *Ethnic Minorities in the Labour Market*, Strategy Unit, March 2003.

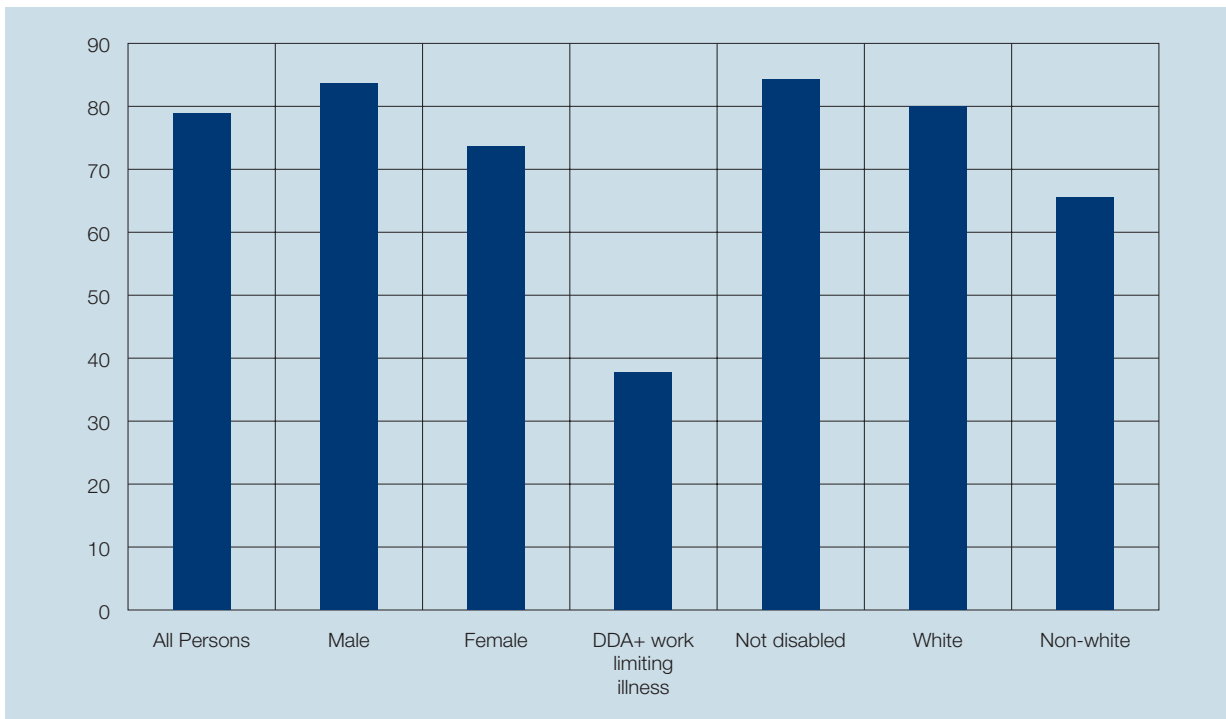
<sup>7</sup> The economic activity rate is calculated as the ratio of the total numbers employed and unemployed to the working age population.

<sup>8</sup> See Section 3 of *The East Midlands in 2006: The East Midlands Labour Market* for an assessment of the impact of the student population on economic activity in Nottingham City.

<sup>9</sup> ONS Crown Copyright, Annual Population Survey, January 2004-December 2004, from NOMIS, 16th January 2006.

### CHART 3

#### Economic activity rates by group, East Midlands 2004 (%)



Source: ONS Crown Copyright, Annual Population Survey January 2004-December 2004, NOMIS, January 16th 2006

Data by age band shows that activity rates are highest in the East Midlands (and the UK) among 25-34 year olds and 35-49 year olds, with rates of 84.3% and 85.7% respectively. In addition:

- Among those aged between 50 and retirement age the activity rate in the East Midlands is 72.7%, which is slightly above the average for the UK (72.0%). Within the region activity rates among this group vary between a high of 79.5% in Northamptonshire and a low of 68.8% in Derby;
- Activity rates are lowest among 16-19 year olds, reflecting participation in education for a significant number of people in this age band. The activity rate for this group is around 59% in the East Midlands, which is slightly higher than the average for the UK. The rate is significantly lower in Nottingham, largely as a result of its large student population.

Economic activity rates vary by age and are particularly low among the young and old

### 3.2 Employment

Employment rates are expressed as the proportion of working age people who are in employment. The following rates for the East Midlands are expressed as a proportion of working age people from specific groups who are in employment.

Overall the employment rate in the region was 75.4% in 2004, which exceeds the UK average of 74.2%. This hides significant variation within the region. The employment rate is highest in Leicestershire at 80.3% and lowest in Nottingham City at 63.2%.<sup>10</sup> More detail on sub-regional variation in employment can be found in Section 3 of *The East Midlands in 2006: The East Midlands Labour Market*.

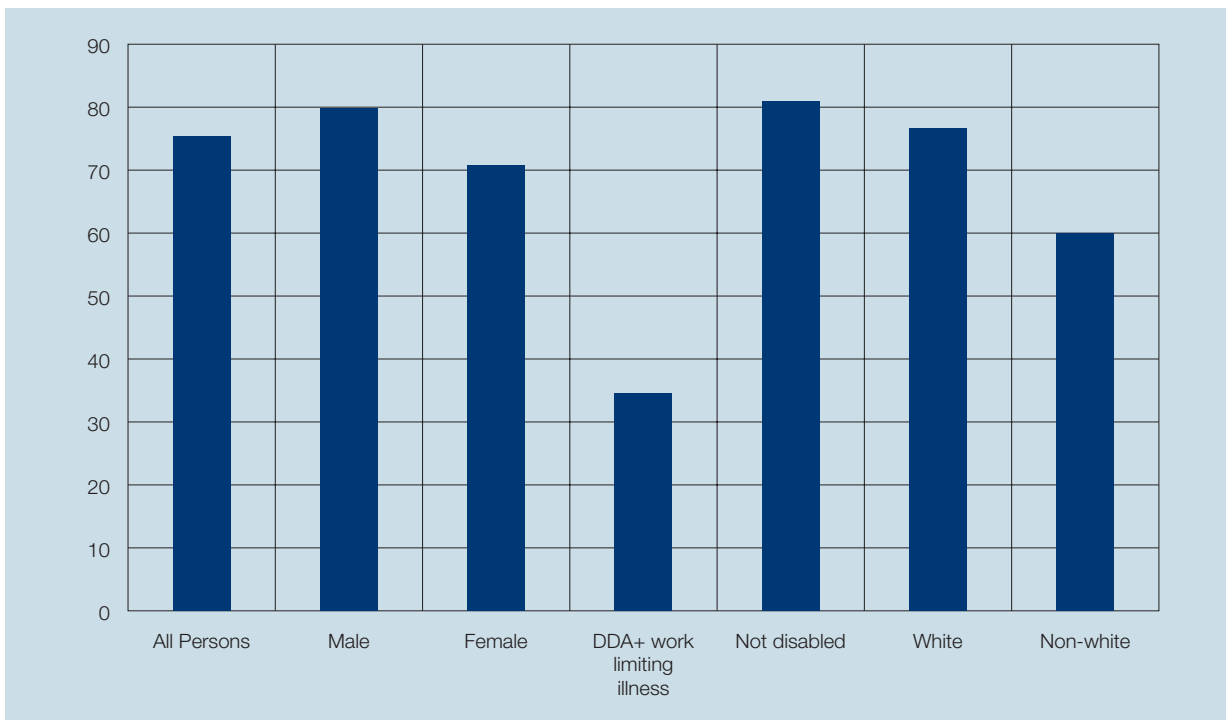
Chart 4 shows how the employment rate varies between particular segments of the population of the East Midlands.

The key points to note from Chart 4 are:

- The employment rate among females is, at almost 71%, nine percentage points lower than the male employment rate;
- The employment rate for those with a disability is, at 34.5%, less than half the rate for those without a disability (81.0%). The employment rate in the East Midlands for those with a disability is above the UK average;

#### CHART 4

**Employment rate by group in the East Midlands 2004 (%)**



Source: ONS Crown Copyright, Annual Population Survey January 2004-December 2004, NOMIS, 16th January 2006

<sup>10</sup> ONS Crown Copyright, Annual Population Survey, January 2004-December 2004, from NOMIS, 16th January 2006.

- The employment rate for Non-Whites is, at 59.9%, also significantly below the average and the rate for those who are White;
- Although employment rates vary amongst all groups in the East Midlands, the most significant intra-regional differences occur amongst Non-Whites, which vary between a high of 74.0% in Northamptonshire and a low of 47.0% in Derby. This may be due to the fact that different ethnic minority groups have different employment rates and are concentrated in different parts of the region.

