

Urban poverty in the UK:
is local economic development the answer?

Adam Sandell
Nuffield College, University of Oxford

M.Sc. Comparative Social Research
June 1996

Urban poverty in the UK: is local economic development the answer?

Introduction

Economic development is the only way in which central and local government can have a serious, long-term impact upon poverty and deprivation in urban areas, if we are to believe many of the policy documents and discussion papers emanating in recent years from local and national government, political parties and state institutions in the UK.¹ ‘Economic development’ describes a basket of activities undertaken by central and local government which have the common goals of developing local economies and creating employment; as a set of policies, economic development is sold as being able to benefit everyone, socially, environmentally and financially. In particular, its advocates (who come in all colours of the political spectrum) have suggested that it represents the only realistic way of tackling pockets of urban poverty and deprivation in the long term.

The characteristics of poverty with which this paper is concerned are those encompassed within Peter Townsend’s definition of poverty:

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong.²

From the perspective of a reduction in poverty, the goals of economic development are above all social, and its success must be measured not just in terms of its impact upon growth in productivity but also in terms of its impact upon poverty. This paper examines the claim of proponents of local economic development that as a strategy it has something serious to offer

¹See, e.g., Audit Commission (1989), Cabinet Office (1988), Cabinet Office and Central Office of Information (1989), Ridley (1988) and, in the context of this paper, the publications by Oxford City Council and Oxfordshire County Council listed in the bibliography.

²Townsend (1979) *Poverty in the United Kingdom* p.31

people experiencing poverty, and focuses explicitly upon the financial benefits that people living in poverty might be able to reap. Other potential benefits are addressed more tangentially.

I shall adopt two distinct approaches. The first involves a review of literature on the subject, developing some of the ideas to be found within existing work on urban poverty and local economic development. This part of the paper explores, from a social policy perspective, some of the principles and assumptions involved in economic development work being carried out particularly by local government in the UK, asking how much these policies might realistically be expected to improve the lives of people living in poverty and, where it is possible to do so, examining the extent to which real improvements have been seen. I will suggest that some of the principles and assumptions underpinning much economic development work in the UK are, from a perspective of tackling poverty, seriously flawed.

The second part of this paper adopts a new approach. Taking the City of Oxford as a case study, it looks both qualitatively and quantitatively at the policies being pursued in Oxford and at the demographic characteristics of those suffering poverty, and asks how well matched the former are to the latter. To my knowledge no research to date has performed this sort of analysis; indeed, remarkably little research into economic development has made more than passing reference to the lives of those people who are meant to benefit from these policies. I believe that this represents a very serious omission and I will suggest that, extrapolating from this pilot study of Oxford, it seems likely that much economic development work is poorly targeted and may offer significantly less than it claims as a strategy for tackling poverty and deprivation.

A brief historical background to economic development in the UK

Economic development is not a new concept, and can trace its ancestry to policies pursued in the nineteenth century. Recent national programmes, however, have roots in the 'Urban Programme' of the 1970s, the responsibility first of the Home Office and then of the Department of the Environment, providing grants and supporting initiatives carried out by local authorities. The programme was particularly directed at inner urban areas.

In 1977 the Department of the Environment published a white paper on *Policy for the Inner Cities*,³ which placed heavy emphasis on poverty and on its wide social effects and advocated an approach which emphasised initiatives which would selectively strengthen local economies in areas with the greatest needs. It is probably fair to say that no-one, at the time, anticipated the scale of the decline in urban manufacturing industries that was to take place in the early 1980s and the disastrous social and environmental consequences that this was to have for many urban areas.

The concept of 'partnership' between public and private sector became fundamental to central government's response to what was increasingly perceived as a major social problem, particularly after the riots of 1981, and over the course of the decade a series of initiatives were introduced with the aim of bringing private investment into deprived urban areas. These went by a host of names: Urban Development Grants, Urban Development Corporations, City Action Teams, Task Forces, Urban Regeneration Grants, City Grants and Enterprise Zones. Measures included using public funds to 'pump-prime' schemes which would subsequently attract private investment, providing grants and advice for new business initiatives, providing training for people who were unemployed, and creating zones where

³Department of the Environment (1977)

businesses were given ‘holidays’ from having to pay rates and had customs privileges, and where the process of applying for planning permission was greatly simplified.

‘Inner cities’ were a major political issue. On the morning after the 1987 general election, the then Prime Minister announced that ‘on Monday, we have a big job to do in some of those inner cities,’ signalling clearly the priority the government intended to give to tackling urban problems. Kenneth Clark was appointed Minister for the Inner Cities and in January of 1988 he toured a number of American inner city areas to study US regeneration schemes. A number of the measures that were introduced in the UK were imported directly from the United States, where they were being implemented to tackle some of the social problems associated with American inner city areas.⁴ In the same year, the Cabinet Office published a glossy brochure entitled *Action for Cities*, outlining what the government was doing, and what it proposed to do, to bring about ‘a major new drive to restore Britain’s inner cities’ and to enable inner cities to ‘rediscover the sense of civic pride that once united residents and business’.⁵ Illustrated with ‘before and after’ photographs of revitalised urban areas, the brochure outlined what central government proposed to offer: financial and practical assistance to businesses, training for young people and the unemployed, and projects aimed at attracting private-sector investment into inner city areas. Also mentioned are schemes to improve safety and housing conditions. There is a moral tone to the publication, with references to improving the ‘motivation’ of inhabitants in the inner cities. The overall theme is a revitalisation of the private sector economy, generating wealth which would go directly to, trickle down to, and act as an incentive to, residents of inner city areas.

A recurrent theme in *Action for Cities* is the part played by local government in bringing about some of the problems that the brochure was addressing: a foreword by the then Prime

⁴Randall (1991); Edwards and Deakin (1992) p.360

⁵Cabinet Office (1988) p.3

Minister reported that some towns and cities have ‘clung to old ways and allowed opportunities to pass them by. A number have suffered from civic hostility to enterprise. All too many have had their problems intensified by misguided post-war planning and development which had the best of intentions but the direst results for the people living there.’⁶ The theme is repeated throughout the document, with a number of references to the importance of cutting through ‘red tape’, and it is fairly clear that the role for local government in this programme of revitalisation is to get out of the way.

