

Enterprise, Innovation and Networks Committee

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Date: 9 November 2006

Venue: Committee Room 2, Senedd, Cardiff Bay

Title: Wales: A Vibrant Economy and Equality Issues

Purpose

To update the committee on the steps being taken to develop the equality and diversity aspects of the strategic framework for economic development, Wales: A Vibrant Economy (WAVE).

Background

A number of different equality and diversity themes emerged during the WAVE consultation and these are summarised in Annex 1.

In addition a seminar was held with representatives from a number of equality groups to discuss WAVE. Amongst the issues highlighted was the wish to promote greater accountability and visibility of equality issues within EIN; further research into the social costs and benefits for business from a more equal and diverse workforce; consideration of the role of the public sector; tackling inactivity; addressing infrastructure needs; the gender pay gap and occupational structure issues; mainstreaming and gender budgeting; learning from best practice and the next round of EU Structural Funds.

A new Equal Opportunities and Diversity Group has been set up in EIN to raise awareness of the promotion of equal opportunities and diversity, including compliance with equality legislation, sharing best practice in employment and service delivery and monitoring the implementation of equal opportunities policies, practices and equality initiatives across EIN, including race, disability and gender action plans.

Summarised below is the action we have taken to date which builds on previous best practice which existed, and aims to ensure that EIN is fully compliant with equality legislation, and where possible, we aim to develop new and innovative approaches to mainstreaming equality in economic development policies which go beyond the current legislative requirements.

Summary

Accountability and Visibility

The intrinsic relationship between economic development programmes and progress on social justice and equality was highlighted in the Enterprise, Innovation and Networks Business Plan 2006/07

Working Together for Wales, together with the issues raised by the seminar and the equality and diversity responses to the consultation. A copy of the document can be accessed at:

<http://new.wales.gov.uk/about/departments/dein/publications/businessplan?lang=en>

In addition, a section of EIN's Annual Report will be dedicated to our commitment to the delivery of our equality and diversity activity drawing together the various cross cutting themes, programmes and policies we have implemented over the year in order to make explicit our commitment to mainstreaming equality

Mainstreaming and gender budgeting

We are in the process of appointing consultants to apply the principles of gender budgeting to EIN's Business plan for 2006/07 and to the economic delivery plans for the financial planning period April 2003 – March 2006 of the former Welsh Development Agency. The intention is to use the findings to inform our future decisions and planning.

Disaggregating data

As part of the Welsh Assembly Government's approach to assessing the success of its economic development activities, a set of high-level tracking indicators was developed and is set out in Annex B, pg.79, of WAVE.

A decision has been taken for the Welsh Assembly Government to report on these on an annual basis in absolute terms and relative to the UK and EU. In line with the commitment made in WAVE, the employment and unemployment rate, average earnings, and economic inactivity rate will be disaggregated by sub-region, gender, age, ethnicity and disability. The table at Annex 2 sets out the level of disaggregation in greater detail.

Economic inactivity, occupational structure and segregation

A strong theme which emerged from the WAVE consultation was the untapped potential in the labour market and the existence of many groups that continue to face barriers preventing their full participation. The importance of local labour markets, with flexible and non-rigid work patterns has been highlighted as important to groups wishing to re-enter the labour market such as, but not exhaustively, ethnic minorities, women, lone parents and carers. EIN together with DELLS and Economic Advice Division are currently considering whether specific initiatives aimed at different groups disadvantaged in the labour market to access the local labour market are applicable in Wales and further work is planned in this area.

Influencing the private sector

The pre-existing SME Equality Project, supported by the European Social Fund, provides specialist support to small and medium sized enterprises (SMEs) across all sectors in Wales, to develop and maintain good practice in equal opportunities and diversity. It also aims to create awareness of the

issues surrounding equality and diversity in the workplace. The Project's main emphasis is on gender, race, disability, sexual orientation, religion, belief, age, size, class, ex-offenders and Welsh as language of choice. The SME Equality Project is now developing direct links with economically inactive people through Job Centre Plus.

Transport

The Wales Transport Strategy gives particular consideration to transport access issues and a wide range of groups have been included in the consultation process. The views expressed at the seminar have been fed into the consultation.

Next round EU funding plus transitional issues

The cross-cutting theme of equal opportunities will be built into the Structural Fund Programmes 2007–2013 in Wales. It will build on the substantial progress made in integrating the cross-cutting theme into the delivery of the European Structural Fund Programmes 2000–2006.

Other Welsh Assembly Government Initiatives

During the consultation a number of cross cutting themes were raised on which other Assembly Government Departments are leading such as equality impact assessment and equality research, migrant workers, the corporate role of the Assembly Government, and procurement. EIN has liaised with other departments to ensure that these actions are being taken forward.

Action for Subject Committee

To note the progress in mainstreaming equality and diversity considerations into the work of EIN.

Andrew Davies

Minister for Enterprise, Innovation and Networks

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Annex 1

WAVE Summary of Consultation Responses on Equality and Diversity

Equality and diversity issues were also raised in relation to economic inactivity and these are outlined under a separate heading below.

- Transport – whilst the recognition that a sustainable integrated transport system has social benefits, a number of issues around accessibility were raised.
- Education and skills – the focus was on further reducing the barriers to learning, recognising the contribution of the voluntary sector and community organisations, supporting intermediate labour market, tackling occupational segregation and the gender pay gap and fostering

stronger links with the Older People's Strategy.

