

Theme 2: The role of councils in supporting 'economic inclusion'

Purpose of report

For direction.

Summary

1. This paper provides an overview of the current picture of equality and diversity in employment and skills to demonstrate economic inclusion and key information for a discussion on the topic. Members are asked for a steer on LGA's approach to this new area of work.
2. Is this report confidential? Yes No

Recommendation/s

1. Members are asked to:
2. Consider this paper and provide a steer on the LGA's approach to supporting the economic inclusion in employment and skills piece of work.
3. Agree the next steps to take this work forward (**para 18.0 -18.9**).

Action/s

Officers will use the discussion and members' steer to progress our employment, skills and economic inclusion work.

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Theme 2: The role of councils in supporting ‘economic inclusion’

Purpose and outcome

1. The aim of this piece of work is to examine the role of councils in supporting economic inclusion, and shine a light on the disparities, alongside the good practice that exists, to develop ‘what good looks like’. This will help councils to progress this agenda and support our Work Local and levelling-up ambitions.
2. The key audience for this work is councils and combined authorities.

Background

3. Recent analysis of the employment and skills landscape reveals that equality and diversity is not completely reflected in jobs, skills, and training opportunities – stark inequalities are prevalent in both people and places. Economic inclusion – ensuring everyone has equal access to well-paid employment - is vital for a local economy to flourish.
4. Many councils are already tackling these inequalities and are working hard at the vanguard of this agenda; however, there is merit in the context of LGA’s [Work Local](#) and [Levelling up](#) ambitions to explore how the role of councils in supporting economic inclusion could be advanced to help unlock talent and level up local areas.
5. Two of the twelve levelling up missions specifically focus on improving employment, skills, and economic inclusion: Mission 1 relates to raising pay, employment, and productivity to close the gap between areas, and Mission 2 plans to increase high-quality skills in the lowest skilled areas.
6. This paper sets out how we intend to expand our employment and skills work to better understand and take account of impact on economic inclusion . A range of evidence highlighting inequalities and key issues are included. Member approval is sought on the suggested approach to progress this work.

A new focus of our employment and skills work

7. This focus on employment, skills and economic inclusion aims to support our policy work relating to Work Local and levelling up. It will examine the inequalities such as access to sustainable employment or training opportunities and in-work progression. The project will:
 - 7.1. set out the evidence on most prevalent inequalities in employment and skills and reflect on the key protected characteristics (for example, gender, race, disability) and, where there is significant evidence, on other vulnerable groups as well;
 - 7.2. outline the challenges faced by specific cohorts and communities experiencing disadvantage (for example care leavers, white working class as well as those set out in more detail below);
 - 7.3. provide opportunities for councils to learn and share knowledge and experience through discussions, roundtables, and case studies;

- 7.4. identify and share best practice from the public sector, including innovative public/private sector collaborations;
- 7.5. gather the knowledge from discussions, roundtables, and councils to compile a compendium of case studies to showcase 'what good looks like'.

The importance of improving economic inclusion

8. Recent events such as the COVID-19 pandemic have only exacerbated existing disparities and laid bare the entrenched inequalities in people and places, resulting in a social and economic imperative to tackle this issue. For many, this means equity and inclusion in education, skills and employment provision. Recent [figures](#) show there are significant variations in skills achievements and in regions. While post COVID-19 pandemic apprenticeship figures show an upward trend in many areas, important gaps and downward trend remain in others, for example, in Cumbria there were 2040 apprenticeship starts in academic year 2019/20 and 1880 in 2020/21 respectively.
9. Currently, employment and skills inequalities exist across many areas - age, disability, ethnicity, gender, and intersectionality. Due to the availability of current data and to demonstrate the stark differences a range of measures are used to reveal the scale of the challenge. A few examples of inequalities are given below, however, this is not definitive or exhaustive.
 - 9.1. Age
 - In May 2022 the unemployment rate for 16-24 year olds was **10.4 per cent**¹, against **3.8 per cent** for the UK as a whole².
 - The employment rate for people aged 50 to 64 has been steadily rising over the past twenty years, however, in December 2021 this stood at **70.9 per cent**, a drop of **1.8 per cent** from its peak of **72.7 per cent**³. The Centre for Ageing Better voiced concerns that this group is being left behind by the post-pandemic recovery and faces many barriers to re-employment. Its report also reveals large regional variation in how the pandemic has impacted older workers.
 - 9.2. Disability
 - The unemployment rate for disabled people was **8.4 per cent** in December 2020, almost double compared to an unemployment rate of **4.6 per cent** for people who are not disabled⁴.
 - 9.3. Ethnicity