In the early 1990s, a significant slice of expenditure on existing programmes was shifted into a new initiative called City Challenge, where local authorities, in partnership with private sector companies and other local agencies, bid competitively for funding for specific projects. In 1994 this increasingly complex patchwork of urban regeneration and economic development programmes was revised and consolidated into one centrally administered package called the Single Regeneration Budget, into which City Challenge and other programmes were incorporated. The 1995/96 Single Regeneration Budget (SRB) accounts for some £1.3 billion of central government expenditure. Competing SRB bids are considered by the Committee for Regeneration, comprising ten Cabinet ministers and the Minister for Inner Cities.

The other key actor in economic development policy is (despite the rhetoric in *Action for Cities*) local government. Nicholas Ridley, then Secretary of State for the Environment, wrote in 1988 in a study of the role of local government that ‘the only way that prosperity can be brought back to some of our older industrial areas and inner cities is by getting the private sector to invest in regeneration, and by encouraging those who want to be enterprising to bring employment back to the city by their activity. Local authorities can enable this to

⁶*Ibid.* p.2

happen by their attitudes and their actions...⁷ and the importance of local government was similarly underlined by the Audit Commission (a regulatory body set up by act of Parliament) which in 1989 published an extensively researched booklet entitled *Urban regeneration and economic development: the local government dimension*. From the 1980s to date local authorities have become increasingly active in local economic development work, and in addition to their role in Single Regeneration Budget initiatives, significant proportions of many councils' annual revenue budgets are now devoted to economic development activities. Strategies include competing against other areas to market the locality to businesses within the UK and abroad, providing practical assistance, advice and training to people interested in setting up businesses locally, providing training for unemployed residents, structuring their own employment policies to retain and, where possible, create local jobs and respond to the needs of the local labour market, and operating as planning authorities in a manner sympathetic to the creation of new jobs.⁸

An analysis of economic development as an instrument for tackling poverty

There can be no doubt that unemployment is one of the most pressing social and economic problems faced by urban areas in the UK today. The numbers of people actively seeking work run into seven figures and the experience of unemployment is devastating financially, psychologically and socially not just for the unemployed but for their families and for whole communities when there is widespread local unemployment.⁹ Financial compensation for the unemployed in the UK is not renowned for its generosity and the vast majority of unemployed people and their families are living at or below what is commonly taken to be

⁷Ridley (1988) p.22

⁸See e.g. Audit Commission (1989), Duncan and Goodwin (1985,1986), MacGregor and Pimlott (1990), Randall (1991) and, in the context of this paper, the publications by Oxford City Council and Oxfordshire County Council listed in the bibliography.

⁹For a thorough and sophisticated examination of the impact of unemployment in Britain, see Gallie *et al.* (1994) *Social change and the experience of unemployment*.

the poverty line. Unemployment and poverty in Britain are inextricably linked and long-term answers to problems of deprivation and exclusion will be tied closely to the reduction of unemployment and perhaps changes in the nature of employment and work in the UK. Equally, there can be little doubt that unemployment has been taken seriously by policy-makers: the provision of resources by both central and local government for policies intended in part at least to reduce unemployment in urban areas has been very generous indeed, with expenditure of public money on economic development activities in urban areas running to billions of pounds in recent years.¹⁰

This section explores some of the assumptions and principles underlying the concept of local economic development, particularly local government economic development, focusing largely on ‘demand-side’ activities (job creation strategies) rather than ‘supply-side’ activities (e.g. providing training for unemployed people).

* * *

One of the most recurrent arguments against the philosophy of attempts to attract businesses to locate or relocate in particular areas (‘inward investment’) is that there is ‘zero sum gain’ – that when a number of areas are competing against each other for footloose businesses looking for new premises, there is, overall, no *net* benefit.¹¹ Investment is only inward if you happen to be ‘in’. Indeed it is argued that the net gain can be significantly less than zero since relocating businesses seldom create additional employment and, on the contrary, will often use the relocation as an opportunity to shed jobs. There are, of course, very significant costs associated with local government attempts to persuade businesses to relocate. Although central government is able to target initiatives in a way which might achieve an overall

¹⁰Blackman (1995) p.45; MacGregor and Pimlott (1990) p.9

¹¹See e.g. Duncan and Goodwin (1985) p.77

redistribution of employment towards areas suffering from particularly severe unemployment, the efforts made by local authorities to attract inward investment involve each looking after its own patch and there is no reason to expect that efforts made by local authorities serving the most needy areas will be any more successful than those made by other authorities. Finally, local economies are in any case increasingly seeing what economists term jobless growth, where an increase in production, or even in investment, does not lead to increases in jobs.

There is certainly no good reason to believe that efforts to attract ‘inward investment’ will have a net effect of *creating* new jobs, and the claim that such policies are able to achieve little more than shift workplaces around at significant public cost must be taken seriously. In the words of one local government officer responsible for economic development in Oxford, “There’s always a danger of it being a zero sum gain where our colleagues, or rivals if you like, are all trying to do the same thing getting business into the city, but it’s a bit like the old soap wars: if you don’t do it... you’ve got to do it, really.”¹²

* * *

A second criticism of efforts to attract ‘inward investment’ is that they represent very poorly targeted instruments for providing jobs for people experiencing poverty. There are two arguments to support this line of attack, one theoretical and one practical.

The theoretical argument is that deprived urban areas, and the people within them, do not represent a discrete economic – nor even spatial – entity, as they must do, if such economies are to be *selectively* revitalised in this manner, and there is no reason to believe that a

¹²Interview with Brian Spragg, Economic Development Officer, Oxford City Council, conducted by the author on 3 May 1996.

development of the local economy will necessarily benefit, in employment terms, those people most in need of jobs. (The case study of Oxford which constitutes the second part of this paper will suggest that local economic development strategies may be quite sensitive at specifically *not* benefiting those people who are experiencing greatest need.) Indeed this policy confusion over the concept of an 'inner city' has led some to suggest that the term 'inner city' is used as a glib way of describing as problems of place problems that are in reality to do with poverty, unemployment, deprivation and inequality.¹³ (Certainly, particularly in the 1980s, the term 'inner cities' became something of a colloquial euphemism for 'racial problems'.)