- Raising earnings and the quality of jobs – the need to address gender stereotyping and occupational segregation was raised, along with more flexible working.
- Public sector – the importance of the public sector leading by example in relation to equality and diversity.
- Enterprise – the benefit of working with disadvantaged groups to start and grow businesses was highlighted, as well as ways to mainstream best practice into other business support services. The development of the social enterprise sector and the importance of self employment for older people was raised.
- Structural funds – the importance of equality as a cross cutting theme was stressed, along with the opportunities presented by the next round of EU Structural Funds.
- Indicators – requests for the Assembly Government to make available data on gender, race and disability to allow progress to be monitored.

Raising employment and tackling economic inactivity

There is widespread support for our commitment to supporting job creation and helping individuals to tackle barriers and disincentives to participation in the labour market, while recognising that paid work is not always the appropriate option for some people.

We need to be sensitive to local issues, such as the rural dimension of economic inactivity which should be considered in the design and implementation of employment policies.

Numerous respondents note that while overall trends in unemployment, and to a lesser extent economic inactivity, are downward there remain groups such as older people or disabled people where unemployment and inactivity has not fallen. The requirements of certain groups who continue to face barriers preventing their full participation in the labour market such as, but not exhaustively, ethnic minorities, older people, women, lone parents and carers, people with physical or mental health illnesses, younger people, agency, and especially migrant, workers, and ex-offenders, need to be factored into mainstream policies.

While removing these barriers for some groups is or will soon be a legal requisite, many respondents emphasise that removing barriers to participation should be seen as liberating economic potential rather than as state intervention and the Assembly Government must play a key role in making this distinction. The potentiality and untapped reserve of disadvantaged groups such as older people, women or refugees is strongly highlighted by many bodies.

Some respondents believe that earlier policy interventions to help economically inactive people have sometimes operated on a tacit acceptance that the vast majority of Incapacity Benefit (IB) claimants will remain on IB; further, previous strategies have tended to concentrate on the easiest to target. Many respondents highlight the importance of new initiatives in Bridgend and the Rhondda Cynon Taff Pathways to Work area that identify a cohort of people who first claimed IB in early 1990's, precisely because these groups may have been previously overlooked.

Some feel that the value of the unpaid work which economically inactive people do must also not be

overlooked, with one respondent noting that 14% people in receipt of IB are carers themselves.

Respondents say it is imperative that good support mechanisms to reduce barriers to learning and work, such as good quality affordable childcare and improving our links to the childcare strategy are developed and implemented.

Some respondents argue that we should give greater emphasis to measures preventing those in work from becoming economically inactive and greater prominence to the role of occupational health and other health care professionals in delivering this framework at both strategic and operational levels.

They suggest that disability or rehabilitation leave could be introduced, and that greater prominence may be given to the role of social work, occupational therapy and physiotherapy in the management of work limiting health conditions. A better understanding of the importance and difficulty of returning to work following serious illness or injury needs to be developed, as do closer links between all relevant departments including the Department of Work and Pensions, and the National Health Service. Respondents report that for a large cohort of individuals, who have already lost their paid employment as a result of illness or disability, a lack of available services makes their return to the workforce extremely unlikely.

Respondents say that recognition should be given to the evidence that people with more chronic, long term mental health and physical conditions require more specialist services to enable them to progress towards work. This consideration highlights the need to establish specialist services that are able to meet people's needs within a multi-agency vocational rehabilitation pathway, recognising that paid full-time employment may not always be an achievable outcome.

The Assembly Government's emphasis on the idea that providing opportunities to economically inactive people, through lifelong learning and raising skills levels is intrinsic to future successful and sustainable economic development of Wales is also welcomed. Respondents maintain that tackling occupational segregation and the gender pay gap to ensure a stronger skills base will help to fill remaining skills gaps.

Both Want2Work and Pathways to Work are very much welcomed by respondents, who point out that targeted initiatives tailored to the needs of specific groups are more likely to succeed than the one size fits all approach. There is widespread backing for continued support and expansion for these pilots.

We also note some respondents' concern about the responsibility placed on small and medium size enterprises (SME) to act as support organisations for new employees who have previously been economically inactive. There needs to be mechanisms in place to assist employers and SMEs in particular to enable them to invest the appropriate time and effort in their recruits.

Annex 2

Indicator	
GVA per capita	Headline indicator: Wales Supplementary information: NUTS3 areas
Household disposable income per capita	Headline indicator Wales, Supplementary information: NUTS3 areas
Employment rate	Headline indicator Wales Supplementary information: NUTS3 areas, gender, age, disability and ethnicity* , (including and excluding students).
Average earnings	Headline indicator Wales Supplementary information: NUTS3 areas, gender and age.
Economic inactivity rate	Headline indicator Wales Supplementary information: NUTS3 areas, gender, age, disability and ethnicity* (including and excluding students).
Unemployment rate	Headline indicator Wales comparison with UK Supplementary information: NUTS3 areas, gender, age, disability and ethnicity*
Indicator 6a Claimant count unemployment as an alternative to indicator 6,	Headline indicator Wales Supplementary information: NUTS3, gender and age. Breakdowns by disability and ethnicity may also become available in the future.
Migration flows	Headline Indicator: Wales Supplementary information: NUTS3 by broad age group
GVA per worker and per hour worked	Headline indicator: Wales Supplementary information: NUTS2 areas

*

data on ethnicity will be drawn from the 2001 census