People

7 DEMOGRAPHICS

KEY STATISTICS	
TOTAL POPULATION (2009):	**2,559,900**
AVERAGE ANNUAL GROWTH (2000 – 2010):	*4.1%*
AVERAGE ANNUAL GROWTH (2010 – 2020):	*6.0%*
TOTAL WORKING AGE POPULATION (2009):	**1,613,700**
ETHNIC MINORITY POPULATION:	*243,700*

TOTAL POPULATION

7.1 Greater Manchester has seen a renaissance in population growth. For a large part of the 1980's and 1990's, Greater Manchester experienced a falling population as the decline in manufacturing brought about widespread job losses and an exodus from Manchester and the surrounding districts.

7.2 Now, though, Greater Manchester is experiencing a significant growth in population, boosted by increasing student numbers, domestic and international migration, a relatively young population, and an ageing and healthier resident base.

7.3 Greater Manchester has a population of nearly 2.6 million – 4.2% of the UK population – of which 62.9% are of working age, giving a resident labour market of broadly 1.6 million people and a dependent population of close to 1 million. Currently 1.1 million residents are in work – meaning there are more people in Greater Manchester who are workless, or not of working age, than there are in employment.

3.6 Population breakdown in Greater Manchester, September 2009

Source: Annual Population Survey, 2010

7.4 As can be seen below, Manchester has a significantly high urban density, with large numbers of working age residents in the City of Manchester. This density spills over into parts of Salford, Bury, Rochdale, Tameside and Stockport. Many of the areas outside of Manchester have high population levels, yet

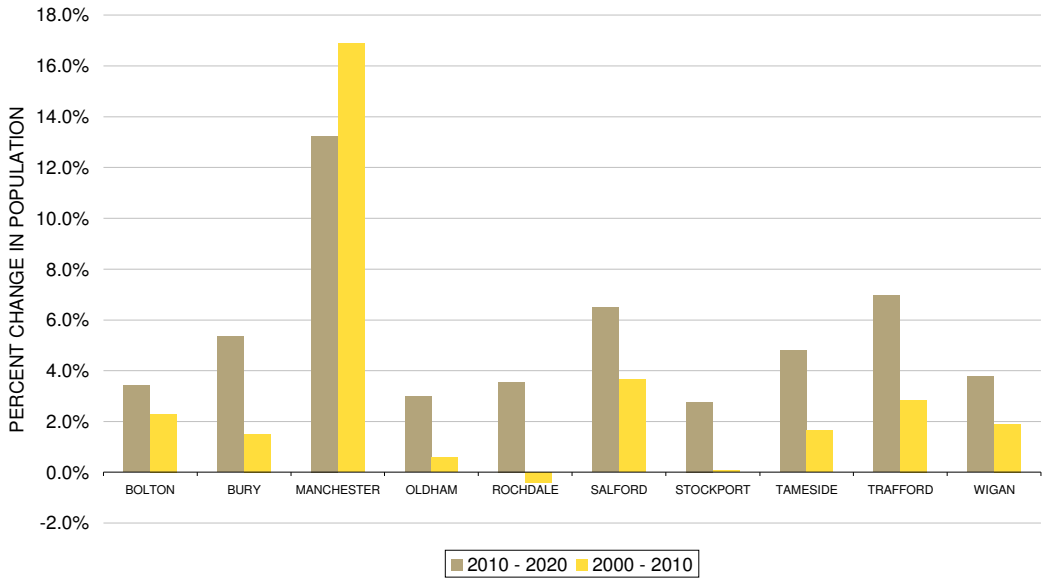
comparatively low proportions of working age residents – suggesting significant reliance of younger and elder residents on the working age population. As can be seen above in Figure 3.6, almost 2.6 million residents rely on the 1.1 million in employment – meaning each person in employment is supporting around 2.3 individuals.

Figure 3.7 Total and working age population in Greater Manchester, 2008

Source: Office of National Statistics (2008), Experimental LSOA population statistics, 2010

7.5 Forecasts suggest that the next decade will see greater growth rates in the total population than in previous years for many of Greater Manchester's local authorities, save Manchester. Figure 3.8 below highlights the growth in population over the next decade in comparison with the last. It shows that Manchester is still expected to see the greatest growth – and hence increasing urban density. However, it also shows that growth is expected to be significantly higher in all other districts than has been experienced over the last decade. Rochdale, for example, is expected to see a rise of 3.6%, compared to a falling population over the last decade of 0.4%

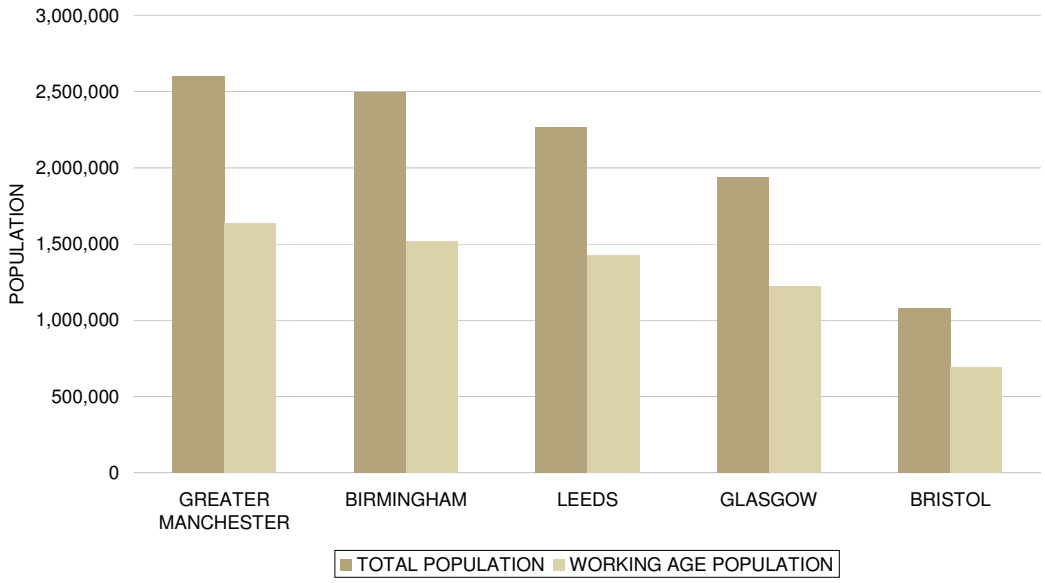
Figure 1.8 Total population growth in Greater Manchester, 2000–2010 and 2010–2020



Source: GMFM, 2010

7.6 Greater Manchester's population makes it of national significance. It is the largest single conurbation outside London in terms of population, ahead of peers such as Birmingham, Leeds and Glasgow.

Figure 3.9 Total and working age population in Greater Manchester and comparator conurbations, September 2009

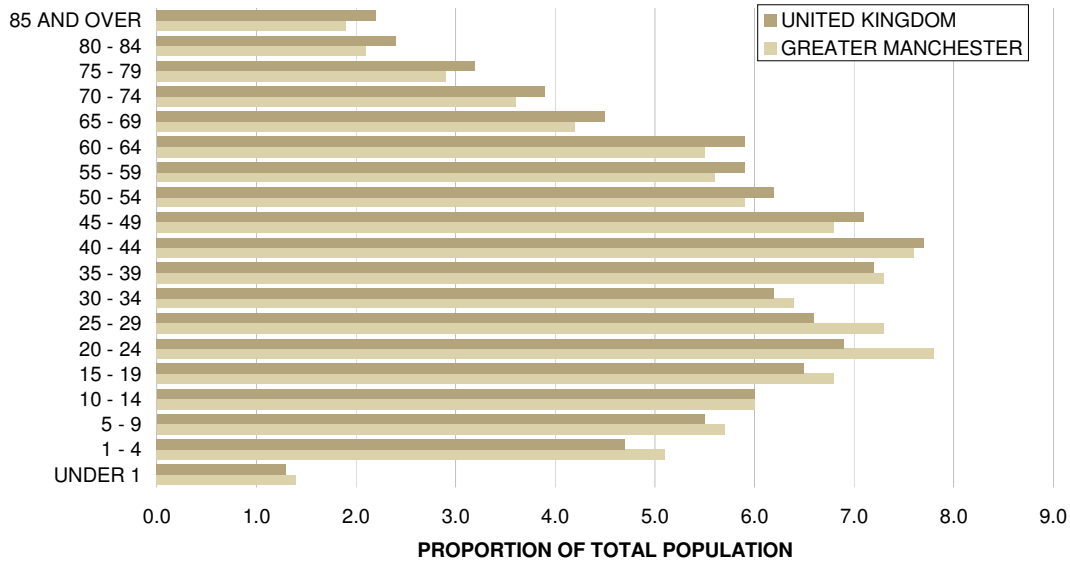


Source: Mid-year population estimates, 2010

AGE PROFILE

7.7 Greater Manchester also has a much younger population than the national average, with relatively more residents, proportionally, who are under 40. As a result, Greater Manchester does not face quite such acute issues of an ageing population as in the UK as a whole, with 1.5 percentage points fewer residents aged 65 or over than the national average. As highlighted previously, this is forecast to change, with more outward migration taking away working age individuals and natural change expected to slow after 2020.

Figure 4.0 Population breakdown by age for Greater Manchester and the UK, 2008



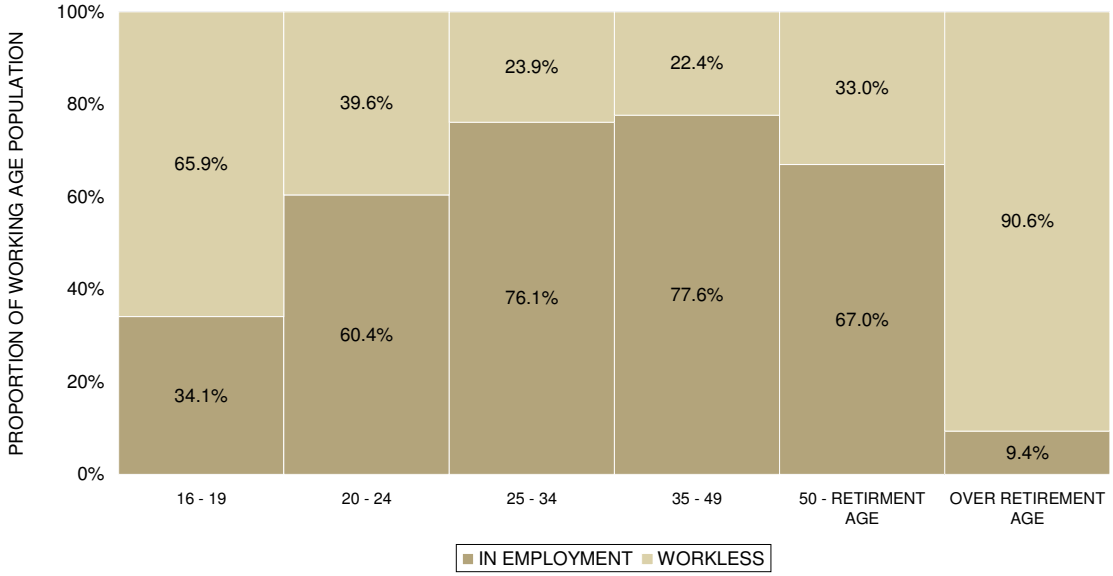
Source: Mid-year Population Estimates, 2010

7.8 As can be seen below, the age of individuals has an impact on their likelihood of being in employment. In earlier years, residents are more likely to be in employment and hence not actively engaged in the labour market. Similarly, in later years residents are more likely to be retired – just 9.4% of those over retirement age were in employment in Greater Manchester.

7.9 The UK, by comparison, experiences much higher levels of employment across all age ranges. The difference is most striking in the 16-19 year old category, where employment rates differ by as much as 4.8 percentage points. Yet amongst adult workers, the difference drops to just a 2.2 percentage point difference for 25 to 34 year olds.

7.10 If Greater Manchester were to attain national average employment rates across all age ranges, an additional 67,800 people would be in employment.

Figure 4.1 Population breakdown by age for Greater Manchester and the UK, 2008



Source: Mid-year Population Estimates, 2010

CULTURES AND COMMUNITIES

7.11 The 2001 Census shows that Greater Manchester is an ethnically diverse area. Greater Manchester has a higher concentration of ethnic minority individuals (8.9%) than the UK average (8.7%). Comparatively, London has the highest proportion of ethnic minority groups (28.8%) with both Birmingham (17.5%) and Leeds (10.7%) also experiencing higher concentrations than Greater Manchester.

7.12 There is no significant correlation between ethnic minority concentrations and ethnic minority employment rates – Wigan has the highest ethnic minority employment rate, despite having the smallest ethnic minority population; whilst Salford, with the second lowest proportion of ethnic minority groups has one of the lowest ethnic minority employment rates.

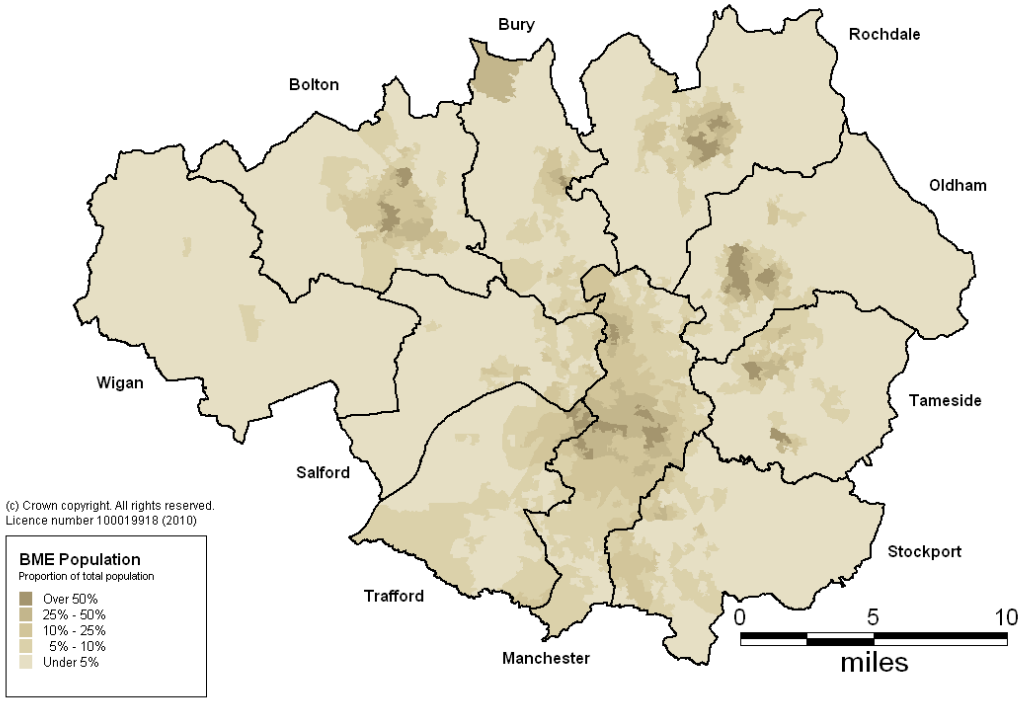
7.13 In terms of working age ethnic minorities, Greater Manchester has a much higher concentration (15.2%) than the national average (11.5%). As with the total ethnic minority population, both London (35.9%) and Birmingham (23.4%) have much higher proportions of working age ethnic minority groups. Yet in contrast to the total ethnic minority population, current figures show that Leeds has a smaller proportion of working age ethnic minority groups than Greater Manchester.

7.14 As shown in Figure 4.2, ethnic minority communities are particularly strong in the urban core, especially the Pakistani and Bangladeshi communities, which constitute 6.3% of Greater Manchester's working-age population. Greater Manchester has only a marginally smaller proportion of ethnic minority individuals than the national average. However, Greater Manchester has a

much higher proportion of working age ethnic minority groups. These groups are concentrated in particular areas – especially around the main towns and Manchester city centre.

7.15 The Pakistani / Bangladeshi ethnic group is the largest across Greater Manchester (3.0%), in common with Leeds (5.3%) and Birmingham (5.4%), but in contrast to the national picture – where the Indian ethnic group makes up the greatest proportion of ethnic minority groups.

Figure 4.2 Non-white ethnicities as a proportion of total population by area, 2001



Source: Census (2001), 2010

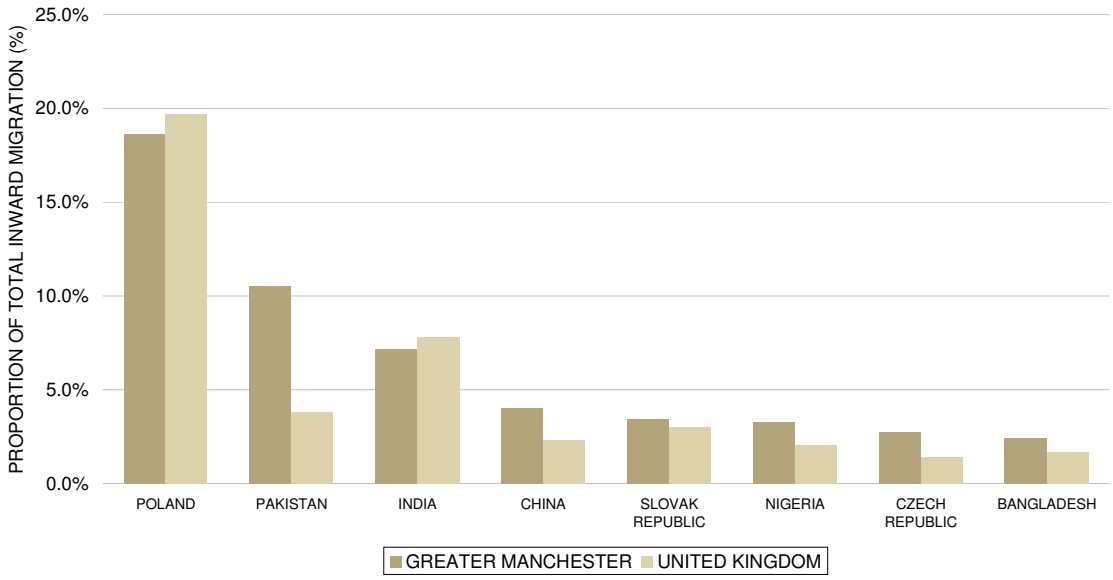
INTERNATIONAL MIGRATION

7.16 Annual net international in-migration is expected to rise to around 7,300 by 2020, but domestic migration is expected to be a net outflow of around 8,700 from Greater Manchester. Though migration patterns are hard to predict, there is still a risk of Greater Manchester continuing to lose skilled and talented people, who may be able to narrow the productivity gap with London and the Southeast.

7.17 As with the whole of the UK, Greater Manchester has seen strong international in-migration over the last decade, particularly following the

accession of eight Eastern European countries[1] to the European Union in 2004. DWP data on National Insurance number (NINo) allocations captures the majority of this legal in-migration. It shows that (as of December 2009) inward international migration to Greater Manchester is concentrated amongst a smaller group of developing and emerging countries. Over half of all in-migration to Greater Manchester comes from just eight countries.[2] Comparatively, migrants to the UK come from a more diverse range of countries, with European and Western countries making up greater proportions of in-migrants.

Figure 4.3 Total annual inward migration from country of origin to Greater Manchester and United Kingdom, highest 8 countries of origin for migrants to Greater Manchester, 2009



Source: DWP, NINo Allocations, 2010

7.18 Migration to Greater Manchester in the past has been based on pre-established migration patterns. However, Polish migrants make up the greatest proportion of in-migrants currently, despite not constituting a significant portion of the Greater Manchester population. However, inward migration from Pakistan is still significantly high in Greater Manchester, and follows from high numbers of Pakistani-born residents.

7.19 The City of Manchester experiences the highest influx of migrants – contributing to the density of population in the borough. Nearly half (46.9%) of

[1] These countries are Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia.
[2] These countries are Poland, Pakistan, India, China, Slovak Republic, Nigeria, Czech Republic and Bangladesh.

all NINo allocations were in Manchester – compared to just 3.6% of all in-migration to Greater Manchester in Tameside.