There are significant differences between Whites and Non-Whites in the nature of their employment. A slightly higher proportion of Whites than Non-Whites are employed as Managers & Senior Officials, and in Professional Occupations and Associate Professional & Technical Occupations. There are also significantly fewer Non-Whites employed in Skilled Trades Occupations. However, the proportion of Non-Whites employed at the lower end of the occupational scale as Process, Plant &

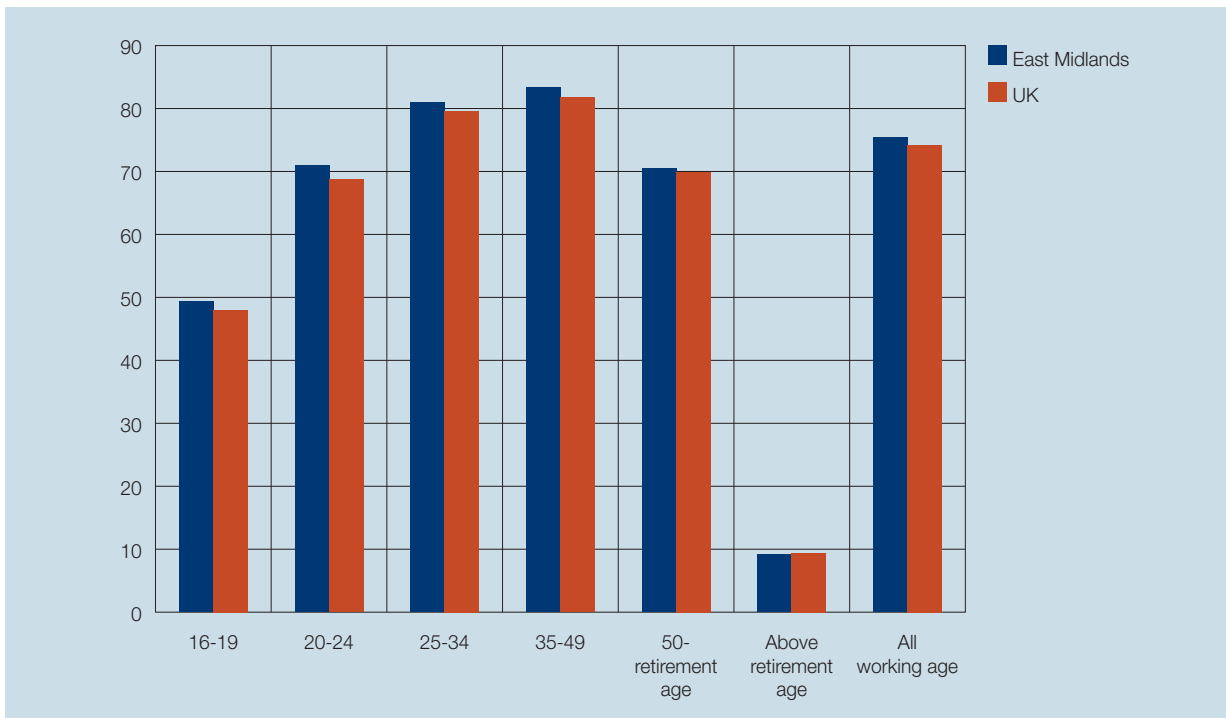
Machine Operatives and in Elementary Occupations is significantly higher than for Whites (29.7% compared to 22.4%).

Employment rates also vary significantly by age-group, as shown in Chart 5:

- Employment rates in the East Midlands exceed the UK in every age group except those over retirement age, where the regional employment rate is slightly below the national rate (9.2% compared to 9.4%);
- The 35-49 age group has the highest employment rate (both regionally and nationally) at 83.3% in the East Midlands compared to 81.8% in the UK;
- The lowest employment rates are found among the 16-19 age group, which is largely a function of participation in education by those in this age band. However, in the East Midlands this rate is above the UK average (49.3% compared to 48.0%).

## CHART 5

Employment rate by age-group 2004 (%)



Source: ONS Crown Copyright, Annual Population Survey January 2004-December 2004, NOMIS, 16th January 2006

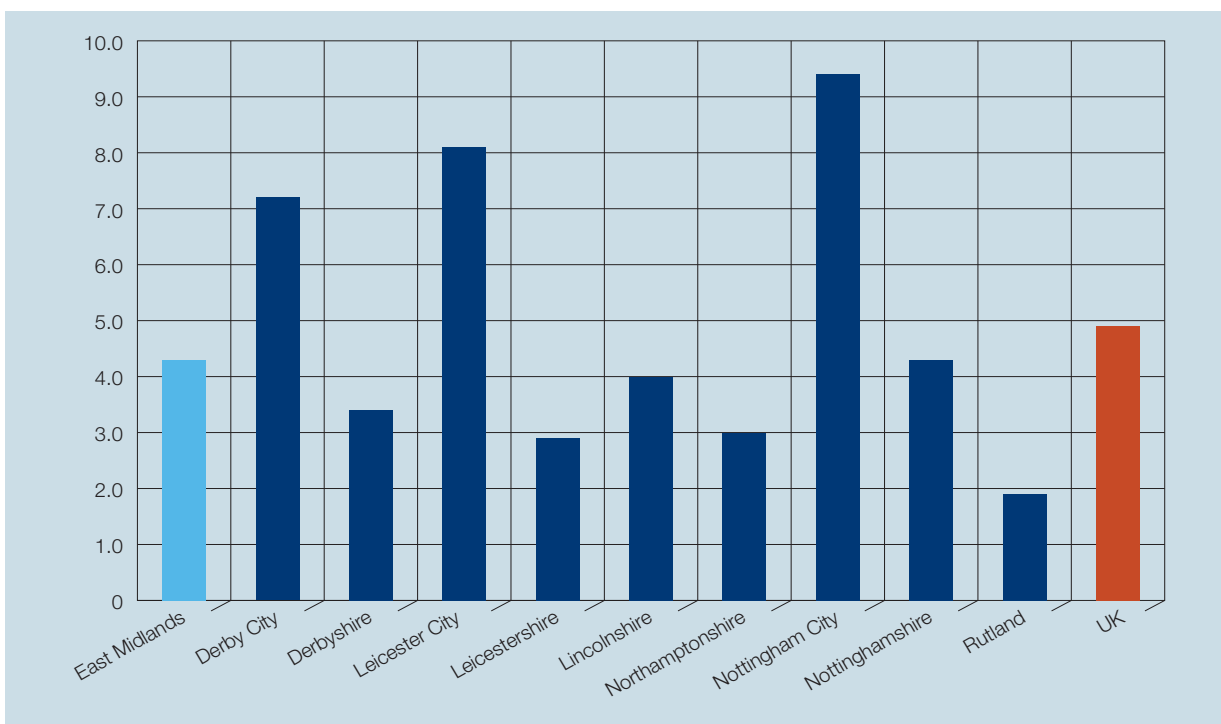
### 3.3 Unemployment and worklessness

The Government's favoured measure of unemployment is the International Labour Organisation (ILO) definition, which is used in the Annual Population Survey and the Labour Force Survey. This includes residents of working age who are currently not in employment but who have actively sought work in the last 4 weeks and are available to start work in the next 2 weeks. This is a wider measure than the claimant count, which provides an alternative measure of unemployment that includes only people claiming unemployment related benefits.

The unemployment rate in the East Midlands is relatively low and has been below the national rate for a number of years. In 2004 the unemployment rate was 4.3% in the East Midlands compared to 4.9% in the UK. Sub-regional unemployment rates vary between a low of 1.9% in Rutland and 9.4% in Nottingham City (see Chart 6). Despite the low figure for the East Midlands there are a number of areas where the unemployment rate is above the regional average.<sup>11</sup>

