



National Audit Office

## DEPARTMENT FOR WORK AND PENSIONS

# Increasing employment rates for ethnic minorities

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL | HC 206 Session 2007-2008 | 1 February 2008

The National Audit Office scrutinises public spending on behalf of Parliament. The Comptroller and Auditor General is an Officer of the House of Commons. He is the head of the National Audit Office, which employs some 850 staff. He, and the National Audit Office, are totally independent of Government. He certifies the accounts of all Government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources. Our work saves the taxpayer millions of pounds every year. At least £8 for every £1 spent running the Office.



National Audit Office

**DEPARTMENT FOR WORK AND PENSIONS**  
Increasing employment rates for  
ethnic minorities

LONDON: The Stationery Office  
£13.90

Ordered by the  
House of Commons  
to be printed on 29 January 2008

# CONTENTS

This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

**John Bourn**  
**Comptroller and Auditor General**  
**National Audit Office**

**28 January 2008**

The National Audit Office study team consisted of:

Tim Fry, Christine Rose and Mo Choudhury, under the direction of David Woodward.

This report can be found on the National Audit Office web site at [www.nao.org.uk](http://www.nao.org.uk)

**For further information about the National Audit Office please contact:**

National Audit Office  
Press Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Tel: 020 7798 7400

Email: [enquiries@nao.gsi.gov.uk](mailto:enquiries@nao.gsi.gov.uk)

© National Audit Office 2008

<b>KEY FACTS</b>	<b>4</b>
<b>SUMMARY</b>	<b>6</b>
<b>PART ONE</b>	<b>11</b>
Background and introduction	
Why we carried out a study on increasing the employment rate of ethnic minorities	11
Scope of the study	11
The employment gap	12
Ethnic minorities have lower employment and higher inactivity rates than the overall population	14
The geographical distribution of ethnic minorities	16
The number of ethnic minorities in the UK is increasing	16
Job sustainability	17
The causes of underachievement in the labour market by ethnic minorities	18
The consequences of labour market disadvantages for ethnic minorities	18
The Department, Jobcentre Plus and other government departments are working to close the employment gap	18
The roles of the Department for Work and Pensions and Jobcentre Plus	20

<b>PART TWO</b>	<b>22</b>		
Impact of the Department’s programmes and initiatives in responding to the employment needs of ethnic minorities			
The Department’s strategy for closing the employment gap	22		
Pilot initiatives targeted at helping ethnic minority customers have achieved some success	23		
New Deal is an important vehicle for getting ethnic minorities into employment	27		
<b>PART THREE</b>	<b>30</b>		
Jobcentre Plus – its role and effectiveness			
Personal advisers are responsible for matching ethnic minority customers to job vacancies	30		
The extent of outreach work aimed at getting economically inactive ethnic minorities closer to the labour market is determined locally	30		
Discrimination by employers on grounds of ethnicity remains a significant barrier	31		
Jobcentre Plus can influence employers in ethnic minority equality issues	32		
Jobcentre Plus Districts are set targets for helping people into work	32		
Personal advisers play a key role in getting ethnic minority customers into employment	32		
		Jobcentre Plus staff broadly reflect the ethnic minority mix both at national and local level	34
		The quality of service that ethnic minority customers receive from Jobcentre Plus can be improved	34
		<b>PART 4</b>	<b>36</b>
		Further action to increase ethnic minority employment	
		Establishing a long term strategy would bring benefits	36
		Jobcentre Plus Personal Advisers need support to help ethnic minorities into employment	37
		There are opportunities for the Department and Jobcentre Plus to help employers develop good equality employment policies and practices	39
		Lessons could be learned from international comparisons	40
		<b>APPENDICES</b>	
		1 Study methodology	42
		2 Case study areas	44

# KEY FACTS

## The UK ethnic minority population

- The ethnic minority population in the UK is increasing. Census data show 3.1 million in 1991 and 4.6 million in 2001. Ethnic minorities now account for 10 per cent of the total working age population.
- The largest group of ethnic minorities are Indians, followed by Pakistanis, Black Caribbeans, Black Africans and Bangladeshis, who together account for 68 per cent of the ethnic minority population.
- Nearly half of ethnic minorities live in Greater London. The next highest concentrations are in the West Midlands (13 per cent), the South East (8 per cent), North West (8 per cent) and Yorkshire & Humberside (7 per cent).

## Ethnic minorities and employment

- The employment gap between the ethnic minority employment rate (59.9 per cent) and the overall population rate (74.1 per cent) is 14.2 percentage points.
- Over the last twenty years there have been significant fluctuations in the gap, which has ranged from 12.5 percentage points in 1989 to 20 percentage points in 1994. Since 1994 there has been a slow but steady reduction in the gap.
- There are variations in the employment rates for different ethnic minority subgroups. These range from Bangladeshis at 44 per cent, to Indians at 69 per cent.
- About one third of the working age ethnic minority population are neither working nor actively seeking work. This compares to some 21 per cent of the overall population who are 'economically inactive'.

## Barriers to ethnic minority employment and consequences of non-employment

- Key barriers to employment faced by some ethnic minorities include lack of work experience, lack of skills, education or qualifications (including poor English language skills), and discrimination.
- Other barriers include lack of job readiness, lack of suitable childcare provision, living in deprived areas and cultural issues.
- Many ethnic minorities face multiple barriers to gaining employment.
- One important consequence of lower employment of ethnic minorities is increased poverty as compared with the general population.

## Cost of the employment gap

- The cost of the employment gap includes the cost of benefit payments and lost tax revenue (£1.3 billion a year), lost output (£7.3 billion<sup>1</sup>), and wider social costs (not estimated).

<sup>1</sup> These figures are based on the cost of the employment gap as estimated by the Department. They assume no displacement effects, as articulated in the Department's Impact Assessment for the Green Paper, *In Work, Better Off*.

## Department for Work and Pensions' strategy for closing the employment gap

- The Department has a Public Service Agreement target to reduce the employment gap. The target for 2003-2006 was achieved, with the gap narrowing by 1.9 percentage points over this period.
- Between 2002 and 2006 the majority of ethnic minority customers who found employment through Jobcentre Plus were helped by mainstream services. During this time the Department also piloted a number of initiatives specifically targeted at ethnic minorities. These were on a small scale, were of short duration and achieved varying degrees of success.
- Since 2006 the Department's strategy has been to improve job outcomes of ethnic minorities through shifting focus to local delivery for disadvantaged groups generally, rather than specifically on ethnic minorities. New initiatives have also devolved decision making on how to spend allocated resources to local consortia or Jobcentre Plus district managers. This allows local flexibility to meet the needs of ethnic minorities and allows the opportunity to leverage additional resources from joining up with local partners. It is not yet clear to what extent they will fully address the needs of ethnic minorities.

# SUMMARY

## Closing the employment gap

**1** There is a significant gap between the employment rates of the ethnic minority and general populations – currently 14.2 percentage points. This gap costs the economy some £8.6 billion<sup>2</sup> annually. It is just 1.3 percentage points lower than the level in 1987 but since then there have been significant fluctuations. However, during the last ten years there has been a slow but steady reduction of 2.8 percentage points in the gap.

**2** The Department for Work and Pensions (the Department) is responsible for helping people into employment, largely through a range of services provided by Jobcentre Plus offices across the country. It has a Public Service Agreement target to reduce significantly the ethnic minority employment gap over the three years to spring 2008. The Department is on course to meet this target and has achieved the most recent similar target for 2003-2006 through its mainstream services, targeted initiatives and a stable macroeconomy. The Department told us that it expects its policies to make a small but significant impact on the gap, but that without increased effort it could take 30 years to eliminate it.

**3** The ethnic minority population increased from 3.1 million in 1991 to 4.6 million in 2001 and now accounts for 10 per cent of the working age population. There are three main factors that contribute to their underachievement in the labour force: *Human capital* – some ethnic minority groups have lower levels of education and skills than the white population; *Geography* – many ethnic minorities live in deprived areas with high unemployment; and *Discrimination* – unequal treatment by employers on grounds of race or colour represents a further barrier to employment. There may also be cultural factors that may discourage ethnic minorities from participating in the labour market.

<sup>2</sup> £1.3 billion cost to the Exchequer in benefit payments and lost tax revenue; and £7.3 billion cost to the UK economy in lost output.

## Effectiveness of the Department for Work and Pensions in helping ethnic minorities into employment

**4** Mainstream services offered by Jobcentre Plus are the principal vehicle for getting ethnic minorities into employment. Starting in 2002 however the Department ran pilot projects specifically aimed at ethnic minorities or their potential employers. These pilot projects have been largely discontinued, and the Department has, since 2006, focussed on wider programmes aimed at disadvantaged groups generally. At the same time, there has been a shift to devolving decision making and funding decisions to local organisations. In managing this strategic shift in focus towards the whole disadvantaged community and to more local control, the Department's strategy for targetting additional support on ethnic minority communities has lacked continuity.

**5** The main projects and programmes are:

### Specifically for ethnic minorities

- a** **Ethnic Minority Outreach.** This ran from 2002-2006, cost £31.5 million, and more than achieved its original target, getting over 13,000 job entries at a cost to the programme of £2,400 per job. An external evaluation found it to be a qualified success, with those customers with the greatest barriers to employment making limited progress in moving closer to the labour market;
- b** **Ethnic Minority Flexible Fund.** The Fund ran from 2004-2006 and cost £6.8 million. The focus was on progress towards employment rather than job outcomes, but over 2,500 customers found jobs at a cost to the programme of £2,700 per job. An internal evaluation found the Fund had strengthened partnership working, tested methods of engagement with the voluntary sector, and provided additional support to those furthest from the labour market;

- c **Specialist Employment Advisers.** This role was created for a two year pilot period to help tackle discrimination and open up employment opportunities to ethnic minorities. It cost £1.5 million and ran from 2004-2006. The key lesson from an evaluation of the project was that engaging with both employers and communities was a long-term project that would take more than two years for positive results to become visible;
- d **Fair Cities.** Pilot projects are aimed at employer engagement and helping ethnic minorities move into employment with major employers. They started in 2005 and will end in 2008. Only 10 per cent of the job outcome target was achieved in the first year, and an interim evaluation reported that results were disappointing. Cost per job to the programme is £12,715 but will reduce as numbers build up; and
- e **Partners Outreach for Ethnic Minorities.** A 15 month initiative begun in 2007 aiming to reach out and support non-working partners from low income families. The target is 1,000 jobs, but results are not yet available.

#### Aimed at the wider disadvantaged community

- f **Deprived Areas Fund.** The Fund runs from 2006-2009. Around 60 per cent of available funds will be used to support City Strategy (below), and some £47 million in the first two years used by Jobcentre Plus district managers to fund local projects helping individuals, groups or the wider disadvantaged community into work. Expected cost is £111 million. There are no central targets specifically for ethnic minority employment. It is too early to assess the effectiveness of the Fund; and
- g **City Strategy.** Piloted from April 2007 the Strategy uses local consortia from private and public sectors to support jobless people into work. It is expected to focus on benefit claimants, lone parents, the disabled, older people and ethnic minorities. Plans for the 15 pilot sites have been approved by the Department. They vary in the extent to which they address ethnic minority employment, and just over half of consortia in areas where there are significant ethnic minority populations have specific targets for getting ethnic minorities into employment.

#### For all customers of Jobcentre Plus

- h The Department's core mechanisms for helping people to move into the labour market include the work focused interview and skilled personal adviser, the job-brokering service provided through a variety of channels and other jobsearch support. Most customers will find employment through these mechanisms. For those that do not, programmes such as New Deal are available.
  - i **The New Deals.** A set of national services since 1998 to help customers into work. The various New Deal programmes have had some success in getting ethnic minorities into employment and half of the respondents to our survey found them very useful. Some of the personal advisers we spoke to told us that some of the training provided under New Deal is not as effective as it could be for ethnic minorities because it is not sufficiently tailored to meet their needs; of insufficient duration to help those who have multiple barriers to employment; not available early enough to those who need it most; and is of variable quality.
- 6 In the light of the change in strategy, local City Strategy consortia and Jobcentre Plus districts now have the opportunity to develop local projects that help break down the employment barriers faced by ethnic minorities, including some of the hardest to reach sections of that community. This approach is also intended to give localities the opportunity to draw in additional resources from local partners. There is, however, a balance to be struck between allowing local discretion and maintaining central accountability. Whilst experience has shown that local control can bring about some real positive changes, there is a risk that ethnic minorities may not receive an appropriate share of the additional resources devoted to disadvantaged sections of the community. Under City Strategy the Department will devolve direct control over £65 million in 2007-8 and 2008-9, and will need to maintain an effective overview so that the ethnic minority community benefits appropriately from this recent policy change. Funding will also need to be allocated in sufficient time to be spent effectively, and lessons from earlier pilot targeted initiatives incorporated into current strategy.

