

Oldham's Local Economic Assessment 2019

Section 2: Labour Market and Skills

An analysis of the local economic conditions in Oldham

Labour Market and Skills:

Key Points

Overall

Oldham has traditionally had a weak skills base as a legacy of generations of manual employment, meaning that Oldham residents have found it disproportionately difficult to enter new growth sectors over recent years. This has made it difficult for Oldham to attract the inward investment that it is looking for to improve its own economic base and act as a labour market for the rest of Greater Manchester.

Employment

- The **employment rate** in Oldham (66.7%) is **relatively stable** and the lowest across Greater Manchester. It is lower than national average (75.2%) and the gap has widened slightly from previous years.
- With more people commuting out of the borough each day (36,340) than commuting in (29,137) Oldham is a **net exporter of labour** (-7,203).
- There has been a moderate increase in the proportion of people working **full-time** across Oldham, which has pushed Oldham above average.

Unemployment

- Oldham's **Annual Population Survey (APS) Unemployment Rate** (4.8%) has been consistently above Greater Manchester (4.6%) and English averages (4.3%) and have halved since 2013.
- The **Claimant Count Unemployment Rate** for Oldham (4.5%) has increased significantly over the past year in comparison to Greater Manchester (3.2%) and England (2.3%). This increase is caused by **Universal Credit Full-Service**, which was implemented in **April 2017**. Until every claimant on the old benefit system is moved onto Universal Credit, we will not have an accurate representation of unemployment levels within the borough.
- Oldham's **Youth APS Unemployment Rate** is now lower than pre-recession levels and the Greater Manchester average. However, Oldham's **Youth Claimant Count** (7.3%) is the highest in Greater Manchester (4.2%) and higher than the English (3.1%) average. The reclassification of those unemployed under Universal Credit Full-Service is a **primary factor** in the increase of the overall unemployment rate across Oldham.
- These trends in unemployment are likely to continue for a prolonged period as the unemployed are slowly switched over from their specific Legacy Benefits onto Universal Credit.

Economic Inactivity

- Oldham has a large economically inactive population with high rates of **long term illness/disability**. There are also a high numbers of residents **choosing not to work**.
- Oldham has a **large South Asian population**, where culturally it's more common for women to choose not to take paid employment but this is changing, partly because under the Universal Credit system, they have to partake in some form of employment or skills training in order to obtain benefits compensation or risk being sanctioned.
- Recent trends suggest that there has been a **cultural shift**, with greater numbers of younger Pakistani and Bangladeshi women accessing the local labour market. Universal Credit sanctions or the every looming presence of potential sanctions maybe responsible for this shift also.

Income and Wages

- Median household income in Oldham (£25,000) is lower than GM (£27,198) and Great Britain (£29,869).
- Oldham continues to have **lower median wages** than across GM and England.
- This is likely a reflection on the **industry mix** within Oldham and the relative **skill levels** of the local workforce.
- Average **resident wages** have increased very little in comparison to other districts in GM. **Workplace wages** in Oldham rose sharply by 11% in 2018, outstripping resident wages for the first time since 2010. Oldham has the largest increase in Workplace Wages in comparison to all other districts within GM, which indicates good growth of businesses and the local economy of Oldham.

Skills and Qualifications

- Oldham has the **3rd lowest** percentage of pupils leaving school in GM with **5 GCSE's** (grades A* to C or attainment 9-4) including English and Maths. GCSE attainment in Oldham is also below the national average.
- While adult skills in Oldham have improved in recent times, Oldham still has both a **higher** proportion of residents with no qualifications and fewer residents holding degree level qualifications compared to GM, North West and national averages.
- The forecast growth sectors in GM are going to be found both in the high skilled occupations and low skilled occupations. It is therefore imperative for Oldham to comprehensively **improve its skills base**, allowing residents the opportunities to access the more skilled and therefore more lucrative new jobs.

Labour Market and Skills:

Recommendations

The Labour Market and Skills chapter has demonstrated opportunities for Oldham to capitalise on cultural shifts and growth sectors suited to our young workforce.

Key points are:

Recommendation 1 – Increase Employment – aim to move towards Full Employment

The data demonstrates that a factor in the economic wellbeing of the Borough is to tackle the underlying issues that have frustrated the achievement of Full Employment.

Key issues include:

- Reduce ESA Claimant rates;
- Improve female employment rates;
- Improve employment rates of 25-34 year olds;
- Support Pakistani and Bangladeshi women into the workplace and men into full-time employment.

Recommendation 2 – Maintain the focus on improving the Skills base.

In order to tackle the low wage/low skill employment cycle, more focus is needed on:

- Adults with no qualifications - Oldham is 8 percentage points higher than England and nearly 5 percentage point higher than GM. This affects not only employment and productivity but also links to wider inequalities.
- Improve the skills base of adults in BME community, particularly those aged 25-34.
- Level 4 or higher qualifications – the preferred economic model demands that business needs will be defined by higher level vocational opportunities which require investment by individual and business community. There is a need to develop accessible pathways and promote the value of higher level study and how it can be linked to key sector priorities of the GM Local Industrial Strategy.
- Retention of skilled workforce - the skills dynamic is linked to wider functions of the economy, including housing offer, employment offer and cost of living/income generation. The Borough has pursued a skills agenda previously, which did not fail but clearly suffered with a population dynamic that has led to citizens with skills leaving.

Recommendation 3 – Maintain focus on improving Wage levels.

In order to improve resident and workplace wages, seek to target improvements in:

- Connectivity to higher value jobs across GM (with transport infrastructure and skills being key enablers)
- Business stock numbers
- Inward investment

LABOUR MARKET

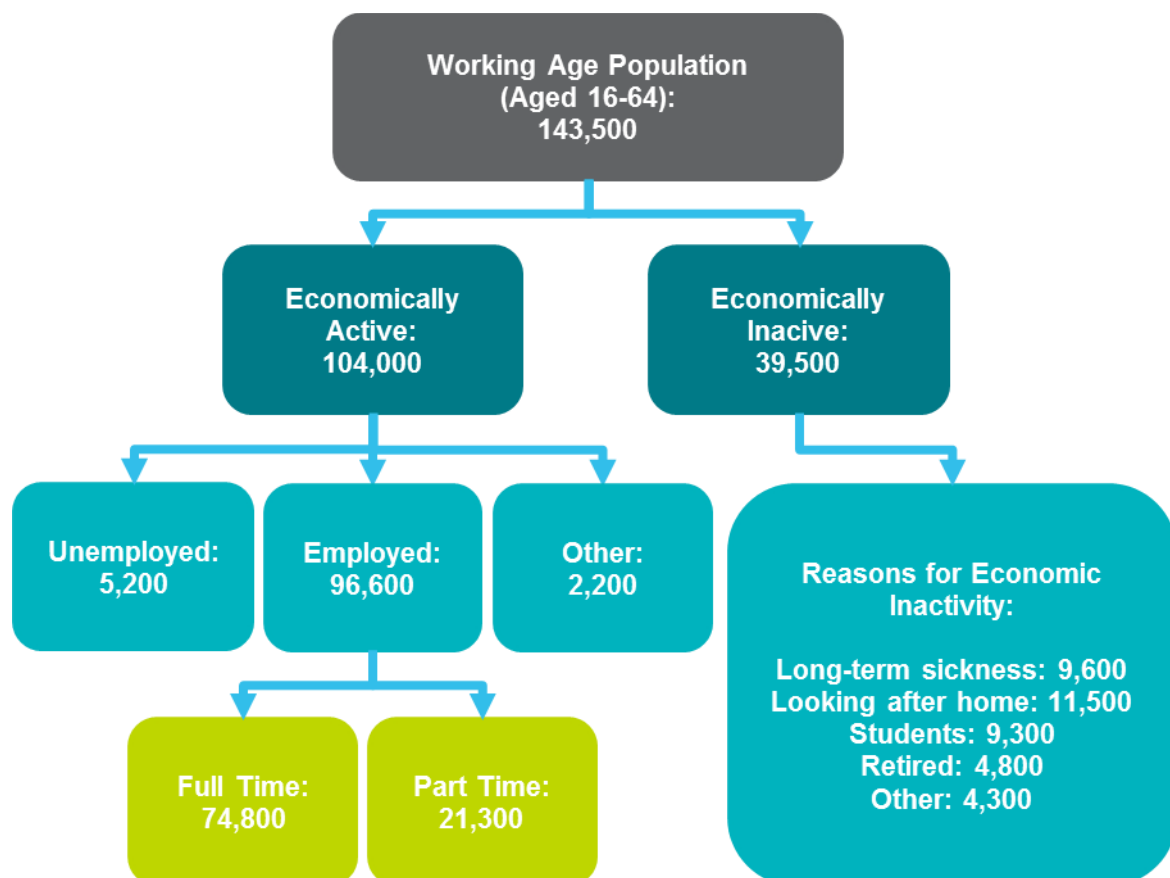
This chapter of the assessment looks to explore Oldham's labour market and provide insight on its wider interaction with the Greater Manchester economy. The diagram below illustrates Oldham's labour market as it stands.

Economic Activity

Typically, a high level of economic activity demonstrates that a high proportion of the population are willing and able to supply their labour. Oldham (71.2%) has a smaller proportion of its population economically active, compared to that of Greater Manchester (76.4%) and England (78.7%).

Oldham is home to 104,000 residents, aged 16-64, and classed as economically active. That means residents are employed, self-employed or unemployed. As previously identified, Oldham's economy only provides approximately 81,000 jobs; including for non-residents, therefore there is a surplus of around 23,000 people that can't be supported by the local economy.

Figure 1 – Oldham's Labour Market

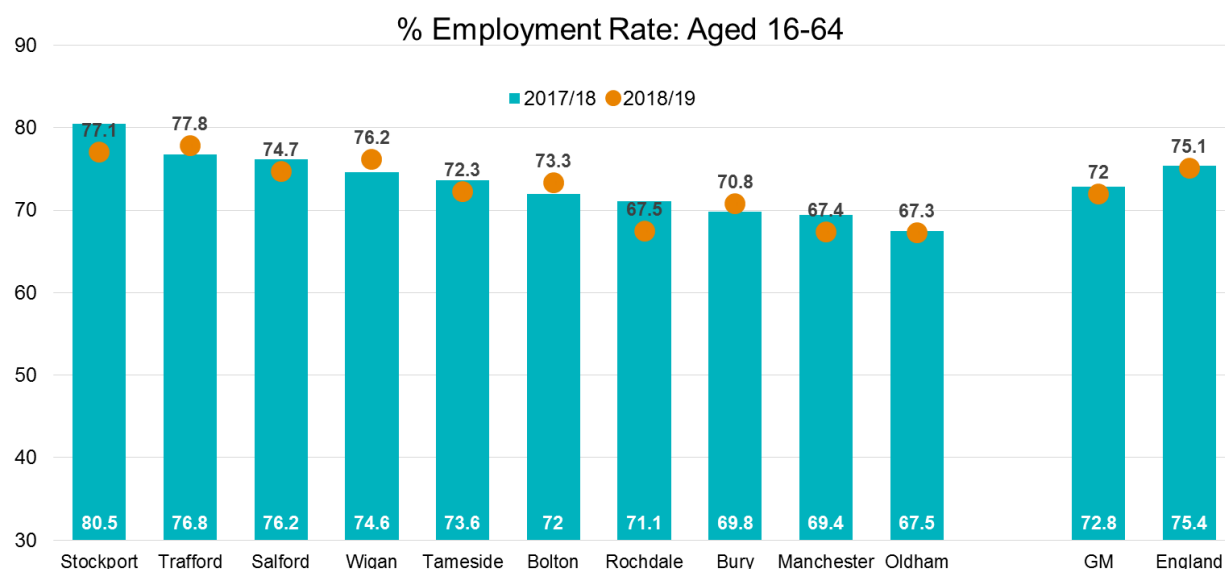


Source:ONS – Annual Population Survey 2018

Employment

High levels of employment are a key indicator that an economy is in good health. Oldham (67.5%) has the lowest employment rate within GM, and is significantly lower than the national average (75.4%). Within the GM region, Trafford (80.5%) has the highest employment rate.

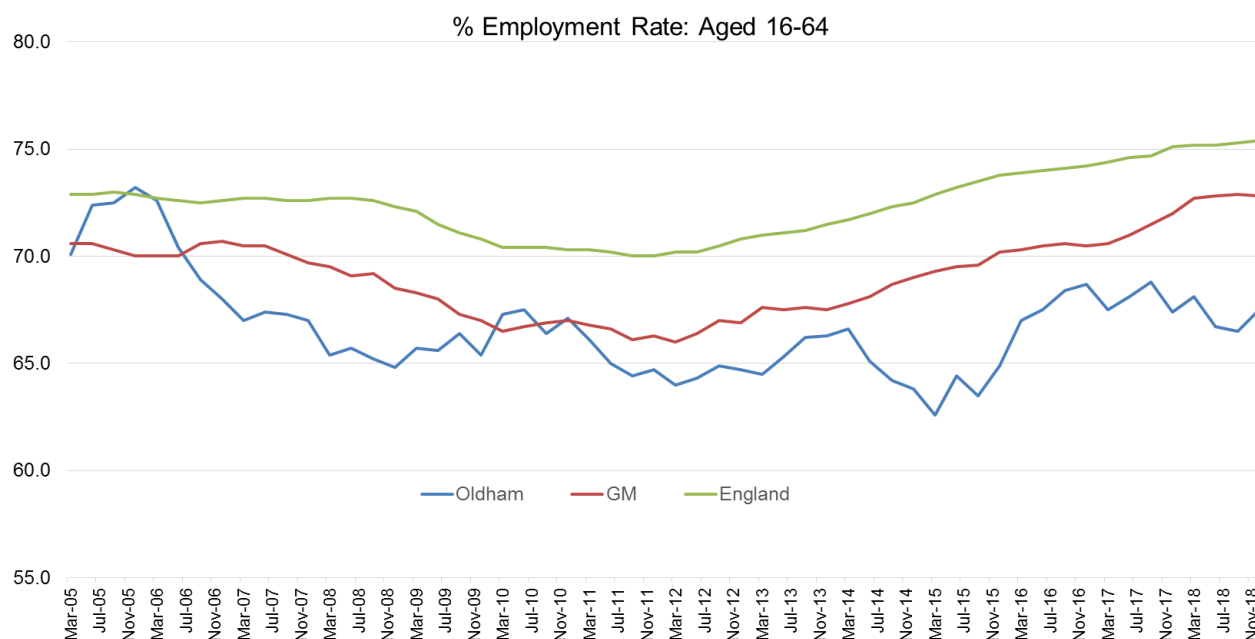
Figure 2 – Employment Rate by Local Authority



Source: Annual Population Survey 2017/18 & 2018/19

Oldham's employment rate has changed over the years. In 2005, 72.5% of the working age population were employed, which at the time was higher than the GM (70.3%) and only just below the national average (73.0%). Since then Oldham's economy was affected by the recession and Oldham has only now started to see some form of recovery in their employment rate.

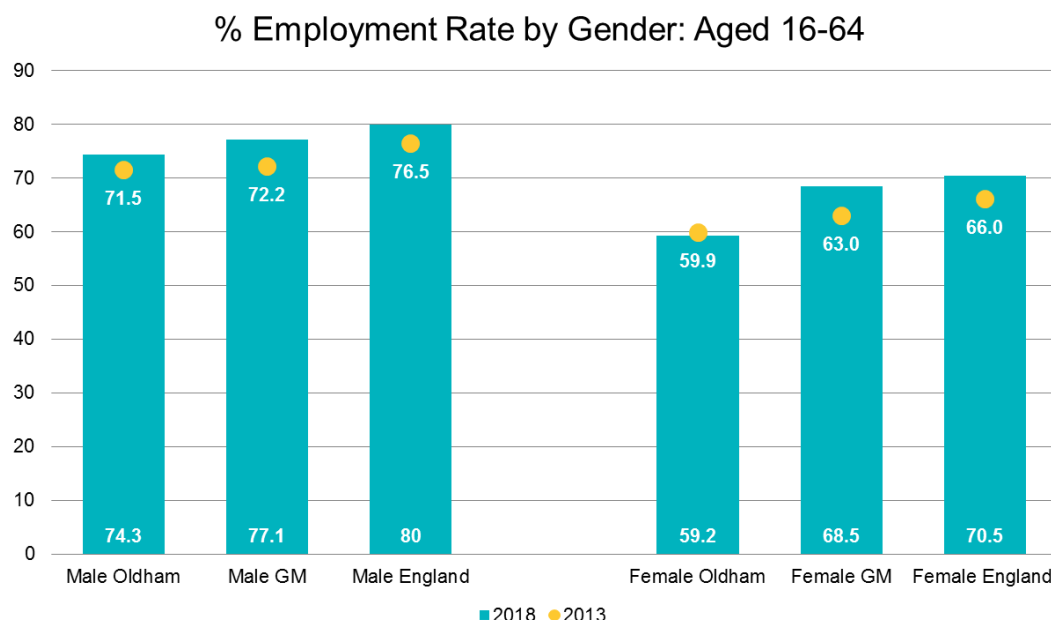
Figure 3 – Employment Rate since 2005



Source: Annual Population Survey Mar 2005 – Dec 2018

In comparison to men, women are less likely to work, particularly on a full-time basis. However, as the chart below shows, the proportion of females employed in Oldham is significantly lower than across GM and England. The difference between male and female employment is larger in Oldham than compared with GM and England and this difference has been consistent in Oldham overtime.

