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Mr Paul Davies  
Economic Development & Transport Committee  
National Assembly for Wales  
Cardiff Bay  
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Dear Mr Davies,

**Economic Inactivity**

I refer to the letter from Christine Gwither AM and would thank the Committee for its invitation to contribute to the necessary and highly important debate on a subject that strikes at the core of disadvantage in Wales, not least for its ethnic minority communities.

I have read with interest the Committee's paper "Raising levels of economic activity". I am grateful to your colleagues John Grimes and Julian Revell for their response to my enquiry in relation to para 8 of the paper, relating to non-white ethnic minorities. The figures they present inform the need for strategies to address economic inactivity to be proportional. For example, their figures and the 2001 census indicate that there are some 435 economically inactive Black Caribbean Men in Wales. Going further, an examination of the figures at local authority level reveals that for the same cohort:

in Cardiff	226
in Newport	79
in Swansea	6

Thus any response needs to be both proportional and local. I could probably arrange introductions!

Your report concludes that one of the reasons for the growth in economic inactivity is in the weakening in demand for unskilled labour. Comparing the Black Caribbean population with the population in Cardiff as a whole, the differences in occupational levels show that, in very broad brush terms, those in work are not doing as well as Cardiff as a whole, and the differences in educational attainment could explain both this and the higher level of economic inactivity amongst males. It is possible to demonstrate this for other ethnic groups.

This is not to engage in a detailed debate about the statistics, nor about the conclusions drawn in the report. These seem largely valid, in particular the conclusion that "a person in Wales with a particular set of characteristics is significantly more likely to be economically

inactive that an identical person living elsewhere in GB." The report rightly highlights the need for skills and training to reduce the skills gap in Wales.

In the context of the Race Relations Amendment Act (2000) these figures reveal the need for policy makers to adopt a strategy which is flexible enough to respond to the variability that exists. To deal with local concentrations will require local rather than national initiatives. The appropriate vehicle for these will generally be the economic development activities of the local authorities, eg through their economic development departments, or local development partnerships under Objectives 1-3. Partnership arrangements between such groups and JobCentre Plus, Careers Wales and others already exist. In their submission to the Committee Jobcentre Plus rightly stresses the need for resources to be concentrated into a relatively small area, and to further develop partnership working. These needs are typified by a report in the Western Mail of 29 July last year, which recorded a 50% increase in economic inactivity in Cardiff South & Penarth in the preceding five years. This is not long term economic inactivity, it is a dramatic rise in inactivity.

So what is missing? I recently received the draft economic development plan for a large local authority in South Wales. The plan discusses in general terms the national and European policy and local economic contexts within which it has to work, and goes on to celebrate successes of the past year. In the latter context it identifies employers and sectors in which "new jobs" were created. Nowhere does it discuss the impact it has had on economic inactivity per se. Nowhere does it discuss the impact of its economic functions and policies on its ethnic minority population, as required under the Act.

In setting out its plans for 2004-05, it sets out a sector-focussed approach based on the strengths and weaknesses of its economy. It identifies key priorities and strategic themes, one of which is "to promote inclusion in the economic regeneration of communities and create a first class skills base." Under this heading for 2003-04, it recorded a number of outputs for its activities, but no outcomes for reduction in economic inactivity. It stresses partnership working and equality and inclusion amongst its fundamental principles of working. It refers to its Race Equality Scheme, through which it will promote diversity and the benefits of a multicultural society, whilst ensuring that opportunities are created for all of its communities.

In terms of developing its economy, it discusses opportunities in terms of the various industrial sectors represented, and identifies actions to take advantage of same. In terms of creating competitive communities it discusses a number of interesting local initiatives, particularly those supported by Communities First. These are discussed in aspirational terms, there are output targets based on historical performance, but no hard targets for outcomes, for reductions in inactivity, whether for ethnic minorities or others.

The plan then goes on to report key economic statistics for the authority. It does report current economic activity rates, disaggregated by gender only, and not showing any year-on-year comparison.

It will be clear from the foregoing that reducing economic inactivity is not a priority of the authors of this plan, although some of its symptoms are. It is not "mainstreamed," it is not part of the everyday language. It is an adjunct to raising prosperity generally, not central to it. The Assembly should therefore take up the challenge of bringing the reduction of inactivity to the forefront of priorities for local authorities and their partners. This may require expenditure in the form of the capacity building necessary to:


- address the short-term financial concerns of the inactive
- develop strategies to understand and support into work those who claim they do not want to work
- build skills amongst front line services to cope with the variability and pessimism that will be encountered.
- develop an understanding of barriers to travel to work, especially in South Wales.

Capacity needs to be built locally, so that it can be tailored to the needs of communities down to local authority ward level.

In addition to these general considerations, it may be desirable to review the effectiveness of the Objective 1-3 programmes, particularly those priorities and measures aimed at reducing economic inactivity. At the Mid-Term Evaluation there was evidence to suggest that the programmes were not being effective in reducing inactivity amongst ethnic minorities. This raises issues for the role of local authorities in their respective partnerships, given their obligations under the act. It also raises issues for the Assembly Government and any matched funding it may be providing in this context.

In summary, the Assembly needs to concentrate on what can be done locally to ensure that the necessary resources are targeted to the needs of the mosaic of communities that are afflicted by economic inactivity. Local authorities need to ensure that the reduction in economic activity is their focus. Assessments for impact on race equality should be central to all activities. It is a paradox that as parts of Wales enjoy unprecedented prosperity, others experience debilitation and helplessness. The Commission recognises the urgency for action to address this, and will be happy to contribute in the most appropriate way.

Yours sincerely,



Robin Lynn  
Equality Action Officer – Private Sector