#### CHART 6

Sub-regional unemployment rates in the East Midlands 2004

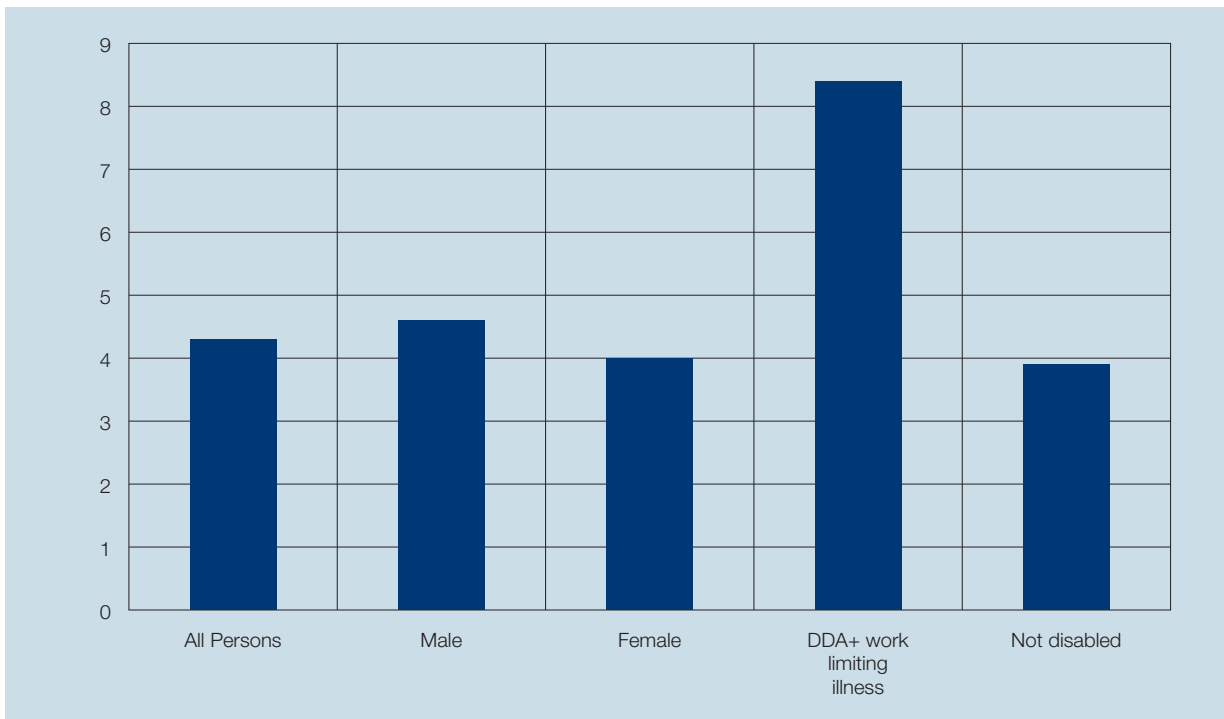


Source: ONS Crown Copyright, Annual Population Survey January 2004-December 2004, NOMIS, 16th January 2006

<sup>11</sup> ONS Crown Copyright, Annual Population Survey January 2004-December 2004, NOMIS, 16th January 2006.

## CHART 7

### Unemployment rate by group, East Midlands 2004 (%)



Source: ONS Crown Copyright, Annual Population Survey January 2004-December 2004, NOMIS, 16th January 2006

Chart 7 shows how unemployment varies significantly between different groups in the East Midlands:

- The unemployment rate for women is lower, at 4.0%, than that for men, which is 4.6%;
- Unemployment among those with a disability is, at 8.4%, more than twice the rate for those who do not have a disability.

There are also significant differences by age band. In the East Midlands, as in all other English regions, unemployment is significantly higher among 16-19 year olds than any other age band. The unemployment rate among 16-19 year olds was 16% in the East Midlands, and is even higher in the region's cities. Unemployment rates among this age band are above 30% in Leicester and Nottingham. In all of the working age bands unemployment in the East Midlands is below the national average.

Data for ethnic minority groups is available for those aged 16+ and is, therefore, not comparable with the data presented above. This data shows that the unemployment rate among Non-Whites aged 16+ is, at 8.6%, more than twice the rate for Whites aged 16+.

Finally, in this section we examine estimated levels of 'real' unemployment.<sup>12</sup> This is defined as including *all those who might reasonably be expected to have been in work in a fully-employed economy*. This is a wider group than just the claimant unemployed or the ILO unemployed, in that it seeks to include those individuals who, despite being willing and able to work, have moved onto other benefits or out of the benefits system.<sup>13</sup> 'Hidden' unemployment is the difference between this group and 'visible' claimant unemployment.

<sup>12</sup>This section draws upon *Hidden Unemployment and its Relevance to Labour Market Policy in the East Midlands*, C Beatty and S Fothergill, Sheffield Hallam University, 2004.

<sup>13</sup>We are not suggesting in any way that benefits claims are fraudulent, or that health problems are anything less than real. The point is that in parts of the country where there is effectively full employment people with health problems or disabilities are more likely to find work that is compatible with their personal circumstances.



Beatty and Fothergill (2004) suggest that there are substantial numbers of hidden unemployed in the East Midlands:

- There are around 120,000 men and women in the region who could be described as unemployed and who are not included in the unemployment claimant count. This hidden unemployment is more than double the claimant count itself;
- The largest group are those who are claiming sickness benefits, mainly Incapacity Benefit. The report estimated that 72,000 people fall into this category, accounting for around 40% of those who claim these benefits, which also equates to 2.8% of the total working age population. Of these, just over 40,000 are men and nearly 32,000 are women. These are people who, in a fully-employed economy could reasonably be expected to have been in work.

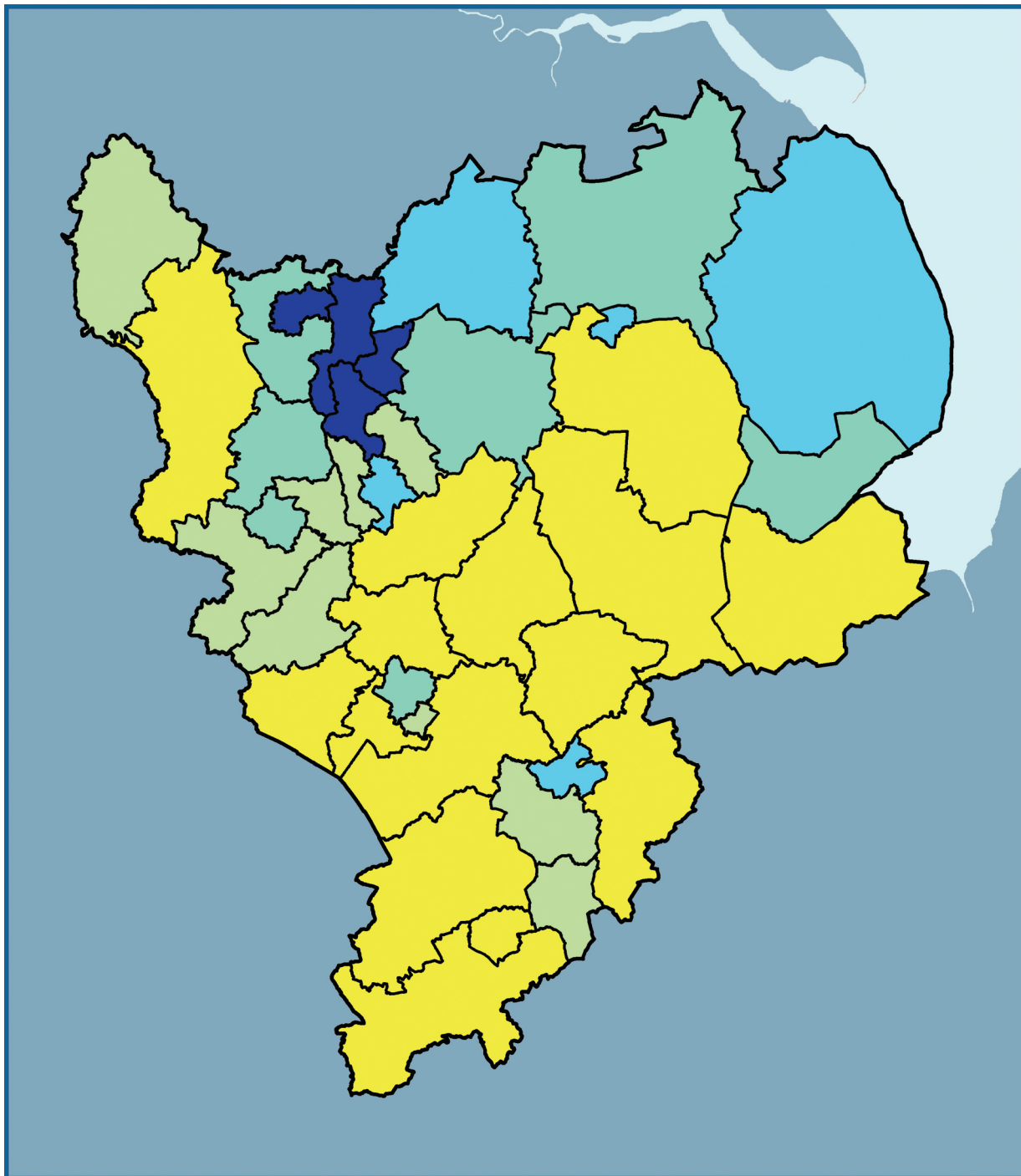
The estimated scale of hidden unemployment among sickness claimants varies across the region. As can be seen from Map 4 there are a number of districts, mainly in the southern half of the region, where the estimated hidden unemployment among sickness claimants represents less than 2% of the working age population. In general, the areas with the highest claimant unemployment have the highest estimated hidden unemployment – i.e. a focus on ‘hidden unemployment’ magnifies spatial disparities.