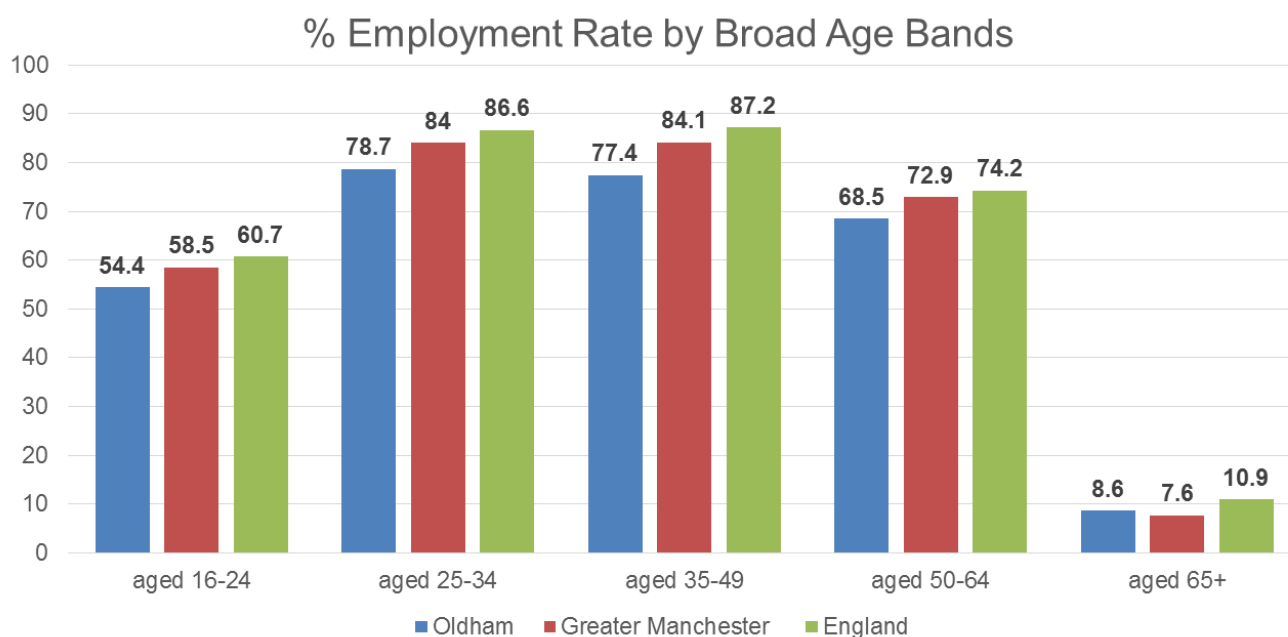
Figure 4 – Employment Rate by Gender



Source: Annual Population Survey 2018 & 2013

Analysing employment rates by age can provide further insight, and it is notable that across all age groups, the employment rate is lower in Oldham, compared to the national average. The aged 35-49 age band shows the largest difference in employment rate between Oldham and GM. Oldham's highest employment rate is in those aged 25-34, however the highest employment rate for GM and England is in the aged 35-49 cohort. This age band could be a key demographic cohort which could be targeted to improve employment.

Figure 5 –Employment Rate by Age

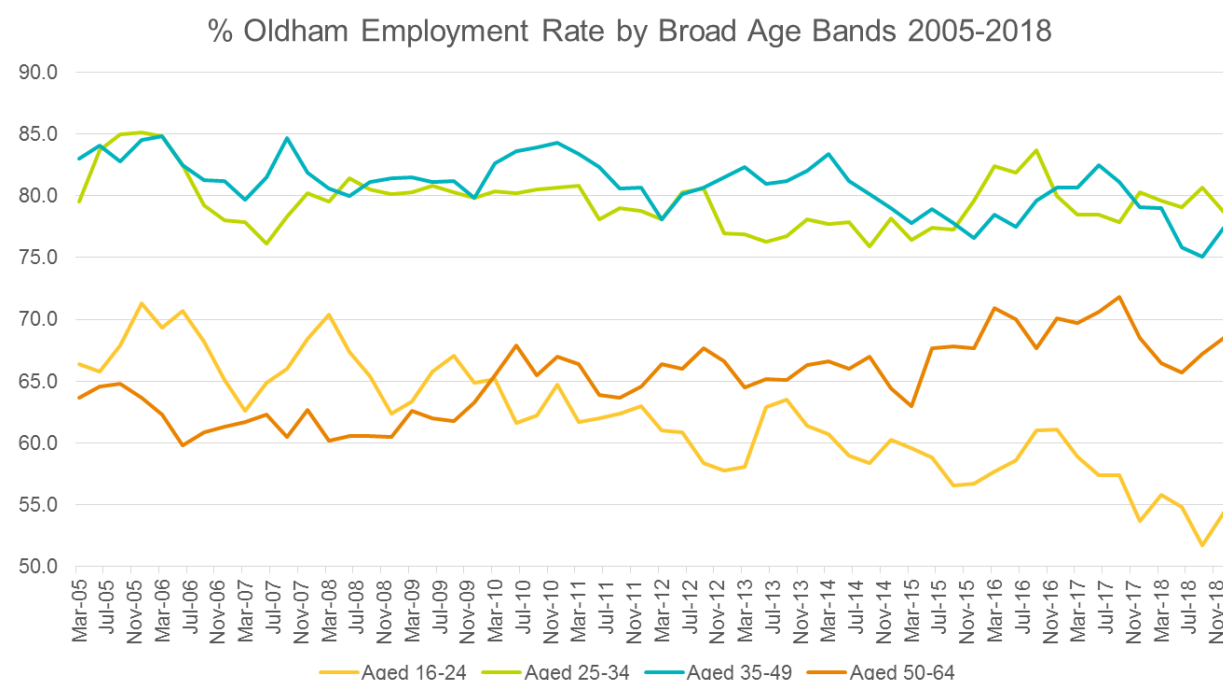


Source: Annual Population Survey Jan 2018 – Dec 2018

Since 2005, the younger age cohort (16-24) had fared worst in terms of overall employment rates and have seen the largest decreases. However, it is important to note that since 2015 all young people are required to stay in education or training until their 18th birthday, which has significantly reduced the number of 16-18 year olds entering into employment. However, the data does also suggesting that the younger generations are finding it more difficult to access the labour market than their Greater Manchester and England average cohorts. It is therefore important for Oldham to improve employment rates for this age group moving forward. This analysis is also further validated by figure 6 below.

Figure 6 below illustrate the longitudinal fluctuations in the employment age bands in Oldham. There has been a slow gradual long term change in the employment rate for specific age bands. In 2005 the employment rate for the age band 16-24 was around 70%, today that employment rate has fallen to just under 55%. Also the employment rate for those aged 50-64 has steadily increased over the past decade.

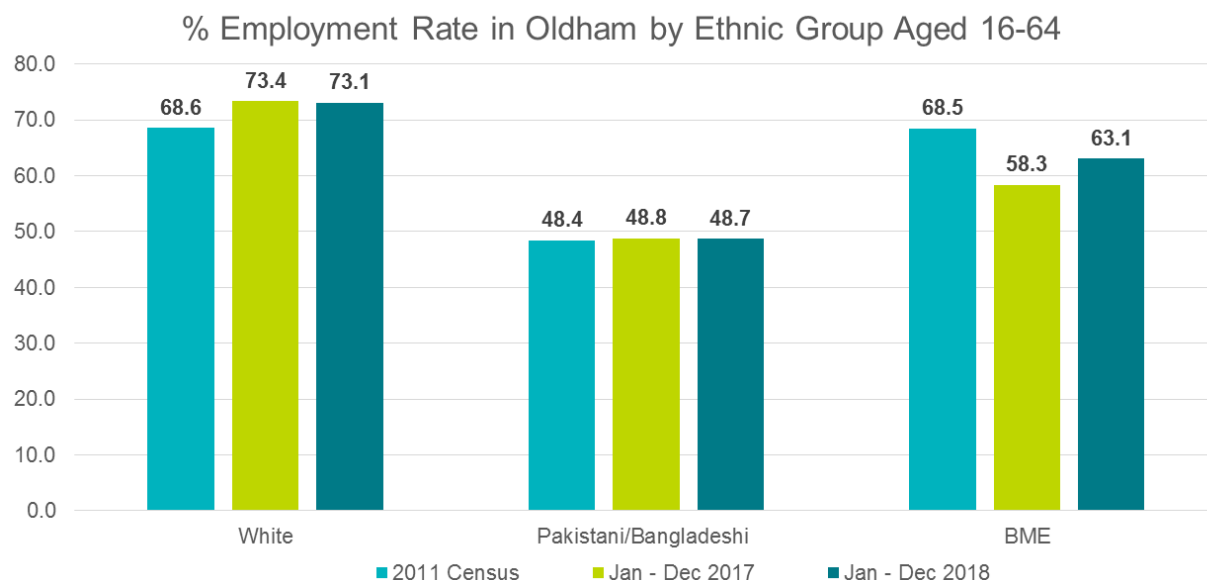
Figure 6 –Trend in the Employment Rate by Broad Age Bands



Source: Annual Population Survey Mar 2005 – Dec 2018

Across the borough there is a rich mix of people from different communities, cultures and faiths, with almost 18% of the population being of Pakistani or Bangladeshi origin. Employment rates within these communities are particularly low, suggesting there is difficulties in accessing the local Labour market. However, in addition to this there is also a cultural connection, as women (particularly the older generations) chose not to work.

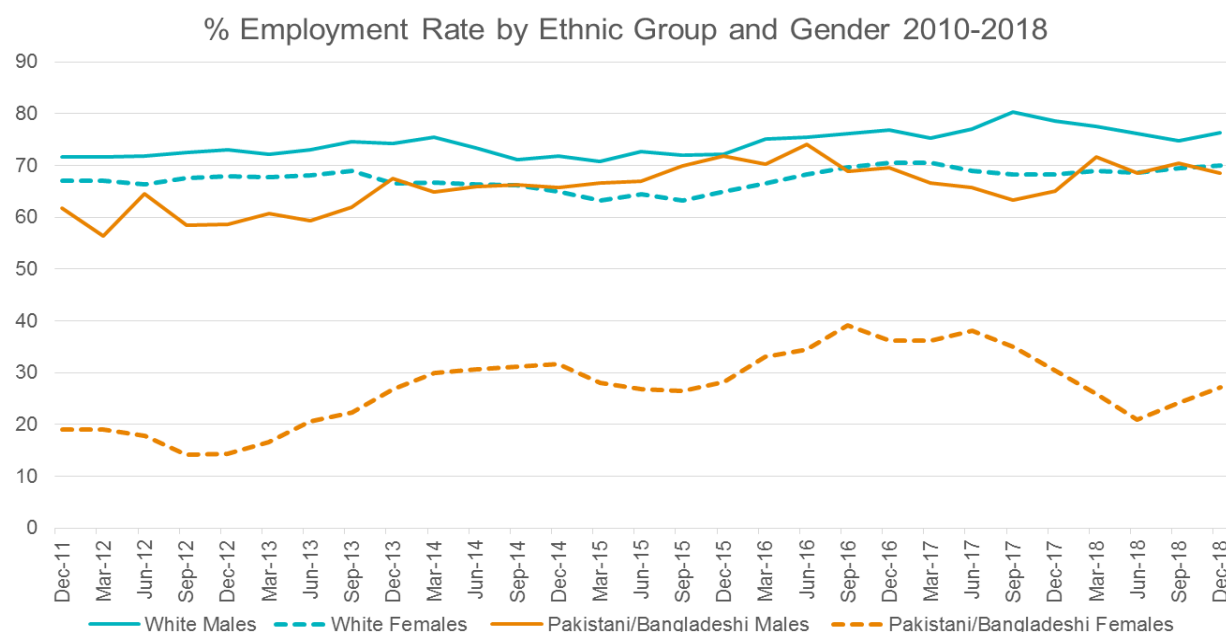
Figure 7 – Employment Rate by Ethnic Group



Source: ONS 2011 Census & Annual Population Survey 2018

Some progress has been made in improving the employment rate for Oldham's ethnic minority groups, particularly over recent years.

Figure 8 – Employment Rate by Ethnic Group and Gender



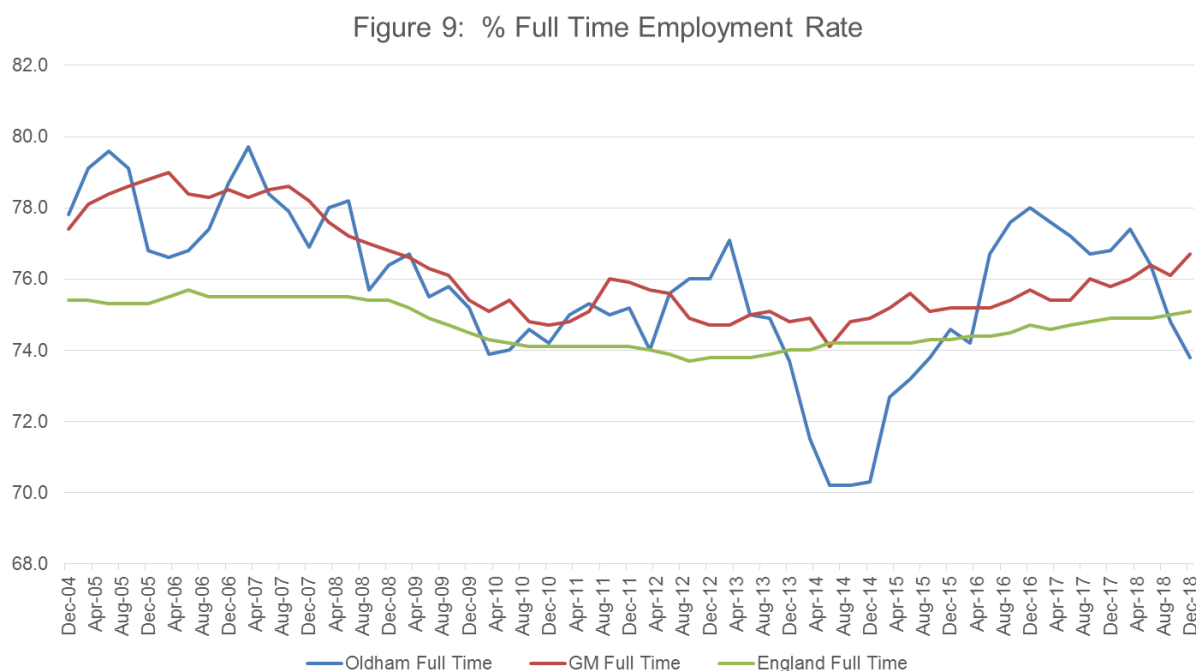
Source: Annual Population Survey 2018

There is anecdotal evidence to suggest that there has been a gradual cultural shift amongst young Pakistani and Bangladeshi women, towards accessing the labour market. However, over the past year there has been a significant decrease in the employment rate of Pakistani and Bangladeshi women. The data source is from a survey, which carries a certain confidence interval.

Full-time/Part-time Employment

Since the last recession there has been a large increase in the number of people working part-time. This in part is a result of the more challenging economic conditions with limited availability of jobs, particularly those which are full-time. This has not just been a pattern that has taken place in Oldham, but is a national trend. However, over the past few years in Oldham there has been an increase in the number of people working full time, which has seen Oldham's full time employment rate jump ahead of England and Greater Manchester.

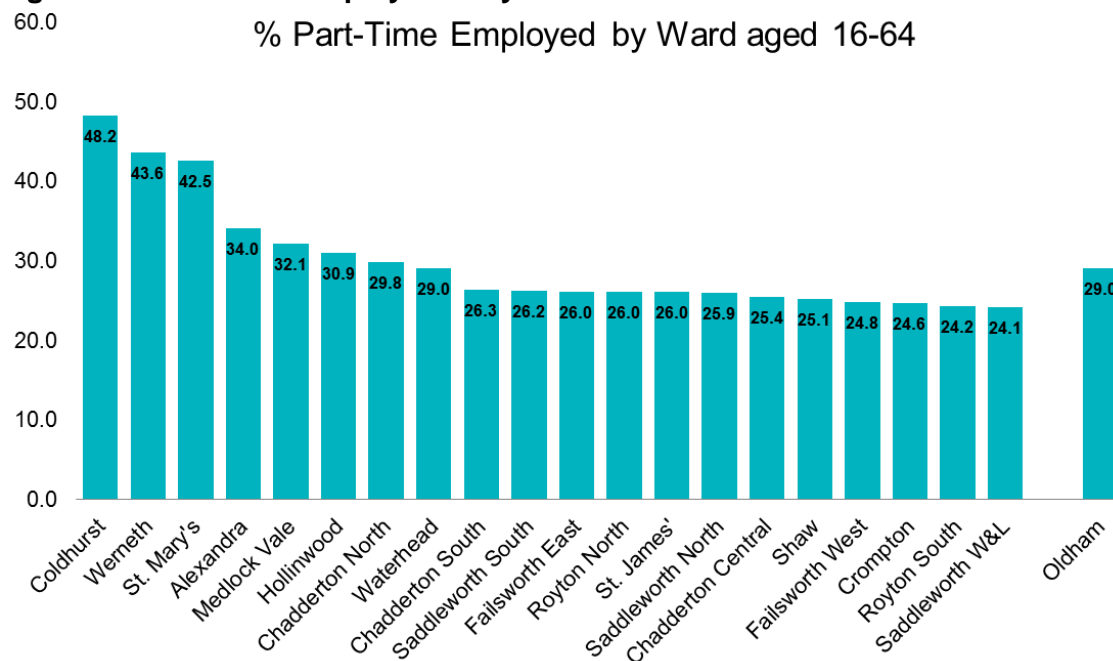
Figure 9– Full-time Employment



Source: Annual Population Survey 2018

Within Oldham, the proportions of part-time work vary considerably by ward. Coldhurst (48.2%), Werneth (43.6%) and St Mary's (42.5%) have the largest proportions of residents employed part-time. These wards are three of Oldham's most deprived wards and are also home to Oldham's Pakistani and Bangladeshi populations.

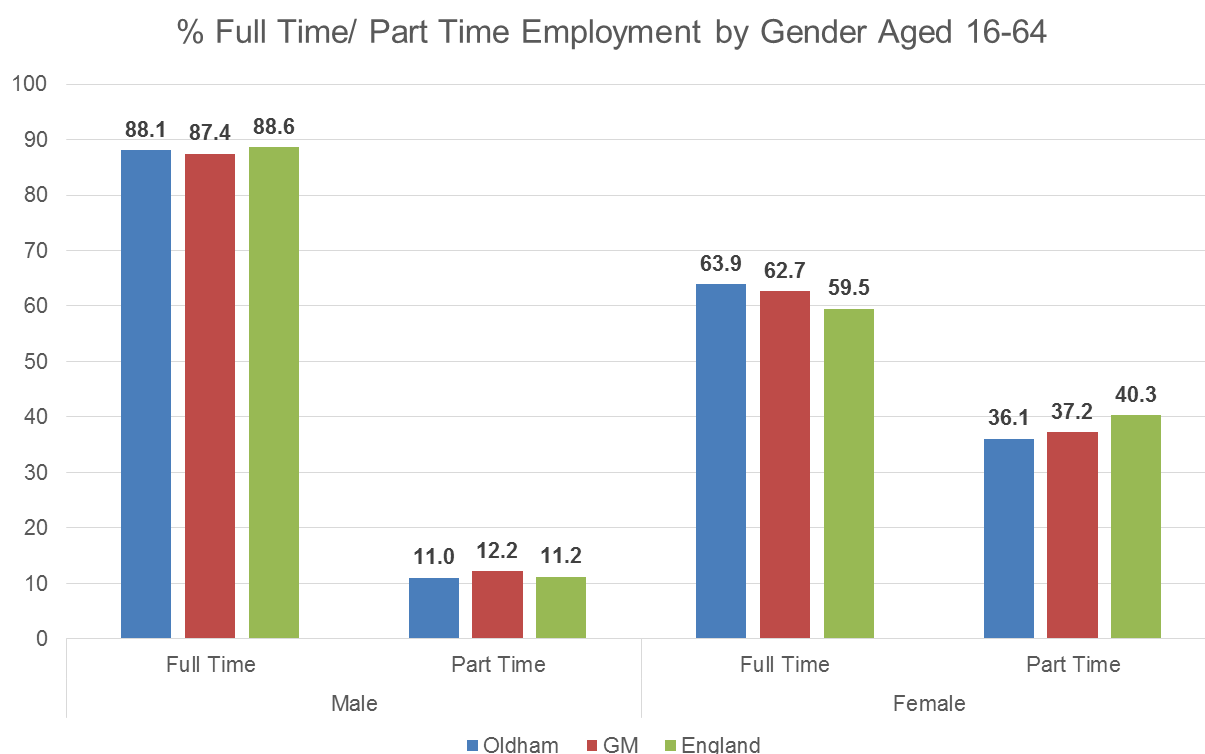
Figure 10 – Part-time Employment by Ward



Source: ONS Census 2011

Gendered patterns in employment rates are broadly the same across Oldham, Greater Manchester and England. The data shows that women are significantly more likely to be in part-time employment compared to men and this pattern has remained relatively unchanged over the past 12 years. Child care responsibilities are the main determinant for a much greater proportion of women working part-time compared to men. The vast majority of men work full-time, compared to just over half of all women. More women work full-time than they do part-time, however, unlike men, the differences between those working full and part-time are not as stark. 4.4% more women work full time in Oldham than compared to the English average, as a result fewer are working part-time in comparison to GM and England.