## The role and effectiveness of Jobcentre Plus

**7** Jobcentre Plus, along with the Department and other government departments, works closely with employers on a range of issues, including promoting workforce diversity and ensuring, as far as possible, equal opportunity for all. Jobcentre Plus staff work with national and local employers through a number of roles including Account Managers who talk to employers about the benefits of recruiting a diverse workforce. In July 2007 the Department published details of Local Employment Partnerships between Jobcentre Plus and local employers. These are intended to help ensure that the support for long-term unemployed people and other priority groups prepares them for the world of work. We saw successful local examples of good practice in employer engagement. More generally, there may be opportunities for Jobcentre Plus to work in partnership with other organisations including parts of government, who have lead responsibilities for advising employers on equality issues and legal requirements.

**8** Jobcentre Plus' surveys indicate that employers are broadly satisfied with the performance of Jobcentre Plus as a whole, but in a comparative survey of recruitment methods in 2006-07 45 per cent were not satisfied with the quality of candidates provided though this was an improvement on previous years. The Department told us that this largely reflects prevailing labour market conditions and Jobcentre Plus' role as a provider to employers of a standard, rather than a bespoke service.

**9** Discrimination by employers remains a significant barrier to ethnic minority employment though little is reported back to Jobcentre Plus staff by ethnic minorities themselves and recorded by Jobcentre Plus staff.

**10** Jobcentre Plus includes amongst its objectives helping unemployed and economically inactive people move into work, helping those facing the greatest barriers in finding employment to compete effectively and move into and remain in work and working towards parity of outcome for ethnic minority customers. In discharging these objectives, Jobcentre Plus has engaged in outreach activity specifically to reach out to those members of the ethnic minority community not in employment and not actively looking for work. This is challenging work which depends on building up long term relationships with the community and with voluntary organizations that can provide valuable support. With the cessation of the Ethnic Minority Outreach programme, outreach activities are now at the discretion of Jobcentre Plus districts. Whilst there are some examples of good practice in this area, some Jobcentre Plus offices we visited had significantly

reduced the amount of ethnic minority outreach work that they undertook, and therefore risk reducing their contact with some hard to reach sections of the community. In Jobcentre Plus' view, it faces difficult choices living within constrained financial circumstances. It seeks to optimise the effectiveness of advisers' work with disadvantaged customers and believes that the Deprived Areas Fund (DAF) ensures that there is still funding available to Cities Strategy consortia or Jobcentre Plus for local level activity in areas with large ethnic minority populations.

**11** Jobcentre Plus personal advisers have a key role in helping ethnic minorities into employment. They receive training in dealing with diverse customer groups and in more general ethnic cultural awareness issues. Coupled with interview times which are tightly scheduled, some personal advisers we met told us they are frustrated by the extent to which they are able to help effectively this disadvantaged group many of whom have multiple barriers. Jobcentre Plus is working to increase the average number of interviews conducted each week, by minimising non-customer facing tasks conducted by advisers. It estimates that if achieved this will deliver £31 million in efficiency gains.

**12** A recent Jobcentre Plus survey indicated few significant differences in the satisfaction levels as between ethnic minority and white customers.

### Value for money assessment

**Whilst the majority of ethnic minorities are helped into work through mainstream services, the Department's initiatives specifically designed to contribute to closing the ethnic minority employment gap cost some £15 million in 2005-06.**

**The costs of the employment gap comprise the cost of benefit payment and lost taxation (£1.3 billion), lost output (£7.3 billion, see Footnote 1) and wider social costs.**

**Assessing the Department's strategy for significantly reducing the employment gap in pure value for money terms would not be reasonable, since it would ignore the wider benefits and social justice associated with getting ethnic minorities into employment, including the government's aim to reduce child poverty.**

**In this report we have therefore focussed on the effectiveness of the Department's strategy. In terms of effectiveness, whilst the Department has achieved a reduction in the employment gap there is more that can be done to achieve further increases in ethnic minority employment.**

## Our conclusions and recommendations

**13** The Department has given a high priority to reducing the employment gap for ethnic minorities and has consistently used its mainstream employment services as the principal instrument for closing that gap, with some degree of success. However, the Department's strategy for targeting additional support on ethnic minority communities has lacked continuity. We consider that this has had an adverse impact on the effectiveness of the efforts by Jobcentre Plus to reduce ethnic minority unemployment. A series of pilot projects aimed at increasing ethnic minority employment have been trialled but not continued or rolled out nationally. The Department does not, however, accept that this strategy shift lacked continuity, nor that this had an adverse impact on effectiveness. In the Department's view, although there was a short period of transitional difficulties, this preceded a move to more effective, better funded strategy.

**14** The Department has moved away from a direct focus on ethnic minorities towards a focus on disadvantaged groups and areas. Decisions about how to use and prioritise discretionary funds are now taken at the local level, through City Strategy consortia or Jobcentre Plus districts. The Department has also noted that without increased effort it could take 30 years to eliminate the employment gap between ethnic minorities and the overall population.

**15** As noted, this shift in focus carries opportunities to concentrate help on those members of the community who are most disadvantaged; but also carries the risk that ethnic minorities may not receive the help that they need to gain employment. The Department will need to use its role of strategic oversight to minimize this risk and to reduce the time taken to eliminate the employment gap. It is with this in mind that we make the following recommendations:

**i** **Issue** – The Department's current strategy devolves decision making on area-specific projects and programmes to a local level. The main current initiatives – City Strategy and the Deprived Areas Fund – allow local decision making to decide what projects to support to address problems of worklessness in the light of the make up of the disadvantaged community. Most City Strategy consortia in areas where there are significant ethnic minority populations have specific targets for getting ethnic minorities into employment (paragraph 2.24).

**Recommendation** – The Department should require all future City Strategies for areas with significant ethnic minority populations to include measurable targets for ethnic minority employment as a condition of funding. The Department does not accept this recommendation on the grounds that power has been delegated to the local level and targets can be included through negotiation between the Department and local organisations. We also recommend that the Department should put in place appropriate controls so that the Deprived Areas Fund adequately covers the needs of the ethnic minority population, including the hardest to reach and those furthest from the labour market.

**ii** **Issue** – The effectiveness of New Deal programmes for ethnic minority customers could be improved through increased flexibility in the timing and content of services to move people closer to the labour market, and tighter control over the quality of providers. New Deal is one of the key vehicles for getting hard to help ethnic minorities in to employment. However some New Deal programmes need to be more flexible to be able to effectively address the employment challenges faced by ethnic minorities (paragraph 2.28).

**Recommendation** – In developing its proposals for more flexible New Deal programmes, the Department should address the aspects of New Deal which require more flexibility if they are to fully meet the needs of ethnic minority customers – including the time to get on training and the length, content and format of the courses – and introduce the necessary changes. The Department should take action in accordance with its procurement protocols where training providers are not performing satisfactorily.

**iii** **Issue** – Discrimination remains a serious barrier for ethnic minorities, but relatively few examples are recorded by Jobcentre Plus. Whilst Jobcentre Plus works with employers to create a more level playing field, and personal advisers and contact centre staff take action when discrimination is reported to them, NAO believes that Jobcentre Plus could have a greater role in making ethnic minority customers aware of procedures for reporting suspected cases of discrimination (paragraphs 3.8 and 3.9).

**Recommendation** – Jobcentre Plus should consider innovative ways to increase awareness amongst ethnic minorities of reporting arrangements where discrimination has been perceived to occur. Nationally, the Department should – with other key players – explore the possibility of encouraging employers to obtain a recognized ‘kitemark’ certifying that they are an equal opportunity employer.

- iv Issue** – Outreach activities by Jobcentre Plus working with voluntary organisations have an important role to play in bringing the hardest to reach sections of the ethnic minority community closer to the labour market. During the transition from the Ethnic Minority Outreach programme to new funding arrangements, some Jobcentre Plus offices are significantly reducing the resources devoted to outreach. In doing so they risk losing the skills and experience of some local voluntary sector organisations and their links to some isolated sections of the ethnic minority community (paragraphs 2.9, 3.5 and 3.6).

**Recommendation** – Jobcentre Plus District managers’ annual plans should incorporate, where appropriate, outreach work identifying the services local organisations can provide to ethnic minority customers, and working in partnership to make effective use of the skills and experience of these organisations. Jobcentre Plus local offices should collate and share information on the services available from such organisations for example in a database.

- v Issue** – Jobcentre Plus personal advisers do an impressive job in helping ethnic minorities find employment, but most of those we spoke to reported frustrations with time pressures and lack of good information (paragraphs 3.17 and 3.18).

**Recommendation** – To increase personal adviser effectiveness Jobcentre Plus should identify the most efficient routes for spreading good practice in ethnic minority employment practices, and bring these to the attention of all relevant personal advisers. Jobcentre Plus should build on its Diversity Challenge to encourage opportunities for personal advisers to share experiences and best practice and participate in training on ethnic minority issues. The Department should re-assess the time limit for work focussed interviews taking account of efficiency needs, so that there is sufficient time to provide an effective service for customers with complex or multiple barriers to employment and English language difficulties.

- vi Issue** – Research conducted in 2005 showed few significant variations in satisfaction of ethnic minority customers with the service received, though some gave somewhat lower performance ratings to most aspects of service as compared with white customers (paragraph 3.23).

**Recommendation** – The Department should address the technical issues that have prevented them from undertaking a follow up customer survey of ethnic minorities and carry out such a survey in 2008 to identify trends since the last survey in 2005. In the light of the results, the Department and Jobcentre Plus should draw up an action plan to address any issues where Jobcentre Plus performance in respect of ethnic minority customers is falling short. Jobcentre Plus should also research and draw up an action plan in relation to communicating their services more effectively to ethnic minority customers.

# PART ONE

## Background and introduction

### Why we carried out a study on increasing the employment rate of ethnic minorities

**1.1** We undertook a study of ethnic minority unemployment because:

- The employment gap between ethnic minorities and the overall population, at 14.2 percentage points, is substantial.
- The cost to the Exchequer and to the UK economy of the employment gap is estimated at some £8.6 billion (see Footnote 1). The Department spent some £15 million in 2005-06 on specific ethnic minority initiatives designed to contribute to reducing the employment gap.<sup>3</sup>

### Scope of the study

**1.2** We examined whether the Department for Work and Pensions is making an effective contribution to significantly reducing the employment gap. In particular we focused on:

- the impact of the Department's programmes and initiatives in responding to the employment needs of ethnic minorities (Part 2);
- the role and effectiveness of Jobcentre Plus (Part 3); and
- further action needed to increase ethnic minority employment (Part 4).

**1.3** We collected evidence from a range of sources, including visits to six cities of high ethnic minority population where we interviewed Jobcentre Plus staff, employers, employees and other key local stakeholders; focus groups and a survey of ethnic minorities, literature review and secondary data analyses, and interviews with the Department and other key national stakeholders (Appendix 1 provides more detail).

**1.4** In addition, for the purposes of this study, we have focused on the main visible ethnic minorities in line with the definitions used by the Cabinet Office – Indian, Pakistani, Bangladeshi, Black Caribbean and Black African. We have not commented on the employment issues facing white ethnic minorities and migrants for whom the barriers to employment may be different. For completeness, the figures and tables in this report cover all ethnic minority groups.

