West Midlands in Context

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West Midlands in Context highlights a broad mix of reports, statistics and other material that has something to say about the West Midlands or that help provide a wider context to the work of councils and other organisations in the region.

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Employment, unemployment, income and escaping low pay in the West Midlands

The latest regional labour market statistics contain good news for the West Midlands, with strong improvements to both the unemployment and employment rates, while the Social Mobility Commission’s “Great Escape” report shows a relatively large proportion of West Midlanders are “stuck” in low pay.

More jobs as unemployment falls and employment rises

There was good news for the West Midlands in the latest regional labour market figures from the ONS (Office of National Statistics). In the three months between June and August, the region posted the UK’s biggest fall in the unemployment rate and, at 1.4%, the largest increase in the employment rate in the UK. To add to the encouraging picture, the West Midlands also added the most workforce jobs of any region by some distance, with 110,000 added in the past year.

Nonetheless, the ONS figures still show that the region’s unemployment rate is the second worst in the UK and its employment rate is better than only three of the twelve UK nations and regions. Further tempering the positive figures, the ONS comment that “the employment rate estimates for the West Midlands have been fluctuating quite widely over the last year with the latest estimate only 0.5 percentage points higher compared with the same period last year”. As a result, the ONS say “it is difficult to interpret the underlying picture for the West Midlands, which may be gently increasing or close to flat”.

Regional grow slow

Nationally, despite increasing employment rates there is some concern that wages and living standards are not significantly improving. The situation is perhaps worse in the West Midlands than many other areas. Research by the IFS (Institute of Fiscal Studies) over the summer showed that the Midlands has seen the “slowest growth in average incomes over the last 40 years”. The worst performing of all the regions, it seems average income in the West Midlands is 9% below the Great Britain average - some 25% behind the South East, which has the highest average income.

Bearing in mind that in the mid 1970s the West and East Midlands, London and the South East were the only regions with incomes higher than the average for Britain, this is precipitous fall. In this context it’s worth highlighting the new report by the non-departmental advisory body, the Social Mobility...
Commission. Carried out for them by the Resolution Foundation, the report entitled *The Great Escape: Low Pay and Progression in the Labour Market*, looks at the extent to which workers are able to escape low pay.

**The not so great escape**

Analysing workers who were classified as low-paid in 2006 and how they fared in the period up to 2016, they worryingly found that for most low paid workers “poorly paid positions are not acting as a first rung on the ladder”, but rather that it is “the only rung”. Tracking these initially low paid employees, defined as earning below two thirds of median hourly pay, they looked at how they progressed, splitting them into three groups:

- “Stuck”- employees who were in low paid work every year
- “Escapers” - those who earn above the low pay threshold in each of the final three years of the decade, suggesting a sustained move onto higher wages
- “Cyclers” - those who fall between the two categories, moving into higher pay at some point, but not consistently out of low pay at the end of the period.

Based on these categories, the analysis showed that only 17% of those in low pay in 2006 were “escapers” by 2016, that 48% were “cyclers” and that 25% were “stuck”. Nonetheless, the report finds that this “negative picture” is an improvement compared to the 1981 cohort for example, when 35% were still “stuck” in low pay ten years later. Looking at the last twenty five years, the report notes that while the proportion of those stuck has fallen, this has generally led to increases in the proportion of “cyclers” rather than “escapers”.

**Stuck in the Midlands**

Compared to the national average, the West Midlands fares badly on the proportion of workers who have remained “stuck”, with only the North East and the East Midlands having higher proportions. In contrast the West Midlands has the lowest rate of “cyclers” and is close to the national average for “escapers”.

Looking below the headline figures, the report considers the key factors that contribute to these larger patterns. They note for example, the extent to which “escapers” are increasingly in full-time work, where once this group was much more evenly split with part-time workers. Among other things, it also considers the impact of students, the role of central and local government jobs in offering structured progression, and the absence of well-paid part-time roles, “especially for mothers with young children”.

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[Image of the West Midlands area]

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As such, the report finds that women are more likely to be low paid than men and are also far more likely to get stuck there. Indeed, it seems that it is particularly hard for women in their early twenties to escape low pay, with the lack of good-quality, flexible work to fit alongside childcare responsibilities identified as the most likely barrier. Even so, the picture has been improving for women. On the other hand, while the situation is better for men, it is deteriorating, with the risk of low pay growing, as men are increasingly employed in low-paid and part-time positions.