7.20 Greater Manchester attracts more short-term migrants (those coming to Greater Manchester for more than one month but less than a year[3]) for non-work reasons, primarily studying, than other cities. Estimates for 2007 show that there were around 65,640 short-term migrants to Greater Manchester, around 88.8% of whom (58,270) were non-workers, higher than rates in Birmingham, Leeds and London. This represents an opportunity for Greater Manchester to develop important international linkages in support of economic internationalisation.

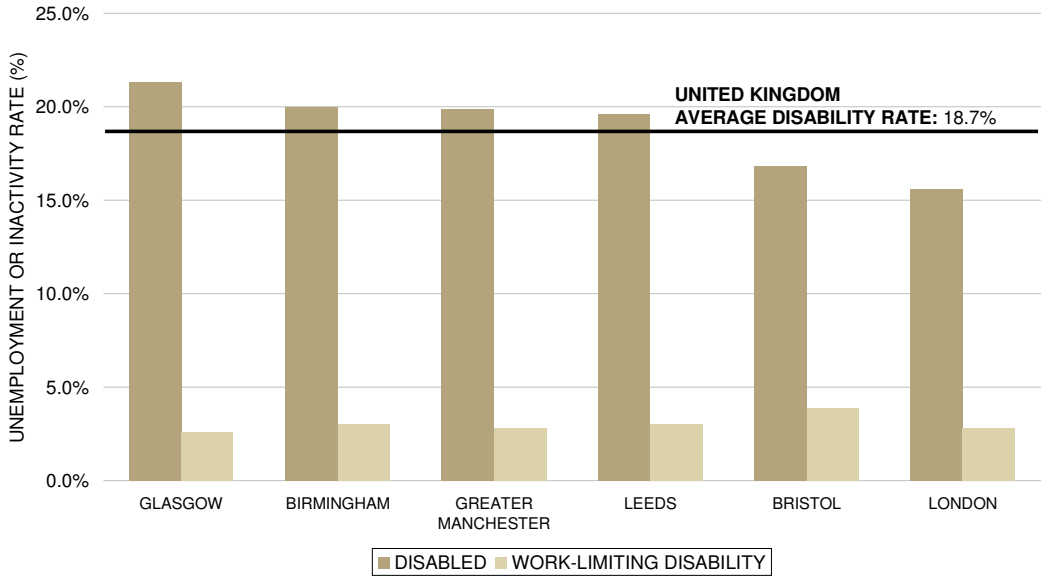
7.21 Different districts experience different migration patterns. Manchester, for example, experiences the highest influx of Chinese migrants of any local authority in the UK – around 3,790, more than two-thirds of the total migration to Tameside.

DISABLED INDIVIDUALS

7.22 Figure 4.4 highlights how Greater Manchester has a higher proportion of disabled residents than is experienced nationally. There are particular concentrations of disabled residents within Tameside and Rochdale. Levels of work-limiting disability are much lower, however, and in line with many conurbation comparators.

[3] Migration for more than one year is classed as long-term migration; a movement for less than a month is classed as a visit;

Figure 4.4 Disabled and work-limiting populations across the UK, 2009



Source: Annual Population Survey, 2010

DEMOGRAPHICS – KEY MESSAGES

7.23 **Greater Manchester has seen a significant turnaround in population growth** – from falling levels in the 1980s and 1990s, to growth in the 2000s. Over the next decade, the pace of growth is expected to increase, beyond that of the UK.

7.24 **The increase in population growth rates is due to a number of factors** – increased international migration, more young individuals, and healthier lifestyles impacting on the longevity of residents.

7.25 **Migration patterns affect the growth of Greater Manchester, with significant proportions of short-term migration boosting population growth and density in Manchester especially.** Migration patterns are largely built on the pre-existing cultural mix – with a strong Pakistani community influencing international inward migration from Pakistan. The recent accession of the A8 countries to the EU has also meant that Polish migrants to Greater Manchester make up the greatest proportion.

7.26 **There is significant urban density in Greater Manchester – especially concentrated in the City of Manchester.** This density spills over into surrounding local authorities. There are also significant concentrations of ethnic minority groups in Manchester, alongside the main towns of Greater Manchester.

7.27 **Greater Manchester has only a marginally higher proportion of black and minority ethnic individuals than the national average,** but has a significantly higher proportion of working age black and minority ethnic groups.

8 SKILLS AND EMPLOYMENT

KEY STATISTICS	
KEY STAGE 4 PUPILS GAINING FIVE GCSEs (2008/9):	
GRADE A– C*:	*70.2%*
GRADE A– C INCL. MATHS AND ENGLISH:*	*48.8%*
ADULT RESIDENTS WITH SKILL LEVELS (DECEMBER 2009):	
LEVEL 4+:	*25.1%*
LEVEL 2+:	*66.6%*
NO QUALIFICATIONS:	*15.3%*
EMPLOYMENT RATE (SEPTEMBER 2009):	**68.9%**
WHITE EMPLOYMENT RATE:	*72.0%*
NON-WHITE EMPLOYMENT RATE:	*51.8%*
GROWTH IN EMPLOYMENT (2010 TO 2020):	**129,000 (10.3%)**
ECONOMIC ACTIVITY RATE (SEPTEMBER 2009):	**76.5%**

SKILLS AND EMPLOYMENT ENHANCING GROWTH AND PROSPERITY

8.1 Skills, especially higher-level skills, are a key issue in reducing deprivation in areas. The MIER found that higher-level skills are correlated not only with neighbourhood improvement, but also a reduction in the rate of decline. Over one-third of Greater Manchester's communities are within the top fifth most deprived nationally. As such, the attainment of new skills and qualifications can help to arrest the decline in these communities.

8.2 Similarly, skills levels are positively associated with productivity. An improved skills base for Greater Manchester can help to improve employment and productivity prospects, improving growth. A more qualified skills base attracts higher-value businesses, creating jobs. After such a significant economic downturn, Greater Manchester must rely on the skills of its residents to improve economic growth, and enhance prosperity for all.

8.3 Skills attainment can also enhance inclusion. Qualification attainment enhances people's capabilities and their freedom to obtain a wider range of jobs, in a limited job growth environment.

UNDERSTANDING THE LABOUR MARKET

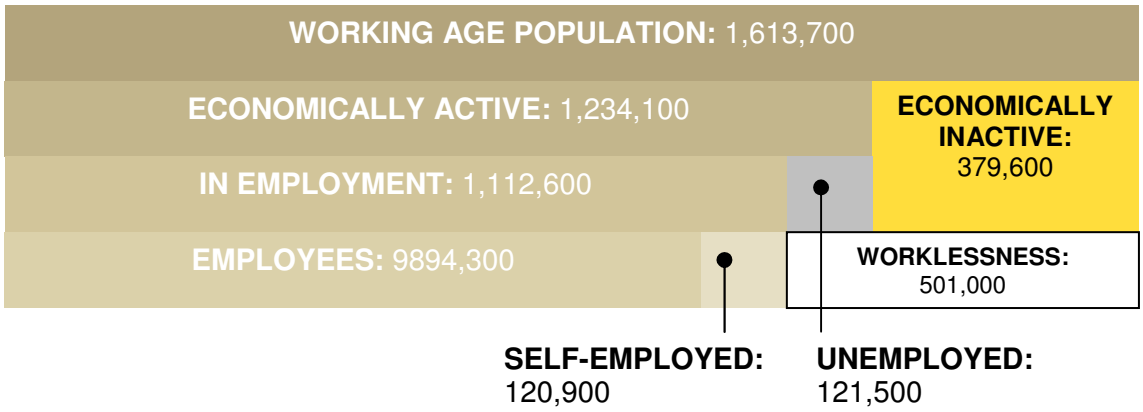
8.4 The table below shows the relative compositions of the labour market. With over 1.6 million people of working age in Greater Manchester, understanding the breakdown of this labour market helps to provide a clearer view of the size and scale of skills and employment issues.

8.5 Of the working age population, around 23.5% are economically inactive. A key determinant of activity is people's willingness and ability to work. Economically inactive individuals are those that are not actively seeking work. This may be because of specific barriers – for example, through attending full-time education; through a disease or illness that prevents them from working; or through taking early retirement – or because they have become disengaged from the labour market.

8.6 Of the economically active group – those that are in work or are actively seeking work – 9.8% are unemployed. Adding the unemployed to the economically inactive provides the level of worklessness – explored in further detail in the next chapter.

8.7 Of the working age group, just 68.9% are in employment in Greater Manchester. These individuals pay a large proportion of the taxes that are redistributed to the workless population, and to those who are not of working age. Therefore the ratio of employment to worklessness is crucial, as is understanding the skill levels of the varying groups helps to understand the labour market in more depth.

Figure 4.5 Employment rates in cities across the UK, September 2009



Source: Annual Population Survey; calculations by New Economy, 2010

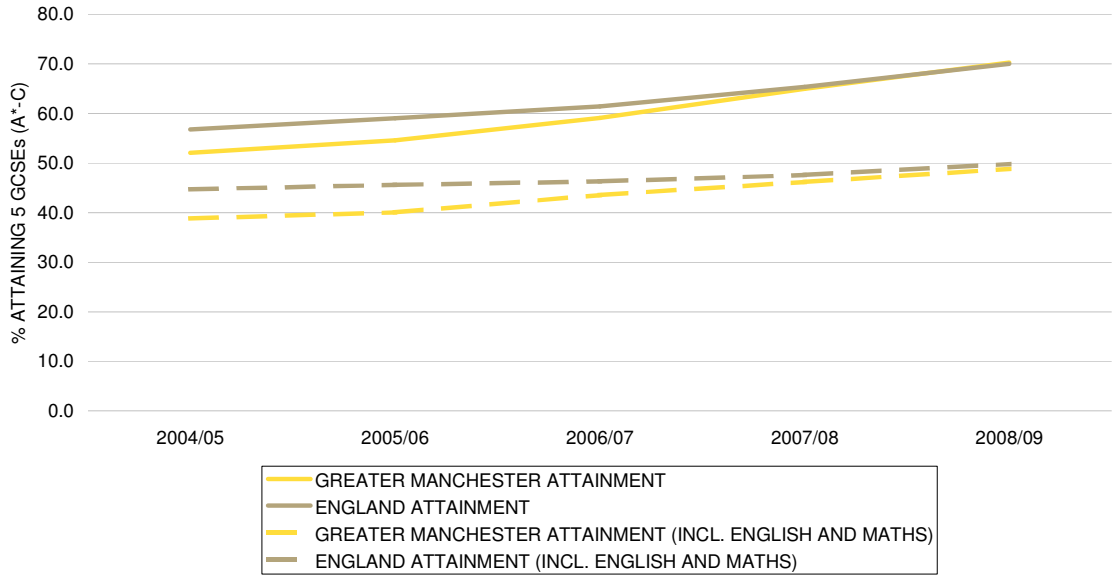
8.8 This section will explore the overall labour market through the skills of Greater Manchester's residents. Then we will explore how these skill levels contribute to differences in employment and activity levels within different resident groups.

YOUNG PEOPLE'S SKILLS AND QUALIFICATION LEVELS

8.9 A key predictor for the future economic and social success of an individual is their performance at 16 – in particular, their GCSE-level performance. In this respect, Greater Manchester has seen a strong improvement in recent years, with the proportion of key stage 4 pupils achieving five GCSEs at grade A*–C rising from 52.0% in 2004/5 – well below the national level of 56.8% – to

marginally above the national average at 70.2% in 2008/9. Similarly, when English and Mathematics are included in the results, Greater Manchester has closed the gap with the English average.

Figure 4.6 Attainment of five GCSEs grades A*–C, including and excluding English and Mathematics, 2004/05–08/09

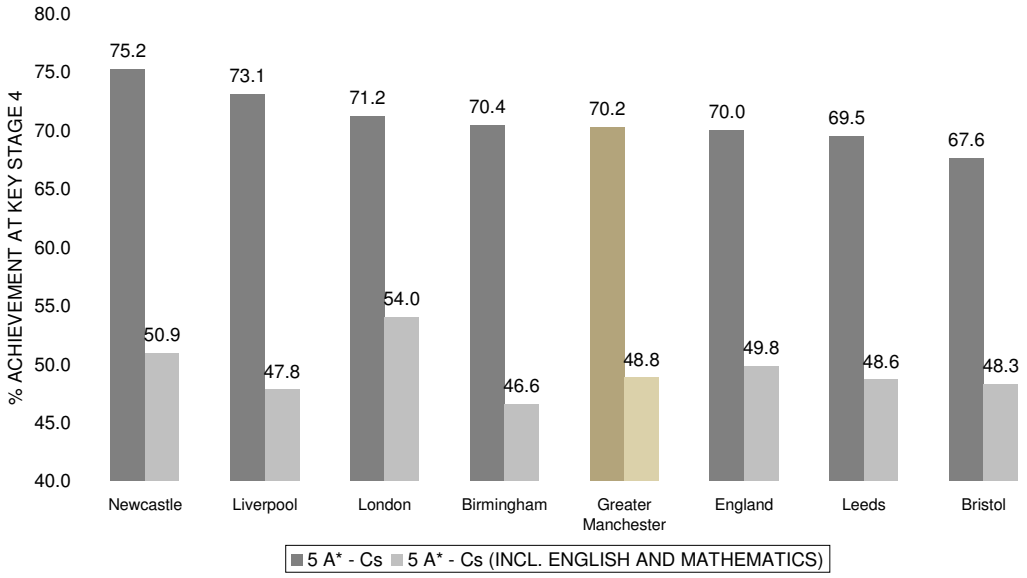


Source: Department of Education, formerly Department of Children, Schools and Families, 2010

8.10 Despite this growth, however, Greater Manchester still lags many other major cities on GCSE attainment – including Newcastle, Liverpool, London, and Birmingham – although, when English and Mathematics GCSE attainments are included, only London and Newcastle are ahead.

8.11 Greater Manchester needs to continue this improvement in attainment since Level 2 skills provide pupils with the abilities to progress with their skills development and attain higher-value jobs.

Figure 4.7 GCSE attainment of comparator cities, 2008/9



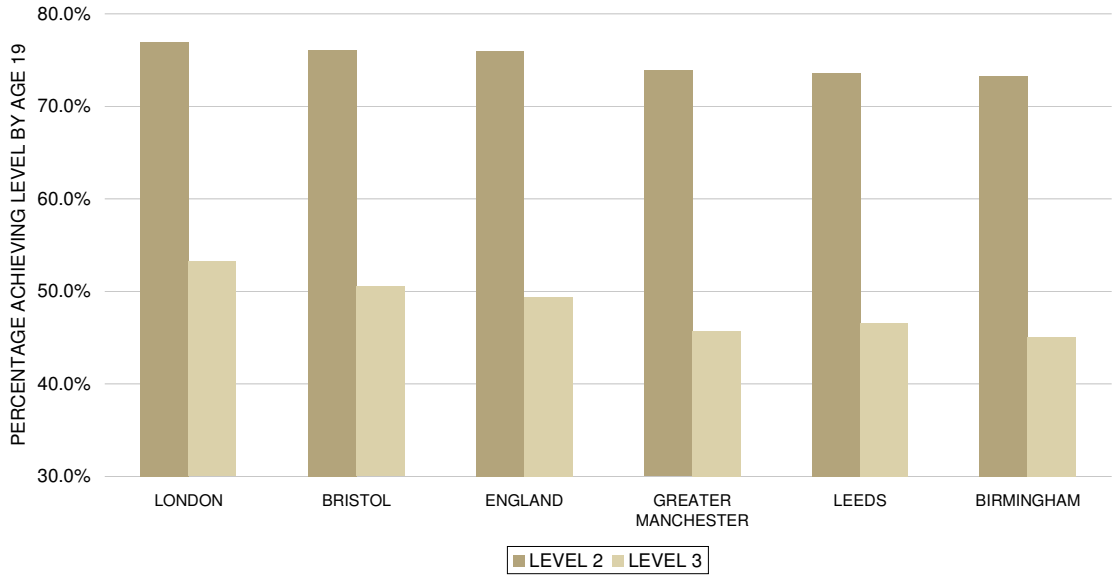
Source: Department of Education, formerly Department of Children, Schools and Families, 2010

HIGHER-LEVEL SKILLS PROGRESSION

8.12 Figures for Greater Manchester show that the conurbation lags the national average, London and Bristol for skills progression. However, there is still significant improvement in skills levels from age 16 to 19. In 2005/6, just 54.6% of Key Stage 4 pupils left secondary school with equivalent to Level 2 skills. Three years later, at the age of 19, a further 19.3% have achieved a Level 2 qualification (73.9% of 19 year olds in 2008/9). This is also a marked improvement in performance since 2004/05 from only 64.0% of those aged 19, putting Greater Manchester ahead of Leeds and Birmingham.

8.13 Progression onto Level 3, however, is particularly weak. In 2008/09, just 45.7% of 19-year olds had attained a Level 3 qualification (equivalent to an A Level), well below the national average (49.4%) and in comparison to other English cities, such as Leeds, Bristol and London. The lack of progression to Level 3 presents a serious barrier to adults accessing jobs and from further developing towards higher-level skills.

Figure 4.8 Attainment of Level 2 and Level 3 qualifications by age 19, 2008/9



Source: Department of Education, formerly Department of Children, Schools and Families, 2010

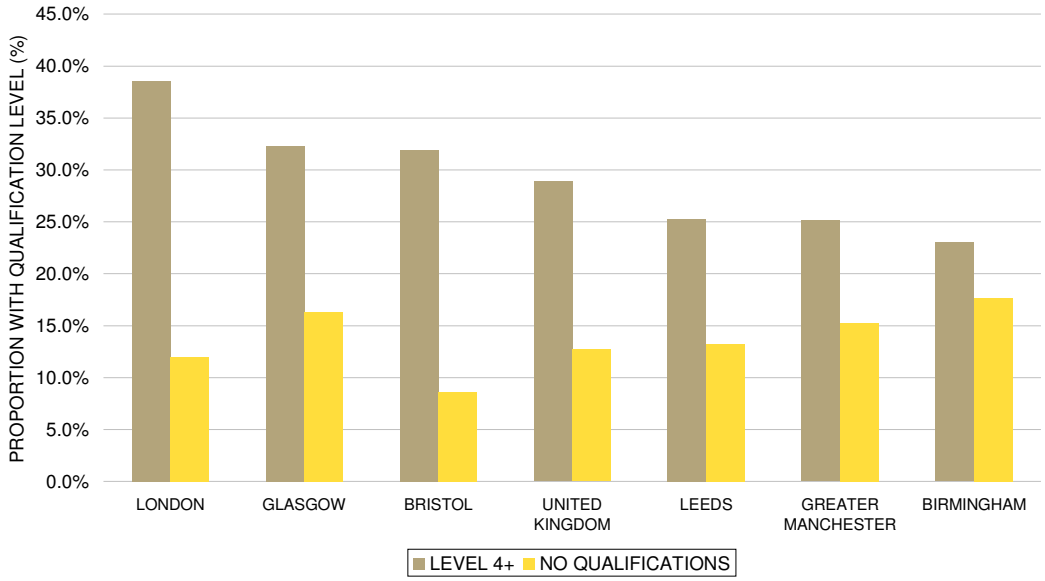
ADULT SKILLS

8.14 The stock of qualifications of an area is a key indicator of the skills of the resident workforce. In general, more wealthy and dynamic cities have a greater proportion of people educated to higher skills levels, while in poorer cities the reverse is usually true.[4]

8.15 Compared to the national average, fewer Greater Manchester residents are qualified to Level 4+ but more have Level 3 qualifications, suggesting that the conurbation's economy is driven more by intermediate skills than the UK as a whole. In addition, more residents have no qualifications than the national average, a position exacerbated, as described later, by Greater Manchester's high concentration of low-skilled workless residents.

