



**Measuring the economic contribution of
Equalities Communities in the North West of
England**

**A Final Report to the North West Regional
Assembly**

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SQW Limited
economic development consultants
Northern Office:
3rd Floor
Regent House
Heaton Lane
Stockport
SK4 1BS
Tel: (44) (0)161 475 2104
Fax: (44) (0)161 475 2111
E-mail: sdpringle@sqw.co.uk

London Office:
52-53 Russell Square,
London,
WC1B 4HP

Tel: (44) (0)20 7307 7140
Fax: (44) (0)20 7307 7141
E-mail: pconvery@sqw.co.uk

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1 Introduction

- 1.1 This report has been commissioned by the North West Regional Assembly as a part of the preparatory work ahead of the Assembly producing a Regional Equality and Diversity Strategy. The report presents some of the evidence base for the forthcoming Strategy by concentrating on the contribution made to the region by communities that face discrimination and disadvantage.
- 1.2 The North West Social Inclusion Commitment says that '*discrimination is a contributory cause of exclusion*' and emphasises that tackling exclusion and promoting equal opportunities requires identifying groups that face disadvantage through prejudice and discrimination.
- 1.3 Within equality and diversity policy, the primary populations that are identified as being within the NWRA definition of equality community - and therefore the subject of this report - are those differentiated by characteristics of:
- Gender
 - Sexual Orientation and Transgender
 - Race and ethnicity
 - Disability
 - Faith and Belief
 - Age - older
 - Age - younger.
- 1.4 The report is structured as follows:
- In Section 2, we review the context in which the Regional Equality and Diversity Strategy is being produced
 - Section 3 examines the costs of low participation and the potential economic contribution that Equalities Communities can make to the region, quantifying the costs and benefits for each of the principal equality communities where data permit

- ❑ In Section 4, it examines the extent to which regional policy addresses the needs of equalities communities
- ❑ Finally, in Section 5, the report recommends a number of actions to strengthen regional policy and proposes a number of measurable outcomes against which actions and subsequent progress can be measured.

1.5 There are two supporting Annexes:

- ❑ Annex 1 presents in more detail the methodology used to illustrate some of the benefits accruing from changes to the labour market position of different communities
- ❑ Annex 2 gives details of those organisations formally consulted as part of the study.

2 The Context

The Challenge

- 2.1 The North West is becoming increasingly diverse. In the urban centres of the region in particular, cultural diversity is increasingly cited as a matter of pride and has become an emerging strength of the region's cities as they re-invent themselves as major growth magnets, places of culture, learning and enterprise. Equality of opportunity is now a more clearly understood feature of the region's competitiveness alongside innovation and productivity. As the region rebuilds its economy and looks outwards to global markets, it becomes increasingly necessary to promote harmonious community relations and more fully use the potential of the region's people.
- 2.2 But the North West is also a region in which a number of distinctive communities find themselves left behind - subject to discrimination and the experience of exclusion from the benefits of economic growth. Significantly sized population groups are distanced from the processes that are modernising and diversifying the North West economy and achieving an urban renaissance in the region's cities. Demographic change and population transience mean that there are specific geographical communities facing economic disadvantage, whilst there are also population groups with a community of interest who are equally being left behind. In some cases, these two different types of disadvantage coincide and become self-reinforcing.
- 2.3 Any policy framework for equalities in the North West therefore has to understand the ways in which race, gender, disability, faith or sexuality differentiate population groups - and the efforts required to ensure that inequality and disadvantage are reversed. This report aims to contribute to this purpose by providing an authoritative first assessment of the economic contribution of Equalities Communities to the North West's economy.

The Statistics

- 2.4 The diverse population identified within the NWRA's definition of equality communities represents a substantial part of the North West's total population. Of the region's 6.7 million people, about a fifth are disabled and nearly 400,000 are from Black and Minority Ethnic backgrounds - representing as much as a fifth of the population in City of Manchester and between 10% and 15% of the population in many of the Lancashire towns. The region also has both disproportionately young and older populations - with a shortage of young adults and those of prime working age.

- 2.5 The region's income base and its distribution differ significantly from other parts of England. Some 23% of households in the region are on low incomes (less than 60% of the median) and about one in six households rely on tax credits. Most of the region's poverty is concentrated in a relatively small number of urban areas and amongst those in forms of social tenure - where 55% of all homes have a head of household who is not employed - compared with 17% for other tenures. The region also has the 2nd highest domestic crime rate in the country whilst a third of homes are not of a decent standard.
- 2.6 Evidence of inequality and disadvantage in the region runs throughout the life-cycle of some communities. In the North West as a whole, 30% of children live in low income households and the region has the third highest infant mortality rate in the country. In schools, 26% of 16 year olds fail to achieve any GCSEs above grade D and a quarter of 11 year olds fail to achieve Level 4 at Key Stage 2. The region has the second highest rate for permanent exclusion from school and for 15 and 16 year olds placed in offender institutions whilst a fifth of all children live in workless households.
- 2.7 Entry into the labour market is blighted for many young people and the region has one of the highest youth unemployment rates - with one in seven of all 16 year olds is not in education, training or employment and 11% of 18-24 year olds being unemployed. A significant part of the adult population is non-employed - almost 12% of the working age population are not employed but want to work - a rate that is closer to 20% amongst some BME population groups.
- 2.8 Economic disadvantage is reflected in the evidence relating to health and wellbeing: the region has the second highest male and female premature mortality rates of all UK regions, 12% are at risk of mental illness and, of those aged 25 and over, 23% suffer from obesity. Amongst the older population, a third of those aged 50 to 64 suffer from a long-term limiting illness whilst nearly a half of all those aged 65-74 have a long-term limiting illness (compared with a third in the East and South East). Over a fifth of all pensioners in the North West are judged to live on very low incomes.

Challenges and Rewards

- 2.9 The existence of systemic, entrenched poverty, disadvantage and lack of opportunity inhibits the region's potential growth. An increasingly competitive North West economy requires social and economic inclusion in addition to economic growth - not simply on grounds of equity and compassion. Whilst a significant part of the region's population does not fully share in the region's growing prosperity equally it does not fully contribute to that economic growth and the region suffers from supply failures - particularly in the labour market. Factors of acute disadvantage hold back many population groups - such as the long-term impact of entrenched unemployment, economic inactivity and poverty combined with discrimination or exclusion caused by health, disability, racial and cultural barriers. An

under-utilised population represents a serious waste of economic potential and a strain on the region's social infrastructure.

2.10 Despite the significant indicators of low income, poor health and disadvantage, as consumers and producers alike, many of the region's population groups already make a substantial economic contribution to the region. More importantly, there is a further latent contribution to the regional economy which is currently held-back by low levels of economic activity. In this report of the economic contribution made by the equalities communities of the North West, we specifically identify that:

- ❑ If the same proportion of women to men worked in higher level occupations, with higher level skills and equivalent earnings, **the gross income that women might earn could be as high £16 billion annually**. Measured against a total regional GDP of £90 billion, this is very significant indeed
- ❑ If the region's ethnic minority population benefited from an increase in employment rates to match the regional average, **it would generate between £890 million and £944 million of additional earnings per year into the regional economy**
- ❑ If barriers to work for disabled people were reduced in the region and a community of people that represents one fifth of the whole working age population enjoyed an employment rate equal to the average, **it would mean an extra 197,000 people in the labour market - with an extra £3.3 billion annually earned**. If the relatively low number of **disabled people in the labour market simply saw their earnings rise to match the average, this would generate about £16 million annually**.

2.11 These potential gains need to be seen in context that the entire workforce earnings in the region is currently £47 billion per year. The impact of women reaching equivalence with the occupational and earnings profile of men would be to raise regional output by almost a third. It would require a dramatic change in culture, family organisation, education and care services and in levels of achievement. However, it demonstrates just how fundamentally the gender gap in the North West contributes to economic underperformance.

2.12 In the next Section, we review the evidence of costs and benefits in greater detail.

3 The Available Evidence

Purpose

- 3.1 This section highlights the characteristics of the region's equality communities groups and features of their economic contribution to the region. In identifying the extent and nature of inequalities in the North West that are specific to individual equality communities, we identify some of the key issues and critical barriers that members of these communities face - as well as some of the more positive impacts and significant contributions made in the region.
- 3.2 The findings are primarily drawn from data analysis of the region and its sub-regions, correlation analyses such as ethnicity and health and deprivation, and consultations with key stakeholders in the region. It also reports findings from an illustrative methodology to measure the economic benefit of reducing some of the inequalities that exist in the region. And it makes initial estimates of the income gain to the region from levelling-up the identified extent of low rates of economic exclusion.
- 3.3 A headline analysis of the North West region finds some cross cutting factors that link all equalities communities. One of them is multiple disadvantage or *deprivation*. Individuals from disadvantaged backgrounds are more likely to face barriers in education, employment, health and civil society, irrespective of which group they belong to. There are distinct disparities between the sub-regions, ranging from the more affluent districts of Cheshire and Cumbria, to the poorer inner cities like Manchester and Liverpool. Life expectancy is significantly lower in the North West, with Manchester having the greatest Standardised Mortality Rate and the lowest life expectancy in the region.
- 3.4 An emerging theme in almost all consultations with representatives of equalities communities was that of *discrimination*. This is a very persistent yet hard to measure factor that adversely affects communities, and may help explain why participation gaps in education and employment remain even after taking into account similar qualifications, information and available career opportunities. This indicates that any further research examining the economic needs of these communities need to focus on quantifying, measuring and monitoring indicators of discrimination.
- 3.5 Finally, the principal question is whether the North West is losing out economically from the impact of these significant inequalities. Quality and availability of data for the region mean that neither orthodox cost-benefit analyses nor economic impact analysis can be easily undertaken to measure the economic impact of targeted or universal interventions in

reducing inequalities. Accordingly, we have adopted a range of methods that attempt to identify the unused potential economic contribution that could be made by excluded communities.

- 3.6 In this review of contributions made by the equalities communities of the region, we primarily concentrate on the potential that is underused. We identify a number of gaps in skill levels, wages and employment rates for a number of communities and illustrate the effect of measures that might narrow wages and raise skill levels and employment rates.

Gender

Participation

- 3.7 The North West region exhibits particular disparities between men and women of working age in education and employment. As shown in Table 1, unemployment rates in the region are higher, but closer to the national average for females than males. The gender differentials in unemployment rates are greatest in Merseyside, where unemployment rates for men are 3.8 percentage points higher than women, compared to a national differential of 1.8%.
- 3.8 Table 2 illustrates that there is an 11% participation gap in employment between men and women in the North West, significant but less than the differences at the national level. The gap between men and women in employment is particularly large in Cheshire (13%) and Blackburn and Darwen (15%). In Cheshire, this reflects the number of households which are sustained by a single income earner whilst in Blackburn and Darwen, the larger gap partly reflects the very low employment rates amongst women drawn from the town's ethnic minority population.

Table 1: Unemployment by Gender, North West

% of working age population	Females	Males
England	2.4%	4.3%
North West	2.5%	4.8%
Blackburn with Darwen UA	2.7%	5.6%
Blackpool UA	2.7%	5.6%
Cheshire County	1.8%	3.2%
Cumbria County	2.4%	4.4%
Greater Manchester (Met County)	2.4%	4.7%
Halton UA	3.1%	6.0%
Lancashire County	2.1%	3.8%
Merseyside (Met County)	3.1%	6.9%
Warrington UA	2.2%	3.7%

Source: 2001 Census, ONS

- 3.9 The incidence of self employment in the North West is lower than the national average, and the proportion of women who are self-employed is seven percentage point points less than

that of men in the region. This difference is particularly large in the North West compared to England as a whole.

Table 2: Employment by Gender, North West

% of working age population	Females	Males
England	54.6%	67.5%
North West	52.3%	63.4%
Blackburn with Darwen UA	47.8%	62.5%
Blackpool UA	52.3%	60.3%
Cheshire County	56.3%	69.7%
Cumbria County	54.5%	66.3%
Greater Manchester (Met County)	52.8%	63.8%
Halton UA	52.0%	62.4%
Lancashire County	53.8%	65.6%
Merseyside (Met County)	47.3%	56.0%
Warrington UA	58.3%	68.9%

Source: 2001 Census, ONS

- 3.10 As is the case nationally, nearly a fifth of economically active women in the region work part-time, compared to approximately 3.4% of men.

Earned income

- 3.11 In England, the gender pay gap is significantly large - with women's pay 41% less than men's. In the North West, this is only slightly less than the national average (at 40%). There are some marked sub-regional differences however. Women in Cumbria receive the lowest earnings, whereas men receive the lowest earnings in Lancashire and Merseyside. Men earn twice as much as women in Cheshire and Cumbria. But earnings in Cheshire are significantly higher than the regional average, for both men and women - reflecting the overall relative affluence of the sub-region.
- 3.12 Earnings between men and women also differ significantly by qualifications. Even men without any qualifications earn £296 per week compared to women with no qualifications who earn £147 per week.¹ The largest pay gap exists between men and women with a first degree (£209 per week). This fact could partly explain the pay gaps in Cheshire where the skills base in the general population may be higher and hence more women with higher level qualifications work in higher end occupations. This results in a larger than average difference with men, who are also more likely to have higher qualifications and work in professional occupations.
- 3.13 The distribution of the employed population in the North West across occupational groups displays gender differences too. The proportion of men employed as managers, senior officials and professionals is, on average, eight percentage points higher than that of women. This difference is greater than the national average in Cheshire and Warrington,

¹ Source: Labour Force Survey

although the number of men and women employed in these occupations for these sub-regions is higher than any other district in the region. This difference is 13 percentage points for lower grade occupations, and is greater than the national average in every sub-region except Cheshire.