The report also identifies age as an important factor, with older workers far less likely to escape low pay than younger ones. For example, the report finds that 23% of low-paid workers aged 25 or under escaped low pay over the following decade, compared to 15% of those aged 46 to 55.

The report in concluding, suggests that the Government’s industrial strategy should emphasise reducing low-pay “in sectors where it is endemic, such as hospitality and retail” alongside its high employment objectives. They say that “focusing on these parts of the economy will be essential if low pay is to become a springboard to higher earnings”.

Sources:

- **ONS** - Regional Labour Market Statistics in the UK: Oct 2017, October 2017
- **IFS** - Living standards, poverty and inequality: 2017, July 2017
- **Social Mobility Commission** - Low pay and progression in the labour market, October 2017
- **Resolution Foundation** - The Great Escape? Low pay and progression in the UK’s labour market, October 2017
Local Government and Brexit

With the Communities and Local Government Select Committee launching an inquiry on Brexit and Local Government, this article takes a look at a few of the publications, proposals and research relevant to the issues raised by the Inquiry.

Devolution

While attempts by local government to forge a new constitutional settlement with central government long pre-date the prospect of Brexit, the potential repatriation of powers has provided an opportunity to reinvigorate the debate and to bring about further devolution. Since the Brexit vote, council organisations have been calling on the Government to ensure that leaving the EU does not result in Westminster and the other devolved national administrations hoarding powers. Indeed, last November, the Local Government Association (LGA) together with its counterparts in Scotland, Wales and Northern Ireland set out the need for further devolution to local communities across the UK after Brexit. In particular, they called for constitutional talks on the key principles of subsidiarity, so that power is transferred to the level of government closest to the people; securing and enhancing the legal position of local government, giving it a defined set of powers and responsibilities; and providing greater fiscal autonomy.

It seems then that Brexit is potentially an opportunity to bring about significant change at the local level. During the summer, the Chartered Institute of Public Finance and Accounting (CIPFA) launched their Brexit Commission. At the time, Julia Goldsworthy the former Liberal Democrat MP who chairs the Commission, said that “the legal, fiscal and policy changes that will accompany Brexit must be converted into meaningful opportunities to reform our public services - improving outcomes for the citizens that rely on them and reducing regional disparities”. The Commission is set to publish “evidence based analysis of the relationship between UK public services and EU funding” later this year, alongside recommendations on how future funding mechanisms might best work.

New Commons Inquiry

However, making sure that the voice of local areas is heard at a time when the Government is occupied with the general mechanics of Brexit is unlikely to be easy. As the negotiations continue and related legislation begins to be debated in Parliament, the House of Commons Communities and Local Government (CLG) Committee has just launched its “Brexit and Local Government” inquiry with its
chair, Clive Betts, commenting that although “the previous secretary of state said last year that local government must be represented in the negotiations on the terms of the UK’s exit from the EU ... the role of local authorities post Brexit is still unclear”.

Taking evidence until 14th November, the inquiry will investigate devolution and how leaving the EU might affect investment, development and economic funding. It will also look at the employment of EU nationals and how local workforces such as adult social care and construction might be affected. In broad terms the Inquiry is calling for evidence on -

- What are the greatest risks and opportunities for local government posed by Brexit?
- What measures should the government take to provide more certainty and stability for local government in the light of Brexit?
- What powers could be devolved from the EU directly to local authorities?
- The extent to which local government’s voice is being heard in the Brexit negotiations and how representation can be improved?

Henry VIII powers

Perhaps as important as how local government is involved in the Brexit negotiations will be the extent to which it is involved in how EU legislation is translated into UK law. Responding to the White Paper on the Great Repeal Bill earlier this year, the LGA reinforced its view that “local government must play a central role in deciding whether to keep, amend or scrap EU laws once they are converted into domestic law”.

While not ruled out by the Repeal Bill’s Henry VIII powers, these special powers would allow Government to independently amend the primary legislation, potentially removing parliamentary scrutiny by local MPs, let alone the involvement of local government.

Investment and economic impacts

One of the issues the CLG Inquiry is interested in is the potential effect of Brexit on investment. For many years the West Midlands has been particularly successful in securing investment from abroad, both in terms of the number of investment projects and the number of jobs they have created or protected. The annual EY Regional Attractiveness Survey, which allies analysis of this type of investment activity with a survey of global investors found some mixed messages in the results, saying that “for every positive indicator there is an equivalent negative development”. Significantly, however, they note that “while investors’ perceptions point to short-term stability ... longer term perceptions are increasingly negative”.