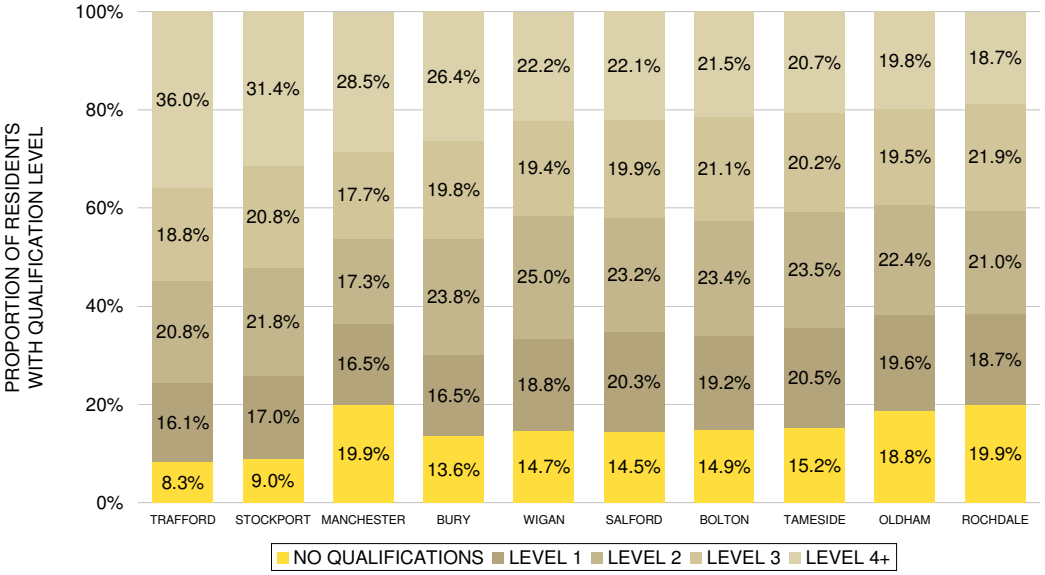
[4] E. Glaeser and M. Resseger, *Complementarity Between Cities and Skills*, available at http://www.newyorkfed.org/research/conference/2009/jrs/Glaeser_Resseger.pdf, accessed on 19 March 2010; R. Florida, *The Rise of the Creative Class and How it's Transforming Work, Leisure, Community and Everyday Life*, (New York: Basic Books 2002); E. Glaeser and J. Shapiro, "Is there a new urbanism? The growth in US cities in the 1990s," National Bureau of Economic Research Working Paper 8357, available at http://www.nber.org/papers/w8357, accessed on 16 October 2009.

Figure 4.9 Skills profile of Greater Manchester against other cities in the UK, September 2009



Source: Annual Population Survey, 2010

Figure 5.0 Skills profile of Greater Manchester local authorities, September 2009



Source: Annual Population Survey, 2010

8.16 Whilst the significant difference in skills levels between employed and workless residents is not unique to Greater Manchester, the absolute numbers involved highlight the scale of the challenge that Greater Manchester faces in improving skills amongst the unemployed in order to move them closer to labour market opportunities.

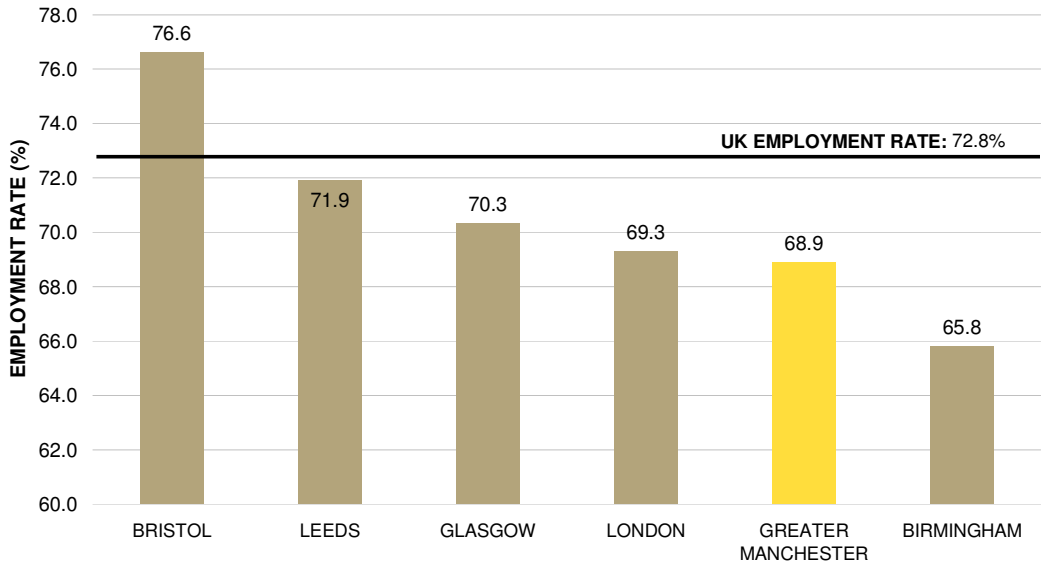
8.17 The MIER found that the smaller proportion of higher-level skills is not as much of an issue as would first appear. Greater Manchester, and in particular the knowledge-based industries have been able to import the skills and qualifications needed. This highlights the need not only to consider how to increase supply, but also how to increase demand.

EMPLOYMENT IN GREATER MANCHESTER

8.18 As highlighted previously, there were 1.1 million people in employment in Greater Manchester as of September 2009 – an employment rate of 68.9%. This is significantly below the national rate of 72.8% and well below other major UK cities – although this figure is partly due to the increasing population levels in Greater Manchester, which have outpaced jobs growth.

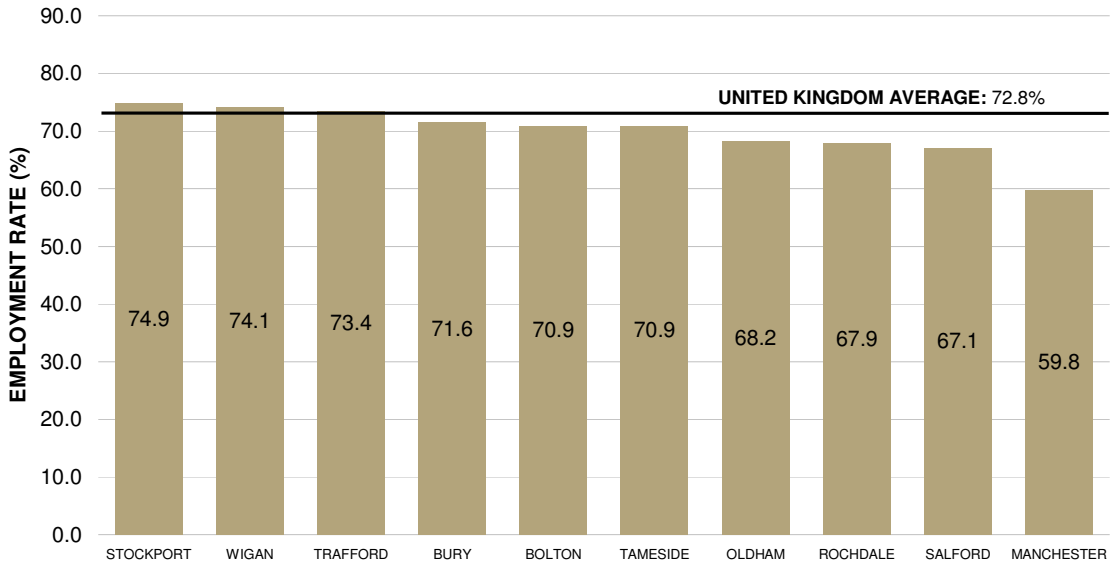
8.19 Employment rates vary substantially across Greater Manchester however – between 59.8% in the City of Manchester (the lowest) and 74.9% in Stockport (the highest).

Figure 5.1 Employment rates in cities across the UK, September 2009



Source: Annual Population Survey, 2010

Figure 5.2 Employment rates in Greater Manchester local authorities, September 2009



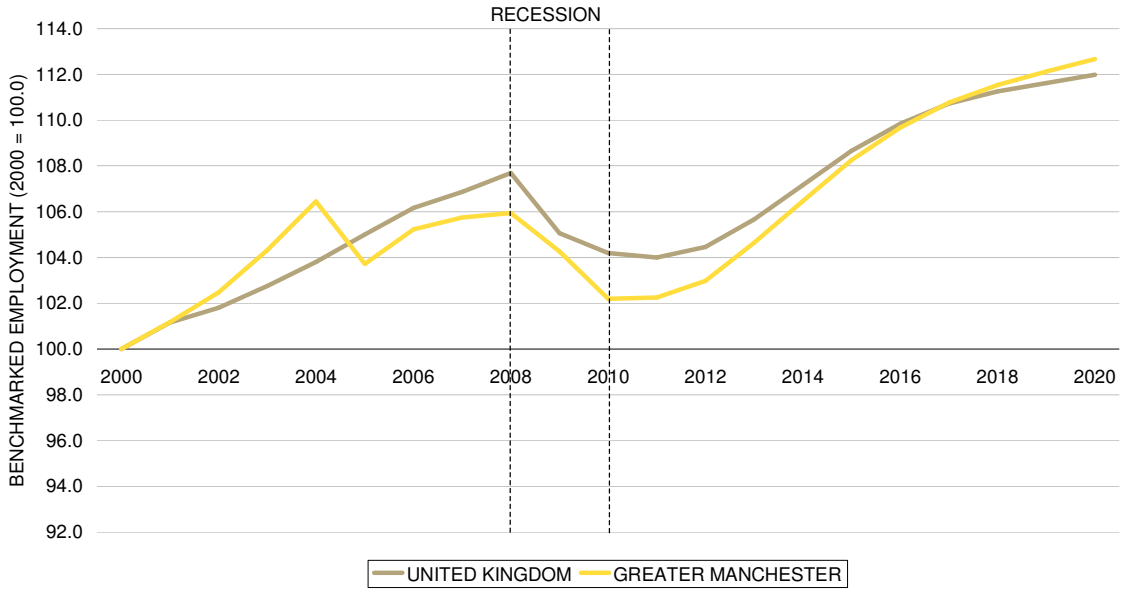
Source: Annual Population Survey, 2010

EMPLOYMENT TRENDS AND FORECASTS

8.20 The recession has seen Greater Manchester's employment rate decline more sharply than the national average. Whilst fewer females are active in the labour market overall, they have been relatively less affected by the recession than males, where the employment rate is 4.3 percentage points below the national average. In terms of age, it is those under 24-years that are in the worst position, with employment rates approaching five percentage points lower than the national average.

8.21 GMFM figures show that employment has changed significantly over the past few years. The number in employment in Greater Manchester stood at 1.30 million in 2008 and is expected to reach a low of 1.26 million in 2010. Employment (and the number of employees) is expected to see growth in 2011 – though only marginally. But they are not expected to reach pre-recession 2008 levels until 2014 – one year before the UK - as private sector growth increases.

Figure 5.3 Benchmarked employment in Greater Manchester and UK (benchmark: 2000 = 100.0), 2000–2020



Source: GMFM, 2010

QUALIFICATION LEVELS AFFECTING EMPLOYMENT OPPORTUNITIES

8.22 Employers are increasingly demanding higher-level skills. GMFM forecasts show that between 2010 and 2020 half of all job opportunities will have a requirement of Level 3 or above, reinforcing the need for skills progression within Greater Manchester. However, the MIER found that overall the conurbation's employers have been able to satisfy their skill requirements without much difficulty, even in the past period of sustained economic growth. In part this is due to Greater Manchester firms importing highly skilled talent when required. However, it is also because many firms in Greater Manchester operate at a 'low skills equilibrium'. This is symptomatic of senior managers in some firms and sectors being unable to identify how or when high-level skills can be utilised to the benefit of the business, but also because there are still business models in Greater Manchester that operate on low-cost, low-skill models. If Greater Manchester is to move to a 'high-skills equilibrium', then these firms will need support to move up the skill and value chain.

8.23 Skills gaps have risen since 2007, from 13.9% of firms to 17.9% of firms in 2009. This is potentially due to the recession forcing firms to look to higher-skill activities as a means of ensuring business survival. By contrast, the recession has meant employers have found it easier to recruit people with the right skills, due to a larger labour pool – as a result, reported skills shortages have fallen.

8.24 However, Greater Manchester's employers report that often – over and above the job specific and technical skills they require – many job seekers lack the 'soft skills' needed to be employable. Skills such as the ability to work in a

team, customer handling, good timekeeping, and basic numeracy and literacy are often more important than formal qualifications.

8.25 The relative qualification levels of the workless and employed groups highlight how low skill levels are a barrier to obtaining a job. For example, unemployed residents are proportionately more likely to have below a Level 2 qualification (equivalent to five GCSEs at grades A* - C) than those in employment. Simultaneously, economically inactive residents are almost three times more likely to have no qualifications than they are to have a degree or higher. This means that those with lower qualifications experience higher barriers to employment and hence are more likely to be unemployed or economically inactive.

Table 2.3 Greater Manchester qualification levels by economic activity, 2008

INDICATOR		GREATER MANCHESTER NUMBER	GREATER MANCHESTER PERCENT	UNITED KINGDOM NUMBER	UNITED KINGDOM PERCENT
ALL RESIDENTS	LEVEL 4+	405,100	25.1%	10,916,200	28.9%
	LEVEL 3	317,020	19.7%	7,132,980	18.9%
	LEVEL 2	350,770	21.8%	7,990,030	21.1%
	LEVEL 1	292,310	18.1%	6,933,390	18.4%
	NO QUALS	246,600	15.3%	4,778,600	12.7%
ECONOMICALLY ACTIVE RESIDENTS	LEVEL 4+	358,400	29.3%	9,694,700	32.6%
	LEVEL 3	247,870	20.2%	5,751,460	19.4%
	LEVEL 2	269,595	22.0%	6,313,310	21.2%
	LEVEL 1	223,135	18.2%	5,364,830	18.1%
	NO QUALS	125,500	10.2%	2,586,600	8.7%
EMPLOYED RESIDENT	LEVEL 4+	*346,400*	*30.6%*	*9,409,600*	*33.6%*
	LEVEL 3	*234,590*	*20.7%*	*5,487,680*	*19.6%*
	LEVEL 2	*248,165*	*21.9%*	*5,904,380*	*21.1%*
	LEVEL 1	*198,045*	*17.5%*	*4,900,840*	*17.5%*
	NO QUALS	*105,500*	*9.3%*	*2,267,200*	*8.1%*
UNEMPLOYED RESIDENTS	LEVEL 4+	*12,000*	*13.0%*	*285,100*	*16.4%*
	LEVEL 3	*13,280*	*14.4%*	*263,780*	*15.2%*
	LEVEL 2	*21,430*	*23.3%*	*408,930*	*23.5%*
	LEVEL 1	*25,090*	*27.3%*	*463,990*	*26.6%*
	NO QUALS	*20,000*	*21.7%*	*319,400*	*18.3%*
ECONOMICALLY INACTIVE RESIDENTS	LEVEL 4+	46,700	12.0%	1,221,500	15.1%
	LEVEL 3	69,150	17.8%	1,381,520	17.1%
	LEVEL 2	81,175	20.9%	1,676,720	20.8%
	LEVEL 1	69,175	17.8%	1,568,560	19.4%
	NO QUALS	121,100	31.2%	2,192,000	27.2%

Source: Annual Population Survey; calculations by New Economy, 2010

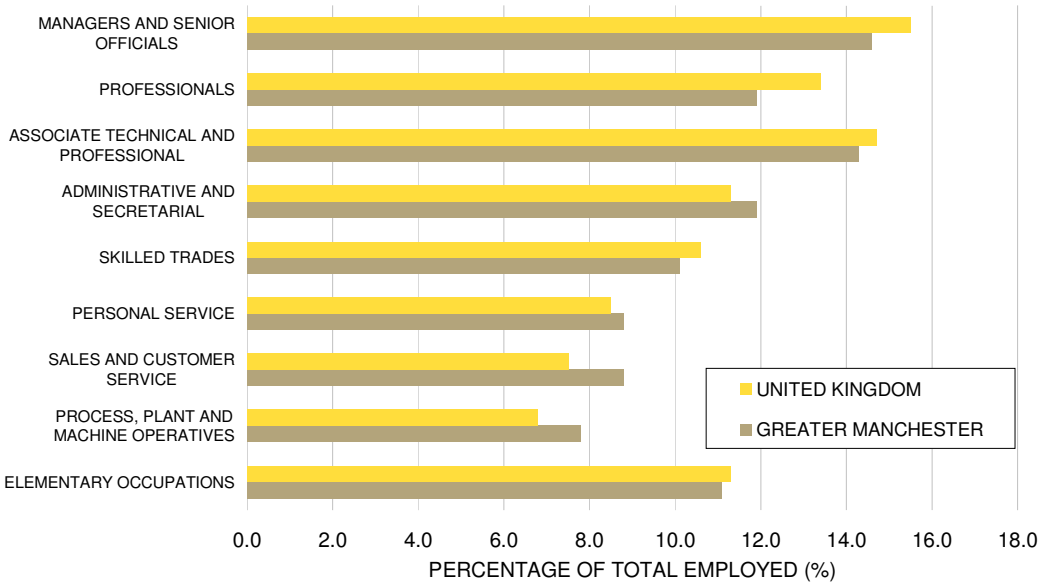
OCCUPATIONAL EMPLOYMENT

8.26 Around two-fifths (40.8%) of employment in Greater Manchester's economy is in senior, professional or associate professional occupations. This is below the UK average (43.6%) however, and the data shows that Greater Manchester's economy is comparatively focused upon lower-skill, white collar occupations, with above average numbers in administrative and secretarial, personal service, sales and customer service and process, plant and machine operatives occupations.

8.27 Across Greater Manchester, managers and senior officials constitute the greatest proportions of total occupations. Yet this is not always the case within individual authorities; associate professional and technical occupations represent the largest occupations in Bolton, Rochdale, Salford, Tameside and

Wigan, whilst in the City of Manchester professional occupations constitute the largest group, for example.

Figure 5.4 Employment by main occupation group in Greater Manchester and the United Kingdom, September 2009



Source: Annual Population Survey, 2010

OCCUPATIONAL DEMAND

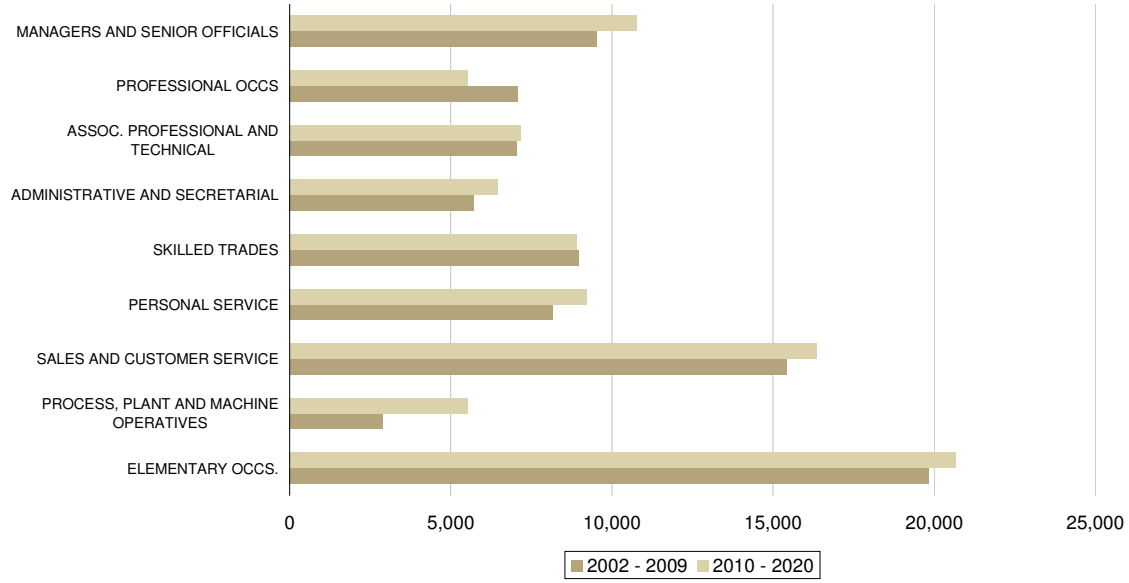
8.28 Raising skills levels and improving the occupational mix of the economy are central parts of the challenge for Greater Manchester to close the productivity gap with London and the Southeast. Rebalancing the economy in this way is a major challenge that still requires significant work, with serious over and undersupplies of certain occupations within the Greater Manchester economy.

