UNDERSTANDING PEOPLE, UNDERSTANDING PLACES

A Report on the Levelling Up Agenda
The Salvation Army and The Institute for Employment Studies
FROM THE LEADER
OF THE SALVATION ARMY
IN THE UK AND IRELAND

“Where there is a need, there is The Salvation Army”. Sir Winston Churchill reportedly said this during the Second World War on a visit to a bombed area of London.

I’m pleased to report that the sentiment remains true of the work of The Salvation Army during the past 18 months. Guided, fuelled, by God’s love and purpose, Salvation Army people have brought light and hope across the country, in another of our darkest hours.

Despite the pain, the fear, and the profound loss of life, Salvation Army officers, employees and church members have worked hard to serve and hold our communities together.

By delivering food and offering friendship to people who needed to isolate; keeping our residential centres open and safe; preparing meals and serving them to people who struggled through the pandemic, I have witnessed gifts of love, of sacrifice, and of determination that enabled people to cope and even flourish during these extremely difficult months of the pandemic.

We are now entering a new phase of this pandemic due to this Government’s commendable roll out of the COVID-19 vaccine. However, without doubt there are very challenging days ahead. We must not speak of ‘going back’ to how things were before, but rather turn our mindset to going forward.

It is our hope that this paper gives clear direction to decision makers in Government on what going forward means for those we serve.

This is a moment of opportunity to go forward to strengthen people, and to encourage everyone to take hold of the opportunities before them. Organisations like The Salvation Army are ready to do their part. Now is the time for action.

Commissioner Anthony Cotterill
Territorial Commander of The Salvation Army in the United Kingdom and Ireland
AUTHOR’S NOTE

I speak to a lot of people who feel left behind. Left behind due to a lack of accessible after-school activities or mental health services; left behind due to a lack of jobs that excite them.

For The Salvation Army, the Levelling Up Agenda isn’t simply political rhetoric. The Levelling Up Agenda and its promises of a White Paper is set to be one of the largest and most crucial levers the state can utilise to successfully rebuild communities – both those impacted by Covid-19 as well as those affected by entrenched and historical inequalities.

As one of the country’s largest community and church-based charities, we see first-hand the work that is needed to rebuild. The success of this policy must be the priority of all decision makers.

Since the launch of the initial Levelling Up Fund, in March 2021, my greatest worry has been the lack of any community engagement on what Levelling Up looks like to our communities. As readers will see in this report, Levelling Up doesn’t simply mean expensive, one off, projects. It means real solutions to fix gaps in public services. It means people having the opportunity to work hard and achieve greater skills and higher wages. And it means creating communities in which children can thrive.

It’s been a blessing to be able to conduct this work and hear directly from communities on what success on Levelling Up would mean to their lives. However, we need more from politicians to capture what real and sustained success looks like for each area.

It is my hope that upon reading this paper, each and every Member of Parliament will go out to their community and ask – ‘What does Levelling Up look like to you? What do I need to fight for to invest in our community?’ And then take that to Whitehall, to the Cabinet Office, to feed directly into the upcoming White Paper, promised by this autumn. Because without real understanding of what communities need to rebuild, we risk failing those areas time and again. Organisations like The Salvation Army are ready to play their part in Levelling Up our society. To achieve this shared aim, we must begin by creating a shared understanding on how we define Levelling Up – and even more importantly, who has a say in what that looks like.

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With thanks to:

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Thank you to Jonathan Buzzeo and Matthew Williams from the Institute for Employment Studies for their significant contribution to making this report a success.
INTRODUCTION AND EXECUTIVE SUMMARY


It’s heartening after 18 months of horror, of isolation, that we get to begin to look out to the horizon and think about what comes next.

And it’s even more heartening that our leaders, of all political stripes, are thinking about a Levelling Up Agenda.
We hope this will be delivered via a White Paper in Autumn 2021, which will outline how we can build back stronger and fairer in the face of what we have experienced.

