

INDUSTRIAL COMMUNITIES CROSS PARTY GROUP

Minutes of the Annual General Meeting held on Tuesday 17th January 2018 in the Media Briefing Room, The Senedd, Cardiff Bay.

1. Present

Vikki Howells AM (Chair); Cllr David White, Bridgend CBC; Peter Slater ICA Wales; Cllr Sue Allen, Carmarthenshire CC; Cllr Alun Lenny, Carmarthenshire CC; Cllr Jayne Brencher, Rhondda Cynon Taf CBC; Alex Still (Office of Hefin David AM); Clare Phillips (Office of Rt Hon Carwyn Jones AM); Mitch Dunlop (Office of David Melding AM).

2. Apologies

Apologies were received from: Ieuan Sherwood, Bridgend CBC; David Whetter, Caerphilly CBC; Llyr Gruffydd AM; Cllr Richard Young, Bridgend CBC; Cllr R Wood, Neath Port Talbot CBC; Cllr G Jones, Rhondda Cynon Taf CBC, Robin Lewis (Office of Vikki Howells AM); Steffan Lewis AM; Lee Walters AM; Neil McEvoy AM.

3. Welcome

Vikki Howells welcomed everyone to the meeting and explained that the meeting had been rescheduled following the tragic death of Carl Sargeant AM on the 7th November 2017. Describing Carl as a great champion for industrial areas, she then went on to thank the Industrial Communities Alliance for its contribution to the Cross Party Group over the past 12 months, and for bringing forward policy issues which were of particular relevance to the social and economic regeneration of industrial communities.

4. Election of Chair

Vikki Howells AM was re-elected as Chair of the Industrial Communities Cross Party Group.

5. Election of Secretary

Peter Slater, Director, ICA Wales, was re-elected as Secretary of the Industrial Communities Cross Party Group.

6. Financial Report

The Secretary reported that Industrial Communities Alliance had incurred expenditure of £321.66 for catering services over the year, and that the secretarial costs of supporting the CPG were absorbed by the ICA as part of its routine activities.

7. Membership Update

It was noted that Cllr David White, Bridgend CBC, had replaced Jane Ward, as Chair of ICA Wales.

8. Low Pay and Hidden Unemployment: Their Relationship with Older Industrial Areas: Professor Steve Fothergill, National Director, Industrial Communities Alliance.

Referring to the latest of a series of reports prepared by Sheffield Hallam University on the real level of unemployment, Professor Fothergill began by challenging the view that the UK economy is operating at or close to full employment. Based on a re-working of official statistics for every local authority district in England, Scotland and Wales, he stated that in 2017 the 'real level of unemployment' across Britain as a whole is nearly 2.3 million. This compares with just under 800,000 on the claimant count and 1.5 million on the wider ILO measure of unemployment preferred by the government.

He went on to show how the research estimates that there are some 760,000 'hidden unemployed' on incapacity-related benefits. These are men and women who might have been expected to be in work in a genuinely fully employed economy. Although the real level of unemployment and the scale of hidden unemployment have both fallen since 2012, Professor Fothergill stated that there remain almost as many unemployed 'hidden' on incapacity benefits as 'visible' on the unemployment claimant count.

He also showed how hidden unemployment is disproportionately concentrated in the weakest local economies, particularly Britain's older industrial areas and a number of seaside towns. The effect is to mask the true scale of labour market disparities between the best and worst parts of the country. In a number of local economies, including much of North East England, East Lancashire, Merseyside, the Welsh Valleys and the Birmingham and Glasgow areas, the real level of unemployment remains at or just below 10 per cent of the working age population. Describing Wales as the 'epicenter' of the phenomenon, Professor Fothergill stated that the 141,000 on incapacity-related benefits accounted for more than half of the hidden unemployment which stands at 7.4%. The highest rates in Wales are found in Blaenau Gwent (11.1%) and in Merthyr Tydfil (11%), which are ranked 3rd and 4th respectively in the table of the top 50 districts in GB with the highest levels of hidden unemployment. In contrast, much of southern and eastern England outside London, with real unemployment in the 2-3 per cent range, could, according to Professor Fothergill, lay claim to operating at near full employment.

Moving on to the related issue of low pay, Professor Fothergill referred to the ICA's latest report which shows that median pre-tax earnings in older industrial Britain are 10 per cent below the national

average – a gap of £48 a week for men and £34 a week for women. Comparisons with London provide an even starker guide; median earnings in older industrial Britain are just 73 per cent of the London figure for men, and 63 per cent for women, equating to gaps of £184 a week for men and £182 a week for women. In overall terms, median earnings in many local authority districts across older industrial Britain are barely 60 per cent of the level in London, whilst the poorest-paid 10 per cent in older industrial Britain earn less than one-third of median earnings across Britain as a whole, and less than one-quarter of median earnings in London. The research shows that as a result of this situation, the government has had to step in to prop up low-wage families with Tax Credits. Across most of older industrial Britain, Tax Credit payments average between £650 and £1,000 a year per adult of working age although planned welfare reforms will result in big cuts.

In conclusion, Professor Fothergill stated that whilst measures to outlaw unfair employment practices and to increase the minimum wage would be extremely welcome, the rebuilding of the industrial base of the economy would provide a lasting solution, particularly in terms of high value manufacturing.

The Chair thanked Professor Fothergill for his informative presentation, adding that it was important to have the research to challenge government and to back up what was self evident in many communities across South Wales. There followed a brief discussion on issues regarding the 'working poor' and whether the introduction of universal credits would in future make it more difficult to quantify hidden unemployment. The impact of artificial intelligence, which is forecast to impact disproportionately on manufacturing sector, was also raised, arising from which the Chair called for further research to identify possible policy responses.

9. Next Meeting

It was agreed that the Chair would liaise with the Secretary with regards to the date of the next meeting and the topic for discussion.

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