

The Impact of the Coronavirus Crisis on Older Industrial Britain

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the coalfields
regeneration trust



Industrial Communities Alliance

THE IMPACT OF THE CORONAVIRUS CRISIS ON OLDER INDUSTRIAL BRITAIN

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the coalfields
regeneration trust

The Coalfields Regeneration Trust is the only charitable body and grant-giving organisation dedicated to supporting mining communities across the UK

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Summary

This report looks at the impact of the coronavirus crisis on the health, economy and labour market of older industrial Britain. It brings together a wide range of official statistics to plug a key gap in the evidence base.

*The evidence is arranged in three parts. The first is a review of **the situation just prior to the start of the pandemic**. This is important because much of older industrial Britain started off lagging behind and the UK government had made a commitment to 'levelling up' the regions. The evidence shows that:*

- *Older industrial towns and the former coalfields entered the pandemic with an older and less healthy population, at higher risk from the virus*
- *The employment rate in older industrial Britain was well below the national average. To match the rate in the prosperous South East for example, 580,000 more residents of older industrial towns would have had to be in work.*
- *In older industrial towns there were only 66 jobs per 100 residents of working age, and only 57 per 100 in the former coalfields*
- *Output (GVA) per job in older industrial towns was 16 per cent lower than the national average*
- *Between 2012 and 2019, job growth in older industrial towns and the former coalfields was slower than the national average, and far behind London*
- *There had been progress in bringing down unemployment in the cities, towns and communities of older industrial Britain but large numbers remained out-of-work on incapacity benefits*

*The second part of the evidence examines **the impact of the coronavirus on public health**:*

- *Over the whole pandemic up to the start of 2021, the rate of confirmed infections in older industrial Britain was on average 10-20 per cent above the UK average*
- *Also up to the start of 2021, the cumulative death rate in older industrial towns and the former coalfields was on average 30 per cent above the UK average*
- *Reflecting the local mix of industries, the opportunities for working from home have been more limited in older industrial Britain than for example in London, leading to greater day-to-day exposure to the virus*

The third part of the evidence covers **the impact on the economy and labour market** of older industrial Britain:

- *During the first national lockdown around a third of employees in older industrial Britain were furloughed – roughly the same proportion as across the country as a whole. The proportion fell to around 6-8 per cent as the economy reopened in the summer and early autumn.*
- *If a third of those who remained furloughed at the end of October (before the introduction of further restrictions) eventually lose their jobs there will be an extra 230,000 redundancies in older industrial towns*
- *Between February and November 2020, claimant unemployment rose by 310,000 in older industrial towns, 100,000 in the former coalfields and 140,000 in the main regional cities*
- *Over the year to November 2020, claimant unemployment among 16-24 year olds in older industrial Britain roughly doubled*
- *By late 2020, the economic downturn had pushed up the numbers on out-of-work benefits across older industrial Britain to almost one-in-six of all adults of working age, and in some local authorities to as high as 20 per cent.*
- *Reflecting falling incomes and low wages, the number of men and women receiving Universal Credit as an in-work top-up has also doubled since the start of the pandemic*

In effect, the downturn has wiped out ten years' progress in the economy of older industrial Britain. The increase in claimant unemployment since February 2020 already exceeds the whole of the reduction during the long recovery from the 2008 financial crisis.

The report concludes that on a wide range of social and economic indicators, older industrial Britain entered the crisis lagging behind. In older industrial Britain the economic and labour market damage from the downturn has been substantial and as the crisis finally recedes older industrial Britain will still lag behind the rest of the country.

That there is a need to build a national economic recovery is indisputable, but it is also vitally important that the UK government sticks with its 'levelling up' agenda.

1. INTRODUCTION

The evidence gap

The coronavirus crisis is far from over but with vaccines finally coming into use there is at least the prospect of an end to the pandemic. This is therefore a good moment to take stock of the impact of the crisis.

In terms of infections, deaths and damage to the national economy the impacts are well documented. However, beyond the data on public health the impacts of the crisis on different parts of the country are less well understood. In particular, there has so far been remarkably little hard evidence on the economic and labour market impacts on different places.

This evidence gap matters because before the crisis the UK was already a highly unequal country, with some regions and local areas lagging well behind others in terms of prosperity, well-being and life chances. Indeed, the government led by Boris Johnson had made repeated commitments to 'level up' the economy. Quite what has happened during the coronavirus crisis has remained unclear. Has the crisis narrowed these local and regional disparities or, as some believe, has it widened them even further?

This report helps fill the evidence gap. It looks specifically at older industrial Britain – a large swathe of the country that was lagging behind prior to the crisis and one that could reasonably expect to be the prime target of any levelling-up agenda. Drawing on official statistics, the main body of the report is organised in three parts:

SECTION 2 looks at where older industrial Britain started prior to the crisis, documenting the disadvantage in terms of health, jobs, incomes and unemployment.

SECTION 3 focusses on the public health crisis itself, looking at how older industrial Britain has been affected compared to other parts of the country.

SECTION 4 examines the impact of the crisis on the economy and labour market of older industrial Britain.

The final part of the report then pulls together the evidence and assesses what it means for levelling-up policies.

Older industrial Britain

In order to bring to bear statistics on the impact of the crisis we first need a working definition of 'older industrial Britain'. Most people have a notion of what constitutes this part of the country – the places where the industrial revolution started and where much of the original industry has now disappeared or shrunk to a fraction of its former self – but there is no off-the-peg official definition.

In this report we use three overlapping definitions:

OLDER INDUSTRIAL TOWNS

These are the places where industries such as coal, steel, chemicals, engineering and textiles have shed large numbers of jobs over the years. Here we use a list of 91 local authorities in the Midlands, North, Scotland and Wales that has been deployed in previous academic research¹. Some of the towns covered by these local authorities are actually substantial cities and others are quite small but the list excludes the main regional cities. In 2019 the local authorities covering older industrial towns had a combined population of 16.8 million, or 26 per cent of the GB total².

FORMER COALFIELDS

This is a distinctive part of older industrial Britain. Most of the former coalfields are included within the definition of 'older industrial towns' but they also extend into a number of other areas, for example in Northumberland and Kent. We use a detailed ward-based definition of the former coalfields that has previously been deployed in a number of studies³. Where necessary, because of data availability, we also use a list of the principal coalfield local authorities. In 2019 the former coalfields, defined at ward level, had a combined population of 5.8 million, or 9 per cent of the GB total.

MAIN REGIONAL CITIES

These are the ten main cities in the Midlands, North, Scotland and Wales⁴. They are all older industrial to some extent but they have always played a wider role in local economies and are therefore worth differentiating from older industrial towns or the former coalfields. These cities have long been service centres for their hinterlands, administrative headquarters, transport hubs for their regions and home to major universities. On the whole, they were therefore never quite as reliant on the older industries that have now shrunk or disappeared. In 2019 the main regional cities, defined by their local authorities, had a combined population of 5.7 million, or 9 per cent of the GB total.

¹ See in particular C Beatty and S Fothergill (2020) 'Recovery or stagnation: Britain's older industrial towns since the recession', *Regional Studies*, vol 54, pp. 1238-1249.

² Source: ONS mid-year population estimates

³ Most recently C Beatty, S Fothergill and T Gore (2019) *The State of the Coalfields 2019*, CRESR, Sheffield Hallam University.

⁴ Birmingham, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle upon Tyne, Nottingham and Sheffield.

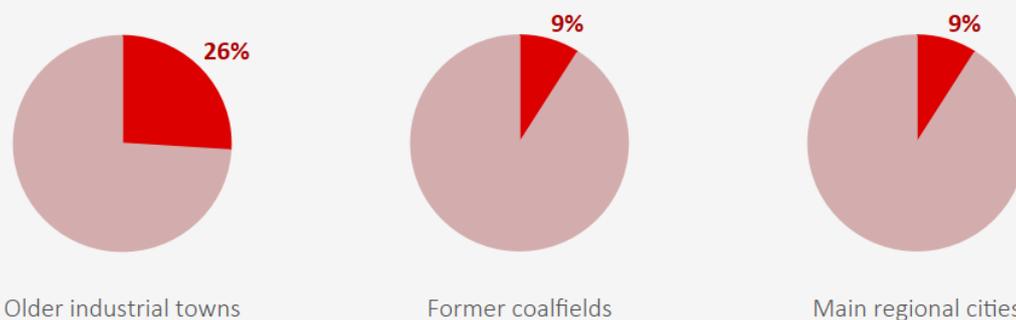
Because there is substantial overlap between the definitions of former coalfields and older industrial towns the population figures here should not be added together. Overall, however, around 23 million people live in one or other of these areas – just over a third of the GB population.

Where we present averages for older industrial towns, the former coalfields or the main regional cities they are based on these definitions, details of which are presented in the appendix. A number of tables also present local figures that include additional local authorities that in part cover smaller older industrial areas falling outside these definitions.

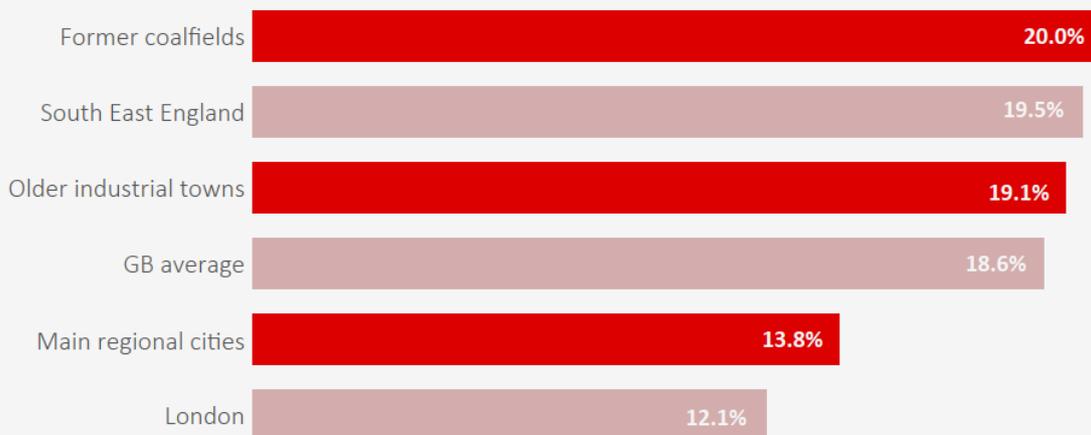
For comparison we also present:

- Figures for **London**, because it is such a large component of the UK (population just under 9 million in 2019) and because until the crisis it was widely understood to be the most dynamic part of the country
- Figures for **South East England** (population 9.2 million in 2019) defined at here regional level and excluding London. This part of the country is often regarded as the most consistently prosperous part of the UK, lacking the substantial deprivation found in parts of London, and often illustrates what is achievable in a strong regional economy
- The average for **Great Britain** as a whole (or occasionally for the UK, which also includes Northern Ireland)

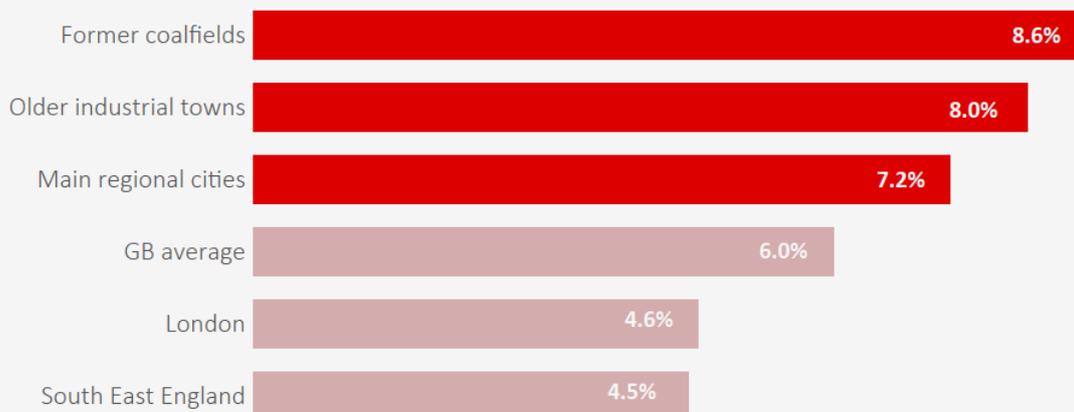
Share of GB population, 2019



Share of local population aged 65+, 2019



Disability benefit (DLA/PIP) claimant rate, February 2020



2. BEFORE THE PANDEMIC

Health and well being

Much of older industrial Britain has a population skewed towards the groups that have proved vulnerable to the virus. One of the things that quickly became apparent is that the new coronavirus, Covid-19, presents a greater risk to older people and to those with pre-existing health problems. They are more likely to experience acute symptoms, more likely to be hospitalised and more likely to die.

The over-65s account for around one-in-five of the population in older industrial towns and the former coalfields. Although this proportion is only a little higher than the GB average and similar to the proportion in South East England, it is well ahead of the proportion in the main regional cities (one-in-seven) or in London (one-in-eight).

Population aged 65+, 2019 (%)

Former coalfields	20.0
South East England	19.5
Older industrial towns	19.1
GB average	18.6
Main regional cities	13.8
London	12.1

Source: ONS mid-year population estimates

The high proportion of over-65s in the population of older industrial towns and the former coalfields, compared to the cities, hasn't arisen because people live longer in this part of the country. The opposite is actually the case: in the former coalfields, for example, average life expectancy is a year less than the national average and two to three years less than in South East England⁵. The high proportion of over 65s is principally the result of migration by younger people to places where educational and employment opportunities are more plentiful. And unlike parts of South East England, Britain's older industrial towns and former coalfields do not attract much of an inflow of affluent retirees.

Across the whole adult population of older industrial Britain, more than a third report health conditions or illnesses lasting more than 12 months. This translates into 4.9 million people in older industrial towns, 1.8 million in the former coalfields and 1.6 million in the main regional cities. These are vast numbers, and many are the men and women who have faced the highest risk of serious ill health or death arising from the virus. A smaller proportion of London's population – just 28 per cent – falls into this high-risk group.

