

SELEP Levelling Up Index

September 2022



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

Introduction

Government finally published the Levelling Up White Paper in February 2022. While the White Paper refers to a wide range of outcomes which need to be levelled up across the country, including life expectancy and crime levels, the overriding goal is to deliver “more jobs, and higher wages right across the UK” with the headline metrics specified by government for Mission 1 being employment rates, wages, and productivity.

Following the publication of the White Paper, SELEP has considered what would be useful metrics from a regional economic development perspective and had decided to focus this on “good access to high quality local jobs”. Research by the Centre for Cities published in September 2021 confirmed that from a public perspective, most people considered “Better job opportunities in your area” as the most important priority for levelling up, and the government White Paper has subsequently confirmed the overriding importance of more jobs and higher wages within the levelling up agenda.

From this idea of “good access to high quality local jobs”, SELEP went on to develop a Levelling Up Index, using four aligned metrics. The rest of this paper outlines the approach taken by SELEP in selecting the four metrics and then presents the results of how different places in the country rank on the Index, with a focus on local authority areas in the SELEP area.

The SELEP approach to our Levelling Up index has been discussed at our Coastal Communities Working Group meetings during 2022, which has supported and endorsed the approach. This report now provides a summary of our Index approach and the Index results, for the benefit of wider stakeholders.

The headline result for the SELEP economic area in regard to “good access to high quality jobs” is that our need for levelling up to the national average is high in comparison to standard statistical regions, with a particular need to create more jobs in knowledge intensive and higher wage sectors. The need for levelling up is particularly strong in our coastal and Thames estuary community areas.

SELEP Levelling Up Index - Metrics

As part of selecting appropriate metrics for our Index, we began by reviewing those metrics selected by government to prioritise local areas for support through the Community Renewable Fund (CRF) and the Levelling Up Fund (LUF). Following this review, our lessons learnt pointed to the following important criteria for selecting our own metrics for a levelling up index:

- Data must be reasonably robust at local authority level
- Data must be up to date to and suitable for tracking progress in a timely fashion
- Metrics selected must clearly represent the underlying issue which we are concerned with, which is known as content validity.

So, for example, basing our metrics on national surveys such as the ONS Annual Population Survey was ruled out, as this only provides robust results at a regional level and results from such surveys at a local authority level do not provide reliable local information. Similarly metrics where the last published data is two to five years out of date would be of no help in informing us where the largest issues lie today and would mean waiting many years before we could start to track any change through levelling up initiatives. Finally, we need to be clear on what the issue is we are interested in and ensure that the metric selected clearly measures this, rather than simply making use of what metrics are easily available.

The metrics selected for the SELEP Levelling Up Index, to assess “good access to high quality local jobs” and the rationale for inclusion are shown in Table 1.