At The Salvation Army, our church members, centre staff and community organisers have time and time again stepped into the fire to help people who have been traumatised by the pandemic.

So, when government say that they plan to rebuild, who else, but these individuals should be the first to speak to the upcoming Levelling Up Agenda on what rebuilding is needed?

We have partnered with the Institute for Employment Studies on this piece of work to inform governments on exactly what is needed and where.

First the ‘where’. In tangent with the Institute for Employment Studies, we created 13 quantitative indicators that we felt best identified which areas should be prioritised in any financial investments. Using economic, labour market and social quantifiers, we have best identified where funding is most needed. And more importantly, we have identified areas Government are at risk of leaving behind.

Our research demonstrates that coastal regions, across the country, are a key area for investment missed in the Governments’ current prioritisation of Levelling Up. Coastal areas have previously been recognised as needing significant investment, but little has been done to rectify the issues faced.

Entrenched issues include limited economic opportunity, short term investments, and declining sectors, which have led to coastal towns being left behind.

For the Levelling Up Agenda to be a success, we are first calling on government to rethink how it prioritises areas of need, and to include coastal areas in their prioritisation.

Second, the ‘what’. Our expertise on the ground provides a unique opportunity for government to hear directly what is needed in local areas. By engaging communities on how government should invest in their neighbourhoods, we guarantee greatest success in Levelling Up the country.

Yes, good transport is a factor, but not a single person we interviewed said that infrastructure was the key to making Levelling Up a success. Not a single person felt that a research and development hub was the support needed to help them improve their lives and Level Up their neighbourhoods.

People said they need affordable childcare. They said they need access to entry level jobs that provide progression. They said they needed to be able to pay their bills and still have a little left over at the end of the month. People said they need just a little bit more support, to make the day to day easier, and allow them to actually plan for upskilling in the future. From our research, we hope this paves the way for the Levelling Up Agenda to prioritise people, listen to them and create the long-term investment needed in the right parts of the country.
Despite the limitations in government metrics, we felt in order to best imitate the Government’s previous mapping around the Levelling Up Fund, lower-tier local authority areas were still the most appropriate geographical basis for analysis.

However, we recognise that local government reorganisation has led to an increasing number of larger, multiple districts being combined, which means that differences in local communities can get lost or missed in these areas. In order to prevent the needs and characteristics of local, less populated, areas getting lost in the surrounding city regions, county-based unitary authorities were subdivided into smaller areas of analysis. Using Middle-Layer Super Output Areas (MLSOA) we were best able to determine approximate Travel-to-Work-Areas (TTWA). These areas identify self-contained labour market areas, encompassing areas where the majority of local people live and travel to work. In order to properly capture the wide range of potential disadvantage an area may face, 13 indicators were chosen to reflect three broad themes - economic, labour market, and social disadvantage.

**Economic Indicators**

Three economic indicators were selected, based on availability of data at local authority level, as well as to reflect economic impacts of Brexit. The three indicators used are:

1. Gross Value Added (GVA) per head
2. Exports to the European Union as a percentage of total GVA
3. Gross Disposable Household Income per head

**Labour Market Indicators**

4. Economic activity rate of working age population
5. Proportion of employment in sectors that are projected to have the largest decreases in employment over the next ten years
6. Proportion of employment in sectors that are projected to have the largest increases in employment over the next ten years
7. Change in people in employment between 2015 to 2019
8. Proportion of workers in non-permanent employment
9. Recent trend in claimant count unemployment from January 2019 to January 2021
10. Proportion of long term unemployed (over 12 months)

**Social Indicators**

11. Indices of Multiple Deprivation (IMD) Income Deprivation
12. Indices of Multiple Deprivation (IMD) Health Deprivation and Disability
13. Indices of Multiple Deprivation (IMD) Barriers to Housing and Services

The difference in our choice of metrics creates a more comprehensive and sensitive model of representation, which can help determine the critical areas in need of prioritisation for investment.