Giving one perspective of potential economic impacts, the Centre for Cities and the LSE’s Centre for Economic Performance have mapped and attempted to quantify the possible effects of both a “hard” and “soft” Brexit on each local authority, focusing on the major urban areas. In doing so they find that “every local authority area is predicted to see a decrease in economic output”, with cities doing worse than their non-urban counterparts. Among their recommendations are for the Government to “consider the spatial implications of deals negotiated and to support cities to adapt to changes in the UK’s trading relationships” and that cities should combine the insight into how they might be effected with local knowledge to “consider how approaches to local economic development should be restructured.”

European funding

The EU is currently an important source of local regeneration and economic development funding. It is no surprise then, that there is great interest in how the government might replace the EU’s regional regeneration-funding mechanisms. The LGA for their part have called for the Government to work with councils to develop a “fully funded and locally-driven successor”, which crucially would give local areas “full control over how it is spent and what projects it is spent on”. A report by the LGA published in the summer suggested that this should be at least equivalent to the £8.4 billion of European Structural Investment Funds which areas across the UK are set to receive between 2014 and 2020. However, while similar in value, the objective would not be to create a “like for like” replacement but rather use the opportunity to create one that avoids defaulting to silo-based approaches” and is not “bogged down by government bureaucracy and delay”.

Procurement

Taking a different perspective, Centre of Local Economic Strategies (CLES) has published a discussion paper looking at the opportunities for public procurement Post-Brexit. Among the ideas they put forward is for a “beefed up” Public Services (Social Value) Act. This would be applied to both local procurers and central government, so that “social value is not a consideration in procurement BUT a requirement”. As such they suggest that alongside the traditional focus on cost and compliance, procurement should be used to help address challenges such as “youth unemployment, low skills and poor business sustainability”.

Workforce

The impacts of leaving the EU on the workforce will no doubt vary depending upon the sector and location. Specifically mentioned by the CLG Committee, according to the Commons Health Select Committee report on Health and Social Care and Brexit, some 90,000 people from EU countries work in
adult social care and a further 60,000 in the NHS. In their report, the Committee recommended that the Government should “ensure that health and social care providers can retain and recruit the brightest and best from all parts of the globe and that the value of the contribution of the lower paid health and social care workers is recognised”.

Turning to another sector highlighted by the CLG Committee, construction, the Institution of Civil Engineers (ICE) suggested that around 9% of the UK’s construction workforce are EU nationals. In a recent briefing, they point to problems of implementing a points-based immigration system in the sector, which requires large numbers of unskilled and semi-skilled workers, and also problems from an existing skills shortage, which they say will reduce the UK’s capacity to deliver housing and major infrastructure projects - a significant issue when the Government is looking to radically increase house building. Among their recommendations are the recognition of constructions-skills on the UK Shortage Occupations list, construction students to be given the right to remain in the UK for a set period post study, and a long term programme to evolve skills and practices.

Sources:

- **CLG Committee** - Brexit and Local Government Inquiry, October 2017
- **LGA** - UK local government leaders unite in Brexit devolution call, November 2016
- **LGA** - Brexit: councils respond to Great Repeal Bill White Paper, March 2017
- **CIPFA** - CIPFA Brexit Commission launches with mission statement, August 2017
- **Centre for Cities** - Brexit, trade and the economic impacts on UK Cities, July 2017
- **CLES** - Opportunities for Public Procurement, October 2017
- **EY** - UK Attractiveness Survey 2017: Time to Act, May 2017
- **LGA** - Local areas need £8.4 billion of EU funding replaced after Brexit, July 2017
- **LGA** - Beyond Brexit: future funding currently sourced from the EU, July 2017
- **Parliament.gov** - Henry VIII clauses
- **Health Select Committee** - Brexit and health and social care, April 2017
- **ICE** - BREXIT Infrastructure Group skills briefing, April 2017
Cancer in the West Midlands

Public Health England’s (PHE) recent report on cancer in the West Midlands is intended to inform discussions by health and local authority commissioners. However, in setting out the cancer related data and analysis for the region by local authority and Clinical Commissioning Group it should also be of interest to a wider audience.

As well as covering the incidence and mortality rates for different cancers, PHE’s report also looks at how the risk factors for particular cancers vary from area to area and how the incidence of different types of cancer and the stage at which they are diagnosed can differ according to deprivation. Indeed, the impact of deprivation is a clear theme, with the report stating that “not only are you more likely to develop cancer if you’re in the most deprived socioeconomic quintile, but that once detected cancers in these groups are less likely to be treatable”.