Table 1 – SELEP Levelling Up Index Metrics

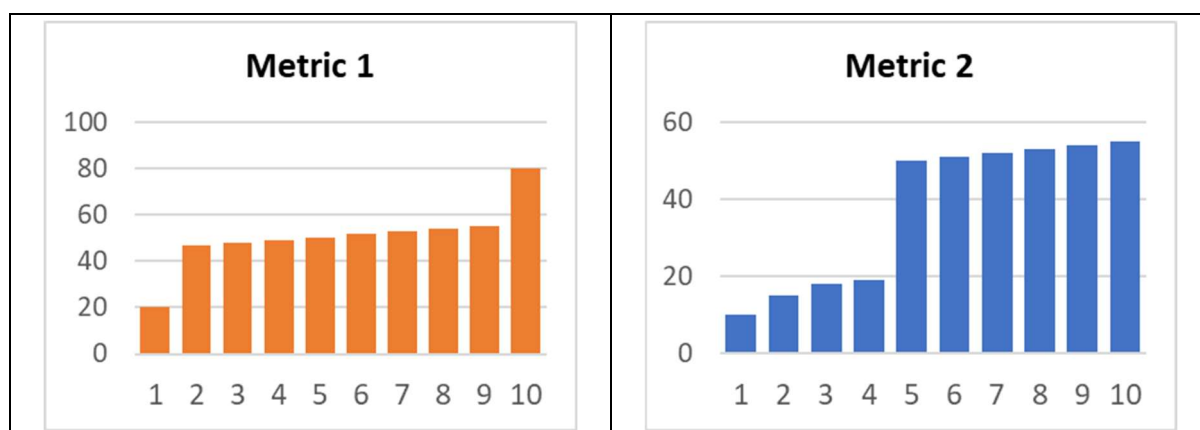
Metric	Source	Rationale
Job density	NOMIS: Job Density	This measure looks at how many local jobs there are in a locality relative to the size of the working age population. Use of this indicator promotes local job creation where it is needed. The concept captured by this metric is “access to local jobs”
Claimant count	ONS Claimant Count	As an administrative count this is a robust measure at a local level of employment market activity, although not a direct measure of unemployment. We might expect that high claimant counts may be found in the same places as low job density, however if there is good access to jobs in neighbouring areas this may not be so. This measure therefore acts as a good counter-balance to job density, and will also highlight where supply-side issues may be occurring, such as low skills impacting on ability to access available local jobs.
Percentage of jobs which are in low paid sectors	Business Register and Employment Survey	<p>Median wage or average income in the local area is often used, but such averages can be distorted by the presence of high earners in a local population, and may hide the fact that many people are actually on low wages.</p> <p>Wage data is also generally based on ONS national surveys, and so the data is not reliable at local authority level anyway.</p> <p>However, we know from national survey data which sectors have the lowest wage rates and we know with reasonable confidence how many jobs there are in each sector at a local authority level.</p> <p>This metric captures one aspect of “good quality jobs” by identifying places with a high proportion of jobs in low pay sectors.</p>
Percentage of jobs which are in knowledge intensive sectors	Business Register and Employment Survey	<p>The usual approach is to look at jobs in the local area by occupational group, and measure the percentage in professional and managerial roles. As with wages such data is reliant on national surveys which are not reliable at a local authority level.</p> <p>As with wages we can get around this by using reasonably robust data on how many jobs there are in a local area by sector, and considering what percentage are in knowledge intensive sectors. Knowledge intensive sectors are defined at a national level as those in which a higher proportion of employees have a level 4 or above qualification than the whole economy average.</p> <p>This metric adds a further dimension to “good quality jobs” focussing on the skills dimension.</p>

SELEP Levelling Up Index – Creating the Index

Having selected the metrics for our Index, a decision on how to combine them into a single score was required. Again we took lessons learnt from our review of the government’s approach to CRF and the LUF to derive our approach. Key considerations were:

- All indicators should have equal weight as all were seen as equally important and there was no policy or theoretical reason to give more weight to one indicator over another. The four metrics were designed to give a balanced view from the start, with two counter-balancing indicators relating to access to local jobs, and two counter-balancing indicators for quality of local jobs
- Scoring for indicators and for the index should be based on statistical or significant difference. The consideration here was to avoid using rankings or quartiles which can give rise to situations where a local authority appears to have a lowish ranking, but in reality, is not widely different from the average.

The second of these points and the reason for this being considered important is illustrated in the graphs below which show metric values for 10 hypothetical local authorities. If we made the arbitrary decision that the bottom 20% of local authorities should be considered as in need of levelling up, then for metric 1 we include one local authority that is not that different from the average, whereas for metric 2 we exclude two local authorities with metric values which are extremely below average.



While any decision to set a threshold value for converting underlying metric values into a score or index is ultimately an arbitrary one, basing this on significant difference from average, rather than rankings, is likely to produce a fairer reflection of need, as it is based on the size of the difference to the average. The approach to scoring of metrics for the Levelling Up Index chosen by SELEP is shown in Table 2.