While Government analysis draws attention to regions that are economically vulnerable, our elaboration of indicators compensates for significant oversights such as social deprivation levels, economic...
activity and employment rates, which will help generate a more accurate depiction of areas that need funding.

For example, our labour market indicators do not concentrate only on unemployment (whereas Government research solely does) but on the condition of opportunities experienced by those who are either employed or seeking employment.

Through this we identified coastal regions to be more at risk due to the insecurity of seasonal and zero-hour contracts. Similarly, if we take the indices of deprivation into consideration, we can observe from our indicators that coastal towns should also be prioritised for the investment fund as 67% are in the higher income deprivation category in comparison to just 36% of non-coastal towns. 5

As each of these indicators could potentially contribute to communities being left behind, they have formed the premise of our conclusions.
We were heartened to see that our mapping was not so different from Government to warrant concern that the current Levelling Up Fund completely missed the mark of identifying key areas of priority.

However key differences are immediately identifiable, and it is the hope that this paper can influence more nuanced spending and prioritisation of the Levelling Up Agenda and White Paper.

Our own research was compiled through a standardised $Z$ scoring system which we used across all 13 indicators and in each specific area. Each score was calculated by subtracting the area’s value from the mean across all areas and then by dividing it according to the standard deviation of the values. This created both positive and negative integers which were compared in proximity to a standardised mean score of zero.

Based on these calculations, an overall score was then summed across each indicator and each area was ranked and categorised into three groups in order to ascertain whether they reflect the highest, middle and lowest priority area.

**What Government Identified:**

The Need for Investment in the North and East Midlands

As seen in Figure 2, Government have rightly identified that more investment is needed in the North of England, as well as East Midlands.
This is supported by our own research, seen in figure 1, which identifies that nine out of ten local areas in the North East as high priority areas, as well as just over half of local areas in the Northwest, Yorkshire and The Humber, as well as local areas in East Midlands.

This compares to just over one in ten areas as being identified as high priority in London and the South East.

What Government Missed: The importance of Coastal Areas in Levelling Up

Our analysis shows a number of coastal areas across the country, including in the North West, Yorkshire and The Humber, East Midlands, East, and South West, that are high priority under our quantitative analysis, that was missed by Government’s calculations of the Levelling Up Fund.

Furthermore, we can see that there are also specific types of area classifications that our research has identified as priority areas, that was originally missed by Government’s Levelling Up Fund.

Our quantitative findings have prioritised areas classified by ONS data as Services and Industrial Legacy, Countryside Living (which includes coastal), with some Urban Settlements, although less than in Government’s Levelling Up Fund analysis.

ONS Areas Classification Definition

Services And Industrial Legacy: traditional mining areas in northern England. There is a much lower representation of ethnic minority groups than for the UK as a whole and a smaller proportion of people with higher-level qualifications, with rates of unemployment above the national level.

Countryside Living: Rural areas with a low population density and a much higher media age compared to the UK as a whole. Unemployment and qualification levels are both below national average. Part-time work is also more prevalent than generally in the UK.

Urban Settlements: Slightly younger age structure than nationally, with higher proportions of all groups aged 45 and under. Ethnic groups are over-represented compared with the national picture. Adults generally have lower qualifications than nationally and are more likely to be unemployed.

Source: The Salvation Army and Institute for Employment Studies analysis of local economic, labour market, and social data.
Critically, the analysis shows where the Government’s original prioritisation missed key areas, importantly being coastal regions. While Government analysis focuses much more on Urban and City Periphery areas, one out of three areas our analysis identified but was missed by government, is classified as Sparse Countryside and Ageing Coastal living, which sits in the Countryside ONS classification.