Figure 11 – Full-time/Part-time Employment by Gender



Source: Annual Population Survey Jun - 2018

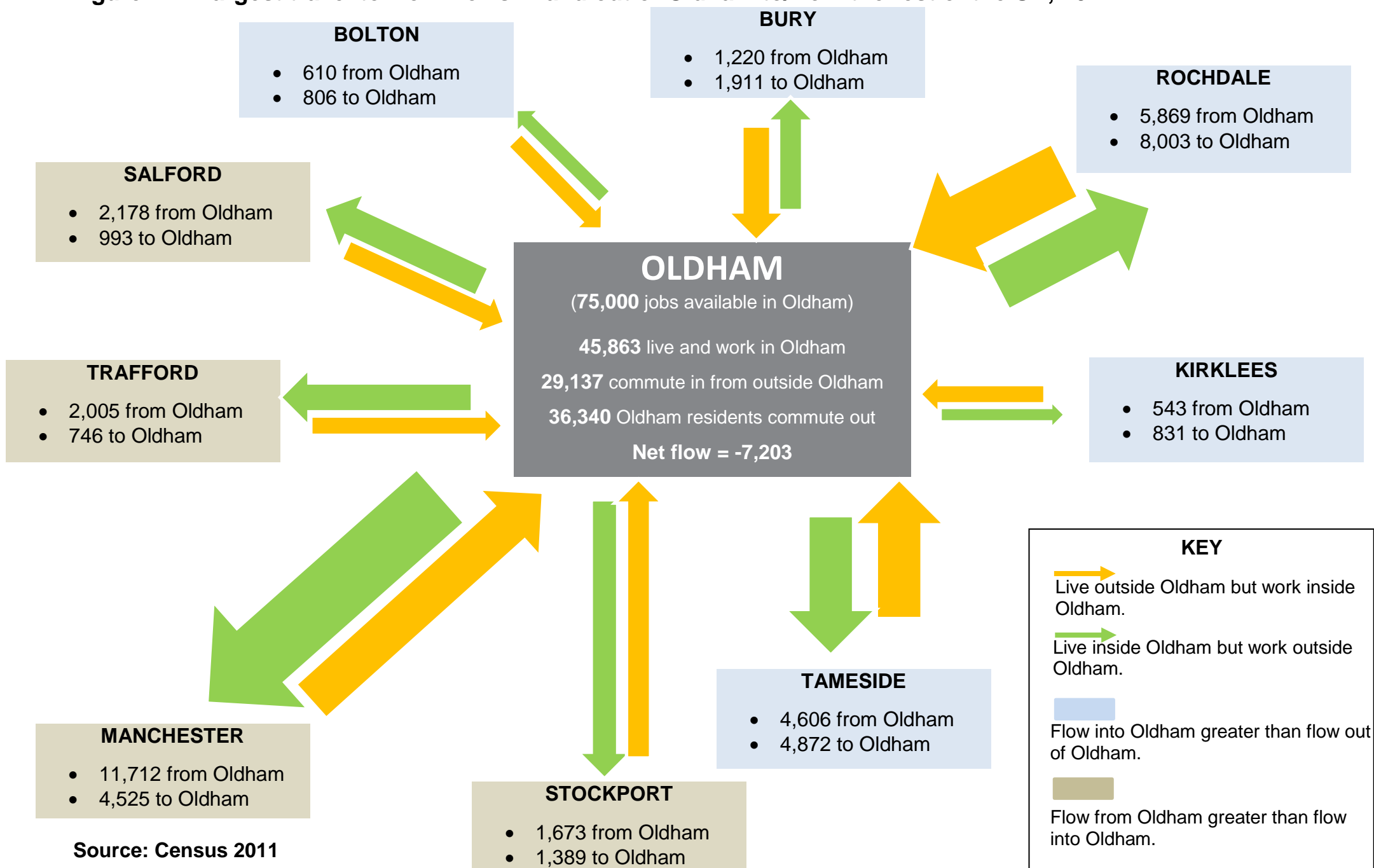
Travel to work

Oldham is a net exporter of labour (-7,203) with more people commuting out of the borough each day (36,340) than commuting in (29,137). Oldham has strong labour market interconnections with its neighbouring boroughs, particularly the City of Manchester, which sees the greatest flow of labour out of Oldham (11,712). This represents nearly a third of residents commuting out of Oldham. Oldham's commuting flows with Tameside and Rochdale are smaller than Manchester but more equal in terms of in and out flows as highlighted in Figure 11. It is also notable that there is no significant out-commuting to Yorkshire and only marginal in-commuting, despite Oldham's gateway location. This highlights the physical barrier presented by the Pennines that increases the time and cost of travel to an extent that limits labour market interaction between Greater Manchester and Leeds.

The relative net migration levels have not changed significantly between 2001 and 2011 but there is a significant increase in mobility across Greater Manchester with more residents working outside Oldham being offset by more GM residents travelling into Oldham to work. Interestingly the significant exporting of labour is to Tameside (increased by 855 – 23%), Stockport 539 – 47.5%), Bury (396 – 48.1%) and Trafford (324 – 19.3%). The inflow dynamics is equally interesting with increases from Tameside (937 – 23.8%), Stockport (500 – 56.2%), Manchester (1551, 52.2%), Rochdale (1,189 – 17.4%). The Rochdale dynamic is the most significant as there is a net increase of 850 people travelling into Oldham.

This data is drawn from the 2001 and 2011 Census, during which time the M60 circular had been completed and pre-dates developments such as Kingsway. These travel-to-work patterns reinforce the picture of Oldham having opportunities to further exploit its quality of life offer in order to become a more successful commuter location (the current housing offer doesn't appear strong enough to attract professionals to live in Oldham and commute into the conurbation core), whilst also needing to increase higher-value economic opportunities internal.

Figure 12 - Largest travel to work flows in and out of Oldham to/from the rest of the UK, 2011



Source: Census 2011

Unemployment

Figure 13a below shows Oldham's Claimant Count Unemployment rate to be consistently above GM and England. The 2008 recession was the cause for the increasingly high levels of unemployment up until 2013. Since 2013, the unemployment rate has declined and stayed relatively stable. That was up until Universal Credit Full-Service was rolled out in Oldham in June 2017, which resulted in a steep rise in the Claimant Count Unemployment rate. This rise was caused by a change in the unemployment definitions and the administration of the new benefit system. It has now become difficult to use the Claimant Count Unemployment rate as a proxy measure of unemployment.

Figure 13a – Historic Claimant Count Unemployment Rate

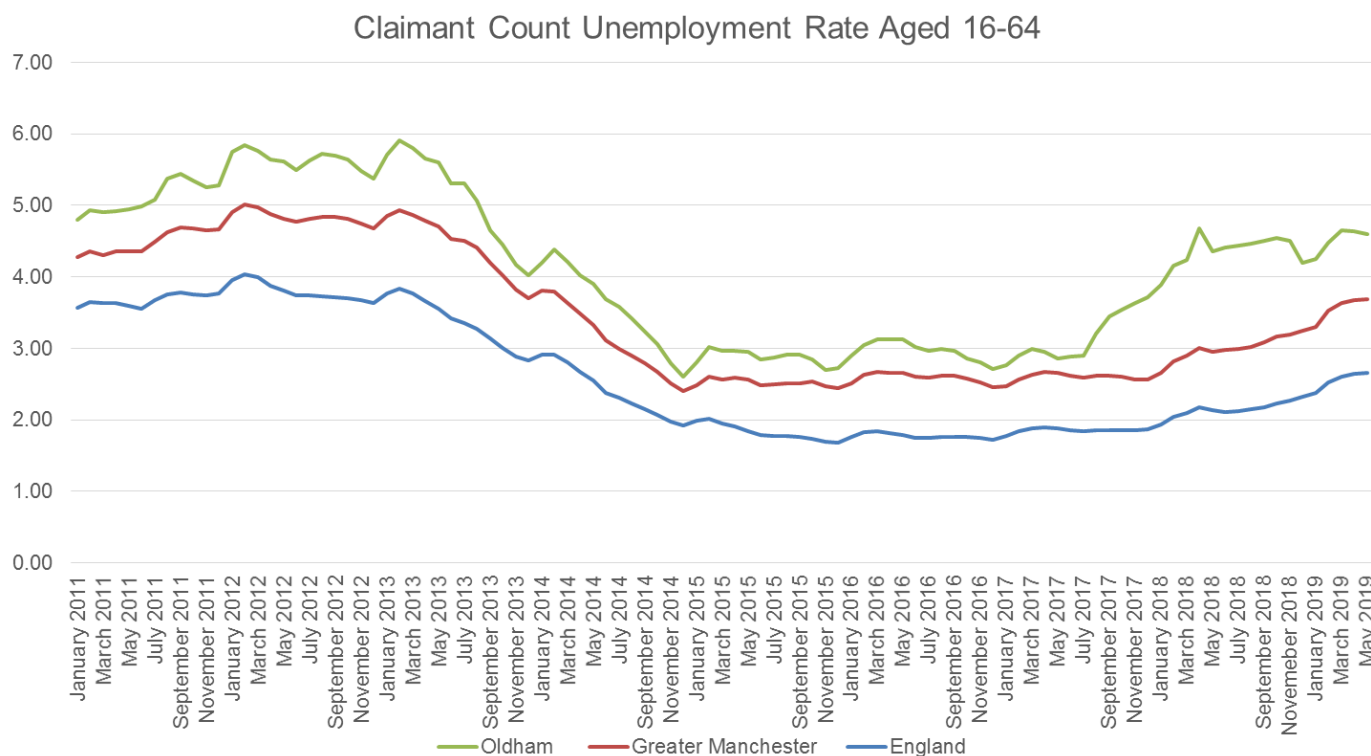


Figure 13b – Claimant Count Unemployment Rate vs APS Unemployment Rate

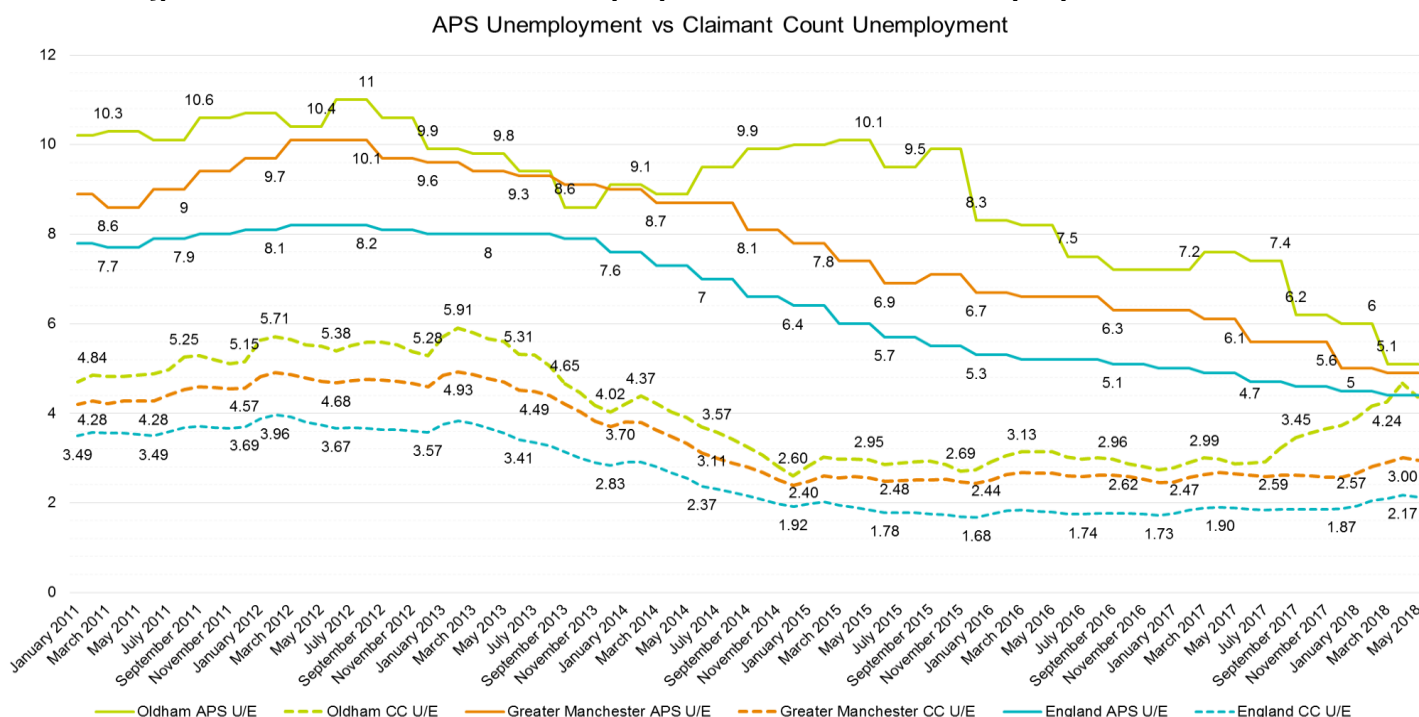


Figure 13b on the previous page shows the Claimant Count Unemployment rate and the Annual Population Survey (APS) Unemployment rate. The Claimant Count Unemployment rate is not a true measure of unemployment. However, because it is an administrative statistic it can be used to measure fluctuations within Oldham's claimant count, causing it to be a useful proxy measure of unemployment. The true measurement of unemployment is that measured by the Annual Population Survey, because it uses the same methodology as that used by the International Labour Organisation.

The APS Unemployment rate on figure 12b shows a downward post-recession unemployment trend, similar to the Claimant Count Unemployment rate. The APS Unemployment rate has recently fallen to similar levels as the Claimant Count Unemployment rate. This is contradictory to the picture shown by the Claimant Count Unemployment rate, signalling that Universal Credit Full-Service is primarily responsible for the hike in the Claimant Count Unemployment rate.

Figure 14 – Unemployment (aged 16-64) by Local Authority

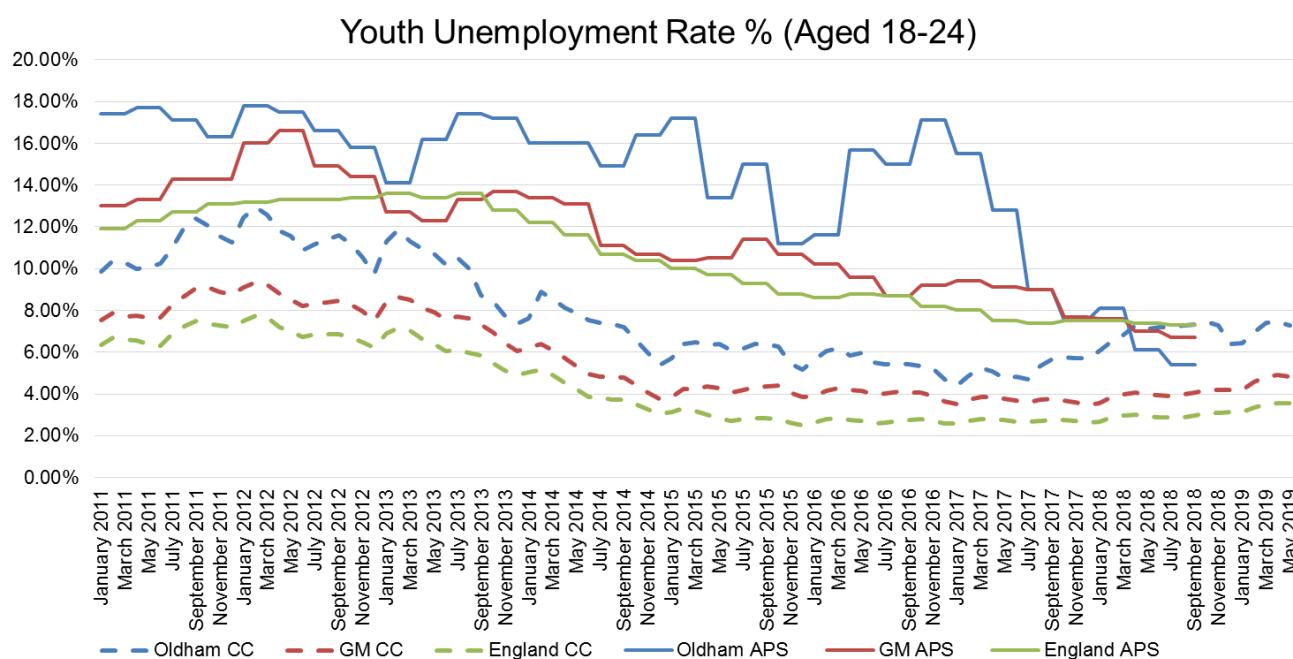
Local Authority	Unemployed	% Unemployed	% Monthly change	% Annual change	Full Service Launch Date
Bolton	7,100	4.0	3.6	17.3	Nov-18
Bury	3,780	3.2	1.6	28.4	Jul-18
Manchester	15,960	4.1	1.8	34.6	Oct-17*
Oldham	6,605	4.6	-0.8	9.5	Apr-17
Rochdale	5,815	4.3	2.0	44.8	May-18
Salford	6,250	3.8	2.6	29.7	Sep-18
Stockport	4,075	2.3	0.7	20.7	Nov-18
Tameside	5,420	3.9	-0.8	34.8	Mar-18
Trafford	3,420	2.4	1.3	14.2	Jul-17
Wigan	7,510	3.7	0.1	34.8	Apr-18
GM	65,935	3.7	1.3	27.6	-
England	929,435	2.7	1.6	26.5	-

Source: DWP – May 2019

The Claimant Count Unemployment rate in Oldham currently stands at 4.6% and is the highest rate across Greater Manchester and significantly higher than the national average (2.7%). This picture is skewed by Universal Credit Full-Service, as a result levels of unemployment have increased in Oldham over the last 12 months (9.5%). Other local authorities in the GM areas are feeling the earlier spikes of Universal Credit which Oldham felt, such as Manchester, which has seen their unemployment levels increase by 34.6% over the past year. It is safe to assume that Universal Credit is the primary cause of the 20% rise in the Claimant Count Unemployment rate at the national level. Oldham remains in a challenging position in terms of unemployment, but there has been a positive trend with a narrowing of the gap to national rates.