8.29 GMFM forecasts of occupational demand suggest that both professional and elementary occupations will be in significant demand. This net requirement takes into account the number of employees required to replace leavers (e.g. retirees) and to contribute to the expansion of different sectors. Therefore the attainment of the right skills and qualifications related to these posts is essential for the future growth of many sectors of the economy.

8.30 Though the MIER found that Greater Manchester is able to import the skills it needs, especially in the high-value sectors, the greatest occupational demand is in occupations requiring lower level skills. Not all of this can be easily imported. As identified above, nearly two-fifths of those with below a Level 2 qualification (38.8%) are workless (either unemployed or economically inactive) in the UK. These individuals will find it significantly more difficult to move towards employment opportunities than those with higher-level skills – who are more likely to be in employment.

8.31 As can be seen below, the greatest demand for employees is within elementary occupations. An average of 19,835 individuals a year were required in these occupations in Greater Manchester between 2002 and 2009. Over the next decade this is set to rise to around 20,680 a year. This is largely due to high churn in these occupations, with the net number of individuals required on average every year equivalent to around 14.2% of the total number in that occupation between 2002 and 2009.

Figure 5.5 Net requirement by occupation, 2002-2020



Source: GMFM, 2010

8.32 Only the sales and customer service has as high a rate of staff turnover, with an average 14.9% of all individuals in the occupation required every year. This occupation group also has the second highest level of net requirement.

8.33 There is forecast to be significantly more demand in the next decade across lower skilled jobs – for example in personal service occupations, process, plant and machine operatives, sales and customer service and elementary occupations. However, this does not preclude the need for more high-level skills – the demand for managers and senior officials, and associate professional and technical occupations is expected to grow as well.

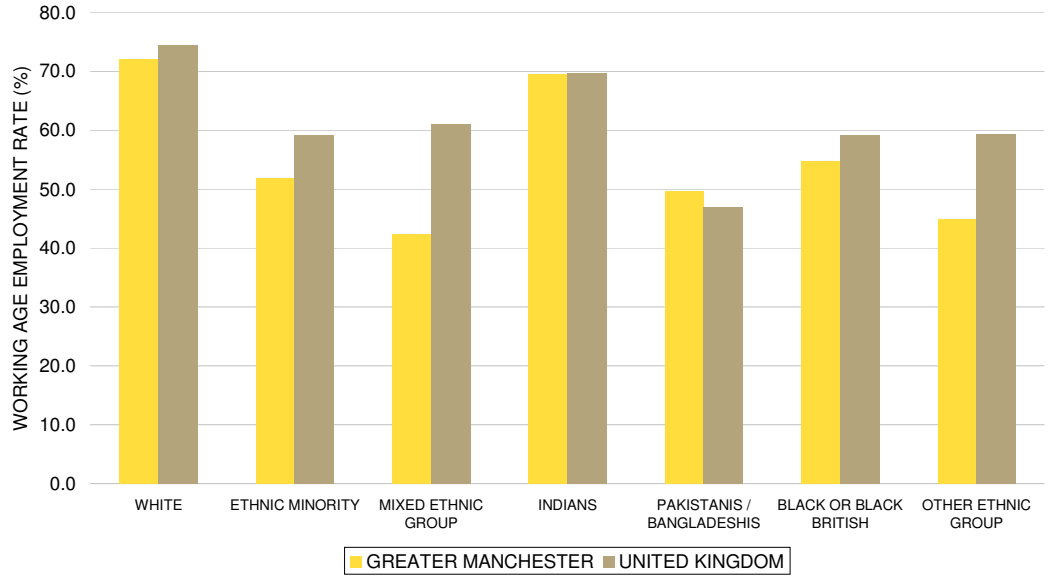
EMPLOYMENT AND WORKLESSNESS IN ETHNIC MINORITY COMMUNITIES

8.34 Whilst low ethnic minority employment rates are a feature of the UK economy as a whole, they are especially pronounced in Greater Manchester, with an ethnic minority employment rate (51.8%) that is 20.2 percentage points below the white employment rate, compared to a 15.3 percentage point gap across the UK.

8.35 However, between September 2008 and September 2009, the number of ethnic minority individuals in employment has increased by 9.6%, whilst the white employment level has fallen by 4.2%. This divergence was even more marked when looking over the past four years, with the number of white individuals in employment falling by 4.5%, whilst the number of ethnic minority individuals in employment grew by 55.3%.

8.36 It is also clear that white males are experiencing the greatest reductions in employment. Over the past year, white male employment levels fell 4.8% - a reduction of 26,600 in employment; simultaneously, the number of white females in employment fell by 16,200 – just 3.4%.

Figure 5.6 Employment rates of ethnic groups, Greater Manchester and United Kingdom, 2009



Source: Annual Population Survey, 2010

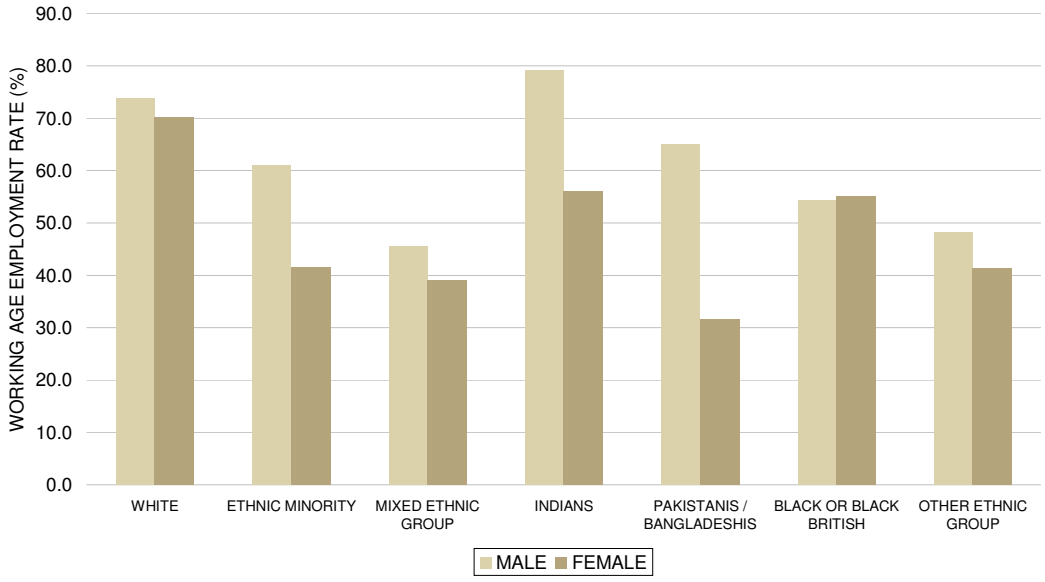
8.37 Across the local authorities the difference in ethnic minority and white employment rates varies significantly – Rochdale has the largest employment gap of 27.3 percentage points between the white (72.8%) and ethnic minority (45.5%) employment rates; whereas Wigan experiences the smallest gap, of just 0.6 percentage points, between the white (74.1%) and ethnic minority (73.5%) employment rates.

8.38 The differences in ethnic minority employment rates are a significant issue for Greater Manchester. Raising employment rates to the white employment rate would put an extra 49,400 people across Greater Manchester in employment. Simply achieving the national ethnic group employment rate would put 34,400 more white individuals and 18,200 more ethnic minority individuals into work.

8.39 Yet the total figures hide the detail that underpins the differences. Invariably, it is low female employment rates in ethnic minorities that constitute the significant difference from the white employment rate. In September 2009, 71.4% of the difference between ethnic minority and white employment rates was due to low female employment rates in the ethnic minority group.

8.40 This is a particularly important issue in the Pakistani / Bangladeshi ethnic group – the largest ethnic group in Greater Manchester – female employment rates stand at just 31.5%. To attain the same employment rate as the white population, nearly 18,800 Pakistani / Bangladeshi females would need to enter employment.

Figure 5.7 Male and female employment rates by ethnicity in Greater Manchester, 2009



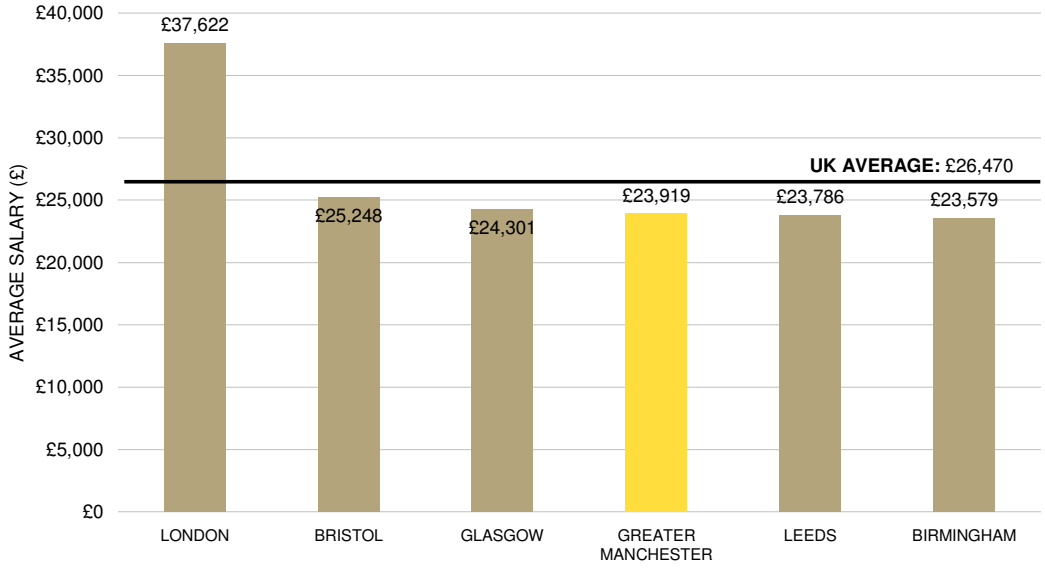
Source: Annual Population Survey, 2010

INCOMES

8.41 As a result of the low skills levels, and relatively low employment rates, Greater Manchester residents experience lower income levels than other areas of the country. The full-time median salaries of both resident and non-resident workers in Greater Manchester are below the national average. However, the national average is skewed to an extent by London wages.

8.42 As can be seen below, Greater Manchester residents have a lower average salary than the UK – though as identified above, this is largely skewed by the high mean London salary. None of the other key comparator cities has a mean salary as high as the UK average let alone London.

Figure 5.8 Resident earnings, mean salaries, 2009



Source: ASHE; calculations by New Economy, 2010

NOTE: The average salary here is for total residents in work, not for full-time workers as with the table below. In addition, the average here refers to the mean salary rather than the median salary.

8.43 Both Bristol and Glasgow outperform Greater Manchester in terms of resident wages, though the variation is not as significant as with London. However, Greater Manchester performs better than Leeds and Birmingham residents, who both experience lower average annual salaries.

8.44 Amongst the local authorities in Greater Manchester, it is Trafford that experiences the highest resident and workplace earnings, and Oldham that experiences the least.

8.45 These can be largely attributed to the sectoral and occupational differences in employment. Trafford's largest sector is Financial and Professional Services, whereas Oldham's largest sector is Manufacturing. The occupational mix is also significant, with proportional more residents from Trafford in managerial, senior official or professional occupations (36.3%) than in Oldham (24%).

Table 2.4 Resident and workplace earnings, full-time workers, median wages, 2009

AREA	RESIDENT		WORKPLACE	
	ANNUAL	WEEKLY	ANNUAL	WEEKLY
BOLTON	£23,164	£445	£21,447	£412
BURY	£26,056	£501	£24,558	£472
MANCHESTER	£23,054	£443	£26,674	£513
OLDHAM	£21,497	£413	£20,788	£400
ROCHDALE	£23,754	£457	£21,115	£406
SALFORD	£22,954	£441	£23,759	£457
STOCKPORT	£25,973	£499	£26,368	£507
TAMESIDE	£22,814	£439	£22,436	£431
TRAFFORD	£27,745	£534	£27,080	£521
WIGAN	£23,152	£445	£22,539	£433
GREATER MANCHESTER	**£24,016**	**£462**	**£23,676**	**£455**
ENGLAND	**£26,148**	**£503**	**£26,138**	**£503**
GREAT BRITAIN	**£25,931**	**£499**	**£25,909**	**£498**

Source: ASHE, 2010

NOTE: This table refers to the median salary of full-time residents and workers, not the mean salary as depicted in the graph above. Yellow boxes highlight the highest earnings levels, and brown boxes denote the lowest.

SKILLS AND EMPLOYMENT - KEY MESSAGES

8.46 **Greater Manchester has a marginally higher GCSE attainment rate (five GCSEs at grades A*–C) than the national average.** Attainment levels – including with Mathematics and English – have been closing the gap with the national average and moving above comparator cities.

8.47 **After Key Stage 4 (GCSEs), there is significantly lower take-up of Level 2 and lower progression to Level 3.** Nearly three-quarters of 19-year olds in 2008/09 had attained a Level 2 qualification, and less than half had achieved a Level 3. These levels were comparatively higher across England.

8.48 **Greater Manchester has a lower qualification profile than the UK,** with fewer Level 4+ qualified individuals and more individuals with no qualifications. Greater Manchester also has a worse qualification profile than other cities, with Bristol, Glasgow and London having more highly qualified individuals, and Leeds, Bristol and London having fewer individuals with no qualifications.

8.49 **Workless residents suffer from skills disadvantages,** with nearly half having below a Level 2 qualification. This puts them at a disadvantage in terms of re-entering the labour market, and obtaining jobs.

8.50 When all residents are unable to access employment, and particularly if minority groups are distant from the labour market, **this causes social problems and limits the ability of Greater Manchester to enhance prosperity and growth.**

8.51 **The employment rate in Greater Manchester is low and falling.** The recession has reduced the employment rate, falling from 71.3% in March 2008 to 69.8% in September 2009.

8.52 **However, the employment rate has been falling since December 2006 (prior to the recession),** when the conurbation experienced an employment rate high of 72.5%. Not all of this reduction is due to the recession, with growing population levels playing a role.

8.53 **There is significant employment in high-level occupations in Manchester** – particularly managerial and senior official occupations. However, the greatest proportion of employees work in lower-skilled jobs.

8.54 **Ethnic minority employment levels have actually increased during the recession, despite a fall in the employment rate.** Comparatively, white working age males have seen the largest falls in employment.

8.55 **The mixed ethnic group has the lowest employment rate in Greater Manchester** at just 42.3%. This is in contrast to the national picture, where Pakistani / Bangladeshi individuals have the lowest employment rate.

8.56 **With the Pakistani / Bangladeshi group being the largest ethnic minority in Manchester, levels of employment in that group are highly important.** The Pakistani / Bangladeshi employment rate is higher than the national average and that seen in other comparator cities (e.g. Birmingham, Leeds). However, it is still well below the white employment rate (72.0%). Low female employment rates account for 83.1% of the difference between Pakistani / Bangladeshi and white employment rates.

9 WORKLESSNESS

KEY STATISTICS

WORKLESSNESS RATE (SEPTEMBER 2009): 31.1%

UNEMPLOYMENT RATE (% OF ECONOMICALLY ACTIVE): 9.6%

ECONOMIC INACTIVITY RATE (% OF WORKING AGE): 23.5%

TOTAL BENEFIT CLAIMANT RATE (FEBRUARY 2010): 20.1%

FORECAST REDUCTION IN UNEMPLOYMENT (2010 TO 2020):11,200 (15.0%)

IMPACT ON GROWTH AND PROSPERITY

9.1 The Sustainable Communities report of the MIER noted that worklessness[5] is a key issue for the economic and social development of deprived neighbourhoods. Deprived areas often experience extreme worklessness, with rates commonly over 75% higher than the Greater Manchester average. Worklessness also acts as a hindrance to reducing deprivation and it signals both social isolation and a lack of opportunity for residents. Persistent worklessness also has the detrimental effect of being inter-generational – individuals coming from a deprived area with high worklessness are more likely to become either unemployed or economically inactive in later years.

9.2 Worklessness is a barrier to both growth and prosperity. Increasing the numbers actively engaged in the labour market, as well as increasing those in employment, has a positive impact on growth and provides a wider labour market for businesses. Similarly, reducing worklessness aids prosperity, ensuring residents benefit from economic growth, whilst simultaneously experiencing positive impacts on health and wellbeing.

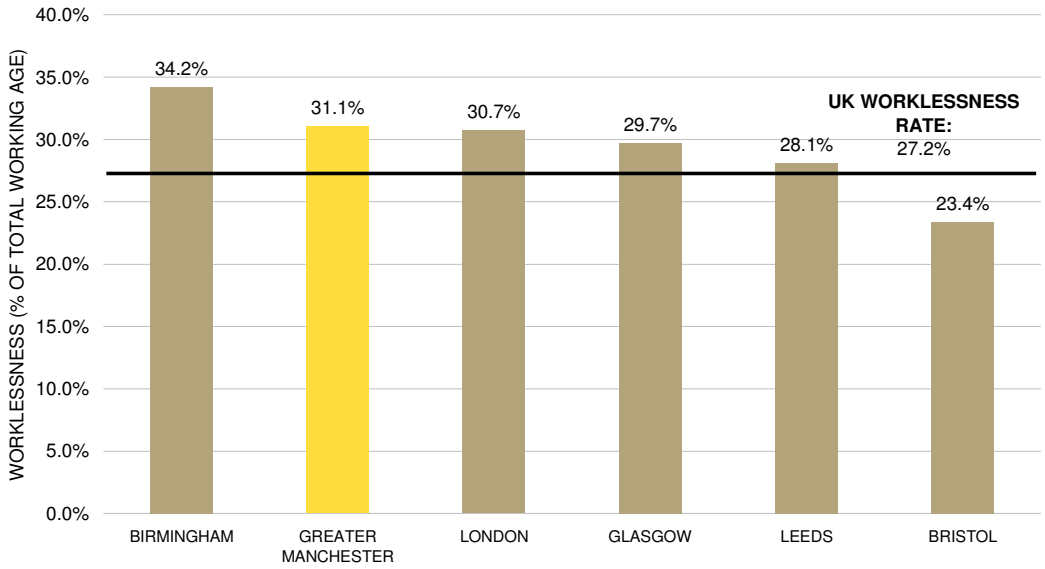
TOTAL WORKLESSNESS

9.3 Worklessness is one of the most significant challenges facing Greater Manchester, with an estimated half a million working-age residents (31.1%) either economically inactive or unemployed. Greater Manchester, with its legacy of industrial decline and restructuring, has had a long history of high inactivity and high unemployment rates relative to the rest of the country, even before the recession. Worklessness had decreased prior to the recession, but is now increasing again in relation to the national average.

[5] Worklessness is understood here in terms of the unemployed and economically inactive. The unemployed population 'are people who are without a job, want a job, have actively sought work in the last four weeks and are available to start work in the next two weeks or are out of work, have found a job and are waiting to start it in the next two weeks'. The economically inactive population are 'those without a job who have not actively sought work in

9.4 Greater Manchester suffers from one of the highest worklessness rates in the country. Of comparator cities, only Birmingham has a higher worklessness rate, whilst cities such as London, Glasgow, Leeds and Bristol have lower rates. Yet all of these cities bar Bristol experience above national worklessness rates.