As Government turns now from its original Levelling Up Fund to its wider Levelling Up Agenda and White Paper, it is critical that we can map and determine areas that need investment. This should be determined by a robust source of economic, labour and social measures, as well as by the input of the people in these respective communities. Otherwise, this important policy work will miss out on key areas that have been left behind. As we have seen in our analysis, Government’s current determination fails to recognise the importance of coastal and rural areas, particularly in the North, that have for too long been left behind from the opportunities enjoyed in other parts of the country. Only when we can shine a light on those areas that need investment the most, can we begin to truly rebuild.

Source: The Salvation Army and Institute for Employment Studies analysis of local economic, labour market, and social data.
WHY DO COASTAL AREAS MERIT PRIORITISATION?

Our primary focus on coastal areas boils down to the apparent regional inequalities that present underlying challenges to social and economic advancement.

Britain remains as an economically uneven country and some of the most significant differences can be observed between coastal and inland areas. These inequalities call for Government aid in bringing deprived areas up to scratch and in allowing all people to enjoy the same standard of living, wherever they are positioned on the map. Based on the overall trajectory of the coastal experience and the devastating impact of the pandemic, we believe that such areas must be placed at the forefront of the Levelling Up Agenda.

To demonstrate this matter further and why parity remains crucial, we can refer to Table 1 below which illustrates the full-time annual earning distributions among various UK regions. Not only are the priority regions we pinpointed on the lower end of the earning spectrum across each percentile group, but we can also draw out that the discrepancy within regions exacerbates as the figure of earning distribution increases. For instance, those in the 90th percentile in London (being the highest earners in that specific region) are earning approximately 35,000 more than those based in Yorkshire and Humber. These significant differences prove the eligibility of coastal areas in being a priority for investment.

By observing the employment landscape in coastal areas, we recognise that prioritisation is imperative. As inland areas have increasingly become a hub for regeneration, the Government face a growing responsibility to narrow the geographical gap between coastal areas and provide better employment opportunities.

TABLE ONE: 70th, 80th and 90th percentiles of full-time distributions, by region

<table>
<thead>
<tr>
<th>REGION</th>
<th>70TH PERCENTILE</th>
<th>80TH PERCENTILE</th>
<th>90TH PERCENTILE</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>£49,240</td>
<td>£60,000</td>
<td>£86,473</td>
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<tr>
<td>South East</td>
<td>£43,681</td>
<td>£52,186</td>
<td>£71,161</td>
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<td>East of England</td>
<td>£41,821</td>
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<td>£66,028</td>
</tr>
<tr>
<td>Scotland</td>
<td>£38,117</td>
<td>£43,933</td>
<td>£55,573</td>
</tr>
<tr>
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<td>£43,619</td>
<td>£55,683</td>
</tr>
<tr>
<td>North West</td>
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<td>£53,988</td>
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<td>West Midlands</td>
<td>£36,978</td>
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<td>East Midlands</td>
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<td>£55,000</td>
</tr>
<tr>
<td>Wales</td>
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<tr>
<td>Northern Ireland</td>
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<td>£40,821</td>
<td>£50,142</td>
</tr>
<tr>
<td>Yorkshire and Humber</td>
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<td>£41,846</td>
<td>£51,892</td>
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<tr>
<td>North East</td>
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<tr>
<td>United Kingdom</td>
<td>£39,591</td>
<td>£46,485</td>
<td>£60,890</td>
</tr>
</tbody>
</table>

Note: Percentiles of earnings distribution, full-time, residence basis. Ranked according to 70th percentile (highest to lowest).

We are concerned about Government’s lack of consultation from people themselves on what investment should be taken to Level Up their communities.

The impacts of Covid-19 have affected different communities, sectors, age groups, and ethnicities differently. So, it is our view that we cannot make recommendations without speaking to those who know best what will help them, to thrive.

As part of our report, The Salvation Army, in partnership with the Institute for Employment Studies conducted a series of qualitative interviews in four key areas, which reflected our quantitative findings. These areas were – Liverpool, Sandwell, as well as the coastal communities of Castle Point and Hastings.

Each area has its own unique set of recommendations on how investment should be used to level up. In our paper, we have focused on three themes that were raised in case study regions, particularly in coastal areas.