Youth Unemployment

Rates of youth unemployment in Oldham have also been consistently above those of the Greater Manchester and England averages. Oldham's youth unemployment rate started to recover from the 2008 recession in early 2012, which saw youth unemployment drop in half in just 3 years. There seems to be seasonal effects which have a stronger effect on youth unemployment levels. During the ending of autumn and start of winter periods, youth unemployment levels decreases, most probably due to fixed term employment contracts spanning the Christmas period. This seasonal trend breaks as Universal Credit Full-Service causes youth unemployment to rise. During the same seasonal period in 2017 we can observe a cancelling out period as unemployment rates don't fall and instead stay level.



Source: DWP – November 2018

The youth Claimant Count Unemployment rate in Oldham (which is being skewed by Universal Credit Full-Service) currently stands at 7.3%, the highest rate across Greater Manchester and significantly higher than the national average (3.5%). Youth unemployment has increased considerably in Oldham over the last 12 months (7.1%), a smaller increase than Greater Manchester (25.7%) and England (23.9%) averages. Youth unemployment in Oldham is back to being higher than pre-recession levels. The continued rise in youth unemployment has been one of the determining factors causing an increase in the overall unemployment rate across Oldham.

Local Authority	Youth Unemployed	% Youth Unemployed	% Monthly change	% Annual change	Full Service Launch Date
Bolton	1,355	5.8	1.9	8.0	Nov-18
Bury	725	5.2	-2.7	21.8	Jul-18
Manchester	3,005	3.4	-0.5	36.6	Oct-17*
Oldham	1,425	7.3	-2.7	7.1	Apr-17
Rochdale	1,235	6.8	1.2	50.6	May-18
Salford	1,175	4.7	5.4	37.4	Sep-18
Stockport	710	3.7	0.0	13.6	Nov-18
Tameside	1,095	6.3	-2.2	29.6	Mar-18
Trafford	600	3.9	-2.4	15.4	Jul-17
Wigan	1,440	5.9	-1.4	29.7	Apr-18
GM	12,760	4.8	-0.3	25.7	-
England	171,295	3.5	0.7	23.9	-

Source: DWP – October 2018

Economic and Social Impacts of Universal Credit

These are some of the issues which have arisen as a result of Universal Credit and associated sanctions¹. These issues are sourced from a UK wide longitudinal study, which affects Oldham Universal Credit service users also:

UC and Social Effects:

- a) Universal Credit requires a broader span of people to look for work than was the case for legacy benefits. The main reason for this is because more people fall under the new definitions implemented by the administrative system.
- b) As job centres move from 'Live' to 'Full' Service there is likely to be an increase in the claimant count locally, reflecting the administration changes. This therefore undermines the usefulness of the claimant count as showing labour market trends in local areas². As for Oldham, prior to Full-Service, the Claimant Count on April 2017 was 4225. However, as of November 2018 the Claimant Count is now 6475, which is a 53.3% hike since Universal Credit Full-Service has been implemented.
- c) New claimants who are awaiting or appealing Work Capability Assessments (an assessment to determine whether claimants should receive Universal Credit through disability eligibility) are being required to look for work. In the first half of 2018 there were 919 completed Work Capability Assessment cases. This indicates that at some point these 919 people were a part of the Claimant Count, which skews the Claimant Count Higher.
- d) According to the longitudinal study conducted by Welfare Conditionality, in-work conditionality can be viewed as unfair and illogical and the requirements set by Jobcentre Plus were in some cases at odds with the realities of the contemporary labour market. Also, working recipients reported struggling to attend Jobcentre Plus appointments and increasing their hours or work or number of jobs was ineffective in moving them out of poverty or improving the quality of their work.
- e) This heavy pressure to spend many hours taking ineffective action was not well supported. For example, most UC recipients experienced 'support' as self-directed (i.e. 'do-it-yourself' online job search), costly (using the expensive telephone line) or inaccessible (claims are digital). There remains a need for effective support services. Services which are personally tailored as each claimant's situation is unique. An example of a service within Oldham is the Get Oldham Working service, which helps

¹ The following information is pulled from a report commissioned and prepared by the Welfare Conditionality Organisation and the Economic Social Research Council and is the results of their longitudinal study on Universal Credit, <http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/05/40414-Universal-Credit-web.pdf>. (Part of this study required longitudinal interviews with UC Participants and considering Oldham was one of the first Local Authorities, within England to move onto Full-Service, it is entirely possible that some of these interviews may have been with Oldham residents).

² The ONS are currently unable to accurately take seasonal factors into account. This is because they do not have information about how Universal Credit full service is impacted by movements in the labour market throughout the year. Due to the limitations currently present in the claimant count, it has been reclassified by the ONS as an experimental statistic.

to understand a job seekers situation and tailors the best help and approach to allow them to successfully gain entry into the job market.

- f) In-work conditionality can be viewed as unfair and illogical and the requirements set by Jobcentre Plus were in some cases at odds with the realities of the contemporary labour market.
- g) Working recipients reported struggling to attend Jobcentre Plus appointments and increasing their hours or work or number of jobs was ineffective in moving them out of poverty or improving the quality of their work.

Sanctions:

- a) The current sanctions regime is unfit for purpose because it has widespread and deeply negative impacts on wellbeing whilst failing to improve employment outcomes substantially or enable beneficial in work progression.
- b) The application and threat of sanctions impacted negatively on in-work and out-of-work UC recipients and did more harm than good in terms of gaining or progressing in work.
- c) The stringent sanctions regime does ensure compliance with conditionality requirements, but could be counterproductive in creating unnecessary barriers to paid work.
- d) Working recipients experienced financial hardship, were forced to use food banks, accumulated debt or risked losing their homes because of arrears and had worsening physical and mental health.

Sanctions

As of May 2017, DWP now publish Universal Credit sanction statistics along with Job Seekers Allowance (JSA), Employment Support Allowance (ESA) and Income Support (IS) sanctions. Claimants of UC were being sanctioned as far back as 2015, but it has taken DWP several years to publish this data. JSA sanctions, whilst still ongoing, are at a relatively low level compared to UC sanctions.

Figure 15 below shows that as of May 2019, Oldham has the highest Universal Credit sanction rate (**4.8%**) across Greater Manchester and is lower than the national average (**3.5%**). UC sanction rates vary significantly across GM; where Stockport has the lowest rate (0.6%) in this month. It is hard to correlate this picture with deprivation, and we might hypothesise that individual Job Centre Plus practice is a factor.

Figure 15 - Universal Credit Sanction Rates: May 2019

Local Authority	UC Claimants eligible for sanctions	Number of UC Sanctions	Sanction Rate (%)	GM Rank (1 = highest)
Bolton	4,808	65	1.4	9
Bury	3,050	74	2.4	6
Manchester	14,126	467	3.3	3
Oldham	6,158	295	4.8	1
Rochdale	4,769	150	3.1	4
Salford	4,678	91	1.9	8
Stockport	2,845	17	0.6	10
Tameside	4,756	213	4.5	2
Trafford	3,007	81	2.7	5
Wigan	6,133	131	2.1	7
GM	54,330	1,584	2.9	-
England	739,090	26,093	3.5	-

Source: DWP – 2019

Why are claimants sanctioned?

The top three reasons for receiving a sanction are:

1. Failed to comply with work focus interview requirements **69%**
2. Failed to undertake all reasonable work search **17%**
3. Failed to comply with a work preparation requirement **7%**

Severity of Sanctions

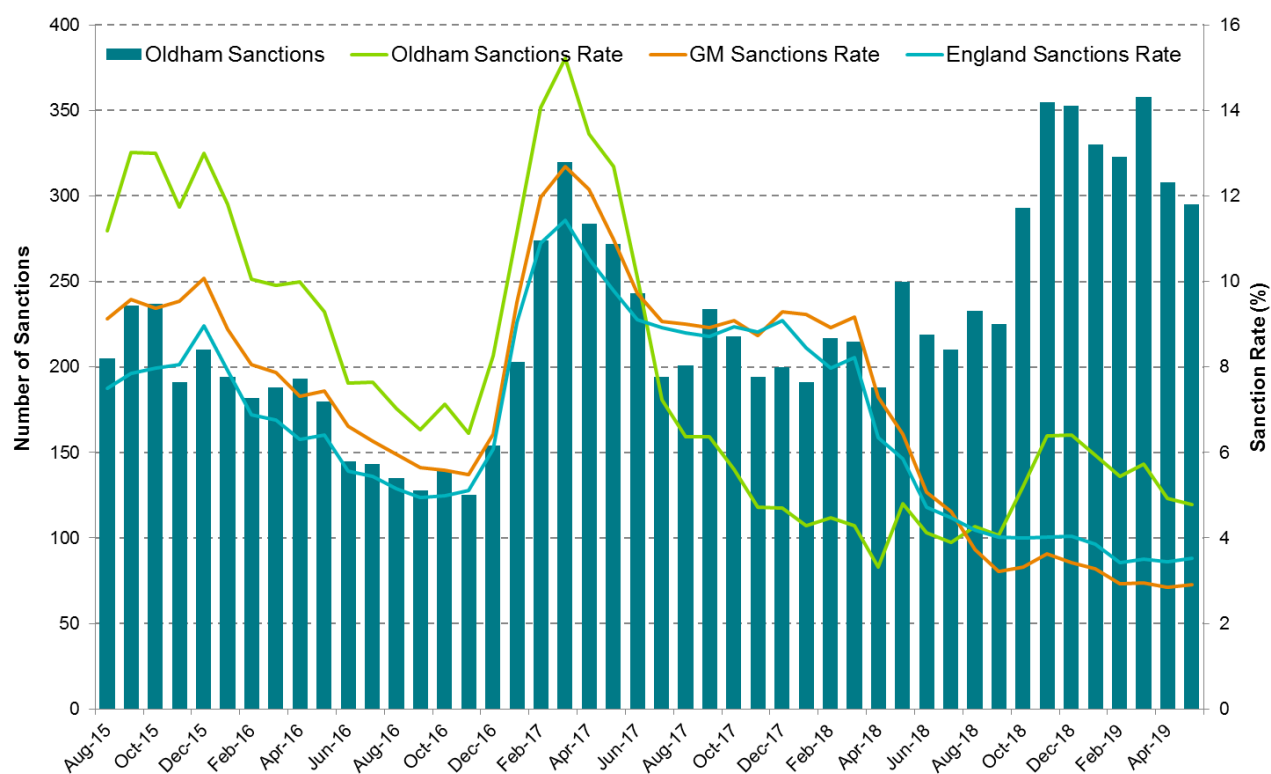
82% of UC sanctions in Oldham were “Low”, 14% “Medium”, 2% “High” and 2% “Lowest”. England as a whole has slightly more “Lowest” (8%), but less “Low” sanctions (76%).

Trends in Universal Credit Sanctioning

Sanctions in Oldham are currently trending at over 300 per month, a historically very high figure. Sanctions rates in Oldham are also significantly higher than GM and national comparators. Sanctions rates have risen partly because of more rigorous conditionality regimes under UC, but other factors must also be involved.

Figure 16 – Trend in Universal Credit Sanctions

UC Sanctions in Oldham: Aug 2015 - May 2019



Source: DWP 2019

Economic Inactivity

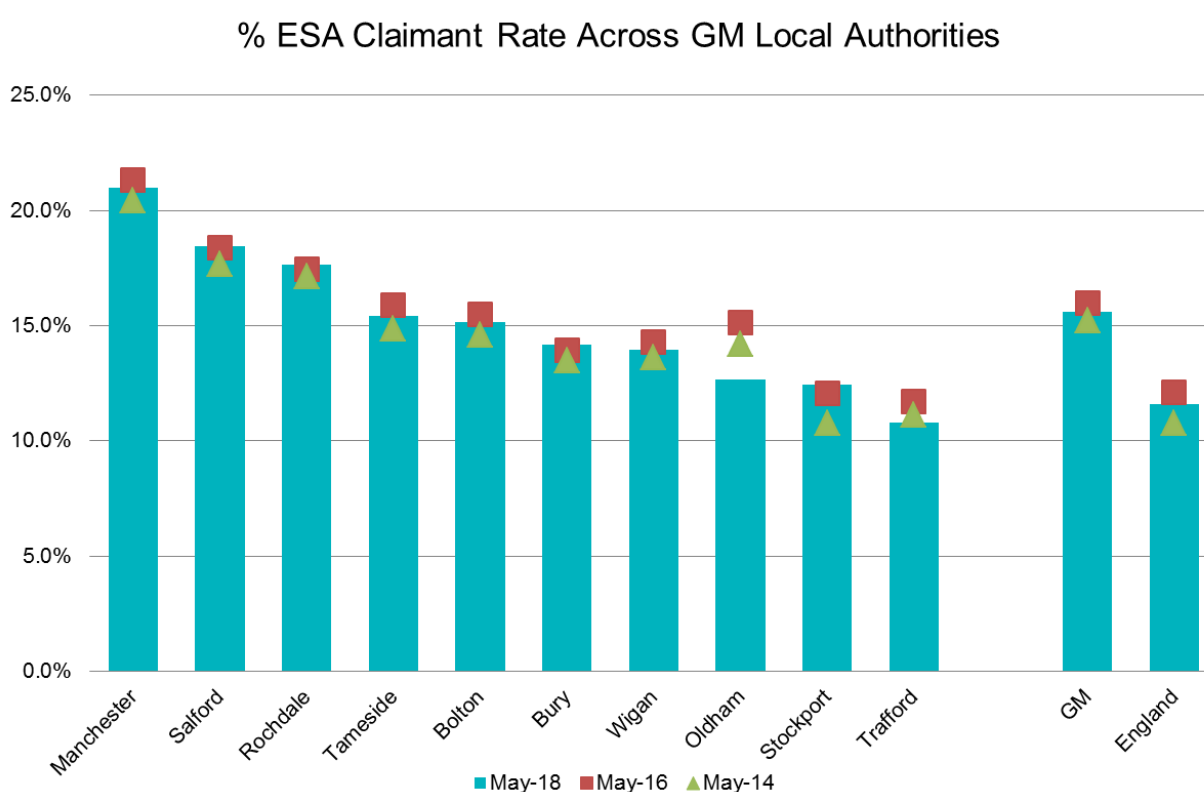
Oldham is home to around 42,300 residents aged 16-64 and classed as economically inactive. That means residents are either not in work, not looking for work or are not available to start work. 15,900 of those economically inactive are male and 26,400 are female. The aforementioned females are the largest proportion of Oldham's economically inactive population, which have a long term illness, many of whom have never been in employment. Others may have voluntarily left the labour market; reasons for this might include early retirement or care responsibilities.

However, some of the economically inactive population would like to work, but might need additional support to do so, including lone parents and/ or those with disabilities. Recipients of these other out-of-work benefits (who are currently being moved onto Universal Credit) – e.g. Incapacity Benefit/ESA - are far less affected by short term economic cycles, since the majority face personal and structural barriers to employment – including lack of skills, poor health or caring responsibilities.

Long Term Sickness

People who are unable to work due to long term illness or disability are able to claim an out of work benefit known as Employment Support Allowance (ESA). ESA replaced Incapacity Benefit (IB) / Severe Disablement Allowance (SDA) in 2008. In Oldham there are currently 11,260 residents (12.7%) in receipt of ESA, a lower rate than that off Greater Manchester average (15.6%) but slightly higher than the England average at (11.6%). Within Greater Manchester, Manchester has the highest rate (21%). Figure 17 below shows Oldham having the largest drop in ESA cases because of individuals on ESA shifting to Universal Credit Full-Service and an increase in the overall cohort size.

Figure 17 - Employment Support Allowance Claimants by Local Authority

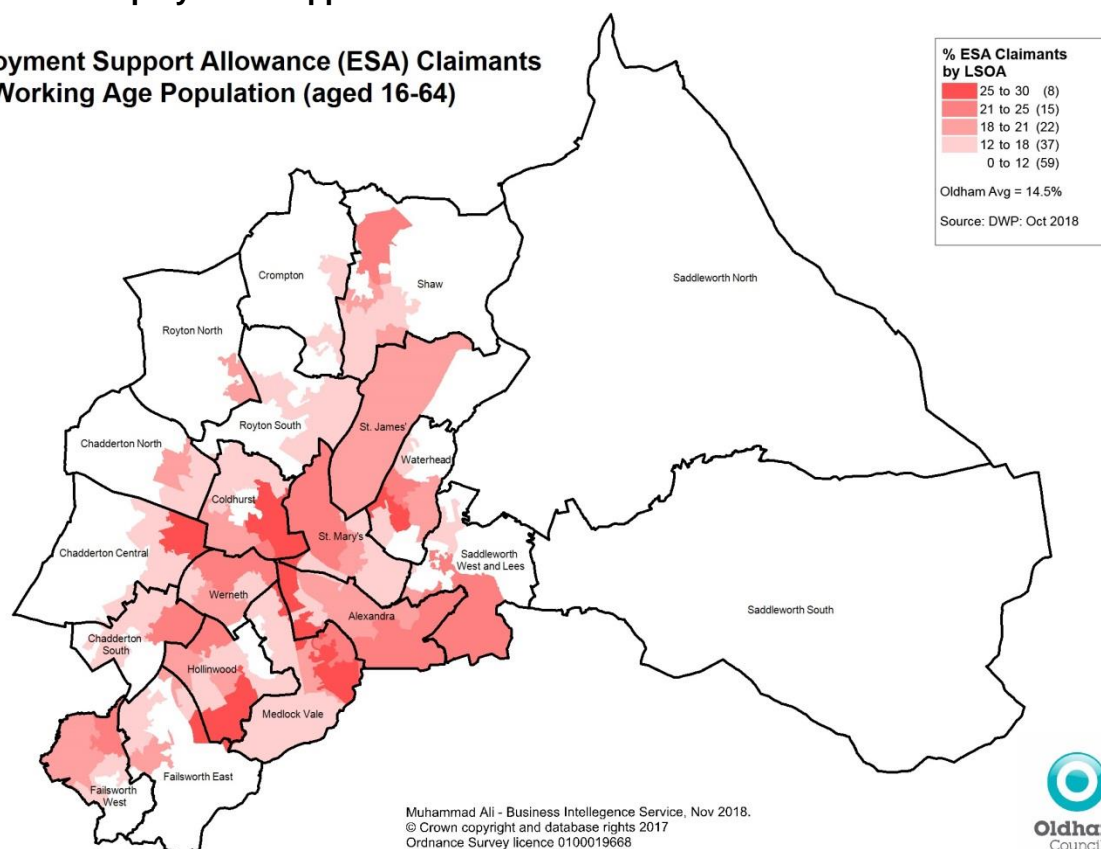


Source: DWP – 2014, 2016 and 2018

Within Oldham there is concentration of ESA claimants, typically in areas of high deprivation, and where there are large proportions of social housing such as the Barker Street Estate, St Mary's Estate and Greenacres.