Figure 5.9 Worklessness rates (as a proportion of the total working age population) in UK cities, September 2009



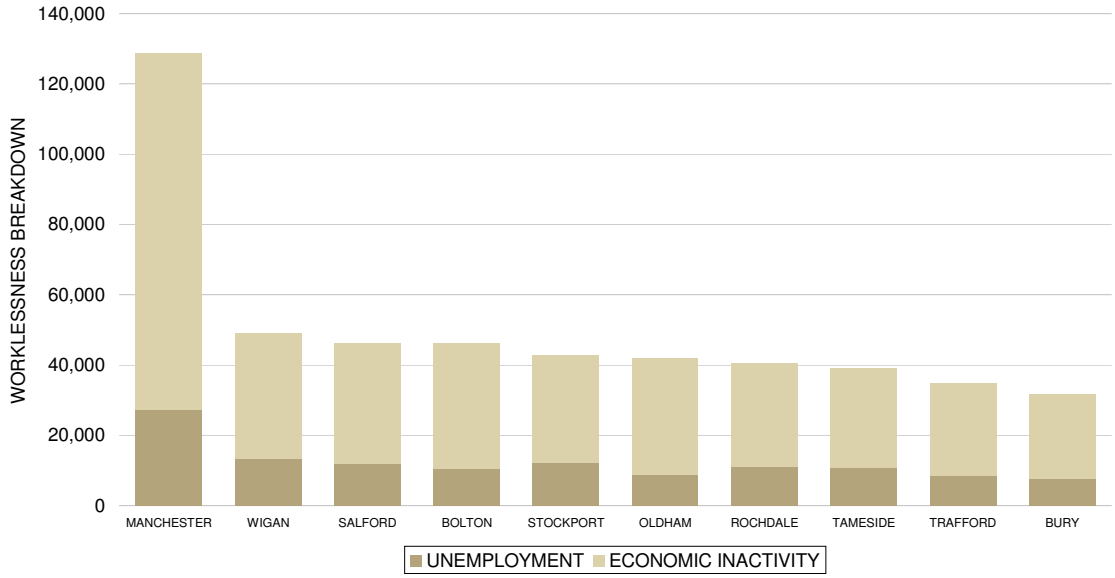
Source: Annual Population Survey; calculations by New Economy, 2010

9.5 Across local authorities, the difference in worklessness is stark. In Stockport, just over a quarter of residents (25.1%) are workless; whilst in the City of Manchester the figure rises to over two-fifths (40.1%). Seven of the ten local authorities in Greater Manchester have worklessness rates above the national average (27.1%).

9.6 However, it is the concentration of workless residents in Manchester that appears to be crucial. With a larger resident population than other districts, the City of Manchester has significantly higher numbers of workless residents – more than twice as many unemployed residents and nearly three times as many economically inactive residents than Wigan, the borough with the next highest concentration.

the last four weeks, and/or are not available to start work in the next two weeks'. Definition taken from Office of National Statistics, "A Profile of Worklessness"; December 2009

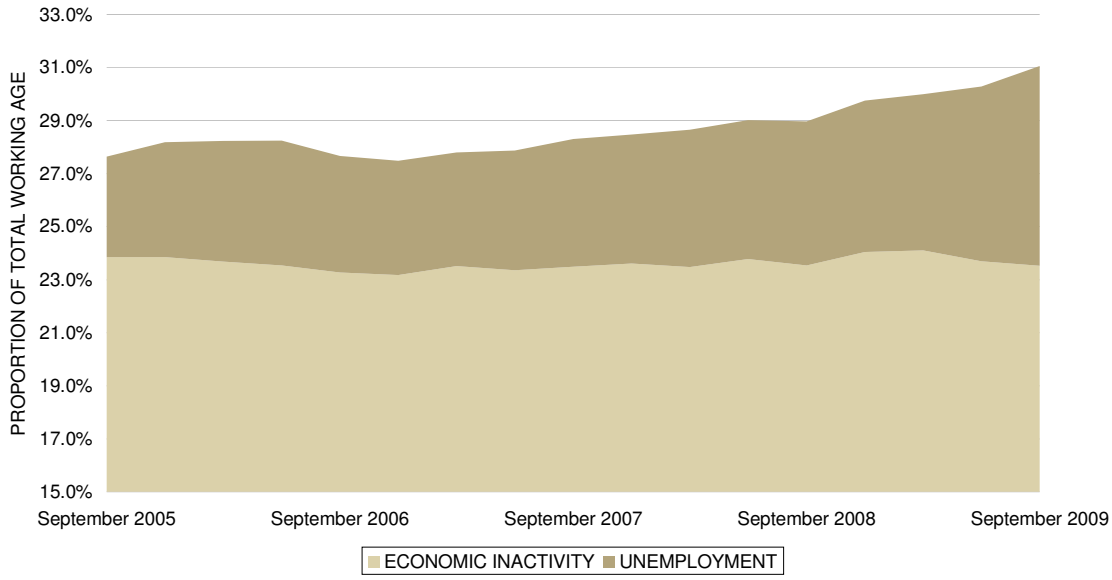
Figure 6.0 Number of workless residents in Greater Manchester districts, September 2009



Source: Annual Population Survey; calculations by New Economy, 2010

9.7 Over the past four years, there has been a rise in worklessness from 27.6% to 31.1%. This has been driven by a near doubling in the unemployment rate – from 5.0% (0.1 percentage points *lower* than the national average) in September 2005 to 9.8% (2.2 percentage points *higher*) in September 2009. Whilst this is not as high as unemployment levels in the 1980s and early 1990s, it still represents a significant increase in unemployment in recent years. As a result, Greater Manchester now trails several key comparator cities.

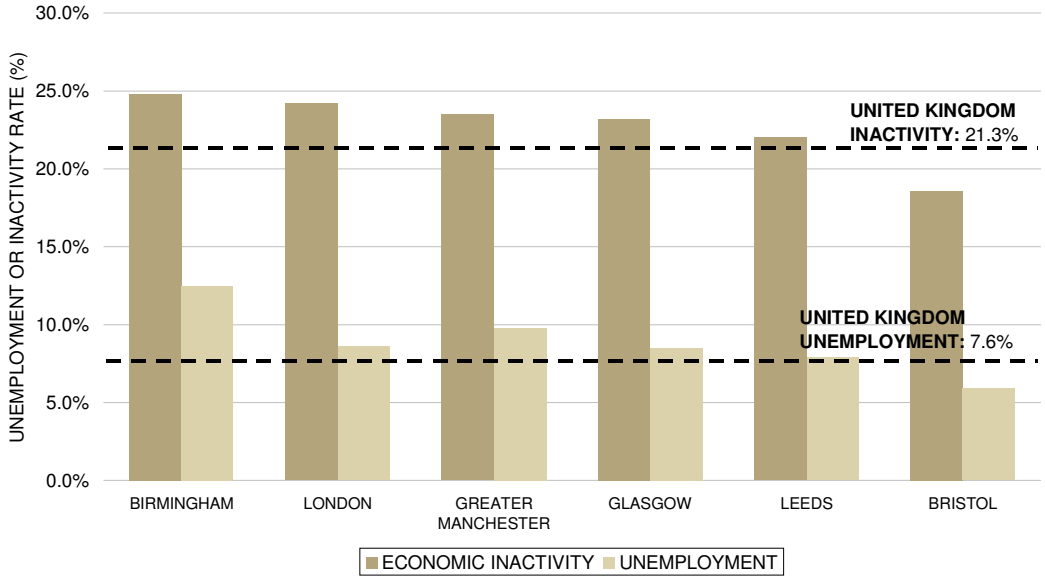
Figure 6.1 Worklessness breakdown as a proportion of working age population, September 2005 – September 2009



Source: Annual Population Survey; calculations by New Economy, 2010

9.8 In comparison, the proportion of economically active residents has remained relatively static in the past four years, mainly staying between 23% and 24%. However, the national average has seen almost continual falls over the past four years, down from 21.8% in September 2005 to 21.1% in September 2009, resulting in a growing disparity between Greater Manchester and national rates. As a result, the conurbation now stands behind other major UK cities.

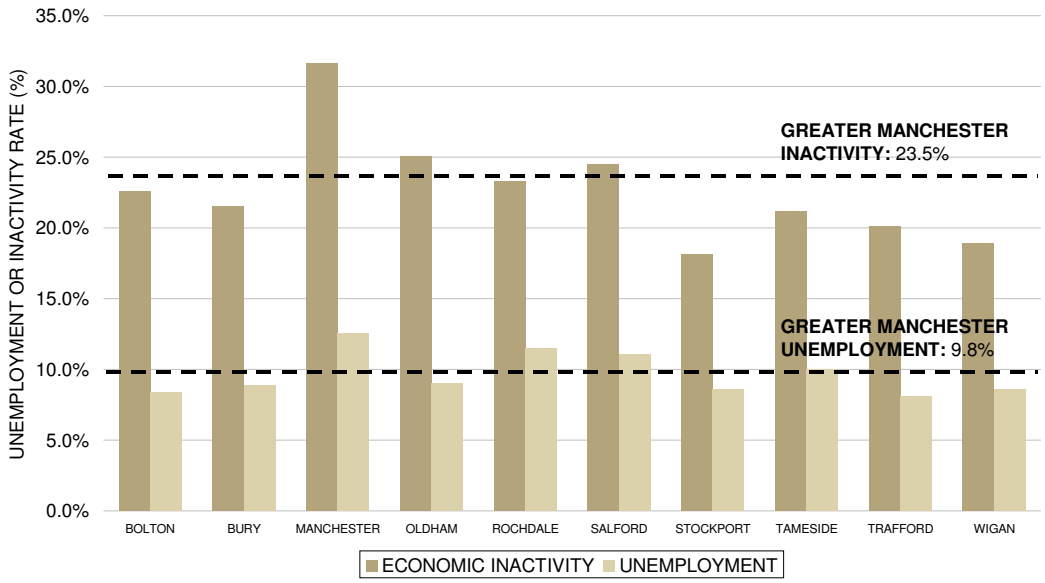
Figure 6.2 Economic inactivity and unemployment rates across the UK, September 2009



Source: Annual Population Survey, 2010

9.9 Across Greater Manchester, the City of Manchester has the highest unemployment rate – equivalent to Birmingham at 12.5% - whilst also experiencing the highest inactivity rate of 31.6%. Simultaneously, the lowest unemployment rate is currently experienced in Trafford, with an unemployment rate of 8.1%, whilst Stockport experiences the lowest inactivity rate (18.1%).

Figure 6.3 Economic inactivity and unemployment rates across Greater Manchester, September 2009



Source: Annual Population Survey, 2010

9.10 Worklessness rates vary within different socio-demographic groups. Males have lower inactivity rates across the board, but simultaneously have higher unemployment rates. Economic inactivity is also age-related, with inactivity highest amongst the under 25s and the over 50s.

9.11 Even removing students from the workless figures shows only a partial reduction in worklessness. Students make up only 4.8% of the inactive population across Greater Manchester – up to 7.1% in Oldham and as low as 2.7% in Rochdale. Comparatively, students also make up a smaller proportion of inactive residents in Greater Manchester than in other cities – with London and Leeds having greater proportions of inactive residents as students.

9.12 Amongst older residents, retirement is a key cause of inactivity – the issue for former industrial economies such as Greater Manchester is that early retirement may be 'forced' upon many residents due to lack of suitable employment opportunities and/or ill health. Indeed, long-term sick individuals represent 8.5% of inactive residents wanting to work – compared to just 7.5% nationally.

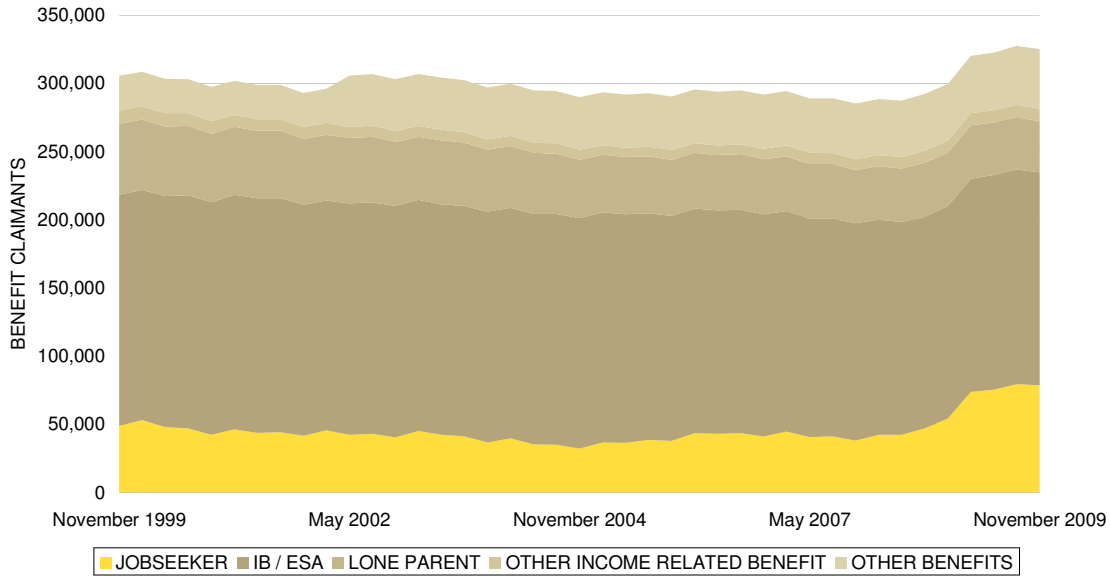
BENEFIT CLAIMANTS

9.13 There are several major benefit streams currently in existence for workless residents: incapacity benefit and employment support allowance, jobseeker's allowance and income support, as well as several smaller benefit payments – e.g. disability living allowance, carers' allowance and bereavement benefit.

9.14 At present, the coalition government is planning to merge all out-of-work benefits into a single Universal Credit, although the majority of this work is not expected to happen in the immediate future. This will mean significant changes for benefit claimants at all levels. With the current emphasis upon reducing the public deficit, attention is currently focusing on reducing expenditure on benefits and getting people back into work.

9.15 The recession has seen a substantial increase in Greater Manchester's benefit claimant rate from 17.7% in November 2007 to 20.1% in November 2009 – four percentage points higher than the national average.

Figure 6.4 Total benefit claimants by claimant group in Greater Manchester, November 1999 – November 2009



Source: DWP Longitudinal Survey, 2010

9.16 The large increases seen in recent years are a result of the large increases in JSA claimant numbers, rather than significant increases in other benefit groups. Between April 2008 and April 2010, JSA claimants grew by 86.6% (a total of 37,360) to reach 80,479 claimants (5.0% of the working-age population). In times of recession, with fewer job opportunities, many more individuals will turn to unemployment benefits rather than run down savings or ramp up debt. The recent rise in JSA claimants is a clear signal of this.

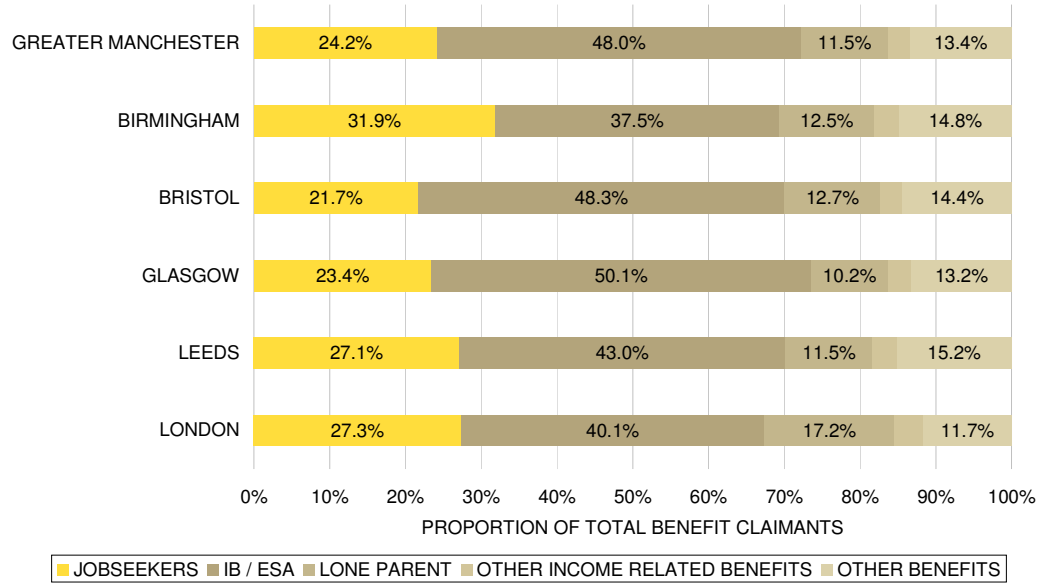
9.17 However, claimant levels have been falling more recently, with month-on-month declines experienced between February 2010 and March 2011. This is

one of the key signs of economic recovery in Greater Manchester, indicating employers' increasing confidence.

9.18 Greater Manchester, alongside some of the UK's major cities such as Birmingham, London and Glasgow, have higher benefit claimant rates than the national average, suggesting that benefit claimants are concentrated in urban conurbations.

9.19 Greater Manchester's benefits make-up is substantially different to other UK cities, though. Incapacity benefit claimants make up a significantly larger proportion in Greater Manchester than in Birmingham, Leeds and London, whilst comparatively these major cities experience more jobseekers as a proportion. Though lone parents make up a small proportion of all claimants in Greater Manchester, the income support claimant rate is higher than Birmingham, Bristol and Leeds.

Figure 6.5 Total benefit claimants by claimant group in major UK cities, November 2009



Source: DWP Longitudinal Survey, 2010

9.20 Incapacity benefit / employment support allowance claimants constitute the greatest proportions of claimants across all Greater Manchester local authorities - at 9.6% of the working-age population in Greater Manchester, this totals 156,050 residents.

9.21 The total number of IB/ESA claimants has risen over the last year, as ESA claimants (both new and reassessed IB claimants) have increased. ESA claimants now constitute 24,390 claimants – 15.6% of the total IB/ESA caseload. Over the longer term the IB/ESA claimant rate has fallen, at faster than the national average, reducing the disparity between rates from 3.0 to 2.5 percentage points.

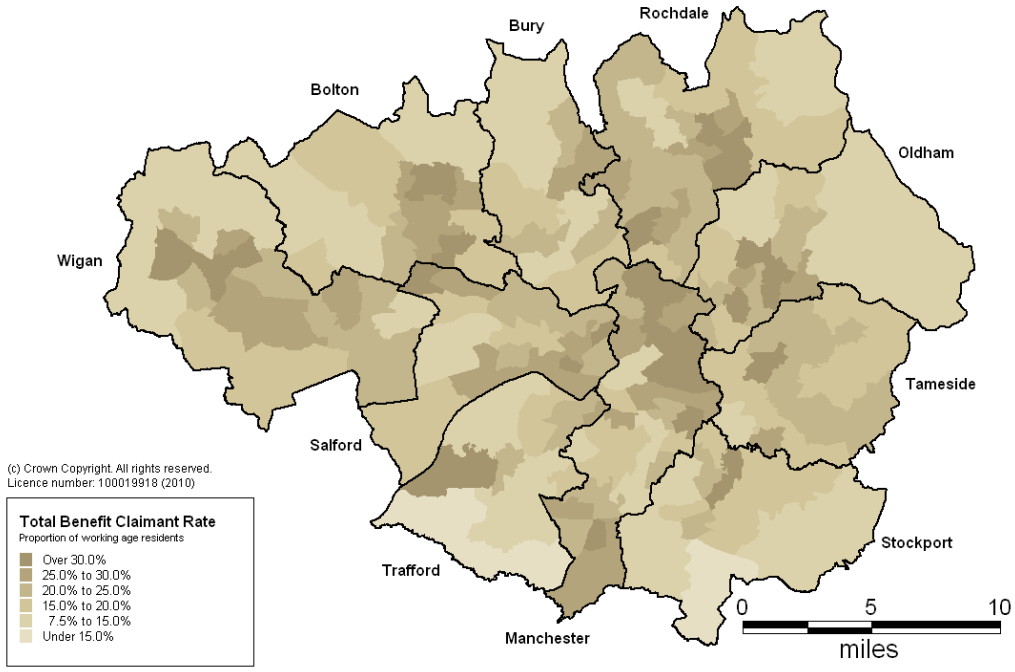
9.22 Across Greater Manchester, the level of income support is highest in the City of Manchester (9.5%) and lowest in Trafford (4.5%), with eight of the ten Greater Manchester authorities above the national claimant rate of 5.2%. Yet comparatively, Greater Manchester has a lower proportion of lone parents as income support claimants – 33.7% of income support claimants compared to an average 36.4% nationally.

9.23 As shown in Figure 6.6 below, benefit claimants are largely clustered in and around the central urban core and the main towns of Greater Manchester, with the lowest rates found in the affluent suburban areas and rural hinterland of the conurbation.