**1.5** Whilst there are a number of government departments involved in increasing ethnic minority employment, this report focuses on the strategy and programmes of the Department for Work and Pensions. We did not examine the Department's role in co-ordinating government-wide action through the Minister-led Ethnic Minority Employment Task Force. In addition, we did not assess the Department's strategy in pure value for money terms since this would ignore the wider benefits of social justice associated with getting ethnic minorities into employment.

<sup>3</sup> The Department has also spent £4,544 million on mainstream services through which the majority of ethnic minorities are helped into employment.

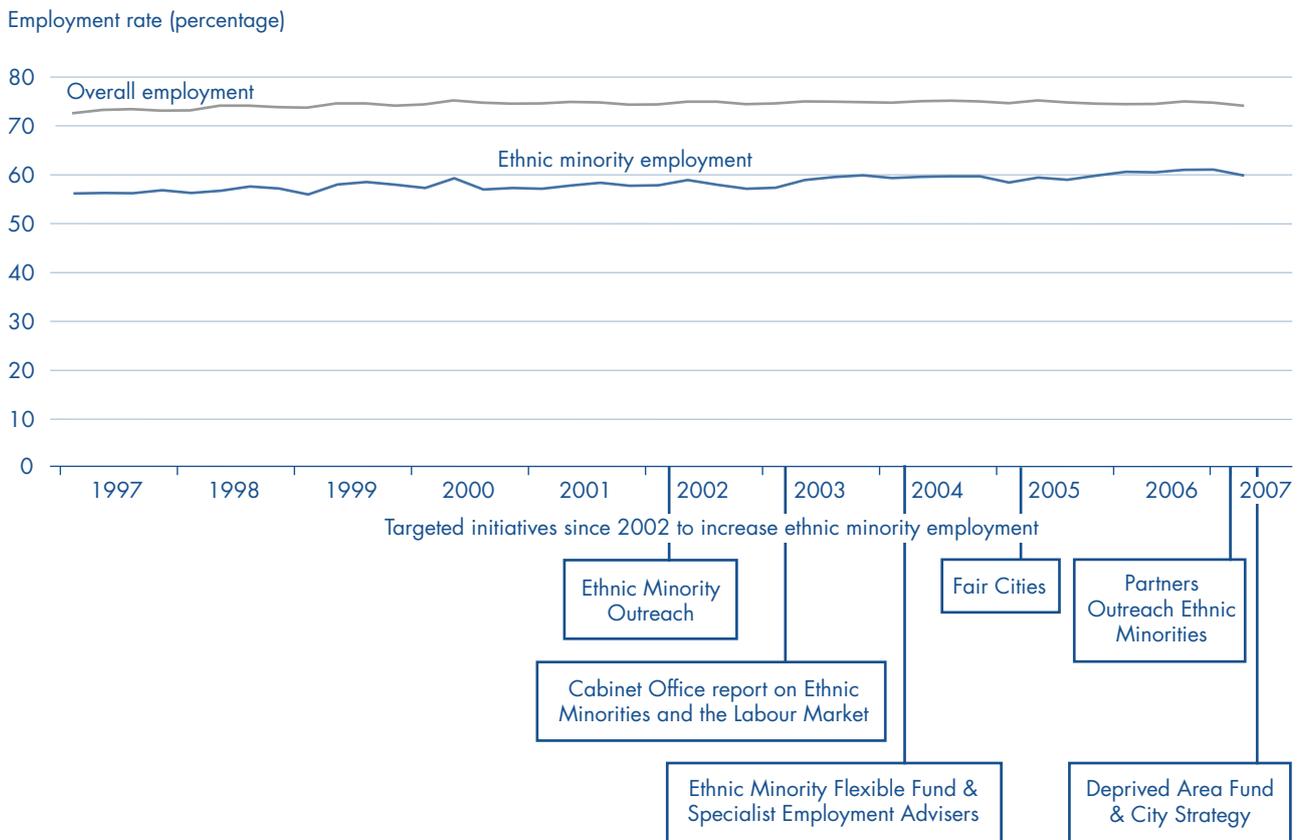
## The employment gap

**1.6** Over many years ethnic minorities have had lower employment and higher economic inactivity<sup>4</sup> rates than those of the overall population. The Labour Force Survey (Quarter 1 2007) shows that the employment rate for ethnic minorities is 59.9 per cent compared with 74.1 per cent for the overall population – a gap of 14.2 percentage points. This gap is just 1.3 percentage points lower than the level in 1987. Over the last twenty years there have been significant fluctuations in the gap, which has ranged from 12.5 percentage points in 1989 to 20 percentage points in 1994. Over the last ten years there has been a slow but steady reduction of 2.8 percentage points in the gap (Figure 1 and Figure 2). The fiscal benefit to the Exchequer in terms of savings in benefit payment and additional income tax paid by former benefit claimants is estimated to be around £1.3 billion were the employment gap to be closed. The benefit to the UK economy in terms of increased output is estimated at some £7.3 billion (see Footnote 1). There are also likely to

be wider benefits associated with closing the employment gap, including social inclusion, reduction in child poverty, and reduction in crime. To completely eliminate the employment gap between ethnic minorities and the overall population would require some 600,000 more ethnic minorities in employment.

**1.7** The Department has a Public Service Agreement (PSA) target to reduce the ethnic minority employment gap (Figure 3), although following a rationalisation of targets the Department will, from spring 2008, only have an overall employment target, though continuing to report on ethnic minorities. The Department’s core supply side mechanisms for delivering the target include the job-broking service provided through the Jobcentre Plus national network of Jobcentres, the New Deal programmes, area-based support in localities with high levels of worklessness, and a Jobcentre Plus target structure which includes additional incentives to place into employment jobless people living in the most employment-deprived areas.

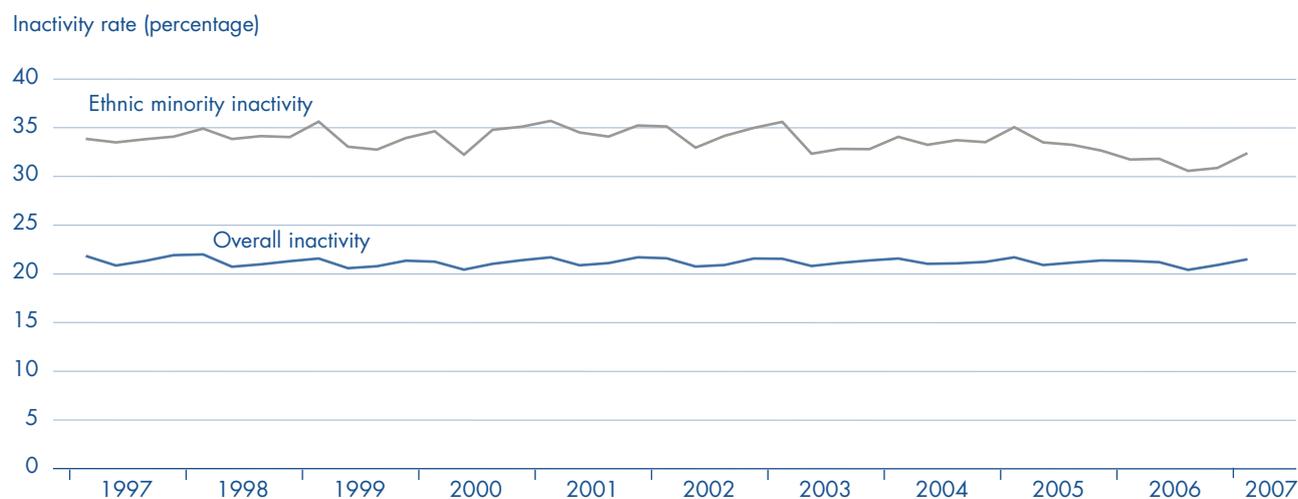
**1** The employment gap between ethnic minorities and the overall population shown against the Department's targeted initiatives



Source: Labour Force Survey

<sup>4</sup> The economically inactive are defined as those who are neither in employment nor actively seeking work.

## 2 The economic inactivity rates of ethnic minorities and the overall population



Source: Labour Force Survey

**1.8** The Department is on course to meet its ethnic minority target and has achieved the most recent similar target for Spending Review 2002 which covered the period 2003-2006 (this target was rolled forward to 2005-2008 for Spending Review 2004). The Spring Labour Force Survey 2006 showed that the ethnic minority employment rate had increased by 1.9 percentage points, with the gap against the overall population narrowing by 1.9 percentage points from the 2003 baseline. The target was to achieve a significant change, taken to mean a change in the employment gap of at least 1 percentage point over the three years. This modest but challenging target was achieved through the Department's mainstream services, targeted initiatives and a stable macroeconomy. In evidence to the Department for Work and Pensions Select Committee the Department estimated that the contribution from targeted initiatives amounted to about half a percentage point.

**1.9** The majority of ethnic minorities are helped into work through mainstream services but the New Deal is one of the Department's main vehicles for getting ethnic minorities into employment. In addition the Department has piloted a number of targeted initiatives specifically to help ethnic minorities out of worklessness, the estimated cost of these was about £40 million (see Part 2 for more details).

### 3 Department for Work and Pensions Public Service Agreement

"Over the three years to spring 2008, and taking account of the economic cycle, increase the employment rates of disadvantaged groups (lone parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications and those living in local authority wards with the poorest initial labour market position); and significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate".

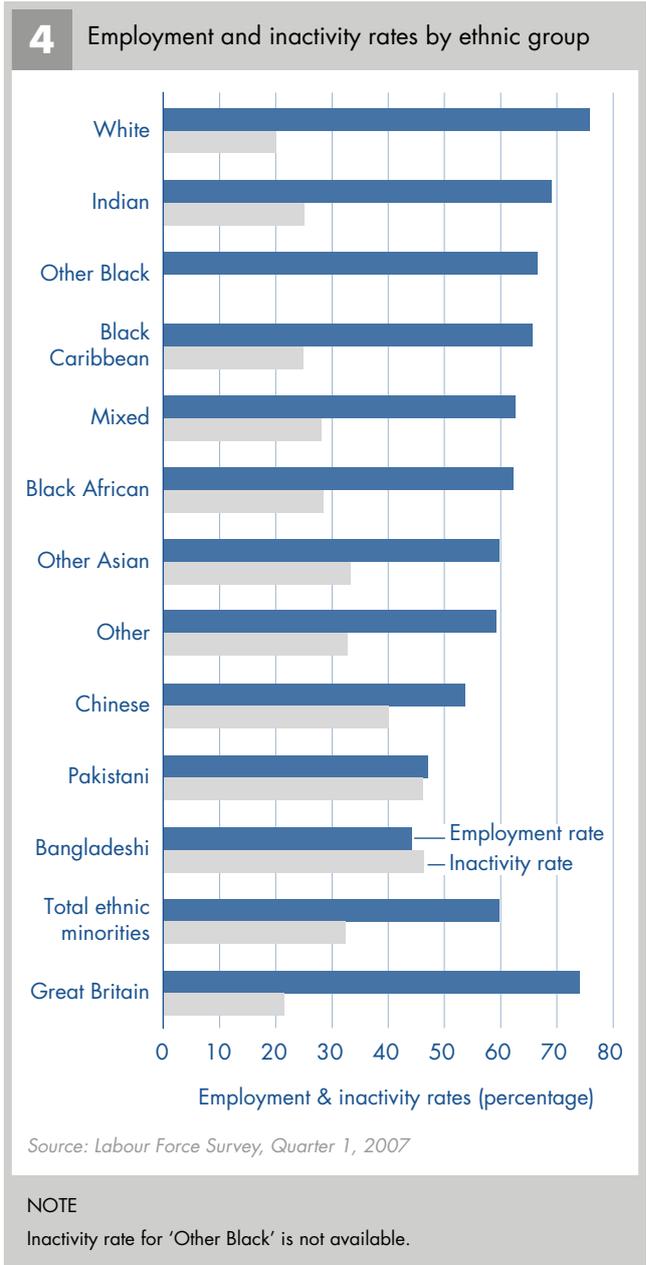
**1.10** In mid-2006 Ministers initiated a shift in strategy from initiatives focussing on getting ethnic minorities into employment, to policies aimed at disadvantaged groups generally. Coupled with this has been a move to give local areas more flexibility to use discretionary funding as they see fit (see Part 2 of this report).