⁵ ONS data quoted in *The State of the Coalfields 2019* op. cit.

% of residents aged 16+ reporting health problems lasting more than 12 months, 2019

Former coalfields*	38
South East England	37
Older industrial towns	36
Main regional cities	35
GB average	35
London	28

Source: APS

*Local authority-based definition

The incidence of poor health and/or disability is even clearer in the numbers claiming Disability Living Allowance (DLA) or its replacement Personal Independence Payment (PIP), which is currently being phased in. DLA and PIP are welfare benefits paid to help offset the costs of care and/or mobility arising from disability. Among the working age population, DLA/PIP is claimed by individuals both in work and out-of-work and it is also paid to substantial numbers above state pension age.

**DLA/PIP claimant rate, February 2020
(as % of total population)**

Former coalfields	8.6
Older industrial towns	8.0
Main regional cities	7.2
GB average	6.0
London	4.6
South East England	4.5

Sources: DWP, ONS

In February 2020, 8 per cent of the entire population of Britain's older industrial towns (or 1,342,000 people) and nearer 9 per cent (496,000) of the population of the former coalfields were DLA or PIP claimants. These proportion were far higher than the GB average and almost twice as high as in South East England.

Jobs and business

The coronavirus crisis has disrupted business, destroyed jobs and lowered national income by more than any recession in modern times. These economic impacts have been felt in all parts of the country but some local economies started off far behind others. This is particularly true of the parts of Britain where the job losses from older industries have cast a long shadow.

The ‘employment rate’ – the share of adults of working age in employment – is a widely used indicator but the large number of students in higher education can be an important distortion. The number of students has been increasing and they are concentrated in the big cities and a number of university towns where they lower the overall employment rate. By comparison, there are few higher educational institutions in older industrial towns or the former coalfields. The best measure is therefore the *employment rate excluding economically inactive students*⁶.

Employment rate (%) of 16-64 year olds, excluding students, 2019

South East England	83.4
GB average	80.3
London	80.1
Older industrial towns	77.5
Former coalfields*	77.5
Main regional cities	77.2

Source: APS

*Local authority-based definition

Excluding students, the employment rate in older industrial Britain prior to the pandemic was six percentage points behind the level in South East England and more than three percentage points behind the GB average. Or to put this another way, to match the employment rate (excluding students) in South East England:

- In older industrial towns, an extra **580,000** residents of working age would have had to be in work.
- In the former coalfields, an extra **200,000** residents of working age would have had to be in work.
- In the main regional cities, an extra **210,000** residents of working age would have had to be in work

These figures provide a good measure of the employment shortfall in older industrial Britain before the crisis. Even to match the GB average employment rate (excluding students) the increases in employment would have had to be 280,000, 95,000 and 105,000 respectively in each of these areas.

A widespread assumption is that the quality of jobs has declined, especially in less prosperous parts of the country, with much of the growth in employment since the financial crisis skewed towards part-time and insecure working, including debased forms of self-employment. The proliferation of ‘self-employed’ delivery workers and taxi drivers, for example, is in the popular view a defining feature of the contemporary labour market.

⁶ i.e. students not in employment, including young people at school, college or university.

Prior to the crisis, in 2019, self-employment accounted for 12 per cent of all jobs in older industrial towns, 12 per cent in the former coalfields and 13 per cent in the main regional cities⁷. These shares represent substantial numbers and in older industrial towns the share rose by around one percentage point after 2010 on top of a one percentage point increase between 2000 and 2010⁸. However, self-employment in older industrial Britain remained lower than in London (18 per cent) or the national average (14 per cent). Part-time working, at 24 per cent of all jobs in older industrial towns and the former coalfields and 25 per cent in the main regional cities, was broadly in line with the national average⁹.

The extent of zero-hours contracts is harder to pin down and there is no local data. A government survey of businesses put the national figure for 2017 at 1.8 million¹⁰ and since 2010 the numbers recorded by the government's Labour Force Survey have risen sharply, though the Office for National Statistics (ONS) takes the view that part of the observed increase appears to be due to increased recognition and awareness of this form of employment. Likewise, there is no readily available local data on workers in temporary employment or with second jobs. Across the UK as a whole, 4 per cent of workers have second jobs and 5 per cent are in temporary employment¹¹.

The weakness of the labour market in much of older industrial Britain prior to the pandemic is clearer in the data on 'job density' – the ratio between the number of jobs¹² and the local working age population. In 2019, prior to the pandemic, Britain's older industrial towns had just 66 jobs for every 100 adults of working age and in the former coalfields the figure was only 57 per 100. Both figures were well behind the national average.

Number of jobs in area per 100 residents of working age, 2019

London	89
Main regional cities	86
South East England	77
GB average	77
Older industrial towns	66
Former coalfields	57

Sources: BRES, ONS

⁷ Source: Annual Population Survey (APS)

⁸ C Beatty and S Fothergill (2018) *The Contemporary Labour Market in Britain's Older Industrial Towns*, CRESR. Sheffield Hallam University.

⁹ Source: APS

¹⁰ See Office for National Statistics (2018) *Contracts that do not guarantee a minimum number of hours: April 2018*, ONS, London.

¹¹ Source: APS

¹² The Business Register and Employment Survey (BRES) data used here includes employees and the self-employed (excepting those not registered for VAT or PAYE). This differs from the data presented in *The State of the Coalfields 2019*, which covered only employees.

Older industrial towns and the former coalfields are integral parts of complex networks of commuting, particularly into neighbouring cities, which helps explain their low job density. However, it is hard to escape the conclusion that one of the main reasons why so many people commuted out of older industrial towns and the coalfields is that there were not enough jobs in the places where they live.

Local figures on Gross Value Added (GVA) per head – a key indicator for a government aiming to level-up the economy – are influenced by commuting patterns because production is recorded where people work, not where they live. Unsurprisingly, therefore, prior to the pandemic GVA per head in Britain’s older industrial towns came in at just 70 per cent of the national average and in the former coalfields at just 67 per cent. In the main regional cities, the net inflow of commuters meant that GVA per head was above the national average

	Productivity (GVA) 2018, UK=100	
	Per head	Per job
London	177	141
South East England	107	106
UK average	100	100
Main regional cities	111	92
Older industrial towns	70	84
Former coalfields*	67	84

Source: ONS

*Local authority-based definition

Expressing GVA in relation to the number of jobs in each part of the country changes this picture. On this measure older industrial towns and the former coalfields were not quite so far behind – they both came in at 84 per cent of the national average – and the main regional cities slipped to below average.

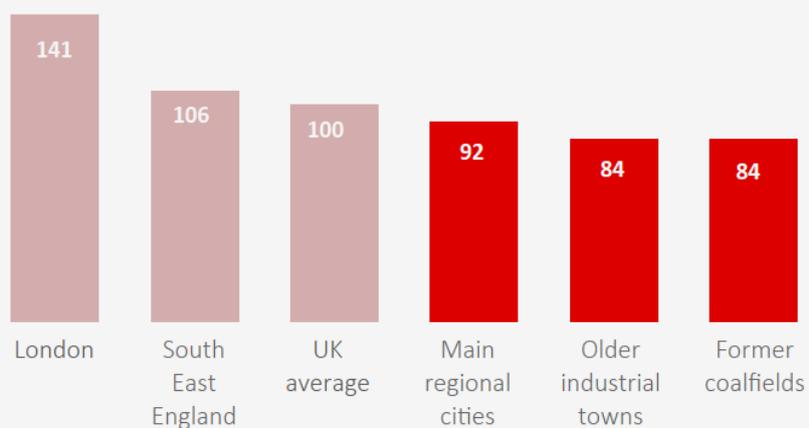
Both sets of figures, and especially those on GVA per job which are a more meaningful guide, suggest that older industrial Britain has a ‘productivity problem’. The reality is more complex. Local figures on GVA per job reflect the mix of industries, the mix of occupations and the number of hours worked as well as the efficiency of production. In practice, much of older industrial Britain has a mix of industries and occupations skewed towards lower-grade, low value-added work, which lowers figures on GVA per job. The underlying differences in ‘efficiency’ are actually much smaller than the differences in GVA per job¹³

¹³ See C Beatty and S Fothergill (2019) *Local Productivity: the real differences across UK cities and regions*, CRESR, Sheffield Hallam University.

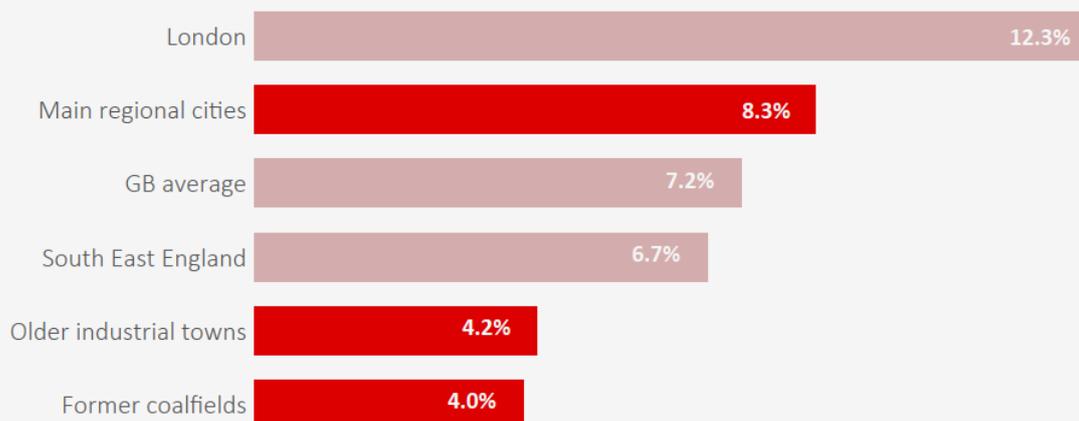
Number of additional jobs required to raise the employment rate (excluding students) to the South East England average, 2019



Productivity (GVA) per job, 2018, UK=100



Increase in employee jobs in area, 2012-2019, as % of pop. aged 16-64



The government's Annual Survey of Hours and Earnings (ASHE) shows that, prior to the pandemic, hourly earnings in older industrial towns and the former coalfields were on average eight per cent below the national average and only around three-quarters of the level in London.

Median gross hourly earnings of residents in full-time work, 2019, GB=100		
	Men	Women
London	123	125
South East England	112	105
GB average	100	100
Main regional cities	95	96
Older industrial towns	92	92
Former coalfields*	92	91

Source: ASHE

*Local authority-based definition

Prior to the pandemic, a total of 6.8 million jobs were located in Britain's older industrial towns and 2.0 million in the former coalfields (an overlapping geography)¹⁴. Employment in older industrial towns and the former coalfields had been growing but at a much slower rate than in the cities.

	Increase in employee jobs, 2012-2019	
	as % of jobs	as % of pop. aged 16-64
London	16.0	12.3
Main regional cities	10.7	8.3
GB average	10.4	7.2
South East England	9.5	6.7
Older industrial towns	6.9	4.2
Former coalfields	7.5	4.0

Source: BRES

Expressed in relation to the stock of jobs, the job growth between 2012 and 2019 in older industrial towns and in the former coalfields was respectable, at around seven per cent, though less than in London and the main regional cities. In relation to the resident working age population – a better indicator of local labour demand – the rate of job growth in older industrial towns and the former coalfields was far less impressive – only around one-third of the rate in London and half the rate in the main regional cities.

¹⁴ Source: BRES. The figures are for September 2019.

Worklessness and benefits

Despite interventions by the Treasury and Bank of England to support the economy, the coronavirus crisis has led to a surge in unemployment and growing reliance on welfare benefits.

Unemployment has long been a significant feature of older industrial Britain, which is hardly surprising given the scale of job loss over the years. Nevertheless, the prolonged period of economic growth from 1993 to 2007 and then the sustained if unspectacular recovery after the 2008 financial crisis did much to lower levels of worklessness. Between 2010 and 2018 the numbers out-of-work on unemployment benefits across Britain halved – a reduction of around 230,000 in older industrial towns, 80,000 in the former coalfields and 90,000 in the main regional cities.

In February 2020, immediately prior to the pandemic, claimant unemployment across Great Britain as a whole stood at 1.26 million¹⁵. A second measure, from the government's Labour Force Survey¹⁶, pointed to 1.3 million unemployed.

Claimant count unemployment, February 2020 (as % of economically active 16-64 yr. olds)

Main regional cities	5.9
Older industrial towns	5.1
Former coalfields	4.7
London	3.9
GB average	3.9
South East England	2.9

Sources: DWP, APS

At this point, claimant unemployment rates in older industrial Britain were higher than the national average though, at around 5 per cent, they were low by historical standards. In Britain's older industrial towns as a whole 405,000 people were claimant unemployed at this stage, 126,000 in the former coalfields and 166,000 in the main regional cities.

The older industrial towns with highest claimant unemployment rates prior to the pandemic were Middlesbrough (9.0 per cent), Hartlepool (8.6 per cent), Wolverhampton (8.5 per cent) and South Tyneside (8.5 per cent). Among the former coalfields, Northumberland (7.2 per cent) and Durham (6.2 per cent) recorded the highest unemployment on this measure. Among the main regional cities, the highest rate was in Birmingham (9.3 per cent), followed by Liverpool, Newcastle, Nottingham, Glasgow and Manchester, all with a claimant unemployment rate around 6.5 per cent.

¹⁵ Up by around 450,000 from levels in 2016/17 because of the roll-out of Universal Credit, which has extended the scope of those required to look for work and included in the claimant count.

¹⁶ The Labour Force Survey, which is a component part of the Annual Population Survey, uses the International Labour Organisation (ILO) definition of unemployment which counts anyone who is out-of-work, has looked for a job in the last four weeks and is available to start a job in the next two weeks. This measure of unemployment doesn't depend on whether an individual is claiming benefits.

However, the numbers out-of-work on benefits extend much further than just those counted as claimant unemployed. This is particularly the case in older industrial Britain where the main effect of job loss has often been to divert large numbers of working-age men and women onto incapacity benefits, in effect hiding unemployment¹⁷. Across Britain as a whole, the numbers out-of-work on incapacity benefits peaked in the early 2000s at 2.7 million, compared to just 750,000 at the end of the 1970s. Economic recovery and tightening eligibility then reduced the incapacity numbers but in February 2020, just prior to the coronavirus crisis, the headline GB total still stood at 2.3 million¹⁸.