Table 3: Gender Wage Differentials, North West

Gross Weekly Pay	Female	Male	Ratio of male earnings to female earnings
England	£297	£503	1.7
North West	£277	£460	1.7
Cheshire	£288	£565	2.0
Cumbria	£245	£457	1.9
Lancashire	£269	£430	1.6
Greater Manchester	£276	£443	1.6
Merseyside	£282	£422	1.5

Source: 2001 Census, ONS

- 3.14 Analysing the gap in earnings, our adopted methodology has modelled the effect of reducing the gender pay gap by ‘redistributing’ the female population across occupational groups such that more women are employed in the top three occupational groups to reflect the position of men. This shows an increase in the total earnings for the North West economy (as defined by the average earnings for each occupational group multiplied by the population in each group) of £16 billion.² This is only an approximation but a useful illustration that shows the likely economic benefits that the North West currently loses out on, from women working in lower level occupations and earning lower pay.
- 3.15 Men are more likely than women to work in secondary industries, especially manufacturing and construction. Women, on the other hand, are more likely to work in services such as financial intermediation, education, health and social work. However, many of these women are not in the higher end of the occupational group within these industries and work more customer service and secretarial occupations more than men.
- 3.16 Differences are also apparent in civic and public appointments. According to the Census of Local Councillors (2001), only 30% of local authority councillors in the North West were women, no better or worse than any of the other regions.

Educational achievement

- 3.17 Gender differentials reverse when it comes to educational attainment in England, and this is true for the North West as well. The proportion of girls achieving five GCSEs graded A to C is considerably higher than boys. Similarly, boys are more likely than girls to achieve no GCSE passes, especially in Manchester, Liverpool and Knowsley. Participation in post-compulsory education is also higher for girls than for boys for the region. This indicates that although women perform better than men throughout the educational lifecycle, they alter their

² See Annex A for full explanation

decisions when it comes to entry into the labour market, and coupled with other factors, end up earning significantly less than men.

Health

- 3.18 Health factors are more favourable for women. On average, women live 4.9 years longer than men and this differential is most significant in Central and North Manchester (7 years) and Blackpool (6.7 years). Life expectancy at birth is below the national average for both men and women, although more for men than for women. Statutory Mortality Rates are greatest and Life Expectancy Rates are lowest in North and Central Manchester. Both men and women have the lowest LE in these places.
- 3.19 There are also gender differences in unemployment by disability. According to the 2001 Labour Force Survey, 9.3% of disabled men in the North West were unemployed compared to 4.3% of disabled women.

Other factors

- 3.20 There are other significant barriers that women face in the region, and these are not always apparent in the published data. It was apparent from our consultations that women, especially those in small businesses, feel that there is a general lack of understanding of the varied needs of women in the labour market. Besides pay differentials, there are distinct differences in promotional opportunities, under-representation in public appointments and a lack of motivational role models. A North West pilot study of Black and Minority Ethnic (BME) women³ revealed that typically they can experience a combination of gender, race and language discrimination that enhances the already existing barriers that exist for women in society.

The Opportunity Foregone

- 3.21 The economic benefit of eliminating some of the inequalities experienced by women - reflecting lower skill levels, reduced wages and lower employment rates - would be to dramatically increase the amount of income generated in, and for, the region.
- 3.22 For example, an increase in the total earnings for the North West economy due to a reduction in wage inequalities from up-skilling women would increase regional earnings by £16 billion - without assuming any increase to employment rates for women.⁴ However, if employment rates for women *were* to increase to match the average for men - but without

³ The problems, experiences and barriers faced by a cross-section of BME Female Entrepreneurs in the North West-Manchester School of Management.

⁴ See Annex A for an illustration of this methodology.

necessarily changing the proportion of part-time and full-time employment, nor assuming changes to average earnings or any change to skill levels - regional income would increase by £1.7 billion annually.

Age groups

Participation

- 3.23 Unemployment in the North West is higher than the national average for individuals aged 16-44 years, the most significant difference being in the age group 16-24 years where 6.8% of the age group is unemployed compared to 5.8% in England as a whole. Merseyside has relatively high incidence of unemployment in all age groups in the working age population (16-64 years). Halton, Merseyside, Cumbria and Blackpool have higher unemployment rates in the 16-24 age group than the regional average. Unemployment in Cheshire, by contrast, is much lower than the regional average.
- 3.24 The proportion of the 45-64 age group who are unemployed in the region is the same as the national average, although this is significantly higher in Merseyside. The proportions unemployed in the 65-74 age group is close to, but slightly lower than, the national average.
- 3.25 Employment by age in the North West is lower but similar to the England average for the ages 16-44 years, and much lower than the national average in the age groups 45-64 and 65-74 years. A majority of the working age population in the age group 25-44 years are employed (76%) which is not surprising. This is particularly high in Cheshire and Warrington. The proportion of people in employment is noticeably low for all age groups in Merseyside and for Blackburn and Darwen.

Table 4: Unemployment rates by Age Group, North West

% of each age group	16 - 24	25 - 44	45 - 64	65 - 74
England & Wales	5.8%	3.9%	2.6%	0.3%
North West	6.8%	4.3%	2.6%	0.2%
Blackburn with Darwen UA	7.7%	4.7%	2.8%	0.2%
Blackpool UA	8.7%	5.2%	3.0%	0.3%
Cheshire County	5.0%	2.9%	2.0%	0.2%
Cumbria County	7.3%	4.3%	2.5%	0.2%
Greater Manchester (Met County)	6.3%	4.1%	2.5%	0.2%
Halton UA	9.7%	5.2%	2.7%	0.2%
Lancashire County	5.7%	3.4%	2.2%	0.2%
Merseyside (Met County)	8.7%	6.1%	3.7%	0.2%
Warrington UA	6.0%	3.1%	2.3%	0.2%

Source: 2001 Census

- 3.26 Only 6.6% of the 65-74 age group is in employment, compared to 8.4% nationally. This is proportion of the 65-74 age group who are in employment is well below the regional average in Halton, Merseyside and Greater Manchester.

Table 5: Employment rates by Age Group, North West

% of working age population	16 - 24	25 - 44	45 - 64	65 - 74
England & Wales	44.7	77.7	65.4	8.4
North West	43.0	76.2	61.0	6.6
Blackburn with Darwen UA	42.9	70.7	57.5	5.4
Blackpool UA	49.2	74.3	58.8	7.5
Cheshire County	47.2	82.0	66.5	8.6
Cumbria County	51.1	79.5	63.2	8.1
Greater Manchester (Met County)	42.7	75.8	61.5	6.3
Halton UA	47.7	74.6	57.4	4.3
Lancashire County	43.7	79.2	63.5	7.0
Merseyside (Met County)	37.2	70.5	54.3	5.3
Warrington UA	50.3	82.0	64.3	6.4

Source: 2001 Census, ONS

- 3.27 In the North West, most self-employed individuals are in the 45-64 age group. This follows the national trend, although the proportion of the age group in self-employment is slightly lower than the national average.
- 3.28 Educational achievement in the North West is skewed towards the age group 25-44 years, although compared to England, the proportions achieving highest qualifications across all age groups is significantly lower, especially in the age group 25-44 years. Interestingly, the difference between the region and the national average is the lowest for those aged 65-74 years. Note that Cheshire and Cumbria have a higher than average proportion of 65-74 year olds with higher level qualifications compared to other sub-regions.

Table 6: Higher level qualifications by Age Group, North West

% of age group	16 - 24	25 - 44	45 - 64	65 - 74
England & Wales	11.5%	26.2%	18.4%	12.2%
North West	9.7%	22.3%	16.6%	11.3%
Cheshire County	11.6%	29.3%	23.0%	15.2%
Cumbria County	7.6%	19.9%	18.3%	15.3%
Greater Manchester (Met County)	10.8%	22.7%	15.4%	10.0%
Lancashire County	9.0%	22.4%	17.9%	12.2%
Merseyside (Met County)	8.8%	20.3%	14.9%	10.0%
Halton UA	6.0%	14.8%	10.8%	7.7%
Warrington UA	8.9%	26.4%	18.5%	11.3%
Blackburn with Darwen UA	7.6%	16.9%	14.2%	9.6%
Blackpool UA	6.6%	13.2%	9.3%	7.2%

Source: 2001 Census, ONS

- 3.29 On the other hand, nearly 75% of those aged 65-74 years and 55% of those aged 45-64 years have no qualifications at all. This compares closely with 72% and 51% of the respective age groups in England as a whole.
- 3.30 Age distribution of Income Support claimants in the North West follows the national pattern, where a significantly large proportion of Income Support claimants are aged 60 and over. In 2003, nearly 43% of all claimants in the region belonged to this age group. This proportion is notably higher in the more rural districts of Cheshire, Lancashire and Cumbria.
- 3.31 A large proportion of the workforce in the age groups 16-24 years works in wholesale and retail trade (15%), while those aged 25-44 years are mostly employed in manufacturing and wholesale and retail trade. The proportion of 45-64 year olds employed in manufacturing is substantially higher than in any other industry. These findings are related to the occupational profile of the region, which reveals that 16-24 year olds are most likely to be employed in elementary occupations and sales and customer services, whereas those aged 25-44 years are most likely to work in the top five occupational groups. Cheshire and Warrington have high proportions of this age group working in managerial and professional occupations. These areas also have more of their population aged 45-64 years in these occupations.
- 3.32 These findings may indicate that while younger people are disproportionately working in lower skilled occupations and in industries lower in the value chain, older people may be working more in higher skilled occupations, but predominantly so in rural affluent areas.
- 3.33 Earnings by age groups⁵ differ substantially across occupational groups as well. For a majority of occupations, those aged 35-44 years and 45-54 years earn the highest, compared to other age groups. Although earnings, in theory, ought to be commensurate with age,

⁵ These findings are for England and sourced from www.skillsbase.dfes.gov.uk.

those aged 55-64 years do not earn the most when compared to other age groups. This could be partly explained by relatively low employment rates and low skills levels in this age group in general. The highest returns by age are for computer systems managers and software engineers, ranging respectively from £750 to £900 per week. Additional sources suggest that 22% of pensioners are on low incomes.

- 3.34 Not unexpectedly, older age is closely associated with disability too. Nearly half of all those aged 65-74 have a long-term limiting illness in the North West, compared to a third in the South East.
- 3.35 It is apparent from the data analysis that a larger proportion of younger people need to be trained and skilled so that they can work in services more, where earnings are also significantly higher. With regard to older people, especially those aged 55 plus and still part of the workforce, are disproportionately employed in lower-skilled occupations in many sub-regions, have no qualifications, and earn much less than their younger counterparts. Their productivity needs to be raised substantially, and of those who can work but are economically inactive, need to be brought back in the workforce. This is crucial for an ageing population in the North West and the country as a whole.
- 3.36 These issues were reiterated and raised during our consultations with Age Concern for the North West and '5050 Vision'. Productive ageing, which is one of the three main priorities of the organisation, is aimed not only at raising employment rates and productivity of older people in the region, but also reducing age discrimination in recruitment, retention and progression practices. The focus is also on redesigning communities to influence access in transport and housing. At present, a higher proportion of people who are 50 plus in the North West live in rented accommodation than those aged 30-49 years.
- 3.37 A potentially hidden barrier faced by the older community is one of ignorance about the demographic changes and the economic implications of an ageing population, and the economic costs associated with the non-inclusion of this community into the workforce. There is not enough evidence that there are substantial initiatives and opportunities for older people to increase their skills levels and train while at work to raise their employability and get additional incentives to stay on or re-enter the labour market.
- 3.38 Younger people, on the other hand, need to increase their post-16 participation and skills levels such that they are more employable in industries higher up the value chain. A new statutory minimum wage for 16-18 year olds came into force at the start of October 2004 which may help to increase income levels for the relatively small number of young people who are in work at this age - outside the structure of a Modern Apprenticeship framework. Although the new minimum rate is initially set at a modest rate of £3 per hour, there is a clear employer incentive to recruit young people into more value enhancing work including jobs with training. This is particularly true in parts of Merseyside, Cumbria and East

Lancashire where the number of young people with higher level qualifications are almost half the national average.

- 3.39 Without a significant improvement in the position of younger people in the region, out-migration rates will continue to lead to an imbalanced population. Already, the rural parts of the region have experienced a sharp net loss of young people and, consequently, face a shortage of prime working age adults. For example, Cumbria has almost 20% fewer people aged 20-24 than the national average whilst Greater Manchester has slightly more than the national average in the age band. In particular, the region has a net outflow of higher qualified young people to the South East of England, a cause for serious long term concern.