Figure 18 – Employment Support Allowance Claimants in Oldham

**Employment Support Allowance (ESA) Claimants
% of Working Age Population (aged 16-64)**

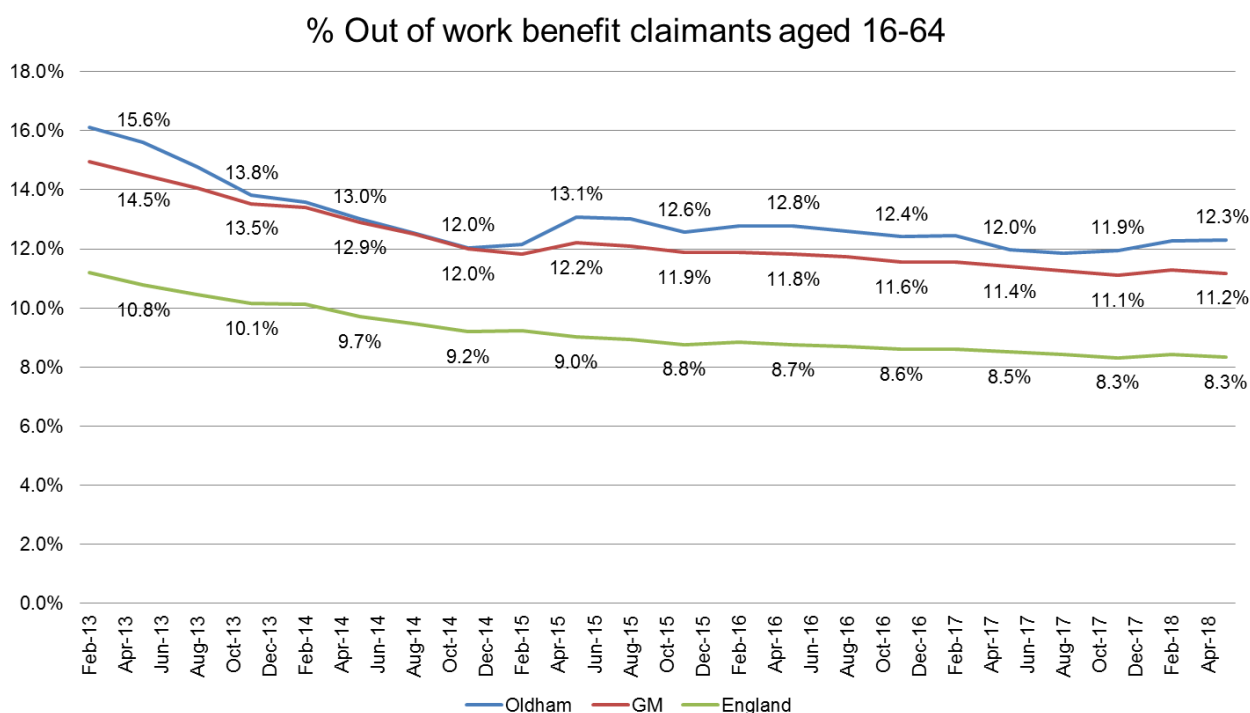


Source: DWP – 2018

Out of work benefit claimants

Out-of-work benefits claimants include both those individuals classed as economically active (job seekers) and economically inactive (Employment Support Allowance claimants, Lone Parent claimants and others on income related benefits). As of April 2018, Oldham has 12.3% of its working age population claiming an out of work benefit. This is slightly above the Greater Manchester figure of 11.2% but significantly higher than the England average of 8.3%. Since early 2013, the percentage of out of work benefit claimants in Oldham, Greater Manchester and England has fallen, most specifically until late 2014 the gap between Oldham and GM has closed marginally. Since 2014, although the numbers for all 3 geographies have fallen slightly, the gap has stayed more or less consistent.

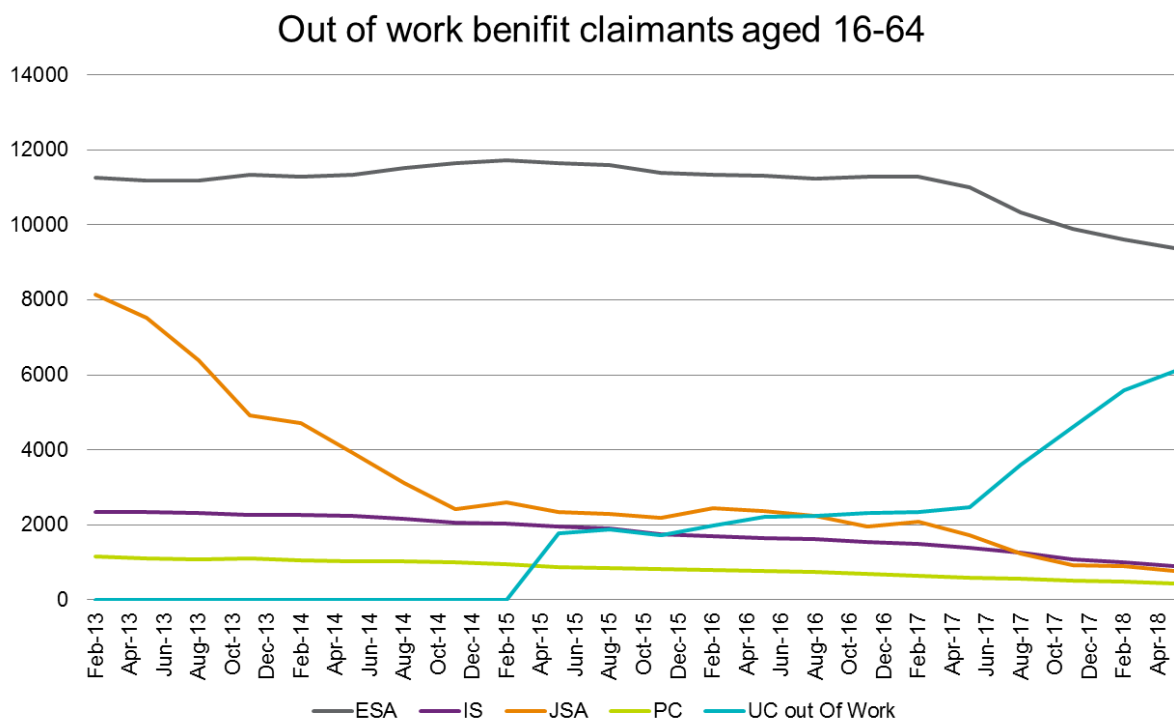
Figure 19 – Percentage of Out of Work Benefits Claimants



Source: DWP & ONS – 2018

Figure 20 below shows reduction across the board for certain out of work benefits such as ESA (Employment Support Allowance), IS (Income Support), JSA (Job Seekers Allowance), PC (Pension Credit). The roll out of Universal Credit (single benefit system) has slowly shifted all other out of work Legacy Benefits onto Universal Credit. Starting early 2015, Universal Credit Part-Service starts rolling into effect, then in April 2017 Universal Credit Full-Service was implemented. PC, JSA and IS have nearly all been moved onto Universal Credit, which will only leave ESA claimants to be moved onto Universal Credit.

Figure 20 – Out of Work Benefits Claimants in Oldham

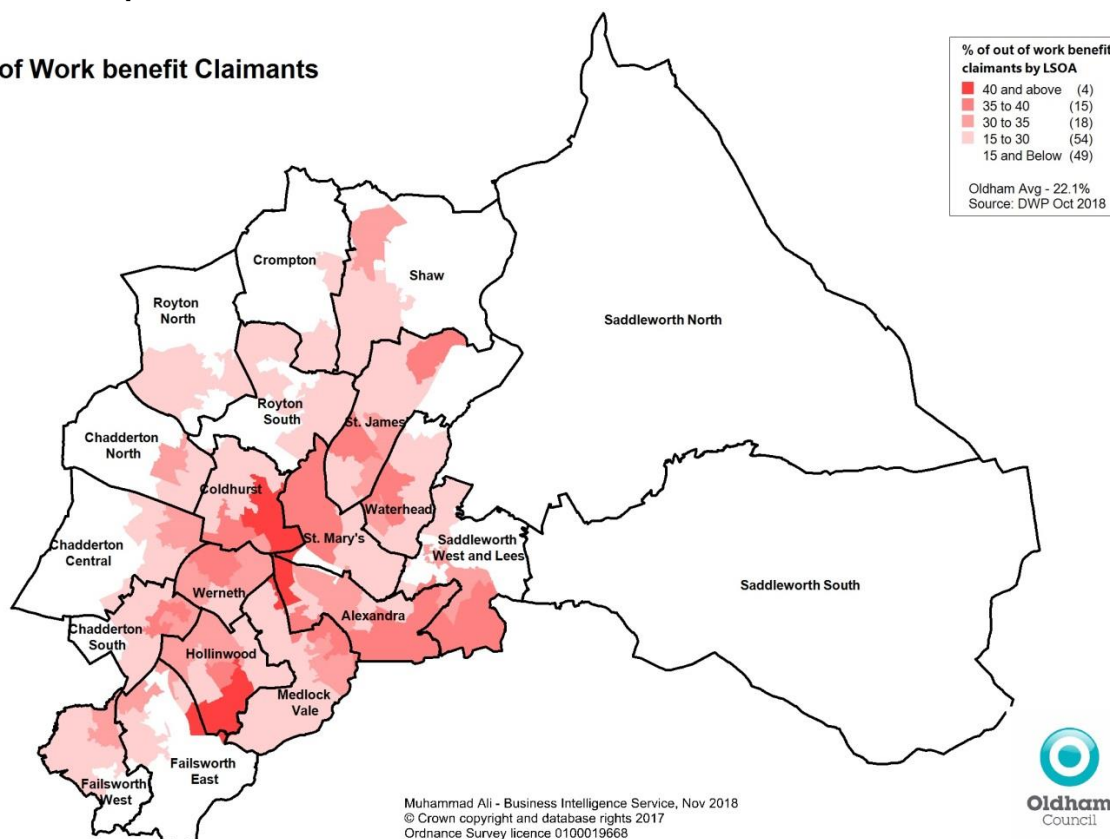


Source: DWP – 2018

Within Oldham there is huge disparity in where the greatest concentration of benefit claimants reside. Coldhurst, St Mary's Estate, Limehurst and other similar deprived communities across Oldham face a range of barriers. These include poor health, inadequate housing, poverty, lack of education, skills and ethnicity.

Figure 21 – Map of Out of Work Benefits Claimants in Oldham

Out of Work benefit Claimants



Source: DWP – 2018

Looking after home

In Oldham there are a larger proportion of economically inactive residents who are not interested in finding employment and instead choose to look after their home. The table below shows that Oldham has a larger proportion than the GM and the national averages. The vast majority of residents who do choose to look after their home are female.

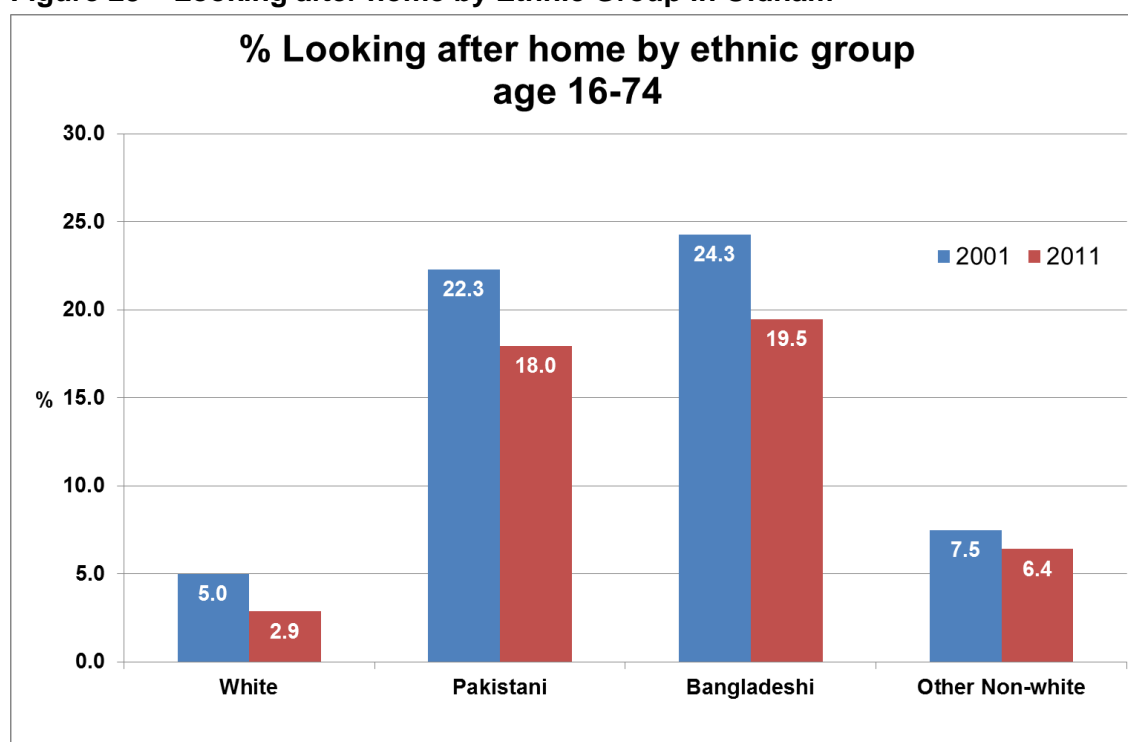
Figure 22 – Looking after home by Local Authority (aged 16-64)

Local Authority	Looking after home aged 16-64	Number of Males	Number of Females	% Looking after home aged 16-64	
	Jun-18	Jun-18	Jun-18	Jun-17	Jun-18
Bolton	26800	10700	16100	21.4	24.7
Bury	44300	18900	25400	30.4	22.5
Manchester	103100	42600	60400	22.2	25.7
Oldham	42300	15900	26400	30.0	29.8
Rochdale	34800	13900	20900	26.1	25.9
Salford	33000	12200	20800	16.8	21.1
Stockport	31900	13300	18600	24.6	23.0
Tameside	33000	12600	20300	27.2	25.7
Trafford	25900	9500	16400	24.2	24.9
Wigan	44400	18800	25600	22.8	22.3
GM	419500	168600	250900	24.3	24.7
England	7428000	2833500	4594500	25.5	24.9

Source: Annual Population Survey Jul 2017 - Jun 2018

Oldham has a larger proportion because of its large South Asian population, where culturally it's more common for women to choose not to take paid employment. It is noticeable that over the decade prior to 2011 proportions of people choosing not to work are decreasing across all ethnic groups.

Figure 23 – Looking after home by Ethnic Group in Oldham



Source: ONS 2001 and 2011 Census

Household Income

The median household income for Oldham in 2016 was £23,606, which is lower than the Greater Manchester (£25,629) and Great Britain (£33,446) averages. Within Greater Manchester the Median Household Income varies from £22,363 in Manchester up to £35,223 in Trafford.

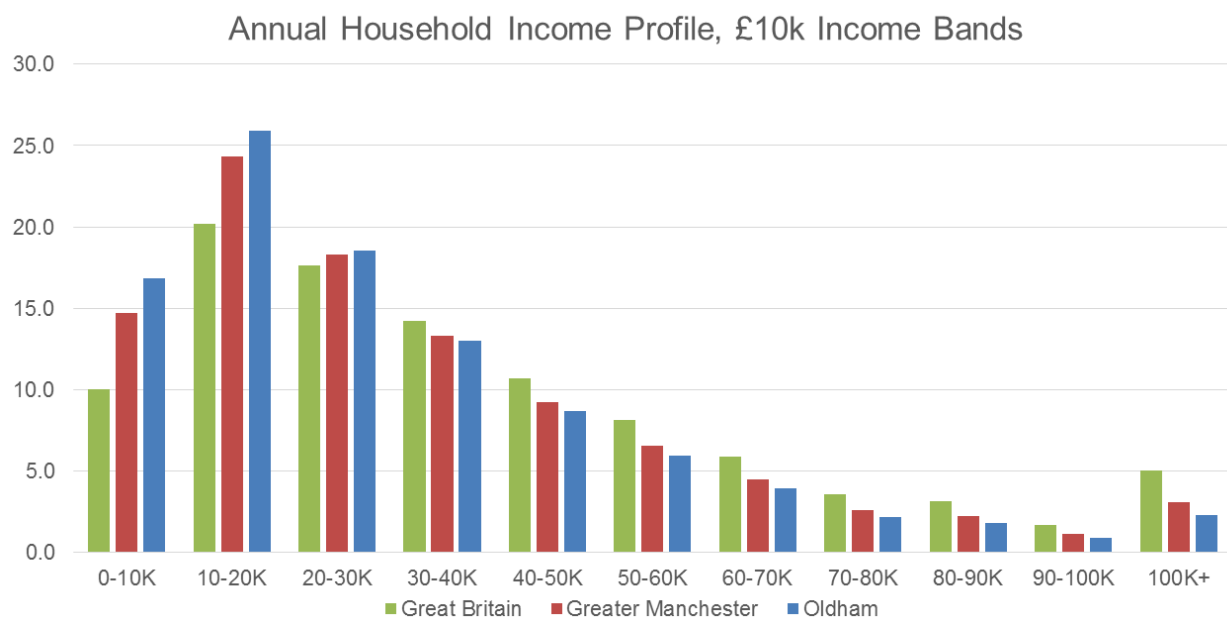
Figure 24 – Median Household Income by Local Authority

Local Authority	Mean Income	Median Income
Trafford	£43,622	£35,223
Stockport	£40,797	£32,994
Bury	£36,356	£29,153
Wigan	£32,196	£25,415
Bolton	£31,706	£24,565
Tameside	£30,728	£24,300
Oldham	£30,498	£23,606
Salford	£30,449	£23,459
Rochdale	£29,709	£22,877
Manchester	£29,104	£22,363
GM	£33,100	£25,659
Great Britain	£39,227	£31,446

Source: Paycheck data, CACI 2018

The chart below compares the household income profiles of Oldham and Great Britain by £10k bands for 2016. When compared to England, Oldham has a greater proportion of households falling into the two lowest income bands, particularly the second lowest band where 25.9% of all Oldham households have a median income less than £20,000, compared to 20.2% nationally. At the same time, Oldham has a smaller proportion of households in the highest income bands.