1. **Access to affordable childcare**

   Individuals said that the inability to access affordable childcare was a key factor in their inability to access or progress in employment.

   Childcare in their area is generally high quality but scarce and expensive. Generally, most localities have provision of good quality childcare available including small nurseries. However, the childcare available is expensive and acts as a major barrier to employment, particularly single parents.

   For some we spoke to, working to simply cover the cost of childcare wasn’t possible. One interviewee offered “the provision of childcare its good, it’s getting access to it that’s the issue. It’s so expensive, I know a lot of mums who are basically working just to pay childcare...I get quite a lot of single parents who are like ‘I can’t afford to take this job because I can’t afford £300 [a week] for childcare’.”

   These issues are especially true for those living in coastal areas, as the cost of living is higher, particularly the cost of housing, and wages are lower – making childcare difficult to afford. For those working in hospitality and retail, even full-time wages, only just cover the cost of living in coastal areas, making access to childcare even more challenging. And most work in these areas are seasonal. These jobs do not fit the traditional 9am-5pm and term-time model that childcare is based on, making the long hour and seasonal work difficult to access for those with childcare responsibilities.

2. **Lack of training and progression in low wage and low skill sector jobs**

   Particularly for those living in coastal areas, local labour markets do not provide much room for those to move beyond low wage, low skill, precarious work. This is particularly true for those with few or no qualifications living in these towns.

   For those in low skill employment, wages are usually low, with zero hours or fixed term contracts prevalent.8 Agency based work is common, which means that individuals in these jobs have little to no opportunity to access further training or investment in...
further skills from employers. There are few opportunities for progression, and very few individuals move up into managerial roles.

These issues are particularly true for those with low to no qualifications living in coastal areas. Local labour markets do not have much opportunity beyond sectors that are seasonal, low skill, and precarious.

For those who The Salvation Army helps, upon leaving school, many individuals become reliant on these low skill, seasonal sectors, and typically go past the age where they could more easily access training courses to reskill into other sectors that provide more stability and higher wages. Since the pandemic, these sectors have largely been shut, leaving many individuals without work.

This can be exemplified by the fact that at least 7% of businesses have permanently closed on the coast due to lockdown and how 53.7% of coastal businesses predicted that it would take more than a year before they can return a profit. 84.6% of businesses also reported that they were on the brink of collapse without sufficient government support. As the economy begins to reopen, we still expect vacancies to be lower than before, making access to jobs even that much more competitive.

3. Competition for entry level jobs, including skilled entry level jobs

In city and suburban areas such as Liverpool and Sandwell, there is a provision of higher-skilled entry level jobs in the area. Wages in these roles are higher and are more likely to offer secure contracts and good working conditions. There are also more opportunities to progress into higher-paid roles and roles with more responsibility and experience.

However, jobs available in varying sectors differ significantly.
CASE STUDY: COMPETITION FOR HIGH-SKILLED GRADUATE JOBS

Alice is 27 and has a BA in History and an MA in Security Studies. She lives with her mum in Liverpool.
Since a young age she has aspired to move to the South of England, and to work in a museum as she is passionate about history.

Despite several museums, galleries, universities, and libraries in Liverpool offering work in her field Alice has been unable to find graduate employment in Liverpool. She has struggled to find even voluntary work in the sector as voluntary roles are “as competitive as paid work”.

She is currently looking for entry level work outside of her field and below the level of her qualifications, which has been very demotivating and has negatively affected her mental health.

She feels that there is a lack of support for graduates in terms of routes into work, especially those who are older than 25.

For example, recently the Kickstart scheme has created several high-quality vacancies in museums in Liverpool that match her aspirations, but as she is older than twenty-four, she is not eligible.