The practical argument is that in a significant proportion of 'economic developments' it is fairly clear that the local population is seen as surplus. One of the most striking examples of this is the London Docklands development, where an important part of the programme entailed owner-occupier housing development in leafy river-side sites, attracting in a middle-class, professional population.¹⁴ A similar indicator of the extent to which the needs of the local community do not rank highly on the list of priorities in some economic development projects is the extent to which the sort of enterprise attracted into deprived areas often bears little or no relation to the local area and its population and needs.¹⁵

Certainly there is strong evidence that the jobs created in deprived areas have not necessarily benefited those who live there. Brian Robson (1988) reports a study of economic development in the inner Newcastle area, where the proportion of employees recruited after a job creation programme from *outside* the target area remained similar to the proportion

¹³Massey (1990) p.258

¹⁴Duncan and Goodwin (1985) pp.84-85

¹⁵Massey (1990) p.257

employed beforehand: 63% compared with 66%.¹⁶ Both figures are low: if only a third of the jobs being created by such programmes are going to those to whose needs the programmes are a response, the validity of the programmes must be seriously questioned. It may be, of course, that the two-thirds who live elsewhere and get the jobs are just as needy, but to argue this line would undermine the whole philosophy behind targeting such programmes by locality as a means of ensuring that jobs are created for those in greatest need. There is, in any case, no evidence that the jobs *are* going to those with greatest need – and much national evidence that employment is increasingly concentrated in employment-rich households, that it is significantly easier to find a job when one’s partner is already employed, and so on.¹⁷

* * *

Closely tied up with the issue of targeting economic development as a means of tackling poverty is the concept of trickle-down. An underlying assumption of the economic development approach is that the benefits will trickle down to those in poverty and thereby reduce deprivation. The mechanism by which trickle-down will operate has never been properly established in the relevant literature of policy documents; nonetheless, for some of the benefits which it is suggested economic development will bring about, it is possible to intuit how these might work. There could, for example, be environmental benefits accrued as a result of investment by businesses in an area, and these might be shared by the local community. The increased spending-power of those who have benefited might create further jobs. More tenuously, local authorities might be able to collect more non-domestic rates from businesses, enabling them to provide better services to local people – although it is fairly clear from a number of government publications on the subject that redistribution by local authorities is not the mechanism that central government has in mind for private enterprise

¹⁶Robson (1988) pp.175-176

¹⁷Wolkowitz (1994) pp.440-441; Gallie *et al.* (1994) pp.149-153

benefiting deprived urban areas.¹⁸ (In any case, legislation governing local authority finance limits the extent to which such revenue can be invested in those services – such as housing – which are of most concern to people in poverty.)

The most important route by which the benefit of economic development strategies can trickle down to local people is if newly-created jobs go to local people who are currently unemployed, a route which is of course closed if the jobs end up going to people who live outside of the target area. To a great extent, then, the concept of trickle-down is tied up with the issue of the specificity of the targeting of economic development strategies. Nicholas Deakin and John Edwards, in a detailed study of the effectiveness of urban regeneration as a policy for tackling deprivation in the inner cities, have examined three major projects, the Trafford Park area of Manchester, the London Docklands, and the Heartlands of Birmingham. Their findings were that the evidence – in social terms – for the trickle effect having penetrated significantly to people experiencing deprivation was scanty and that any trickle-down that does occur is limited to within-household redistribution in those households which *do* secure new jobs, rather than trickle into the community more generally.¹⁹ They criticised the projects they studied for having made almost no effort to assess the trickle-down effect – to measure the extent to which these schemes had in fact benefited the people they were intended to benefit.

* * *

The question necessarily arises as to the extent to which local economic development projects can in fact influence the private sector: indeed, several writers have pointed out the curious

¹⁸See, for example, Cabinet Office (1988) *Action for Cities*.

¹⁹Edwards and Deakin (1992), Deakin and Edwards (1993)

irony of an approach founded upon the principle that the free market is the answer to a particular ill being dependent upon such large-scale state intervention of one sort or another.

Advocates would suggest that attempts to market certain areas can improve businesses' knowledge of the area and so attract them in, and can highlight characteristics of the area that are particularly suited to particular businesses. Advice and information provision can encourage new businesses to develop; development-sympathetic planning policies and other local government activities can make areas more conducive to enterprise and more attractive to businesses interested in relocation. Training can provide a potential work-force with skills matched to the needs of businesses and so jobs are created where they are needed.

There is, however, a body of argument suggesting that the influence that local economic development can bring to bear over the local economy is limited. Empirically, such a proposition is difficult to investigate: one is faced with the problem of not knowing what would have happened if particular policies had not been pursued by local authorities and central government. It is, however, an important question because the concept of local economic development rests upon the assumption that it is possible to exert a significant influence.

It is important to underline again the point that, as far as local authorities are concerned, there is no reason to believe that, even if their activities are effective, the activities of those local authorities serving particularly deprived areas will be any more successful than those service better-off areas. Intuition might suggest the opposite.

Mark Goodwin and Simon Duncan, in a series of largely theoretical studies looking at the political and economic significance of local government economic development, suggest that what local authorities can achieve is restricted by economic, financial and geographical

limitations to their influence.²⁰ They control limited capital and are not dominant in labour or commodity markets and, except in a few clearly-prescribed circumstances, are not empowered to exert influence over the activities of the private sector. Their influence is not spatially far-reaching and this greatly limits their power in increasingly international markets.

These are strong arguments but they are poorly grounded in any sort of empirical evidence. Clearly it is difficult to assess the importance of local government 'inward investment' marketing in a particular business' decision to relocate, and evidence that a particular area has not seen a great increase in jobs ignores what may be a baseline of dramatic decline in employment.

Equally, another set of criticisms that are frequently levelled against economic development – that the sorts of businesses attracted into the area bear little relation to the local population, that there can be a negative environmental impact and so on – do not sit comfortably with the argument that local economic development activities are not actually able to influence much.

More convincing would be arguments that suggest that while local economic development strategies may be able to influence businesses, their impact upon local employment is much more limited. The distinction between development of the local economy and job creation has not been adequately made in such analyses, and it may well be that the potential impact of local government upon local employment is not significant – or at least not effective. The impact upon the existing local economy of attracting in new businesses – and so, potentially, new competitors for existing employers – has been little studied. But evidence is scanty and these questions about the power of local economic development *must* be answered in

²⁰Goodwin and Duncan (1985a,1985b,1986)

empirical terms as well as in theoretical terms, particularly given the heavy public cost of local economic development.