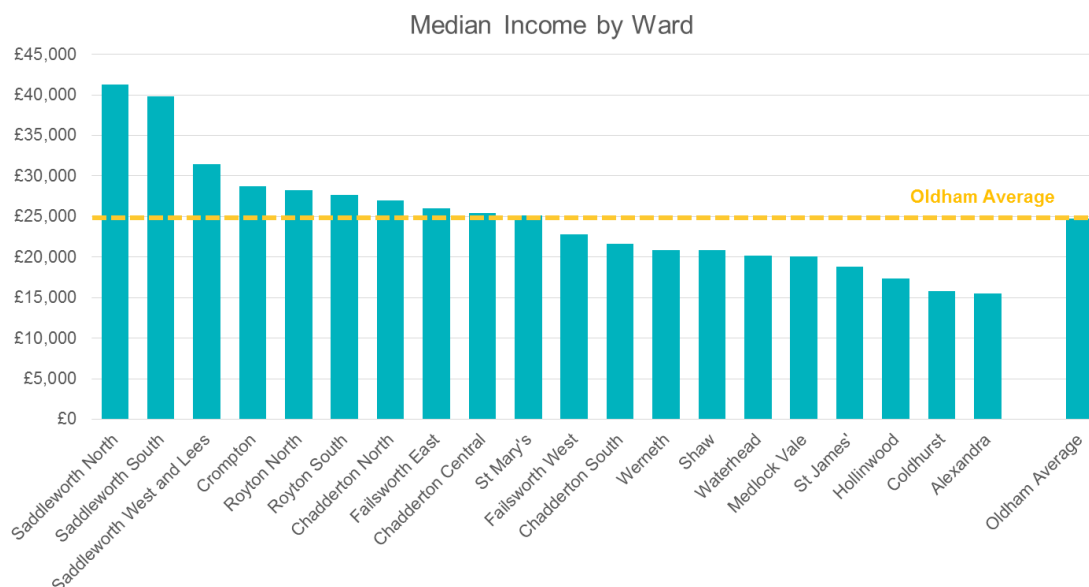
Figure 25 – Household Income by Income Bands



Source: Paycheck data, CACI 2018

At ward level, there is an income gap of around £25,000 between Saddleworth North– the most affluent Ward, where median annual incomes are around £41,316 – and Alexandra – the least affluent with an income of only £15,490 per annum. Like many parts of post-industrial urban Britain, Oldham has a complex mix of relatively affluent and poor areas. The poorest of these are concentrated in the inner urban wards such as Coldhurst, St Mary's, Alexandra and Werneth, whilst the most affluent wards are found in the more rural eastern half of the borough. The income disparity and inequality is increasing wider year upon year.

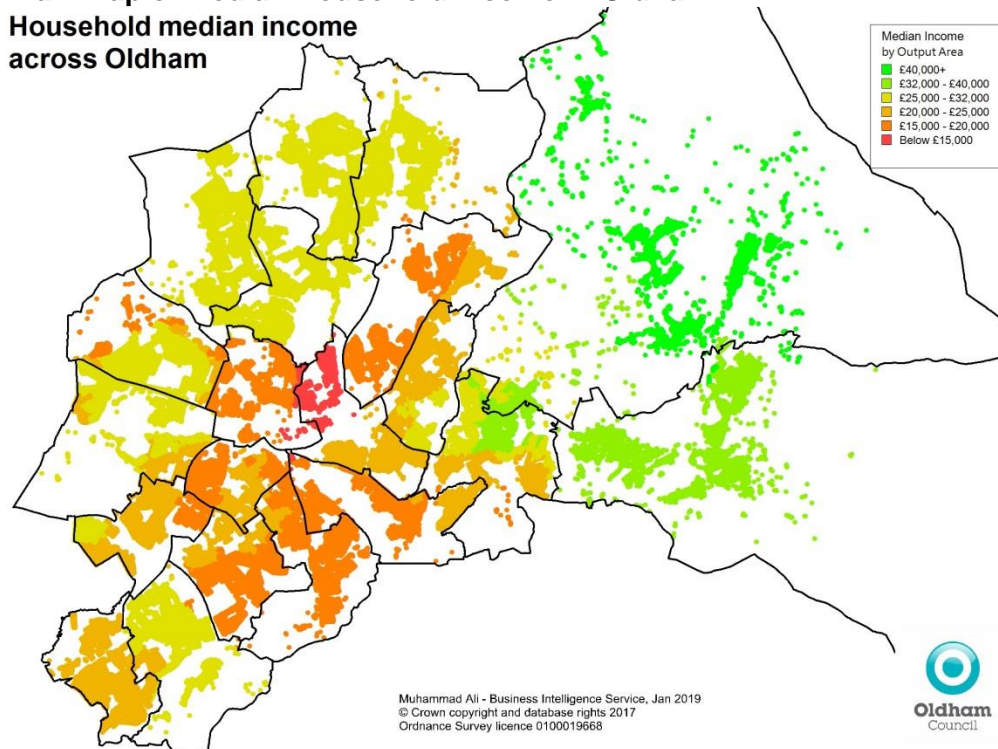
Figure 26 – Median Household Income by Ward



Source: CACI – 2018

The chart below further illustrates the uneven distribution of household income within Oldham. The large concentration of low income households, which are marked in red, mainly surround the town centre, whilst the more affluent areas (green and Blue) are located towards the outer periphery of the borough.

Figure 27a – Map of Median Household Income in Oldham

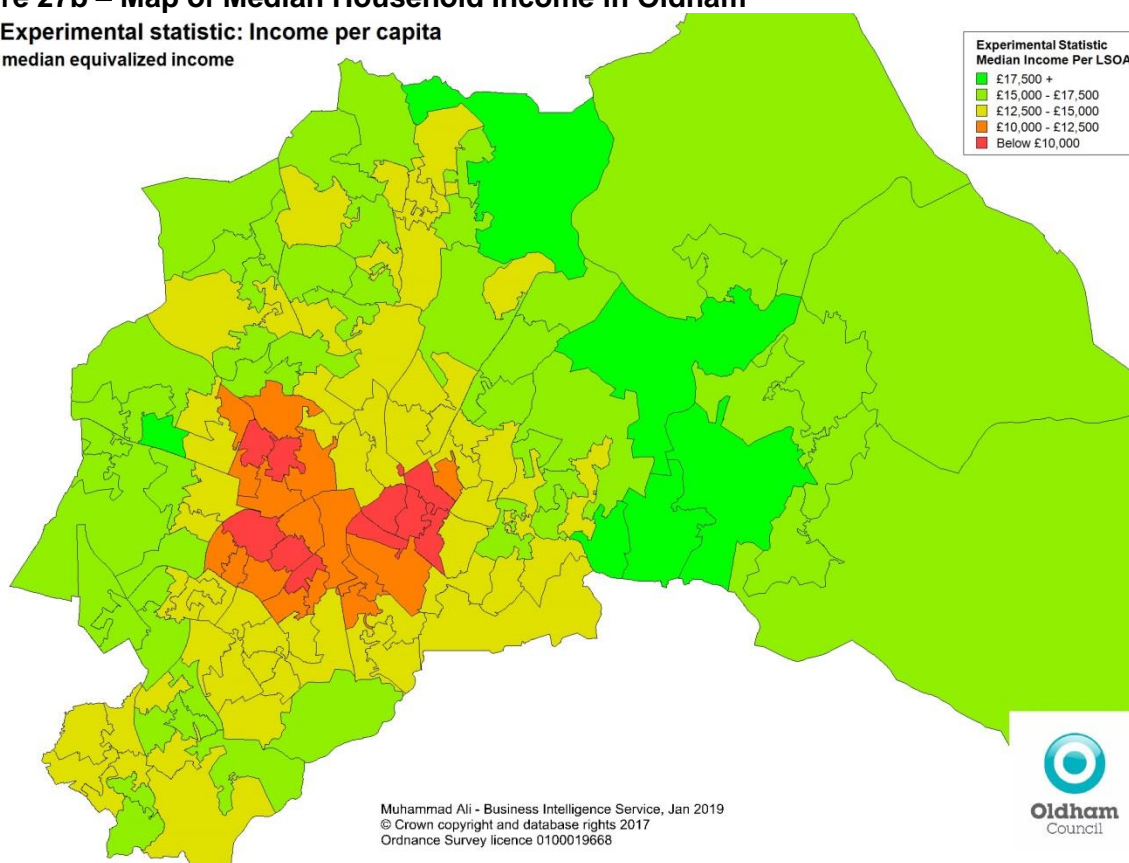


Source: CACI – 2018

Figure 27b – Map of Median Household Income in Oldham

ONS Experimental statistic: Income per capita

Gross median equivalized income



Source: ONS – 2018

Figure 27b above is an alternate experimental ONS dataset, which shows the equivalized median income at the LSOA level, which is derived from multivariate analysis by household composition. In the case of Figure 27b the median income is derived from the 50th percentile across LSOA's in Oldham. The lowest median income areas are in and around the town centre area, which is home to some of the Asian communities within Oldham. It is important to note that this experimental statistic would not take those whom are self-employed into account. As a result, as a significant number of those employed within Asian communities are self-employed, the statistics under-represent the actual median income.

Wages

Whereas income data includes welfare benefits as part of household income, earnings data only reflects wage levels paid by employers. Oldham has traditionally had low wage levels in terms of residents and work place earning potential (as measured by median weekly wage levels). This is likely a reflection on the industry mix within Oldham and the relative skill levels of the local workforce.

Wages for both residents (£476 a week) and those working in Oldham (£481 a week) remain significantly below the Greater Manchester (£522 and £499 a week) England averages (£575 and £575 a week respectively). Across GM, Trafford has the highest weekly resident wage (£648), whereas Manchester has the highest workplace wage (£556).

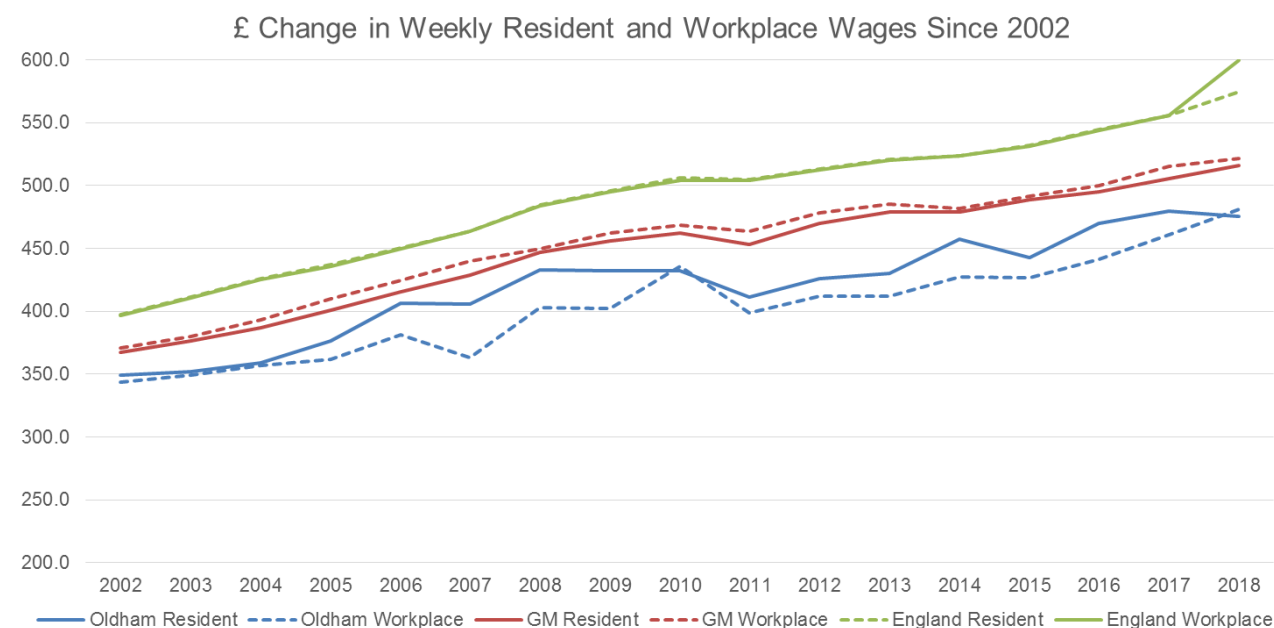
Figure 28 - Resident and workplace earnings, full-time workers, median wages, 2018

Local Authority	Resident						Workpalce					
	Annual		Weekly		Part-Time Hourly		Anually		Weekly		Part-Time Hourly	
	2018	% Change from 2017	2018	% Change from 2017	2018	% Change from 2017	2018	% Change from 2017	2018	% Change from 2017	2018	% Change from 2017
Bolton	£29,374	6.2	£544	0.5	£9.2	-7.2	£26,369	10.0	£513	8.2	£8.8	3.0
Bury	£24,972	2.5	£496	5.2	£8.9	-3.1	£24,731	2.4	£491	5.6	£9.2	2.3
Manchester	£25,660	2.6	£493	3.0	£8.6	1.3	£29,639	-1.0	£556	-2.6	£9.1	-4.3
Oldham	£25,000	0.4	£476	-0.8	£9.1	-2.2	£25,281	11.3	£481	4.5	£9.0	5.1
Rochdale	£24,869	1.1	£487	4.9	£8.7	1.6	£23,658	4.4	£457	2.8	£8.7	4.9
Salford	£26,200	0.4	£500	2.2	£8.8	5.3	£27,797	-0.8	£535	2.6	£9.0	4.2
Stockport	£30,868	6.3	£575	1.5	£9.2	2.1	£27,544	1.5	£539	3.8	£8.6	0.5
Tameside	£24,405	0.5	£480	0.4	£8.8	-2.8	£23,506	-3.3	£479	2.7	£9.3	0.3
Trafford	£33,615	4.9	£648	6.8	£10.0	1.4	£27,565	-0.2	£534	3.3	£9.0	4.9
Wigan	£27,012	0.2	£523	1.4	£8.7	1.4	£24,942	3.0	£488	2.9	£8.6	-2.6
GM	£27,198	2.6	£522	2.6	£9.0	-0.3	£26,103	2.5	£507	3.2	£8.9	1.7
England	£29,869	2.7	£575	3.4	£9.4	2.9	£29,872	2.7	£575	3.4	£9.4	2.9

Source: ONS - Annual Survey of Hours and Earnings 2018

However, over the last 15 years, resident and workplace wages have increased. Positively for Oldham, these increases have been more pronounced in Oldham than across GM and England.

Figure 29 – Change in weekly Resident and Workplace wages since 2011

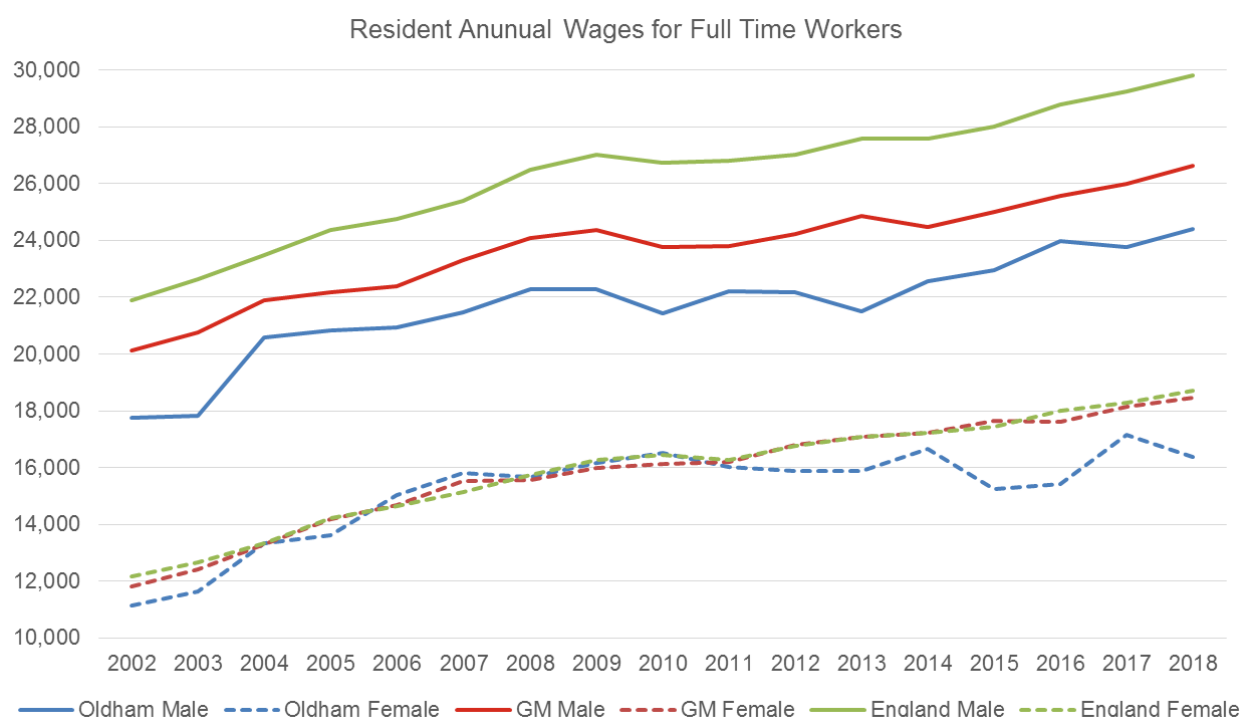


Source: ONS - Annual Survey of Hours and Earnings 2018

For the first time since 2010 workplace wages have slightly exceeded resident wages, indicating that below average earning residents do not have to leave the borough to receive a better paying job. It is likely that these residents live in the eastern half of the district, where skill levels are much higher and average household incomes are higher than the rest of the borough.

Between 2002 and 2016 annual wage levels have been relatively static, a consequence of the previous recession in 2008. However, since 2014, wages have started to show some growth in Oldham, Greater Manchester and across England. The increases have been marginally more pronounced in Oldham, which has resulted in a slight narrowing of the wage gap between Oldham's average wage and the England average. However when splitting the wages by gender, the order of England, Greater Manchester and Oldham is lost as women are paid similar across the entire UK, with Oldham female annual wages slightly deviating lower over the past few years.