Table 2 – SELEP Levelling Up Index – Metric value scoring

Index Score	Difference to national average	Index Category
1	More than 25% better than national average	Highly successful location
2	Between 10% and 25% better than national average	Successful location
3	Within 10% of the national average, either above or below	Average location
4	Between 10% and 25% worse than national average	In need of levelling up
5	More than 25% worse than national average	Extreme need for levelling up

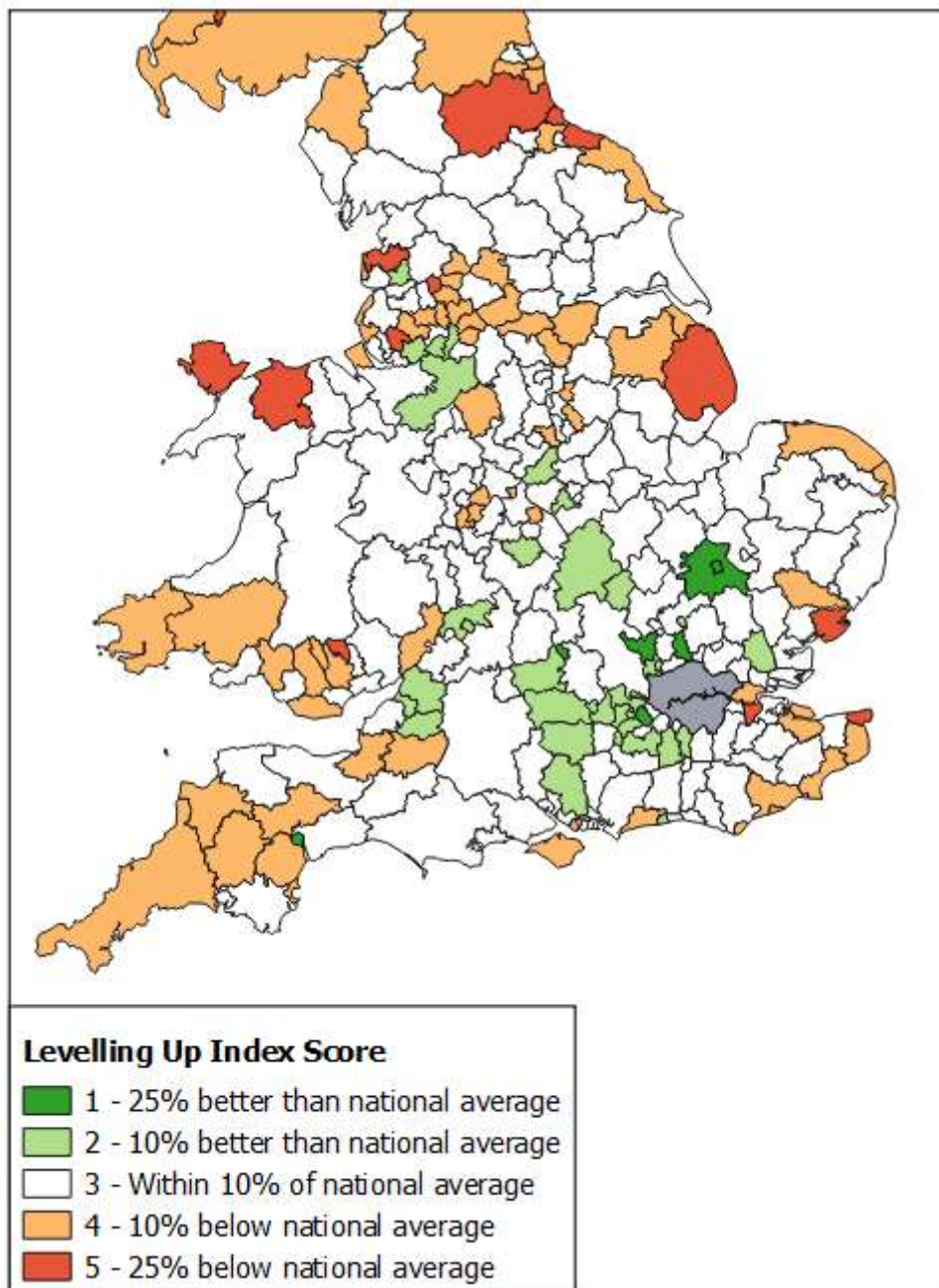
Our approach was to score all four metrics according to the method in Table 2 and then average the scores across all four metrics to arrive at a final Index Score.

A final Index Score of 5 would identify a local authority that is 25% worse than national average on all four metrics, and conversely a final Index Score of 1 would identify a local authority which is 25% better than national average on all four metrics.