“It’s extremely difficult [to find work in Liverpool], there’s no support for graduates. You’ll come out of university and it’s like you’re in the real world and there’s just nobody there to help you. And either you can’t get into your chosen field because it’s too competitive, or you’ve chosen a subject that doesn’t link into your chosen career, so you need an opportunity to retrain and there’s just nothing. There are all these traineeships and apprenticeships that come up and they don’t want people with a degree. A lot of them cut off the age at 24... the Kickstart scheme has just brought out some amazing jobs in museums, but you have to be 24 and under to apply for them which I just found so unfair because I’ve been trying to get a job in a museum in Liverpool for years and I’m only 27.”

Source: Interviews conducted by The Salvation Army and Institute for Employment Studies
Based on our independent research, we believe that fulfilment can only be achieved when we move away from a nationwide perspective and towards locally-tailored solutions which are specific to each regional experience.

In recognition of this and the holistic approach we have taken to formulate our data, we would like to propose the following recommendations as practical steps which should address and better the crux of the issue.

We want coastal communities to be listened to and become a priority for investment:

We have used a plethora of indicators to suggest that the UK’s coastal areas are in dire need for investment. The coastline which was once notorious for domestic tourism has faced disparaging levels of social disadvantage in the form of lower employment opportunities, economic productivity and overall standard of life and should therefore be targeted for reform.

Regeneration can only happen when these communities are empowered to take local matters into their own hands. We would thus like the Government to engage more with local communities in these regions to better understand which mechanisms should be put in place to help facilitate higher levels of economic and social growth. As a ‘people’s government’ that has a responsibility to give taxpayers their value for money and build their assurance, we believe that working closely with these communities will engender the best outcomes.

The Salvation Army are experts in being able to deliver services on the frontline across England for more than 120 years and have seen that local frameworks do work and are the driving force for fundamental change. By incorporating this factor at the heart of government investment plans, we can begin to understand what quality truly looks like and prevent recurring patterns that hold these areas back.

We want greater access to affordable childcare:

Our studies have shown that the expense of childcare has had a prohibitive impact on parents being able to access work and training opportunities. While the provision of childcare services has become increasingly available, the cost has made the option less viable and, in many cases has hindered career prospects as a result.

By creating an investment plan that centres around affordable childcare, it will eliminate one of the major barriers that priority areas face in being able to Level Up. Considering this, we would like to put forward the following suggestions as potential avenues to improve the scope of childcare:

1. Extend 30 hours per week free childcare to 52 weeks:

By offering free childcare to cover 52 weeks of the year, this will eradicate the burden faced by families and resolve the issue of holiday hunger which has surfaced as a concern during the pandemic.

It should also help protect the sanctity of the family model by creating a less worrisome experience for parents, as well as serve the economic benefit of creating new jobs and thus getting more people into work due to increased demand for labour.
2. Extend business rates relief for nurseries:

By extending Covid-19 business rates relief, many nurseries and small businesses that were struggling to provide childcare can continue to function under tax cuts and preserve thousands of jobs.

With more nurseries in operation, this can free up parents from childcare responsibilities and enable them to pursue fulfilling jobs and careers. Offering this relief will not only strengthen the economy but bodes well that the government is on the side of workers.

3. Tie Pupil Premium to Childcare:

By providing additional childcare services to parents of pupil premium children, the government can offer a hand up to working families that would otherwise be unable to independently afford the cost of childcare.

This could have a positive impact on disadvantaged families that need it the most and will ensure targeted and effective interventions are put in place by the Government.

CONCLUSION

The efforts the Government has made in establishing the Levelling Up Agenda is promising and draws attention to the need to leverage communities that are at risk of being left behind.

The Salvation Army strongly supports this objective and desires to contribute to creating new pathways for development.

We do, however, recognise the need to press in for a more coherent and people-focused strategy that serves the interests of the communities we serve.

This includes devising an investment plan which is more inclusive of high-risk priority areas especially within the coastal regions and that responds to the most significant investment asks such as childcare, employment support and training.

Most importantly, our clarion call to the Government is to think local and listen local.