The map also shows the districts where hidden unemployment among sickness claimants is estimated to account for between 4% and 7% of the working age population. These include the former coal mining areas of Mansfield, Bolsover, Chesterfield, Ashfield, Bassetlaw and Newark & Sherwood. Mansfield and Bolsover are the extreme cases, both with about 7% of adults of working age estimated to be hidden unemployed in this way.

There are substantial numbers of hidden unemployed in the region

**MAP 4**

**Estimated percentage of working age population diverted from unemployment to sickness benefits, August 2003**



- 5.5 to 6.8
  - 4.4 to 5.5
  - 2.8 to 4.4
  - 1.4 to 2.8
  - 0 to 1.4
- Estimated % working age population diverted from unemployment to sickness



Source: C Beatty and S Fothergill, Centre for Regional Economic and Social Research, Sheffield Hallam, 'Hidden Unemployment and its Relevance to Labour Market Policy in the East Midlands', August 2004



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### 3.4 Benefit claimants

Large numbers of benefit claimants can be an indicator of low levels of income and (potentially) low levels of economic activity. We examine available data on the following key benefits: incapacity benefit/severe disablement allowance, income support, disability living allowance and attendance allowance. The focus is on working age claimants, but where the data is relevant we examine the position amongst those over pension age.<sup>14</sup>

#### 3.4.1 Incapacity benefit and severe disablement allowance

Claimants of Incapacity Benefit (IB) were touched upon in the Unemployment & Worklessness section as part of the discussion of hidden unemployment. In this section we set out the latest figures on claimants of IB and Severe Disablement Allowance (SDA) and examine changes in the level of IB/SDA claimants over time.

Incapacity Benefit was introduced in April 1995 and is paid to people who are incapable of work and who meet certain contribution conditions. Severe Disablement Allowance was paid to those unable to work for 28

weeks in a row or more because of illness or disability. Since April 2001 it has not been possible to make a new claim for SDA. From this date people under the age of 20 (or 25 if in education or training before age 20) have been able to qualify for IB. Existing SDA recipients aged under 20 on the 6th April 2001 were automatically transferred to long-term IB in April 2002. Those aged 20 or over at the point of change continue to get SDA. The benefit is maintained for existing claimants only. Because of these arrangements we present combined data for IB and SDA.

Chart 8 shows the proportion of the working age population claiming IB/SDA in May 2005:

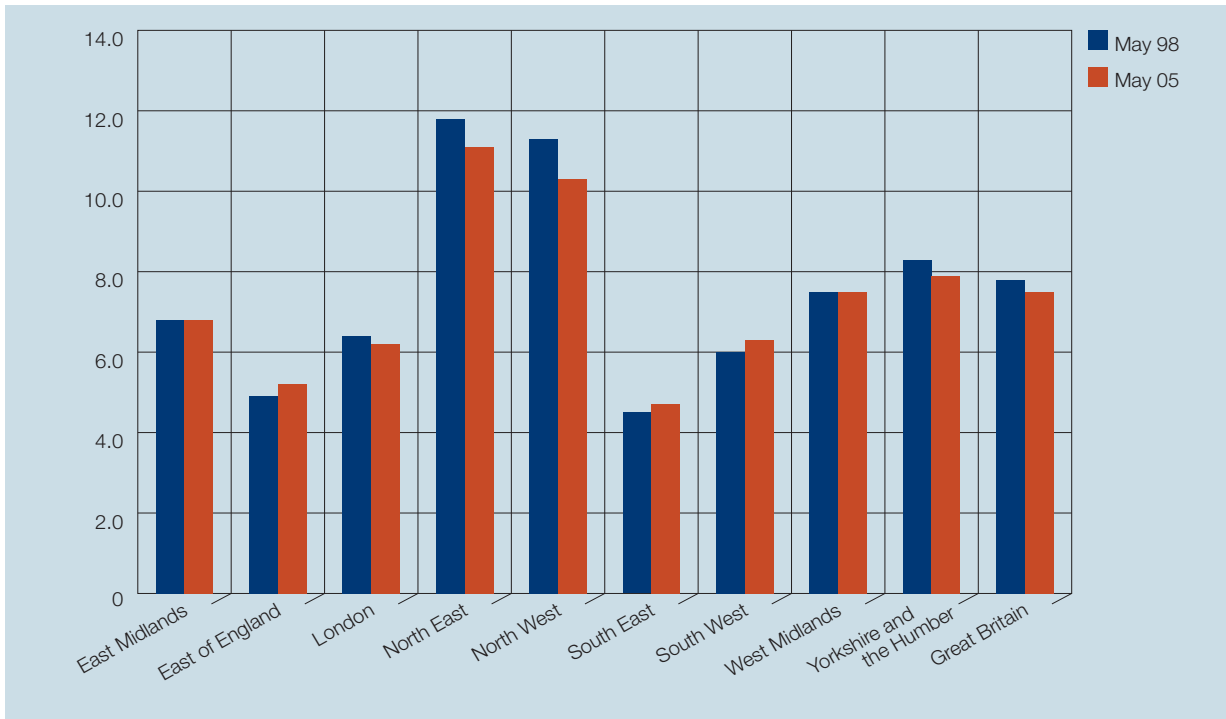
- The proportion of IB/SDA claimants in the East Midlands was 6.8%, which is below the average of 7.5% for Great Britain;
- The proportion of claimants is highest in the North East (11.1%) and lowest in the South East (4.7%);
- Between May 1998 and May 2005 the proportion of claimants has remained relatively stable. It has remained unchanged in the East Midlands and fallen by just 0.3 percentage points in Great Britain.

The proportion of IB/SDA claimants in the East Midlands is below the average for Great Britain

<sup>14</sup>Because of problems with the Annual Population Survey for 2005, the population base used in this section is taken from the four quarterly moving average Labour Force Survey series from NOMIS.

## CHART 8

### Incapacity benefit/severe disablement allowance claimants as a proportion of the working age population, May 1998 and May 2005 (%)



Source: Department for Work and Pensions, NOMIS, 23rd January 2006.

There is a slightly higher proportion of IB/SDA claimants among the male working age population than the female population in the East Midlands (7.7% compared to 5.8%). This gender difference is common to all regions of Great Britain.

#### 3.4.2 Income support

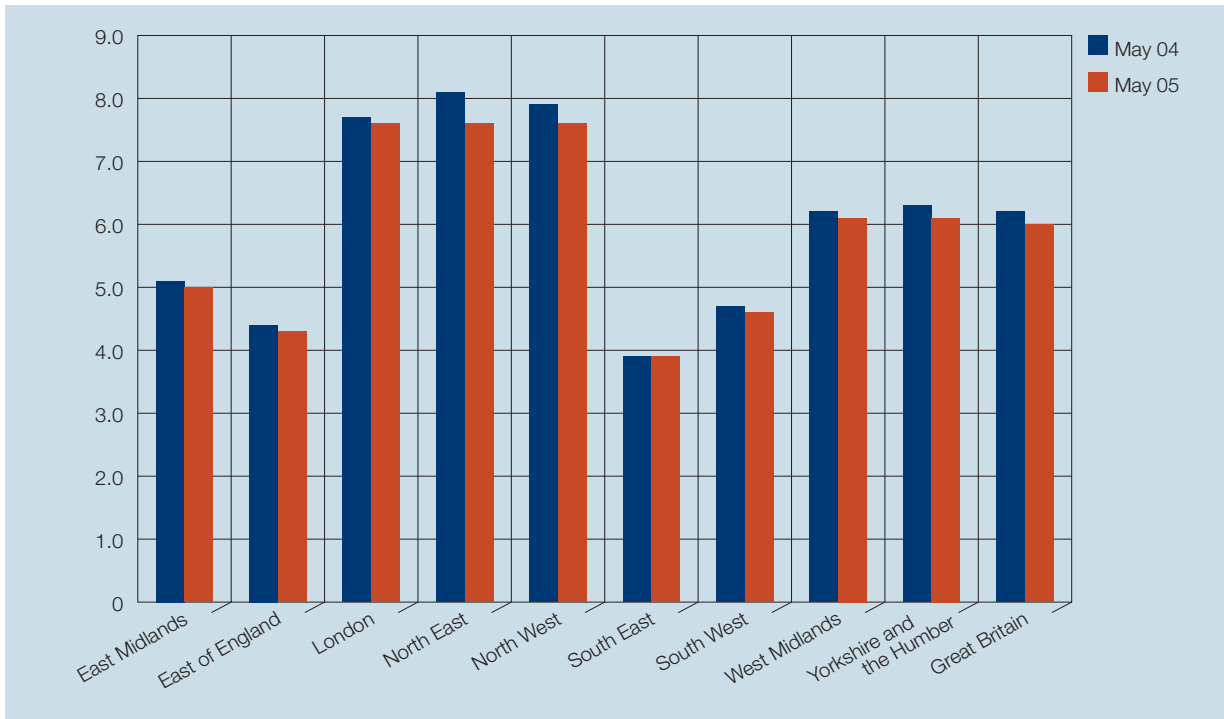
Income Support (IS) is a non-contributory benefit paid to people who have low incomes and who are not required to be available for employment. The main groups of people receiving IS include pensioners, lone parents, the long and short-term sick and people with disabilities. IS can be paid to a person who is aged 16 or over, is not working 16 hours or more a week or has less money coming in than the law says they need to live on. Due to changes in the rules relating to entitlement in 2003, we present data for the last two years only.

