

Putting employment on the levelling up agenda

Summary

This policy briefing from ReWAGE argues that levelling up means addressing employment inequalities between regions, within regions and between people. High-quality employment is a key lever for levelling up and needs to be included in the government's levelling up agenda, along with other actions on getting people into and progressing with work to these better jobs. It also recommends that a set of metrics needs to be developed that measure progress on employment levelling up.

Context

Regional 'levelling up' is a key objective of the UK Government and a White Paper will be published in late 2021. Before the pandemic UK inter-regional inequality was amongst the worst in the OECD countries¹ and, for some groups, has become more acute with the Covid pandemic.

Levelling up can include improved local or regional transport, general infrastructure, and research and development capacity but can only be part of the solution. There are four reasons for a direct focus on high-quality employment as a means for 'levelling up':

- Employment is an issue of significant public concern for its material and psychosocial benefits.²
- Access to high skill, high wage and secure employment is a means to reduce income inequalities between regions and people, and attendant social and health consequences.
- High quality employment (e.g., high skill use, job security) has a positive impact on mental and physical health outcomes.³
- High quality employment has features that, in concert with other management practices, are related to higher productivity across many sectors.⁴
- High quality employment with high wages lowers welfare dependency and provide more revenue for the Exchequer.⁵

¹ McCann, P. (2020) Perceptions of regional inequality and the geography of discontent: insights from the UK. *Regional Studies*. [Full article: Perceptions of regional inequality and the geography of discontent: insights from the UK \(tandfonline.com\)](https://www.tandfonline.com/doi/full/10.1080/09595830.2020.1811111)

² See for example, <https://www.salvationarmy.org.uk/sites/default/files/resources/2021-08/Levelling%20Up%20Report%20-%20Understanding%20People%20-%20Understanding%20Places.pdf>; Taylor, M. (2021) *Do we have to work?* London: Thames & Hudson.

³ Nieuwenhuijsen, K., Bruinvels, D. & Frings-Dresen, M. (2010). Psychosocial work Environment and stress-related disorders, a systematic review. *Occupational Medicine*, 60, 277–286; Stansfeld, S. & Candy, B. (2006). Psychosocial work Environment and mental health – a meta-analytic review. *Scandinavian Journal of Work, Environment & Health*, 32, 443–462; Theorell, T. (2020) Occupational determinants of cardiovascular disorders including stroke. In Bültmann, U., & Siegrist, J. (Eds), *Handbook of disability, work and health*. Springer; Theorell, T., Hammarström, A., Aronsson, G., Träskman Bendz, L., Grape, T., Hogstedt, C., Marteinsdottir, I., Skoog, I., & Hall, C. (2015). A Systematic Review including Meta-analysis of Work Environment and Depressive Symptoms. *BMC Public Health* 15: doi:10.1186/s12889-015-1954-4.

⁴ Combs, J., Liu, Y., Hall, A., & Ketchen, D. (2006). How much do high-performance work practices matter? A meta-analysis of their effects on organizational performance. *Personnel Psychology*, 59, 501-528.

⁵ [Good work: the Taylor review of modern working practices - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/reviews/good-work)

Recommendations:

- That employment is included as a discrete area of focus in the government's levelling up agenda. The Taylor Review addresses job quality and recommendations for improving job quality.⁶ For reducing inequalities in employment there needs to be an emphasis on providing better employment conditions and opportunities for progression in lower skilled, lower value-added jobs.⁷
- The provision of high-quality employment should be recognised as:
 - a lever for reducing inequalities through improvements in the experience of work and job quality;
 - a means of reducing regional inequalities through greater prosperity;
 - a means of improving wellbeing and health.
- To measure progress towards levelling up employment for people and places, the UK Government needs to develop a set of metrics.⁸ These metrics should feed into a wider set of metrics for levelling up for people and places across health, education housing and transport etc. This scope means that a coordinated reporting of results is required.
- The devolved administrations in the English regions should do likewise for their localities. The Scottish, and Welsh Governments and the Northern Ireland Executive should do so for their countries.