**Incapacity benefit claimants, February 2020
(as % of working age pop.)**

Former coalfields	7.9
Older industrial towns	7.7
Main regional cities	7.1
GB average	5.7
London	4.5
South East England	4.1

Sources: DWP, ONS

The incapacity claimant rate in older industrial Britain remained much higher than the national average and almost double the level in South East England. In older industrial towns 800,000 men and women, representing 7.7 per cent of all adults of working age, were out-of-work on incapacity benefits. In the former coalfields 280,000 men and women of working age were out-of-work on incapacity benefits, an even higher claimant rate of 7.9 per cent.

The very highest incapacity claimant rates in older industrial Britain were in Blaenau Gwent (12.4 per cent) and Neath Port Talbot (11.6 per cent), both in South Wales. In the former South Wales coalfield as a whole – an area with a population of three-quarters of a million – just over one-in-ten of all men and women between the ages of 16 and 64 were out-of-work on incapacity benefits.

With the biggest job losses from industries such as coal and steel now receding into the past, few of these incapacity claimants will have been the redundant workers from older industries, who have mostly reached pension age. More often they will be men and women in the following generation who have found it hard to keep a foothold in a difficult labour market.

¹⁷ See for example C Beatty and S Fothergill (2005) 'The diversion from 'unemployment' to 'sickness' across British regions and districts', *Regional Studies*, vol 39, pp. 837-854. Also C Beatty and S Fothergill (2020) 'The long shadow of job loss: Britain's older industrial towns in the 21st century', *Frontiers in Sociology*.

¹⁸ Individuals claiming Employment and Support Allowance plus the number of households claiming Universal Credit on the grounds of limited capability to work.

Prior to the pandemic the overall numbers out-of-work on benefits¹⁹ were therefore substantial. Across Britain as a whole, in February 2020, there were 3.8 million men and women in this group. They included 1.27 million in older industrial towns, 430,000 in the former coalfields and 470,000 in the main regional cities – almost one-in eight of all working age adults in these parts of the country. The out-of-work benefit claimant rate in these areas was almost double the level in South East England.

**Overall out-of-work benefit claimant rate, February 2020
(as % of working age pop.)**

<i>Main regional cities</i>	12.3
<i>Older industrial towns</i>	12.2
<i>Former coalfields</i>	12.2
GB average	9.4
London	8.4
South East England	6.8

Sources: DWP, ONS

Most older industrial towns and former coalfields had an out-of-work benefit claimant rate of at least 10 per cent. The highest rates were in Middlesbrough (17.3 per cent), Blaenau Gwent (17.3 per cent), Knowsley (16.4 per cent) and West Dunbartonshire (16.3 per cent).

In addition, there is a further group of claimants who are in employment but on low income, for example because they work few hours, are poorly paid and/or have household dependents. Universal Credit claimants who are in employment includes those who would formerly have received Working Tax Credit, Child Tax Credit or Housing Benefit.

**Universal Credit claimants in employment, February 2020
(as % of working age pop.)**

<i>Older industrial towns</i>	2.9
<i>Former coalfields</i>	2.9
<i>Main regional cities</i>	2.5
GB average	2.5
London	2.4
South East England	2.0

Sources: DWP, ONS

Once again, before the pandemic older industrial Britain had a claimant rate above the national average and much higher than South East England. Additional in-work claimants in all areas will have continued to receive Tax Credits and Housing Benefit from claims that pre-dated Universal Credit's introduction.

¹⁹ The claimant unemployed, plus incapacity claimants, plus around 190,000 lone parents on Income Support.

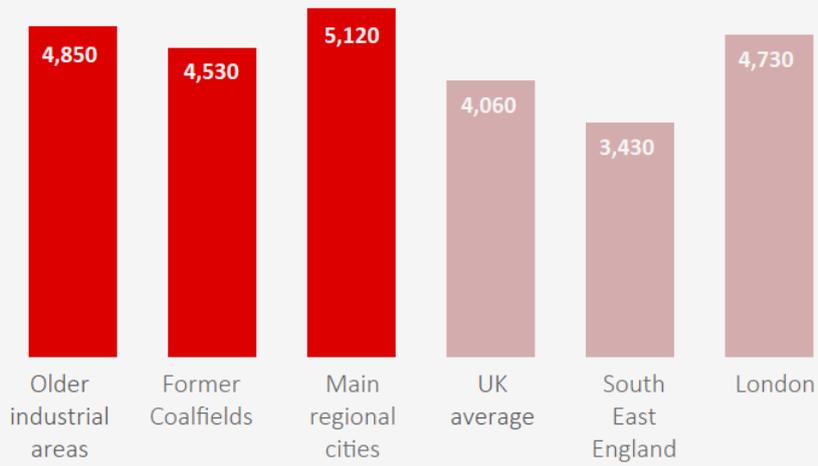
Before the pandemic: assessment

Older industrial Britain should not be characterised as economically moribund. Prior to the pandemic this substantial part of the country experienced job growth. There had been real progress in bringing down unemployment since the financial crisis and, bearing in mind the scale of historic job losses, the unemployment rate was surprisingly modest.

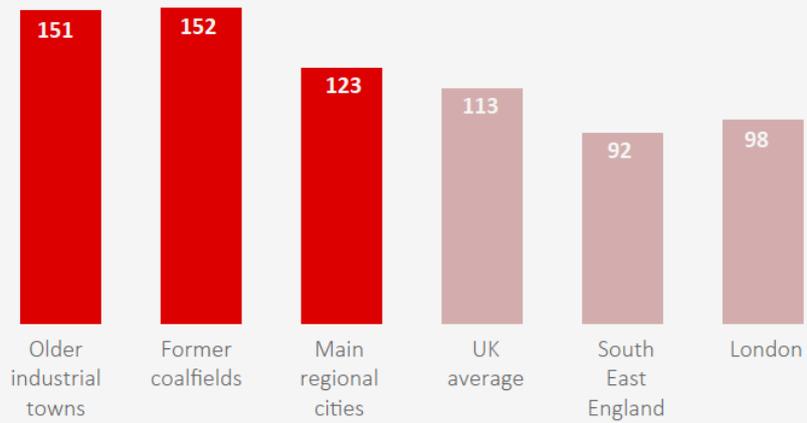
But this part of the country did lag badly behind. Despite the fall in unemployment, large numbers remained out-of-work on benefits, especially incapacity benefits. Productivity, measured by output per job, was some way behind the national average and earnings were below average. In older industrial towns and the former coalfields job growth was also substantially slower than in the big cities.

What is also clear is that older industrial towns and the former coalfields had an older and less healthy population that was always going to mean they would be especially exposed to the worst effects of the virus.

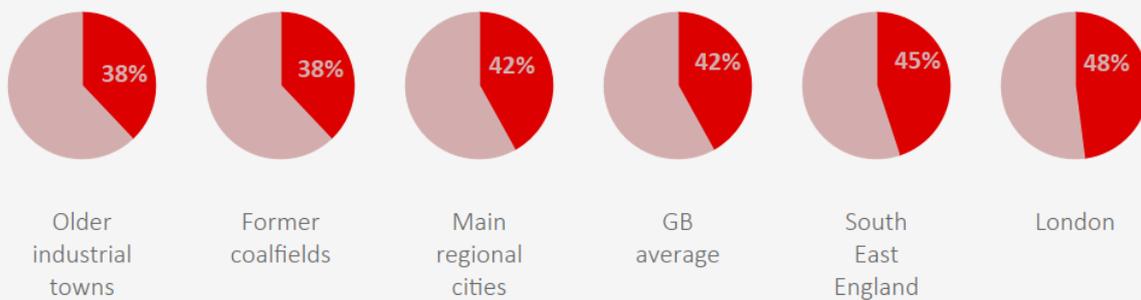
Cumulative confirmed infections per 100,000 residents (as at 4th January 2021)



Cumulative deaths per 100,000 residents (as at 4th January 2021)



Estimated share of residents in employment able to work from home



3. THE PUBLIC HEALTH CRISIS

Confirmed infections

In the early part of the coronavirus crisis, including most of the first wave, confirmed infections represented a small proportion of the total. This was because testing was limited mainly to patients in hospitals and therefore the majority of infections went unrecorded.

In the second half of 2020 testing took place on a much larger scale over the whole country. Comparisons with data published by the Office for National Survey²⁰, based on tests in a random sample of households, indicate that a substantial proportion of infections continue to go unrecorded but the gap between confirmed and total infections has unquestionably narrowed. The numbers of confirmed infections in this later period, which covers the second wave, now swamp the much smaller earlier numbers so while data on the cumulative number of confirmed infections still falls well short of the actual number of infections there can be reasonable confidence that it broadly reflects the more recent incidence across local areas.

Cumulative number of confirmed coronavirus infections per 100,000 residents (as at 4 January 2021)

Main regional cities	5,120
Older industrial towns	4,850
London	4,730
Former coalfields*	4,530
UK average	4,060
South East England	3,430

Sources: HM Government, ONS

*Local authority-based definition

Despite the surge in southern England triggered by the new variant of the virus, at the beginning of 2021 the cumulative total of confirmed infections per 100,000 residents in older industrial Britain remained 10-20 per cent above the national average and 30-50 per cent higher than the rate in South East England. Nine of the ten UK local authorities with the highest rate of confirmed infections across the whole pandemic up to this point covered older industrial towns²¹. The highest rate of all was in Merthyr Tydfil in South Wales, at 9,200 confirmed cases per 100,000 residents.

²⁰ Office for National Statistics (2020 onwards, published weekly) *Coronavirus (Covid-19) Infection Survey*, ONS, London.

²¹ Merthyr Tydfil, Blackburn with Darwen, Barnsley, Blaenau Gwent, Rhondda Cynon Taf, Oldham, Pendle, Rochdale, Bridgend.

Table 1: Cumulative number of confirmed coronavirus infections per 100,000 residents, as at 4 January 2021: selected district and unitary authorities

OLDER INDUSTRIAL AREAS

County Durham	4870	Barnsley	5190	Argyll & Bute	1050
Darlington	4380	Bradford	6350	Clackmannanshire	2150
Gateshead	4890	Calderdale	4770	Dumfries & Galloway	1150
Hartlepool	6280	Doncaster	4920	Dundee	2850
Middlesbrough	5340	Hull	5160	East Ayrshire	2830
North Tyneside	4110	Kirklees	5300	East Dunbartonshire	2920
Northumberland	3720	NE Lincolnshire	3900	East Lothian	1540
Redcar & Cleveland	4220	North Lincolnshire	3690	East Renfrewshire	3020
South Tyneside	5390	Rotherham	5280	Falkirk	1720
Stockton on Tees	5100	Wakefield	4820	Fife	1680
Sunderland	5200			Inverclyde	1970
		Amber Valley	4150	Midlothian	2060
Allerdale	2460	Ashfield	4160	North Ayrshire	2560
Barrow in Furness	3760	Bassetlaw	4350	North Lanarkshire	3630
Blackburn with Darwen	8160	Bolsover	4320	Renfrewshire	3390
Bolton	6160	Chesterfield	3450	South Ayrshire	2180
Burnley	7480	Corby	2840	South Lanarkshire	3720
Bury	6330	Erewash	3420	West Dunbartonshire	2850
Chorley	4260	Gedling	4250	West Lothian	2380
Copeland	2270	Mansfield	3930		
Halton	5090	Newark & Sherwood	3500	Blaenau Gwent	7430
Hyndburn	6160	NE Derbyshire	3780	Bridgend	6850
Knowsley	6470	NW Leicestershire	3250	Caerphilly	5850
Oldham	7260	S Derbyshire	4080	Carmarthenshire	4240
Pendle	7080			Flintshire	3500
Preston	6230	Cannock Chase	4090	Merthyr Tydfil	9200
Rochdale	6860	Dudley	4820	Neath Port Talbot	6560
Rossendale	5860	Newcastle under Lyme	5930	Newport	5470
Salford	6150	N Warwickshire	4580	Powys	1940
Sefton	4890	Nuneaton & Bedworth	3930	Rhondda Cynon Taf	7370
South Ribble	4300	Sandwell	5570	Swansea	5800
St Helens	5290	Staffs Moorlands	3800	Torfaen	5190
Stockport	4540	Stoke on Trent	5220	Wrexham	5170
Tameside	5420	Walsall	4900		
Trafford	4680	Wolverhampton	5200	Dover	4690
Warrington	5340				
Wigan	6140	Forest of Dean	2070		
Wirral	4250				

MAIN REGIONAL CITIES

Birmingham	5130	Liverpool	5970
Cardiff	5510	Manchester	6690
Edinburgh	2000	Newcastle upon Tyne	5970
Glasgow	3950	Nottingham	6230
Leeds	5430	Sheffield	5200

LONDON 4730

SE ENGLAND 3430

UK 4060

Source: HM Government

There has nevertheless been substantial variation in the confirmed infection rate, as Table 1 shows. Broadly, the cumulative rate up to the start of 2021 was highest in older industrial areas in the North East, North West, Yorkshire and South Wales and lower in Scotland. Among the main regional cities, the rate was more than three times higher in Manchester than in Edinburgh.

These figures provide a snapshot at a point in time and as the pandemic evolves further the detailed pattern is likely to change. There is nevertheless evidence here that, at least up until the beginning of 2021, much of older industrial Britain had been particularly badly affected.

Deaths

There is no definitive number of deaths arising from the virus. Three measures have regularly been deployed in the UK. The first is the number of deaths recorded within 28 days of a positive coronavirus test. This gives the lowest overall count. The second is the number of cases where coronavirus is mentioned on the death certificate. This is generally around 10,000 higher. The third is the number of excess deaths over the average for the time of year, which has tended to be a few thousand higher still.

Here we use the first measure – the number of deaths within 28 days of a positive test – partly because local area data is available. The figures we show are therefore at the lowest end of range but are likely to provide a reliable guide to the variation from place to place.