## Ethnic minorities have lower employment and higher inactivity rates than the overall population

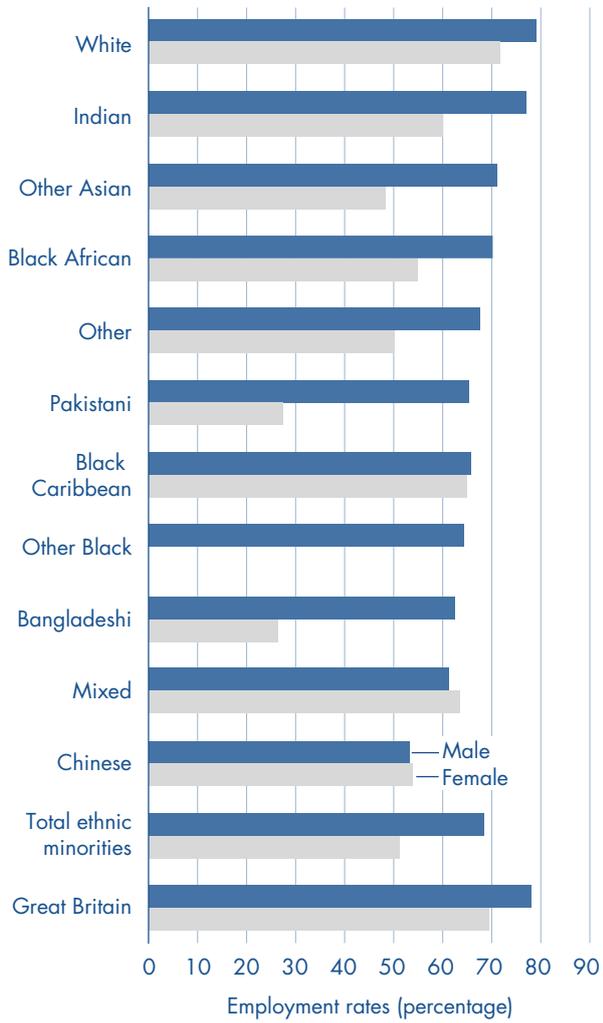
**1.11** Out of a working age ethnic minority population of 3.8 million there are 300,948 unemployed (11.5 per cent) compared with 5.7 per cent for the overall population. However, ethnic minorities are not a homogenous group. Indians, Black Caribbeans and Black Africans (69, 66 and 62 per cent employment rates respectively) perform better in the labour market than Pakistanis and Bangladeshis (47 and 44 per cent respectively) (Figure 4). Indians have the lowest unemployment rate at 8 per cent whilst Bangladeshis have the highest at 18 per cent. Ethnic minorities have higher economic inactivity rates than the overall population (32 per cent compared to 22 per cent) and inactivity is particularly concentrated amongst certain ethnic groups, with nearly half of working age Bangladeshis and Pakistanis being inactive (Figure 4). Reasons for inactivity include studying, being disabled or looking after family.

**1.12** For most ethnic groups, the employment rate for women is well below that of the employment rate for men. Currently, 69 per cent of ethnic minority men are employed compared with 51 per cent of ethnic minority women. This compares with 78 per cent of men in the overall population being employed, and 70 per cent of women (Figure 5). Bangladeshi and Pakistani women have the lowest employment rates overall, and the largest employment rate differences between males and females, with differences of 36 per cent and 38 per cent respectively.

**1.13** Within each ethnic group women are more likely than men to be economically inactive, and Bangladeshi and Pakistani women have the highest female economic inactivity rates (64 per cent and 67 per cent respectively) (Figure 6). There are a significant number of economically inactive people who are able to work and for whom the Department for Work and Pensions' strategy is to try to move them closer to the labour market.



### 5 Employment rates by gender

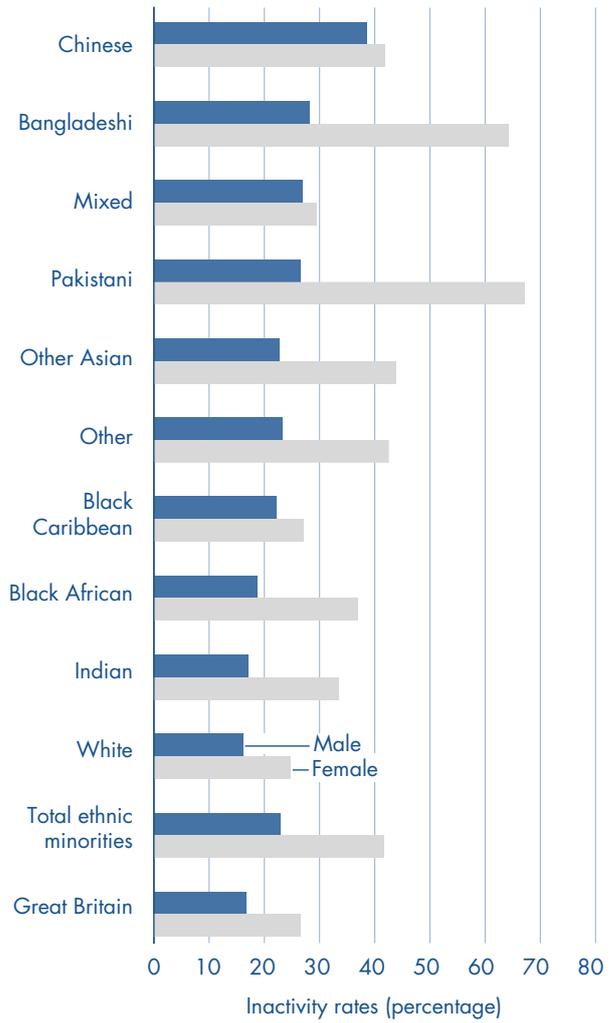


Source: Labour Force Survey, Quarter 1, 2007

**NOTE**

Employment rate for females in 'Other Black' is not available.

### 6 Economic inactivity rates by gender



Source: Labour Force Survey, Quarter 1, 2007

## The geographical distribution of ethnic minorities

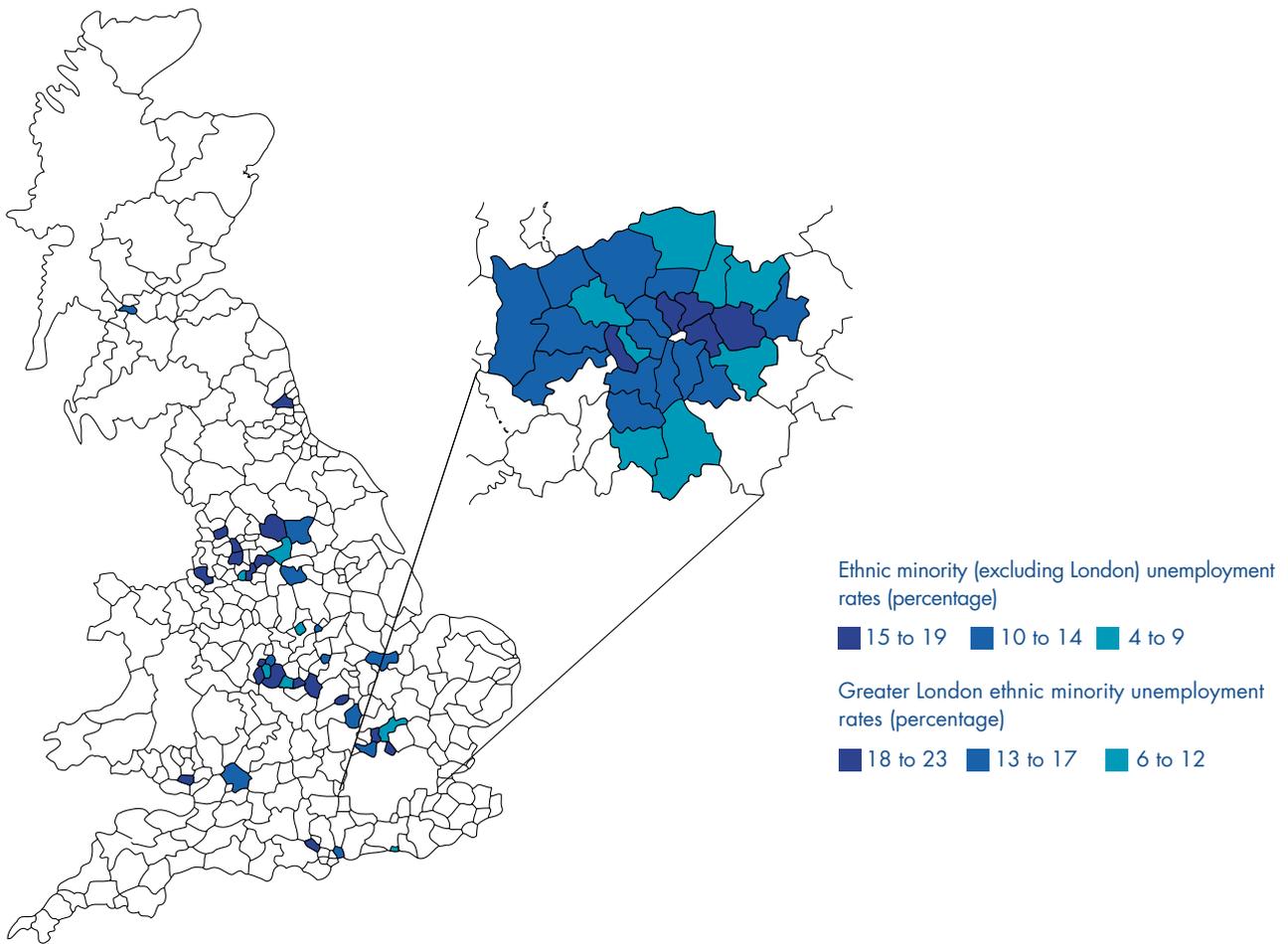
**1.14** The vast majority of the UK's ethnic minority population reside in England and nearly half (45 per cent) of ethnic minorities live in Greater London. The next largest concentration is in the West Midlands (13 per cent), followed by the South East (8 per cent), the North West (8 per cent) and Yorkshire and Humberside (7 per cent). The Black, Bangladeshi and Indian population are relatively concentrated in London (60, 54 and 41 per cent respectively), whilst Pakistanis are more widely dispersed. **Figure 7** shows that the parts of the country with high ethnic minority population also have the highest rates of ethnic minority unemployment.

## The number of ethnic minorities in the UK is increasing

**1.15** The UK ethnic minority population increased from 3.1 million in the 1991 Census to 4.6 million in 2001, and now accounts for 10 per cent of the working age population. Indians at some 23 per cent of the ethnic minority population are the largest subgroup, followed by Pakistanis, Mixed, Black Caribbeans, Black Africans and Bangladeshis (**Figure 8**).

**1.16** The ethnic minority population is young with, for example, 38 per cent of Bangladeshis and 35 per cent of Pakistanis under the age of 16, compared with 19 per cent for whites. Reflecting the first large-scale migration of non-white groups to Britain in the 1950s, Black Caribbeans have the largest proportion of people aged 65 and over (11 per cent) (**Figure 9**).

**7** Great Britain's geographical distribution of ethnic minorities unemployment rates



Source: Annual Population Survey, January 2006 to December 2006, Office for National Statistics

**NOTE**

For individual local authorities that are shown as white, ethnic minority unemployment figures are too small or are not reliable.