Chart 9 shows that:

- Five percent of the working age population in the East Midlands were claiming IS in May 2005, which is below the average of 6.0% for Great Britain;
- The proportion of IS claimants among the working age population is highest in London, the North East and the North West (at 7.6%) and lowest in the South East (at 3.9%);
- There have been no substantial changes to the pattern of IS claimants between May 2004 and May 2005.

**CHART 9**

**Income support claimants as a proportion of the working age population  
May 2004 and May 2005 (%)**



Source: Regional Competitiveness and State of the Regions, Department of Trade & Industry, May 2005

There is a clear difference in the numbers of male and female claimants of IS. In May 2005, at both regional and national levels, the proportion of women of working age claiming IS was almost twice that for men.

**3.4.3 Disability living allowance**

Disability Living Allowance (DLA) is a non-contributory, non-income related and non-taxable benefit that provides financial help for the care and mobility needs of disabled people. DLA is awarded to those disabled people aged below 65. To qualify for DLA, the need for help must have existed for three months (the qualifying period) and be expected to last for at least a further six months (the prospective test). DLA will continue to be paid as long as the conditions of entitlement are met. Unlike some of the other benefits data examined here, there are no significant differences between men and women in the claimant rate of DLA.

Chart 10 shows the proportion of the working age population claiming DLA in May 2005. The key points to note are:

- The proportion of the working age population in the East Midlands claiming DLA in May 2005 was 7.5%. This is slightly below the average of 7.6% for Great Britain;
- The North East had the highest proportion of DLA claimants, at 10.4% of the working age population. This figure was lowest in the South East where it was just 4.9%;
- The proportion of the working age population claiming DLA has increased between May 1998 and May 2005 in all regions. In the East Midlands there was an increase of 1.9 percentage points, which is slightly higher than the increase of 1.8 percentage points recorded for Great Britain. The largest increase occurred in the North West (which experienced an increase of 2.2 percentage points).

### 3.4.4 Attendance allowance

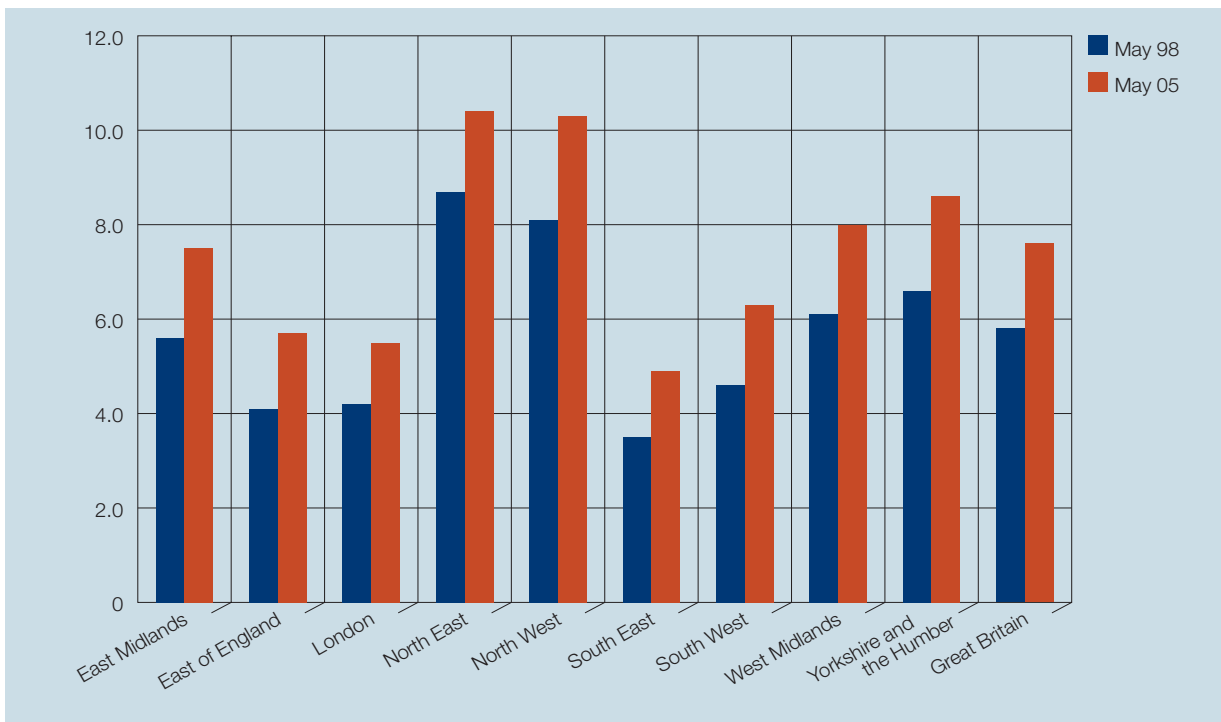
Attendance Allowance (AA) is a non-contributory, non-income related and non-taxable benefit for those who are so severely disabled that they require frequent help/constant care either during the day or night. AA is awarded to those who claim on or after their 65th birthday. Levels of receipt of AA are generally higher among women than men.

Chart 11 shows the proportion of people of pension age who were claiming AA in May 2005.

The proportion of benefit claimants is below average in the East Midlands

## CHART 10

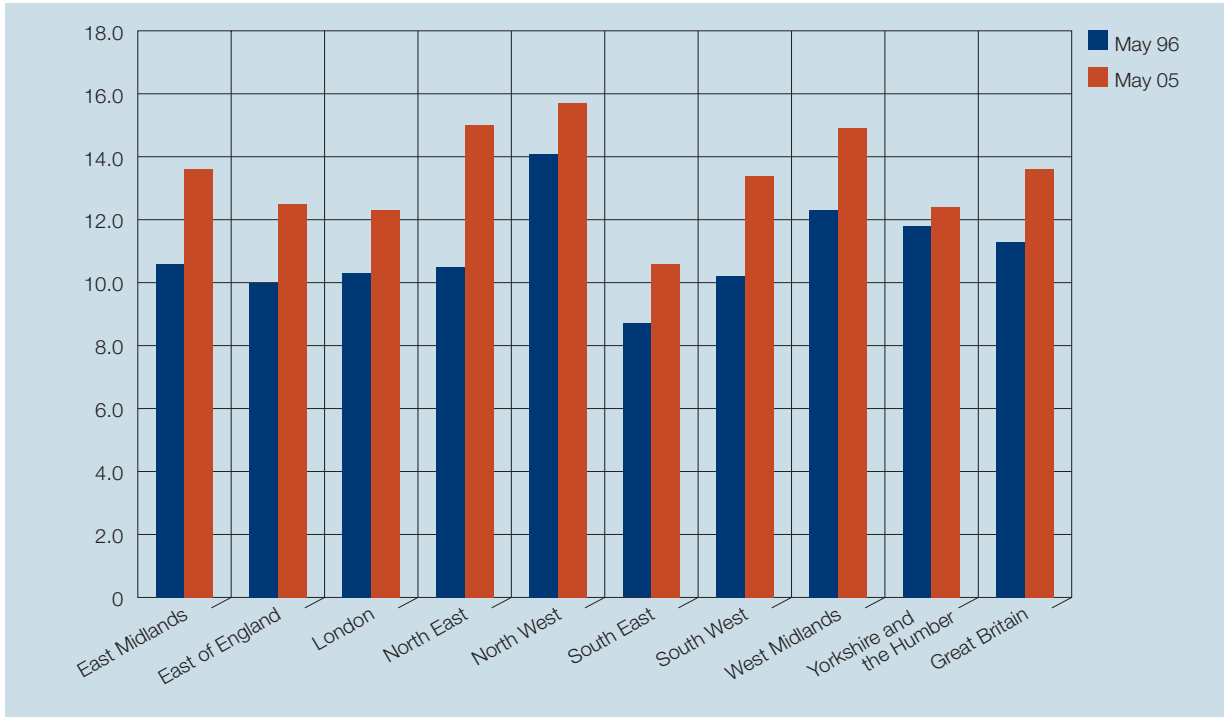
**Disability living allowance claimants as a proportion of the working age population May 1998 and May 2005 (%)**



Source: Department for Work and Pensions, NOMIS, 23rd January 2006.

## CHART 11

### Attendance allowance claimants as a proportion of the pension age population May 1996 and May 2005 (%)



Source: Department for Work and Pensions, NOMIS, 23rd January 2006.