Throughout the pandemic, coronavirus-related deaths have been better recorded than infections. In the early stages, the death rate was especially high in London²². In the second half of 2020, coronavirus-related deaths were more common in other parts of the country.

Cumulative number of coronavirus deaths per 100,000 residents (as at 4 January 2021)**

Former coalfields*	152
Older industrial towns	151
Main regional cities	123
UK average	113
London	98
South East England	92

Sources: HM Government, Public Health Wales, ONS

*Local authority-based definition

**Within 28 days of a positive test

²² Office for National Statistics (2020) *Deaths involving Covid-19 by local area and socioeconomic deprivation: deaths occurring between 1 March and 17 April*, ONS, London.

Table 2: Cumulative number of coronavirus deaths per 100,000 residents, as at 4 January 2021: selected district and unitary authorities**

OLDER INDUSTRIAL AREAS

County Durham	171	Barnsley	231	Argyll & Bute	61
Darlington	171	Bradford	145	Clackmannanshire	89
Gateshead	158	Calderdale	101	Dumfries & Galloway	46
Hartlepool	180	Doncaster	203	Dundee	104
Middlesbrough	152	Hull	158	East Ayrshire	98
North Tyneside	115	Kirklees	136	East Dunbartonshire	122
Northumberland	133	NE Lincolnshire	130	East Lothian	66
Redcar & Cleveland	137	North Lincolnshire	134	East Renfrewshire	116
South Tyneside	202	Rotherham	214	Falkirk	70
Stockton on Tees	153	Wakefield	152	Fife	58
Sunderland	197			Inverclyde	93
		Amber Valley	137	Midlothian	131
Allerdale	106	Ashfield	136	North Ayrshire	111
Barrow in Furness	173	Bassetlaw	140	North Lanarkshire	109
Blackburn with Darwen	167	Bolsover	125	Renfrewshire	118
Bolton	185	Chesterfield	94	South Ayrshire	128
Burnley	197	Corby	108	South Lanarkshire	128
Bury	203	Erewash	145	West Dunbartonshire	126
Chorley	146	Gedling	133	West Lothian	106
Copeland	122	Mansfield	112		
Halton	128	Newark & Sherwood	100	Blaenau Gwent	119*
Hyndburn	152	NE Derbyshire	157	Bridgend	230*
Knowsley	156	NW Leicestershire	123	Caerphilly	119*
Oldham	193	S Derbyshire	137	Carmarthenshire	63*
Pendle	174			Flintshire	85*
Preston	161	Cannock Chase	157	Merthyr Tydfil	230*
Rochdale	220	Dudley	138	Neath Port Talbot	145*
Rossendale	127	Newcastle under Lyme	179	Newport	119*
Salford	180	N Warwickshire	170	Powys	27*
Sefton	171	Nuneaton & Bedworth	159	Rhondda Cynon Taf	230*
South Ribble	123	Sandwell	182	Swansea	145*
St Helens	131	Staffs Moorlands	187	Torfaen	119*
Stockport	145	Stoke on Trent	182	Wrexham	85*
Tameside	226	Walsall	172		
Trafford	137	Wolverhampton	149	Dover	183
Warrington	151				
Wigan	231	Forest of Dean	77		
Wirral	146				

MAIN REGIONAL CITIES

Birmingham	142	Liverpool	159
Cardiff	96*	Manchester	129
Edinburgh	68	Newcastle upon Tyne	106
Glasgow	119	Nottingham	118
Leeds	117	Sheffield	137

LONDON 98

SE ENGLAND 92

UK 113

**Deaths within 28 days of a positive test. *Welsh figures are the rate for the local Health Board area. Sources: HM Government, Public Health Wales, ONS.

By the beginning of 2021, 75,000 deaths had been recorded across the UK within 28 days of a positive coronavirus test. The number was once more beginning to increase quite quickly so again the figures here are a snapshot at a point in time.

Over the whole pandemic up to the start of 2021 the death rate in older industrial towns and in the former coalfields – an average of just over 150 per 100,000 residents – was over 30 per cent higher than the national average and over 50 per cent higher than in London and the South East of England. Seven of the ten UK local authorities with the highest death rate at the start of January covered older industrial towns²³. The top five among these covered former coalfield areas. Across the main regional cities as a whole the death rate was rather lower, though still 10 per cent above the national average.

Table 2 shows that the averages again disguise substantial variation from place to place. As with confirmed infections, the death rate in older industrial areas has been higher in parts of the North East, North West, Yorkshire and South Wales than in Scotland. In a number of older industrial towns the cumulative death rate at the beginning of 2021 exceeded 200 per 100,000, or around double the national average. Across the country as a whole, deaths from all causes typically run at around 900 per 100,000 per year²⁴ so in the worst-hit places the deaths arising from the virus have been a substantial addition.

Quite why the death rate in older industrial towns and the former coalfields should have exceeded the national average by a bigger margin than the confirmed infection rate is unclear. It seems unlikely that differences in the quality of healthcare will be the main explanation. A lag between the surge in confirmed infections in southern England in late 2020 and subsequent deaths may account for part of the gap. There may also have been systematic under-recording of infections in parts of older industrial Britain, though the under-recording was greatest very early in the pandemic when hospital admissions and deaths indicated that London was worst affected.

The most likely explanation is that in older industrial towns and the former coalfields infections have been more likely to feed through to deaths because this part of Britain has a higher proportion of vulnerable people. As we noted in section 2 of the report, the population here includes more old people and more with long-term health problems. By way of contrast the main regional cities, which on average have experienced slightly higher infection rates but lower death rates, have a population structure that includes fewer over-65s. On this basis alone fewer coronavirus-related deaths might be expected in the cities.

²³ Barnsley, Bridgend, Rhondda Cynon Taff, Merthyr Tydfil, Wigan, Tameside, Rochdale.

²⁴ Source: ONS

Working from home

The high rates of confirmed infections in much of older industrial Britain during 2020 require an explanation that only a detailed study going well beyond the present research could hope to provide. However, several likely reasons are not difficult to identify. For example, as the pandemic has progressed the damaging influences of deprivation and of overcrowding have become clearer. Some minority ethnic groups have been disproportionately impacted by the virus, even after adjusting for socio-economic factors²⁵, and this is likely to have been an important factor in parts of Lancashire, West Yorkshire and the West Midlands where there is a substantial non-white population. There has however been an unfortunate tendency to 'blame the victim' – to argue that if infection rates are higher in some places this is because local people have not been 'following the rules'.

In practice, the limited opportunity for working from home is almost certainly a key reason why infections in older industrial Britain have been above average. Working from home reduces contact with others and thereby limits transition of the virus. ONS survey data from the first national lockdown, for example, shows that infection rates were up to three times higher among those who worked outside the home than among those working some or all the time at home²⁶.

Encouraging working from home has been central to the UK government's containment strategy but doing so has not been possible for everyone. Office staff typically find it easier to work from home than workers in factories, warehouses or on construction sites, and exposure to the virus has therefore varied by industry and occupation. This matters in understanding what has happened in older industrial Britain because this part of the country has fewer office jobs and fewer white-collar workers.

There is no local data on the proportion of the workforce that has been working at home and this will in any case have varied through time. However, it is possible to estimate the share of the workforce likely to have had the option. These estimates combine the local mix of occupations²⁷ with ONS survey data on the proportion in each occupation who worked from home at some point during a reference week in April 2020, during the first national lockdown²⁸.

In older industrial towns and the former coalfields, the estimated share of the workforce able to work from home is on average ten percentage points lower than in London and seven percentage points below the average for South East England.

²⁵ Office for National Statistics (2020) *Why have Black and South Asian people been hit hardest by COVID-19?*, ONS, London.

²⁶ Office for National Statistics (2020) *Coronavirus (Covid-19) Infection Survey*, 12 June, ONS, London.

²⁷ APS data by place of residence for 2019, broken down into nine occupational groups.

²⁸ Office for National Statistics (2020) *Coronavirus and homeworking in the UK: April 2020*, ONS, London.

Estimated share (%) of residents in employment able to work from home

London	48
South East England	45
GB average	42
Main regional cities	42
Older industrial towns	38
Former coalfields*	38

Source: APS

*Local authority-based definition

These estimates draw on working patterns at a stage in the pandemic when the pressure to work at home was greatest and refer to ‘working at home at some point in the week’ rather than continuously. The proportions working from home will have been lower at other stages, not least as schools and colleges reopened. Nevertheless, the estimates say much about the day-to-day experience of lockdown and the subsequent restrictions: whereas white-collar workers in London and elsewhere transferred from office to home, for almost two-thirds of the workforce in older industrial towns and the former coalfields this wasn’t an option. Additionally, some of those on low incomes in factories, warehouses, distribution and other non-office activities – a large group in older industrial Britain – are likely to have felt under moral or financial pressure to keep on going to work even at times when their own health or workplace safety has made this unwise.

The higher proportion of office jobs in the main regional cities (particularly Edinburgh, the least ‘industrial’ of the group) means that the option of working from home has been more widespread than in the rest of older industrial Britain, though still well behind the level in London.

The relatively low share of the workforce in older industrial towns able to work from home is underlined in Table 3. Of the more than 100 local authorities listed here covering older industrial areas, only two exceed the estimated share in London (48 per cent), only four exceed the average for South East England (45 per cent), and only eight exceed the GB average (42 per cent). In Bolsover and Corby, both in the East Midlands, the estimated share of the workforce able to work from home is as low as 30 and 28 per cent respectively. Both have relatively few white-collar office workers and large numbers employed in warehousing and logistics, a sector that has carried on throughout the crisis and largely requires on-site working.

The differences from place to place in the extent to which working from home has been possible will have impacted on the pace at which infections spread in different parts of the country and helps explain why the rate of infections recorded in the summer and autumn of 2020 proved to be so much higher in older industrial Britain. The subsequent surge in recorded cases in London and the South East at the end of the year appears attributable to a new strain of the virus, not to working patterns or behaviour.

Table 3: Estimated share (%) of residents in employment able to work from home: selected district and unitary authorities

OLDER INDUSTRIAL AREAS

County Durham	37	Barnsley	34	Argyll & Bute	38
Darlington	39	Bradford	35	Clackmannanshire	38
Gateshead	38	Calderdale	43	Dumfries & Galloway	36
Hartlepool	37	Doncaster	33	Dundee	38
Middlesbrough	32	Hull	32	East Ayrshire	40
North Tyneside	41	Kirklees	41	East Dunbartonshire	47
Northumberland	41	NE Lincolnshire	32	East Lothian	43
Redcar & Cleveland	34	North Lincolnshire	36	East Renfrewshire	51
South Tyneside	40	Rotherham	39	Falkirk	38
Stockton on Tees	38	Wakefield	35	Fife	40
Sunderland	36			Inverclyde	39
		Amber Valley	40	Midlothian	40
Allerdale	35	Ashfield	49	North Ayrshire	36
Barrow in Furness	36	Bassetlaw	32	North Lanarkshire	38
Blackburn with Darwen	36	Bolsover	30	Renfrewshire	41
Bolton	39	Chesterfield	40	South Ayrshire	41
Burnley	34	Corby	28	South Lanarkshire	40
Bury	43	Erewash	40	West Dunbartonshire	37
Chorley	39	Gedling	39	West Lothian	37
Copeland	38	Mansfield	35		
Halton	38	Newark & Sherwood	38	Blaenau Gwent	34
Hyndburn	34	NE Derbyshire	42	Bridgend	38
Knowsley	35	NW Leicestershire	43	Caerphilly	38
Oldham	36	S Derbyshire	42	Carmarthenshire	37
Pendle	35			Flintshire	39
Preston	39	Cannock Chase	43	Merthyr Tydfil	35
Rochdale	36	Dudley	39	Neath Port Talbot	35
Rossendale	35	Newcastle under Lyme	42	Newport	39
Salford	40	N Warwickshire	43	Powys	37
Sefton	40	Nuneaton & Bedworth	39	Rhondda Cynon Taf	37
South Ribble	38	Sandwell	33	Swansea	41
St Helens	38	Staffs Moorlands	40	Torfaen	38
Stockport	46	Stoke on Trent	32	Wrexham	37
Tameside	36	Walsall	38		
Trafford	50	Wolverhampton	35	Dover	39
Warrington	43				
Wigan	38	Forest of Dean	37		
Wirral	41				

MAIN REGIONAL CITIES

Birmingham	39	Liverpool	42
Cardiff	46	Manchester	42
Edinburgh	47	Newcastle upon Tyne	43
Glasgow	42	Nottingham	36
Leeds	42	Sheffield	44

LONDON 48

SE ENGLAND 45

UK 42

Sources: APS, ONS

Local restrictions

The initial national lockdown in the spring of 2020 applied to all parts of the UK. The restrictions were eased everywhere in the summer, though at a slightly different pace across the four nations.

In the autumn new local restrictions on economic and social life were imposed to restrict the spread of the virus. The rules in each of the four nations diverged and within England the government introduced a tiered system. The map of local restrictions was never stable because new areas kept being added and others up-graded but, reflecting high rates of confirmed infections at the time, much of the North and Midlands of England, central Scotland and South Wales was the focus of the tightest controls.

Thus immediately prior to England's second national lockdown in November, 99 per cent of the population of Britain's older industrial towns, 90 per cent of the population of the former coalfields, and all the main regional cities were subject to tight restrictions²⁹: This was at a stage when most of southern and eastern England outside London remained under the lowest restrictions. In some parts of older industrial Britain, such as Greater Manchester and the Glasgow area, the higher-level restrictions had been in place for several weeks.

A second national lockdown applied in England during November, followed by the re-introduction of the tiered system and in December by still tougher restrictions starting in London, Essex and Kent and eventually extending to much of the rest of the country. A third lockdown in England followed in January. Wales moved in and out of lockdown and back again, while Scotland maintained tough restrictions across most areas and finally brought in a further lockdown.