Cancer rates across the West Midlands

Over the past 10 years the incidence of all cancers has increased in the West Midlands and across England. On the positive side, it seems that the region has a rate “significantly” below the England rate. However, less positively, the region’s mortality rate, although declining, is “significantly” higher than the England average.

In bare figures in 2014, over 31,000 people were diagnosed with cancer in the West Midlands with just short of 8,000 deaths. As might be expected there are variations from place to place. For example, the incidence rate of new cancers ranges from 543 cases per 100,000 population in Shropshire through to 678 in Stoke-on-Trent. This gave Stoke-on-Trent along with Solihull rates that were significantly higher than the England average. On the other hand, Shropshire together with Herefordshire, Staffordshire and Warwickshire all had rates significantly lower than the England average.

Age is an important factor, with the over 65s accounting for nearly two thirds of all diagnosis. Bearing in mind the ageing population, improving rates of early diagnosis and better treatments it seems that more and more people are living with, or beyond cancer, so much so that by 2030 it is estimated that there may well be around 135,000 people living with or beyond cancer in the region. That figure being well in excess of the 89,000 people in 2014.
Risk factors and preventative action

The connection between smoking and lung cancer is well known and PHE note the decline in smoking along with the falling incidence of lung cancers. Even so, smoking still accounts for many diagnoses and the report highlights the need to investigate and tackle the variations in smoking rates across the region.

Perhaps less well appreciated by the public are the impacts of alcohol consumption and of being overweight or obese on cancer incidence. Bearing in mind the “high alcohol consumption” levels in the West Midlands, PHE highlights the need to address the regional variations in alcohol related cancers. Taken together with the significantly higher proportion of overweight and obese people in the region, the report suggested that “unless preventative action is taken … there will be a significant increase in cancers associated with alcohol and obesity” in the coming years.

Deprivation and cancer

In respect to those risk factors, it seems that “the burden of excess alcohol consumption, low physical activity and increased overweight and obesity prevalence are disproportionately carried by those in the most deprived socioeconomic quintiles”. As such, it seems that some types of cancer are “strongly associated” with deprivation. For example, compared to the least deprived groups for both sexes, the most deprived groups have higher rates of lung, liver and stomach cancers, while oral and pancreatic cancers have higher rates among the most deprived males and cervical cancer rates are higher among the most deprived females. On the other hand, prostate cancer, breast cancer and skin cancer were all found to be more common in the least deprived groups.

Across all types of cancers, PHE expresses concern that the gap in overall one-year cancer survival rates between the least and most deprived groups of the West Midlands’ population increased between 2005 and 2014.

Early diagnosis by area

As might be expected, the stage a cancer is diagnosed is important in helping determine treatments and indicates the severity of the disease at the time the patient sought medical help. Again deprivation is an important factor, with PHE commenting on the “strong relationship” between the stage cancer is diagnosed and deprivation.

Looking more closely, in 2014, across the West Midlands 41% of cancers were diagnosed relatively early on, where the cancer had not spread to other parts of the body (stages 1 and 2).
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Viewed in relation to deprivation, it appears that for the least deprived quintile 47% of cancers were diagnosed at stage 1 or 2 compared to 40% for the most deprived. Conversely, for the least deprived, 19% were diagnosed at stage 4 compared to 26% for the most deprived.

For specific Clinical Commissioning Group areas, the highest proportion of early diagnosis were in Solihull, while the lowest were in East Staffordshire and South Warwickshire. The report also covers the performance of different areas in terms of cancer screening, meeting referral targets and patient satisfaction among other things.

Preventing ill health from alcohol and tobacco use

Bearing in mind the relationship between alcohol and smoking and cancer, it’s perhaps worth noting PHE’s recently published guidance on its Preventing ill health by risky behaviours - alcohol and tobacco CQUIN (Commissioning for Quality and Innovation). PHE suggest that CCGs and councils should implement the scheme, which aims to identify and support inpatients who are smokers or at-risk drinkers, by including it locally in all NHS Standard Contracts with eligible providers.

Department of Health and NHS made simple

Those interested in a short guide to the Department of Health and NHS, may find the National Audit Office’s new publication useful. Part of their “A Short Guide to...” series, it sets “what the Department of Health and NHS England do, how much they spend, recent and planned changes and what to look out for across their main business areas and services”. The guide is organised into several sections including overview, commissioning, NHS primary care services, NHS hospital and specialist care services and regulation and oversight.