Race and ethnicity⁶

Scale and location

- 3.40 The non-white population of the North West is a comparatively small proportion of the total population in the region. The 2001 Census identified 374,000 people of all non-white ethnic backgrounds who collectively represent 5.6% of the population. However, 60% of the non-white population is resident within Greater Manchester with the remainder on Merseyside and the East Lancashire towns. Within Greater Manchester, the largest population concentrations are in the City of Manchester where the 75,000 non-white population represents 19% of the total number of residents. About one in six of the population in Oldham, Pendle and Preston are non-white whilst, in Bolton and Rochdale, the proportion is 10%. We estimate that, although the region's ethnic minorities have low employment rates, at the Census 2001 date, there were 103,000 non-white people in the labour market. The combined earnings of this population group are estimated to be worth £1.66 billion a year.

Refugees and Asylum Seekers

- 3.41 The total number of current asylum seekers in the North West was last recorded by the National Asylum Support Service (NASS) as 11,160 which represented 12% of the 91,900 total (including dependents) supported nationally by NASS at December 2002. Despite the Government's dispersal policy, the majority of supported Asylum seekers are in London (41%) with about 35% in 3 regions including the North West. This does not measure the totality of people in the region that have arrived as refugees nor the population that may have arrived illicitly. However, it is likely that the number of supported asylum seekers will have declined in the last 12 months as the national totals of applications for asylum dropped

⁶ The Census definitions of race and ethnicity divide into 5 broad groups: (a) 'White' which has 3 sub-categories, 'White British', 'White Irish' and 'White Other'; (b) 'Mixed' which consists of 4 sub-categories 'White and Black Caribbean', 'White and Black African', 'White and Asian', 'Other Mixed'; (c) Asian/Asian British which has 4 sub-categories 'Indian', 'Pakistani', 'Bangladeshi', 'Other Asian'; (d) Black/Black British which consists of 3 sub-categories 'Black Caribbean', 'Black African', 'Other Black'; (e) Chinese or other ethnic group which has 2 sub-categories 'Chinese', 'Other Ethnic Group'.

sharply between the peak of 84,000 in 2002 to 49,000 in 2003. The proportion of applications granted on a first decision has also declined from 25% in 2000 to 8% in 2003 and the number granted exceptional leave to remain has declined from 28% in 2001 to 8% in 2003.

Irish origin

- 3.42 The numbers of people with Irish origins is also identifiable from the Census which classifies those responding 'White Irish' to the ethnicity question in the Census. This shows that in the North West 77,500 consider this to be their ethnic origin and this group averages 1.2% of the whole population from the region. However, a number of local authority districts are at or above the average for the proportion of their population declaring themselves to be 'White Irish':

Manchester	3.8%
Trafford	2.8%
Salford	1.8%
Bury	1.7%
Stockport	1.5%
Rochdale	1.5%
Liverpool	1.2%
Preston	1.2%

- 3.43 Reflecting on the relatively high proportion of the North West's population that are Catholics and the historic data on immigration, it is surprising that this ethnic identification is so low. Most of those identifying as 'White Irish' are actually Irish born. The Census also shows that 56,900 people in the North West were born in the Republic or Ireland - almost three quarters of all those who say they are White Irish. It is not currently possible to analyse the population of Irish origin to assess whether income levels or economic activity differ from the whole population averages.

Unemployment

- 3.44 There are significant disparities in the North West between different ethnic groups. Unemployment as a proportion of the working age population is higher than the England average for all ethnic groups except for the Chinese/other populations. Unemployment is most prevalent amongst the Black population, followed by the Mixed group. Greater Manchester, Merseyside and Warrington have higher than average unemployment amongst minorities. However, Merseyside has high unemployment rates across all ethnic groups, including a tenth of the Mixed working age population. Unemployment amongst Asians is above the national average in Lancashire and Blackburn and Darwen. The unemployment rate for Chinese and Other group is lower than the national average but is higher in Blackburn and Darwen and Merseyside. Overall, around 20% of the BME population are not employed but want to work.

Table 7: Unemployment rates by Ethnicity, North West

% of working age population	Total White	Total Mixed	Total Asian	Total Black	Chinese or other ethnic group
England & Wales	3.5%	7.0%	5.6%	8.6%	4.7%
North West	4.0%	7.9%	5.8%	8.3%	4.4%
Blackburn with Darwen UA	4.1%	8.6%	6.4%	6.1%	7.2%
Cheshire County	2.9%	5.1%	2.5%	5.4%	3.2%
Cumbria County	4.0%	7.2%	3.2%	3.9%	3.5%
Greater Manchester (Met County)	3.7%	8.0%	5.8%	8.6%	4.6%
Halton UA	5.1%	7.7%	5.2%	3.5%	1.3%
Lancashire County	3.2%	5.1%	5.9%	5.9%	2.0%
Merseyside (Met County)	5.6%	10.0%	5.7%	8.9%	5.5%
Warrington UA	3.3%	6.1%	3.7%	8.4%	2.2%

Source: 2001 Census, ONS

Employment

- 3.45 Significant differences are also evident in employment rates by ethnic groups as well. Fewer proportions of the working age population across all ethnic groups are employed, compared to England as a whole. There is a differential of 25 percentage points in the employment rate between Asians and Whites and a 17 percentage point difference between the Black population and the White population. These differences are more acute in the region than nationally.
- 3.46 Asians have the lowest proportion of the working age population in employment and this is especially true for Blackburn and Darwen and Greater Manchester where only approximately 40% of the population is employed. In Greater Manchester and Merseyside, the proportions of Mixed and Chinese and Other ethnic groups in employment are below the national average.
- 3.47 Although employment among Whites in Cumbria is slightly lower than the regional average, employment for all other ethnic groups in Cumbria is significantly higher. This could possibly be due to the small numbers of ethnic minorities in the area who happen to be employed. A similar trend can be observed in Cheshire as well. We cannot measure the skill levels of these ethnic minority groups in the sub-regions and hence it is hard to conclude whether higher than average employment rates of BME groups in Cumbria or Cheshire is associated with highly skilled and affluent ethnic minorities in these areas.

Table 8: Employment rates by Ethnicity, North West

% of working age population	Total White	Total Mixed	Total Asian	Total Black	Chinese & other ethnic group
England & Wales	70.2	52.4	50.6	55.1	56.2
North West	66.8	48.7	41.8	50.1	48.2
Blackburn with Darwen UA	67.5	48.2	38.6	51.3	58.6
Blackpool UA	65.5	50.9	59.7	68.0	61.6
Cheshire County	71.9	58.2	61.9	65.7	64.4
Cumbria	69.9	57.5	61.9	63.8	57.6
Greater Manchester (Met County)	67.5	47.7	40.8	50.2	43.8
Halton UA	63.9	55.3	63.2	65.1	67.4
Lancashire County	69.2	52.6	42.4	56.6	48.8
Merseyside (Met County)	59.5	44.6	48.4	41.9	47.5
Warrington UA	71.4	59.4	56.3	58.0	64.8

Source: 2001 Census, ONS

- 3.48 Some of the data obscures the sharp variation in male and female activity. Whilst the male/female employment rates for the whole region are 75% and 65% respectively, the rates between and within different minority groups is considerable. Employment rates are particularly low amongst the Asian population - but especially so amongst women. For example, across the region, only about a half of the 83,000 working age population that is of Pakistani or Bangladeshi ethnic origin is employed. Amongst women, it less than a fifth, as the table below shows.

Table 9: Employment totals and rates amongst population of Asian ethnicity, North West

	Asian or Asian British: Indian	Asian or Asian British: Pakistani	Asian or Asian British: Bangladeshi	Asian or Asian British: Other Asian
All	24,900 52%	25,700 37%	4,900 34%	4,500 45%
Women	9,400 40%	6,800 20%	1,100 16%	1,300 34%
Men	15,600 63%	18,800 54%	3,800 52%	3,100 53%

- 3.49 Data also shows that the incidence of self-employment in the North West is lower than the national average for each ethnic group, except the Chinese and Other ethnic group, where 12% of the working age population is self-employed. The incidence is higher in Halton, Blackburn and Darwen and Blackpool. The Black minority group is least likely to be self-employed.

Skills

- 3.50 Differences in skills levels are also quite evident in the North West. Generally, a higher proportion of ethnic minorities hold higher level qualifications compared to the White, population although the Mixed group and Asian population have relatively low proportions with high qualifications. The most significant differences between the region and England are for the Asian population (19.5% in the NW compared to 25.5% in England) and the

Chinese and Other group (33.9% in the NW compared to 61.3% in England). The Black population group has the same proportion in the region as in England.

- 3.51 The Asian population has the largest proportion with no qualifications (44%) and the Black population has the lowest proportions (32%). More than half of the Asian population in Blackburn and Darwen (54%) has no qualifications, but this local authority district has a very high incidence of no or low qualifications for all ethnic groups.

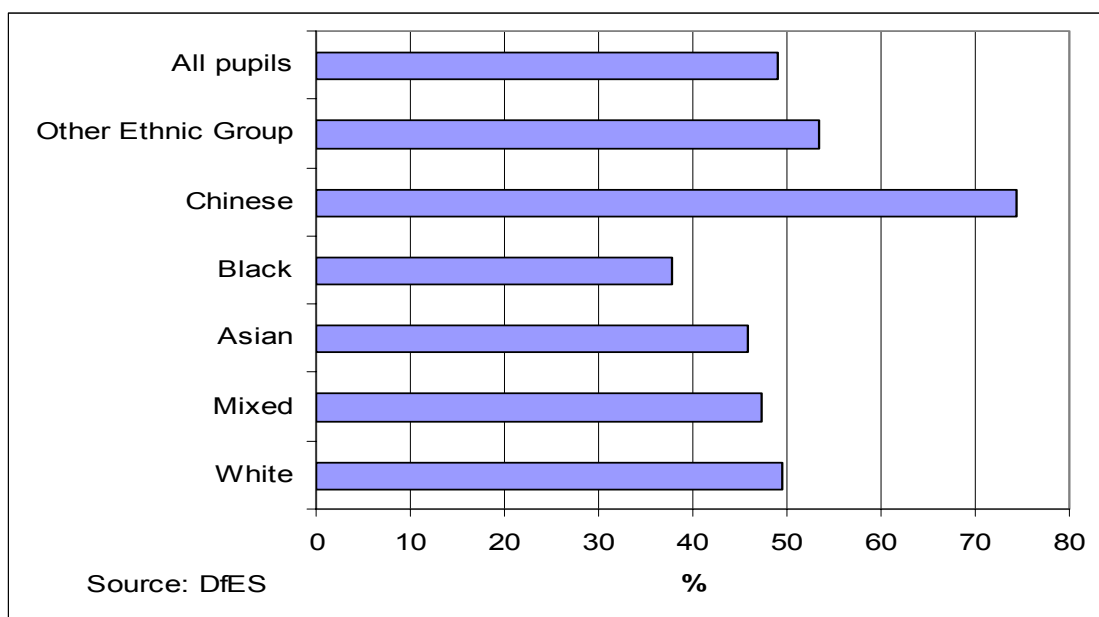
Table 10: Higher Level Qualifications by Ethnicity, North West

% of all people aged 16 to 74 in ethnic group	Total White	Total Mixed	Total Asian	Total Black	Total Chinese & Other Ethnic Group
England & Wales	19%	25%	25%	27%	61%
North West	17%	21%	19%	27%	34%
Cheshire County	23%	28%	50%	35%	34%
Cumbria County	17%	25%	47%	42%	24%
Greater Manchester (Met County)	16%	21%	19%	26%	38%
Lancashire County	18%	20%	15%	27%	34%
Merseyside (Met County)	15%	18%	42%	31%	29%
Halton UA	11%	13%	42%	30%	23%
Warrington UA	19%	30%	42%	35%	33%
Blackburn with Darwen UA	14%	12%	10%	29%	29%
Blackpool UA	10%	19%	41%	32%	24%

Source: 2001 Census, ONS

- 3.52 Educational Achievement among ethnic groups also displays glaring disparities. The chart below shows that the Chinese, followed by the Other ethnic group are most likely to achieve five good GCSEs at school. The Black, Mixed and Asian groups achieving five good GCSEs in the region are all below the national average. Black students especially under-achieve with only 38% getting 5 +A*-C.
- 3.53 The Labour Force Survey is the only available source for earnings by ethnic group and, because of the limitations on sample size, these can only provide broad indications. For example, the data shows that Asian or Asian British people with a Pakistani and Bangladeshi ethnicity, on average, earn at least 25% less than their White counterparts. Our adopted methodology (see Annex 1) examines what might happen if this earnings gap were reduced to 10 percentage points through a mixture of education and skills interventions to help this population group move into higher occupational groups. If the earnings gap were reduced to 10 percentage points, it would increase the net total earnings for the North West economy by £19 million.