* * *

There is, I believe, one important question about the reasoning supporting economic development which has not been addressed at all: are people living in poverty in towns and cities in Britain able themselves to benefit from economic development? Clearly the belief of many is that they are: in the words of the Audit Commission, 'private sector-led growth is the main long-term answer to urban deprivation'.²¹ The remainder of this paper is devoted to an exploration of the extent to which economic development in the City of Oxford might be expected to help those people experiencing the worst urban deprivation and suggests that there remains a large group of people for whom economic development has little to offer. In the context of the very high public expenditure on economic development and the piling of virtually all policy eggs on urban poverty into this one economic development basket, this would represent a grave cause for concern.

Poverty and economic development in Oxford

The City of Oxford has a long history of involvement in research into deprivation and poverty, dating at least from Violet Butler's 1912 study of the *Social Conditions in Oxford*. More recently Michael Noble *et al.* (1989 and 1994) have conducted a number of thorough studies of low-income households in Oxford, painting a grim picture of the reality of living on means-tested benefits.

²¹Audit Commission (1989) p.1

Oxford presents a particularly good case study for an examination of the likely effects of local economic development policy. There is a solid background of research into poverty and unemployment in the city. It is a city which lies in a relatively affluent part of the country but experiences poverty and unemployment on a level comparable with some of the most deprived parts of the country. One in four of the population lives in a family dependent upon a means-tested benefit²² and the city is ranked by the Department of the Environment amongst the most deprived 20% of English districts on a range of economic, social, housing and environmental measures.²³ In recent years, unemployment in Oxford (as measured by unemployment benefit claimants) has been consistently higher than the national average²⁴ despite the fact that Oxfordshire as a whole has had a lower rate of unemployment than any other county in England and Wales since 1993.²⁵

Some of Oxford's poverty has its roots in the dramatic job losses in car manufacturing in Oxford at the end of the 1980s and beginning of the 1990s: the numbers of jobs lost directly and indirectly as a result of this has been estimated at between 10,200 and 12,450.²⁶ The social and political history of the closure of the car plants in Oxford has been recorded elsewhere, and the devastating impact that these jobs losses upon the welfare of families and communities within Oxford is well documented.²⁷

As a city with many people experiencing poverty in an affluent part of the country, and with a substantial amount of local economic development activity, Oxford offers a particularly well-suited example of an area experiencing urban deprivation for an analysis of the link between local economic development activities and the characteristics of those experiencing poverty.

²²Noble *et al.* (1994) p.9

²³Oxford City Council (1996) p.2

²⁴*Ibid.* p.13

²⁵Oxfordshire County Council (1995) p.10

²⁶Noble *et al.* (1995) p.3; to put this in perspective, the population of the City, including more than 30,000 resident students, is approximately 138,000.

²⁷See Hayter and Harvey (1993) *The Factory and the City*.

This analysis will begin by establishing what sort of economic development initiatives are being undertaken in Oxford. In this context it will then explore some of the characteristics of that group of people in the City who are in receipt of (local authority administered) Housing Benefit and Council Tax Benefit.

* * *

Oxford City Council and Oxfordshire County Council have been active in economic development in Oxford since the mid-1980s.²⁸ Oxford City Council currently has a net expenditure of approximately a half a million pounds *per annum* on economic development, although this includes a similar amount of income derived from tourism-related services and the total expenditure on economic development exceeds a million pounds *per annum*. Oxfordshire County Council is a smaller player, with a net budget of around £400,000 for the whole County. In addition to this, the local authorities were in 1995 successful in attracting more than £2 million of Single Regeneration Budget money over five years for particular projects in the more deprived parts of Oxford. As much of the local authorities' work is co-operative and often collaborative, the work of both Oxford City Council and Oxfordshire County Council will be considered together.²⁹

As in many other parts of the country, local authority economic development activity in Oxford involves a combination of projects aimed at drawing 'inward investment' into the city, projects to support local businesses and encourage and provide assistance to people wishing to start up businesses within the city, and training schemes for target groups of residents. A particularly heavy focus in Oxford is on the tourism industry, and the City

²⁸Information in this section is drawn from the City and County Council documents listed in the bibliography and from interviews with officers of the Councils involved in local economic development policy and implementation.

²⁹Oxfordshire County Council engages in economic development throughout the County. The area of responsibility of Oxford City Council is exactly coterminous with the population which will be studied below.

Council in particular goes to some lengths to promote Oxford as a tourist destination, with somewhat mixed support from local residents.

A number of activities are carried out to attract 'inward investment'. A range of glossy brochures are produced to market the area, describing its demography, geography and economy. The City Council responds in quite a sophisticated manner to enquiries from businesses from around the world which are considering setting themselves up in Oxford. A number of schemes have been set up to provide information and training for people wanting to set up their own enterprises within Oxford; the 'Cowley Training Centre' has been established to provide help and guidance particularly to unemployed people (who may previously have worked in the car manufacture industry) wishing to start businesses and a 'Business Information Point' resource centre has been set up in the County Library. Sponsorship is provided for local business advice agencies; 'business start-up' grants are available to unemployed people in Oxford and the City Council even provides accommodation for some businesses.

In the last year a Tourism Manager was appointed, whose remit includes attracting greater numbers of tourists into the city and encouraging them to stay for longer, in the hope that they will spend more money and so create employment for local people. This requires some effort: as Oxford lies in the shadow of London and transport between the two cities is fast and efficient, it is necessary to go to some lengths to persuade tourists to spend longer than an afternoon in the city. A large Tourist Information Centre is provided by the City Council, and a significant amount of work is done with the two local universities to market Oxford as a venue for conferences.

A number of efforts are made to develop links with the private sector, including working with the local Chamber of Commerce and directly with developers and large employers. Efforts are made to operate as a planning authority in a manner conducive to the development of industry and the creation of new employment.

The local authorities both believe that their own employment policies are important in an integrated economic development package, and it is true that, between them, they represent fairly major employers within Oxfordshire. They maintain a range of policies aimed at minimising redundancies, promoting equal opportunities and attempting to create jobs which will be accessible to people in the target groups they are concerned about.