9.24 JSA and IB/ESA claimants are predominantly clustered in the most deprived areas - the highest numbers are in the cities of Manchester and Salford, with the City of Manchester having had the highest claimant rate of all the Greater Manchester authorities since the 1980s. At ward level, Rochdale has for a long time had the largest claimant rate in Central and Falinge, which has impacted severely on Rochdale's total performance, with the borough having recently risen above the City of Manchester rate during the course of the recession.

9.25 Incapacity benefit claimant levels are high around large towns and Manchester city centre – especially in Rochdale, southern and central Manchester, Oldham and Ashton-under-Lyne. Lower levels are experienced in more affluent areas, such as southern Trafford and southern Stockport.

Figure 6.6 Total benefit claimants map, November 2009



Source: DWP Longitudinal Survey, 2010

YOUTH WORKLESSNESS

9.26 Youth worklessness is a key issue for the long-term future of Greater Manchester's economy. Not only does it waste the potentially productive skills of young people, but also research has shown that youth unemployment can impose a permanent wage penalty on an individual. It is estimated that by the age of 42 an individual who has suffered from youth unemployment could face a wage penalty of 12%–15%.[6]

9.27 The table below highlights NEET figures – those aged 16-18 who are not in employment, education or training. Greater Manchester has consistently had a higher proportion of NEET young people than England since 2006, with a 1.4 percentage point higher rate than the national average in 2009. This could have a significant impact on the future ability of Greater Manchester to close its productivity gap.

9.28 Bolton has the highest proportion of NEET 16–18 year olds (10.6%), which is significantly higher than the Greater Manchester average of 7.8%. Tameside has the lowest, with 5.4%, followed by Bury with 5.6%, both of which are below the national average (6.4%).

[6] Gregg, P. and Tominey, E. (2004) The Wage Scar from Youth Unemployment, CMPO Working Paper Series No. 04/097, University of Bristol – forthcoming in Labour Economics.

Table 2.5 Number of 16–18 year olds not in employment, education or training in Greater Manchester and England, 2006 - 2009

AREA	2006		2007		2008		2009	
	NUMBER	PERCENT	NUMBER	NUMBER	PERCENT	PERCENT	NUMBER	PERCENT
BOLTON	1,170	12.7%	1,060	11.8%	950	10.5%	900	10.6%
BURY	550	8.0%	540	6.5%	570	6.6%	490	5.6%
MANCHESTER	1,760	11.4%	1,440	9.5%	1,570	10.2%	1,420	9.5%
OLDHAM	750	8.8%	670	7.7%	650	7.2%	640	7.2%
ROCHDALE	720	12.1%	680	10.9%	680	10.5%	610	10.2%
SALFORD	750	10.2%	660	7.6%	700	8.1%	570	6.6%
STOCKPORT	810	8.8%	790	6.9%	810	7.1%	830	7.5%
TAMESIDE	490	7.3%	470	6.6%	480	6.3%	600	7.8%
TRAFFORD	720	9.1%	640	8.1%	640	8.1%	400	5.4%
WIGAN	1,140	9.9%	980	8.2%	1,050	8.5%	830	7.1%
GTR. MCR	**8,860**	**10.0%**	**7,930**	**8.4%**	**8,100**	**8.4%**	**7,290**	**7.8%**
ENGLAND	**126,150**	**7.7%**	**109,300**	**6.7%**	**110,890**	**6.7%**	**104,120**	**6.4%**

Source: Department of Education, 2010

9.29 An especially important issue for Greater Manchester is the number of young JSA benefit claimants - as unemployment among young people is linked to crime. According to a report by the Social Exclusion Unit in 2005, nearly two thirds of young offenders were unemployed at the time of arrest, compared to 46% of people over the age of 25.[7] Young people with poor educational achievement are also more likely to commit crimes, suggesting that multiple disadvantages in an area can lead to a variety of negative outcomes, both for the individual and for society.

9.30 The number of youth claimants has risen during the recession and as of June 2010 constitute around 30.8% of all JSA claimants (22,960 youth claimants) – compared to 27.8% nationally. This is hardly surprising, given the relatively young population of Greater Manchester in comparison to the national level. Across Greater Manchester, the greatest proportion of youth claimants is in Tameside (32.9%), whilst the lowest proportion is experienced in Trafford (28.1%).

9.31 However, over the past year youth claimant figures have shown a decrease – a fall of 16.9% (up to March 2011) compared to a fall of 9.3% for all claimants over the same period – indicating that young individuals in Greater Manchester have not experienced the same levels of unemployment as older residents. However, this may also be swayed by an increasing number choosing to stay on in education during a recession, as well as the ability to fall back on the support of a parent or guardian.

[7] Social Exclusion Unit (2002); Reducing re-offending by ex-prisoners; Annex E - p.173

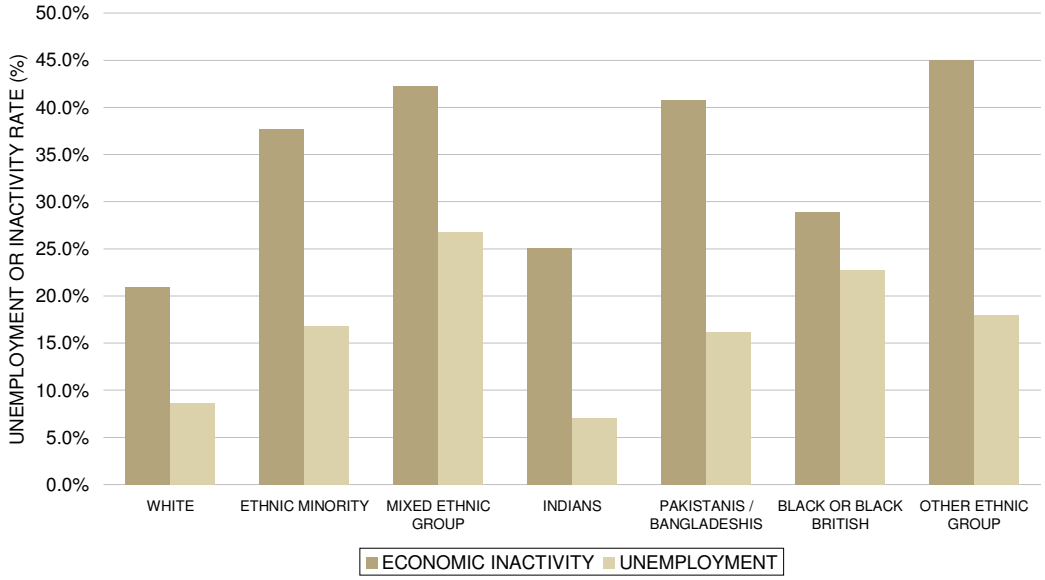
WORKLESSNESS IN ETHNIC MINORITY COMMUNITIES

9.32 Unemployment rates between white residents and ethnic minorities vary significantly. The white unemployment rate in Greater Manchester (8.6%) is nearly half that of ethnic minorities (16.8%), whilst the unemployment rate of the mixed ethnic community (26.8%) is more than double the national average (12.4%).

9.33 The ethnic minority population of Greater Manchester has a significantly higher inactivity rate than the white population as well. The white inactivity rate, at 21.0%, is relatively close to the national rate of 19.9%. However, the ethnic minority inactivity rate – at 37.7%, nearly twice the white inactivity rate – is much higher than the national average of 32.4%.

9.34 Crucially, inactivity rates are much higher amongst females than amongst males, whilst unemployment rates are higher amongst males than females. Whilst this may be partly due to pregnancy or women staying home to look after children, the difference is much higher in ethnic minorities (and this is experienced in other UK cities). Around a quarter (25.4%) of ethnic minority males are economically inactive, compared to over half (51.3%) of females. This difference appears to be largely cultural since, as shown in figure 6.7, it is concentrated within certain ethnic minorities, particularly the Pakistani / Bangladeshi group. Females make up 86.0% of the difference between white and ethnic minority inactivity rates.

Figure 6.7 Unemployment and inactivity rates by ethnicity in Greater Manchester, 2009



Source: Annual Population Survey, 2010

SKILLS ISSUES AFFECTING WORKLESSNESS

9.35 Skills are a key determinant of worklessness in Greater Manchester, as highlighted above. Figure 6.8 shows that 29.4% of workless residents have no qualifications, compared to the national average of 25.6%.

9.36 Lower skill levels and worklessness are closely correlated. The further individuals are from employment, the more likely they are to have lower level skills. Nearly a third of economically inactive residents (31.2%) having no qualifications, compared to just over a fifth of unemployed residents (21.7%) and just fewer than one in ten of those in employment (9.3%). Lower skill levels also re-enforce worklessness by limiting opportunities to obtain employment – thereby lowering individual's opportunities to participate and benefit from economic growth.

9.37 The economically inactive population suffers the worst skills issues. Just 12.0% of economically inactive residents have Level 4+ skills, compared to 29.3% of economically active residents. In addition, just over half have Level 2 skills or above (50.8%), compared to nearly three-quarters (71.8%) in the economically active population.

9.38 Whilst not as great in number as economically inactive residents, the unemployed in Greater Manchester also experience significant skills issues, with over one in five (21.7%) having no qualifications. With future growth in the economy strongly dependent upon higher skills levels, this mismatch between employment opportunities and those seeking jobs means that improving people's skills becomes all the more important.

Table 2.6 Worklessness skills profile, 2008

		GREATER MANCHESTER		UNITED KINGDOM	
		NUMBER	PERCENT OF COHORT	NUMBER	PERCENT OF COHORT
EMPLOYED RESIDENTS	LEVEL 4+	346,400	30.6%	9,409,600	33.6%
	LEVEL 3	234,590	20.7%	5,487,680	19.6%
	LEVEL 2	248,165	21.9%	5,904,380	21.1%
	LEVEL 1	198,045	17.5%	4,900,840	17.5%
	NO QUALS	105,500	9.3%	2,267,200	8.1%
WORKLESS RESIDENTS	LEVEL 4+	58,700	12.2%	1,506,600	15.4%
	LEVEL 3	82,430	17.2%	1,645,300	16.8%
	LEVEL 2	102,605	21.4%	2,085,650	21.3%
	LEVEL 1	94,265	19.7%	2,032,550	20.7%
	NO QUALS	141,100	29.4%	2,511,400	25.6%
ECONOMICALLY INACTIVE RESIDENTS	LEVEL 4+	46,700	12.0%	1,221,500	15.1%
	LEVEL 3	69,150	17.8%	1,381,520	17.1%
	LEVEL 2	81,175	20.9%	1,676,720	20.8%
	LEVEL 1	69,175	17.8%	1,568,560	19.4%
	NO QUALS	121,100	31.2%	2,192,000	27.2%
UNEMPLOYED RESIDENTS	LEVEL 4+	12,000	13.0%	285,100	16.4%
	LEVEL 3	13,280	14.4%	263,780	15.2%
	LEVEL 2	21,430	23.3%	408,930	23.5%
	LEVEL 1	25,090	27.3%	463,990	26.6%
	NO QUALS	20,000	21.7%	319,400	18.3%

Source: Annual Population Survey; calculations by New Economy, 2010

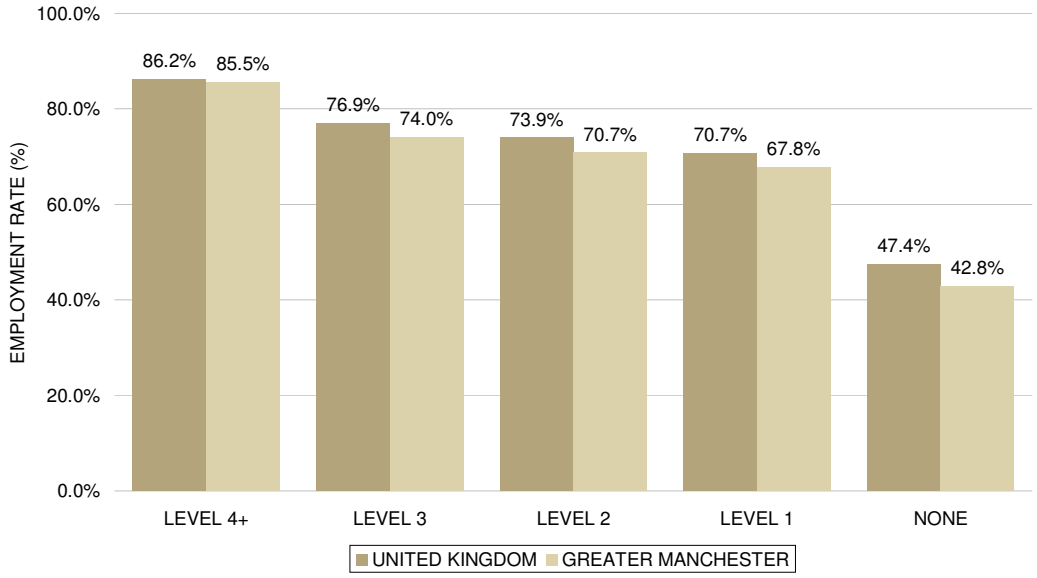
9.39 As shown below, those with lower qualification levels are less likely to be employed. The difference is most stark between those with a Level 1 qualification and those with no qualifications. Within Greater Manchester, attaining a Level 1 qualification from having no qualifications increases the likelihood of obtaining employment.

9.40 The next highest leap in employment rates comes between Level 3 and Level 4 and above qualifications. Those with a Level 4 or above qualification are the least likely to be unemployed, and raising an individual's highest qualification level from Level 3 to Level 4 or above raises an individual's likelihood of being in employment by 11.5%.

9.41 Simultaneously, Greater Manchester residents have a smaller chance of being in employment than UK residents generally. Employment rates are lower than the national average across all qualification levels, with the greatest difference amongst those with no qualifications.

9.42 The difference between national and conurbation-wide employment rates reduces as residents attain higher qualification levels. This implies a secondary reason for increasing qualification levels – to increase the *relative* chance of gaining employment in relation to the national average.

Figure 6.8 Employment rate by highest level of qualification, December 2009



Source: Annual Population Survey; calculations by New Economy, 2010

LONG-TERM WORKLESSNESS

9.43 Long-term worklessness in Greater Manchester remains a serious issue – it is associated with lower employment prospects, lower income and relatively poorer health. Long-term benefit claimants give an indication of the scale of the issue in Greater Manchester – 23,685 JSA claimants claiming for over 6 months (March 2011); and 131,140 IB/ESA claimants claiming for over one year (March 2011).

9.44 As a result of the recession the number of long-term JSA claimants (those claiming for over 6 months) has increased by over 40.6% over the past year – compared to an annual growth of 27.1% nationally. Long-term IB/ESA claimants (those claiming for over one year) have seen a slight decrease since the introduction of ESA in 2008, but this is likely to be due to the number being reassessed rather than becoming economically active.

9.45 The length of claim is also an important issue – as discussed below, long-term worklessness is associated with poorer mental and physical health. A report into the level of IB claimants by DWP found that individuals who were very long-term claimants (i.e. claiming for more than five years) were more likely to leave the benefit through death or reaching retirement age than through finding employment.[8] Amongst IB/ESA claimants, the vast majority (84.3%) of claimants have been claiming IB/ESA for a year or longer, whilst more than two-thirds (67.3%) have been claiming for more than five years – well above the national average.

[8] DWP; "A New Deal for Welfare: Empowering People to Work"; January 2006, p. 3

HEALTH AND WORKLESSNESS

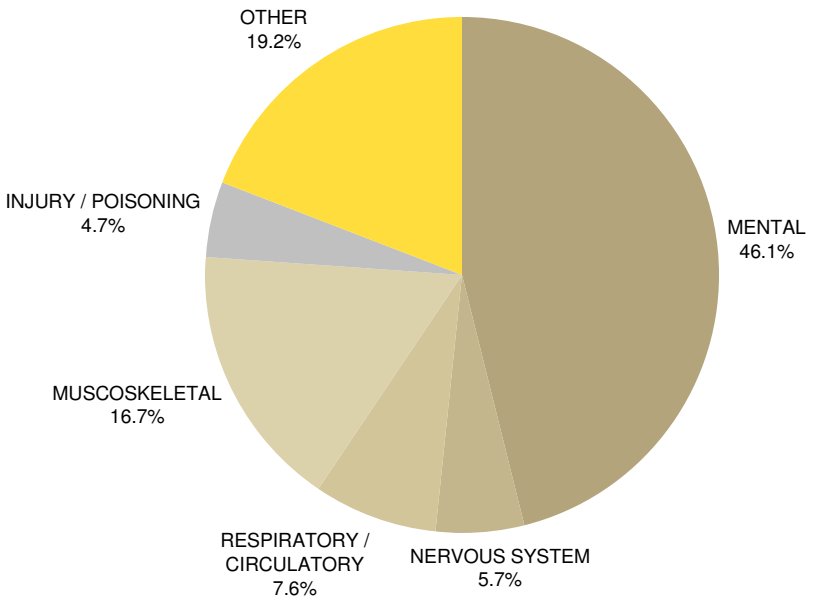
9.46 Health problems are a key cause of the high levels of worklessness that are found in Greater Manchester. Worklessness is currently at 31.1% in Greater Manchester, with 9.6% of the working age population claiming IB/ESA. Many of these claimants have been economically inactive for a significant amount of time and as a result find it increasingly difficult to re-enter the labour market.

9.47 It is only by developing a more comprehensive understanding of the health issues behind high IB/ESA claimant levels that these issues can be understood. It is important to note that the figures used in this section only cover Incapacity Benefit, as accurate data on ESA is not currently available. As a result the analysis provides a relatively conservative picture of the issues around health related worklessness in Greater Manchester.

9.48 The type of incapacity can greatly affect the chances of returning to work. In a review of healthy work practices, Carol Black noted that individuals with musculoskeletal disorders (MSDs – injuries or disorders affecting muscles or skeletal structure) were more likely to return to work once in receipt of incapacity benefits than those with mental health disorders. Therefore, a focus on mental health seems appropriate to understand the likelihood of ensuring individuals can return to work.

9.49 DWP data for November 2009 shows that the largest proportion of claims across the conurbation are due to mental and behavioural disorders (46.1%). The second highest single condition category is musculoskeletal conditions, which makes up 16.6% of claimants.

Figure 6.9 Incapacity Benefit Claimants in Greater Manchester by condition, November 2009



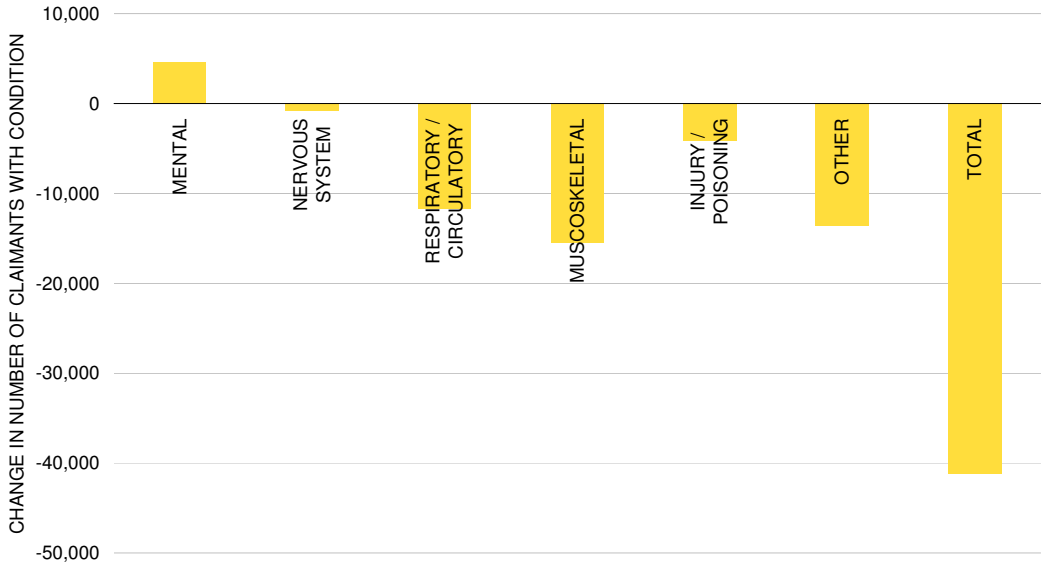
Source: DWP, Work and Pensions Longitudinal Survey, 2010

9.50 In terms of districts, certain districts had particularly high concentrations of claimants with mental and behavioural disorders. The City of Manchester had the highest level, with 50.7% of claimants declaring mental and behavioural disorders, followed by Salford (49.1%) and Bury (48.3%). Oldham and Rochdale had the highest proportions of claimants with musculoskeletal conditions, with 19.9% of claimants having this condition in both areas. Tameside had the third highest level of musculoskeletal claimants, with 19.1%.