Chart 1: Proportions achieving 5 or more A*-C (15 year olds) by Ethnicity, North West



Occupation and industry

- 3.54 Ethnic minorities are also disproportionately distributed in specific industries and trades. The Chinese are predominantly employed in hotels and catering (20%), which accounts for 3.2% of the North West Gross Value Added. The Black population is more likely to be employed in Health and Social Work (13%), a sector that accounts for 7.7% of the regional GVA. Asians are more likely to be employed in Wholesale and Retail Trade (12%), which contributes to 13% of the regional GVA. The employment for mixed groups is distributed more evenly across sectors, with slightly greater proportions employed in Wholesale and Retail and Manufacturing. This is the case with the White population too.
- 3.55 The Chinese and Other groups have a relatively high proportion employed in Managerial and Professional occupations (18%), whereas the Black population and the Mixed group have fewer proportions in this category. The proportion of the White working age population employed in lower grade occupations is highest among Whites (15%) followed by the Asian and Black populations (13%).
- 3.56 It is interesting to note that in Cheshire and Cumbria, significantly higher proportions of Asians and Black minorities (more than 35%) are in the top three occupational groups, and this is larger than proportions of Whites. This drops substantially in Lancashire and Greater Manchester (between 15-23%) for the Asian and Black population. Fewer proportions of Whites are in these categories in Lancashire and Greater Manchester but the differences with Cumbria and Cheshire are not as large. We know that the more affluent sub-regions of Cumbria and Cheshire have a relatively high proportion of individuals in the top three categories in the first place, and have small ethnic minority groups. However, it is not clear

whether ethnic minorities work in these higher skilled occupational groups because they are more affluent than their inner city counterparts and have chosen to move into the area.

Deprivation

- 3.57 Among the cross-cutting factors that have an impact on ethnic minority groups in the region, we found that there is a positive correlation between poor health and some ethnic groups such as Black and Mixed groups, compared to Whites. This pattern is also observable with Standardised Mortality Rates. Black minorities are more likely to be long term sick. Correlation analyses with the Indices of Deprivation also reveal that Mixed ethnicity groups are most likely to live in areas of high deprivation and rely upon social rented housing. Of the Black population, 24% in the region live in socially rented accommodation along with 19% of mixed groups - compared to 12% of whites and 6% of Asians.
- 3.58 Ethnicity has strong correlations with gender as well. Most BME women are likely to face combined racial and gender barriers to work and education. As women, they would not only experience the gender pay differentials but also a 10-25% difference in wages reflecting the low wage profile of occupation and industry. This may be apparent in senior positions in public and private sector and other leadership positions. Ethnic minority women tend to be younger than their white counterparts, and are less likely to be employed, especially in higher professional occupations.⁷ Besides these barriers, they often face cultural barriers from other communities as well as cultural norms within their own communities that inhibit their participation in the labour market and civil society to the fullest.
- 3.59 Much of this quantitative evidence reiterates anecdotal evidence and strengthens the fact that, although minority ethnic communities may possess high qualifications and skills these do ensure them opportunity to work and earn as well as their White counterparts. There are therefore poor returns to educational achievement resulting in low economic participation. Although there is evidence that some groups are contributing substantially to the regional economy, there is limited evidence to fully validate this.
- 3.60 There is also a lack of data on public appointments and leadership positions in the corporate sector by ethnic groups and hence we have no means of validating the view that a clear majority of these posts are held by the White population. Only one source, the Census of Local Authority Councillors (2001) reveals that in the North West, only 3.3% of local authority councillors came from ethnic minority groups, compared to 4.2% in the South East.

⁷ Women and Equality Unit Briefing, 'Ethnic Minority Women in the UK', October 2003.

3.61 Our consultations with key stakeholders, including BME voluntary sector networks, suggest there are a number of hidden barriers that are not revealed in the data. These include the impacts of prejudice, discrimination, language and cultural barriers that, combined with poor work orientation, are significant problems for the communities. Most regeneration activities are claimed to have focussed on physical infrastructure instead of social and community development.

The Opportunity Foregone

3.62 The low employment rates in the region mean that the ethnic minorities represent a sizeable population pool that could be brought into economic activity and thereby realise a considerable earnings potential. If the employment rate amongst the North West's ethnic minority population was to increase so that it reached the regional average, it would bring an additional fifty-five thousand people into work. If these additional employees and self-employed people were to receive wages equal to the current regional averages for each population group, it would generate £890 million of additional earnings per year into the regional economy. And if all earnings matched the regional average, the additional earning power would be £944 million a year.

Table 11: Potential aggregate earnings of non-employed ethnic minority population, North West

	'Under-employed' ethnic minority population	Average gross weekly earnings for each ethnic population group in the North West	Potential annual gross earning power if employed
Mixed	6,100	£290	£91.9m
Asian	38,300	£303	£603.5m
Black	5,000	£308	£80.1m
Chinese/Other	6,000	£366	£114.2m
Total	55,400		£889.7m

Disability

3.63 In the North West just over a fifth of the working age population is disabled. According to the Census, the total is 858,000 and, according to the Labour Force Survey, it was 937,000 - with each measure representing respectively 21% and 22% of the working age population. According to the Labour Force Survey, of this disabled population:

- About a fifth are those who are currently 'Disability Discrimination Act (DDA) disabled' - they have a progressive condition - but this does not necessarily effect the kind of paid work that could be undertaken.⁸

⁸ This conforms to Section 1 of the Disability Discrimination Act, 1995 which defines a 'disabled person' as someone with 'a physical or mental impairment which has a substantial and long-term adverse effect on his ability to carry out normal day-to-day activities'

- ❑ A roughly similar proportion comprises those who have a health problem that *does* substantially limit their ability to work - but which is not classed as being DDA disabled.
- ❑ A far larger number - about 60% of the total in the North West - are classified as being both DDA disabled *and* having a work limiting health condition.

3.64 The DDA definitions emphasise that disability represents a loss of opportunity for people to participate fully due to physical, organisational and attitudinal barriers. It does not use medical criteria that might define individuals according to what they can or cannot do. Nonetheless, a considerable amount of the available data tends to describe forms of 'impairment' rather than disability.

Employment

3.65 Of the region's total population that are disabled, 49% do not work. The majority of these will be individuals who are both currently DDA disabled and who have a work-limiting health problem. This low rate of employment represents a significant potential labour force that is under-used and which is disproportionately high in the North West. For example, the 2002 Regional Health Survey revealed that Cheshire and Merseyside in particular had a higher incidence of limiting long standing illness among men compared to the national average. The region also represented the largest proportion of claims for severe disablement allowance in 2003 (16% of all claimants in England), compared to 14% in the South East and only 7% in the North East. However, the number of incapacity claimants in the region has fallen between 1996 and 2003, compared to the South East where numbers have risen over this period.

3.66 Table 12 shows economic activity rates for individuals with and without Limiting Long-Term Illness (LLTI) in the North West.⁹ Those with LLTI are far less likely to be in employment (28%) compared to those without, and half as likely to be self-employed (4.6%). Similarly, unemployment rates for people with a disability are significantly higher at 7.1%, compared to all other people at 4.5%.¹⁰ Men with disability are much more likely to be categorised as unemployed than women with a disability - but this is partly because they are more likely to be claiming unemployment-related benefits than women, who tend to be more economically inactive.

⁹ The 2001 Census asks individuals whether they have any long-term illness, health problem or disability which limits their daily activities or work.

¹⁰ Labour Force Survey, 2003

Table 12: Economic Activity by Limiting Long Term Illness, North West

% of working age population	All People with Limiting long-term illness	All people without Limiting long-term illness
Economically Active	31.8%	82.3%
Employed	27.7%	74.5%
Self employed	4.6%	8.9%

Source: 2001 Census, ONS

- 3.67 There is a limited information and data on disability in the region, as well as nationally. However, analysis of the Labour Force Survey shows that disabled people are over twice as likely as non-disabled people to have no qualifications (27% compared to 12%)¹¹ and this ratio holds for every age group. Data from the Department of Education and Science (DfES) data shows that nearly 40% of 15 year olds with Special Educational Needs statements (SEN) achieve no GCSE passes compared to 3% of non-SEN pupils. Although there are no significant differences across occupational groups, disabled people are slightly less likely to be in managerial and professional occupations and more likely to be in the lower skilled elementary occupations. Disabled people are also more likely to work in public administration, education and health sectors.

Income

- 3.68 Disabled peoples' earnings are also lower than their non-disabled counterparts (£9.18 per hour compared to £10.02 per hour). We used these pay differences as well as distributions across occupational groups in a methodology to illustrate that targeted interventions aimed at reducing these inequalities could result in an increase of total earnings by £16 million. These estimates appear to be very small, partly because the assumptions do not raise economic activity rates but merely redistribute disabled individuals more to higher occupational groups. Better data availability would enable a more robust analysis and modelling of economic benefit for increasing participation in the labour market by the disabled community.
- 3.69 Other sources such as the Employers' Forum on Disability estimate that in the UK, the annual purchasing power of people with disabilities may be as much as £50 billion. In the North West, this means the disabled population has a purchasing power of just under £7 billion a year.
- 3.70 Disability also includes poor mental health and individuals suffering from mental health problems are more likely to be in poor physical health, unemployed, deprived and excluded from civic society. A recent report¹² on social exclusion and mental health revealed that claimant rates for sickness and disability benefits vary across the country with a

¹¹ The Labour Force Survey defines Disability by including those with a current long term disability that has a substantial adverse impact on their day-to-day activities or limits the kind or amount of work, and those known to have a progressive condition.

¹² 'Mental Health and Social Exclusion', Social Exclusion Unit Report, ODPM, June 2004

significantly higher proportion of people claiming for mental health problems in the North West and the North East (2.26 and 2.3% respectively) than elsewhere in the country. The report estimates the total cost of mental illness in England for 2002-03 was £77.4 billion - of which approximately £11 billion will be expenditure in the North West. State benefits to adults with mental health problems were estimated at £9.5 billion and the proportion in the North West is estimated to be approximately £1.4 billion.

3.71 There are some critical evidence gaps in the available knowledge about patterns of disability and economic exclusion that include:

- ❑ Those on incapacity benefits with low level qualifications
- ❑ Proportions of economically active disabled individuals by qualifications
- ❑ Adult skills by disability
- ❑ Cost benefit analyses of interventions targeted at the disabled people.

3.72 Our consultations reveal other significant barriers that the data cannot explain, the key being that of ignorance and stigma. Historically and traditionally, disability was seen as a medical issue that ought to be targeted via the welfare, charities and healthcare system. There still exists a residual understanding of this issue. Disability has only recently been recognised as an equality issue. There is of course an ongoing stigma attached to disability.

The Opportunity Foregone

3.73 The costs to the North West economy due to under-participation by this community are substantial, but the evidence is incomplete. Some costs can be calculated using the expenditure on disability-linked benefits, lost revenue and economic contributions of disabled people. There are additional costs related to special provision in housing, costs to transport and other infrastructure. However, this reflects our earlier point that cost benefit analyses of interventions enable a better understanding of the scale of the problem and illustrate the effectiveness of those initiatives that provide substantial benefits to the regional economy.

3.74 In broad terms, the potential lost value to the regional economy from under utilisation of this community is substantial. We identify that if the currently non-employed disabled population were to be employed in the same proportions as the general population, nearly 197,000 further people would enter the labour market. If this employment was at pay rates equal to the regional averages, an extra £3.3 billion annually would be generated in the North West regional economy.

Faith

- 3.75 The NWDA recently conducted a survey of the region’s faith communities and their contribution to civil society in the region. The report found that faith communities are active delivery agents of care and support services in their local communities. They stimulate unprecedented levels of volunteering and an ability to target hard-to-reach areas. They are also largely self-funded and are important custodians of the existing heritage in the area.
- 3.76 Although there is generally a high correlation between faith and ethnicity, faith communities per se also include groups that are predominantly white and have crucial needs by means of support towards their activities. For many years, faith communities have been extensively involved in regeneration initiatives.
- 3.77 Census data allows us to conduct limited data analysis of individuals by faith. Table 11 below provides economic activity in England and the North West by faith communities. The proportions of economically active individuals across all faiths are lower in the North West than the national average. Christians and Hindus have the largest proportions of their working age population economically active (at 73% and 69% respectively) whilst only 48% of Muslims are economically active. Consequently the unemployment rates are highest for Muslims (7%) and lowest for Jews (3%) and Christians (4%).

Table 13: Highest qualifications by Faith, North West

	Christian	Buddhist	Hindu	Jewish	Muslim	Sikh
England Wales						
All economically active	76%	66%	71%	77%	50%	70%
Employee full-time	46%	35%	43%	38%	22%	43%
Employee part-time	15%	9%	9%	12%	8%	9%
Self-employed full-time	7%	9%	9%	15%	6%	9%
Self-employed part-time	2%	4%	2%	7%	2%	1%
Unemployed	3%	5%	4%	3%	7%	5%
North West						
All economically active	73%	64%	69%	73%	48%	57%
Employee full-time	45%	32%	39%	32%	19%	27%
Employee part-time	14%	9%	9%	15%	10%	9%
Self-employed full-time	6%	10%	11%	15%	7%	9%
Self-employed part-time	2%	3%	2%	6%	2%	2%
Unemployed	4%	6%	3%	3%	7%	4%

Source: 2001 Census, ONS

- 3.78 A correlation analysis between faith and ethnicity may strengthen the evidence base and refute or validate the argument that faith is closely associated with ethnicity. If that is the case, then we may be able to understand some of the common barriers that these communities may encounter in education, employment and civic society.