By the beginning of 2021 most of older industrial Britain had therefore endured long spells when the hospitality industry and much of retailing had been closed down. Whilst many businesses in all parts of the country have been badly affected by the crisis, there is every reason to suppose that the duration and stringency of the restrictions in older industrial Britain will have caused especially severe damage. Indeed, the UK government's own assessment of the impact of the restrictions imposed following England's second national lockdown notes that to the extent that restrictions are stricter "the short-term economic costs are likely to be greater"³⁰.

²⁹ The figures presented here are based on Tier 2 and 3 restrictions in England and their equivalents in Scotland and Wales, and on ONS mid-year population estimates for local authorities.

³⁰ HM Government (2020) *Analysis of the health, economic and social effects of Covid-19 and the approach to tiering*, HM Government, London.

The public health crisis: assessment

The coronavirus pandemic has hit older industrial Britain especially hard. It was not obvious at the outset that this would be the case and in the first stages it was London that faced the worst of the health crisis. But over 2020 as a whole it was the cities, towns and smaller communities of older industrial Britain that on average experienced the highest rates of confirmed infection and the highest death rates.

Quite why the virus impacted more on older industrial Britain than most other parts of the UK is unclear. In time a full explanation may emerge though a number of key factors are already clear. In particular, older industrial towns and the former coalfields have an older and less healthy population that was always likely to be at risk. Deprivation too has been associated with vulnerability and there is no shortage of social and economic disadvantage in these parts of the country. Additionally, the nature of the economy in much of older industrial Britain meant fewer opportunities to work from home and, as a result, greater day-to-day exposure to the virus.

4. IMPACT ON THE ECONOMY AND LABOUR MARKET

Multiple impacts

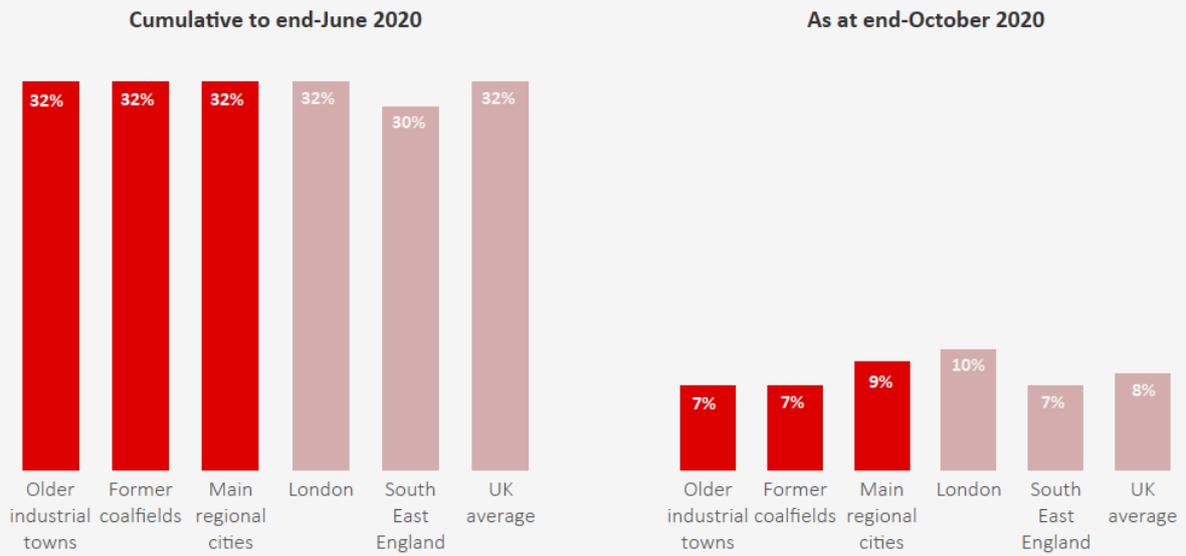
The policy response to the pandemic has led to multiple impacts on the economy and labour market of older industrial Britain, only some of which we are able to document here because in many cases the relevant data does not exist or is unavailable for local areas. For example:

- The crisis has led to a **fall in turnover** for many businesses, especially in closed-down sectors, but ONS survey data does not provide local figures
- **Economic output** fell precipitously during the first lockdown and is still well short of pre-pandemic levels, but local area data for 2020 will not be available until late in 2021
- The crisis has led to **increases in personal debt** among those whose incomes have fallen, but there is no local data
- **High Street footfall** is lower, adding to previous pressures, but although local data is collected it is only available on a commercial basis
- There have been more **shop closures**, but it is impossible to disentangle the effects of the crisis from on-going trends
- Figures are collated on **redundancies** that have been announced but these provide no regional or local breakdown
- Local data on the fall in the **number of jobs** during the crisis won't be available until the autumn of 2021

These and other consequences of the coronavirus crisis are very real and often very serious. Additionally, the crisis has widened inequalities between the high- and low-paid, between graduates and non-graduates, and between young and old³¹. Here however we concentrate on the local labour market impacts that can presently be measured using official statistics. These cover the number of jobs furloughed, the rise in unemployment (including youth unemployment) and the increase in benefit claimant numbers. Collectively, these provide a very useful guide.

³¹ P Johnson, R Joyce and L Platt (2021) *The IFS Deaton Review of Inequalities: a New Year's message*, Institute for Fiscal Studies, London.

Share of eligible jobs furloughed on the Coronavirus Job Retention Scheme



Possible additional redundancies by Spring 2021



Jobs furloughed

As the crisis began, the UK government introduced the Coronavirus Job Retention Scheme to temporarily pay 80 per cent³² of the wages, up to a ceiling of £2,500 a month, of employees furloughed as businesses closed down or reduced the scale of their operations. The scheme has subsequently been extended until the end of April 2021.

The Coronavirus Job Retention Scheme has been used extensively. At peak, on 8 May 2020, 8.9 million workers were furloughed on the scheme and by the end of June 2020 a cumulative total of 9.6 million jobs had been furloughed at some stage, accounting for 32 per cent of all eligible UK employees³³. Sector by sector, use of the scheme varied enormously reflecting the uneven impact of lockdown on different parts of the economy. In this first part of the crisis up to June 2020:

- 1.7 million employees in accommodation & food services, accounting for 77 per cent of the total, were furloughed on the scheme at some stage
- 470,000 employees in arts, entertainment & recreation, accounting for 70 per cent of the total, were furloughed
- 770,000 employees in construction, accounting for 60 per cent of the total, were furloughed
- 1.9 million employees in retailing, wholesaling and the motor trade, accounting for 42 per cent of the total, were furloughed

By way of contrast:

- Just 7 per cent (77,000) of employees in finance and insurance were furloughed
- Just 2 per cent (20,000) of employees in public administration and defence were furloughed

In manufacturing, which remains a large and important sector in much of older industrial Britain, 42 per cent of employees (just over 1 million workers) were furloughed.

In this initial phase of the crisis the Job Retention Scheme had a huge impact on the economy and labour market in all parts of the UK. However, older industrial towns, unlike say seaside towns, have never specialised in the hospitality sector and unlike the big cities they have never been major centres for arts and entertainment. In older industrial towns the take-up of the Job Retention Scheme might therefore have been expected to be less than elsewhere.

³² 70 per cent in September, 60 per cent in October, restored to 80 per cent from November.

³³ Source: HMRC.

Table 4: Cumulative number of jobs furloughed under the Coronavirus Job Retention Scheme (as % of eligible employments) as at 30 June 2020*: selected district and unitary authorities

OLDER INDUSTRIAL AREAS

County Durham	32	Barnsley	32	Argyll & Bute	31
Darlington	30	Bradford	32	Clackmannanshire	31
Gateshead	34	Calderdale	32	Dumfries & Galloway	30
Hartlepool	30	Doncaster	32	Dundee	31
Middlesbrough	28	Hull	32	East Ayrshire	32
North Tyneside	29	Kirklees	34	East Dunbartonshire	28
Northumberland	31	NE Lincolnshire	30	East Lothian	31
Redcar & Cleveland	29	North Lincolnshire	28	East Renfrewshire	30
South Tyneside	33	Rotherham	32	Falkirk	31
Stockton on Tees	29	Wakefield	31	Fife	29
Sunderland	34			Inverclyde	26
		Amber Valley	34	Midlothian	30
Allerdale	36	Ashfield	33	North Ayrshire	31
Barrow in Furness	24	Bassetlaw	30	North Lanarkshire	33
Blackburn with Darwen	33	Bolsover	32	Renfrewshire	33
Bolton	33	Chesterfield	32	South Ayrshire	34
Burnley	35	Corby	30	South Lanarkshire	32
Bury	32	Erewash	36	West Dunbartonshire	31
Chorley	30	Gedling	31	West Lothian	31
Copeland	25	Mansfield	33		
Halton	29	Newark & Sherwood	31	Blaenau Gwent	30
Hyndburn	34	NE Derbyshire	32	Bridgend	31
Knowsley	31	NW Leicestershire	34	Caerphilly	29
Oldham	32	S Derbyshire	33	Carmarthenshire	30
Pendle	38			Flintshire	35
Preston	28	Cannock Chase	38	Merthyr Tydfil	29
Rochdale	31	Dudley	35	Neath Port Talbot	27
Rossendale	32	Newcastle under Lyme	32	Newport	28
Salford	34	N Warwickshire	35	Powys	31
Sefton	29	Nuneaton & Bedworth	32	Rhondda Cynon Taf	31
South Ribble	29	Sandwell	35	Swansea	29
St Helens	29	Staffs Moorlands	35	Torfaen	30
Stockport	31	Stoke on Trent	34	Wrexham	31
Tameside	33	Walsall	35		
Trafford	29	Wolverhampton	32	Dover	30
Warrington	29				
Wigan	31	Forest of Dean	33		
Wirral	29				

MAIN REGIONAL CITIES

Birmingham	35	Liverpool	32
Cardiff	29	Manchester	33
Edinburgh	30	Newcastle upon Tyne	32
Glasgow	34	Nottingham	31
Leeds	30	Sheffield	29

LONDON 32

SE ENGLAND 30

UK 32

*claims received by 31 July 2020
Source: HMRC

In fact, as Table 4 shows, in the initial phase of the crisis the use of the Job Retention Scheme in just about all parts of older industrial Britain was close to the national average – around a third of all employees were furloughed. The figures refer to employees' place of residence rather than place of work.

Across the UK as a whole the take-up rates were highest in a number of tourist destinations – 42 per cent of employees in South Lakeland, 38 per cent in Blackpool and in Scarborough, and 37 per cent in Cornwall. The lowest rates were mostly where a dominant large employer carried on working – 24 per cent in Cambridge (the university), 24 per cent in Barrow in Furness (the shipyard), 25 per cent in Copeland (Sellafield nuclear plant) and 27 per cent in Neath Port Talbot (the steelworks). The last three are part of what we define here as 'older industrial Britain' but they are the exceptions rather than the rule: on the whole, the share of jobs furloughed in older industrial Britain differed little from the national average.

As restrictions eased during the summer of 2020 many employees began to return to work and the numbers supported by the Coronavirus Job Retention Scheme, which now required a financial contribution from employers, began to decline. By the end of October just 2.4 million employees remained on the scheme³⁴. Of these, 1.4 million were fully furloughed, and the remainder back at work but on reduced hours. The furloughed workers still included 24 per cent of all employees in arts, entertainment & recreation and 27 per cent of all employees in accommodation & food services.

Table 5 shows the share of employees furloughed on the Coronavirus Job Retention Scheme at the end of October 2020. The figures are again by place of residence rather than place of work. This was at a stage just before England's second national lockdown, when the numbers were at a low point. Most of England's older industrial towns and former coalfields had furlough rates of 6-8 per cent, just below the national average. In Scotland and Wales, where tougher restrictions were already in place, the rate was generally a little higher. The furlough rate in London and a number of the main regional cities, at 10 per cent, was higher again.

There is therefore evidence in the furlough data that as the UK economy recovered from the first lockdown older industrial towns and the former coalfields recovered a little faster than the big cities. This is hardly surprising given the prominence of the hospitality, arts and entertainment industries in the economy of the cities, especially London, and the damage caused by the reduction in commuting by office workers. On the other hand, these differences between places are modest compared to the huge rise and fall of numbers on the scheme.

Later numbers are not yet available but England's further national lockdowns and local restrictions and similar restrictions in the devolved nations can be expected to have boosted the numbers on the Coronavirus Job Retention Scheme from November onwards.

³⁴ HMRC data for previous months suggests that the final numbers may be 3-400,000 higher as late claims come in.

Table 5: Jobs furloughed under the Coronavirus Job Retention Scheme (as % of eligible employments) as at 31 October 2020*: selected district and unitary authorities

OLDER INDUSTRIAL AREAS

County Durham	6	Barnsley	6	Argyll & Bute	7
Darlington	6	Bradford	8	Clackmannanshire	7
Gateshead	8	Calderdale	7	Dumfries & Galloway	6
Hartlepool	5	Doncaster	6	Dundee	7
Middlesbrough	5	Hull	5	East Ayrshire	8
North Tyneside	6	Kirklees	7	East Dunbartonshire	8
Northumberland	7	NE Lincolnshire	5	East Lothian	8
Redcar & Cleveland	5	North Lincolnshire	5	East Renfrewshire	9
South Tyneside	7	Rotherham	7	Falkirk	7
Stockton on Tees	5	Wakefield	6	Fife	7
Sunderland	6			Inverclyde	6
		Amber Valley	6	Midlothian	8
Allerdale	6	Ashfield	6	North Ayrshire	7
Barrow in Furness	5	Bassetlaw	6	North Lanarkshire	7
Blackburn with Darwen	7	Bolsover	6	Renfrewshire	9
Bolton	8	Chesterfield	6	South Ayrshire	9
Burnley	7	Corby	4	South Lanarkshire	8
Bury	8	Erewash	7	West Dunbartonshire	7
Chorley	7	Gedling	7	West Lothian	7
Copeland	5	Mansfield	6		
Halton	6	Newark & Sherwood	6	Blaenau Gwent	8
Hyndburn	7	NE Derbyshire	6	Bridgend	9
Knowsley	6	NW Leicestershire	7	Caerphilly	8
Oldham	8	S Derbyshire	7	Carmarthenshire	9
Pendle	8			Flintshire	9
Preston	6	Cannock Chase	7	Merthyr Tydfil	10
Rochdale	7	Dudley	7	Neath Port Talbot	8
Rossendale	7	Newcastle under Lyme	6	Newport	9
Salford	9	N Warwickshire	7	Powys	8
Sefton	7	Nuneaton & Bedworth	6	Rhondda Cynon Taf	9
South Ribble	6	Sandwell	8	Swansea	9
St Helens	6	Staffs Moorlands	7	Torfaen	8
Stockport	8	Stoke on Trent	6	Wrexham	8
Tameside	7	Walsall	8		
Trafford	8	Wolverhampton	7	Dover	6
Warrington	7				
Wigan	7	Forest of Dean	7		
Wirral	7				

MAIN REGIONAL CITIES

Birmingham	9	Liverpool	8
Cardiff	10	Manchester	10
Edinburgh	10	Newcastle upon Tyne	8
Glasgow	10	Nottingham	7
Leeds	7	Sheffield	7

LONDON 10

SE ENGLAND 7

UK 8

*claims received by 30 November 2020
Source: HMRC

The significant uncertainty is what will happen when the Coronavirus Job Retention Scheme comes to an end. Since the scheme is not now scheduled to be wound up until the end of April 2021 we will not know for certain until after that time. However, with a vaccination programme then presumably well underway it is reasonable to assume that by that point the threat to public health will have eased allowing more of the economy to re-open, including the hard-hit hospitality, arts and entertainment sectors. At that stage the recovery in London and in places dependent on tourism might be expected to catch up with the rest of the country.