Figure 30 – Change in Annual Resident wages since 2008

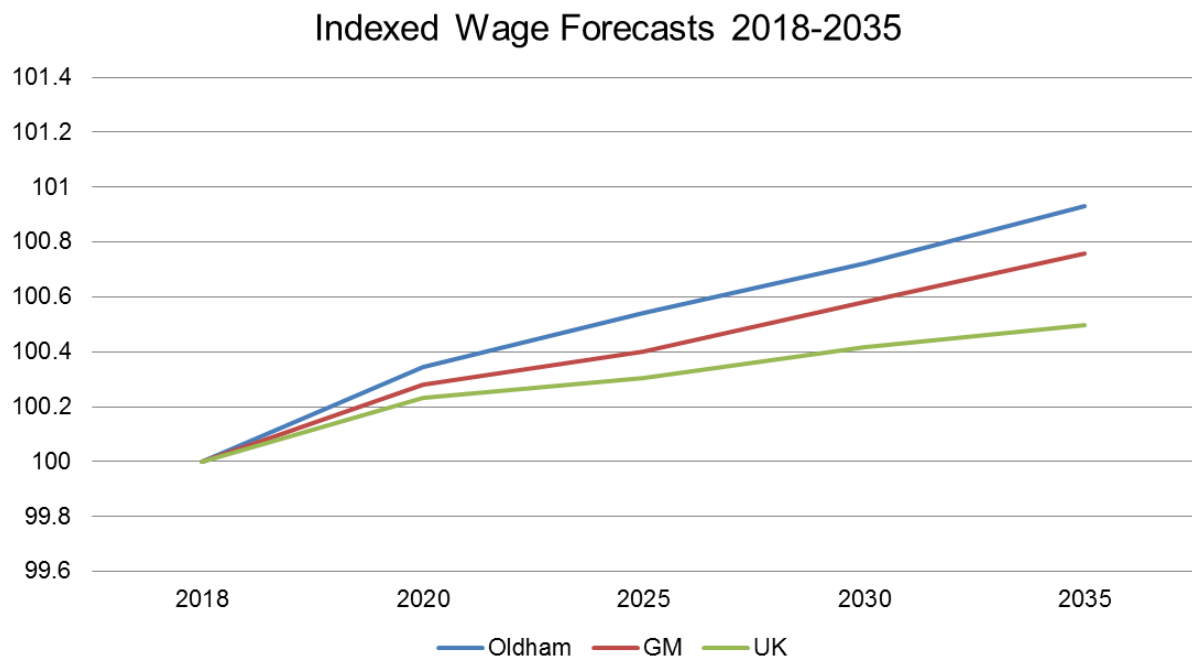


Source: ONS - Annual Survey of Hours and Earnings 2018

For Oldham to increase its average wage levels, it is important that the majority of new jobs created are of a quality to ensure they are paid above the current median wage. Average wages vary considerably by sector. As outlined in the previous chapter, it was forecasted via the Greater Manchester Forecasting model (GMFM 2017) that over the next 20 years there will be 3800 new jobs created in Oldham.

The majority of these new jobs will be in the construction, professional services, Health and Social Care and Business Services. Using these forecasts it is therefore possible to project future wage levels in Oldham. As the chart below shows, wage levels over the next 20 years are unlikely to change a great deal, but do show a marginal rise in wages (1%). This data suggests that if wage levels in Oldham are to rise with any purpose then there needs to be a real significant structural change in the economy.

Figure 31 – Forecast Change in Wages



Source: GMFM – 2017

Skills and Qualifications

Skills are one of the most important determinants of socio-economic outcomes. Skills are not only an important route out of poverty for individuals, but a key driver of economic prosperity. Skills enhance productivity and competitiveness and are linked to attracting higher valued businesses and the creation of jobs.

Supply of Skills

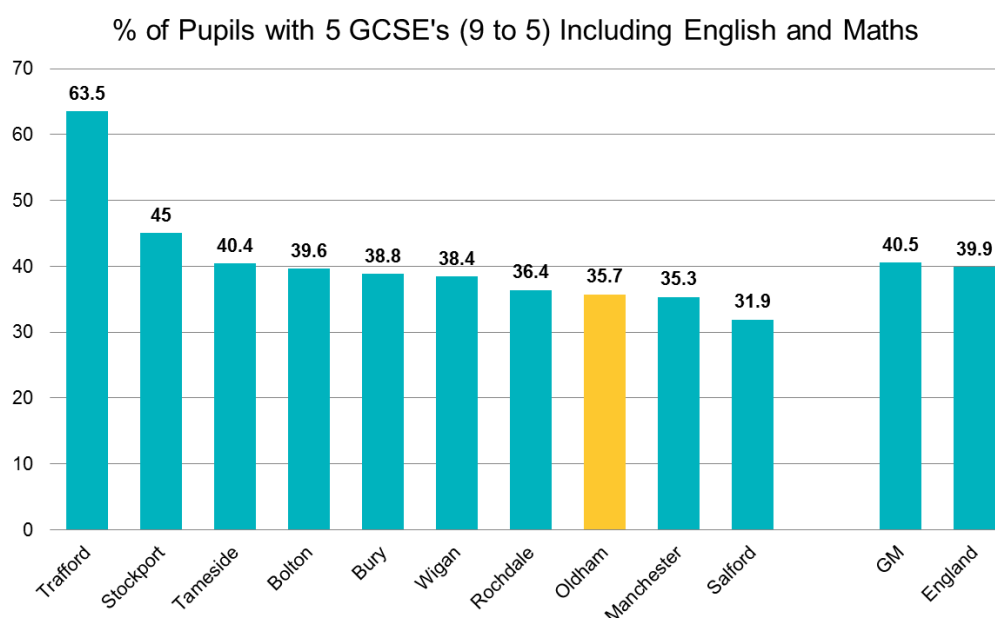
Successful economies require a highly qualified workforce. Oldham has traditionally had a weak skills base, a legacy of generations of manual employment, and means that Oldham residents have found it disproportionately difficult to enter new growth sectors over recent years. This has made it difficult for Oldham to attract the inward investment that it is looking for to improve its own economic base and act as a labour market for the rest of Greater Manchester.

GCSE Attainment

Educational attainment at GCSE is seen as the first step in terms of developing the high level of skills needed by the economy. Ensuring that pupils leave school equipped with good and relevant qualifications is therefore a key priority. There has been a change in the grading system from GCSE letter grades to numbering grades. The grading below is a strong A to C GCSE equivalent which is an attainment score of 9 to 5.

The table below shows that within Greater Manchester, Oldham has the 3rd lowest percentage of pupils leaving school with 5 GCSE's (grades 9 to 5) including English and Maths. GCSE attainment in Oldham is also below the national average.

Figure 32 – GCSE Attainment by Local Authority 2017/18



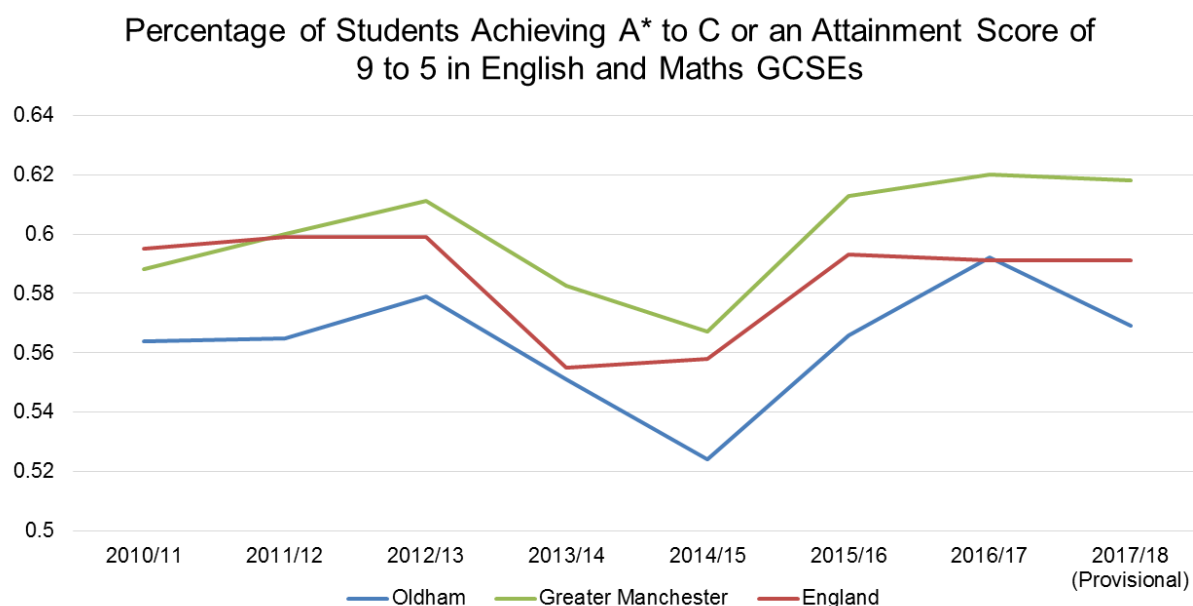
Source: Department for Education (DfE) 2018

This improvement enabled Oldham to close the gap towards the national average, which in 2012 totalled 59.4%. However, over the next two years, attainment levels fell, particularly during 2014. This trend has been attributed to a change in the methodology of GCSE exams, and a similar trend has also taken place nationally.

As of 2015/16, the proportion of pupils in Oldham achieving 5 GCSE's (grades A* to C and 9-5) including English and Maths totalled 51.6%, compared to the England average of 57.7%, which has resulted in a widening of the gap.

However there has been a significant drop in Oldham's attainment levels and all other attainment levels across the entire UK. The reason for this is because of a change in the Classification of GCSE levels from letter grading to number grading. It is important to remember that the data for year 2017/18 on Figure 33 below is the new attainment score as the old GCSE lettering grade system has been stopped. Therefore, the change over time for the last year shown below is less representable of changes in achievement rates.

Figure 33 – Trend in GCSE Attainment since 2010



Source: Department for Education (DfE) 2010 to 2018

Adult Skills

The current position of Oldham's working age population can be seen in the table below. It highlights that Oldham has both a higher proportion of residents with no qualifications and fewer residents holding degree level qualifications or higher compared to the Greater Manchester, North West and national averages.

Figure 34 - Qualifications of the working age population (16-64) - 2017

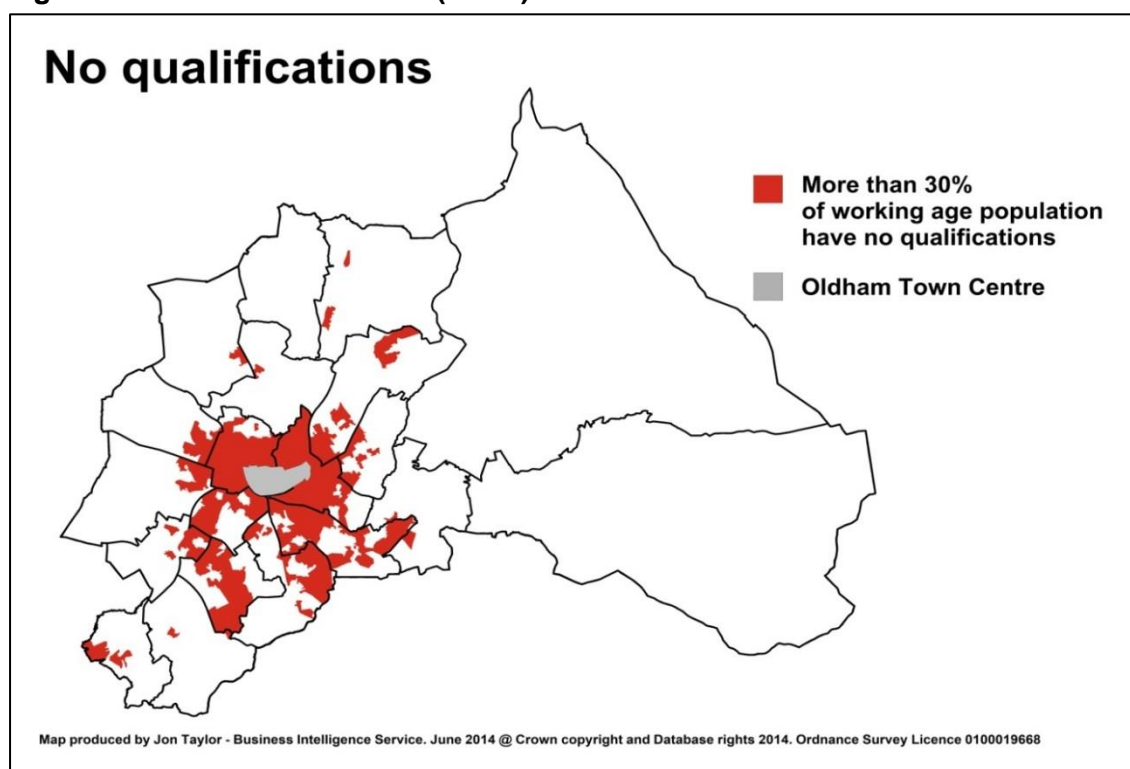
Local Authority	NVQ 4+ (%)	NVQ 3+ (%)	NVQ 2+ (%)	NVQ 1+ (%)	Other Qualifications (%)	No Qualifications (%)
Bolton	39.9	58.5	74.4	85.4	6.2	8.4
Bury	34.3	54.3	71.0	81.3	6.6	12.0
Manchester	39.9	58.5	72.7	82.3	6.6	11.1
Oldham	27.5	48.9	66.9	79.0	7.9	13.1
Rochdale	25.2	46.7	68.0	81.4	6.7	11.9
Salford	30.9	51.1	68.4	80.8	8.8	10.4
Stockport	42.8	61.3	79.0	90.4	4.4	5.2
Tameside	26.2	46.1	69.1	82.6	6.5	10.9
Trafford	50.6	67.4	82.2	91.9	3.7	4.4
Wigan	26.8	51.4	74.5	87.1	5.3	7.6
GM	35.0	55.0	72.8	84.1	6.3	9.6
Great Britain	38.3	57.1	74.6	85.5	6.9	7.6

Source: ONS Annual Population Survey 2018

Qualifications

Working age people with no qualifications will find it more challenging to find work, especially work that is well paid. Oldham has a significantly higher percentage of its working age population with no qualifications, which is a major issue for Oldham. Tackling this gap must be a prime objective to enhance economic prosperity to the area and enable Oldham to compete with other Local Authorities in attracting new businesses to the area. Analysis of the map below highlights the inequality found within Oldham. Large proportions of the unskilled population live in close proximity to the town centre. It is no coincidence that these neighbourhoods also suffer with high levels of unemployment, no doubt impacted by the more challenging nature of accessing the labour market without any qualifications.

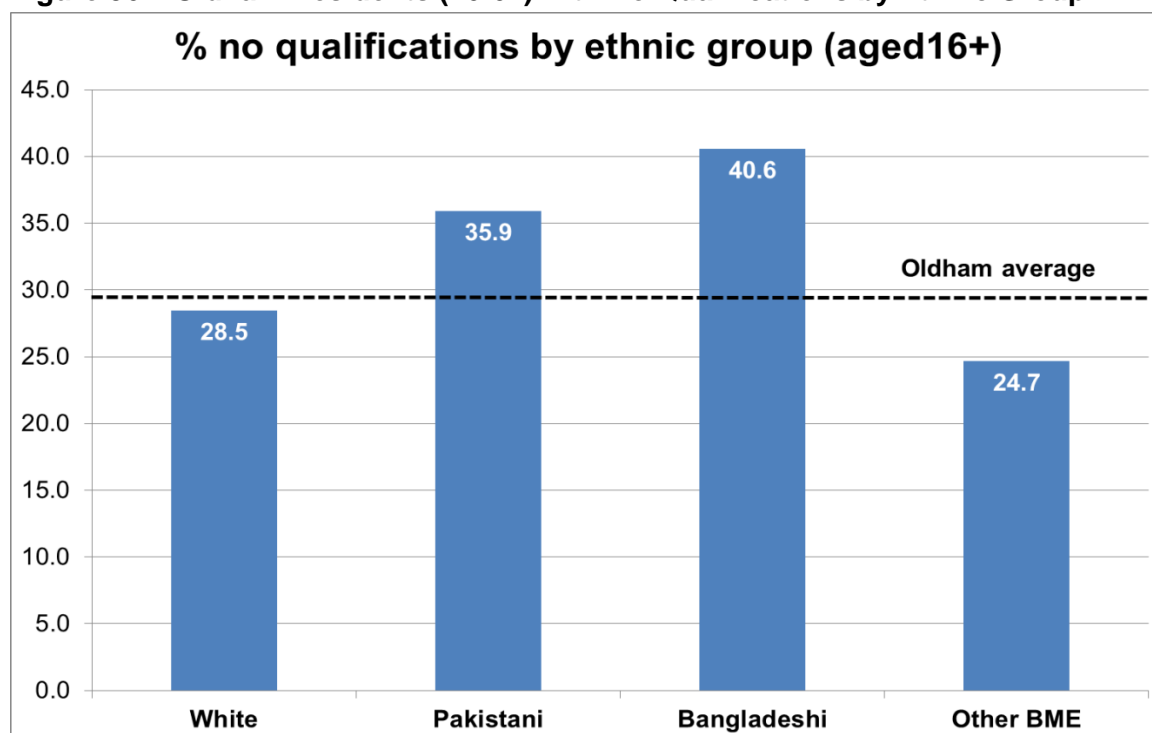
Figure 35 – Oldham Residents (16-64) with No Qualifications



Source: ONS 2011 Census

Inequalities also exist between the different ethnic groups within Oldham. The Pakistani and Bangladeshi heritage residents have significantly higher proportions of residents aged 16 and over with no qualifications.