¹ <https://commonslibrary.parliament.uk/research-briefings/sn05871/>

² <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/july2022>

³ <https://ageing-better.org.uk/work-state-ageing-2022>

⁴ <https://commonslibrary.parliament.uk/research-briefings/cbp-7540/#:~:text=The%20unemployment%20rate%20for%20disabled,people%20who%20are%20not%20disabled>

- May 2022 figures show that the unemployment rate among Black, Asian, and Minority Ethnic (BAME) workers has more than doubled that of White counterparts. Also, the gap has widened significantly since the start of the pandemic with the unemployment rate for BAME workers standing at **7.7 per cent** compared to **3.5 per cent** for White workers⁵.
- With post-16 outcomes, nearly all (**94 per cent**) pupils go into employment, education or training (EET), except for Gypsy, Roma (**68 per cent**), and Irish Traveller pupils (**74 per cent**)⁶. The outcomes are similar for mixed White/Black Caribbean pupils at **76 per cent** and **77 per cent** for Black Caribbean pupils respectively.

9.4. Gender

- The government's latest [gender pay gap](#) report shows that last year, women in the UK were paid **90p** for every **£1** earned by a man and demonstrate that even when women secure work inequalities continue to impact them in the workplace.
- Furthermore, according to recent research the employment rate of mothers is nearly **20 per cent lower (75.1 per cent)** compared to fathers, which stood at **92.6 per cent** in June 2019.⁷

9.5. Intersectionality between different characteristics

- These inequalities worsen when looking at intersectionality (how interconnected social characterisations can create independent systems of disadvantage or discrimination). In December 2021 the unemployment rate was highest for women from a Pakistani or Bangladeshi (**11.7 per cent**) and Black (**10.6 per cent**) ethnic background, compared to an overall female unemployment rate of **4.2 per cent**⁸.
- Also, among young people aged 16-24, unemployment rates were highest for people from a Black (**31 per cent**) ethnic background. This was nearly three times higher than young people from a White ethnic background which stood at **11 per cent**.⁹

10. These statistics paint a concerning picture and show that large proportions of our communities and more importantly potential workforce are not active in the labour market. From a social and economic point this is wrong and every effort must be made to put this right.

Local government's role in improving outcomes

11. Councils and combined authorities seek to ensure that individuals are equipped to achieve their full potential in education and employment, regardless of gender, age, disability, and ethnicity. They have been tackling inequalities as part of this role,

⁵ <https://www.ons.gov.uk/releases/uklabourmarketmay202>

⁶ <https://www.gov.uk/government/publications/post-16-education-outcomes-by-ethnicity-in-england>

⁷ <https://www.businessleader.co.uk/employment-rate-of-mothers-has-dropped-20-lower-than-fathers/>

⁸ <https://researchbriefings.files.parliament.uk/documents/SN06385/SN06385.pdf>

⁹ <https://researchbriefings.files.parliament.uk/documents/SN06385/SN06385.pdf>

including promoting the economic inclusion agenda by creating job opportunities for all to benefit from; ensuring their workforce better reflects its local communities; and assisting businesses to provide training/skills opportunities.

12. In addition, councils have several statutory duties relating to youth participation; to ensure all young people up to the age of 18 (25 for those with learning difficulties) participate in education or training. Despite having these wide-ranging responsibilities that demand close working with local providers, partners and employers, councils have very few formal levers over commissioning or co-ordination of provision to meet them.
13. As stated in the [Government's Levelling Up White Paper](#) '*not everyone shares equally in the UK's success. While talent is spread equally across our country, opportunity is not.*' In [Work Local](#) we set out our ambition to work with Government to unlock talent by spreading opportunity to all parts of the country. This is critical for the economy and local areas as significant [skills gap are predicted by 2030](#).