There is however no certainty that there will be a full and quick economic recovery. Some of the jobs presently supported by the Job Retention Scheme may disappear when the scheme comes to an end because some firms may conclude that the jobs are simply no longer viable. Quite how many jobs might fall into this category is unclear. It is worth bearing in mind, however, that a proportion of furloughed staff are already back at work with reduced hours (this is allowed within the revised scheme) and that there is a financial cost to employers, who have to make national insurance and pension contributions, which suggests that they would not have furloughed staff unless they had reasonable expectations of eventually returning them to work.

If one-third of the employees furloughed at the end of October³⁵ were eventually to be made redundant that would result in an extra 900,000 job losses. Coincidentally, the Office for Budget Responsibility predicts an increase in UK unemployment (measured using the ILO definition) from 4.8 per cent in September 2020 to 7.5 per cent in the second quarter of 2021³⁶ – an increase of 900,000 – though in practice some of the increase is likely to arise from job losses unconnected with the Job Retention Scheme. If the end of the scheme were indeed to result in redundancies on this scale and if the job losses were spread evenly across the country there would be:

- **230,000 redundancies** in Britain's older industrial towns
- **80,000 redundancies** in the former coalfields
- **80,000 redundancies** in the main regional cities

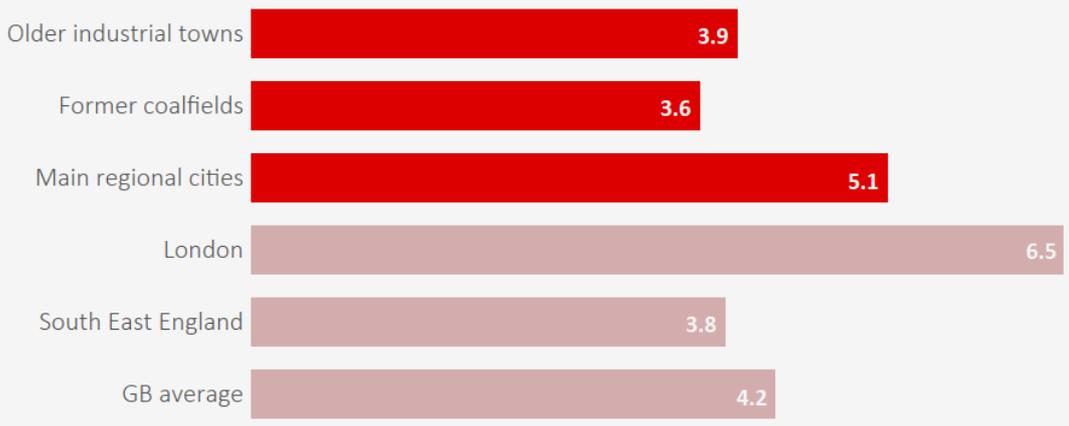
Unemployment

Largely because of the Coronavirus Job Retention Scheme, the scale of the increase in unemployment during the crisis has been far less than would normally be expected in response to an economic downturn of the scale affecting the UK economy since the spring of 2020. Even so, the increase in recorded unemployment has been considerable.

³⁵ Including an anticipated additional 300,000 late claims.

³⁶ Office for Budget Responsibility (2020) *Economic and Fiscal Outlook, November 2020*, OBR, London.

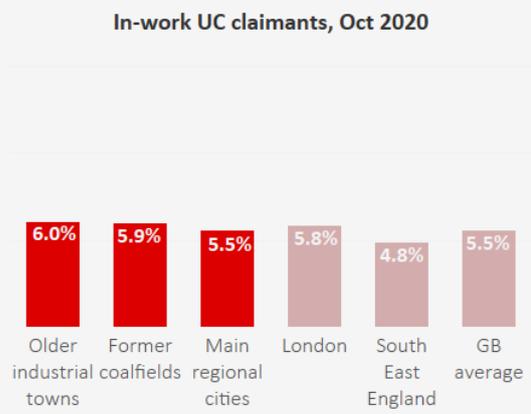
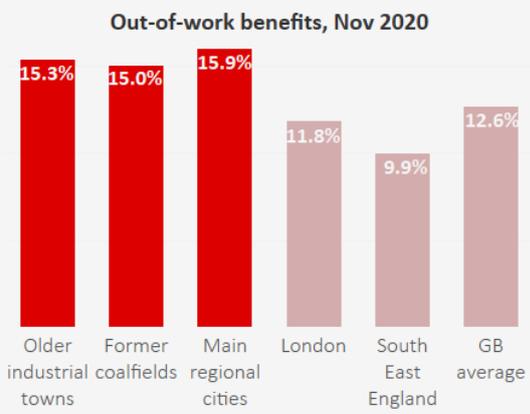
Increase in claimant unemployment, Feb-Nov 2020 (percentage point)



Claimant unemployment among 16-24 year olds, Nov 2020



Overall claimant rates



Between February, immediately prior to the crisis, and November 2020, the latest month for which figures are available at the time of writing, the number of claimant unemployed³⁷ across Great Britain more than doubled, from 1.2 million to over 2.5 million, an increase in the unemployment rate of 4.2 percentage points³⁸.

The increase in claimant unemployment is substantially more than the increase in the survey-based ILO measure of unemployment, which puts the GB figure for the three months to October 2020 (the most recent data at the time of writing) at 1.6 million, just over 300,000 higher than for the three months to February. Indeed, the claimant data points to unemployment that by late 2020 had already reached the level predicted by the Office for Budget Responsibility (which uses the ILO figures) for the second quarter of 2021. If the further increase in unemployment predicted by the Office for Budget Responsibility in the first half of 2021 occurs, claimant unemployment looks set to exceed 3 million.

Quite why the two official measures of unemployment have diverged remains unclear. It may owe something to the very difficult labour market during the pandemic when vacancies in so many sectors and occupations have almost dried up, which may have deterred some unemployed claimants from even looking for work, thereby excluding them from the ILO measure of unemployment, which requires them to be active jobseekers.

Older industrial Britain has been hit hard by this surge in claimant unemployment – between February and November the numbers rose by 310,000 in older industrial towns, 100,000 in the former coalfields and 140,000 in the main regional cities.

Increase in claimant unemployment, February-November 2020

	no.	% point*	Rate (%*) Nov 2020
London	310,000	6.5	10.4
Main regional cities	140,000	5.1	11.1
GB average	1,350,000	4.2	8.1
Older industrial towns	310,000	3.9	9.1
South East England	170,000	3.8	6.4
Former coalfields	100,000	3.6	8.3

*% of economically active 16-64 year olds

Sources: DWP, APS

Taking the country as whole, the percentage point increase in claimant unemployment in older industrial towns and in the former coalfields was a little less than the national average. The percentage point increase in London, in particular, and in the main regional cities was larger. On this key indicator, therefore, the labour market in all of older industrial Britain has been hit very hard but the downturn has been greatest in London and the big cities. Area by area, in Table 6, the picture is of course more complex.

³⁷ Jobseeker's Allowance claimants plus Universal Credit claimants required to look for work.

³⁸ Unemployment rate expressed as a percentage of economically active 16-64 year olds.

Table 6: Percentage point increase in claimant unemployment*, February-November 2020: selected district and unitary authorities

OLDER INDUSTRIAL AREAS

County Durham	3.0	Barnsley	3.6	Argyll & Bute	3.3
Darlington	2.7	Bradford	6.1	Clackmannanshire	3.0
Gateshead	3.7	Calderdale	4.4	Dumfries & Galloway	2.4
Hartlepool	3.3	Doncaster	4.6	Dundee	3.7
Middlesbrough	5.8	Hull	4.9	East Ayrshire	3.6
North Tyneside	3.3	Kirklees	4.0	East Dunbartonshire	2.8
Northumberland	3.1	NE Lincolnshire	3.4	East Lothian	3.0
Redcar & Cleveland	3.5	North Lincolnshire	3.0	East Renfrewshire	2.8
South Tyneside	4.1	Rotherham	4.6	Falkirk	3.4
Stockton on Tees	3.4	Wakefield	3.6	Fife	3.3
Sunderland	3.8			Inverclyde	2.2
		Amber Valley	2.5	Midlothian	3.2
Allerdale	2.1	Ashfield	3.0	North Ayrshire	3.6
Barrow in Furness	3.1	Bassetlaw	2.7	North Lanarkshire	3.7
Blackburn with Darwen	4.6	Bolsover	3.1	Renfrewshire	3.6
Bolton	5.1	Chesterfield	3.2	South Ayrshire	3.6
Burnley	4.7	Corby	3.2	South Lanarkshire	3.6
Bury	4.4	Erewash	2.9	West Dunbartonshire	3.8
Chorley	3.0	Gedling	2.8	West Lothian	3.2
Copeland	2.2	Mansfield	3.3		
Halton	3.8	Newark & Sherwood	2.9	Blaenau Gwent	3.7
Hyndburn	4.2	NE Derbyshire	2.8	Bridgend	3.7
Knowsley	5.2	NW Leicestershire	3.4	Caerphilly	3.7
Oldham	6.2	S Derbyshire	2.6	Carmarthenshire	3.5
Pendle	4.7			Flintshire	3.1
Preston	3.8	Cannock Chase	3.5	Merthyr Tydfil	3.7
Rochdale	5.4	Dudley	4.2	Neath Port Talbot	3.0
Rossendale	4.0	Newcastle under Lyme	2.9	Newport	4.7
Salford	5.5	N Warwickshire	3.8	Powys	3.4
Sefton	4.4	Nuneaton & Bedworth	4.1	Rhondda Cynon Taf	4.0
South Ribble	2.6	Sandwell	6.0	Swansea	3.2
St Helens	4.0	Staffs Moorlands	2.6	Torfaen	3.5
Stockport	3.9	Stoke on Trent	4.6	Wrexham	3.3
Tameside	4.9	Walsall	5.2		
Trafford	3.5	Wolverhampton	5.9	Dover	3.8
Warrington	3.2				
Wigan	3.7	Forest of Dean	2.8		
Wirral	3.5				

MAIN REGIONAL CITIES

Birmingham	6.4	Liverpool	5.9
Cardiff	4.0	Manchester	6.3
Edinburgh	4.1	Newcastle upon Tyne	4.5
Glasgow	5.4	Nottingham	4.9
Leeds	4.4	Sheffield	4.1

LONDON 6.5

SE ENGLAND 3.8

GB 4.2

*% of economically active 16-64 year olds
Sources: DWP, APS

The high proportion of jobs in hard-hit sectors such as hospitality, arts and entertainment has almost certainly contributed to the large increase in claimant unemployment in London and to a lesser extent in the main regional cities. Conversely, several of the former coalfields have come to specialise in warehousing and logistics, a sector that has largely carried on as normal. As hospitality, arts and entertainment finally reopen the biggest positive impact can be expected to be on London and the big cities where there might therefore be a sharper reduction in unemployment, reversing the trend during the crisis itself.

Youth unemployment

Job opportunities for young people have been hit especially hard. Recruitment has fallen away, partly for practical reasons and partly because businesses have been uncertain about the future, limiting the openings for those leaving school, college or university. Over and above this, the industries that have been worst affected by coronavirus restrictions, such as hospitality and retailing, have traditionally employed large numbers of young people. The effect has been to concentrate the labour market shock on young people, the low paid and those on insecure employment contracts³⁹.

Youth unemployment normally follows an annual cycle – peaking in the summer as young people leave full-time education and then falling away in subsequent months. It is therefore best to compare the most recent data (for November 2020) with the figures for the same point a year earlier. Over this period, across Britain as a whole claimant unemployment among young people more than doubled from 220,00 to 500,000, taking the rate to over seven per cent of all 16-24 year olds⁴⁰.

Increase in claimant unemployment among 16-24 yr. olds, Nov 2019-Nov 2020

	no.	% point*	Rate (%*) Nov 2020
London	55,000	5.8	8.8
Former coalfields	22,000	4.1	9.0
Older industrial towns	69,000	4.1	8.9
GB average	279,000	4.1	7.3
South East England	37,000	3.9	6.1
Main regional cities	31,000	3.5	6.8

*% of all 16-24 year olds

Sources: DWP, APS

³⁹ M Brewer, N Cominetti, K Henehan, C McCurdy, R Sehmi and H Slaughter (2020) *Jobs, Jobs. Jobs: evaluating the effects of the current economic crisis on the UK labour market*, Resolution Foundation, London.

⁴⁰ Expressed as a percentage of economically active 16-24 year olds (i.e. excluding full-time students and others not employed or claimant unemployed) the rates are substantially higher: older industrial towns 13.9 per cent, former coalfields 13.8 per cent, main regional cities 14.8 per cent, London 17.0 per cent, South East England 9.5 per cent, GB average 12.2 per cent).