## 8 Make-up of the Great Britain ethnic minority population

	Population		Percentage of ethnic minority population
	Number	Percentage	
White	52,481,200	91.9	
Indian	1,051,844	1.8	22.8
Pakistani	746,619	1.3	16.2
Mixed	673,798	1.2	14.6
Black Caribbean	565,621	1.0	12.2
Black African	484,783	0.8	10.5
Bangladeshi	282,811	0.5	6.1
Chinese	243,258	0.4	5.3
Any other ethnic group	573,993	1.0	12.4
<b>All ethnic minority population</b>	<b>4,622,727</b>		
England	4,459,470	96.5	
Scotland	101,677	2.2	
Wales	61,580	1.3	

Source: Census, April 2001

## 9 Great Britain distribution of ethnic minority groups by age

	Under 16 (Percentage)	16-64 (Percentage)	65 and over (Percentage)
<b>White</b>	<b>19.2</b>	<b>63.9</b>	<b>16.9</b>
Mixed	49.9	47.1	3.0
Indian	22.9	70.5	6.6
Pakistani	34.9	60.9	4.2
Bangladeshi	38.4	58.4	3.2
Other Asian	23.6	71.2	5.2
Black Caribbean	20.4	69.0	10.6
Black African	30.1	67.6	2.3
Other Black	37.8	58.9	3.3
Chinese	18.6	76.4	5.1
Any other ethnic group	19.4	77.8	2.9
<b>All ethnic minority groups</b>	<b>30.1</b>	<b>64.8</b>	<b>5.1</b>
<b>All ethnic groups</b>	<b>20.1</b>	<b>64.0</b>	<b>16.0</b>

Source: Census, April 2001

## Job sustainability

**1.17** Ethnic minorities consistently under-perform their white peers when it comes to securing sustained jobs (those lasting more than 13 weeks). Within ethnic minority sub-groups, Pakistanis and Bangladeshis consistently under-perform all other ethnic minority groups. Focus group participants perceived that Jobcentre Plus was able to secure long term sustained employment for white applicants whilst for ethnic minorities Jobcentre Plus was more likely to find short term employment (**Figure 10**).

## 10 Sustained job outcome rates following spells on Jobseekers Allowance, by ethnic group

Ethnicity	Job outcome rate (Percentage)
White	33.3
Indian	30.3
Black African	22.5
Black Caribbean	25.2
Pakistani	22.5
Bangladeshi	19.6
Other	23.8

Source: Secondary data analysis by Centre for Economic and Social Inclusion

### NOTES

- 1 Rates are calculated as: the numbers leaving benefit to a sustained job, as a percentage of all those leaving benefit.
- 2 A sustained job is defined as a job lasting more than 13 weeks.
- 3 Figures are shown as at August 2006.

## The causes of underachievement in the labour market by ethnic minorities

**1.18** There are multiple causes of differential labour market performance both within the ethnic minority population and between ethnic minorities and the white population. However three factors are particularly important – human capital, geography, and discrimination:

- **Human capital.** Many ethnic minorities have high levels of human capital with ethnic minorities more likely to be university graduates. However ethnic minority groups (with the exception of Indians and Chinese) generally have lower levels of education and skills than that of the white population. Ethnic minority employment levels are related to academic attainment (**Figure 11**). Despite the high achievements of some, Pakistanis and Bangladeshis are the most likely to be unqualified, with 30 per cent and 37 per cent having no qualification compared to 14 per cent for the overall population (**Figure 12**). Whilst ethnic minorities are likely to have lower levels of employment across all levels of educational attainment, those with a degree have the highest employment rates (82 per cent) and the lowest employment gap (7 per cent). English language proficiency is an important factor in determining employment possibilities.
- **Geography.** Ethnic minorities can face difficulties in gaining employment through living in deprived areas with high unemployment. Seventy per cent of ethnic minorities live in the 88 most deprived local authority districts, compared with 40 per cent of the general population.
- **Discrimination.** Employer discrimination puts ethnic minorities at a disadvantage. Research by the Department for Work and Pensions shows that ethnic penalties exist not only in accessing the labour market but also in occupational achievement and pay. There is considerable evidence that unequal treatment by employers on grounds of race or colour is likely to be a major factor underlying the pattern of ethnic penalties.

There may also be cultural factors which discourage ethnic minorities from participating in the labour market.

**1.19** Ethnic minorities can face multiple barriers to obtaining employment (**Figure 13 on page 20**). In addition to those above, they can include: lack of, or reluctance to take up, childcare provision; lack of job readiness; and low confidence or motivation. Many of these factors are interrelated.

## The consequences of labour market disadvantages for ethnic minorities

**1.20** One important result of lower employment for all ethnic minorities is poverty. Nineteen per cent of the white population live in low income households compared with 56 per cent for Pakistanis and Bangladeshis. Twenty three per cent of white children live in low income households compared with 60 per cent of Pakistani and Bangladeshi children.<sup>5</sup> This in turn affects many areas of life including housing, health, education and childcare.

## The Department, Jobcentre Plus and other government departments are working to close the employment gap

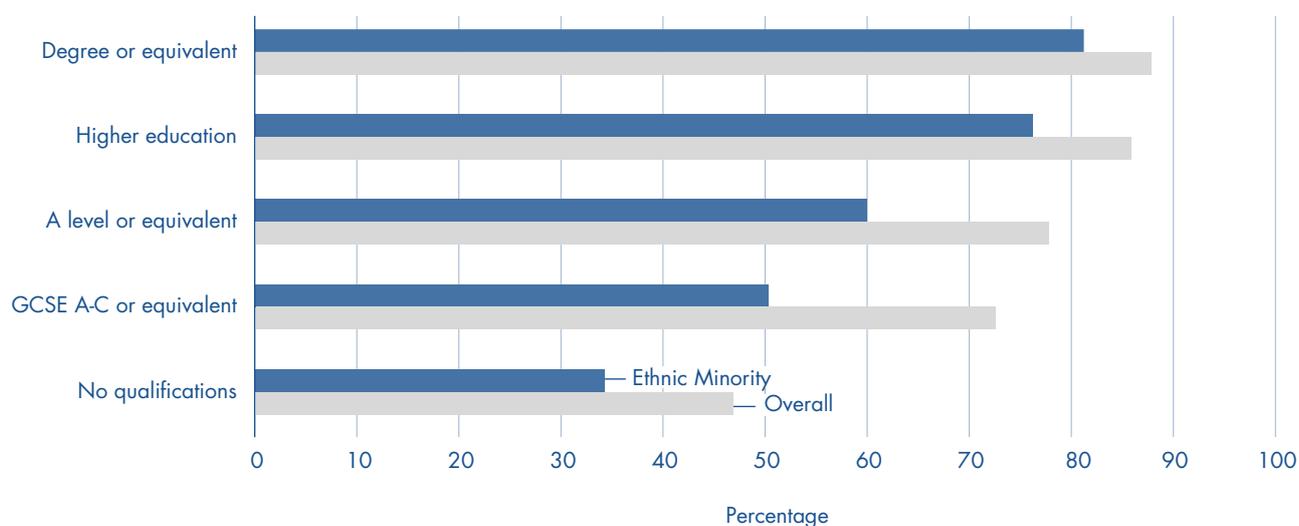
**1.21** In 2003 the Cabinet Office reported on ethnic minorities in the labour market. It found that although there were wide variations in the employment rates of different ethnic minority groups, none was doing as well as it should be. The report recommended a fresh approach involving a number of government departments to address the many employment barriers faced by ethnic minorities, with action on schools, jobs, housing and discrimination, tailored to meet the different needs of particular groups.

**1.22** Subsequently, the Ethnic Minority Employment Taskforce, led by the Department for Work and Pensions, was set up to implement the new strategy. It was intended to be the key mechanism for ensuring that departments work together and deliver a coherent cross-government ethnic minority employment strategy (**Figure 14 on page 21**). In 2006 the Taskforce shifted its focus from the numerous Cabinet Office recommendations to concentrate on four main work streams:

- City Strategy
- Procurement
- Employer engagement
- London 2012 (the Olympics and Paralympics)

<sup>5</sup> *Households below average income, 1994-95 to 2005-06*, Department for Work and Pensions 2007.

## 11 Ethnic minority employment rates by qualification



Source: Labour Force Survey, Quarter 1, 2007

## 12 Highest qualification by ethnic group

Ethnicity	Degree or equivalent Percentage	A level or equivalent Percentage	GCSE A-C or equivalent Percentage	No qualifications Percentage
White	18.8	24.0	23.6	13.2
Mixed	19.0	22.7	26.6	13.7
Indian	27.2	15.7	12.5	15.1
Pakistani	14.4	13.5	17.5	29.7
Bangladeshi	10.4	13.0	16.9	37.3
Black Caribbean	14.4	18.2	27.0	16.0
Black African	21.9	14.7	13.2	14.0
Chinese	38.1	10.9	6.5	14.9
<b>All ethnic minorities</b>	<b>21.0</b>	<b>14.9</b>	<b>14.9</b>	<b>18.8</b>
<b>Overall population</b>	<b>19.1</b>	<b>23.1</b>	<b>22.7</b>	<b>13.8</b>

Source: Annual Population Survey, January 2006 to December 2006, Office for National Statistics

### NOTE

Not all possible qualifications are shown and figures therefore do not add up to 100 per cent.

## 13 Ethnic minorities face a range of barriers to employment

### Lack of support or business creation within the community

“Most other communities – they’ve already got businesses, which is a form of work that can be distributed in the community.”

### Age/Ageism

“Maybe they don’t have a job for my age.”

### Low qualification

“Youngsters especially – they’re disillusioned. They haven’t got qualifications and skills.”

“My mum understands English... but she cannot write or read. There are a lot of them out there who cannot do that.”

### Lack of work experience

“Most jobs say you need experience. They don’t understand how can you gain experience if you’re not doing the job in the first place.”

### Lack of confidence/motivation

“I’m very low with myself at the moment. I worked for 30 years and for me to go out there and look for a job it’s vastly different.”

### Poor English language skills

“Those people who come into this country – it’s hard for them to apply for a job or go for an interview. Their language stops them from applying for jobs.”

### Poor social networks

“If you know someone within... once there is something vacant there they let you know. Then you’re in.”

### Labour market competition

“Last few years we have a lot of Europeans coming in and employers prefer them instead of other ethnic minorities.”

### Financial barriers to move into work

“Thinking about childcare it’s really expensive and if we are working for £5.30 which is the minimum national wage, who is going to afford it?”

### Indirect discrimination

“To a certain extent they do expect you to compromise. A lot of the cultural values, appearance, dress in terms of dress sense, if you can appear to be more Western looking in your dress sense, that would be more accepted and you will be more welcome. That’s the feeling we get.”

### Direct discrimination

“You get a career in the lower scales cleaning hospitals, catering in schools. I find if I go for an interview... I speak English [but] I can still sense the person’s ignorance towards me. It’s like you’re not going to get the job when you walk in the room.”

### Health

“I have high blood pressure.”

### Caring responsibility

“If I have to do a job I have to do it 9 to 5 but I can’t do that because I have small children.”