Sources:

- Public Health England - Cancer in the West Midlands, August and October 2017
- Public Health England - Health Matters: preventing ill health from alcohol and tobacco use, October 2017
With a consultation underway on the way councils should calculate their house building requirements and a social housing green paper on the horizon, this article takes a look at some recent activity in the housing and planning policy fields.

Social Housing Green Paper announced

Speaking at the National Housing Federation conference in Birmingham in September, Secretary of State Sajid Javid announced a forthcoming green paper on social housing. Trailed by Sajid Javid a “wide-ranging, top to bottom review”, it is intended to look at what has “gone right and what has gone wrong. Why things have gone wrong and most importantly how to fix them”. As might be expected in the wake of the Grenfell Tower disaster, the green paper will look at safety issues alongside matters such as the quality of social housing and its management, the rights of tenants, the role of social housing in creating safe and integrated communities, and a host of other issues including homelessness.

This latter issue was recently looked at by the National Audit Office (NAO). Outlining the rapid increase in homelessness, the NAO found the ending of private sector tenancies was the biggest single cause. Commenting that changes to the benefits system are “likely to have contributed” to housing becoming less affordable, it observes that the government has yet to fully assess the impact of welfare reforms on homelessness. Produced before the announcement of the social housing green paper, the NAO also commented on the limited options open to councils to house families, referring to the “significant reduction in social housing” and the steady increases in spending on homelessness services such as temporary accommodation at a time when overall spending on housing services has declined. With the NAO reporting that there is no cross-government strategy to tackle homelessness, it will be interesting to see the extent to which these issues are dealt with in the forthcoming green paper.

Local house building targets, easy as 1-2-3?

As part of its drive to increase the rate of housebuilding, the government is consulting on further changes to the planning system. Chief among these is the proposal for a standard, three-stage methodology to calculate the number of homes a council should plan for. Replacing locally devised approaches, the government’s proposal would take the Office of National Statistics’ (ONS) household
growth projections as its starting point. In stage two, in areas where average house prices are more than four times average earnings there will be an increase in the number of homes planned for, with the rate of increase set according to a national formula. A final third stage would cap any increase to 40% above the local plan figure, or if the plan is not up to date, the original ONS projection.

Launching the consultation, Sajid Javid said that figures would not be “hard and fast targets” due to local constraints. On the other hand, other areas may be “willing and able to take on unmet need for neighbouring authorities”, while councils could also arrive at higher figures to meet economic aspirations. Without these adjustments it seems that for many areas the proposed methodology could produce a fall in the baseline housing numbers. The illustrative figures for each council can be found in a document accompanying the consultation.

**Strategic and neighbourhood changes**

Changes are also proposed to strengthen strategic, cross-boundary cooperation by means of Statements of Common Ground. Under these proposals planning authorities would have 12 months to set out how they are working with their counterparts on strategic issues including housing and infrastructure and record where agreements have or have not been reached. Generally these would cover agreed housing market areas, although other geographies are not ruled out.

Other changes being consulted on include: improving the identification of the housing needs of specific groups such as older people; whether local authorities should set out housing figures for designated neighbourhood planning areas and how this might be done; the use of viability assessments in both plan-making and decision-making; and increasing planning application fees where “authorities are delivering the homes their communities need”. The consultation closes on 9th November.

**New Homes Bonus reductions**

Responding to the consultation, the Local Government Association (LGA) said that while there may be benefits, “a formula drawn up in Whitehall can never fully understand the complexity and unique needs of local housing markets”. In commenting, the LGA also noted that Councils approve nine out of ten planning permissions. In this context, it’s worth noting the recent consultation on the technical aspects of the local government finance settlement. Among other things, this included a consultation on methods to reduce councils’ New Homes Bonus funding where the homes have been granted on appeal rather than by the council. The Local government finance technical consultation closed on 26th October.
Sources:

- **Sajid Javid** - speech to the National Housing Federation Conference, Birmingham - 19th September 2017
- **NAO** - Homelessness, September 2017
- **DCLG Consultation** - Planning for the right homes in the right places, September 2017
- **Sajid Javid** - Statement on Local housing need, September 2017
- **LGA** - response to government announcement on housing need, September 2017
- **DCLG** - Local government finance settlement 2018 to 2019: technical consultation, September 2017