

# Written evidence - Coalfields Regeneration Trust and the Industrial Communities Alliance (PTC0004)

## Who we are, and who we represent

The *Coalfields Regeneration Trust* (CRT) is the charitable body and grant-giving organisation dedicated to supporting former mining communities across England, Scotland and Wales. Established by the UK government in 1999, the CRT is governed by a Board comprising representatives from across the UK coalfields.

The *Industrial Communities Alliance* (ICA) is the all-party association of local authorities in the industrial areas of England, Scotland and Wales. The ICA was established in 2007 (though its predecessor bodies date back to the 1980s) and is accountable to its membership through regular regional and national meetings.

Collectively, the CRT and ICA cover that large part of the country often referred to as 'older industrial Britain', including many of the larger towns and smaller cities outside of the 12 core cities that are the focus of the Committee's present inquiry. Together, CRT and ICA probably have an unrivalled understanding of these places.

## Basis of the submission

The Coalfields Regeneration Trust and the Industrial Communities Alliance have been keen to understand the impact of the pandemic on their areas, especially in terms of the consequences for local economies. In the autumn of 2020, we therefore co-commissioned a detailed study from Sheffield Hallam University. The resulting report – *The Impact of the Coronavirus Crisis on Older Industrial Britain* – was published in January this year<sup>1</sup>.

The findings of the report form the basis of the present submission. An update to the report, taking on board more recent statistics, is planned for later this year.

The January report from Sheffield Hallam University is a substantial data-driven exercise covering public health, the economy and labour market, drawing on a wide range of official statistics for local areas. In particular, the report presents figures that allow full comparisons between:

- Older industrial towns
- The former coalfields
- The main regional cities
- London
- South East England
- GB or UK average

In addition to the average for each of the above, the report also presents data for individual local authorities within older industrial Britain.

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<sup>1</sup> C Beatty and S Fothergill (2021) *The Impact of the Coronavirus Crisis on Older Industrial Britain*, CRESR, Sheffield Hallam University.

## **Findings of the research**

### *(1) Prior to the pandemic*

The research documents how, prior to the pandemic, most of older industrial Britain – including of course most of its larger towns and cities – started off lagging behind in terms of prosperity and well-being. For example:

- 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

### *(2) The public health crisis*

When the report was published in January it was of course only possible to document the infections and deaths arising from Covid-19 up until the start of 2021. Nevertheless, the report made two important observations:

- 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 relation to population) in older industrial towns and the former coalfields was on average 30 per cent above the UK average

The averages disguise variation from region to region that probably owe something to the incidence and timing of different waves of infection.

However, above-average infection rates point strongly towards the more limited opportunities for working at home in much of older industrial Britain and therefore the greater day-to-day exposure to the virus. Estimates in the report, based on ONS data, suggest that only 38 per cent of workers in older industrial

towns – and as few as 30 per cent in some places – have the option of working from home at least some of the time, compared to 48 per cent in London.

The above average death rate in older industrial towns and the former coalfields is almost certainly a reflection of an older age structure and a higher underlying incidence of ill health. By comparison the main regional cities, with a similar infection rate but a substantially younger population, have experienced a lower average death rate.

The further progress of the pandemic, since January, will have shifted the detailed figures but there is little reason to suppose that the geography will have radically changed.

### *(3) Impact on the labour market*

Labour market statistics mostly lag a few weeks or months behind so the January 2021 report was only able to monitor the employment impacts of the pandemic up until the autumn of last year. The key observations were that:

- 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. The numbers rose again during the second and third lockdowns, but not as high as previously.
- 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
- The number of men and women receiving Universal Credit as an in-work top-up also doubled

### **Looking ahead**

The January 2021 report did not attempt to speculate on the detailed trajectory of the labour market as the economy finally re-opens. This is difficult territory, evidenced by the fact that so many predictions over the past year have turned out to be wide of the mark.

In particular, the extent to which working from home will remain entrenched remains unclear and there is uncertainty over quite what will happen when the Coronavirus Job Retention Scheme comes to an end.

Additionally, there has been the parallel impact of Brexit. Some economists have estimated that substantial numbers of migrant workers have returned home during the pandemic and, because of tighter rules following Brexit, the flow of migrant workers into lower-paid UK jobs may now be curtailed. If so, this has major implications for labour supply in London in particular, in the main regional cities, and in some older industrial towns where vacancies in sectors such as warehousing have hitherto been filled by EU migrants.

Bearing in mind the findings of the January 2021 report, four observations about the future might be justified.

First, as the economy re-opens fully, London can be expected to bounce back strongly. The report noted that in the autumn of 2020 a rather higher proportion of jobs remained furloughed in London and that claimant unemployment had risen faster in London than older industrial Britain. This almost certainly reflects the prolonged closure of businesses in hospitality, tourism, arts and entertainment – major sectors of London’s economy that are less prominent in older industrial towns. When these sectors finally re-open, London’s labour market should benefit most.

Second, if there has indeed been a major outflow of migrant workers during the pandemic it is most likely to fuel labour shortages in London and the big cities. There is already some evidence of this in press reports. By contrast, beyond the older industrial towns that now specialise in warehousing and distribution this seems likely to have a lesser impact.

Third, if working from home continues on a large scale it will have less impact on older industrial towns than on London and the big cities. The fact is that throughout the pandemic the vast majority of workers in older industrial towns – in factories, warehouses, transport and the health service for example, and in much retailing too – have had to carry on going to their normal place of work.

Fourth, if there is a redistribution of consumer spending between places arising from a continuation of working from home it is the more affluent commuter towns – around London for example – that might expect to be the main beneficiaries. Older industrial towns in the hinterlands of the big cities are net exporters of commuters, and the numbers have been growing over the last decade on the back of faster job growth in the cities, but their economies remain primarily driven by local employment, not by incomes earned elsewhere.

## **Conclusions**

The report we jointly commissioned and published in January this year drew three key conclusions:

- On a wide range of social and economic indicators, the cities, towns and communities of older industrial Britain entered the crisis lagging behind
- In older industrial Britain the economic and labour market damage from the pandemic has been substantial

- As the crisis finally recedes, older industrial Britain will still lag behind the rest of the country

Six months further on we see no need to dissent from these conclusions. From the point of view of the cities, towns and former coalfields of older industrial Britain, it is vital that the UK government begins to deliver the 'Levelling Up' that's really needed.

*28 June 2021*