Source: National Audit Office focus groups

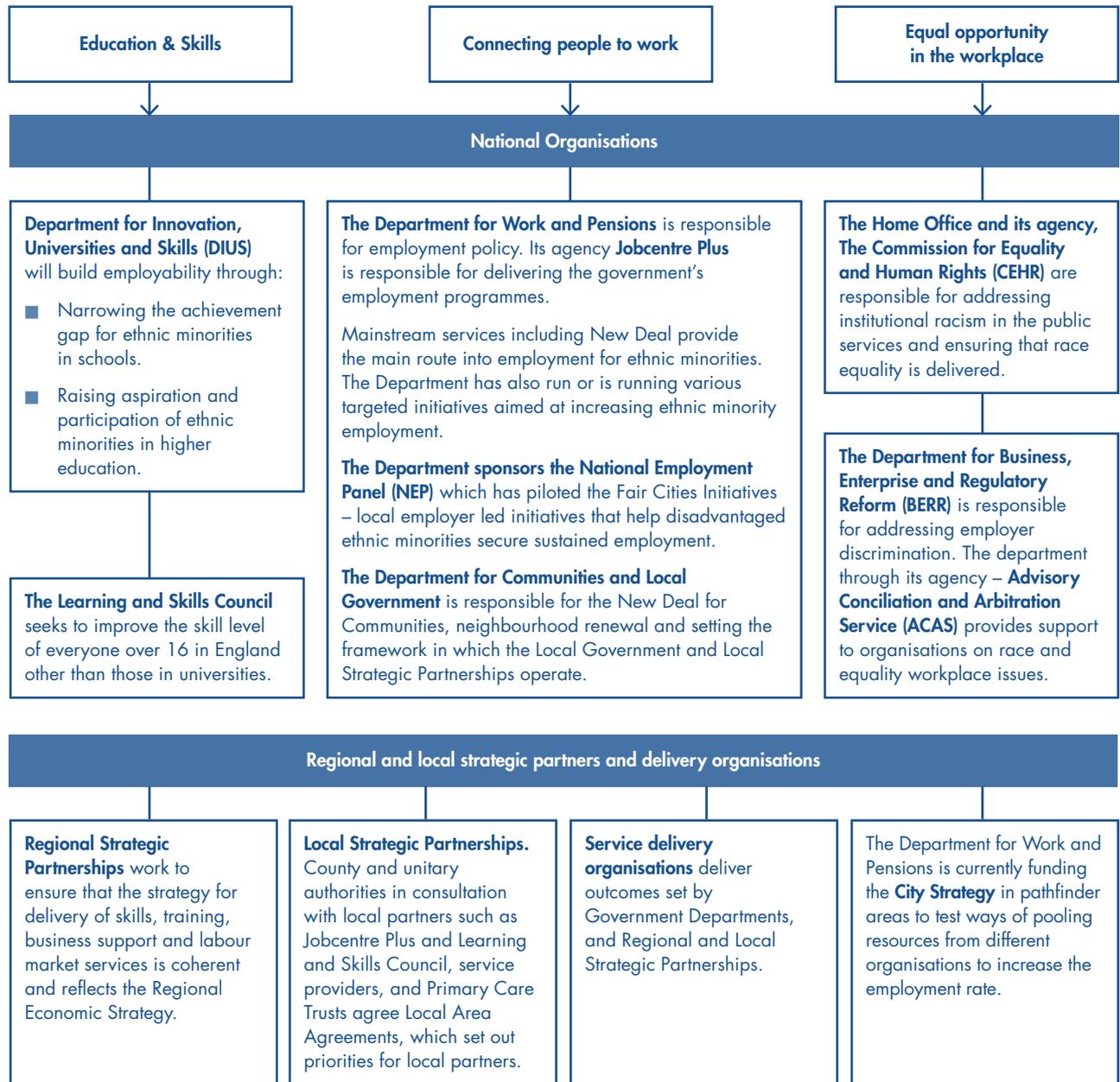
**1.23** The Department has established working groups to progress these work streams. More detailed information on the Department’s strategy for increasing ethnic minority employment is in Part 2 of this report.

## The roles of the Department for Work and Pensions and Jobcentre Plus

**1.24** The Department for Work and Pensions is responsible for setting policy and strategy in respect of increasing ethnic minority employment. The Area

Initiatives and Communities Division bring together the Department’s work on disadvantaged communities and ethnic minorities, and the Department continues to draw together existing relevant research and conduct its own active research programmes. Jobcentre Plus is responsible for implementing the Department’s programmes and initiatives, including those targeted at ethnic minorities and other disadvantaged groups; and is also a key agency through which the Department can promote diversity in the workplace.

**14** The Cabinet Office employment strategy



Source: National Audit Office

# PART TWO

## Impact of the Department's programmes and initiatives in responding to the employment needs of ethnic minorities

### The Department's strategy for closing the employment gap

**2.1** The Department's core mechanisms for helping people to move into the labour market include the job-broking service provided through the national network of local Jobcentre Plus offices, e-channels (internet job bank and kiosks), jobsearch support and the New Deal programmes, area-based support in localities with high levels of worklessness (see paragraphs 2.21 to 2.24). Jobcentre Plus also has a target structure which includes additional incentives to help into employment jobless people living in the most employment-deprived areas. In July 2007 the Department published details of Local Employment Partnerships between Jobcentre Plus and local employers. These are intended to help ensure that the support for long-term unemployed people and other priority groups prepares them for the world of work, providing them with the skills and motivation they need to meet employers' expectations.

**2.2** The Department commissioned a substantial body of research to inform its ethnic minority employment strategy, including:

- a major mapping of the labour market circumstances of the ethnic minority population, drawing on the 1991 and 2001 Censuses;
- research on employers and discrimination;
- research on the barriers to employment for Pakistanis and Bangladeshis (the groups with the lowest employment rates); and
- research on ethnic minorities' experiences and perceptions of Jobcentre Plus.

**2.3** Initially, the main strategic focus was aimed at ethnic minority customers and Jobcentre Plus's role of connecting people to the labour force. Arising from the research, more recently the Department has given increasing emphasis to the importance of engaging employers, recognising that without policies for addressing both strands any impact on the employment rate gap will be small. However the Department told us that it expects its policies to make a small but significant impact on the employment gap, but that without increased effort it could take 30 years to eliminate it.

**2.4** The majority of ethnic minorities are helped into work through mainstream services but the New Deal is one of the Department's main programmes for increasing employment, including for ethnic minorities (paragraph 2.25). In addition, since 2002, the Department has piloted a number of initiatives targeted specifically to help ethnic minorities into work (paragraphs 2.8 to 2.20). Whilst these initiatives were – to different degrees – successful in achieving their aims, most have been discontinued.

**2.5** In mid-2006 Ministers shifted strategy from initiatives focussing on getting ethnic minorities into employment, to policies aimed at disadvantaged groups generally, intending to rationalise the number of programmes delivered and avoid duplication. Coupled with this has been a wider policy move to give local areas more flexibility to use discretionary funding as they see fit, through the Deprived Areas Fund and the City Strategy. However the lack of continuity in managing the shift has raised concerns that the good work of past initiatives will be lost. Carrying the work forward has been made more difficult by funding gaps caused by the delay in finalising arrangements for the Deprived Areas Fund. This delay also gives rise to a risk that the difficulty in spending money experienced in earlier pilots will be repeated.

## Pilot initiatives targeted at helping ethnic minority customers have achieved some success

**2.6** Since 2002 the Department has funded a small number of programmes specifically designed to help ethnic minorities into employment. These were pilots, intended to be small-scale and time-limited, and when they were completed they were not continued or rolled out nationally (**Figure 15 overleaf**). The Department informed us that there is scope within subsequent provision to take forward lessons learned from these pilot programmes and to mainstream best practice. Some of this work has been about reaching out to and helping customers directly to address barriers to work. Some has sought to engage employers, the Department recognising that it needs to engage with employers if it is to have an impact on removing those barriers that limit employer recruitment of ethnic minorities. Focus groups told us there is a need for Jobcentre Plus to work more with employers to address the needs of ethnic minority groups.

**2.7** The initiatives tested innovative approaches to encouraging people outside the labour market to participate and to overcome specific barriers to employment; or engaging employers, promoting the skills and experience of the ethnic minority community and promoting the business benefits of diversity. Between 2002 and 2006, alongside its mainstream provision, the Department spent about £40 million on initiatives targeted specifically at ethnic minority employment and achieved over 15,500 job entries (Figure 15). However, evaluations of these projects showed that:

- initiatives tended to get off to a slow start and Jobcentre Plus districts had difficulty in using the money effectively before time ran out;<sup>6</sup>
- they tended to pick up the easy targets amongst the economically inactive, who were closest to the labour market, but not the really hard to reach and help;<sup>7</sup> and
- what they were trying to achieve requires a long-term process and the projects were too short to achieve their full potential.<sup>8</sup>

Most of the evaluations were done part-way through the lives of the initiatives and did not give a full picture of their final results.

## Ethnic Minority Outreach

**2.8** The Ethnic Minority Outreach programme was introduced in April 2002 to deliver, primarily through the voluntary and community sector, outreach services to jobless people from ethnic minority groups who needed help in making the transition to work. Outreach may involve any of a range of techniques but is essentially about recruiting participants and providing services in local community settings. The Ethnic Minority Outreach programme comprised a range of projects within communities, working with local jobcentres and other providers or agencies to respond to a diverse range of needs through: outreach-based provision, employer-focused provision, and positive action training. It was initially funded for two years, but extended to September 2006.

**2.9** The Department commissioned an evaluation<sup>9</sup> of the first two years of the pilot, which found it to be a qualified success. The programme helped people move closer to the labour market but those with the greatest barriers to work made limited progress. The initiative exceeded its targets and achieved over 13,000 job entries. In March 2005 the Work and Pensions Select Committee acknowledged the success of the initiative and said it was crucial that it should continue. However, the initiative was discontinued and the funds subsumed into the larger Deprived Areas Fund. In Jobcentre Plus' view, the Deprived Areas Fund ensures that there has been no overall loss of funding available to Districts, and gives greater flexibility as to how they use this money. Guidance has highlighted the need to focus the Fund's activity on customers and groups facing the greatest labour market disadvantage.

**2.10** Our case study findings showed that Jobcentre Plus staff welcomed the flexibility the programme had offered, and felt it had provided an opportunity to build relationships with community organisations. However, both Jobcentre Plus staff and partner organisations told us that the programme did not continue long enough, and that there was insufficient time to make an impact on the hardest to help and to properly identify and carry forward good practice.

6 *Ethnic Minority Flexible Fund evaluation* (DWP internal document) – supported by National Audit Office interviews with Jobcentre Plus staff at local offices.

7 *Ethnic Minority Outreach: an evaluation* (DWP Research Report 229, 2005) – supported by National Audit Office interviews with Jobcentre Plus staff at local offices.

8 *Specialist Employment Adviser evaluation* (DWP Research Report 365, 2006) – supported by National Audit Office interviews with Jobcentre Plus staff and other stakeholders at local offices.

9 Department for Work and Pensions Research Report 229. *Ethnic Minority Outreach: an evaluation*. Policy Studies Institute, 2005.

## 15 Targeted initiatives

Title and description	Spend and duration	Achievement against targets <sup>1</sup>
Discontinued		
Ethnic Minority Outreach (paragraphs 2.8 to 2.10)	£31.5 million April 2002-September 2006	Target: 25% of starters into work Achieved: 32% of starters into work (over 13,000 job entries) Cost (to the programme) per job £2,400
Ethnic Minority Flexible Fund (paragraphs 2.11 to 2.14)	£6.8 million April 2004- March 2006	"Planning assumption": 500 jobs Achieved: Over 2,500 job entries Cost (to the programme) per job £2,700
Specialist Employment Advisers (paragraphs 2.15 and 2.16)	£1.5 million 2004-2006	No job entry targets
In progress		
Fair Cities (paragraphs 2.17 to 2.19)	£8.34 million April 2005- March 2008	Target: 15,000 sustainable jobs Achieved: 248 jobs after first 10 months Cost (to the programme) per job £12,715 after first 10 months (likely to reduce as numbers build and start-up costs are spread)
Partners Outreach for Ethnic Minorities (paragraph 2.20)	£7.5 million January 2007- March 2008	Targets: 5,000 starts and 1,000 jobs Results not yet available
Deprived Areas Fund (paragraphs 2.21 and 2.22)	2006-2009 £111.3 million of which...	No mandatory targets for ethnic minority employment
City Strategy (paragraphs 2.23 and 2.24)	...£65 million (58 per cent) will be under the control of City Strategy consortia	Just over half of consortia with large ethnic minority populations have targets for ethnic minority employment

Source: Jobcentre Plus

### NOTE

<sup>1</sup> For comparison purposes, calculations of cost per job make no attempt to take account of those who would have got a job without the programmes.

## Ethnic Minority Flexible Fund

**2.11** The Fund was introduced in April 2004 to allow Jobcentre Plus district managers to develop local level innovative projects to help ethnic minorities into work. Funding of £8 million was available over two years. It was distributed to districts containing wards with a high ethnic minority population and a higher than average level of unemployment. Delays in funding meant that money was carried forward from the first to the second year and some unspent money was returned by districts to be used nationally for cross-district projects. £6.8 million was spent in total.

**2.12** Over 200 projects were set up involving a diverse range of activity. These included financial help to customers to enable them to start work, working with employers to demonstrate the benefits of employing ethnic minorities, local events and marketing and publicity campaigns.

**2.13** The internal evaluation found that the Fund had enabled Jobcentre Plus to strengthen its partnership working and test different methods of engaging with local faith-based, voluntary and community organisations. It had provided additional support to people further away from the labour market to gain skills and confidence and, in many cases, employment. The initiative was less job-outcome-focused than other initiatives, with more emphasis on engagement and the progress made towards being job-ready. However it resulted in over 2,500 people finding jobs.