**Table 7: Claimant unemployment rate among 16-24 yr. olds*, November 2020:
selected district and unitary authorities**

OLDER INDUSTRIAL AREAS

County Durham	7.7	Barnsley	9.2	Argyll & Bute	6.1
Darlington	9.2	Bradford	11.2	Clackmannanshire	9.4
Gateshead	9.1	Calderdale	9.8	Dumfries & Galloway	6.6
Hartlepool	11.7	Doncaster	10.2	Dundee	7.2
Middlesbrough	10.3	Hull	9.9	East Ayrshire	10.1
North Tyneside	9.1	Kirklees	8.1	East Dunbartonshire	5.0
Northumberland	9.1	NE Lincolnshire	9.9	East Lothian	6.5
Redcar & Cleveland	10.0	North Lincolnshire	8.0	East Renfrewshire	4.7
South Tyneside	11.7	Rotherham	10.0	Falkirk	8.1
Stockton on Tees	10.3	Wakefield	8.7	Fife	7.4
Sunderland	10.5			Inverclyde	7.9
		Amber Valley	6.5	Midlothian	7.7
Allerdale	6.4	Ashfield	7.8	North Ayrshire	10.3
Barrow in Furness	8.2	Bassetlaw	7.0	North Lanarkshire	8.1
Blackburn with Darwen	9.3	Bolsover	6.7	Renfrewshire	7.6
Bolton	10.4	Chesterfield	8.3	South Ayrshire	9.0
Burnley	11.5	Corby	8.3	South Lanarkshire	7.8
Bury	9.5	Erewash	8.1	West Dunbartonshire	10.3
Chorley	6.2	Gedling	7.6	West Lothian	7.6
Copeland	6.4	Mansfield	8.7		
Halton	9.3	Newark & Sherwood	6.8	Blaenau Gwent	10.0
Hyndburn	10.3	NE Derbyshire	6.1	Bridgend	7.9
Knowsley	11.6	NW Leicestershire	5.7	Caerphilly	9.0
Oldham	11.3	S Derbyshire	5.2	Carmarthenshire	7.9
Pendle	8.1			Flintshire	7.3
Preston	6.2	Cannock Chase	8.2	Merthyr Tydfil	9.8
Rochdale	9.9	Dudley	10.0	Neath Port Talbot	8.1
Rossendale	9.0	Newcastle under Lyme	4.8	Newport	10.0
Salford	8.8	N Warwickshire	6.9	Powys	5.8
Sefton	9.4	Nuneaton & Bedworth	8.8	Rhondda Cynon Taf	8.7
South Ribble	6.3	Sandwell	11.7	Swansea	5.4
St Helens	10.0	Staffs Moorlands	4.9	Torfaen	9.4
Stockport	8.2	Stoke on Trent	8.6	Wrexham	7.7
Tameside	10.8	Walsall	10.8		
Trafford	7.4	Wolverhampton	12.4	Dover	9.8
Warrington	6.6				
Wigan	9.0	Forest of Dean	5.6		
Wirral	9.2				

MAIN REGIONAL CITIES

Birmingham	9.6	Liverpool	7.4
Cardiff	5.4	Manchester	7.1
Edinburgh	4.6	Newcastle upon Tyne	5.3
Glasgow	8.1	Nottingham	5.0
Leeds	6.3	Sheffield	5.6

LONDON 8.8

SE ENGLAND 6.1

GB 7.3

*% of all 16-24 year olds
Source: DWP, APS

The increase in claimant unemployment among young people has been substantial in all parts of the country. In older industrial towns it was almost 70,000 higher in November 2020 than a year earlier, and in the former coalfields more than 20,000 higher – in both cases almost doubling – but as with overall claimant unemployment the biggest increase was in London, almost certainly because of the local importance of hard-hit sectors such as hospitality and retailing which normally employ large numbers of young people. Again, therefore, at least some of the surge in youth unemployment in London might be expected to pass as the economy fully reopens.

The claimant unemployment rate among 16-24 year olds, area by area, is shown in Table 7. In many parts of older industrial Britain the rate in November 2020 had already reached or was approaching 10 per cent.

There is also substantial additional unemployment among young people who do not claim benefits, for example because they are looking for work but supported financially by parents or a partner or, in the case of 16 and 17 year olds, because they are normally ineligible for unemployment benefits. Over the year to March 2020, prior to the pandemic, the Labour Force Survey recorded 485,000 unemployed aged 16-24, almost 250,000 more than the number on the claimant count. No up-to-date local figures are available but these additional unemployed mean that the real rate of unemployment among 16-24 year olds, including those omitted from the claimant count, will be substantially higher than the figures shown in Table 7.

Overall out-of-work claimant rate

Unemployment is just one component of the overall out-of-work benefit claimant rate, as we noted earlier. Indeed, prior to the pandemic much higher numbers of working-age men and women in older industrial Britain were out-of-work on incapacity benefits.

There is less reason to expect that the numbers on incapacity benefits will have surged to the same extent as the numbers of claimant unemployed, though if past experience is any guide persistent unemployment might well lead to a longer-term diversion from one to the other. Between February and November 2020⁴¹ the scale and location of the increase in the overall out-of-work benefit claimant rate closely mirrored the increase in claimant unemployment.

⁴¹ Because of lags in the publication of some statistics the overall out-of-work benefit claimant data for November 2020 combines claimant unemployment (November), Employment and Support Allowance claimants (May), Incapacity Benefit claimants (May), Universal Credit claimants on the grounds of limited capability to work (August) and lone parents on Income Support (May).

Table 8: Overall out-of-work benefit claimant rate*, November 2020: selected district and unitary authorities (as % of all 16-64 year olds)

OLDER INDUSTRIAL AREAS

County Durham	14.9	Barnsley	15.2	Argyll & Bute	12.8
Darlington	14.2	Bradford	17.0	Clackmannanshire	16.2
Gateshead	15.3	Calderdale	14.2	Dumfries & Galloway	13.6
Hartlepool	18.5	Doncaster	15.3	Dundee	17.1
Middlesbrough	21.2	Hull	19.5	East Ayrshire	17.0
North Tyneside	13.3	Kirklees	13.4	East Dunbartonshire	9.6
Northumberland	12.6	NE Lincolnshire	15.5	East Lothian	11.1
Redcar & Cleveland	16.9	North Lincolnshire	12.1	East Renfrewshire	9.1
South Tyneside	18.1	Rotherham	15.7	Falkirk	13.6
Stockton on Tees	14.4	Wakefield	14.4	Fife	14.0
Sunderland	17.4			Inverclyde	18.3
		Amber Valley	10.8	Midlothian	12.2
Allerdale	11.8	Ashfield	14.2	North Ayrshire	19.2
Barrow in Furness	14.6	Bassetlaw	12.1	North Lanarkshire	16.6
Blackburn with Darwen	17.3	Bolsover	13.5	Renfrewshire	15.3
Bolton	17.0	Chesterfield	14.4	South Ayrshire	15.7
Burnley	18.8	Corby	12.5	South Lanarkshire	14.9
Bury	14.4	Erewash	11.7	West Dunbartonshire	19.6
Chorley	10.2	Gedling	11.0	West Lothian	13.7
Copeland	12.5	Mansfield	15.4		
Halton	16.0	Newark & Sherwood	11.1	Blaenau Gwent	20.2
Hyndburn	17.6	NE Derbyshire	11.3	Bridgend	15.7
Knowsley	20.8	NW Leicestershire	8.8	Caerphilly	17.0
Oldham	17.6	S Derbyshire	8.6	Carmarthenshire	14.9
Pendle	15.0			Flintshire	11.6
Preston	14.5	Cannock Chase	11.8	Merthyr Tydfil	19.0
Rochdale	17.8	Dudley	13.7	Neath Port Talbot	18.1
Rossendale	14.1	Newcastle under Lyme	10.8	Newport	16.2
Salford	17.1	N Warwickshire	10.1	Powys	11.2
Sefton	16.3	Nuneaton & Bedworth	13.1	Rhondda Cynon Taf	17.8
South Ribble	9.9	Sandwell	17.7	Swansea	15.0
St Helens	16.8	Staffs Moorlands	9.1	Torfaen	16.3
Stockport	12.6	Stoke on Trent	17.3	Wrexham	13.6
Tameside	16.7	Walsall	16.6		
Trafford	10.8	Wolverhampton	18.2	Dover	13.2
Warrington	10.7				
Wigan	14.5	Forest of Dean	10.6		
Wirral	16.3				

MAIN REGIONAL CITIES

Birmingham	18.5	Liverpool	19.5
Cardiff	14.0	Manchester	17.2
Edinburgh	10.6	Newcastle upon Tyne	14.2
Glasgow	19.4	Nottingham	15.9
Leeds	13.5	Sheffield	13.1

LONDON 11.8

SE ENGLAND 9.9

UK 12.6

*% of all 16-64 year olds
Source: DWP, APS

Overall out-of-work benefit claimant rate*
% point increase, Feb-Nov 2020 Rate (%) Nov 2020

<i>Main regional cities</i>	3.6	15.9
<i>Older industrial towns</i>	3.1	15.3
<i>Former coalfields</i>	2.8	15.0
GB average	3.2	12.6
London	3.4	11.8
South East England	3.1	9.9

*% of all 16-64 year olds
Sources: DWP, APS

The economic downturn has resulted in substantially higher numbers on out-of-work benefits but despite the surge in unemployment in London it has not fundamentally altered the country's economic geography. In the final part of 2020, some nine months into the pandemic, the overall number of working-age adults on out-of-work benefits remained especially high in older industrial Britain – 1.6m in older industrial towns, 530,000 in the former coalfields and 615,000 in the main regional cities – where they represented an average claimant rate of 15-16 per cent or nearly one-in-six of all 16-64 year olds. Over the preceding nine months, the out-of-work claimant rate in older industrial Britain increased by almost a quarter.

Table 8, which presents local data on the overall out-of-work benefit claimant rate, underlines the high level in most of older industrial Britain. Virtually everywhere in older industrial Britain the rate now exceeds 10 per cent and in many places it is now at or close to 20 per cent. The highest rates in November 2020 were in Middlesbrough in North East England (21.2 per cent), followed by Knowsley in North West England (20.8 per cent) and Blaenau Gwent in South Wales (20.2 per cent)

In-work benefit claimants

For many people who have remained in work the downturn has led to a loss of income. For some on low incomes this has triggered eligibility for in-work benefits and, where one partner in a low-income household has lost their job, the other will often have become entitled to in-work benefits.

Between February and October 2020, the latest date for which figures are available at the time of writing, the number of in-work Universal Credit claimants more than doubled – up from 306,000 to 624,000 in older industrial towns, from 101,000 to 210,000 in the former coalfields, and from 98,000 to 214,000 in the main regional cities. A small part of the increase will reflect the on-going transfer of in-work claimants to Universal Credit from preceding benefits but the big surge in numbers occurred in April and May, which points strongly to the impact of the crisis.

Table 9: Universal Credit claimants in employment, October 2020: selected district and unitary authorities (as % of all 16-64 year olds)

OLDER INDUSTRIAL AREAS

County Durham	5.4	Barnsley	6.2	Argyll & Bute	5.0
Darlington	6.6	Bradford	6.0	Clackmannanshire	5.7
Gateshead	6.1	Calderdale	5.9	Dumfries & Galloway	5.3
Hartlepool	7.8	Doncaster	6.8	Dundee	5.8
Middlesbrough	7.7	Hull	7.8	East Ayrshire	6.1
North Tyneside	5.9	Kirklees	5.5	East Dunbartonshire	3.5
Northumberland	5.2	NE Lincolnshire	7.2	East Lothian	5.0
Redcar & Cleveland	6.1	North Lincolnshire	6.1	East Renfrewshire	3.1
South Tyneside	6.8	Rotherham	5.8	Falkirk	5.0
Stockton on Tees	5.7	Wakefield	5.8	Fife	5.6
Sunderland	6.6			Inverclyde	6.3
		Amber Valley	4.8	Midlothian	6.0
Allerdale	5.5	Ashfield	5.7	North Ayrshire	6.2
Barrow in Furness	5.3	Bassetlaw	6.0	North Lanarkshire	5.4
Blackburn with Darwen	6.9	Bolsover	5.6	Renfrewshire	5.2
Bolton	6.3	Chesterfield	6.0	South Ayrshire	5.7
Burnley	8.6	Corby	9.1	South Lanarkshire	5.2
Bury	5.6	Erewash	6.2	West Dunbartonshire	5.9
Chorley	4.9	Gedling	4.4	West Lothian	5.2
Copeland	4.8	Mansfield	6.9		
Halton	8.1	Newark & Sherwood	5.0	Blaenau Gwent	6.2
Hyndburn	7.3	NE Derbyshire	4.5	Bridgend	5.5
Knowsley	7.2	NW Leicestershire	4.5	Caerphilly	5.5
Oldham	7.8	S Derbyshire	4.4	Carmarthenshire	4.8
Pendle	6.2			Flintshire	5.9
Preston	6.2	Cannock Chase	5.6	Merthyr Tydfil	6.1
Rochdale	7.2	Dudley	5.8	Neath Port Talbot	5.5
Rossendale	5.1	Newcastle under Lyme	4.4	Newport	6.8
Salford	7.2	N Warwickshire	5.3	Powys	4.5
Sefton	5.8	Nuneaton & Bedworth	6.3	Rhondda Cynon Taf	4.8
South Ribble	5.0	Sandwell	7.1	Swansea	5.2
St Helens	5.9	Staffs Moorlands	3.8	Torfaen	6.6
Stockport	4.6	Stoke on Trent	6.9	Wrexham	6.3
Tameside	7.0	Walsall	6.4		
Trafford	4.8	Wolverhampton	7.6	Dover	5.7
Warrington	5.6				
Wigan	6.0	Forest of Dean	4.7		
Wirral	6.0				

MAIN REGIONAL CITIES

Birmingham	6.4	Liverpool	5.9
Cardiff	4.9	Manchester	6.9
Edinburgh	4.0	Newcastle upon Tyne	6.0
Glasgow	5.3	Nottingham	5.8
Leeds	5.2	Sheffield	4.4

LONDON 5.8

SE ENGLAND 4.8

UK 5.5

Source: DWP, APS

Universal Credit claimants in employment
% point increase, Feb-Oct 2020 % of working age pop. Oct 2020

Older industrial towns	3.1	6.0
Former coalfields	3.1	5.9
London	3.3	5.8
Main regional cities	3.0	5.5
GB average	3.0	5.5
South East England	2.8	4.8

Sources: DWP, APS

In October 2020, some 6 per cent of all adults of working age in older industrial towns and the former coalfields were in-work but receiving Universal Credit as a top-up – a disturbing reflection of low household incomes and a huge increase since the start of the pandemic.