Both Councils provide or fund a substantial amount of training and support for people out of work to equip them to find employment, and the City Council has produced a 'Community Economic Development Strategy' focusing on this aspect of economic development.³⁰ Projects include many which involve training, including a Women's Training Centre, providing vocational training for unemployed women (particularly 'women returners' – women wishing to re-enter the labour market) and grant-aiding various other targeted training schemes. Support is provided for the Oxford Unemployed Workers' and Claimants' Union and the County Council promotes a 'Jobseeker' ticket scheme giving unwaged people discounts on local bus services. Local authorities provide financial assistance to 'special needs' co-operatives and are increasingly making efforts to involve local communities in the management of some of these economic development strategies.

³⁰Oxford City Council (1993)

Having sketched out the sorts of local economic development activities being pursued in Oxford, an attempt will be made ask how well able people in poverty in Oxford are to benefit from these interventions.

This study uses six-monthly data sets of information on households receiving Housing Benefit and/or Council Tax Benefit from Oxford City Council. There are six such data sets, beginning in June 1993 and ending in December 1995, each containing data on the approximately 15,000 households in receipt of either or both of these benefits at the time and representing a total of approximately 26,000 individuals, including dependent children living within the household. Both Housing Benefit and Council Tax Benefit are means-tested benefits, and receipt indicates a net household income which is considered by central government to be sufficiently low as to merit the expenditure of public money on assistance with rent or Council Tax. It is for this reason that, for the purposes of this study, inclusion within the data set is taken as indicating that the household is experiencing deprivation. This does not conform exactly with other operational definitions of deprivation and poverty but the number of households in the data set which would not fall into Townsend's definition of poverty (above) is very low indeed. The criteria for entitlement to Housing Benefit and Council Tax Benefit are not generous.

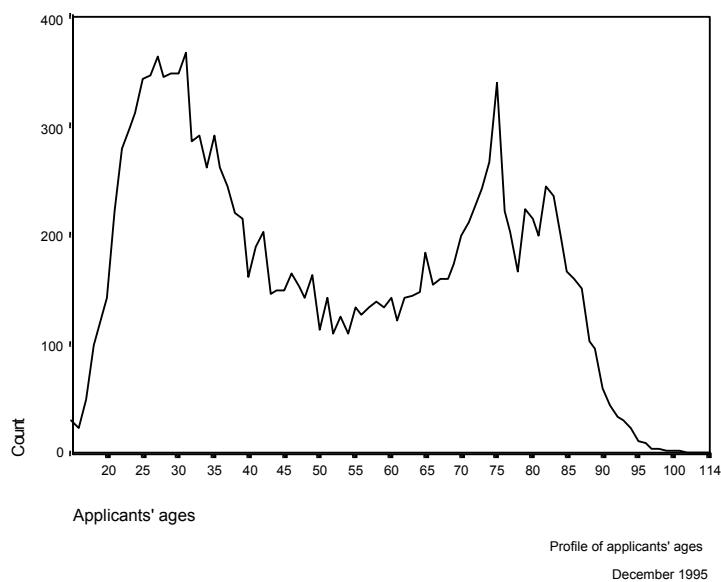
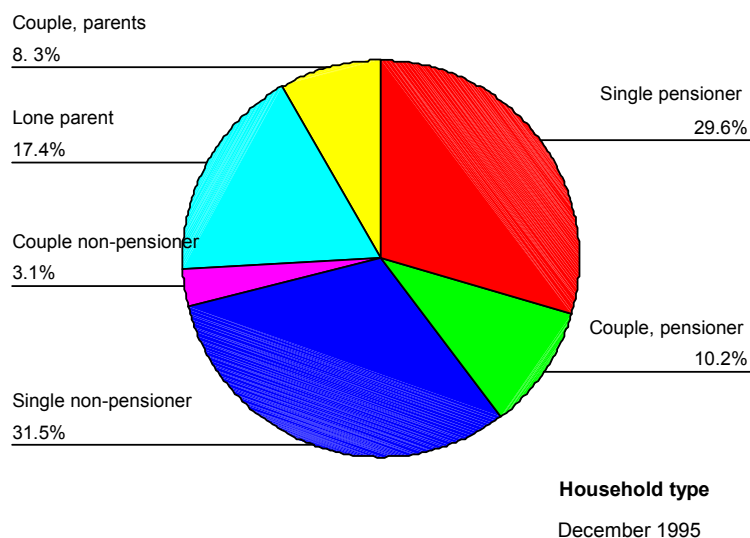
There are a number of problems with using these data sets. First, the amount of information they provide about claimant households is limited (see the list of variables in Appendix A). It would, for example, be helpful to know more about length of time unemployed (where applicable), to have more information about disability status, and to know more about children's ages. Secondly, it is neither a complete nor a random sample of all people experiencing poverty in Oxford; there are a number of groups which it excludes. One is young people living at home who, because they are no longer dependent upon their parents,

will not be considered a part of the household for benefits purposes but who may be unemployed and experiencing quite severe deprivation. This is an unfortunate loss because these people are likely to be in need of work and so are relevant to this study. Another such group is full-time students who (with few exceptions) are explicitly debarred from receiving these benefits but some of whom are experiencing the effects of quite severe poverty. This group is less likely to be able to benefit from increased employment opportunities in Oxford.

These data sets are, however, likely to represent the vast majority of households with low incomes in Oxford. They are accessible bodies of data which lend themselves fairly readily to analysis and which contain a considerable amount of information which is relevant to the current study. Finally, they represent a body of information which is readily available to local government in Oxford (indeed, the data sets come *from* local government in Oxford) and it might be reasonable to expect local government strategies for poverty to be guided by such empirical data.

* * *

Looking at the most recent data set (December 1995), pensioner households make up about two fifths of the households and single non-pensioners another third. Single parents account for about a sixth of the households; approximately 8% and 3% are non-pensioner couples with and without children respectively. The following graphs illustrate this breakdown of household type and the age profile of recipients in the data set. This latter distribution is bi-modal, with a pensioner mode and a younger mode which peaks at around 30 years.



A majority (60.1%) are in receipt of Income Support. A total of 9.2% of the households are in receipt of some sort of disability benefit, including 4.8% on Disability Living Allowance, 5.0% on Incapacity Benefit and 0.4% on Severe Disablement Allowance. (These individual percentages add up to more than the total proportion of households in receipt of disability

benefits because some will be in receipt of more than one benefit.) Finally, in 88.2% of these households, no-one is in employment. In 11.5%, either the claimant or the claimant's partner is in employment and in the remaining 0.3%, both claimant and partner are in employment. Any such work must necessarily be low-paid, given the means-tested nature of the benefits. None of these patterns varies greatly between sixth-monthly data set, as will be seen below.