The key points to note are:

- The proportion of those of pension age claiming AA was 13.6% in the East Midlands in May 2005. This is the same as the average for Great Britain;
- The North West has the highest proportion of claimants, at 15.7%, and the South East the lowest, at 10.6%.

The data shows that there are significant variations within the East Midlands but with no clear pattern along urban/rural lines. Just over 23% of those of pension age are in receipt of AA in Boston, which is more than two and a half times the level in South Holland (8.8%).

There have also been significant changes over time. Between May 1996 and May 2005 the proportion of pension age people claiming AA increased by three percentage points in the East Midlands. This is a greater increase than that recorded for Great Britain (which experienced an increase of 2.3 percentage points over the same period). There has been an increase in all of the English regions, with the North East experiencing the most significant rise (of 4.5 percentage points).



### 3.5 Incomes and material deprivation

By not participating in the labour market, or by not fully participating in the labour market as is the case with some benefit claimants, an individual reduces the income that he or she has available and this impacts on that person's standard of living.<sup>15</sup> This section highlights differences in income and aspects of material deprivation in the East Midlands region. Data on incomes by age, disability and ethnic minority group are not readily available but data on incomes by gender is.

The Annual Survey of Hours and Earnings (ASHE) provides estimates on earnings from employment. This is analysed in detail in Section 3 of *The East Midlands in 2006: The East Midlands Labour Market*. In this section, it is useful to refer to the ASHE to provide context on how earnings in the East Midlands differ from the UK average, and the extent of sub-regional variation;<sup>16</sup>

- The median gross annual pay for residents of the East Midlands in 2005 was £21,994, which is 4.0% less than the UK median of £22,901;<sup>17</sup>

- The highest median annual earnings in the region were in Derby City, at £23,809. This is 8.3% above the East Midlands figure and 4% above the UK. Leicestershire was the only other location in the East Midlands with median earnings above those of the UK;

- In marked contrast to the county, Leicester City had the lowest annual residence based earnings in the region, at a median of £18,830 (which is 14% below the East Midlands figure and 18% below the UK). Residents of Lincolnshire and Nottingham City also had median earnings significantly below the regional average, at £20,141 and £20,326 respectively.<sup>18</sup>

*Individual Incomes of Men and Women*<sup>19</sup> contains data on all income acquired by an individual, including benefits, income from investments, pensions, as well as earnings from employment. The data provides a means of comparing the income received by women with that received by men, either directly or in their own right.

**TABLE 1**

#### Median gross annual earnings in the East Midlands 2005

Annual pay – gross	
	£
United Kingdom	22,901
East Midlands	21,994
Derby City	23,809
Derbyshire	22,709
Leicester City	18,830
Leicestershire	23,429
Lincolnshire	20,141
Northamptonshire	22,571
Nottingham City	20,326
Nottinghamshire	22,244
Rutland	#

#These figures are suppressed as statistically unreliable

Source: Annual Survey of Hours and Earnings (ASHE) – resident analysis, from NOMIS on 9 January 2006

<sup>15</sup> The emphasis in this sub-section is on individual incomes as this data is readily available. However it may be possible that a person with low individual income may be able to access other resources in his or her household.

<sup>16</sup> The following estimates are all on a residence basis. For analysis of variation between residence and workplace based earnings (i.e. the differences between earnings on the basis of where people live and where they work) refer to Section 3 of *The East Midlands in 2006: The East Midlands Labour Market*.

<sup>17</sup> This should not be confused with the earnings differential reported in Section 3 of *The East Midlands in 2006: The East Midlands Labour Market*, which is on a workplace basis.

<sup>18</sup> ONS Crown Copyright, *Annual Survey of Hours and Earnings*, 2005 residence based medians, January 2006.

<sup>19</sup> All data in this section is taken from *Individual Incomes of Men and Women 1996/7-2003/4*, Department of Trade and Industry, April 2005.

**TABLE 2**

**Median individual income by gender, region and country, average for 2001/02, 2002/03 and 2003/04 (£ per week 2003/04 prices)**

Region	All Women			All Men		
	Total	Net	Disposable	Total	Net	Disposable
North East	141	137	111	250	217	185
North West & Merseyside	156	147	122	277	233	195
Yorkshire & the Humber	146	141	114	294	229	194
East Midlands	148	141	111	284	242	202
West Midlands	150	142	112	351	239	201
Eastern	160	150	114	351	286	235
London	189	174	132	345	280	222
South East	169	156	118	372	301	248
South West	152	144	112	305	254	211
England	158	148	117	309	255	212
Wales	145	140	113	259	223	190
Scotland	163	152	119	274	230	192
Great Britain	157	148	117	304	252	209

Source: Individual Incomes of Men and Women 1996/7-2003/04, Department of Trade and Industry, April 2005

The key points to note from Table 2 are that:

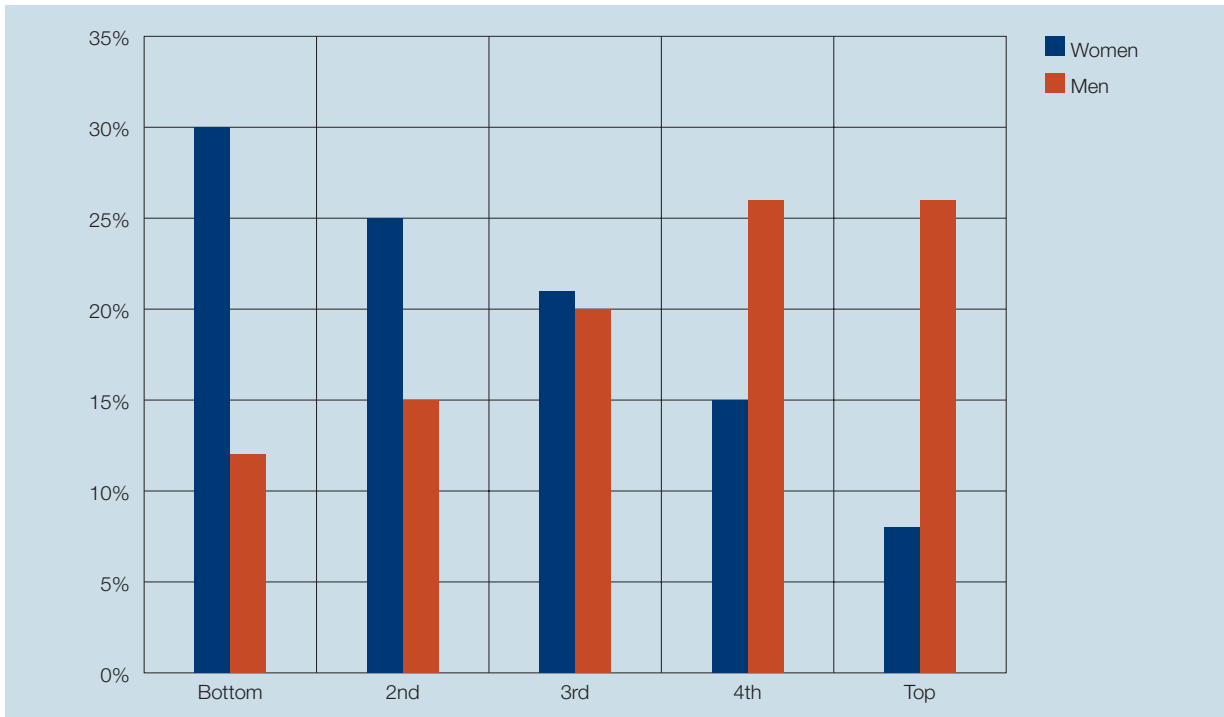
- The total median income for women in the East Midlands is estimated to be £148 per week, 52% of the total male median income of £284. Net women's median income (which includes tax credits but deducts income tax and National Insurance Contributions) is estimated to be £141 per week, 58% of men's net median income;
- The table shows that women's income in the East Midlands is below the average of £157 per week for Great Britain. The gap between men's and women's incomes is slightly smaller at national level than in the region (50% compared to 52%);
- The highest income disparities are in the South East and East of England, where total median women's weekly income is 45% of men's income in both cases.

The distribution of income for women is more heavily weighted towards the lowest income quintiles both nationally and in the region. The distribution of income for men is more heavily weighted towards the highest quintiles. Chart 12 shows that 30% of women in the region are in the bottom quintile of the earnings distribution (compared to 12% of men). At the higher end of the distribution 26% of men are in the top quintile compared to just 8% of women.

In the East Midlands individual income is below the national average

## CHART 12

**Percentage distribution of women and men by total income in the East Midlands, average for 2001/02, 2002/03, and 2003/04 (quintiles)**



Source: Individual Incomes of Men and Women 1996/7-2003/04, Department of Trade and Industry, May 2005

There are a number of significant differences in the sources of income between men and women in the East Midlands:

- For women in the region, income from employment accounts for 66% of total income compared to 81% for men;
- Income from benefits accounts for 20% of women's income in the East Midlands, compared to 9% for men.