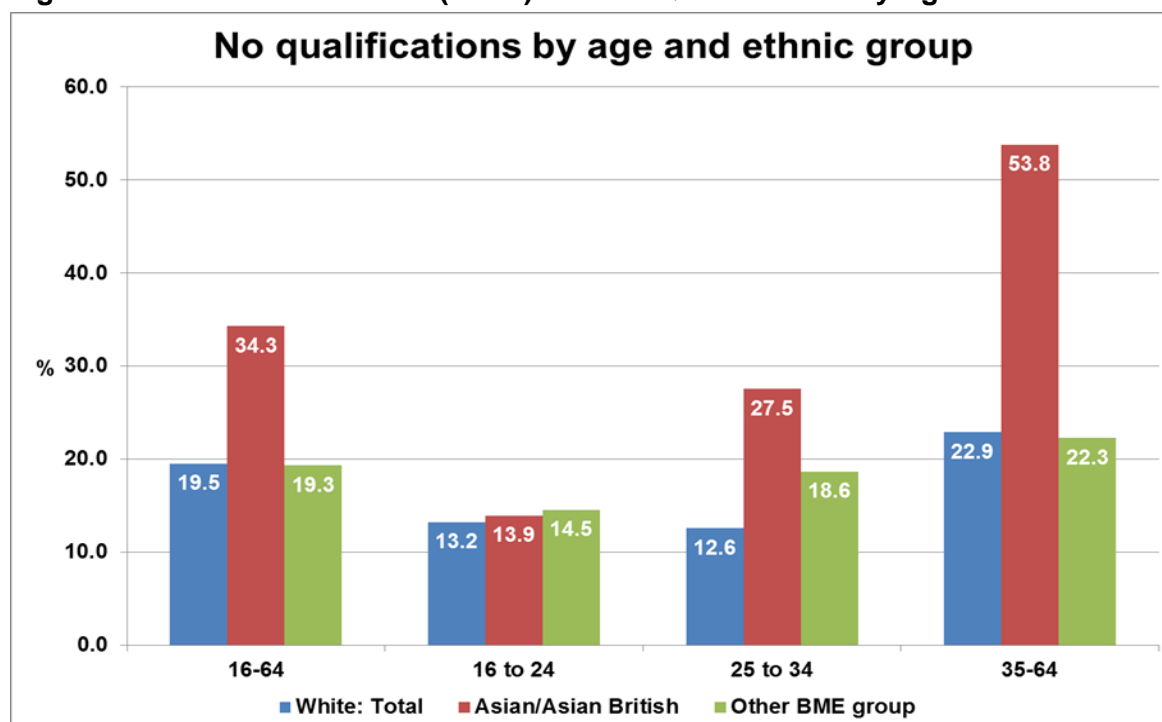
Figure 36 – Oldham Residents (16-64) with No Qualifications by Ethnic Group



Source: ONS 2011 Census

The reason why there are a disproportionately high percentage of no skills within the Asian community is linked closely with age. The chart below identifies that 53.8% of all Asian residents aged 35 and over in Oldham are without any qualifications. This is more than double the rate of the white population (22.9%), and other BME population (22.3%).

Figure 37 – Oldham Residents (16-64) with No Qualifications by Age and Ethnic Group



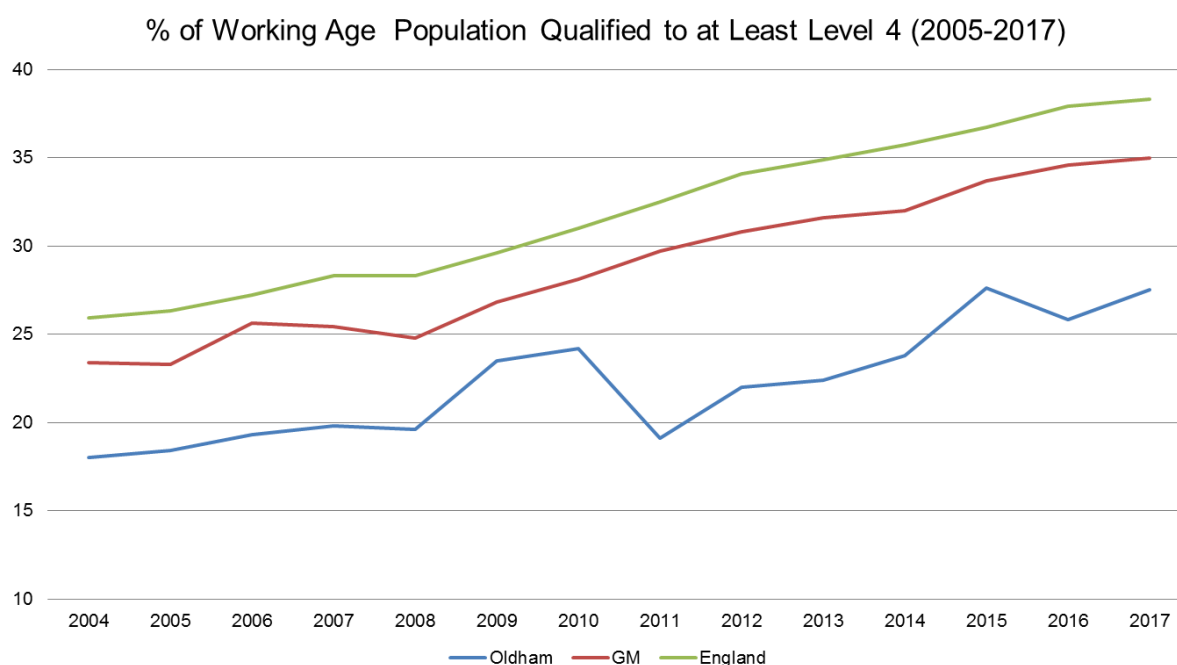
Source: ONS 2011 Census

At the other end of the skills spectrum, obtaining a degree or equivalent level of qualification is going to enhance the opportunities for individuals to find work and be employed in higher paid jobs. The data shows clearly that Oldham has a significant deficit in the percentage of the working age population with a level 4 qualification (or above), compared to the GM and national averages. This signals that there is a shortage of high end skills available in the borough.

Since 2011, Oldham has increased the proportion of residents with a degree level qualification, but the chart below shows, the gap between Oldham and that of GM and England hasn't narrowed over time. It's important to remember that breaking sample sizes down to local authority level does decrease their statistical significance.

There is also some evidence to suggest that Oldham's talent is being drained by the lure of higher skilled and higher payed jobs in areas such as Manchester that has a greater availability of graduate level jobs, which Oldham is in relative shortage of.

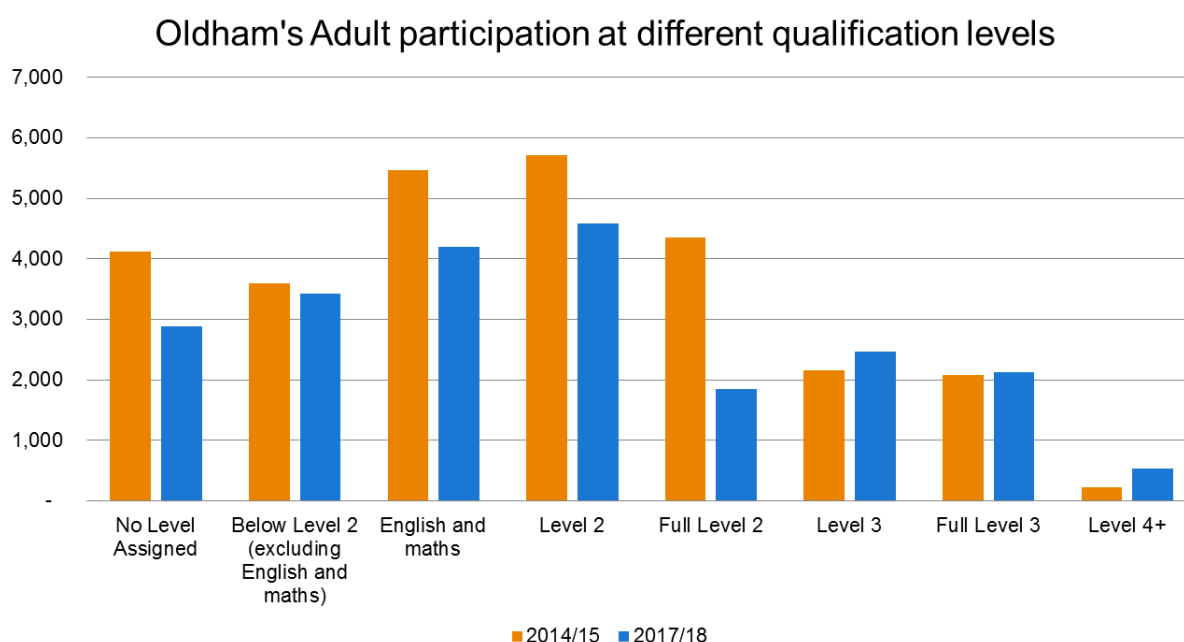
Figure 38 – % of Residents with a Level 4 Qualification



Source: ONS 2015, Annual Population Survey

Unless there is a significant increase in the availability of local graduate level jobs it will be difficult to address this loss of skills through migration. However, improving the proportion of Oldham residents with a degree level qualification and narrowing the gap towards the national average must be a priority for Oldham moving forward.

Figure 38 – Oldham participation at different qualification levels



Source: Department of Education 2018

The chart above shows the number of Adults in Oldham participating in different course levels. There is a general trend which shows that the number of adults in Oldham participating in courses which are Full Level 2 and below has dropped over the past few years. Especially those courses which have no level assigned (no level assigned courses are either not accredited by the Department of Education or have level assigned to them by the governing body) has seen a significant drop over the past few years. However the parallel is seen when looking at courses which are Level 3 and above. Adult participation in Level 3 and Level 4 courses has increased over the past few years.

There seems to be some kind of social divide in Oldham where low skilled adults are participating less in comparison higher skilled adults. This maybe the case because the adults which participate in Level 2 and below qualifications feel as though their effort will be for nothing and the chance of converting their skills set into above average paid employment prospects looks slim.

According to the most recent update of Greater Manchester's (GM) Local Industrial Strategy (LIS), one of the panel's recommendations is a broader partnership for education, skills and training, which could be important if Oldham is proportionately included as the populous of Oldham feel like an organisation which feel disenfranchised isolated by larger organisation within the GM region.

According to the LIS update, there is going to be a focus on GM's strengths, which are advanced materials, health innovation, manufacturing, digital and creative industries and professional services. It is difficult to see if this is going translate to a shared movement of industry around the GM region, more specifically Oldham, in order to facilitate high skills residents here. If the bulk of the change stated by LIS will take place in and around the current larger industrial sites in GM, then Oldham will remain an exporter of high skilled employment.

University Data ³

For copyright reasons university student level data (HESA) is not available in the public version of the Local Economic Assessment.

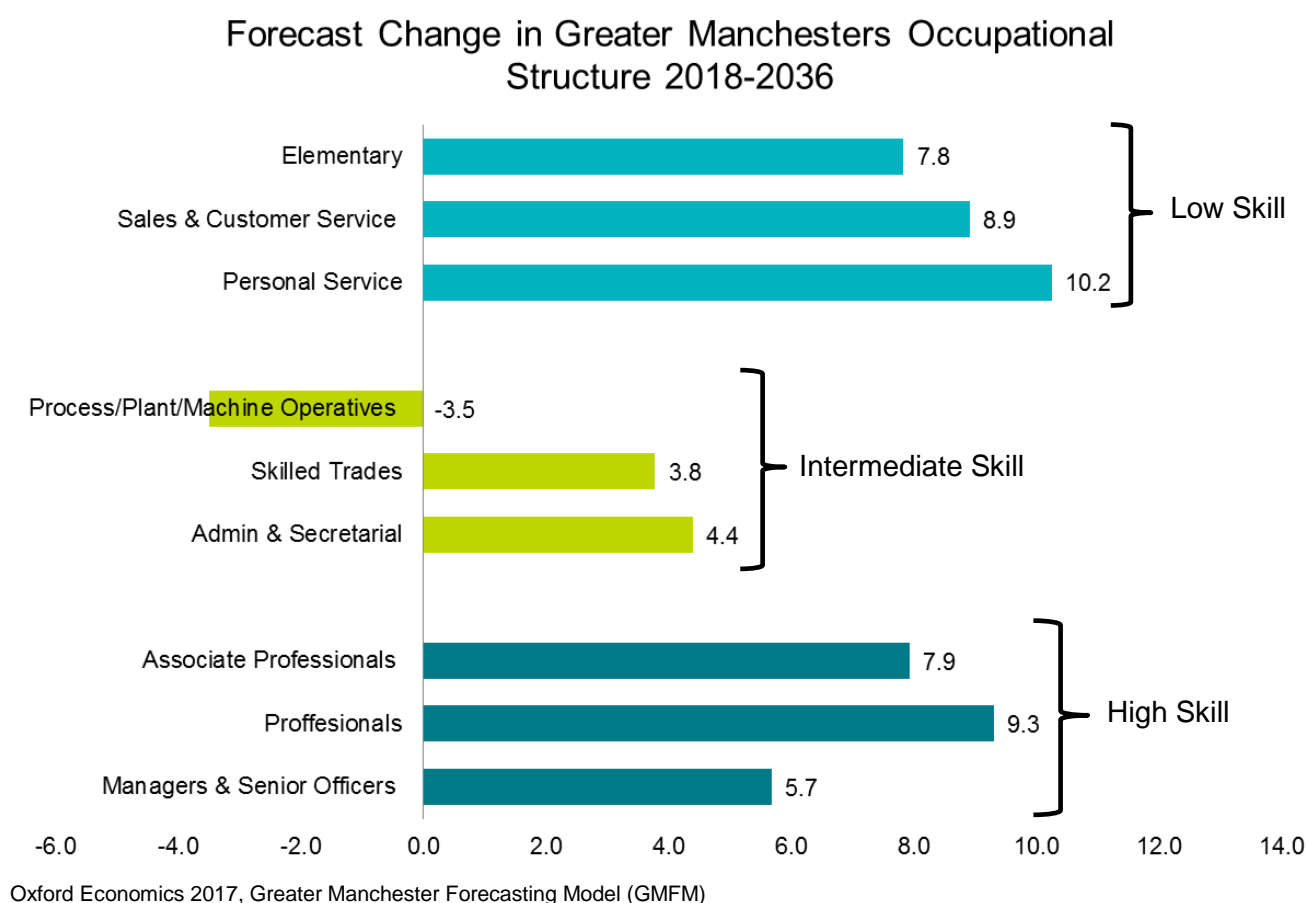
³ **Source(s):** HESA Student Record 2015/16; HESA Student Record 2014/15; HESA Student Record 2013/14; HESA Student Record 2012/13; HESA Student Record 2011/12; HESA Student Record 2010/11; HESA Student Record 2009/10; HESA Student Record 2008/09; HESA Student Record 2016/17; HESA Student Record 2017/18.

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Demand for skills

Understanding the demand of skills is critical in determining the provision of skills for now and in the future. Oxford Economics, who develop the Greater Manchester Forecasting Model (GMFM), has recently published the 2017 model which includes the new occupational structure forecasts for Greater Manchester.

Figure 44 – Forecast changes in GM's Occupational Structures



The GMFM predicts that the GM labour market will be reshaped over the next 18 years and that jobs will be created at the top and bottom of the skills scale, while those in the middle tier are being squeezed. The higher-skilled roles, which include managerial & senior official roles, professional and associate professional are estimated to grow over the next 18 years by 5.7%, 9.3% and 7.9% respectively.

At the lower end of the skills spectrum, personal services occupations are forecast to rise by 10.2%, followed by sales & customer service roles (8.9%) and then elementary occupations (7.8%). Intermediate level occupations as a whole are also expected to increase in GM from between 2015 and 2025, however, process/plant/machine operatives jobs are forecasted to decline.

As the forecast growth sectors in Greater Manchester over the next decade are going to be found both in the high skilled occupations as well as the low skilled occupations. It is therefore imperative for Oldham to comprehensively improve its skills base, allowing residents the opportunities to access the more skilled and therefore more lucrative new jobs. Without this change, Oldham residents will continue to be over reliant on low skilled/low paid employment.

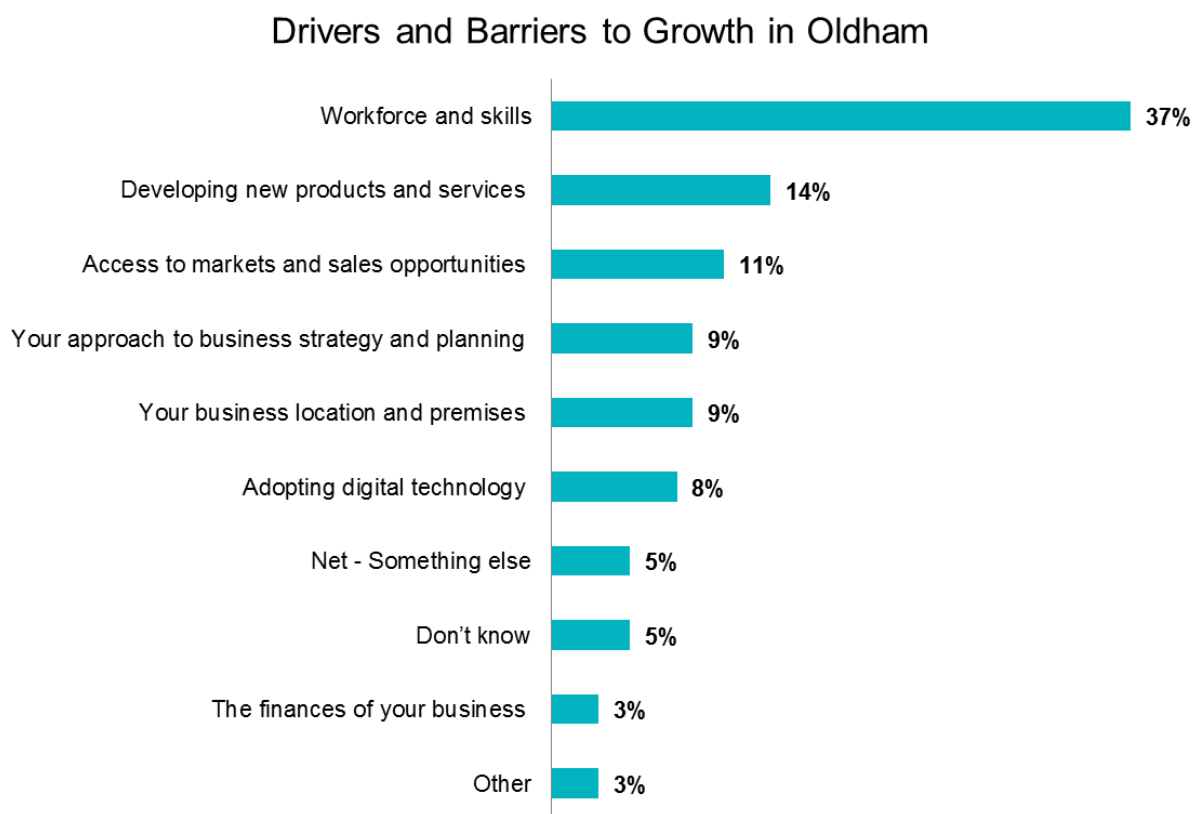
Insights from Business Survey

The aim of the GM 2017 Business survey was to provide data on current and future economic performance and practices especially for growth businesses, across a range of themes. The results of the Survey highlighted that Business confidence over the last 12 months has been relatively strong, with a 21% reporting an increase in employment over the last 12 months (down from 31% in 2016).

Across companies of all sectors and sizes, workforce skills are a key driver of business growth (identified by 37% of firms). This reaffirms findings from a wider body of evidence, including GM's deep dive analysis. Businesses employing over fifty people were significantly more likely to identify 'workforce and skills' as a driver of business growth.

Around 12% of firms have hard-to-fill vacancies, which was similar to previous years. Manufacturing, transport & storage and information & communication all had 60% or more for firms citing lack of skills/qualifications as a reason for having hard-to-fill vacancies. 21% of businesses cited workforce skills as being the 3rd main barrier preventing their business from growth.

Figure 45 – What enterprises feel are the main drivers of growth in their business



GM Business Survey - 2017