Headline Results at national level

How different local authorities fare on the SELEP Levelling Up Index is best illustrated as a map and the final Index Score for England and Wales (excluding London) is shown below in Chart 1.

Chart 1 – SELEP Levelling Up Index Score by Local Authority



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The construction of the index at a local authority level using robust data provides a very different view of the country than is often portrayed as a clear-cut north/south divide, which is usually based on looking at aggregated regional level data. While undoubtedly the north of England has less places doing well on the index and more doing worse, compared to the south, we also see that many places are within 10% of national average with this “middle England” stretching across the country.

The idea is sometimes presented that the Greater South East is almost universally successful is also countered by this analysis, which shows that the extremely successful parts of the southeast region are located more to the west and north of London and extend well into the Midlands region. Local authorities to the east of London and towards the south, particularly along the coastline show as having low access to good quality local jobs.

Considering local authorities most in need of levelling up in relation to good access to high quality local jobs the regional picture is summarised below in Table 3.

Table 3 – Count of in need of levelling up local authorities by region

Standard Regions	Extreme need of levelling up	Need for levelling up
East Midlands	1	4
East of England	1	4
London	1	9
North East	3	5
North West	3	13
Scotland	4	9
South East	2	9
South West	0	9
Wales	3	7
West Midlands	0	6
Yorkshire and The Humber	0	7
Total	18	82

In terms of meeting public aspirations for good access to high quality local jobs, there is clearly a need for action across all regions of the country, including in hard pressed peripheral coastal community areas in the southeast of England.

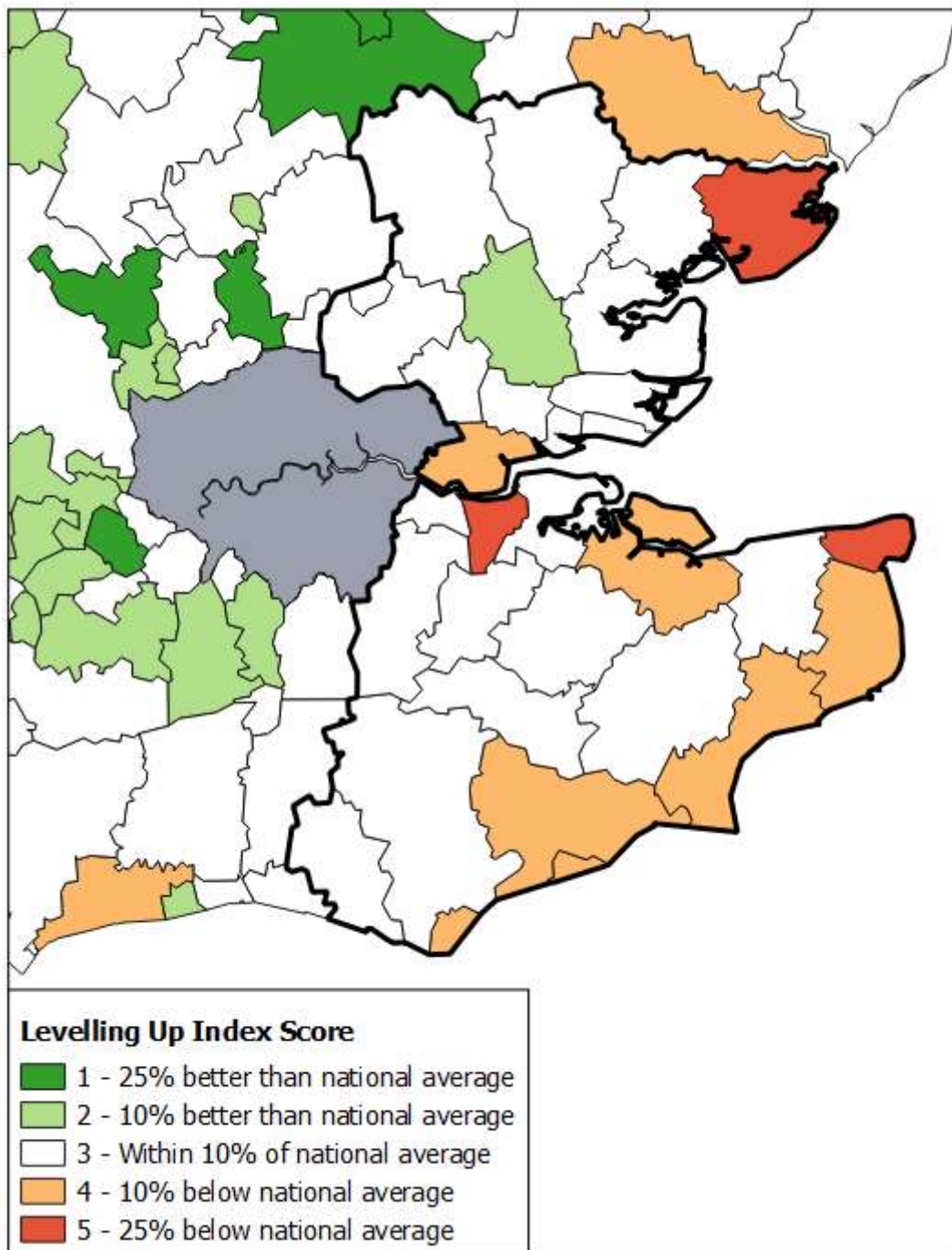
It should be further noted that coastal community areas in the southeast of England, despite having poor access to good quality local jobs, it would be incorrect to assume that this is less of an issue, due to proximity of jobs in London. Proximity by distance is not the same as easy access by public transport, with southeast coastal communities not benefiting from fast train services. Using train timetables as a measure of access to London it is clear that much more distant places in the Midlands and South West regions have better access to commuting to jobs in London than the average coastal community in the Greater South East, with places as far as Leicester and Bristol being much closer to London in train travel times than coastal towns in the SELEP region such as Eastbourne, Clacton and Margate.