Income determines the goods and services that individuals consume. A distinction can be made between what are termed necessities and luxury items. The ability to keep accommodation warm in winter is an example of a necessity, and data from the Families and Children Survey<sup>20</sup> (FACS) 2002 shows that those with a disability and lone parents are much more likely to be unable to keep their accommodation warm during the winter.

The distribution of income for women is skewed towards the lower income bands

<sup>20</sup>National Centre for Social Research, *Secondary Analysis of Regional Data in National Surveys: Evidence from the Families and Children Survey 2002*, 2005.

## 4. Barriers to participation and economic inclusion

This section examines barriers to participation and economic inclusion in the East Midlands. The principal focus is on learning, work life balance, access to childcare, and crime. We recognise that access to some of these services is restricted by geography and access to transport. These issues of access are of particular importance in certain parts of the region such as the remote rural areas of Lincolnshire and North Derbyshire.

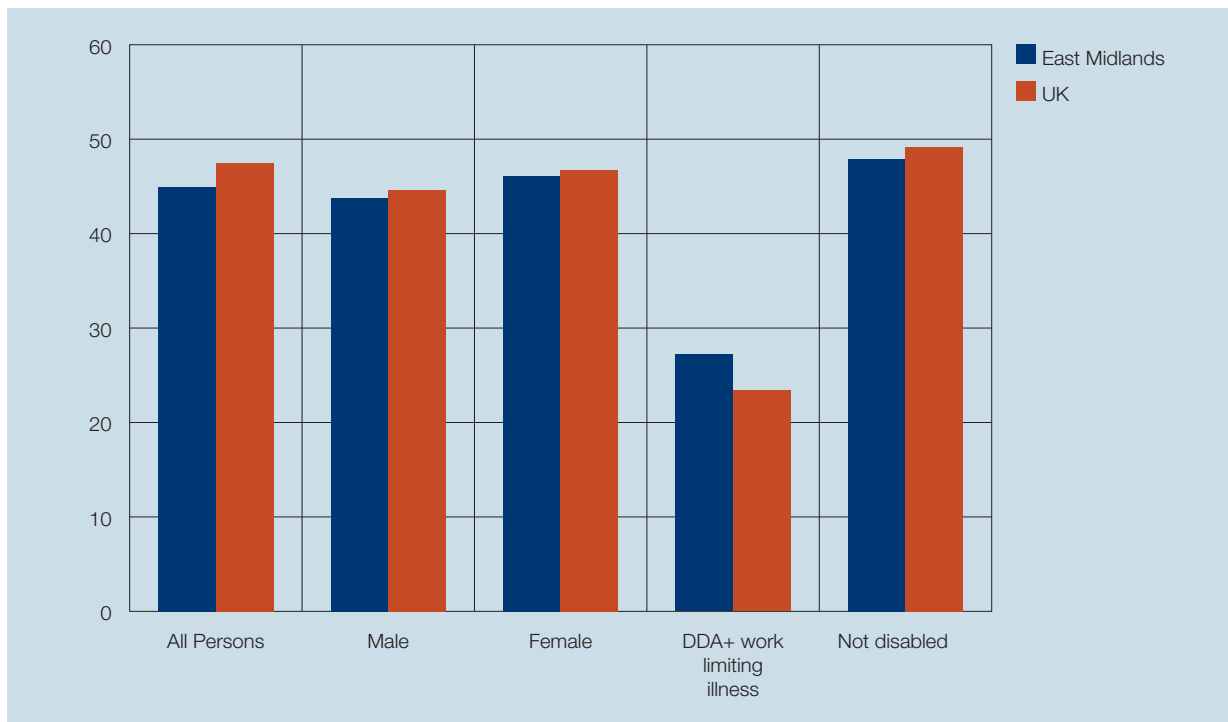
### 4.1 Learning

Clear evidence exists, and has been presented in Section 3 of *The East Midlands in 2006: The East Midlands Labour Market*, that higher levels of skills and qualifications are associated with higher levels of participation in the labour market and higher levels of earnings.

A limited amount of data on learning is available from official sources. The Annual Population Survey contains information on adult learning activity. Chart 13 shows how adult learning activity varies between particular groups of the population of the East Midlands and how this compares with the UK.

**CHART 13**

**Adult learning (taught and non-taught) by group, 2004 (%)**



Source: ONS Crown Copyright, Annual Population Survey January 2004-December 2004, NOMIS, 16th January 2006

The key points to note from Chart 13 are:

- The proportion of adults participating in both taught and non-taught learning in the East Midlands was 44.9%, which is below the UK average of 47.5%;
- The proportion of males in adult learning in the East Midlands is lower than females (43.8% compared to 46.1%);
- The proportion of those with DDA and work limiting illness in adult learning was 27.2%, which compares with 47.9% for those without a disability. This gap is smaller than the one that exists at national level.

The remainder of this section examines evidence on learning undertaken in the *National Adult Learning Survey*<sup>21</sup> (NALS) and the likelihood of undertaking future learning, which allows for a more detailed breakdown than that in the APS.

Table 3 presents data on learning activity undertaken in the three years prior to the survey. The key points to note are:

- In the East Midlands 39% of adults had undertaken some learning activity in the last three years or since leaving continuous full-time education (CFTE). This is similar to the average of 38% for England;
- At both regional and national level, a slightly higher proportion of men than women had undertaken some learning activity;
- Participation in learning activities was significantly lower among those aged over 45 than for those aged below 45;
- People from ethnic minority groups were less likely to have participated in learning activities than White people were;
- Only 14% of those with a disability participated in learning activity in the East Midlands, compared to 42% without;
- This pattern of participation is very similar to that reported for England.

Adult participation in learning is below average in the East Midlands

<sup>21</sup>Data in this section is taken from *Secondary Analysis of Regional Data in National Surveys: Evidence from National Adult Learning Surveys 2001 and 2002*, National Centre for Social Research, 2005. This data has been used as more recent data does not permit disaggregation at the regional level.

**TABLE 3****Learning status by socio-demographic characteristics, East Midlands and England including London**

<b>Taught and self-directed learning in past 3 years/since CFTE</b>		<b>East Midlands %</b>	<b>England inc. London %</b>
Sex	Male	41	42
	Female	37	35
Age group	16-34 years	51	52
	35-44 years	55	51
	45-60/65 years	40	41
	60/65+ years	8	9
Ethnic group	White	39	39
	Non-white	21	35
Long-term illness, health problem or disability	Yes	14	13
	No	42	42
Family type	Single person h/hold	28	27
	Partner, no child under 18	38	37
	Partner and child under 18	48	49
	No partner, child under 18	42	37
	Parents, no partner/child	[34]	47
	None of the above	[40]	38
All		39	38

Note: [ ] Figures are based on between 25 and 49 actual cases and should, therefore, be treated with caution

Source: Secondary Analysis of Regional Data in National Surveys: Evidence from National Adult Learning Surveys 2001 and 2002, Region: East Midlands, National Centre for Social Research

Table 4 presents data on attitudes towards participating in job-related learning in the 2-3 years subsequent to the survey. The key points to note are:

- A total of 63% of people surveyed in the East Midlands were either very likely or fairly likely to do job related training in the next 2-3 years;
- Attitudes to future job-related learning were similar by gender, with 65% of men very likely or fairly likely to participate compared to 63% for women;
- Those aged below 45 were more likely to do job-related training in the future than those over 45.

Participation in learning varies across different segments of the population

**TABLE 4**

**Self-assessed likelihood of doing job-related learning in the next two or three years by socio-demographic characteristics in the East Midlands (%)**

		Likely to do job-related learning in next 2-3 years						Total
		Very likely	Fairly likely	Not very likely	Not at all likely	Don't know/refused	Unweighted base	
Sex	Male	45	20	19	16	0	372	
	Female	40	23	17	19	1	500	
Age group	16-34 years	50	25	17	7		280	
	35-44 years	49	21	17	12	1	225	
	45-60/65 years	35	20	22	23	1	320	
	60/65+ years	[10]	[3]	[8]	[78]	[ ]	47	
Ethnic group	White	43	21	18	18	0	830	
	Non-white	[38]	[21]	[29]	[10]	[2]	39	
Long-term illness, health problem or disability	Yes	[35]	[5]	[32]	[28]	[ ]	41	
	No	43	22	17	17	1	831	
Family type	Single person h/hold	41	20	13	25	1	114	
	Partner, no child under 18	42	15	19	23	0	343	
	Partner and child under 18	42	26	18	13	1	268	
	No partner, child under 18	48	15	21	15		70	
	Parents, no partner/child	[39]	[38]	[19]	[4]	[ ]	46	
	None of the above	[47]	[27]	[16]	[11]	[ ]	31	
All		42	21	18	18	1	872	

Base: Population aged 16-70 years and working or planning to work in future; or population aged 70+ and economically active

Note: [ ] Figures are based on between 25 and 49 actual cases and should, therefore, be treated with caution

Source: Secondary Analysis of Regional Data in National Surveys: Evidence from National Adult Learning Surveys 2001 and 2002, Region: East Midlands, National Centre for Social Research

Although not presented here, data from the NALS also shows that:

- Some 40% of all adults in the East Midlands thought it likely that they would do some learning that was not job-related in the future, compared to 43% in England;
- Eighty per cent of adult respondents in the East Midlands agreed with the statement that “you need qualifications to get anywhere these days”, but 43% also thought “employers seldom take notice of the learning, education or training you have done”. The latter compares to 38% of adults in the comparison area (England). Ninety three per cent also believed that “you are more likely to get a better job if you do some learning, training or education”;
- One third of adults in the East Midlands who did not undertake any formal learning in the last 3 years (or since leaving continuous full-time education) would have liked to have done so. Of these, one third would have liked to have studied computing;
- Two thirds of adults in the East Midlands had used ICT for learning or general use in the recent past. This is slightly lower than the average for England (69%).