3.79 The table below provides a distribution of the faith communities by educational qualifications in each of the sub regions in the North West. Christians are least likely to hold higher level qualifications whereas Hindus are most likely to hold higher level qualifications. Halton, Blackpool and Blackburn have below average proportions of Christians with highest qualifications whereas Cheshire has the higher than average highly qualified individuals of all faiths, especially among Muslims and Sikhs that usually have the lowest proportions with these qualifications. In understanding the differences, some consideration should also be given to intra-faith differences which, in the case of Christians, will reflect evidence correlating slightly lower economic activity rates amongst the North West’s Catholic population.

Table 14: Highest qualifications by Faith, North West

% of 16-74 age group	Christian	Buddhist	Hindu	Jewish	Muslim	Sikh
North West average	14.8%	35.3%	53.7%	29.5%	25.5%	25.5%
Blackburn with Darwen UA	13.7%	33.1%	38.3%	18.9%	9.9%	19.2%
Blackpool UA	9.3%	28.7%	69.6%	13.4%	25.8%	17.1%
Cheshire County	21.1%	40.9%	64.3%	43.1%	37.5%	42.2%
Cumbria County	15.3%	40.7%	59.0%	36.8%	37.4%	27.8%
Greater Manchester (Met County)	14.8%	36.9%	33.2%	29.5%	17.8%	22.5%
Halton UA	10.6%	31.3%	59.0%	25.0%	28.1%	25.9%
Lancashire County	16.5%	37.1%	31.8%	28.2%	12.3%	18.3%
Merseyside (Met County)	13.7%	30.0%	57.8%	31.1%	29.6%	29.3%
Warrington UA	18.2%	38.9%	70.6%	39.4%	31.3%	24.6%

Source: 2001 Census, ONS

3.80 Christians, closely followed by Muslims are most likely to have no qualifications at all in the region (around 40%). Hindus have the lowest proportions with no qualifications in the region.

3.81 These results suggest that there is a significant evidence gap in understanding the needs and economic contributions of faith communities in the region and this requires further investigation in the form of economic impact assessments.

Sexual Orientation

3.82 The Lesbian, Gay, Bisexual and Transgendered (LGBT) community faces varied challenges, albeit slightly different from the rest of the equality groups, but equally significant. Some of the key barriers that this community encounters include poor access to statutory health services, stigma and discrimination throughout life, especially at the workplace, and fear of crime targeted at the community. There is less evidence available to indicate the extent of aggregate economic disadvantage amongst this community because information about employment rates and wage levels are not available.

3.83 According to the Census, there are around 8,400 same sex couple households in the North West and, of these, over half live in Greater Manchester. The North West has some of the

highest concentrations of such households in the country: excluding Brighton and a dozen inner London Boroughs, the City of Manchester and Blackpool are shown to have the highest proportion of same sex couple households of all local authority districts in England and Wales. Whilst these data indicate the *relative* distribution of same sex couple households, they are not a reliable estimate for the *total* number of people who are from the LGBT community. It clearly does not measure the substantial numbers of single people who are gay and lesbian nor does it necessarily reflect population numbers who are bisexual or transgender. Other evidence indicates that between 5% and 7% of the population identify as being gay men or lesbians.¹³ Assuming the mid-point of this range, in the North West, this would indicate a working age population of 240,000 people - with a combined earnings power of just over £4 billion annually.

- 3.84 Research undertaken in Manchester shows that two thirds of a sample of gay men, lesbians and bisexuals had experienced some form of discrimination at work, including dismissal from employment.¹⁴ National surveys suggest discrimination is experienced by up to 20% of gay men and lesbians, although the British Social Attitudes Survey suggests that two thirds of the population think employers discriminate in their recruitment. We estimate that legal protection now in force against discrimination at work will benefit individuals in the North West by up to £2.2 million a year - mainly in the form of retained earnings that would otherwise be lost through foregone promotion and unfair dismissal.
- 3.85 The LGBT community experiences a significant health risk from HIV/AIDS. According to the North West Public Health Observatory report on HIV/AIDS cases, 56% of the approximately 3,000 registered cases in the North West were amongst gay men with Greater Manchester containing 60% of all cases in the North West. This has been a significant driver behind the stigma and discrimination that are widespread against this community. Although no substantial data are available at present, discrimination is experienced in education services, the labour market and in representation on public bodies, such as PCT boards. These factors in turn adversely affect self-esteem. Members of this community have low expectations from statutory health services where staff themselves may be prejudiced against them. Fear of being judged, losing friends and family and facing bullying and harassment are also significant barriers.
- 3.86 However, the community has made important contributions to the region as a whole, within specific sectors such as travel, tourism, hospitality and leisure, within the voluntary sector, creative industries, Churches and the Armed Forces. The economic benefits of the community are particularly reflected in the clusters of businesses that serve the community. Manchester's Gay Village around Canal Street is a thriving entertainment and leisure quarter that has transformed a once derelict area - and the success of which is

¹³ Employment Equality (Sexual Orientation) Regulations 2003, Regulatory Impact Assessment, DTI (www.dti.gov.uk/er/equality/soria.pdf)

¹⁴ Employment Discrimination against lesbians, gay men, bisexuals and trans, Lesbian Gay & Bisexual Network for Manchester, December 2003.

showcased annual by the Manchester Pride events. Blackpool too has a growing gay leisure industry based on travel and tourism and business leaders in Liverpool are looking to replicate these successful models in the context of the City's 2008 City of Culture preparations.

3.87 According to a 2000 survey of the London Mardi Gras, average incomes for gay men were considerably higher than average earnings. However, these estimates of the strength of the 'Pink Pound' may result in adverse impacts on the community caused by assumptions of disproportionate affluence. This may overshadow the more substantive issues about the community in their agenda for change and equality. There is no evidence to suggest that a majority of the community is rich, affluent and free of discrimination.

3.88 This means that there is a significant ground to cover in terms of establishing and developing a strong evidence base for this community. Some of the possible indicators for this community could be the following:

- Population distribution by industry and occupation
- Earnings by age and qualification
- Evidence from employers and employment practices
- Evaluation of existing equality initiatives.

3.89 This would lead on to an estimating of the true economic costs of excluding this community and the contributions that the community can potentially make. Workplace practices, as the TUC in the region has endorsed, need to address these issues by monitoring equality objectives closely in organisations and ensuring that retention and career progression actively dissociates itself from discriminatory practices.

4 Testing Policy in the Region

The Policy Starting Points

- 4.1 The NWRA's Social Inclusion Commitment identifies the need to mainstream social and economic inclusion within the strategies and programmes of all public agencies in the region - and to test their achievement by including measurable targets. Mainstreaming requires a fundamental shift in thinking within public agencies: the process describes the integration of equalities into all policy development, service delivery, evaluation and review. Each part of a public organisation needs to accept responsibility for promoting equality of opportunity, implementing services that counter and challenge discrimination.
- 4.2 The hierarchy of regional strategies and programme plans - starting with the Regional Economic Strategy (RES) - all have stated objectives to promote equality of opportunity, compensate for underachievement or other effects of disadvantage and to promote inclusion and tackle discrimination. The RES (including the Race Equality Appraisal and Sustainable Development Appraisal) identify challenges for the North West based on evidence of the region's economic performance and a number of social factors including poor health, housing and deprivation.
- 4.3 The RES contains ten Objectives which are grouped within five main Priorities

Business Development Priority

- 1. Exploit the growth potential of business clusters
- 2. Improve the competitiveness and productivity of business
- 3. Develop the region's knowledge base

Regeneration Priority

- 4. Urban renaissance
- 5. Rural renaissance
- 6. Secure economic inclusion

Skills And Employment Priority

- 7. Develop and maintain a healthy labour market

Infrastructure Priority

- 8. Develop the strategic transport, communications and economic infrastructure
- 9. Ensure the availability of a balanced portfolio of employment sites

Image Priority

- 10. Develop and market the region's image

- 4.4 The RES emphasises that equality and diversity represent an '*important thread running through the Strategy*'. This forms one part of the social inclusion strand of the sustainability principles underpinning the strategy and sits alongside commitments in the RES to link opportunity and need. The RES stresses that social equity and economic competitiveness are

desired outcomes from the strategy and that *'opportunities available to the region through its diverse population must be encouraged and developed to the full'*.

- 4.5 Moreover, the RES commits the region's agencies to working with disadvantaged communities and individuals and identifies social inclusion as one of the three sustainability principles central to the development and delivery of the economic strategy - alongside economic growth and environmental protection. The strategy specifically identifies Equality and Diversity as a cross cutting theme running through the RES, and argues that removing barriers and encouraging individuals from all communities to achieve their potential is vital to equity and competitiveness of the region.

Raising the profile of the economic contribution of Equalities Communities

- 4.6 The NWDA commissioned an assessment of the strategy's likely impact on the promotion of race equality whilst the inclusion component of the strategy was tested as part of a sustainable development assessment of the whole strategy. Whilst the conclusions of both these reviews are very positive, the evidence for their conclusions is worth re-visiting, particularly in the light of the data which demonstrates wide variations in employment, earnings and the extent of disadvantage in the region.
- 4.7 The NWDA assessment of the RES was primarily for the purpose of meeting its statutory obligation to (generally) promote racial equality and (specifically) to produce a Race Equality Scheme. The Scheme in particular is expected to demonstrate how the Agency intends to promote employment and economic opportunity for racial minorities and to counter the effects of discrimination and disadvantage. The Race Equality Appraisal found the RES to have a strongly positive impact in relation to Objectives 4 and 6 (Urban Renaissance and Economic Inclusion) but a low impact on Objective 5 (Rural Renaissance). The appraisal found that Objectives 1, 2 and 3 (Business Development) had a medium impact on the promotion of racial equality whilst Objective 7 (Skills and Employment) had a high impact. Finally it judged Objectives 8 and 9 (Infrastructure) as having a medium impact and Objective 10 (Regional Image) as having a low impact.
- 4.8 The Sustainability Appraisal reached broadly similar conclusions, albeit with rather more optimism. Although the Appraisal subsequently judged each of these objectives to be 'neutral' on their social sustainability criteria, overall it declared the three business development objectives 'provide significant contributions . . . to social inclusion criteria'. It argues that the strategy will provide access to jobs which should in turn 'lead to education and training opportunities'. However, this presumes that access to employment will flow automatically from increased wealth generation which may be unrealistic in two respects:
- ❑ First, there is now a wide acceptance in public policy that growth in economic output does not automatically benefit disadvantaged communities. In most cases,

these communities are disadvantaged precisely because they have become disconnected from the labour market and their reconnection requires significant interventions. An alternative approach, for example, is strongly articulated in the revised draft RES for Greater London which asserts in its introductory chapter of the need to 'clearly understand the causes of poverty and exclusion'. It argues that 'experience proves that growth in London cannot just be encouraged with only the hope that its benefits will trickle down...' Instead, it argues that pro-active measures are required to tackle the 'complex mix of factors that create barriers' to fuller participation in the region's work and life. Consistent with this analysis, social inclusion, equality and diversity actions are identified across all the main themes of the RES - including infrastructure, skills, enterprise and city promotion.

- ❑ Second, the RES and its Action Plan do not contain any Key Activities for Objectives 1, 2 or 3 that evidently or directly contribute towards more inclusive outcomes. For example, the Objectives relating to business growth do not contain any references to workforce development, recruitment and retention. Nor do they consider the role of social enterprise in a number of relevant key sectors or consider the potential contribution of corporate social responsibility.

Looking more specifically

4.9 Although Equality and Diversity is described as being a cross-cutting theme, it is primarily confined to a section within the Regeneration Priority. Neither the skills and employment priority nor the Business Development Priority show evidence of having a substantive commitment to inclusion. This is a curious set of omissions because elsewhere in the RES - in Urban Renaissance particularly - it identifies low employment rates and economic inactivity as a significant feature of underperformance in urban areas and stresses the need to raise economic activity rates. The Urban Renaissance sub-category is more explicit and sets out a series of actions to:

- ❑ promote business start-up and social enterprises in disadvantaged communities and increase the supply of investment finance to community business
- ❑ encourage recruitment of disadvantaged populations through 'positive action'
- ❑ improve the skill levels of disadvantaged communities and develop labour market interventions such as ILMs to address barriers to work
- ❑ improve the physical accessibility of new employment through location decisions and transport improvements (although it should be noted that the current RPG does not account for the impact on disabled people of the location of employment sites, housing and accessible transport).

