

## **The LSC Response to the TUC Commission on Vulnerable Employment**

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### **Introduction**

This paper summarises recent research findings from a number of sources regarding employment and training of vulnerable workers. This includes Learning and Skills Council (LSC) data from Train to Gain, the LSC's flagship service to employers. Included is an update on forthcoming policy changes that will make Language training more accessible to those in employment with the greatest need.

### **Issues**

#### **Access to training**

Data from the ONS present the percentage of the overall population of England in different ethnic groups compared to the percentage of the workforce getting trained by ethnic groups.

The data for England show that it is not really appropriate to always compare the percentage of the population against the percentage who receive training in the workplace for different BME groups. This is because it is hard to exactly understand from the data provided why the percentage of the population compared to the population in work is so different.

The data does show that in England those in Pakistani and Bangladeshi groups represent a lower proportion of the workforce than they do the overall population. But for the purpose of this analysis the majority of comparisons will only be made between those in work and the percentage who have received training in the last 13 weeks compared to those who have not.

The standout finding from the data is that there is a large difference at the national level between Asian groups and Black Caribbean/African groups. For Indian, Pakistani and Bangladeshi groups they represent more of the workforce who holds jobs without training in the last 13 weeks than those with training.

On the other hand those who are from Black Caribbean/African background represent a higher proportion of the workforce who have received training in the last 13 weeks than those who have not.

Figure 1

England		
	Yes (In Training)	No (Not In Training)
British	5659452	14351413
% British	84.63	85.33
Other White	392921	955635
% Other White	5.88	5.68
Indian	150019	397794
% Indian	<b>2.24</b>	<b>2.37</b>
Pakistani	51997	173630
% Pakistani	<b>0.78</b>	<b>1.03</b>
Bangladeshi	14633	63216
% Bangladeshi	<b>0.22</b>	<b>0.38</b>
Black Caribbean	84200	177700
% Black Caribbean	<b>1.26</b>	<b>1.06</b>
Black African	104188	159777
% Black African	<b>1.56</b>	<b>0.95</b>

The above figure shows how different ethnic groups are represented in terms of any training. The figure below demonstrates how different Ethnicities are represented on the Train to Gain (TtG) programme. The data show that for the Asian and Black groups the figures for TtG are a higher proportion of the workforce than the overall figures for the workforce which demonstrates that this LSC policy is helping vulnerable groups in the workplace. The figures from ONS are 3.24% for Asian vs 5% for TtG and for the black population the figures are 2.82% from ONS and 5% for TtG.

Figure 2

Region	Total Starts	by Gender		by Ethnicity					
		Male	Female	Asian	Black	Chinese	Mixed	White	Not Known/ Not Provided
East Midlands	20,500	10,680	9,820	1,510	620	20	190	17,530	650
East of England	17,920	8,930	8,990	630	860	20	190	15,440	770
Greater London	20,990	9,330	11,660	2,850	4,730	80	510	10,700	2,120
National Employer Service	22,340	15,380	12,060	1,650	2,260	40	260	21,650	1,590
North East	17,590	8,870	8,730	200	90	0	100	16,820	380
North West	37,190	19,080	18,120	1,520	860	50	310	33,260	1,200
South East	21,030	10,290	10,730	660	800	30	240	18,180	1,110
South West	16,190	8,100	8,090	240	200	30	90	15,210	420
West Midlands	28,760	14,890	13,860	2,360	1,310	30	290	23,850	910
Yorkshire and the Humber	21,850	12,230	9,620	750	540	20	220	19,600	730
<b>Total</b>	<b>229,470</b>	<b>51%</b>	<b>49%</b>	<b>5%</b>	<b>5%</b>	<b>0%</b>	<b>1%</b>	<b>84%</b>	<b>4%</b>

## Type of employment

A secondary part of this analysis is to look at the type of economic activity among the different groups. The analysis below examines if there is a pattern in the type of employment for the different BME groups.

The first and possibly most important point to note is that BME groups represent a higher proportion of those registered as ILO unemployed than of the overall population. This suggests that those from BME groups are more likely to be unemployed.

The pattern is not the same when looking at the proportion of the economically inactive. There is little significant difference between different BME groups in terms of the proportion of the population compared to the proportion who are economically inactive.

In terms of the type of employment, Pakistanis who are self-employed represent twice the proportion of those who are employees. Indians and Bangladeshis do not demonstrate such a split.

Black Caribbean and especially Black Africans represent a significantly higher proportion of those who are employees rather than those who are self employed.

Regionally there are a few differences (but again these come with a warning from ONS about base sizes). For example in London there is not such a split for Pakistanis and Indians between employee and self employed and Bangladeshis represent a higher proportion of employees than self employed when compared to the national figures. In the West Midlands all three Asian groups are significantly more likely to be self employed.