## 4.2 Access to childcare and work-life balance<sup>22</sup>

Employment not only brings monetary rewards, but also contributes to an individual's wider quality of life through the development of social networks. The British Social Attitudes Survey 2003 reports that 66% of respondents in employment in the East Midlands view work as more than a means to earn a living. Given the importance of work to an individual's well-being it is important to identify and address barriers to employment.

### 4.2.1 Access to childcare

Access to childcare has long been recognised as a significant barrier to work, particularly among women and lone parents. Available data shows that:

- Almost two-fifths (39%) of families in the East Midlands thought that there were an adequate number of childcare places available in their local area, whereas 38% thought that there were not. Over half (54%) considered the quality of places as very good or fairly good;
- A larger proportion of families in the East Midlands considered childcare less affordable than the English average (excluding London) – 31% and 26% respectively;
- In the East Midlands people in the younger age group, 16-34 years, were more likely to consider childcare not affordable (38%);
- Childcare affordability was cited by 12% of parents as a reason why they are unable to work and by 14% of lone parents. Childcare availability was selected by 5% of non-working parents (7% of lone parents);
- Less than two in five workers in the East Midlands (37%) were fairly or very satisfied with the provision of leave for childcare, whereas one half (52%) were fairly or very satisfied with the provision of leave to care for relatives or friends.

The survey data also shows that employers in the East Midlands are less likely to provide childcare facilities:

- Five percent of establishments in the East Midlands provided childcare facilities or arrangements, which helped parents to combine work with family commitments. This compares with an average of 8% for England.

### 4.2.2 Work-life balance

The adoption of flexible working hours and other flexible working arrangements provides a means of overcoming the various barriers to labour market participation. This section examines the available survey data on work-life balance and looks at the hours people work and flexible working practices offered by employers.

Data on working arrangements shows that 38% of workers in the East Midlands had at least one form of flexible work arrangement and flexitime was the most popular arrangement.

When asked if they could work differently from the way that they currently do East Midlands workers reported that:

- They were significantly less likely to state that they wanted to work reduced hours than the average for England, excluding London (22% compared to 26%);
- Working parents were also less likely to state that they wanted to work during term-time only (33% compared to 37%).

From the employer's perspective, attitudes towards flexible working are generally positive:

- Eighty percent of businesses in the East Midlands offer flexible working practices to their employees (compared to 82% for England);
- The most popular form of flexible working practice on offer is part-time working (offered by 72% of employers). Term-time contracts (20%), job share (13%), flexi-time (23%) and compressed, annualised or reduced hours (6%, 7% and 12% respectively) are among the other forms offered;
- Although a higher proportion of businesses were more likely to perceive no benefits to flexible working than the average for England (35% compared to 21%), the majority recognise that there are positive benefits in relation to happier staff, higher levels of retention and lower levels of turnover.

<sup>22</sup> Unless stated otherwise, the data in this section has been taken from *Secondary Analysis of Regional Data in National Surveys: Evidence from the Employee Work-Life Balance Studies 2000, 2003*, National Centre for Social Research 2005 and *Secondary Analysis of Data in National Surveys: Evidence from the Work-Life Balance Study of Employers 2003*, National Centre for Social Research, 2005.

### 4.3 Crime<sup>23</sup>

This final sub-section examines available data on levels of crime in the region. The focus is on personal crime as this has a direct impact on the quality of a person's life. It is recognised that crimes against business impose costs and affect competitiveness but robust and reliable data on business crime is not readily available.

The data shows that there are no significant differences between the East Midlands and England:

- Twenty nine percent of respondents in the East Midlands felt safe whilst walking alone after dark compared to 25% for England. In addition 61% of respondents in the region felt very safe when alone at home at night (compared to 62% for England);
- Whether or not people feel safe does vary by group at both regional and national levels. Women (15%), those aged over 60 (16%) and those from ethnic minority groups (23%) all felt less safe than average walking alone after dark. These groups also feel less safe when at home alone;
- Sixteen percent of respondents in the East Midlands were worried about having their home broken into (compared to 15% for England) and 15% were worried about being physically attacked (which is the same as England);
- The proportion of respondents worried about being physically attacked because of their skin colour, ethnic origin or religion was the same in the East Midlands as in England (at 5%).

Data is also available on victims of reported crime and perceptions of changes in crime over the two years prior to the survey:

- Of those who had been a victim of reported crime in the East Midlands, 33% had been victims in the two years prior to the survey. This is in line with the average for England;
- Around half of respondents in the East Midlands thought that there was more crime in their area than two years prior to the survey. Twenty two percent thought there was a lot more crime and 28% thought there was a little more crime (the corresponding figures for England are 22% and 31% respectively).

Women, older people and those from ethnic minority groups feel less safe than average

<sup>23</sup>Data in this section is from *Secondary Analysis of Regional Data in National Surveys: Evidence from the British Crime Survey 2002-2003, East Midlands*, National Centre for Social Research, 2005 and *Secondary Analysis of Regional Data in National Surveys: Evidence from the British Crime Survey 2002-2003 Non-White Boost Sample, East Midlands*, National Centre for Social Research, 2005.

# Summary

## 1. Introduction

This section of the evidence base assesses deprivation, economic participation and economic inclusion in the East Midlands. Many parts of the East Midlands can be described as being in a state of full employment or near full employment, but there are communities that still suffer from deep-seated inter-generational unemployment and poverty.

## 2. Deprivation in the East Midlands

The Index of Multiple Deprivation measures the extent of multiple deprivation at small area level. This shows that the most severe levels of multiple deprivation in the East Midlands are to be found in the region's major urban centres, the coalfields area and in some of the remote rural areas of the region, such as the Lincolnshire coast. In very general terms the map highlights a north-south split within the region, with lower levels of deprivation in the south than the north. However the district based analysis hides the fact that pockets of great prosperity and severe deprivation exist side by side in many parts of the region.

## 3. Labour market participation in the East Midlands

Although levels of economic activity and employment rates in the East Midlands are above the national average, and unemployment rates below average, there are a number of groups who do not participate fully in the labour market.

Economic activity and employment rates tend to be lower than average among those with a disability, those from ethnic minority groups, those aged 50 or above and women. There is also a spatial dimension, whereby levels of participation are lower than the regional average among residents of the region's major urban centres.

Levels of unemployment are generally low in the East Midlands, but tend to be above average among those with disabilities, those from ethnic minority groups and among those aged between 16 and 24. A number of people have also been identified as 'hidden' unemployed – those who are willing and able to work but who have moved from unemployment benefits to incapacity benefits. Levels of hidden unemployment are estimated to be highest in the coalfields area of the region.

Large numbers of benefit claimants can be an indicator of low levels of income and low levels of economic activity. The proportion of benefit claimants in the East Midlands tends to be below the national average. It should be noted that benefits generally account for a greater proportion of income among women than men.

## 4. Barriers to participation and economic inclusion

There are a range of barriers to participation and economic inclusion and these include access to and take up of learning opportunities, access to childcare provision and access to services in the remote rural parts of the region, such as parts of Lincolnshire and the Peak District. These barriers may be similar in all parts of the region, whilst others may be more location specific. It should also be noted that many individuals face multiple barriers to participation.

Official data on adult learning is limited but shows that levels of adult learning in the East Midlands are below the UK average and that men and those with a disability are less likely to participate.

There is an issue with the costs of childcare in the East Midlands and one in eight parents cite the availability of childcare as a barrier to employment.

Almost two fifths of workers in the East Midlands have access to some sort of flexible working arrangement. These arrangements are regarded in a positive manner by employers who see the benefits in terms of a happier workforce, higher retention and lower levels of staff turnover.