Table 9 shows the local data on the proportion of the working age population receiving Universal Credit as an in-work top-up. In Corby, a town originally developed to serve the local steelworks, over 9 per cent of all adults of working age were in employment but claiming Universal Credit as an income top-up. In Burnley and in Halton (which covers Widnes) the proportion in-work on UC exceeded 8 per cent, and in Hartlepool, Middlesbrough, Oldham, Hull and Wolverhampton it was only a little less.

Economic and labour market impacts: assessment

The economic downturn has had a major impact on older industrial Britain. In effect, it has wiped out the labour market gains over the preceding ten years.

As the crisis first took off around a third of all employees were furloughed and even as much of the economy began to reopen in the summer and early autumn of 2020 around one-in-twelve of all eligible employees in older industrial Britain remained on the UK government’s Job Retention Scheme. With further lockdowns, the proportion furloughed will have risen once more.

Unemployment in older industrial Britain has risen sharply. We noted earlier that between 2010 and 2018, as the UK economy recovered from the financial crisis, claimant unemployment fell by 230,000 in older industrial towns, 80,000 in the former coalfields, and 90,000 in the main regional cities. Over the first nine months of the coronavirus crisis, between February and November 2020, the increases in claimant unemployment were:

- **310,000** in older industrial towns
- **100,000** in the former coalfields
- **140,000** in the main regional cities

Following the introduction of Universal Credit, 'claimant unemployment' includes a wider group of men and women than was the case in the early 2010s but there is nevertheless clear evidence here that the progress in reducing unemployment that marked recovery from the financial crisis has already been wiped out. There are probably additional increases in unemployment in the pipeline. There are fears that as the Coronavirus Job Retention Scheme comes to an end some of the jobs may not return and the Office for Budget Responsibility has predicted a further national increase in unemployment of 900,000 by the second quarter of 2021.

Older industrial Britain is of course not alone in having been hit by rising unemployment. The increase has actually been somewhat larger in London, where the concentration of jobs in hard-hit sectors such as hospitality, arts and entertainment has dragged down the local economy. However, the expectation must be that some of the increase in London will fall away as these sectors finally re-open.

Whether the increase in unemployment in older industrial Britain will fade away as the economy re-opens is unclear. A recovery can be expected, driven in part by pent-up spending by households that have avoided a loss of income, but whether this will prove sufficient to offset the permanent closure of some businesses, the damage to the balance sheet of so many others and the pressure on public finances for a renewal of austerity remains to be seen.

Nor has the pandemic overturned long-standing gaps in prosperity. Older industrial Britain continues to have not only higher unemployment but also higher numbers on other out-of-work benefits and on in-work benefits as well. In this part of the country the economic downturn has added to problems in local economies that were already in need of support.

5. CONCLUSIONS AND IMPLICATIONS

There are four main conclusions from the evidence presented in this report.

First, on a wide range of social and economic indicators **older industrial Britain entered the coronavirus crisis lagging behind the rest of the country**. This disadvantage position was particularly marked for older industrial towns and the former coalfields: they started off with poorer health, fewer jobs, slower growth, lower productivity, lower earnings and higher numbers out-of-work on benefits. The main regional cities occupy something of an intermediate position: they share many of the problems of older industrial Britain but over the seven or eight years preceding the pandemic they experienced strong job growth – faster than the national average, and much faster than in older industrial towns or the former coalfields.

Second, over 2020 as a whole **the public health crisis in older industrial Britain was on average worse than in the rest of the country**. Whether the scale of the crisis is measured in terms of the cumulative number of confirmed infections or deaths, up to the beginning of 2021 the cities, towns and smaller communities of older industrial Britain dominated the list of worst-hit places. Until there is a full study the causes of this disturbing pattern will remain unclear but it is important not to fall into the trap of ‘blaming the victim’. Age, poor health and deprivation are known to be important factors in understanding the pandemic and, as the evidence presented here shows, the opportunities for working from home and thereby avoiding day-to-day exposure to the virus have been more limited in most of older industrial Britain than in London and the South East of England.

Third, **in older industrial Britain the economic and labour market damage resulting from the downturn has been substantial**. Very large numbers were furloughed in the first stages of the crisis and considerable numbers remain furloughed. Unemployment has already risen substantially and there is the possibility of further increases as the Job Retention Scheme comes to an end. In older industrial Britain the increase in claimant unemployment has already been greater than the reduction during the long recovery from the financial crisis. In effect, in older industrial Britain ten years’ progress has been wiped out.

Fourth, because older industrial Britain was lagging behind before the crisis and has in common with so many other places been hit hard during the downturn, there must be an expectation that **older industrial Britain will still lag behind most of the rest of the country when the crisis finally recedes**.

From a policy perspective this final conclusion – that older industrial Britain remains lagging behind – is arguably the most important. In the weeks and months before the pandemic the UK government made much play of its intention to ‘level up’ the regions. Older industrial Britain might reasonably have expected to be the prime beneficiary of this new priority. This remains an expectation among the voters in the Midlands, North, Scotland and Wales who helped secure the Conservative’s general election victory in December 2019 and among newly-elected MPs from these areas.

The coronavirus crisis has of course diverted much political attention. A relatively benign national economic context – all be it with the details of Brexit then still to be determined – has been replaced by the steepest economic downturn of modern times. There is a danger that the urgent need to deliver a national economic recovery will side-line the levelling up agenda.

What the evidence in this report shows is that the problems of older industrial Britain have not gone away. Indeed, they have been made substantially worse by the new economic downturn. **That there is a need to build a national economic recovery is indisputable, but there is also a pressing need to stick with the levelling up agenda.**

APPENDIX: Definition of areas

Districts and unitary authorities included in 'older industrial towns' definition

NORTH EAST
County Durham
Darlington
Gateshead
Hartlepool
Middlesbrough
North Tyneside
Redcar & Cleveland
South Tyneside
Stockton on Tees
Sunderland

YORKSHIRE & HUMBER
Barnsley
Bradford
Calderdale
Doncaster
Hull
Kirklees
NE Lincolnshire
North Lincolnshire
Rotherham
Wakefield

SCOTLAND
Clackmannanshire
Dundee
East Ayrshire
East Dunbartonshire
East Lothian
East Renfrewshire
Falkirk
Fife
Inverclyde
Midlothian
North Ayrshire
North Lanarkshire
Renfrewshire
South Lanarkshire
West Dunbartonshire
West Lothian

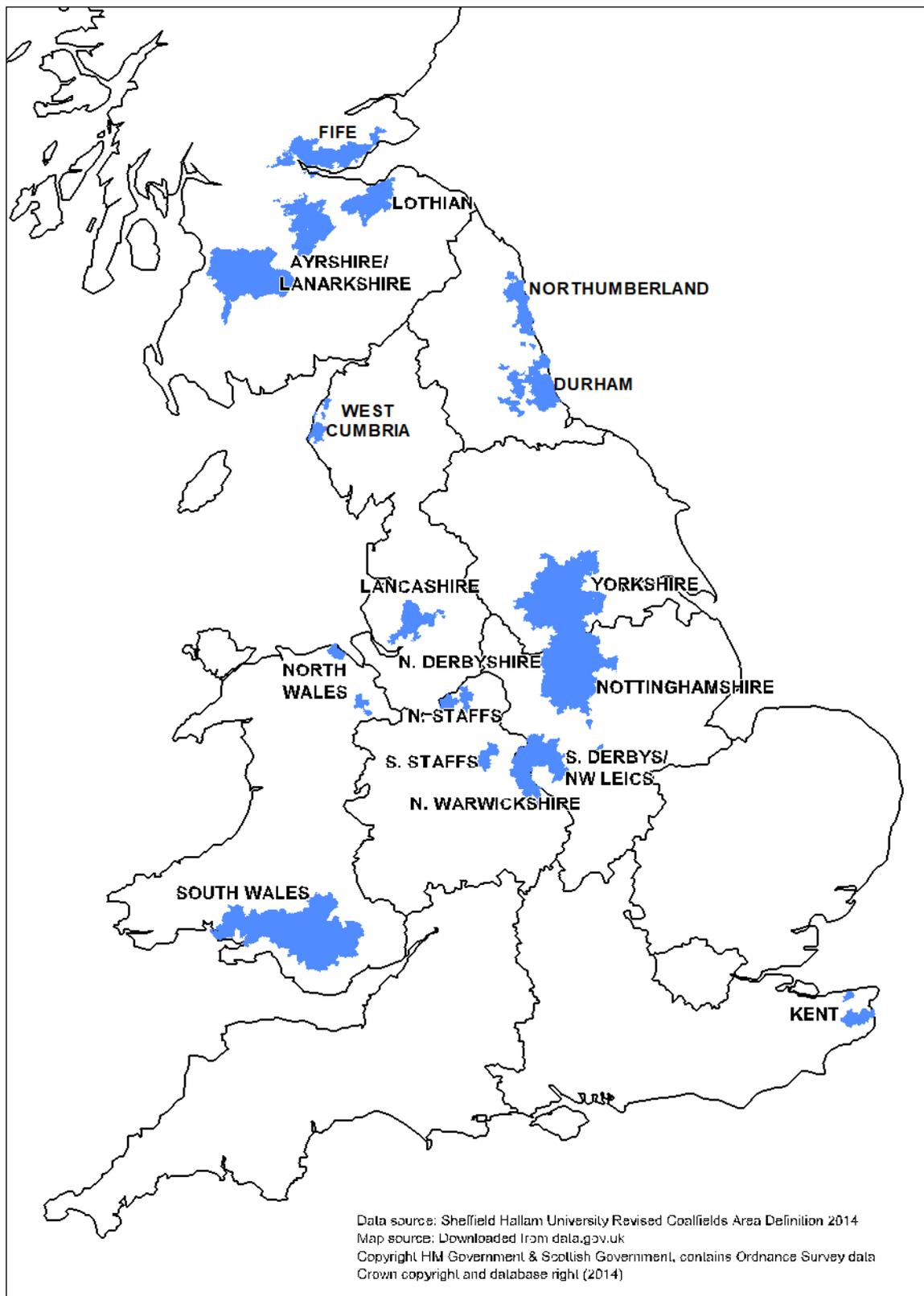
NORTH WEST
Allerdale
Barrow in Furness
Blackburn with Darwen
Bolton
Burnley
Bury
Chorley
Copeland
Halton
Hyndburn
Knowsley
Oldham
Pendle
Preston
Rochdale
Rossendale
Salford
Sefton
South Ribble
St Helens
Stockport
Tameside
Trafford
Warrington
Wigan
Wirral

EAST MIDLANDS
Amber Valley
Ashfield
Bassetlaw
Bolsover
Chesterfield
Corby
Erewash
Gedling
Mansfield
Newark & Sherwood
NE Derbyshire

WEST MIDLANDS
Dudley
Newcastle under Lyme
Sandwell
Stoke on Trent
Walsall
Wolverhampton

WALES
Blaenau Gwent
Bridgend
Caerphilly
Carmarthenshire
Flintshire
Merthyr Tydfil
Neath Port Talbot
Newport
Rhondda Cynon Taf
Swansea
Torfaen
Wrexham

Location of the former coalfields



The map of the former coalfields is largely based on the wards where Census data showed that 10 per cent or more of the resident men in employment worked in the coal industry in 1981, just prior to the largely final reduction in the industry's workforce. Where contemporary data is unavailable for Lower Super Output Areas (LSOAs) or datazones (in Scotland), for example from the government's Annual Population Survey, the former coalfields have been matched to their principal constituent local authorities:

Northumberland:	Northumberland County
Durham:	Durham County, Sunderland, S Tyneside
Lancashire:	St Helens, Wigan
West Cumbria:	Allerdale, Copeland
Yorkshire:	Barnsley, Doncaster, Rotherham, Wakefield
Nottinghamshire:	Ashfield, Bassetlaw, Gedling, Mansfield, Newark & Sherwood
N Derbyshire:	Bolsover, Chesterfield, NE Derbyshire
S Derbys/NW Leics:	S Derbyshire, NW Leicestershire
N Staffordshire:	Newcastle-under-Lyme, Stoke-on-Trent
S Staffordshire:	Cannock Chase
N Warwickshire:	Nuneaton & Bedworth, N Warwickshire
Kent:	Dover
South Wales:	Blaenau Gwent, Caerphilly, Merthyr Tydfil, Neath Port Talbot, Rhondda Cynon Taf, Torfaen
North Wales:	Flintshire, Wrexham
Fife:	Fife, Clackmannanshire
Lothian:	Midlothian
Ayrshire/Lanarkshire:	E Ayrshire, N Lanarkshire, S Lanarkshire

This match is imperfect. For example, statistics for Northumberland as a whole are a poor guide to conditions in the former coalfield in the south-east corner of the county. On the other hand, the statistics for the coalfields as a whole, defined in this way at local authority level, provide a tolerably reliable if still imprecise guide.

Where statistics for the former coalfields are based on local authority data this is noted in the relevant table. In all other cases the statistics are for the former coalfields defined at LSOA or datazone level.

The coalfields cover a wider range of places than just pit villages. This reflects the geography of mining, which took place in and around cities and towns such as Sunderland, South Shields, Wigan, Barnsley and Stoke on Trent as well as in smaller places. Additionally, the definition used here excludes a number of areas (in West Durham, the Forest of Dean and Somerset for example) where significant coalmining ended before the 1980s.

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