**2.14** Districts we visited had varying views about the Fund. Some felt it was ineffective and too bureaucratic; and funding was received too late to make good use of it. Others had been very creative with it and achieved good results.

## Specialist Employment Advisers

**2.15** This initiative was aimed at tackling discrimination and opening up employment opportunities to ethnic minorities. For a fixed two year pilot period and in seven areas where ethnic minority unemployment is significantly high, it piloted a new role within Jobcentre Plus of Specialist Employment Adviser, the aims of which were to:

- build on the unique position of Jobcentre Plus to tackle discrimination and engage ethnic minority communities;
- identify and meet the needs of employers from under-represented but high demand sectors through building partnerships; and
- offer additional specialist knowledge and advice on the business case for diversity.

**2.16** An evaluation published in 2006<sup>10</sup> found that the scheme did not initially work as intended; but that over the course of the programme there was some progress in engaging with employers. Areas of best practice were identified, for example video presentations and cultural tours, but there was some confusion as to how the work of the Advisers integrated with that of other Jobcentre Plus staff, and a reluctance on the part of other staff to share information on employers. The most important lesson was that engaging with both employers and communities is a long-term process and two years was not long enough for positive results to become visible. Labour Market and Recruitment Advisers and Account Managers now maintain contact with local employers. Account Managers in particular discuss with employers the business benefits of a diverse workforce, but do not focus solely on the needs of ethnic minorities.

## Fair Cities

**2.17** Fair Cities was set up by the National Employment Panel<sup>11</sup> to draw on the lessons of an international study of employer-led initiatives for getting ethnic minorities into employment. Pilots in Birmingham, Bradford and Brent are run by local boards comprised of chief executives and owner employers and serviced by a small staff. The initiative is aimed at employer engagement, employer coalitions and creating “pipelines” for ethnic minorities to move into jobs with major employers. Each pipeline is a discrete initiative involving a specific employer, which seeks to link vacancies with precise job and skill requirements, to beneficiaries provided with training and job preparation focused on those requirements.

<sup>10</sup> Department for Work and Pensions Research Report 365. *Specialist Employment Advisers Evaluation*. Pettigrew, Hardy and Lee, 2006.

<sup>11</sup> The National Employment Panel is sponsored by the Department for Work and Pensions, and is an employer-led organisation which advises government on labour market policies and performance.

<sup>12</sup> Department for Work and Pensions Research Report 428. *Evaluation of the Fair Cities Pilots, 2006 – Second Interim Report*. Atkinson, Dewson, Casebourne & Tackey, 2007.

## CASE STUDY 1

### Luton Jobcentre Plus – Healthy Steps to Employment

A joint project with Bedfordshire Investing in Communities, local primary care trusts and other partners to place 900 Incapacity Benefit customers into work over three years. Customers are guided through steps to employment, starting with addressing health issues and then appropriate interventions such as pre- and post-employment support.

In 2005-06 the Fund contributed to the project by paying for a co-ordinator working with the main partners to put in place provision that did not duplicate what was already offered.

At May 2007, 47 per cent of those seen so far, and 5 out of 7 who had got jobs, were from ethnic minorities.

## CASE STUDY 2

### Leicester Jobcentre Plus – cultural tours

Leicester Jobcentre Plus works with Business in the Community to run cultural tours for employers. These take senior managers from local employers out to meet the local ethnic minority communities. By doing this the employers learn more about the communities and the skills they have to offer, and those in the community have a chance to challenge any misconceptions about barriers to employing ethnic minorities. This initiative has been very well received by employers.

**2.18** An interim evaluation by the Institute of Employment Studies<sup>12</sup> showed disappointing results. Delivery had been delayed by capacity-building problems; the three-year programme started in April 2005 but local staff were only fully in place by October 2005 and the first beneficiaries started to get into jobs by the end of 2005. By September 2006, there were 43 pipelines in operation, and 13 under development. Together these offered access, albeit not guaranteed entry, to some 1,600 vacancies. However, there were problems with the quality of candidates and 47 per cent of those completing a pipeline had not secured a job offer from the sponsoring employer. The number placed in jobs was 248, some 10 per cent of the target for the first year. At £12,715, the gross cost per job entry was high, albeit likely to reduce as numbers built up and start-up costs were spread. Eighty per cent of entrants came from minority backgrounds. Fair Cities will cease but its work will be subsumed into the work of the new Employment and Skills Boards, which have adopted the Fair Cities Year 3 targets.

**2.19** In Birmingham and Bradford we found that the pilots had generally succeeded in responding to the specific needs of participating employers but the results had been patchy. It worked well where Jobcentre Plus had already established strong links with local employers but it failed significantly where such links had not been established. In Bradford the pilot achieved 300 job entries by June 2007 (129 by September 2006), only 20 per cent of its target, and £1.8 million of the £3 million funding allocated was unspent and handed back. The Department considers that the Fair Cities concept can work when there is commitment from the top of the employing organisation, difficulties in recruitment motivate front line supervisors, and there is a sufficient flow of jobs sustaining a pipeline.

### Partners Outreach for Ethnic Minorities

**2.20** This 15-month initiative started in January 2007. It aims to reach out to and support non-working partners from low income families who are not in contact with Jobcentre Plus. The primary target group are non-working partners not in receipt of benefits, especially Pakistanis and Bangladeshis. The initiative is being delivered through contracts in London, Bradford/Leeds, Manchester, Leicester and Birmingham. Contractors are responsible for recruiting participants and providing: jobsearch support; help to find culturally sensitive childcare; English for Speakers of Other Languages; soft skills and mentoring to help customers move closer to the labour market. It is too early to report results.

### Deprived Areas Fund

**2.21** The aim of the Fund is to assist the Department in increasing the employment rate in those wards with the highest levels of worklessness. It can be used to assist individuals, groups or the wider community to move into or towards work. Fifty-eight per cent of the funding available from the Deprived Areas Fund (£32.1 million in 2007-08 and £32.9 million in 2008-09) will be used to part-fund 15 City Strategy pilots (paragraph 2.23). In other areas, Deprived Areas Fund money (£19.3 million in 2006-07 and £27 million in 2007-08; no allocation so far for 2008-09) will be controlled by Jobcentre Plus district managers. They will procure training and other support services via the Department's Operational Procurement Units. There are no targets for ethnic minority employment and no part of the funding is ring-fenced for ethnic minorities.

**2.22** Funding allocations to districts for 2006-07 and 2007-08 were not confirmed until January 2007. Districts pointed out that it was not realistic to spend 2006-07 allocations by 31 March and get value for money, and the Department agreed in February 2007 to allow end-year flexibility so money could be carried over. With funding not being available until early 2007 it was too early to form any conclusions about the Fund at the time of our case

study visits. In November 2007 the government announced a new dedicated fund (Working Neighbourhoods Fund) to be available from 2008 for local councils and community organisations to use to address worklessness. The new Fund will incorporate the Department for Work and Pensions' Deprived Areas Fund.

### City Strategy

**2.23** The City Strategy aims to tackle worklessness in the most disadvantaged areas across the UK by combining the work of government agencies, local government and the private and voluntary sectors in a local partnership (consortium) to provide the support jobless people need to find and progress in work. It offers the opportunity to generate additional resources by joining up with local partners. It aims to deliver a significant improvement in the working age employment rate, particularly for disadvantaged groups such as benefit claimants, lone parents, disabled people and those with health conditions, older people and ethnic minorities. From April 2007, it is being piloted in 15 areas across the country.

## CASE STUDY 3

### A mentoring programme in Denmark

**Context:** In Denmark, the ethnic minority unemployment rate is 11.4 per cent compared with 4.8 per cent for the overall population. The 2004 Integration Act introduced a stronger focus on labour market integration, mainly by enhancing municipalities' incentives to integrate new arrivals rapidly into the labour market. Since 2004 all adults are entitled to participate in a 3-year language course.

**Case study:** Kvinfor mentoring programme: A nationwide programme run through four regional offices and co-ordinated by Kvinfor – an independent institution under the Ministry of Culture. Begun in 2003 the aim is to bring immigrant women together with native-born women who have experience in the labour market. Mentors and mentees are matched after interview according to the mentee's needs and wishes. The primary aim is to get mentees into employment, and mentors share their experiences, advise the immigrant and open her network to the mentee. Issues discussed in the relationship include writing job applications, job interview practices, and establishing contacts with potential employers and professional networks. As there are generally multiple barriers to be overcome, further education – assisted by the mentor's advice – is often a first step towards the more distant goal of employment. The relationship is covered by a formal agreement and lasts between 6 and 12 months. There are currently around 1,800 mentors and mentees and the programme is so popular that there is now a waiting list. The programme is mainly funded by central government, with further funding by the municipalities involved.

**Impact:** About 160 previously unemployed women have so far gained employment. An assessment of the mentoring programme is currently underway.

**2.24** City Strategies will be delivered by consortia – consisting typically of local authorities, Jobcentre Plus, Regional Development Agencies, the TUC, Chambers of Commerce, Learning & Skills Council, Employer Coalitions, and others. The Department has been working with consortia to finalise their business plans, and this process has recently been completed. Of the 15 consortia, seven have set or proposed specific targets for ethnic minority employment, and five plan to do so. Two of the remaining consortia have very small ethnic minority populations, and the Department told us it will negotiate further with the third to introduce targets for ethnic minority employment. Just over half of consortia in areas where there are significant ethnic minority populations have specific targets for getting ethnic minorities into employment. Whilst the Department has the ability to influence the content of the plans, it does not have control over them, and there is a risk that the City Strategy will not adequately address the needs of ethnic minorities. The Work and Pensions Select Committee said in February 2007 that it expected to see that those of the 15 City Strategy pilot areas which have significant ethnic minority populations have given a high priority to addressing ethnic minority unemployment in their plans.

The Department has gone some way to achieving this. It has consistently stressed the importance of ethnic minorities to the consortia. In addition, to support the City Strategy consortia the Department has established a learning network to ensure that lessons are learnt, captured and shared.

## New Deal is an important vehicle for getting ethnic minorities into employment

**2.25** Mainstream services are the principal vehicle for getting ethnic minorities into employment. For those customers who do not find employment within a certain time through its core job-broking service, Jobcentre Plus offers a set of national programmes to help customers into work, eligibility for which depends on the benefits they are claiming, their age, their time on benefit, and sometimes where they live. Those most relevant to ethnic minority customers are shown at **Figure 16**. Nationally, ethnic minorities achieve fewer job outcomes from the New Deal than white participants, although at local level the evidence suggests that outcomes are much more even.

### 16 Jobcentre Plus services

Service	Eligibility	Number of participants who are ethnic minorities, from start of programme to February 2007	Percentage of participants who are ethnic minorities, from start of programme to February 2007	Percentage of those gaining a job who are ethnic minorities <sup>1</sup>
New Deal for Young People (1998 – current)	Mandatory for all customers under 25 who have been claiming Jobseekers Allowance for six months.	192,200	16.4	14.3
New Deal for 25+ (1998 – current)	Mandatory for all customers over 25 who have been claiming Jobseekers Allowance for 18 months.	94,800	13.8	12.9
New Deal for Lone Parents (1998 – current)	Voluntary and offered to lone parents not claiming Jobseekers Allowance.	67,000	9.0	7.5
Employment Zones (2000 – current)	Only available in 13 areas of the country. Mandatory for customers over 25 who have been on Jobseekers Allowance for 18 months, and for young people on Jobseekers Allowance for six months who have done a spell on New Deal. Voluntary for other customers subject to certain conditions.	46,900	28.7	27.6
New Deal for Disabled People (started 2001)	Voluntary and offered to customers claiming disability or health related benefits who want to work but need help and support.	15,400	6.3	5.1

Source: Department for Work and Pensions tabulation tool

#### NOTE

<sup>1</sup> Based on the total numbers since the start of the programme to November 2006.

The Department told us that this implies that successful job outcomes from the programme are influenced by prevailing labour market conditions rather than solely by ethnicity.