The tack that this analysis will take is to attempt to construct for each household a simple index of the likelihood that it will be able to benefit directly from putative creation of employment. This index will be in the form of a numerical value (called POSSBEN – 'possibility of benefiting') for each household. The limited amount of information about each household in the data sets restricts the individual resolution of POSSBEN but an attempt will be made to construct a variable which gives a rough indication of the extent to which the household might be able to benefit from employment, in part by measuring the number of people in the household available for work. The analysis was performed using SPSS release 7.0 and the syntax used to perform the analysis is included in Appendix B.

First, each household is allocated a starting POSSBEN score on the basis of the household type. Households consisting of a single pensioner or of a couple both of whom are pensioners are given a score of 0 on the basis that no-one in the household is available for employment. Households consisting of a single non-pensioner or a couple only one of whom is a pensioner are given a POSSBEN score of 1 since one person in the household may be available for work. Households consisting of two non-pensioners only are given a POSSBEN score of 2.

This leaves households with dependent children. There is abundant evidence that responsibility for children, and particularly sole responsibility for children, limits access to

the labour market.³¹ Equally, a responsibility for children does not necessarily debar participation in the labour market: in the December 1995 data set, for example, of the 2,582 households consisting of a single parent plus children, some 16.8% of these single parents are in some sort of low-paid employment, and the remaining 83.2% are not. Provision of affordable child-care facilities in Oxford is, as in much of the country, far from adequate.

Because of this particular difficulty with employment, whole number POSSBEN scores would not accurately reflect the possibility of benefiting from job creation for these households, and so for the purposes of this analysis, households consisting of a single parent and dependent children are given a POSSBEN score of 0.5. This is, of course, arbitrary, but not indefensibly so: it is important to indicate that the likelihood of being able to benefit lies somewhere between 0 and 1 but is not equal to 0 or 1. It might be possible to attempt to derive a more accurate value of POSSBEN for lone parent families (intuition would suggest that it might lie somewhat below 0.5 for this population), but such an attempt is beyond the scope of this paper and for the purposes of the current analysis, a POSSBEN score of 0.5 will suffice. By extrapolation, households consisting of two non-pensioners with dependent children are given a POSSBEN score of 1.5.

* * *

There are two more factors available from the data set that may be included in POSSBEN. The first is disability. The data sets contain information about Severe Disablement Allowance, Incapacity Benefit, Disability Living Allowance and Invalid Care Allowance. A requirement for the receipt of Severe Disablement Allowance and Incapacity Benefit is that the claimant is incapable of work; in these households, POSSBEN is reduced by 1 (but kept

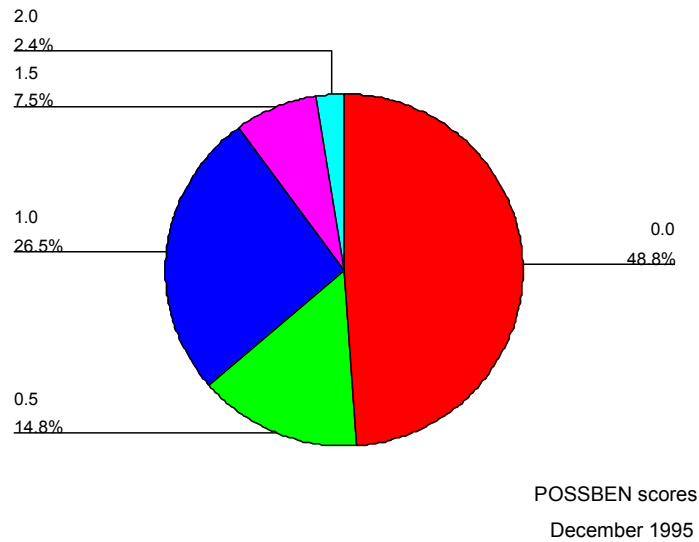
³¹See e.g. Ermisch (1991), Brown (1989), Bradshaw and Millar (1991). Britain is unusual amongst industrialised countries in that lone mothers are significantly less likely to be employed than are married mothers.

at or above 0). The regulations governing Disability Living Allowance do not stipulate an inability to work but nonetheless require fairly severe disability: the *lowest* rate of the care component of the benefit requires that the claimant needs attention from another person for a significant proportion of the day in connection with her/his bodily functions, and the lowest rate of the mobility component of the benefit requires that the claimant is so severely physically or mentally disabled as to require the guidance or supervision from another person when out of doors. It is not unreasonable, then, to assume that the vast majority of recipients of Disability Living Allowance will be unable to work, and so POSSBEN is reduced by 1 (but kept at or above 0) for these households. The exception to this is households with two adults in receipt of both a disability benefit and Invalid Care Allowance, in which POSSBEN is set at 0 on the basis that the disabled person is unable to work and the partner must, effectively, be looking after the disabled person full time to be entitled to the carer's allowance. Likewise, in households in receipt of no disability allowances but receiving Invalid Care Allowance, POSSBEN is reduced by 1.

POSSBEN is only reduced by a maximum of 1 for disability benefits regardless of the number of disability benefits received (except Invalid Care Allowance), on the assumption that multiple disability benefits are likely to apply to just one person within the household. This manipulation may therefore underestimate the number of households unavailable for employment. Equally, it will not take into account all those households removed from the labour market because household members need to care for the disabled person, since not all will be in receipt of Invalid Care Allowance. Disability benefits are an example of benefits subject to fairly poor uptake, and so there is likely to be an underestimate in these figures of the numbers of people unable to work due to disability.

Finally, households with one non-pensioner adult are given a POSSBEN score of 0 if the adult is already in employment, and households with two adults are given a POSSBEN score of 0 if one is in employment and the other is either also in employment or over the age of 60, on the basis that households where all adults of employable age are already in employment will find job creation strategies of limited benefit.³²

The distribution of POSSBEN now looks like this:



In other words, 48.8% of the households in the data set are unlikely to be able to benefit directly from job creation strategies. The following table shows the figures for all six data sets; the proportions are remarkably consistent.³³

³²This neglects people in low-paid work who might be looking for better-paid (or just better) work. Again, if a more sophisticated 'POSSBEN' were to be devised, this possibility would need to be taken into account, and would be a function of, among other things, the type of employment being created by local economic development in Oxford.