- 4.10 The RES identifies a range of partner agencies with lead responsibility for these measures. In particular it recognises that Local Strategic Partnerships (LSPs) cover most of the region's disadvantaged wards and there is a need to align the RES with LSP Community Plans. Whilst the RES identifies housing as a major area of regional economic weakness, it does not clearly make the link between deprivation, equality communities and the characteristics of local people in relation to the failure of housing markets. Although the Urban Renaissance sub-category in the RES does not specifically identify inclusion and equality as an objective, the Rural Renaissance section is more explicit and cites social inclusion and integration as a strategic aim.
- 4.11 In examining the Regeneration Objectives (4, 5 and 6), both the Race Equality and Sustainability Assessments rated these Objectives highly. The Key Activities are designed to support regeneration of highly deprived areas and to strengthen local economies and housing markets. However, whilst the indicators for each objective identify overall IMD rankings, employment rates and skills levels, none of the Objectives specifically identify any indicators of structural inequality - such as male/female wage rates, occupational position or the wide differentials in employment rates between different population groups. Considering that these objectives are the ones in the RES that are closest to impacting on the social sustainability criteria, it is notable that the strategy fails to recognise affordable childcare as a major barrier to employment. Equally, the commitments to achieve renewal of housing markets and to reduce the relative isolation of distinctive and separate communities will make a contribution towards inclusion of low employment BME population groups and other populations characterised by high levels of inter-generational non-employment.
- 4.12 Whilst RES Objective 6 (Economic Inclusion) is presented as a separate objective in order to 'highlight its importance', the RES argues that inclusion is essentially a cross-cutting theme that has links to all other priorities. However, the majority of the Objectives at present do not have clearly identifiable actions that pursue economic inclusion and the cross-cutting nature of the economic inclusion objective is not fully demonstrated through the Key Actions in the RES Action Plan. This is evidenced by how few activities for Objective 6 in the Action Plan have links to other Key Actions in Objectives other than Inclusion or Skills. More importantly, there is limited evidence that links to other parts of the Strategy are being operationalised despite the insistence within the Agency's Single Programme Project Appraisal Procedure (at para 6.3.1) that all NWDA supported projects have a clear commitment to economic inclusion. A Social Inclusion Audit was scheduled for 2003 but we are not aware that this has yet been published. The Action Plan also anticipates work to promote the business case for equality and diversity with private business and support for a network of public sector employers.
- 4.13 The Skills and Employment Objective in the RES correctly identifies labour market failures, low aspirations, shortage of basic and key skills and low activity rates as key economic inclusion determinants. However, the activities do not necessarily include learning

requirements that are specific to equalities communities. More could be made of the workforce development needs of cluster sectors that have disproportionate numbers of lower paid women and BME employees - such as the food and drink industry, tourism and textiles. It should be recognised that, in Key Activity 6.3, the Action Plan identifies a range of labour market interventions for disadvantaged individuals that also correspond to Objectives 1, 2 and 3. However, the Key Actions for the three Business development objectives do not reflect these cross linkages.

- 4.14 The assessment of the RES Infrastructure and Regional Image Objectives show very little contribution to promoting social inclusion - particularly for equalities communities. However, there could be valuable contributions made through planning for good transportation links between work and low employment communities within the Merseyside and Manchester conurbations and the East Lancashire towns. The ambition to stimulate greater ICT usage and investment in necessary infrastructure represent good opportunities to supply information services, distance learning tools and reduce both physical and cultural distance between disadvantaged communities and mainstream business and employment opportunities.
- 4.15 The RES objective to ensure a balanced portfolio of employment sites - which are essential to deliver much of the Strategy's business growth ambitions - has clear potential benefit for impacting positively on equalities communities. However, if care is not taken, impact could worsen existing barriers to work for BME population groups or disabled people unless sites are developed within reasonable proximity or public transport distance from areas with concentrations of disadvantaged people.

Focusing on the Public Sector

- 4.16 At present, the RES somewhat understates the role of the Public Sector - which accounts for about 40% of the region's GVA and a quarter of its employment. This is not surprising because the RES is primarily a strategy for stimulating the market economy and enabling private firms to grow. However, policy interventions are justified - particularly to rectify market failure or remedy negative externalities - and the Public Sector's own economic strength itself can be used as a lever to change private employer behaviour.
- 4.17 Whilst its absolute scale is very substantial, the Public Sector has also been growing counter cyclically to the private sector. It is clearly an important provider of employment and has considerable symbolic importance in setting standards for the whole labour market. Some of the largest scale growth in the region has been recorded in the health and care sector which has substantial numbers of entry level jobs.
- 4.18 The RES has been amended by the inclusion of a number of Health Key Actions added to the Action Plan which identify a number of more practical proposals to use Public Sector

employment, particularly health care, more effectively to recruit from disadvantaged communities. However, these actions do not fully reflect the contribution of the NHS in developing comprehensive equality and diversity strategies which are being implemented and monitored regionally at the level of PCTs and individual Hospital and other NHS Trusts. That being so, the Agency is now working with the Assembly and Government Office North West to seek to exploit the economic benefits of NHS and wider Public Sector spend on employment and procurement in the region, and this could potentially impact very positively on equalities communities.

- 4.19 The RES also, arguably, understates the impact of other major public service providers - delivering housing, crime reduction, education and transport services - their roles as employers and purchasers of supplies and outsourced services - and the influencing potential of these organisations to change practice elsewhere in the regional economy.
- 4.20 The extent of some of these ambiguities is reflected in the Race Equality Appraisal and the Sustainable Development Appraisal. The Race Equality appraisal identifies the need to understand what affects differential access to the regional labour market and this remains a clear weakness of the current RES. It recommends mechanisms to grow ethnic minority businesses and tailor business support and development opportunities to engage these businesses in the growing markets. The Sustainable Development Appraisal identifies a missed opportunity to link the Business Development priority to an economic inclusion objective and notes that equal opportunities are unmentioned in the Business Development section of the RES. It also argues that the Urban Renaissance objective could be strengthened by 'adding a key activity which promotes the active engagement of the communities and key stakeholders'.

The Targets Thing

- 4.21 The RES lists the regional Tier 2 outcome indicators defined by the DTI, but the strategy has specified few illustrative targets that are clearly linked to actions. There are currently few outcome targets that might influence activity more firmly towards achieving more equitable economic results. It adopts a 10% reduction target for claimant unemployment and households dependent on Income Support or JSA within the lower quintile wards of the Index of Multiple Deprivation. But, it proposes no specific targets for disadvantaged population groups, their activity rates, skill levels or incomes. Lastly, none of the 'Urban' targets for the region's URCs - which are located in some of the most disadvantaged parts of the region - include measurement of reduced inequalities or improvement of economic conditions faced by specific population groups.

5 Strengthening Policy through New Action

- 5.1 In reviewing the actions that could be included in a forthcoming Regional Equality and Diversity Strategy, we have tested the evidence of costs and potential economic contributions of the region's equalities communities against the priorities in the RES. Table 15 describes the actions that might be implemented to secure a greater share of economic benefits amongst the region's equalities communities. Where a number of actions are already identified in the RES - mainly in Objective 6 - we link these more specifically to the 'mainstream' RES objectives. But we also identify a new range of actions that would tackle the identified underperformance of the region's equalities communities.
- 5.2 In presenting each of these actions, we have in the far right column of the Table referred to those indicators, fully presented subsequently in Table 16, to manage, monitor and evaluate each specific action.
- 5.3 In addition to these specific actions, we recommend that further evidence is acquired relating to the economic activity and earnings of faith and sexuality population groups. This should identify further the extent to which inequality is stratified according to these descriptors.
- 5.4 The approach taken within the RES suggests that a more distinctive, specific and measurable set of objectives are required for a regional equality and diversity strategy (REDS). The purpose of the REDS must be to ensure that regional policies are based on robust evidence and be capable of delivering demonstrable outcomes against demanding targets.
- 5.5 When assessing the results and implications of this research it may be helpful to consider the role and importance of indicators. The development and selection of baseline indicators is a particularly important process in developing an evidence base for the assessment of policy, and responding to the principles of good practice that characterise a good evidence base. This should:
- ❑ identify the extent and nature of the inequality conditions in the region.
 - ❑ provide a benchmark from which to assess whether the Equality and Diversity Strategy is making meaningful change to the extent and incidence of these conditions.

Table 15: Recommended equality policy actions (mapped to RES Objectives)

Action	Fit to RES	Priority Recommended lead organisation Timescale	Measurable outcome - 'data dashboard'
Business growth - Objectives 1, 2 and 3			
In the region's identified growth sectors, promote the business case for diversity in recruitment	RES Action Plan 6.3.4 includes a business case proposition. It should show linkages with Objectives 1 to 3 and be more sector specific. Equalities communities are disproportionately employed in some of the RES cluster sectors and other industries.	Priority: High Lead: NWDA Timing: Short-term	1d, 1e, 2a, 2e, 3a, 4f, 4g, 5b, 6a, 6b, 6c, 6d, 9e
Supply vacancy outreach services to firms and help employers with diversity-friendly recruitment, retention and promotion	RES Action Plan 6.6.1 describes a range of initiatives that are intended to improve transitions into the labour market. These should be included within business development objectives and made specific to particular communities other than generally disadvantaged populations. The actions should concentrate on positive diversity impacts.	Priority: High Lead: Jobcentre Plus Timing: Medium term	1f, 2d, 2e, 3a, 4g, 5b, 5e, 6a, 6b, 6c
Use the public sector employment base to increase employment rates amongst equalities communities - and to champion exemplary practice for private sector firms	RES Action Plan 6.3 relates to this recommendation and should include specific actions within the business development objectives. Size of public sector employment, current growth rates and availability of entry-level jobs make this a prime sector for recruitment - and where statutory obligations are in place.	Priority: Medium Lead: NWAR, LGA Timing: Medium term	1d-1f, 2d, 2e, 3a, 4d, 4g, 5b, 6a, 6b, 6c
Concentrate business start-up services on women, disabled and BME potential entrepreneurs	RES Action Plan 6.1 identifies, but should specify actions for the Small Business Service as lead agency. Women and BME entrepreneurs are identified and these should also be referenced within business development objectives. Younger and older people and entrepreneurs facing disability should also be identified.	Priority: Medium Lead: SBS Timing: Long term	1d, 1e, 2a, 2d, 2e, 3a, 4d, 4g, 5b, 6a-6d
Develop social enterprise as a business model appropriate to target sectors	RES Action Plan 6.2 outlines action to develop social enterprises but should also link to the region's priority clusters and makes link with public procurement opportunities. Relevant sectors in the cluster industries are creative and digital, sport, tourism, environmental technology.	Priority: Medium Lead: Social Enterprise Network Timing: Long-term	1d, 1e, 2a, 2d, 2e, 3a, 4d, 4g, 5b, 6a-6d
Developing a structured approach to corporate social responsibility (CSR)	RES should include reference to corporate social responsibility. The majority of larger firms - especially in financial and personal services - recognise the importance of equality and diversity to their business models. A structured approach to drawing on CSR assets could be used to demonstrate diversity employment, use engaged business leadership and provide services.	Priority: Medium Lead: NWRA Timing: Long-term	1a, 1f, 2a, 2d, 2e, 3a, 3b, 4a-4d, 4h, 5b, 6a-6d, 8a
Regeneration - Objectives 4, 5 and 6			
Introduce performance measures within this RES priority for BME, age-related and disabled employment rates, female earnings	The Regeneration objectives have broad indicators of employment and unemployment rates for geographic areas and these should be expanded to include particular equality groups. Many of the geographical rates will be averages across relatively large populations and there should be measures used to capture participation amongst equality groups.	Priority: High Lead: NWDA Timing: Immediate	1b, 1d, 1e, 3a, 4g, 5b, 6a-6c

• *Measuring the economic contribution of Equalities Communities in the North West of England*
A Final Report to the North West Regional Assembly •

Action	Fit to RES	Priority Recommended lead organisation Timescale	Measurable outcome - 'data dashboard'
Additional research examining the economic needs of equalities communities	Quantify and monitor indicators of discrimination. Investigate missing evidence and undertake more complex correlations of data.	Priority: High Lead: NWDA Timing: Immediate	n/a
Link the Key Activities in Regeneration and Skills and Employment Objectives more clearly to the Business Development and Infrastructure Objectives.	In the Action Plan, activities under objectives 4, 5 and 6 - area regeneration, business start-up for under-represented groups, community finance, ILMs and other labour market measures and accessibility of new employment sites - are cross-referenced to other parts of the RES. These links should be reciprocated in Objectives 1, 2 and 3. Infrastructure programmes should have cross-references to social inclusion and regeneration themes.	Priority: High Lead: NWDA Timing: Immediate	1d-1f, 1l, 2d, 2e, 3a, 4g, 5a, 5b, 5f, 5e, 6a-6c
Develop a stronger supply of affordable childcare - train workers and develop childcare businesses.	The RES should identify childcare availability as a barrier to employment. The evidence shows that child and other family responsibilities are a key causal factor behind low employment rates, lower skills and lower earnings for women in the region.	Priority: High Lead: NWRA Timing: Long-term	1a-1e, 1h, 1l, 4b, 4d, 4h, 5e, 5f, 6a-6d
Employment & Skills - Objective 7			
Develop Modern Apprenticeship and adult pathways into entry level jobs in public sector employment - particularly healthcare	Structured pathways and personal development mechanisms are required to ensure recruits into public sector employment can move into private sector jobs or progress within public employment.	Priority: High Lead: Jobcentre Plus and LSCs Timing: Medium-term	1c-1f, 2d, 2e, 3a, 4d, 4g, 5b, 6a-6c
Enhance Jobcentre Plus interventions in disadvantaged areas - to achieve BME and disability job entry targets - through add-on services such as post-placement support and employer services	Conventional services delivered through Jobcentre Plus and other non-mainstream agencies primarily concentrate on supply-side interventions (jobsearch, work experience and training). More interventions should concentrate on demand-side support to employers. Interventions to minority communities should have greater engagement with those communities and feature stronger employer relationships.	Priority: Medium Lead: Jobcentre Plus and LSCs Timing: Medium-term	2d, 2e, 5b-5d
Concentrate workforce development services into sectors with high proportions of BME workers and lower paid (women) workers	RES priority cluster sectors (food and drink, textiles, tourism, healthcare) have relatively large workforces of women and BME workers - along with other sectors such as hospitality and personal services. Interventions designed to boost productivity and competitiveness in these sectors could also be designed to ensure job retention, advancement and wage gain for employees.	Priority: High Lead: LSC Timing: Short-term	1a-1c, 1i-1l, 2d, 2e, 6a-6c
Support 14-19 vocational learning interventions to raise educational attainment and ensure better school-to-work transitions and reduce NEET numbers.	RES Action Plan 6.3 records the FRESA priority to improve the 14-19 phase, improve school achievement and improve the status of vocational learning. The actions should be better aligned with the RES business growth objectives and the linkages should emphasise stronger demand-side influences.	Priority: Medium Lead: LEAs, LSC Timing: Medium-term	1a-1f, 4a-4h
Infrastructure - Objectives 8 and 9			
Develop transport routes that more clearly connect areas with low employment populations to places with high growth rates.	Much of the employment growth in the region is clustered in the conurbations, particularly city centres or at peripheral locations typically positioned for motorway access. Neither type of growth node is well located in relation to the residence patterns of much of the region's more disadvantaged population - although there are some inner urban areas where patterns of residence and job location show proximity to new jobs.	Priority: Medium Lead: NWDA Timing: Long-term	1d-1f, 1l, 2d, 2e, 3a, 4g, 5b, 5e, 6a-6c