Summary of evidence

High-quality employment contributes to 'levelling up'

Most UK Government discussion to date about what levelling up means and how it can be delivered and measured has focused on local or regional transport, education, general infrastructure, and research and development capacity. There are significant regional disparities in these respects and action is needed. However, none feature in what the public says they need locally and regionally.⁹ Not surprisingly there are calls to broaden the focus of the levelling up agenda.¹⁰

Reasons for concern over inequalities include:

- Public attitudes towards both the undesirability of large differences in life experiences and material suffering below a certain threshold.¹¹
- The effects of income inequalities within-countries and within-regions, which are related to impaired social and health outcomes, including educational

⁶ [Good work: the Taylor review of modern working practices - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/534212/good-work-taylor-review-of-modern-working-practices.pdf)

⁷ Rubery, J., Bailey, K. (2020). Future of Work. Report for Government Office for Science.

⁸ See for example the experience of Canada's Federal Government with respect to devolved skills strategies: [Local skills case study \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/534212/good-work-taylor-review-of-modern-working-practices.pdf)

⁹ Salvation Army/Institute for Employment Studies (2021) Understanding People, Understanding Places. [Levelling Up Report - Understanding People - Understanding Places.pdf \(employment-studies.co.uk\)](https://employment-studies.co.uk/wp-content/uploads/2021/06/Levelling-Up-Report-Understanding-People-Understanding-Places.pdf)

¹⁰ House of Lords Public Services Committee (2021) Levelling up and public services: position paper, [Public Services Committee - Summary - Committees - UK Parliament](https://public-services-committee.parliament.uk/wp-content/uploads/2021/06/Levelling-up-and-public-services-position-paper.pdf)

¹¹ [Measuring wellbeing inequality | New Economics Foundation](https://www.neweconomics.org/insights/measuring-wellbeing-inequality)

attainment, teenage birth rates, social mobility, crime rates, mental *and* physical health problems.¹²

- Regional inequalities in income, employment rates, disability benefit claimants, health, and wellbeing. ‘Levelling up’ relates to reducing within and between regional differences in these areas, and in social mobility, education, skills and digital inclusion.¹³
- The differences between groups, such that outcomes are worse for some groups compared to others (e.g., low-skill, low-pay, female, BAME and disabled workers and those workers with caring responsibilities).¹⁴ ‘Levelling up’ therefore constitutes reducing inequalities between- and within-regions and reducing inequalities between people.

Employment and related inequalities in opportunities and outcomes do concern the public.¹⁵ Addressing these disparities would help reduce inequalities between different societal groups and between and within regions. Employment opportunities and outcomes matter for people and places and relates both to supply-side policies (e.g., access to education and training) and demand-side (e.g., providing guidance and support to employers for creating inclusive and high-quality employment).¹⁶

What sort of investments are needed to level up employment?

There is recognition by the UK Government that addressing regional inequalities requires a bottom up, community-led approach.¹⁷ Levelling up employment means investing in people and places; making work better, particularly in those places with higher levels of lower paid and less secure work; and it means getting better at joining up services locally in way that is appropriate to the needs of the locality.

Taking these three points in turn, investment in people needs to be based on ensuring that all of those who want or need help to find work, or to move into better work, can access the right support at the right time. The UK labour market has averted an unemployment crisis but now faces a crisis of participation – with around one million fewer people in work or looking for work than pre-crisis trends. In addition, before the crisis there were already over two million people off work due to ill health, too few disabled people employed and one million young people not in full-time education or employment.¹⁸ Extending, reforming and improving support for those not in work needs to be a top priority.

¹² Goff, L., Helliwell, J.F., & Mayraz, G. (2016). The welfare costs of well-being inequality. *NBER Working Paper Series 27*. <https://faculty.arts.ubc.ca/jhelliwell/papers/w21900.pdf>; Pickett, K.E., & Wilkinson, R.G. (2015). Income inequality and health: a causal review. *Social Science & Medicine*, 128, 316-326.

¹³ See for example: Dickinson, P. (2019) Report for Leeds City Region and the York and North Yorkshire Learning and Enterprise Council, Institute for Employment research, University of Warwick.