³³Information about Invalid Care Allowance is only available in the December 1995 data set, so the other POSSBEN scores will be slightly overestimated and are not (strictly) comparable with December 1995.

POSSBEN	June 1993	December 1993	June 1994	December 1994	June 1995	December 1995
0.0	48.5	48.8	48.7	49.2	49.2	48.8
0.5	13.0	12.8	13.4	13.5	14.5	14.8
1.0	28.0	28.1	27.2	26.9	26.3	26.5
1.5	7.9	7.9	8.0	8.0	7.7	7.5
2.0	2.6	2.4	2.6	2.4	2.3	2.4

There are several reasons why these figures may be less than perfectly accurate. They do not include everyone in poverty in Oxford, and a number of interpretations and estimates have been made from numerical data, some of which might be expected to introduce a positive bias into POSSBEN and some of which might be expected to introduce a negative bias. There is no reason to believe, however, that such errors will be very great in magnitude.

What these figures do suggest is that of the households studied, and on the criteria used here alone, approximately a half (equivalent, in December 1995, to 7,228 households consisting of 9,548 individuals living in poverty in Oxford) are unlikely to be able to benefit directly from job creation in the city, and a further 14.8% (2,186 households consisting of 6,425 individuals living in poverty) will have great difficulty unless there is adequate provision of child-care.

Conclusions

The supposed route by which local economic development can alleviate poverty is through the creation of employment. The data analysis in this paper is not sophisticated, and a more complete survey of the extent to which people experiencing poverty are able to benefit from economic development must necessarily consult directly the people concerned, something which it has not been possible to pursue as a part of this project.

What this study has shown, however, is that there is a large group – a majority, perhaps – of people experiencing poverty in Oxford who are unlikely to be able to reap the benefits of job creation. There is no reason to believe that the demography of the sample in Oxford differs greatly – in important ways – from urban communities experiencing poverty elsewhere in the country. This paper has also suggested that there may be serious flaws in some of the assumptions underpinning the economic development philosophy, such that even if the population of people in poverty consisted entirely of employable individuals without caring responsibilities, economic development might not be able to help them quite as much has been suggested.

* * *

It is not surprising that – when the experience of unemployment can be so devastating – many people in poverty are those who are unable to work. Nor does the finding that many households in poverty are not in the labour market represent anything new. The point that has been glossed over by proponents of economic development, however, is that for large numbers of people living in poverty, economic development cannot be the main answer and a commitment to tackling urban poverty entails a commitment to much more than local economic development. Moreover, those people who are unable to benefit greatly from economic development are those who may most need to benefit: it might be argued in the context of this study that economic development can be quite sensitive at discriminating against groups of people who experience difficulties within the labour market or who, in the case of pensioners, lone parents, disabled people and carers, often find themselves at the worst end of the poverty scale in the UK.

Clearly some economic development may be very beneficial – and if it is able to help those households in which someone is in need of a job then, if it is successful, it clearly has a role to play. Training can be no bad thing, particularly when it is well-focused and targeted at those groups most in need of employment. Attempts to provide affordable child-care may well enable many more households to participate in the labour market. But even so, the distinction between gestures towards lone parents and measures that will make real differences must be underlined: in Oxford there are rather more than two thousand lone-parent families living in poverty and if lack of child-care is keeping these parents from working (as much national evidence would suggest is the case) then making a serious dent in the problem will require affordable child-care provision in Oxford on a truly extraordinary scale. And even for those people in poverty who are looking for work, for job creation to fulfil the City Council’s goal of ‘full employment for Oxford people’,³⁴ approximately five thousand jobs must be created.³⁵ No serious attempt has yet been made to quantify the extent to which employment created in Oxford City to date has gone to people in poverty, or even to people in Oxford.

There is good reason to think that economic development is not a magic wand for urban poverty, good reason to think that it *cannot* be for many households experiencing poverty, and very limited evidence that it is, in fact, solving the problem. It is difficult to take seriously the suggestion that, within a few years’ time, economic development will have lifted all pensioners out of poverty – but if it will not do so, it is bizarre that virtually all policy eggs on urban poverty are piled in this one basket, and it may be that other policies for tackling urban poverty must now be considered.

³⁴Oxford City Council (1996b) p.1

³⁵*Ibid.* p.14

APPENDIX A

The variables in the Housing Benefit data-set

Variable	Information
ref	reference code (can be matched to name and address only by Oxford City Council)
penind	pensioner (binary)
depchild	number of dependent children
tenure	0 Council Tax only (i.e. owner-occupier) 2 private tenant 3 Council tenant
singpar	single parent (binary)
singcoup	1 single person 2 couple
is	receiving Income Support (binary)
appage	applicant's age (years)
partage	applicant's partner's age (years)
fcflag	receiving Family Credit (binary)
dlaflag	receiving Disability Living Allowance (binary)
ivbflag	receiving Incapacity Benefit (previously Invalidity Benefit) (binary)
carflag	receiving Invalid Care Allowance (binary)
epflag	employment status of applicant's partner (binary)
ecflag	employment status of applicant (binary)
totearn	total earnings after tax
totinc	total family/household income
nondep	number of non-dependants
totpen	total number of pensioners in household
totpop	total number of people in household dependent upon Housing Benefit
sdaflag	applicant is receiving Severe Disablement Allowance
hhtype	household type: 1 single, pensioner 2 couple, at least one pensioner 3 single non-pensioner without child 4 couple, non-pensioners, without child 5 lone parent 6 couple, with dependent children