Promoting economic inclusion in employment and skills provision: an overview

14. Councils know their communities including those experiencing disadvantage or those that are more difficult to reach and therefore are best placed to address the local inequalities. A few examples are provided below to illustrate the current picture and showcase some of the innovative work that is taking place in local areas, including on making their own workforces more inclusive, working with employers, and procurement.
15. Councils are committed to supporting both businesses and individual to access the skills needed:
 - Tees Valley Combined Authority is developing the [Teesworks](#) site. As it is an area with low skills and high unemployment, the CA is working hard to ensure employers recruit local people with the right skills and launched its 'Teesworks Skills Academy.
 - Cambridgeshire & Peterborough Combined Authority used its AEB (Adult Education Budget) £12 million allocation to increase participation by nearly 10 per cent (2020/21), targeting low-skilled residents in deprived areas (Fenland and Peterborough), and introduced a £1,200 bursary for Care Leavers aged 19-22, fully funded English for Speakers of Other Languages (ESOL).
 - Durham County Council is addressing its skills needs through apprenticeships. They have specifically linked the council's ambition for a thriving economy with more and better jobs to an [Apprenticeship Strategy](#).
 - Bristol City Council's [employment, skills and learning service](#) (ESL) brings together apprenticeships, adult community learning, post-16 and employment support and '[Bristol One City](#)' is a multi-agency co-designed approach to tackling emerging local issues – needs and gaps. These initiatives have helped some of most vulnerable and those experiencing disadvantaged.
 - Nottinghamshire County [Futures](#) localised support offer helps young people through transitions in their lives. Recent [figures](#) show that **97 per cent** of young people who have left Year 11 continued into further education, training or employment, leaving **2.8 per cent** as NEET (Not in Education, Employment or

Training), while **just 0.2 per cent** of Year 11 leavers' status as 'not known'. These figures demonstrate a targeted and localised support offer works better than national provision.

16. Working with employers:

- the LGA commissioned [Good Work report](#) sets out that diversity and inclusion are key aspects of 'good work' with case studies demonstrating how councils and combined authorities are supporting good work. For example, North of Tyne Combined Authority developed a Good Work Pledge with businesses and other key stakeholders.

17. Councils recognise that a diverse and inclusive workforce is vital to designing and delivering services that meet the diverse needs of their communities:

- West Midlands Combined Authority's successful efforts have helped them to secure a coveted place on the list of [inclusive top 50 UK employers](#).
- [Birmingham City Council](#) and [Herefordshire County Council](#) (2 of 18 councils) that are taking part in the Department of Health and Social Care (DHSC) project to have a [Workforce Race Equality Standard in social care](#), which aims to achieve workplace equality.
- [Leeds Museums and Galleries](#) demonstrating the benefits of supporting those with Special Educational Needs and Disabilities (SEND).

18. Public sector procurement is a useful tool to promote economic inclusion in local areas and maximise local benefit:

- [Southwark Council 'Framing the future of diversity in architecture'](#) provides an insight into the lessons learnt from their award-winning Architect Design Services Framework and also addresses the overall lack of diversity in the workplace.

19. As outlined above, there are many tools and levers available to councils to support economic inclusion, which many councils are using. However, this piece of work aims to share learning across councils and help them progress this agenda further.

Next steps

20. Over the next few months, we will gather evidence to develop a better understanding of how councils are working with local partners to address employment and skills disparities and support economic inclusion. This will include work with the wider policy team as well as:

- 20.1. **local authorities equalities survey** that looks at equality post COVID-19 across different areas and will incorporate employment and skills questions. This will be sent out to all councils in the Autumn;
- 20.2. **regional roundtables** starting in the Autumn. The events will have a thematic focus on employment and skills;
- 20.3. **a roundtable/webinar event with councils** to share knowledge and experiences on employment, skills and economic inclusion;
- 20.4. The evidence from the project will be used to compile a **compendium of case studies** to showcase 'what good looks like';
- 20.5. To conclude, we will examine the learning from the project, case studies, and roundtable with councils to develop Equality, Diversity and Inclusion (**EDI**)

principles to guide the role of councils in supporting employment, skills and economic inclusion.

- 20.6. **Based on the evidence presented in this paper Members' steer and comments are welcome**, specifically
- 20.7. on the approach for this piece of work (**para 18**);
- 20.8. whether there are any local/regional specific issues that councils/Combined Authorities are dealing with;
- 20.9. whether there is anything else that members would like this work to explore.

Equalities Implications

- 21. This piece of work aims to focus on the inequalities in employment and skills faced by specific cohorts and communities. It will set out how a more localised and partnership approach can be more effective.

Implications for Wales

- 22. Employment and skills are largely devolved matters; however, the Local Government Association works closely with Welsh local authorities and the Welsh Local Government Association to share best practice and expertise on our programmes.

Financial Implications

- 23. Any financial implications arising from this work will be met from the board's core policy budget.