¹⁴ See, for example, <https://www.centreforsocialjustice.org.uk/wp-content/uploads/2021/03/CSJJ8819-Disability-Report-190408.pdf>; Burdorf, A., & Robroek, S. (2020). Trajectories from work to early exit from paid employment. In Bültmann, U., & Siegrist, J. (Eds.), *Handbook of disability, work and health*. Berlin: Springer.

¹⁵ Salvation Army/Institute for Employment Studies (2021) (op. cit).

¹⁶ See for example, <https://www.centreforsocialjustice.org.uk/wp-content/uploads/2021/03/CSJJ8819-Disability-Report-190408.pdf>

¹⁷ [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/att;](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/government-uploads-syste-m/uploads/att;)

<https://www.gov.uk/government/publications/uk-community-renewal-fund-prospectus/uk-community-renewal-fund-prospectus-2021-22>

¹⁸ Source: ONS Labour Market Statistics, dataset A06.

Investment in people must also include the right support to get the skills needed to take up work. In recent years the UK has emphasised employer-led apprenticeships and college-led entitlements to adult learning. Increased devolution, particularly in Combined Authority areas, has given major cities the scope to co-ordinate and often commission support in ways that can better meet local needs. The Levelling Up White Paper should learn from this approach and extend what has worked to more places (e.g., rural and coastal areas and city hinterlands). What is needed is more flexible, demand-responsive and locally tailored provision that better involves employers and stimulates, rather than replaces, workplace investment.

The crisis has also shown that more progress is needed on supporting progression in work for those in low pay, particularly for those with caring responsibilities, health conditions or poor work histories. The government has set out high-level proposals for improving progression support but this support needs to go far beyond a narrow offer to Universal Credit claimants whose earnings meet a ‘Goldilocks test’ (not too little but not too much). A broader public employment service offer is needed, linked to the right help to address barriers that prevent people moving on or moving up.

On making work better, levelling up means that the floor on employment standards needs to be raised.¹⁹ In addition, management practices need to be improved in lower-paying industries among both smaller and larger employers. There is a growing body of research around what ‘good work’ looks like in low paying sectors²⁰ as well as tackling the practical challenges in improving HR practice.²¹

The White Paper provides an opportunity to test how we can work with firms to do more of what works and less of what does not. Support should be given to strong local partnerships that can build around local industries and needs. Locally rooted businesses such as social enterprises and cooperatives can provide good jobs and should be supported. These types of businesses are resilient in times of economic crisis, create jobs locally and are more likely to remain embedded in local communities, providing high performance type working practices that support higher productivity.²² In rural areas specifically, it can be small businesses that are embedded, are the main job providers and should be supported.²³

¹⁹ Warhurst, C. and Knox (2021f) Manifesto for a new Quality of Working Life. Human Relations [Manifesto for a new Quality of Working Life - Chris Warhurst, Angela Knox, 2020 \(sagepub.com\)](#)

²⁰ See for example Lucy, D. & Bajorek, Z. (2019) Progression in Employment: Supporting in-work progression for low-skilled, low-paid workers, IES Report 561; and the associated [toolkit and case study](#) collection.

²¹ Atkinson, C., Lupton, B., Kynigho, A., Antcliff, V. & Carter, J (2017) People Skills: Building ambition and HR capability in small UK firms: An evaluation of HR business support pilots; Manchester Metropolitan University Business School.

²² [Cooperatives and social enterprises: Work and employment in selected countries \(europa.eu\)](#); Robinson, C (2021) ‘What can Social Enterprises contribute to the levelling up agenda?’, SOTA Review no.52, Enterprise Research Centre, Universities of Warwick & Aston.

²³ See for example, National Council of Rural Advisers (2018) [New blueprint for Scotland's rural economy: recommendations to Scottish Ministers - gov.scot \(www.gov.scot\)](#); Kraus, P., Stokes, P., Cooper, C., Liu, Y., Moore, N., Britzelmaier, B. and Tarba, S. (2020) Cultural antecedents of sustainability and regional economic development - a study of SME ‘Mittelstand’ firms in Baden-Württemberg (Germany). Entrepreneurship & Regional Development 32(7-8): 629-653.