9.51 The proportion of patients claiming for musculoskeletal conditions decreased from 21% in November 1999 to 16.7% in November 2009. The percentage of claimants with respiratory and circulatory conditions has also dropped dramatically, from 12.6% to 7.6%. The proportion of mental and behavioural claimants has risen from 32.4% to 46.1% in the last 10 years.

9.52 However, it is important to note that this is not just due to a significant rise in the number of mental and behavioural claimants (the number of claimants rose by 4,655 or 8.3%), but to a fall in other types of claimants, as shown in figure 7.0. Moreover, while the number of mental and behavioural clients is still higher than in 1999, it has decreased significantly to 60,530, after reaching a peak of 71,565 in 2007. The total number of claimants also fell by over 41,000 claimants between 1999 and 2009.

Figure 7.0 Change in number of claimants by condition between November 1999 and November 2009



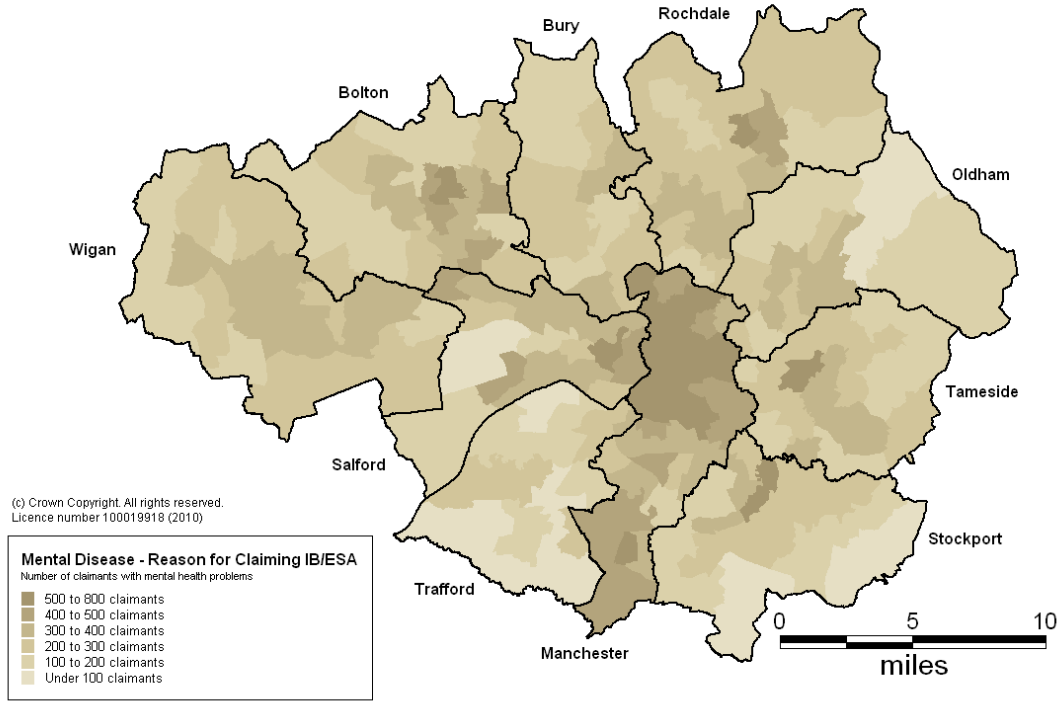
Source: DWP, Work and Pensions Longitudinal Survey, 2010

9.53 With large and rising numbers of mental health related issues in incapacity benefit claimants, addressing the problems faced by this group of residents is of particular importance to helping overcome worklessness. Figure 7.1 below shows the distribution of mental and behavioural disorder claimants across

Greater Manchester. It is clear that there is a concentration of claimants in the City of Manchester and other areas of the conurbation core, with the eastern edges of Trafford and Salford and the Southern part of Bury.

9.54 There are also highly concentrated pockets of claimants in Rochdale and parts of Stockport, indicating that these are also priority areas. Wigan has the fewest claimants in Greater Manchester with mental health problems.

Figure 7.1 Number of IB/ESA claimants with mental health problems, November 2009



Source: DWP, Work and Pensions Longitudinal Survey, 2010

UNEMPLOYMENT FORECASTS

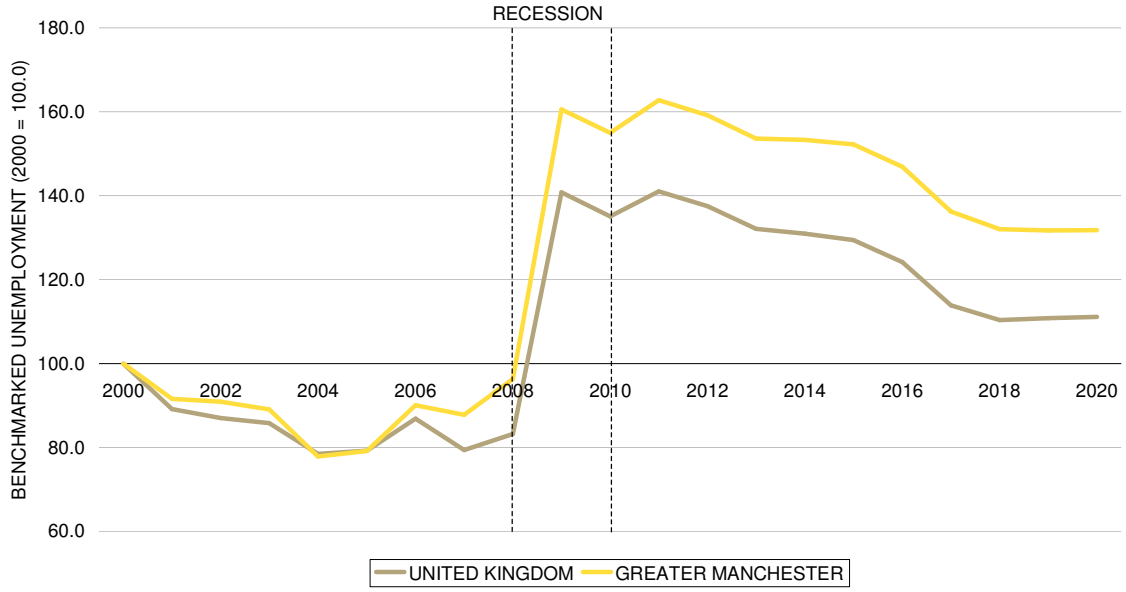
9.55 Levels of future unemployment are of critical importance for Greater Manchester as it emerges from recession. It is of concern therefore that long-term forecasts show that unemployment levels will be significantly higher than pre-recession levels. Between 2008 and 2011, the GMFM shows a rise in unemployment of 69.1% - up to an annual average of around 78,800 claimants (4.7%). Comparatively, the unemployment level across the UK is expected to rise by around 69.5% to 1.53 million (4.0%).

9.56 As can be seen from figure 7.2, unemployment in Greater Manchester has increased more than the national level (from 2000 levels) as a result of the recession. This graph shows how markedly the difference is between pre-recession and potential post-recession unemployment. The growth in

unemployment and the expected higher levels in future represent a significant challenge for Greater Manchester.

9.57 Within Greater Manchester, the local authorities with the lowest unemployment levels are expected to show the greatest change between pre- and post-recession unemployment levels. Most striking is Stockport's growth in unemployment, which is expected to rise 60.8% between pre- and post-recession[9]. Comparatively, Greater Manchester is expected to rise by 43.4%, and the UK by 31.4%.

Figure 7.2 Benchmarked unemployment in Greater Manchester and the UK, 2000–2020



Source: GMFM, 2010

WORKLESSNESS - KEY MESSAGES

9.58 **Worklessness is a key issue in Greater Manchester, with nearly one third of residents either unemployed or economically inactive.** This is higher than the national rate of worklessness, and exceeds worklessness rates in London, Glasgow, Leeds and Bristol. Only Birmingham has a higher rate of worklessness.

9.59 **The recent growth in worklessness has been driven by the recession -** with a near doubling in the unemployment rate from 5.0% to 9.8% over the last four years. Comparatively, economic inactivity remains high, but has shown relatively little change over the past four years. This has translated into significant increases in benefit claimants, driven largely by growth in unemployment benefit.

[9] This is based on comparing the average level of unemployment between 2001 and 2010 with the average unemployment level between 2011 and 2020.

9.60 **Benefit claimants are concentrated around the city centre of Manchester, and near the main towns of Greater Manchester.** However, all areas have seen increases in benefit claimants as a result of the recession, with the greatest proportional rises coming in areas with comparatively fewer claimants pre-recession.

9.61 **GMFM forecasts suggest that unemployment will continue to be a big issue for Greater Manchester.** Unemployment levels and rates are expected to be around 43.4% higher across Greater Manchester between 2011 and 2020 than they were between 2001 and 2010. This increase comes from a mixture of insufficient jobs growth, population growth and skills mismatches. Tougher benefit rules will likely make these unemployment levels higher.

9.62 **Youth worklessness remains higher than the national average in Greater Manchester.** The proportion of NEET young residents stands 1.4 percentage points above the national average, whilst the proportion of youth JSA claimants stands 3.0 percentage points above the UK. With youth unemployment strongly associated with crime, targeting youth worklessness is a key strategic aim of Greater Manchester. **Recent freezes in recruitment across many areas of the public sector may harm the long-term prospects of young individuals** who are just entering the labour market, and may increase youth worklessness.

9.63 **The difference between white and ethnic minority worklessness rates varies considerably.** The white unemployment rate, for example, is nearly half that of ethnic minorities. However, amongst ethnic minority women, inactivity is a key issue – with more females staying at home or remaining economically inactive. Females make up 86% of the difference between white and ethnic minority inactivity rates.

9.64 **The skills levels of residents affect their ability to obtain work, and as such this generates a concentration of low- or no-skilled workless residents.** Workless residents are more than three times as likely to have no skills than residents in employment.

9.65 **Long-term worklessness and health also play a key role in the level of worklessness in Greater Manchester.** The vast majority of IB/ESA claimants are long-term, and more than two-thirds have been claiming for over 5 years. Nearly half of all IB/ESA claimants have a mental health condition and these numbers have grown in the past ten years. In comparison, the number of claimants with any other health condition has fallen significantly. Claimants with mental health conditions are concentrated within Manchester, with some concentrations in the more deprived parts of Bolton, Rochdale, Tameside and Stockport.

10 POVERTY AND DEPRIVATION

KEY STATISTICS	
INDEX OF MULTIPLE DEPRIVATION (2007):	
WITHIN 20% MOST DEPRIVED NATIONALLY:	*36.1%*
INCOME DEPRIVATION AFFECTING CHILDREN (2007):	
WITHIN 20% MOST DEPRIVED NATIONALLY:	*29.3%*
CHILD WELLBEING INDEX (2008):	
WITHIN 20% MOST DEPRIVED NATIONALLY:	*20.4%*
CHILDREN LIVING IN POVERTY (2007):	**26.6%**

INDEX OF MULTIPLE DEPRIVATION

10.1 The Index of Multiple Deprivation (IMD 2007) examines the level of deprivation across a number of domains. Each of these domains encapsulates deprivation in different ways – looking at the effect of deprivation on the individual and on the area.

10.2 These include:

- Income;
- Employment;
- Health deprivation and disability;
- Education, skills and training;
- Barriers to housing and services;
- Crime; and
- The Living Environment.

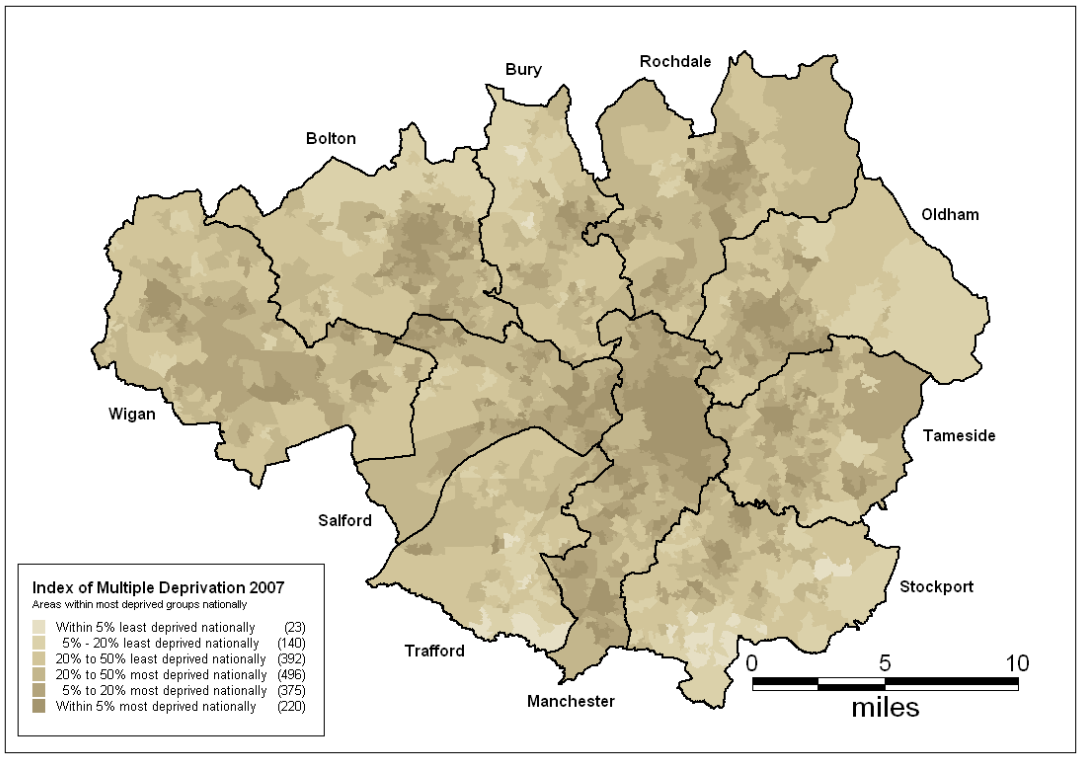
10.3 IMD 2007 clearly shows Greater Manchester to have severe pockets of deprivation. More than a third of neighbourhoods (36.1%) in Greater Manchester are within the 20% most deprived nationally, whilst nearly two-thirds (66.3%) are in the most deprived 50% nationally.

10.4 Figure 7.3 shows where the pockets of deprived areas are within Greater Manchester. Higher deprivation levels are clustered around the main towns in Greater Manchester, and especially within Manchester and around the city centre of Manchester.

10.5 Of particular interest are those areas within the 20% most deprived nationally. These areas are of highest priority, and often contain individuals who are furthest from the labour market. The highest concentration of these areas are

found within the City of Manchester and the surrounding area – although it is clear that pockets of severe deprivation exist across all districts in Greater Manchester.

Figure 7.3 Neighbourhoods by percent most deprived nationally, 2007



Source: IMD (2007), 2010

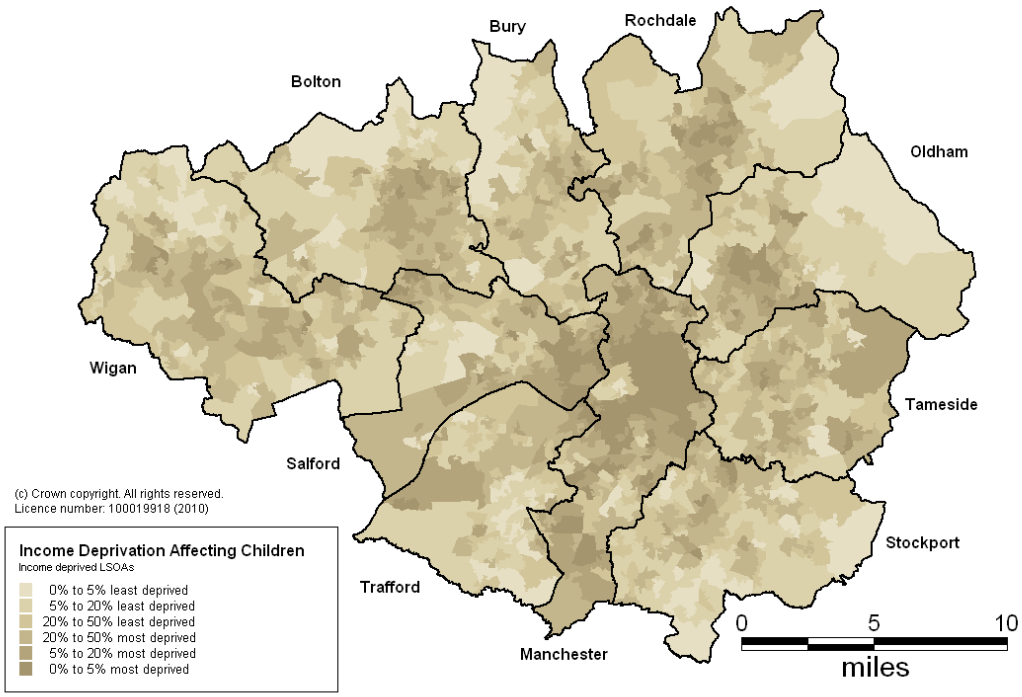
INCOME DEPRIVATION AFFECTING CHILDREN

10.6 The Index of Multiple Deprivation (IMD 2007) contains a domain that addresses child poverty specifically – Income Deprivation Affecting Children Index (IDACI). This measures the proportion of children under the age of 16 that live in low-income households, specifically:

- Children in Income Support households
- Children in Income based Job Seekers Allowance households
- Children in Working Tax Credit Households.
- Children in Disabled Persons Tax Credit Households
- National Asylum Support Service supported asylum seekers.

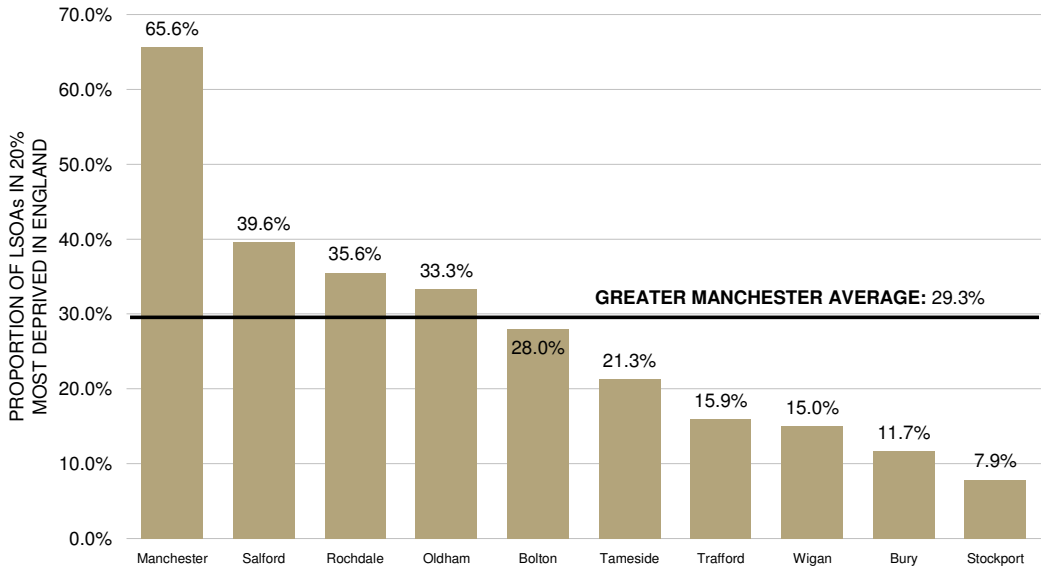
10.7 Much of the data from this index comes from the 2001 census, and thus it provides more of a historical snapshot rather than a picture of the current reality. However, while it is not directly comparable, it is useful to compare this data to the 2009 Child Well-being index (see below), which gives a more up to date measure of child poverty at a local level.