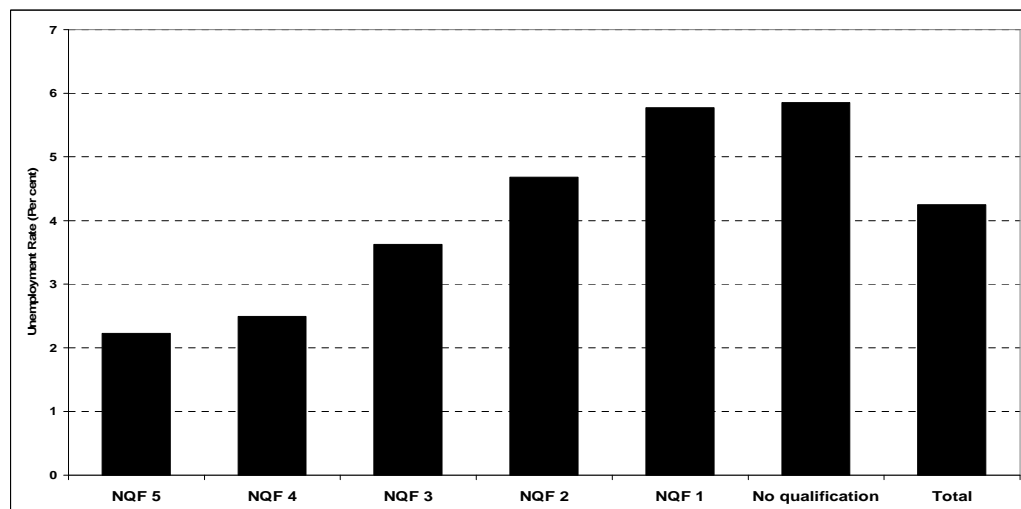
### **Implications**

- 1 The data shows that BME groups are more likely to be unemployed than British people.
- 2 It is not possible to say from this data why differences exist in terms of the proportions in work getting trained. This could be linked to a number of different reasons which can't be uncovered by this data.
  - a Asian groups are more likely to be self-employed than those from Black African or Caribbean groups, it is possible that employees are more likely to receive training than those self-employed.
  - b The types of sectors that the different groups work in are also likely to have an impact.
  - c There are likely to be differences in cultural attitudes regarding training.

### **Qualifications and Unemployment**

Figure 3 shows the level of unemployment for each qualification level held. It is clearly the case that the higher the qualification an individual holds; the less likely they are to be unemployed.

Figure 3



### **Social Cohesion is linked to skills and vulnerable employment**

The benefits of economic growth have not been distributed evenly across society. Like many other countries, England has a large number of people who have been effectively excluded from participation in the key domains of modern life.

Educational attainment has risen quickly in the recent past, but some people have been left behind. These are those groups of individuals or employers whose skills needs are difficult to address.

Social exclusion is a term generally taken to describe situations where people or areas suffer from a combination of linked and mutually reinforcing problems, such as:

- unemployment;
- poor skills;
- low incomes;
- poor housing;
- high crime rates;
- bad health;
- family breakdown.

There is a strong link between low levels of skills and qualifications on the one hand, and social exclusion on the other, but:

- the acquisition of skills through education and training is unlikely to be sufficient on its own to combat worklessness or overcome other forms of social exclusion;
- people with low skills often face other barriers to work or job retention, including poor job search skills;
- there is a reluctance by some employers to consider non-employed people for their vacancies.

Strategies to improve social inclusion through promoting skills and qualifications need to be complemented by labour market and workplace strategies and policies that will counter other barriers that hamper participation in education, training and employment.

The success of initiatives to raise skills in order to combat social exclusion has been mixed:

- Participants are often appreciative of the additional support they receive, but the evidence to show that such initiatives have made a substantial impact remains elusive.
- In part, this may be a reflection of the complex and sometimes contradictory positions of Welfare to Work policy and skills strategies.
- While individual programmes and initiatives can each claim some degree of success, the operation of Welfare to Work and skills strategies have, to date, not been integrated effectively.

The need for such integration is one of the most significant recommendations of the Leitch Review.

### **Migrant workers and employment rates**

The labour market outcomes of migrants vary massively from one group to another. For instance, very low employment rates are recorded for immigrants from some countries such as Somalia, Angola, Iran, Albania and Ethiopia. Research has also in the past identified differences between white and non-white immigrants, with the former demonstrating participation rates similar to those of the UK-born white population while the latter have historically had much lower participation rates and been much more vulnerable to changes in the economic cycle. This research also suggests that there are cases where the second generation of immigrant families have higher rates of participation in the labour market than newly arrived migrants (Dustmann et al., 2003). Other research suggests that the employment rate of white immigrants may be higher because they are from English-speaking and industrialised countries with relatively high rates of employment for immigrants from Australia and North America but lower employment rates from non-EU countries in Western Europe. Inactivity is relatively pronounced among women from non-EU west European countries and the Indian sub-continent (Haque, 2002: 17).