SPSS Syntax for data analysis

```

COMMENT First set up POSSBEN according to HHTYPE

    IF (hhtype = 1) possben = 0 .
COMMENT Single pensioners
EXECUTE .
    IF (hhtype = 2 & totpen >= 2) possben = 0 .
COMMENT Two pensioners
EXECUTE .
    IF (hhtype = 2 & totpen < 2) possben = 1 .
COMMENT One pensioner, one not
EXECUTE .
    IF (hhtype = 3) possben = 1 .
COMMENT Single non-pensioner
EXECUTE .
    IF (hhtype = 4) possben = 2 .
COMMENT Couple, both non-pensioners
EXECUTE .
    IF (hhtype = 5) possben = 0.5 .
COMMENT Single parent
EXECUTE .
    IF (hhtype = 6) possben = 1.5 .
COMMENT Two parents with children
EXECUTE .

COMMENT Now adjust households in receipt of disability benefits and Invalid
Care Allowance

    IF ((dlaflag = 1 | ivbflag = 1 | sdaflag = 1) & carflag = 0) possben
= possben - 1 .
COMMENT Reduces POSSBEN by 1 where there is a disability allowance but no
Invalid Care Allowance
EXECUTE .
    IF (dlaflag = 0 & ivbflag = 0 & sdaflag = 0 & carflag = 1) possben =
possben - 1 .
COMMENT Reduces POSSBEN by 1 where there is Invalid Care Allowance but no
disability allowance
EXECUTE .
    IF ((dlaflag = 1 | ivbflag = 1 | sdaflag = 1) & carflag = 1)
possben = 0 .
COMMENT Reduces POSSBEN to 0 where there is a disability allowance and
Invalid Care Allowance
EXECUTE .

COMMENT Now remove households where people are already in employment

    IF ((hhtype = 3 | hhtype = 5) & (ecflag = 1 | appage >= 60)) possben
= 0 .
COMMENT Selects one-adult households where claimant is in employment or
retired
EXECUTE .
    IF ((hhtype = 4 | hhtype = 6) & (ecflag = 1 | appage >= 60) & (epflag
= 1 | partage >= 60)) possben = 0 .
COMMENT Selects two-adult households where claimant and partner are in
employment or retired
EXECUTE .

```

```
      IF (possben < 0) possben = 0 .
COMMENT Hoik POSSBEN back up to 0 if it has gone negative
EXECUTE .

COMMENT Produce a frequency table and pie chart

FREQUENCIES
  VARIABLES=possben .
GRAPH
  /PIE=PCT BY possben
  /MISSING=REPORT .
```


Bibliography

Audit Commission (1989) *Urban regeneration and economic development: the local government dimension*. London: HMSO

Blackman, T. (1995) *Urban policy in practice*. London: Routledge

Bradshaw J. and Millar J. (1991) *Lone parent families in the UK*. Department of Social Security report no.6. London: HMSO

Brown, J. (1989) *Why don't they go to work? Mothers on benefit*. Social Security Advisory Committee research paper no.1. London: HMSO

Butler, V. (1912) *The social conditions of Oxford*. London: Sidgwick and Jackson

Cabinet Office (1988) *Action for Cities*. London: Cabinet Office

Cabinet Office and Central Office of Information (1989) *Progress on Cities*. London: HMSO

Department of the Environment (1977) *Policy for the inner cities*. Cmnd. 6845. London: HMSO

Deakin, N. and Edwards, J. (1993) *The enterprise culture and the inner city*. London: Routledge

Duncan, S. and Goodwin, M. (1985a) 'Local economic policies: local regeneration or political mobilization?' *Local Government Studies* 11(6):75-96

Duncan, S. and Goodwin, M. (1985b) 'The local state and local economic policy: why the fuss?' *Policy and Politics* 13(3):227-253

Duncan, S. and Goodwin, M. (1986) 'The local state and local economic policy: political mobilisation or economic regeneration?' *Capital and Class* 27:14-36

Edwards, J. and Deakin, N. (1992) 'Privatism and partnership in urban regeneration' *Public Administration* 70(3):359-368

Ermisch, J. (1991) *Lone parenthood: an economic analysis*. Cambridge: Cambridge University Press

Gallie, D., Marsh, C. and Vogler, C. (1994) *Social change and the experience of unemployment*. Oxford: Oxford University Press

Hayter, T. and Harvey, D. (ed.) (1993) *The factory and the City*. London: Mansell

MacGregor, S. and Pimlott, B. (ed.) (1990) *Tackling the inner cities*. Oxford: Clarendon Press

Massey, D. (1990) 'Local economic strategies' in MacGregor and Pimlott (ed.) *Tackling the inner cities*. Oxford: Clarendon Press

- Noble, M., Smith, G., Payne, J. and Roberts, J. (1989) *The other Oxford: low income households in Oxford*. Oxford: Department of Social and Administrative Studies, University of Oxford
- Noble, M., Smith, G., Avenell, D., Smith, T. and Sharland, E. (1994) *Changing patterns of income and wealth in Oxford and Oldham*. Oxford: Department of Applied Social Studies and Social Research, University of Oxford
- Noble, M., Stott, M. and Schofield, A. (1995) *The impact of plant closures on Rover workers at Cowley*. Oxford: Oxfordshire County Council
- Noble, M. and Smith, G. (1996) 'Two nations? Changing patterns of income and wealth in two contrasting areas' in Hills, J. (ed.) *New Inequalities*. Cambridge: Cambridge University Press
- Oxford City Council (1996a) *Policy and Services 1996-97*
- Oxford City Council (1996b) *Economic development plan 1996/1997 (Draft)*
- Oxford City Council (1993) *A community economic development strategy for Oxford*. Oxford: Oxford City Council
- Oxfordshire County Council (1995a) *Economic strategy for Oxfordshire 1995-96*
- Oxfordshire County Council (1995b) *An economic profile of Oxfordshire*
- Randall, S. (1991) 'Local government and equal opportunities in the 1990s' *Critical Social Policy* 31:38-58
- Ridley, N. (1988) *The local right: enabling not providing*. Centre for Policy Studies: Policy Study No. 92
- Robson, B. (1988) *Those inner cities: reconciling the economic and social aims of urban policy*. Oxford: Clarendon Press
- Townsend, P. (1979) *Poverty in the United Kingdom*. London: Allen Lane
- Wolkowitz, C. (1994) 'Unemployment, dependency and regeneration strategies' *Work, Employment and Society* 8(3):439-452

Acknowledgements

I would like to record my thanks to the Revenues and Benefits and Information Systems Departments of Oxford City Council for making the data sets analysed in this paper available. Brian Spragg, Economic Development Officer at Oxford City Council, and Martin Stott, Economic Policy Analyst at Oxfordshire County Council, were generous in furnishing me with documentation on their organisations' activities and discussion with them shed important light upon the subject. Mike Noble's guidance, comments and support were invaluable.