Figure 7.4 Income deprivation affecting children national ranking overlaid with 20% most deprived areas nationally, 2007



Source: IMD (2007), 2010

Figure 7.5 Proportion of LSOAs in Greater Manchester that in the UK's 20% most deprived in terms of children, 2007



Source: IDACI (2007), 2010

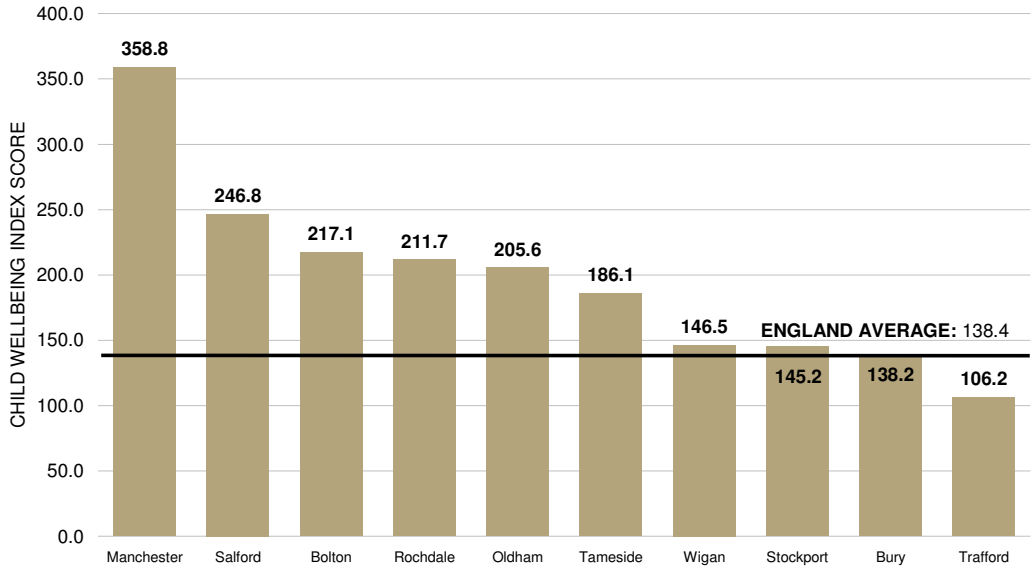
10.8 Figure 7.5 above shows that Stockport has the smallest proportion of areas in the UK's 20% most deprived, with 7.9%. This is in line with the results from

NI116, which also ranks Stockport as the best performer in Greater Manchester in terms of child poverty. Bury also scored significantly below the national average, with 11.7%. By comparison, the majority of areas in the City of Manchester are in the 20% most deprived, with 65.6% of areas showing high levels of child deprivation. Salford also had proportionately high levels of child deprivation, at 39.6%, well above the Greater Manchester average of 29.3%.

CHILD WELLBEING INDEX

10.9 The 2009 Child Well-being Index (CWI) is based on the same structure as the Index of Multiple Deprivation (IMD), but is focussed on children specifically. It covers seven domains, including: Material wellbeing; Health; Education; Crime; Housing; Environment; and Children in need.

Figure 7.6 Local Authorities in Greater Manchester by Child Well-being Index score (higher score representing a lower child wellbeing)



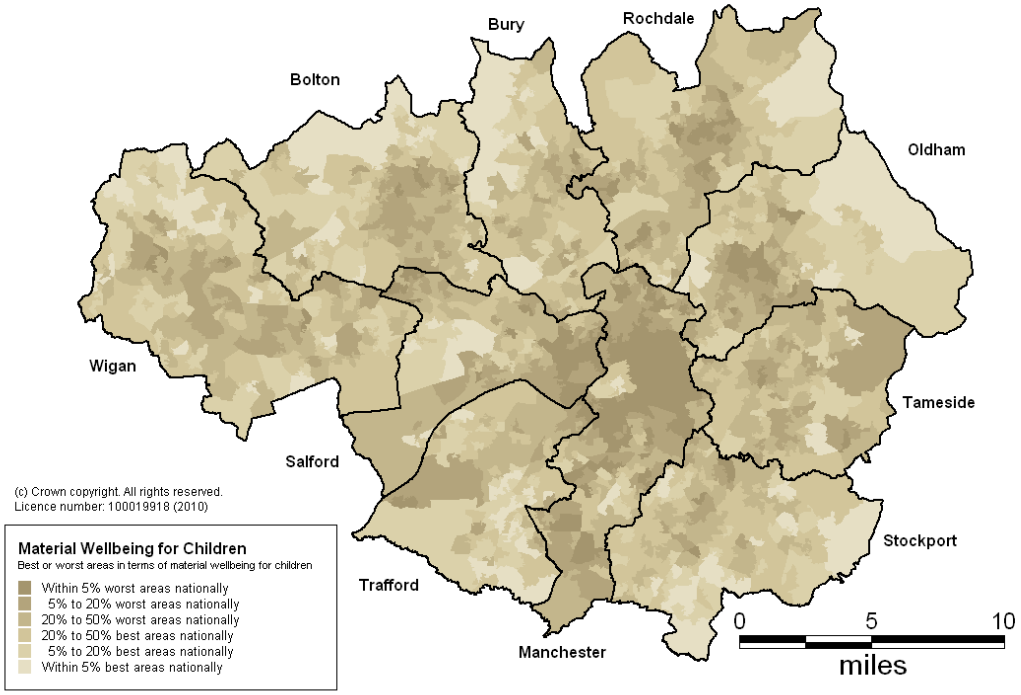
Source: CWI, 2010

10.10 Figure 7.6 above shows the Greater Manchester local authorities by their CWI score, where a high score denotes low levels of child wellbeing. The average across England is 138 and the City of Manchester is the very worst scoring local authority in England, with a score of 359. By comparison, Stockport has high levels of child-wellbeing, scoring at 106, which is significantly better than the national average.

10.11 Figure 7.7 illustrates the areas with the most child poverty across the conurbation. There is a clear concentration around the city centre, with the north of Manchester, parts of Salford, Rochdale, Wigan, Leigh, Bury, Oldham

and Bolton, Ashton, and Wythenshawe having particularly high levels of child poverty.

Figure 7.7 Material Wellbeing of Children across Greater Manchester



Source: CWI, 2010

CHILD POVERTY

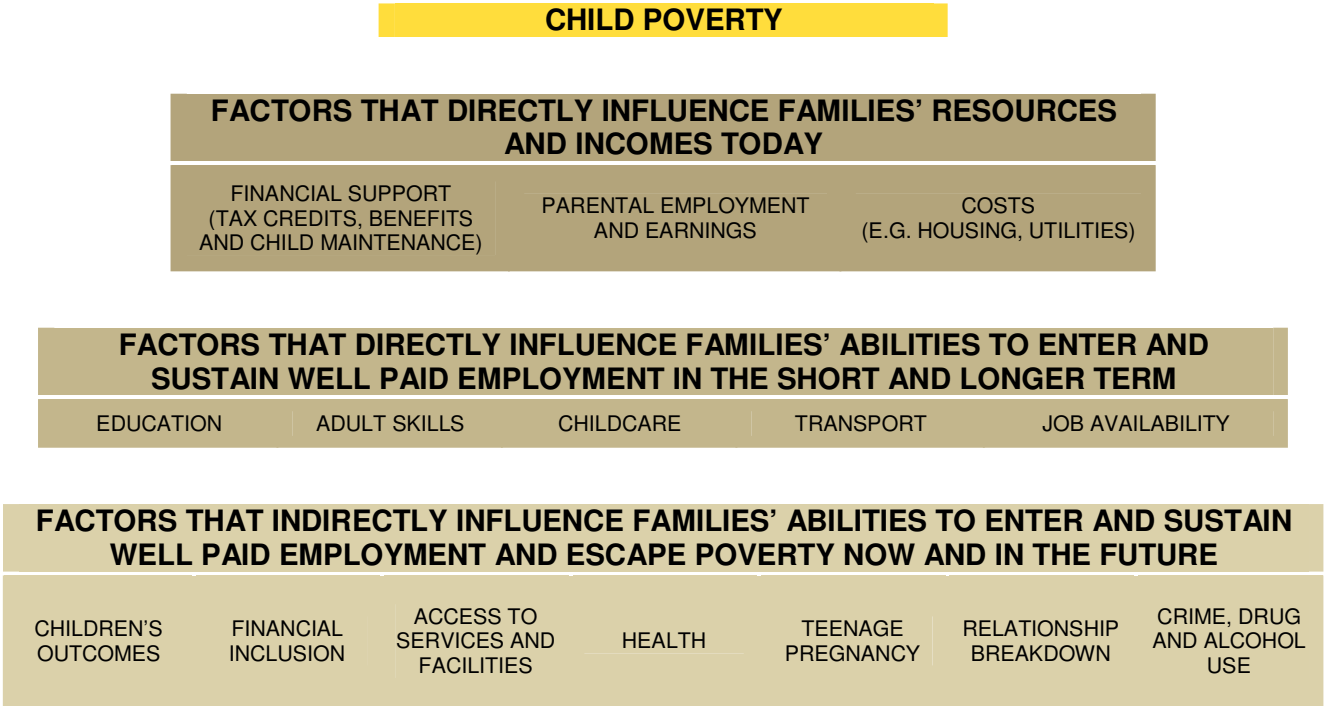
10.12 Child poverty is a complex issue that is affected by a large number of socioeconomic factors. Figure 7.8 shows the relationship of a variety of factors to child poverty. Many of these issues have already been addressed in other areas of the assessment.

10.13 Figure 48, further below shows the extent of child poverty in Greater Manchester, as measured by NI 116. This indicator shows the percentage of children living in families on Child Tax Credit whose income is below 60% of the national median income or in receipt of income based JSA. As a result, it is indicative of child poverty, but fails to capture a number of children living in households that do not claim benefits, but would nevertheless be viewed as living in poverty by the standard definition[10]. However, the indicator provides a rough idea of the situation in Greater Manchester at the moment, showing that in general Greater Manchester performs significantly below the national average (21.6%), with over a quarter 26.6% of all children in the Greater Manchester living in poverty.

[10] For the purposes of this section children are defined as dependents under the age of 20.

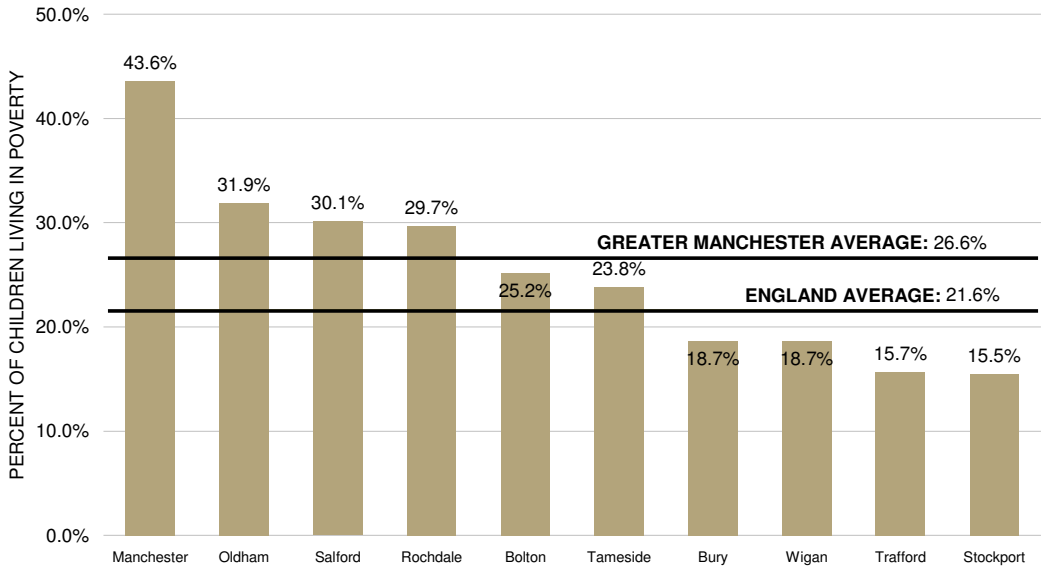
10.14 Again, across Greater Manchester, there is considerable variation however; with the City of Manchester having a particularly high level of children living in poverty (43.6%) – far above both the national and the Greater Manchester averages. By comparison, Bury, Wigan, Trafford and Stockport perform better than the national averages, with, for example, only 15.5% of children living in poverty in Stockport.

Figure 7.8 Factors affecting Child Poverty



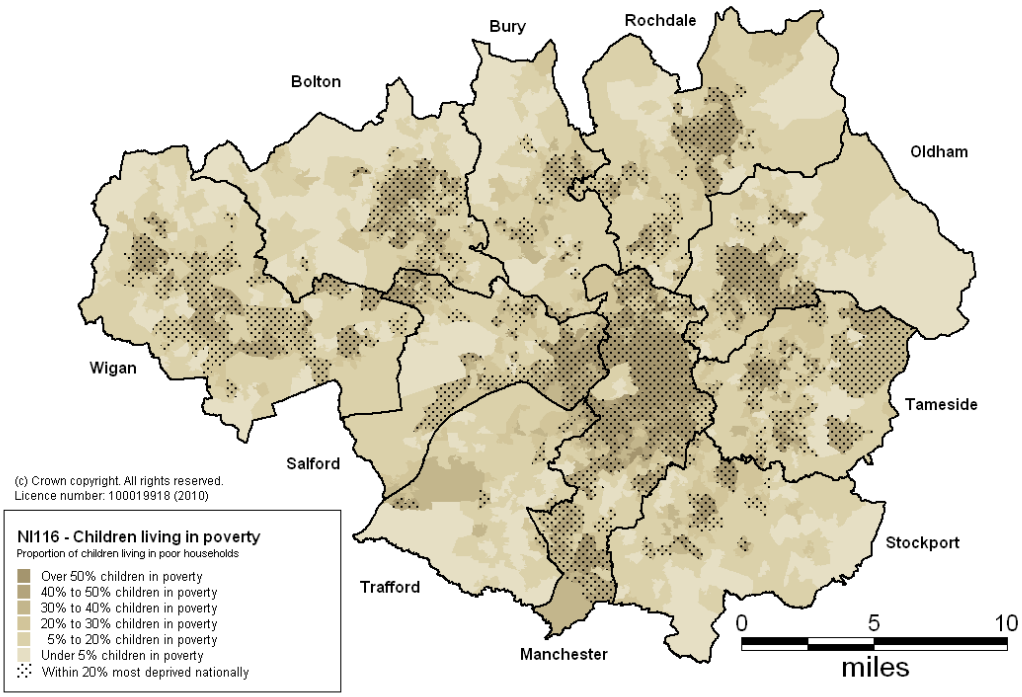
Source: DCSF, 2010

Figure 7.9 Percentage of Children (all dependents under the age of 20) living in Poverty in 2007



Source: HMRC, 2010

Figure 8.0 NI116 - Children living in poverty in Greater Manchester (2009), overlaid with 20% most deprived areas (2007)



Source: HMRC, 2010

POVERTY AND DEPRIVATION - KEY MESSAGES

10.15 **Greater Manchester suffers from some extreme pockets of deprivation.** More than one third of all areas in Greater Manchester are within the 20% most deprived nationally. These areas are clustered around the main towns of Greater Manchester, and close to Manchester city centre.

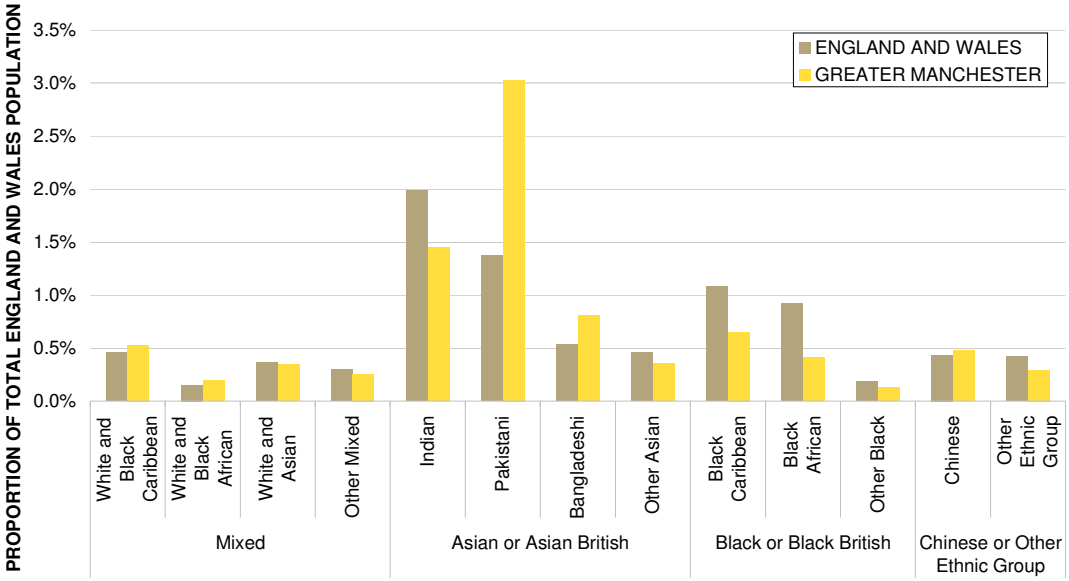
10.16 **As such, children in Greater Manchester suffer deprivation to a greater extent than the average child.** Parent's incomes in Greater Manchester affect the freedoms and opportunities of children to a much greater extent in the City of Manchester – with nearly two-thirds of areas within the most deprived nationally in terms of children.

10.17 **Child wellbeing is also impacted, yet levels of child wellbeing are relatively consistent with the national average.** Roughly equivalent proportions of areas in Greater Manchester are within the least well-off.

10.18 **Poverty statistics show how child poverty is strongly correlated with deprivation.** Family income in more deprived areas is often lower, and affects children's overall opportunities and future prospects.

11 ANNEX

Figure 8.1 Non-white ethnicities as a proportion of total population, 2001



Source: Census (2001), 2010

Table 2.7 Employment rates by ethnicity and area in Greater Manchester and UK, 2009

AREA	ETHNIC MINORITY WORKING AGE POPULATION	WHITE	ETHNIC MINORITY	MIXED ETHNIC GROUP	INDIANS	PAKISTANIS / BANGLADESHIS	BLACK OR BLACK BRITISH	OTHER ETHNIC GROUP
BOLTON	26,600	74.6%	52.4%	-	56.1%	56.6%	60.6%	20.7%
BURY	11,500	74.3%	47.7%	52.4%	47.8%	40.5%	68.2%	55.8%
MANCHESTER	93,100	63.6%	50.6%	36.3%	91.2%	48.1%	55.0%	39.7%
OLDHAM	29,000	73.0%	50.9%	37.1%	78.6%	49.4%	38.8%	54.5%
ROCHDALE	22,500	72.8%	45.5%	74.2%	43.1%	46.9%	34.4%	40.1%
SALFORD	15,000	69.1%	49.8%	45.6%	71.7%	84.1%	54.4%	33.5%
STOCKPORT	14,600	76.1%	61.5%	40.6%	76.8%	72.5%	-	59.2%
TAMESIDE	11,500	72.1%	57.4%	-	91.4%	50.2%	57.9%	65.8%
TRAFFORD	16,100	75.9%	54.4%	46.1%	68.7%	43.3%	50.3%	58.3%
WIGAN	3,700	74.1%	73.5%	-	-	-	87.3%	62.2%
GREATER MANCHESTER	**243,700**	**72.0%**	**51.8%**	**42.3%**	**69.5%**	**49.6%**	**54.7%**	**44.9%**
UNITED KINGDOM	**4,319,800**	**74.5%**	**59.2%**	**61.0%**	**69.7%**	**47.0%**	**59.2%**	**59.4%**

Source: Annual Population Survey; Census (2001), 2010

NOTE: Some authorities have small numbers of ethnic minority group residents. Where these figures are too small, and individuals could be identified, figures have been omitted. Yellow boxes highlight the highest known employment rates; brown boxes highlight the lowest known employment rates;