Contemporary analysis of more recent migrants to the UK from the A8 countries shows rapidly increasing employment rates during the period since accession. For instance, in summer 2003, the employment rate for A8 migrants was 57.3 per cent, below that of non-migrants and the migrant average. By summer 2005, this had risen to 80.6 per cent. It is argued that this reflects both a decrease in illegal working and the motivations of A8 migrants as being work related.

Migrants are more likely to be employed in the service sector than are the UK born, regardless of country of origin (Haque, 2002:). Using relatively recent LFS data, the Institute for Public Policy Research (IPPR) suggests that migrants are

disproportionately represented in banking, finance and insurance and distribution, and hotels and catering when compared with the UK-born population (IPPR, 2005: 5–6). However, again, migrants are not a homogeneous group. For instance, there are variations in industrial sector of employment according to country of origin. Thus, those from the Indian sub-continent and the rest of Asia are concentrated in distribution, hotels and catering, while those from Australasia are concentrated in financial and business services (Haque, 2002: 19). Migrants from African states tend to cluster in transport and communications industries (Salt, 2005: 43).

Research on the industrial distribution of A8 migrants shows that they are most commonly found in distribution, hotels and catering, manufacturing and agriculture. However, this varies between regions, reflecting the regional prominence of different sectors. For instance, in London, the majority of A8 migrants are registered to work in distribution, and hotels and catering, while in more rural areas such as Kent, the Marches, Norfolk, Lincolnshire and Cambridgeshire, the majority are registered to work in primary and agricultural industries (Gilpin et al., 2006: 20–1; Salt, 2005: 45). Generally, the impact of A8 migration is increasing the proportion of migrant workers in lower skilled employment (Gilpin et al., 2006: 20–1).

Data on the levels of pay of migrant workers suggests that they are relatively over-represented when compared with UK-born workers in the highest pay brackets and also in some of the lower pay brackets (IPPR, 2005: 5–6), possibly reflecting the skills profile documented below (see paras 34–8). Generally, migrants have been thought to earn more than their UK-born counterparts, a finding that held when compared at different skills levels. That is, a UK-born degree holder was thought to earn less than a migrant worker with comparable qualifications (Haque, 2002: 21–2). However, the data can be confusing in aggregate form. For instance, other research compares the ethnicity of migrants and suggests that while white immigrants tend to have relatively high earnings when compared with both non-white immigrants and UK-born workers, the earnings of some non-white (particularly Bangladeshi and Pakistani) immigrants are much lower (Dustmann et al., 2003: 47–8). In addition, analysis of earnings data for A8 migrants on the WRS scheme suggests that their average earnings are somewhere between 47 and 63 per cent of UK average earnings (Gilpin et al., 2006: 20–1). Should current A8 migration trends continue, the average pay of migrants may reduce significantly. This is despite the relatively high level of skills held by many of these migrants

Some factors might include skills deficiencies for some migrant groups, difficulties in gaining recognition for qualifications, cultural barriers (especially for women from some migrant countries) and labour market discrimination. Several research studies suggest that language proficiency is one of the major determinants of labour market success both in terms of participation rates and also wage gaps (Dustmann et al., 2003: 56–7; Institute for Employment Studies, 2004). The Institute for Employment Research suggests that the barriers faced by migrants include a lack of understanding of the labour market and the job-search process and a lack of appropriate work experience (Green et al., 2006: 17).

## **Changes to LSC Policy to further address the needs of Vulnerable Workers**

The recently published Train to Gain; A Plan for Growth outlines several changes that will improve the opportunities for the BME population in employment to benefit from the service. This includes several new flexibilities that will make access to provision more flexible.

The key flexibilities include:

- Skills for Life training provision will be available in a stand alone form, as well as embedded within Level 2, depending on which model works best for the employer and the employee.
- In line with the ambition outline in *World Class Skills*, Skills for Life will be available at all levels;
- The Department for Innovation, Universities and Skills and the Learning and Skills Council will work towards bringing ESOL for Work qualifications into Train to Gain. This will be piloted in London in early 2008 at Entry Level 3 and Level 1. A contribution from the employer will be required for English for Speakers of Other Languages (ESOL) learning.

The full document can be viewed via the hyperlink below:

[www.lsc.gov.uk/publications/latestdocuments/](http://www.lsc.gov.uk/publications/latestdocuments/)

### **Further Information**

If further information of clarification on any of the points included in this document is required then please do not hesitate to contact either:

Gareth Thomas  
Skills Policy Director, LSC  
[Gareth.thomas@lsc.gov.uk](mailto:Gareth.thomas@lsc.gov.uk)  
07810 757264

Robert Cirin  
Strategic Research Manager  
[Robert.cirin@lsc.gov.uk](mailto:Robert.cirin@lsc.gov.uk)  
02476 823471

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