Finally, levelling up will not succeed if the UK does not address and improve the complexity and (often) lack of coherence across policy areas, funders and provision. In many other countries, local areas have far more influence and control over local public services, meaning that these services can be better joined up and tailored to respond to local needs.²⁴ This has made services more accessible – for residents and employers – and often spurred innovations in policy and service delivery. In all cases, these approaches have been underpinned by good governance, clear accountabilities (including between national and local government) and strong operational partnerships. The UK has perhaps the most centralised employment and skills system in the developed world.²⁵ The Levelling Up White Paper would be a great opportunity both to improve how services are joined up and delivered in all areas, but also to trailblaze more radical models of devolution and local integration.

How should progress to levelling up employment be measured?

To measure progress towards levelling up employment for people and places, the UK Government needs to have a set of metrics. These metrics need to be developed. To ensure coherence and compatibility of the measure of employment levelling up across the UK the UK Government should undertake this task.²⁶

The UK Government has started developing specific metrics but, for employment, the metrics are limited: levels of unemployment and proportions of workers with no qualifications.²⁷ These two measures do not adequately capture employment inequalities generally or the Prime Minister's more specific desire for a high skill, high wage economy for the UK. A broader set of employment metrics is required and evidence suggests how these might be developed.

First, it is essential that any set of metrics does measure levelling up rather than just the closing of gaps. For example, in Greater Manchester a low gender pay gap is found because of low earnings for men and lower than national average employment rates for women. These two factors combine to narrow the gender pay gap in Greater Manchester but do little to improve pay for women. Not only do women still earn below the national average but also if more women were to be in employment the average wage may well fall.²⁸ Simply measuring gaps is too blunt and can hamper rather than help policy development – as the problems using disability pay gap in the National Disability Strategy illustrate.²⁹

Second, levelling up requires an upward convergence rather than a downward convergence. One approach to assessing metrics of levelling up would be to use metrics of inequalities. Statistical metrics of inequalities can be divided into those that

²⁴ Wilson, T., Crews, A. and Mirza, K. (2017) Work Local: Report to the Local Government Association on developing a modern, local, public employment and skills service; Learning and Work Institute

²⁵ Ibid.

²⁶ See for example the experience of Canada's Federal Government with respect to devolved skills strategies: [Local skills case study \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

²⁷ [Levelling Up Fund: Prioritisation of places methodology note - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

²⁸ GM4WOMEN2028 (2021) https://562307c5-78ca-456d-b3af-108cd2112aca.filesusr.com/ugd/84abc5_6f44f1babeed43ac89327cb0f4c26558.pdf

²⁹ Hoque, K. and Bacon, N. (2021) [Disability@Work-response-to-the-National-Disability-Strategy.pdf \(disabilityatwork.co.uk\)](https://disabilityatwork.co.uk),

4. A composite index of progress would mask any variations by individual metric. Instead results for each metric should be presented as a scorecard of items. This approach would clearly signal where further action is needed and where best practice is present to be built upon.
5. To measure distance travelled and distance still to be travelled, the scorecard reporting should benchmark people or places performance against its starting score and against the score of the best performing people or place for that metric.
6. The metrics should be easily understood by the public and easily communicable to the public. Whilst the outcomes of actions to level up will vary, there needs to be annual reporting for employment that set out progress towards levelling up.

These principles pertain to employment, but employment is one aspect of levelling up. These metrics should feed into a wider set of metrics for levelling up for people and places across health, education housing and transport etc. This scope means that a coordinated reporting of results is required. The UK Cabinet Office should have responsibility for collating and communicating progress against the full set of wider metrics for the UK. The devolved administrations in the English regions should do likewise for their localities. The Scottish and Welsh Governments and the Northern Ireland Executive should do so for their countries.

About the authors

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2. This policy brief represents the views of the authors based on the available research. It is not intended to represent the views of all [ReWAGE members](#).

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About ReWAGE

4. ReWAGE is an expert advisory group to support government's strategic response to the recovery and renewal of work and employment in the UK as it tackles the impact of Covid-19.
5. Its recommendations cover: the maintenance and creation of jobs, improving the quality of jobs, ensuring that the workforce has the right skills to access

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those jobs, and access to training and jobs is available to all. Its scope covers employers, employees and the self-employed.

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