Action	Fit to RES	Priority Recommended lead organisation Timescale	Measurable outcome - 'data dashboard'
Encourage inward investment and new physical business development closer to areas of low employment	Some strategic sites are in areas that are some distance from some population concentrations. However, others such as Speke/Garston, St Helens, and Knowsley are relatively close to disadvantaged locations. Clearer guidance for planning is required to ensure access to centres of population.	Priority: Medium Lead: NWDA Timing: Long-term	1d-1f, 1l, 2d, 2e, 3a, 4g, 5b, 5e, 6a-6c
Ensure new business sites are DDA compliant and promote more explicit disability-friendly public transport modes and interchanges	The full extent of DDA compliance should be more widely understood amongst planners and developers seeking to build and renovate businesses premises. Encourage more coordinated disability facilities at multi-modal transport interchanges	Priority: Medium Lead: NWRA Timing: Medium-term	5a-5d
Develop transport subsidy schemes to encourage commuting to work and travel to city centre education institutions.	Seek involvement of passenger transport executives and major employers - for example the regional airports - to develop commute-to-work schemes that reduce travel costs for entry-level jobs or for trainees and education participants.	Priority: High Lead: NWRA Timing: Medium-term	1d-1f, 1l, 2d, 2e, 3a, 4g, 5b, 5e, 6a-6c
Region's Image - Objective 10			
Emphasise multi-cultural arts and heritage assets of the region.	The RES regional image objective and associated actions should feature stronger links to the cultural contributions of some equalities communities.	Priority: Medium Lead: Cultural Consortium Timing: Medium-term	2a, 2c-2e
Develop LBGT and BME strengths in growing cultural industries	The evidence shows that tourism, hospitality, cultural industries in the region are disproportionately managed and led by BME and LBGT entrepreneurs. Initiatives that grow and support these sectors strengthen the employment base of these communities.	Priority: High Lead: NWDA Timing: Short-term	2a, 2c-2e, 9a-8e

Quality Indicators

- 5.6 There is a substantial amount of advice, information and research that provides indicators of the region's equality and diversity status quo. The challenge however is to select meaningful indicators and to present them as useable information that can inform the Equality and Diversity Strategy. The purpose of the baseline description is to identify changes in local conditions and the extent to which these have (or have not) been influenced by either market conditions or by policy interventions.
- 5.7 At Table 16, we show the proposed indicators that might measure the impact of actions are that are described in table 15 above. The 'Data Dashboard' presents a series of measurable indicators for the region which illustrate the eight equality community groups together with an over-arching set of indicators relating to social inequality and health. The data dashboard indicators are comprehensive indicators that are specific, appropriate and are available freely. Each indicator can be compared to sub regional, regional or national averages and can be measured on a recurrent basis. In most cases, they show outcomes rather than the outputs of particular interventions and can show conditions in relevant small geographies - an important qualification as many of the region's inequality characteristics are geographically concentrated.

Table 16: Indicators and change factors for Equality Communities

North West data 'dashboard'		Key issues and barriers	Current and potential policy drivers
1. 'Over-arching' social inequality and health (applied to all equality categories)	1a Educational achievement by age	Endemic inter-generational poverty	National policy drive to eliminate child poverty
	1b Level of highest qualifications / proportions with no qualifications	Low levels of entrepreneurship	Policy and funding frameworks for neighbourhood renewal including Sure Start
	1c Basic skills levels	Poor work incentives caused by low wage jobs	Minimum Wage and tax credits
	1d Earnings/income levels	Migration of jobs away from areas of high residential concentration	National Skills Strategy free learning available to achieve first level 2 qualification
	1e Employment and unemployment rates	Impact of multiple deprivation requires more complex solutions	Welfare to work strategies - 'Building on New Deal' development
	1f Deprivation statistics (Free School Meals, IMD and others)	Few effective routes for public dialogue and consultation with individuals	Skills for Life strategy (free basic skills)
	1g Changes in housing tenure	High correlation between poor physical/mental health and non-employment, exclusion, disengagement, high incidence of social housing and benefit dependence.	Sustainable Communities strategy - including Housing Market Renewal areas
	1h Infant mortality rates		National policy drive to improve diet, increase exercise, reduce alcohol intake and smoking
	1i Male and female premature mortality rates		National policy drive to reduce social exclusion from mental illness
	1j Obesity rates		Community Cohesion strategy
	1k Rate of 50+ with a long-term limiting illness		Equal Opportunities legislation and public/private employment policies
2. Race and ethnicity	2a Business Start-up rates and number of SME entrepreneurs	Prejudice, discrimination, language and cultural barriers, poor work orientation	Race Equality Schemes in public sector
	2b Level of social renting and other housing tenure	History of regeneration focussed on physical infrastructure not social development	Public sector agencies - committed to becoming exemplary employers
	2c Incidence of race related crime	Poor returns to individuals on educational achievement	Management intelligence - monitoring outcomes and adjusting performance
	2d Percentage of the BME working age population not employed but want to work	Impact of separated communities	
	2e Differential in employment rate between Asian and general population; and difference for the Black population	Limited policy integration Under-developed community leadership	
3. Age - older	3a Percent of working age population older than 50 not employed	Population ageing in North West - loss of prime age adults to elsewhere in GB - incidence of retirement to Cumbria, Lancashire coast	Emphasis by North West Forum on Ageing
	3b Extent of volunteering		Voluntary employer code against discrimination
	3c Over 50s are economically inactive due to limiting long term illness	Slack labour market, low demand, work intensity creates occupational pressures towards premature retirement - drop-off in skills investment, progression	Legislation outlawing discrimination on grounds of age expected by the end of 2006
	3d Future population projections by age and linking this with increasing labour force participation		Skilled labour shortages emerging - increasing potential employer demand
	3e Housing characteristics		
	3f Numbers of 50+ on low incomes		

North West data 'dashboard'	Key issues and barriers	Current and potential policy drivers
<p>4. Age - younger</p> <p>4a Proportions of young disabled people in special schools (SEN)</p> <p>4b Achievement of GCSEs above grade D</p> <p>4c Achievement of Level 4 at Key Stage 2</p> <p>4d Numbers of 16 and 17 year olds not in education, employment or training</p> <p>4e Suicide and self harm rates</p> <p>4f Graduate retention and net inflow of young people in the area</p> <p>4g Percent of 18-24 year olds unemployed</p> <p>4h Rate for permanent exclusion from school and for 15 and 16 year olds placed in offender institutions</p> <p>4i Take up of Tax Credits</p>	<p>Employer preferences for higher qualified young workforce</p> <p>Movement of higher achieving young people away from the region</p> <p>Low demand for employment in rural areas and periphery of Manchester and Merseyside conurbations</p>	<p>Children Bill</p> <p>Children and Young People strategy</p> <p>Anti Social Behaviour legislation</p> <p>Youth Participation Teams</p> <p>Promotion of Modern Apprenticeships an vocational routes at ages 14 to 19</p> <p>Minimum wage extension to young people to underpin higher quality work and incentivise employers to train</p>
<p>5. Disability</p> <p>5a Overall numbers of people defined as disabled</p> <p>5b Proportion of disabled working age population not in work</p> <p>5c Skill achievement through lifelong learning routes</p> <p>5d Proportions on benefits with no qualifications</p> <p>5e Extent of correlation between disability and mental health</p> <p>5f Extent of correlation between disability and deprivation</p>	<p>Ignorance and stigma - dominance of 'medical' paradigm</p> <p>Access to education and progression</p> <p>Housing provision</p> <p>Transport to work</p> <p>Access and support arrangements in workplaces</p> <p>Inaccessible buildings and services</p>	<p>Disability Discrimination Act 1995 (and amendments in force October 2004)</p> <p>New Deal for Disabled People</p> <p>Public sector agencies - committed to becoming exemplary employers</p> <p>Committed to Inclusion - review process - via North West Disability Strategy Group</p> <p>Improve evidence base of costs & benefits of different interventions</p>
<p>6. Gender</p> <p>6a Gap between men and women in the proportion of working age population - for employment and self-employment</p> <p>6b Employment and earnings by sector</p> <p>6c Employment and earnings by occupational groups</p> <p>6d Differential between men and women employed as managers, senior officials and professionals</p>	<p>Lower employment rates for women</p> <p>Prevalence of part-time work</p> <p>Differential pay levels</p> <p>Access to affordable childcare</p> <p>Educational achievement patterns</p> <p>Violence against women</p>	<p>Equal Opportunities legislation and public/private employment policies</p> <p>National childcare strategy</p>
<p>7. Faith</p> <p>7a Extent of volunteering</p> <p>7b Levels of awareness</p> <p>7c Findings from Economic Impact Assessment</p>	<p>Growing identification of faith amongst BME communities</p> <p>Greater mission towards poverty and exclusion amongst Christian denominations</p>	<p>National policy drive to engage faith-based organisations</p> <p>Employment Equality (Religion or Belief) Regulations 2003</p>
<p>8. Sexual orientation</p> <p>8a Evidence of harassment at work</p> <p>8b Incidence of hate crime</p> <p>8c Suicide rates</p> <p>8d HIV and sexual health</p> <p>8e Extent of cultural and leisure economy</p>	<p>Discrimination, stigma and bigotry</p> <p>Homophobia, violence, harassment and hate crime</p> <p>'Pink pound' has adverse impacts on perception of LGBT community</p>	<p>Legislative drive: sexual offences, age of consent equalisation, the Adoption Bill, repeal of Section 28, Civil Partnerships, employment discrimination regulation</p>

**Annex A: Measuring the Economic Contribution of
Equalities Communities in the North West - Method
of estimation**

Measuring the Economic Contribution of Equalities Communities in the North West - Method of estimation

Total Earnings for the North West Economy

1. The principal question for the North West is whether it is losing out in economic, social and political terms by having large inequalities among specific groups. These inequalities manifest themselves most in employment and economic activity, levels of earnings and participation in specific sectors or occupations.
2. Quality and availability of data for the North West on inequalities mean that one cannot carry out a standard cost benefit analysis or a typical economic impact analysis to calculate the impact of direct or indirect interventions in reducing inequalities.
3. The method adopted here defines Economic Benefit as the **Total Earnings for the North West Economy** derived from proportions of the population employed in different occupational groups and with differential earnings. We first establish that there are gaps with regard to earnings and in numbers employed across occupations, when comparing the benchmark with the inequalities group. We then make various assumptions about interventions that result in an increase in productivity of workers and hence workers move from lower skilled occupations to higher skilled occupations, followed by a reduction in the pay gap. Finally we calculate the impact of these interventions by measuring the change in the total earnings for the North West economy as a result of the interventions and subsequent reduction in inequalities.
4. We have based our methodology on the premise that increasing the total earnings for the North West economy would translate into increased personal consumption, saving and investment, all of which enter into the Gross Domestic Product for the Region.
5. We have used two equality groups to illustrate the methodology: gender and ethnicity (comparing the most disadvantaged group with whites). The primary data we have used are numbers employed by occupational group by gender and ethnicity.
6. There is no data currently available on earnings by gender and ethnicity across occupational groups. However we do have data on average earnings by occupational groups for the whole population. We also have gross weekly earnings by gender (Source: NES) and gross hourly

earnings by ethnic groups (Source: LFS 2002). We first calculate the ratio between the average gross weekly earnings for an occupational group and the average gross weekly earnings across the North West population to create a distribution of earnings by gender and ethnicity:

- Average Earnings for North West = £455 per week - (A)
- Earnings for Managers and Senior Officials = £665 per week - (B)
- Ratio of Earnings (Xi)= B/A

7. We calculate ratios of all occupational groups to create a distribution which is then applied to estimate a distribution of earnings across occupational groups using the earnings by gender and by ethnic groups. So for example, we multiply the ratio B/A with average earnings for Whites to get a gross weekly earnings figure for each occupational group for Whites. We do the same for males and females across occupational groups.