Index Results for SELEP

The map below provides a closer look at the Levelling Up Index for local authorities within the SELEP area. Only one local authority (Chelmsford) comes out as above national average, with 3 local authorities with an Index score 5, and 7 with an Index score of 4.

As an economic region SELEP has 31% of its local authority areas in need of levelling up, which is similar to the standard statistical regions of the South West and Yorkshire and the Humber. With 9.4% of local authorities in extreme need for levelling up, only the North East region, Wales and Scotland have more need.

Chart 2 – Levelling Up Index Score for SELEP area



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To give some clearer insights into local authority areas in SELEP, the overall Index can be broken down into the two underlying domains of “access” to and “quality” of jobs. This information is provided below by county areas.

Greater Essex

	Very High Access	High Access	Average Access	Low Access	Very Low Access
Very High Quality					
High Quality		Chelmsford	Basildon		
Average Quality		Brentwood Colchester		Harlow Southend	
Low Quality	Uttlesford	Braintree Epping Forest	Castle Point Rochford	Thurrock	
Very Low Quality		Maldon			Tendring

Kent and Medway

	Very High Access	High Access	Average Access	Low Access	Very Low Access
Very High Quality					
High Quality					
Average Quality		Canterbury Maidstone Tonbridge Wells		Medway	
Low Quality		Ashford Sevenoaks Tonbridge & Malling		Folkestone and Hythe Swale	Dover
Very Low Quality		Dartford			Gravesham Thanet

East Sussex

	Very High Access	High Access	Average Access	Low Access	Very Low Access
Very High Quality					
High Quality					
Average Quality					
Low Quality		Lewes		Eastbourne	Hastings
Very Low Quality		Wealden	Rother		


This information can be summarised as shown below.


Table 4 – SELEP Local authority counts by index domain scores

	Very High Access	High Access	Average Access	Low Access	Very Low Access	Total
Very High Quality						0
High Quality		1	1			2
Average Quality		5		3		8
Low Quality	1	6	2	4	2	15
Very Low Quality		3	1		3	7
Total	1	15	4	7	5	32

In order to level up job access and job quality across SELEP local authorities, there is a need for action to support 12 local authority areas to improve access to jobs, and for a larger number of 22 local authority areas there is a need to take action on quality of jobs. SELEP local authorities collectively have too few jobs in knowledge intensive sectors and too many jobs in low pay sectors, with only 2 local authorities being noticeably/significantly above national average with regards to the quality of local jobs that are available.

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