Economic Benefit of closing inequalities by Ethnicity

8. Mean hourly earnings by ethnicity is available from the Labour Force Survey. But this data is only available to us for the whole of England. Hence we use the average earnings gap between England and the North West in order to adjust the average earnings for England and derive the average earnings for the North West by ethnic groups.¹⁵
9. Table A gives gross weekly earnings for the North West by ethnic groups. As a group, Pakistanis and Bangladeshis have the lowest earnings and hence we have used this group to simulate the impact of interventions. The comparator group used here is the White population. The earnings gap is highlighted in Table A1.

¹⁵ Please note that the average earnings for England and the North West are derived from the New Earnings Survey whereas the mean hourly earnings by ethnicity for England are sourced from the Labour Force Survey. Hence the adjusted earnings for the North West by ethnic groups are estimates only.

Table A1 Mean Weekly Earnings by Ethnic Groups, North West (Source: NES and Labour Force Survey)

Ethnic Group	£ per week	Earnings Gap
White	323.55	0.0
Mixed	290.17	33.4
Asian / Asian British	303.45	20.1
Indian	337.85	-14.3
Pakistani / Bangladeshi	241.81	81.7
Black / Black British	307.88	15.7
African	303.79	19.8
Caribbean	316.40	7.2
Chinese	336.12	-42.6
Other	386.89	-63.3

10. We use the ratio of earnings as mentioned earlier to calculate an earnings distribution for Whites and Pakistanis/Bangladeshis for all occupational groups.

11. Data on the population numbers employed in all occupational groups is available by ethnic groups. These population numbers are multiplied by the estimated earnings for occupational groups to calculate the total earnings for individual groups, and subsequently the total earnings for the North West Economy. **This is the baseline figure.**

□ **Baseline Earnings for Pakistanis/Bangladeshis= (Earnings*Population) Occ Group A + (Earnings*Population) Occ Group B+(Earnings*Population)Occ Group X**

12. We calculate the same for Whites and all other ethnic groups. The total earnings for the North West Economy are given by a sum of total earnings by ethnic groups.

Assumption 1: Due to a targeted intervention, productivity of workers increases such that more workers enter the top three occupational groups, from the three lowest occupational groups.

13. The three lowest occupational groups for Pakistanis and Bangladeshis comprise 49% of their total employed population in the North West. Hence we assume that productivity rises such that these three groups comprise just 19% of the total employed population due to the intervention. This means that 30% of the population enters the top 3 groups by a proportionate distribution of workers across the three groups. We also assume that the total population for the North West remains the same, and there is no impact on earnings yet.

14. Table A2 shows an increase in total earnings for the North West Economy due to the first intervention. The economic benefit or impact as a result of the intervention is given by the difference between the baseline earnings and new earnings. **Hence the impact of the hypothetical intervention A is estimated to be approximately £8.5 million.**

15. We can also illustrate the impact by calculating the total earnings gap (baseline) between Whites and Pakistanis and Bangladeshi group, and comparing this with the *reduced* total earnings gap after the intervention, between Whites and Pakistani and Bangladeshi group. The reduction in the gap can be translated into the total amount in millions that the North West can benefit from, by increasing productivity and skills of the workforce across different occupational groups. This is effectively also the cost to the North West for maintaining baseline employment and earnings inequalities between Whites and Pakistanis/Bangladeshis.

Table A2 Impact of Hypothetical Intervention A

Ethnic Group	Total baseline earnings	Total earnings after intervention
Whites (£k)	48,280,954	48,280,954
Pakistanis / Bangladeshis (£k)	411,454	495,834
Baseline Gap (£Billion)	47.87	
Gap after intervention A (£Billion)		47.79
IMPACT* DUE TO A		£8.5 M

* As calculated by the difference between baseline gap and gap after intervention A

Assumption 2: Due to a further targeted intervention B, the pay gap between Whites and Pakistanis/Bangladeshis reduces from 25% to 10%, keeping the first assumption.

16. Assuming that the movement from lower to higher occupational groups still holds, we hypothesise that a further intervention targeted at reducing wage discrimination, reduces the pay gap such at Pakistanis/Bangladeshis earn wages that are now only 10% lower than their white counterparts, compared to the 25% gap in baseline earnings.
17. The total earnings for the two ethnic groups are recalculated and compared with the total earnings in the absence of the two hypothetical interventions. The impact of the two combined interventions has been to narrow the total earnings gap between Whites and Pakistanis/Bangladeshis before and after the interventions. The total impact or reduction in the gap is estimated to be approximately £19 million. An alternative description is that the added earnings to the North West Economy due to the two targeted interventions translate to £19 million. Table A3 illustrates the results.

Table A3 Impact of Hypothetical Intervention B

Ethnic Group	Total Baseline Earnings	Total Earnings after Intervention
Whites (£k)	48,280,954	48,280,954
Pakistanis / Bangladeshis (£k)	411,454	597,110
Baseline Gap (£ Billion)	47.87	
Gap after intervention B (£ Billion)		47.68
IMPACT* DUE TO A+B		£19 M

* As calculated by the difference between baseline gap and gap after intervention A and B

Economic Benefit of closing inequalities by Gender

18. We can conduct a similar analysis using differential earnings data by gender and employment patterns by gender across occupational groups.
19. We create an earnings distribution across occupations by multiplying the ratio of average earnings between a particular occupational group and the average earnings for all, with the average earnings for all males and all females.
20. We then multiply the earnings distribution with population numbers in each occupational group to derive the total earnings for males and females in the North West. **The difference in male-female earnings gives us the baseline gap, and the sum gives us the baseline earnings for the North West economy.**
21. We apply the same assumptions as above and hypothesise two interventions to estimate their impact on the total earnings for the North West economy. **Table A4 illustrates how the reduction in the male-female earnings gap due to the interventions translates to an estimated £16 billion.** ¹⁶ The alternative description is that the added earnings to the North West economy due to the two interventions on females translate to £16 billion.

Table A4 Impact of Hypothetical Intervention on A and B on Gender

Gender	Total Baseline Earnings	Total Earnings after Intervention A	Total Earnings after Intervention B
Males (£k)	40,373,765	40,373,965	40,373,765
Females (£k)	18,688,877	22,990,170	34,380,112
Baseline Gap (£ Billion)	21.68		
Gap after intervention A (£ Billion)		17.38	
gap after intervention B (£ Billion)			5.99
IMPACT* DUE TO A+B			£16 B

* As calculated by the difference between baseline gap and gap after intervention A and B

22. Note that the impact of the two hypothetical interventions on ethnic inequalities has resulted in a reduction that translates to £19 million, whereas the impact on gender translates to £16 billion. This is partly explained by the fact that Pakistanis and Bangladeshis earn 25% less than Whites (Source: LFS 2002). On the other hand, at a regional level, women in the North West earn 40% less than men across the Region. Hence, closing the earnings gap by gender would result in a higher economic benefit than closing the gap by ethnicity. If one did close the earnings gap entirely for Pakistanis and Bangladeshis, for example, it would result in a total impact of £25 million. Of course this difference also

¹⁶ For females employed across occupational groups, categories 4, 6 and 7 (administrative and secretarial occupations, personal service occupations and sales and customer service occupations) comprise 49% of the total employed female population and have the largest differences with their male counterparts. Hence we have moved females in these groups into the top 3 categories.

reflects scale: women of working age represent 49% of the total working age population whilst the ethnic minority population is only slightly over 5% of the total.

23. We have no precise regional figures for earnings by ethnic groups and as mentioned earlier, we have had to use the England-North West earnings gap to deflate the national figures in order to derive the North West earnings by ethnicity. This means that these figures are estimates only and lack precision that a more recent LFS data would give us. Hence although, the ethnicity estimates look small, they probably understate the true figures.
24. Lastly, there could be an issue of missing data or lack of good quality ethnicity data with regard to earnings. There is a possibility that even when using the more up to date regional LFS earnings estimates, we estimate impact that is not as high as the impact on gender. Generally, data quality on gender is often regarded as higher than data quality on ethnicity.

Economic Benefit of closing Inequalities By Disability

25. ONS does not provide an occupational breakdown of the working age population by disability, and we do not have earnings data by disability from the NES. However, we were able to use a secondary source to get an occupational breakdown of the disabled working age population for England as well as average earnings by disability for England using the Labour Force Survey Spring 2003. Since we do not know the average earnings for the North West disabled population, we cannot adjust the LFS disability earnings data for the whole of England to derive earnings for the North West. **Hence we have used this methodology to illustrate the positive impacts of reducing inequalities by disability, for England only.**
26. The bottom two occupational categories for the disabled population comprised 24% of the total population. Hence we have assumed that all individuals from these categories move up to the first three categories under the first assumption.
27. The earnings gap between the disabled and non-disabled population is 8%. We assume that this gap disappears entirely i.e. the disabled population gets the same gross weekly wages as the non-disabled population.
28. We apply these two assumptions to measure the economic impact of the two interventions. The gap between disabled and non-disabled individuals reduces by £10 million due to intervention A and by £16 million due to interventions A and B. The alternative explanation is that the total earnings for England increases by £10 million due to intervention A and by £16 million due to intervention B. Table A5 illustrates the results. Note that these estimates are for England only, and using the LFS Spring 2003.

Table A5 Impact of Hypothetical Intervention A and B on Disability

Status	Total Baseline Earnings	Total Earnings after Intervention A	Total Earnings after Intervention B
Not Disabled (£k)	503,239	503,239	503,239
Disabled (£k)	63,048	72,639	79,286
Baseline Gap (£ Million)	440.19		
Gap after intervention A (£ Million)		430.60	
Gap after intervention A and B (£ Million)			423.95
IMPACT* DUE TO A + B			£16 M

All data for this table is from LFS Spring 2003

* As calculated by the difference between baseline gap and gap after intervention A and B

Please note that these estimates are for England and NOT for the North West; figures could not be sourced for the Region.

29. The impact of the two hypothetical interventions are quite small compared to gender, although one has to keep in mind that the absolute numbers of disabled people who are employed are much lower than those who are not disabled. Due to very low employment rates in the first instance, the total earnings for the disabled population are much lower than that for the non-disabled population, even when the wage gap is only 8%. Hence the baseline gap between the disabled and the non-disabled does not change much, even with interventions that significantly alter the occupational distribution and close the earnings gap entirely.
30. The wage gap between the disabled and non-disabled population is only 8%, much smaller than the gaps by ethnicity and gender. One of the principal issues with disability is that most people who report disability may be economically inactive or in paid unemployment (for example on incapacity benefits or disability allowance) and it is not clear from the earnings data whether the gross hourly wage figures include benefits or allowances. Further investigation and research is required of the LFS regional dataset to identify the earnings gap excluding benefits or allowances.

Economic Benefit of Closing Other Inequalities

31. Earnings data by specific population groups is often not published and is therefore unavailable. The Labour Force Survey is perhaps the only source that would enable us to get earnings figures by disability, old age and other characteristics and also allow us to control for qualifications. We do not have access to the LFS at present, but we hope that when we get access eventually, we'd be able to get reliable data to make our analysis more robust. We can then opt out of using population numbers by occupational groups and use earnings by specific qualifications as a better proxy for productivity adjusted wages. We can then recalculate the earnings inequalities by population groups and calculate similar impacts of hypothetical interventions.

32. Although the extent of the impact of hypothetical interventions as illustrated in examples above, are quite small, especially for ethnicity, they are estimates only and there is a possibility that due to data availability and the simplicity of assumptions, these numbers are underestimated. We think that using more up to date data from LFS would enable us to make our estimates more robust and realistic. These estimates also understate the total impact of interventions similar to the hypothetical ones as we have assumed that an approximate 30% rise in productivity (resulting in 30% of the population moving from lower skilled to higher skilled occupations) is followed by a 15% increase in earnings. In reality, a rise in productivity may result in a disproportionate and higher rise in earnings. There are other macro economic conditions that we have not controlled for, such as recessions in the economy, increase in demand, interest rate changes and other income multiplier effects.
33. Hence the methodology here is merely a tool to illustrate a specific method of deriving the Economic Benefit, given data and time limitations.

Annex B: Organisations consulted

Organisations consulted

- 1 The following regional organisations and individuals formed part of the information acquisition and consultation process that contributed to this report.

<i>Health Development Agency</i>	Dominic Harrison
<i>Voluntary Sector North West</i>	Mary Nicholson
<i>Lesbian and Gay Foundation</i>	Jacqui Cross
<i>NIMHE</i>	Jude Stansfield
<i>One North West</i>	Siddika Ahmed
<i>Forward North West</i>	Youseff Motala
<i>Age Concern North of England</i>	Adrian Smith
<i>Breakthrough UK</i>	Lorraine Gradwell
<i>NWRA</i>	Eddie Burke
<i>Manchester Business School</i>	Sue Maddock
<i>NWDA</i>	Sue Henry
<i>TUC North West</i>	Alan Manning
<i>Womens Business Network</i>	Ruth Livesey