**2.26** New Deal aims to help into work those customers who have been unemployed for a long time, or who qualify for early entry on account of having one or more characteristics associated with labour market disadvantage. Some New Deal programmes are mandatory and are a condition of receipt of benefit for customers who have been on Jobseekers Allowance for a long time. These programmes are not offered immediately to all clients; this would not be cost-effective as most jobseekers find work within six months. However some people have particular circumstances which make it harder for them to get work and they can access mandatory programmes early if they meet certain criteria (**Figure 17**). These include those with English language difficulties but do not include those with multiple barriers, which is common among ethnic minorities. We found considerable variation in the understanding of the criteria for early entry by personal advisers in the jobcentres we visited. Lone parents, and people with disabilities have immediate access to support from voluntary New Deal provision.

“They advised me to go on a course which turned out to be the best thing I have done for a long time.”

Response to our survey

## CASE STUDY 4

### Training

A Black Caribbean woman came through a two-week training course designed by Greater Manchester Police but provided by a Jobcentre Plus contractor. After this she had six months work experience followed by six months temporary employment with the Police. Then she applied for and won a permanent post. She considers she would not have got the job without the initial training course.

Greater Manchester Police have a target of 10 per cent ethnic minority police officers and have a positive action team that is trying to recruit more ethnic minorities to meet it. They would like to run more bespoke training courses using Jobcentre Plus providers.

“There’s nothing there, it’s a procedure ... there’s no real training. A waste of time.”

Male participant from the Pakistani and Bangladeshi focus group in Bradford

**2.27** New Deal programmes have had some success nationally in getting ethnic minorities into jobs (Figure 16). Of the respondents to our survey who had undertaken training through Jobcentre Plus, half found it very useful, 41 per cent found it somewhat useful, and nine per cent found it not very or not at all useful.

**2.28** Jobcentre Plus told us that New Deal provides flexibility for customers to receive a variety of training, work experience and adviser support in line with the individual customer’s needs and experience. However, some of the personal advisers we spoke to told us that New Deal lacks the flexibility needed to deal with some ethnic minorities many of whom have multiple barriers to working. In particular:

- The mandatory New Deal programmes are too generic and some customers need more tailored assistance. Focus group participants who were, or had been, on New Deal felt it was too “mechanical” and did not take their level of skills into account. Focus group participants felt that they were lacking direction within the programme. Jobcentre Plus staff told us some ethnic minorities needed more specialised help, with different interventions for different groups.

## 17 Criteria for early entry to mandatory New Deal programmes linked to Jobseekers Allowance

- People who have completed a custodial sentence.
- Refugees and others granted leave to stay in the country.
- Homeless people (including rough sleepers).
- People affected by drug addiction.
- People who have been in residential care.
- Ex-HM armed forces.
- Customers with language, literacy or numeracy problems.
- Lone parents, people with disabilities and carers on Jobseekers Allowance (instead of other benefits).
- Adviser discretion (in exceptional circumstances).

Source: Jobcentre Plus

- There is a follow-through stage of New Deal for those who do not find work immediately on leaving the programme. This is intended to ensure that all customers discuss with their adviser their experiences on New Deal and what the next steps are towards finding work. However some personal advisers we spoke to told us that the time-limited New Deal programmes (New Deal for Young People and New Deal 25+) are not long enough for customers who have multiple barriers to overcome before they can get work. For example serious literacy, language or numeracy issues cannot be dealt with in 26 weeks.
- A major barrier for many customers is lack of work experience on their CV. Being turned down for jobs because of this was a fairly common experience amongst participants in our focus groups. However, Jobcentre Plus staff told us that there are insufficient good quality work placements on the New Deal programmes.
- Among our focus groups, male participants in particular regretted the lack of vocational opportunities or apprenticeships. Training, and vocational training in particular, was the most commonly cited employment support need across all groups and characteristics. (See also Case Study 5 in respect of use in Germany of vocational training to increase ethnic minority employment).
- Many ethnic minority customers need to learn English so that they can enter the labour market. There is a high demand for English for Speakers of Other Languages, including courses at entry levels 1 and 2 which can be long and intensive, but availability is variable. Advisers in some areas told us there are waiting lists of several months for English language courses to which they wished to refer customers, though in other areas places are readily available.
- Advisers told us that while some courses in English for Speakers of Other Languages were good and in high demand, the quality of others is sometimes very poor. For example some customers finish courses with the same level of language skills as they started with.
- Training providers are of variable quality. Contract management is undertaken by five Operational Procurement Units within the Department, and personal advisers told us it can take a considerable time for quality issues they raise to be addressed. At one location we visited, serious problems with a provider remained to be addressed after more than 12 months. The Department's research into ethnic minorities' perceptions of Jobcentre Plus revealed that some New Deal training courses are regarded as so poor that some clients, particularly Pakistani, Bangladeshi and Black African young people are leaving the system and losing their Jobseekers Allowance.

In July 2007 the Department published a consultation paper<sup>13</sup> which included proposals to introduce more flexibility to the New Deal programmes. This is currently under discussion. The Department intends that at six months of unemployment, all jobseekers allowance customers will enter a 6-month long flexible New Deal gateway which will give advisers more scope to fully assess and tailor support to individual participants. This will be particularly important for those who face multiple disadvantages in the labour market, such as those with poor spoken or written English language skills or without work experience in the UK. At 12 months of unemployment, customers will enter the flexible New Deal and will receive up to 12 months of further help which will similarly be more tailored to their own needs and which will be provided by specialist providers.

**2.29** In addition, there are issues about the quantity and quality of training provided to ethnic minorities under the New Deal programmes:<sup>14</sup>

- Under the prime contracting model now used by the Department, there is a risk of losing small organisations (especially those in the third sector), because they are too small to tender and are not being picked up as sub-contractors by the prime contractors. This may have particular impacts for ethnic minority customers. Such organisations have wide experience and expertise in outreach to ethnic minority communities, which Jobcentre Plus is now losing. And the loss of their services, which are provided in locations within the communities, may discourage participation by ethnic minorities who prefer not to travel too far to work or learning. In the Department's view, the New Deals have achieved a parity of outcome for ethnic minorities, which supports the prime contractor model. The National Audit Office considers that since the prime contracting model was only introduced in 2006 it is too early to fully assess its impact.

<sup>13</sup> *In work, better off: next steps to full employment*, Cm 7130.

<sup>14</sup> National Audit Office interviews with Jobcentre Plus staff at local offices.

# PART THREE

## Jobcentre Plus – its role and effectiveness

### Personal advisers are responsible for matching ethnic minority customers to job vacancies

**3.1** Jobcentre Plus' surveys indicate that employers are broadly satisfied with the performance of Jobcentre Plus as a whole, but in a comparative survey of satisfaction with recruitment methods in 2006-07 45 per cent were not satisfied with the quality of candidates provided, although this was an improvement on previous years. The Department told us that this largely reflects prevailing labour market conditions and Jobcentre Plus' market position in the recruitment industry, generally offering to employers a standard, rather than a bespoke service.

**3.2** Participants in our focus groups, including university graduates, considered that the jobs they were offered by Jobcentre Plus were not what they wanted or were qualified for. They wanted personal advisers to match job vacancies offered with their skills, experience and expectations. However, Jobcentre Plus told us that whilst consideration is given to the skills, experience and expectations of the jobseeker, opportunities will reflect local labour market conditions. Jobseekers are expected to be realistic about the type of work available.

---

“It doesn't depend on me, on what I want. They don't send me for jobs I want to do.”

Participant from Indian focus group in Leicester

---

**3.3** Focus group participants told us they did not understand why they were not getting the jobs they applied for, which was making them very frustrated. Jobcentre Plus told us that it was important to refer customers regularly for job interviews, since experience showed that candidates who did not meet all the job specifications were sometimes offered the job, depending on local labour supply. Whilst Jobcentre Plus aims to

achieve a balance between the quality of the applicants and the volume of job referrals, some personal advisers we spoke to felt that some customers are encouraged to attend interviews for unsuitable jobs in part to meet the advisers' benchmark of referring 50 per cent of customers for a job interview. Jobcentre Plus told us that this benchmark is under review and will be replaced with a more flexible suite of adviser performance indicators.

### The extent of outreach work aimed at getting economically inactive ethnic minorities closer to the labour market is determined locally

**3.4** The economically inactive are defined as those who are neither in employment nor actively seeking work. They encompass some of the hardest to reach sections of the community. A greater proportion of ethnic minority people are economically inactive compared with the white population. In 2004 the Ethnic Minority Employment Task Force noted that despite previous recommendations and efforts to engage ethnic minorities in employment programmes, some remain alienated from mainstream services and outside the labour market.

**3.5** The Ethnic Minority Outreach initiative included outreach activities to reach this section of the community. Over 13,000 people found employment through this initiative, and the average cost per job outcome compared favourably with other forms of provision, even though it was targeted at people who had more difficulties to overcome before they found work. Since Ethnic Minority Outreach ended, the only centrally commissioned provision of this kind is Partners Outreach for Ethnic Minorities, a small initiative aiming to reach a total of 5,000 people in five areas of the country. The City Strategy and the Deprived Areas Fund are used at local discretion and may include some outreach programmes aimed at disadvantaged communities.

**3.6** Jobcentre Plus districts we visited varied in the extent to which they funded and undertook outreach services. Some had detailed and comprehensive outreach programmes with annual targets; others had very limited outreach programmes. Where appropriate outreach is not undertaken there is a risk of losing the skills and experience of voluntary sector organisations typically involved in outreach provision.

## Discrimination by employers on grounds of ethnicity remains a significant barrier

**3.7** The impact of discrimination, especially indirect discrimination, on the ethnic minority labour market is difficult to quantify. However, the prevailing assessment in the research literature is that significant ethnic discrimination persists and is likely to account for a significant part of continuing employment gaps. For workless people as a whole, being from an ethnic minority group is a strongly negative factor affecting chances of starting work. Even after taking account of other factors such as qualifications, gender and the local labour market, ethnicity remains a significant negative factor in the chances of moving into work.

**3.8** At national level both the Department and Jobcentre Plus recognise discrimination as a significant barrier, with research suggesting that it could account for between one quarter and a half of the ethnic minority employment gap. However, in all the six case study conurbations we visited, where there are high concentrations of ethnic minorities, Jobcentre Plus staff told us that discrimination by employers was not a major barrier and was rarely reported to them, although when it was they took action. The Department's research into ethnic minorities' perceptions of Jobcentre Plus found a lack of customer awareness of the Jobcentre Plus discrimination procedure, and some scepticism about whether staff cared enough to support customers. There was however evidence of advisers taking action to challenge perceived unlawful discriminatory barriers to employment,<sup>15</sup> and Jobcentre Plus staff have detailed guidance on procedures to follow, supported by training. Additionally, Jobcentre Plus tackles discrimination and promotes equality through its Race Equality Scheme and linked action plan. It is currently delivering a Diversity Challenge – which has focused all parts of the business on meeting the needs of diverse customer groups.

**3.9** Across all groups and characteristics of our focus groups, discrimination was considered to exist and act as a barrier to employment, although there were some positive views and experiences of good practice by employers and government. Several participants considered they had experienced direct discrimination from employers, mainly at the recruitment stage. Those who had not directly experienced discrimination mostly believed, nonetheless, that it did take place, although it was widely recognised that indirect discrimination is hard to prove. Thirty-six per cent of ethnic minorities responding to our survey reported that they had experienced discrimination in the wider labour market.

“11 years I worked there and there was a vacancy. I went for it and the manager who I worked with said he had 2–3 white people who had come for an interview without any experience but he would consider it within a week or so. After a week they took one of them on. They trained them for 6 weeks and put them on a job that I was doing for 11 years that I could go on straight away...”

Participant from the over 50s mixed ethnic focus group in Bradford

**3.10** Research has identified the following practices in employment selection processes as key features of employment discrimination in the UK (**Figure 18**):

### 18 Discrimination in employment processes

- Candidates rejected at the first stage of job application for having an Asian name or coming from a non-white background.
- Ethnic stereotypes and prejudices on the part of employers.
- Perpetuation of inequalities by employment agencies by predicting the rejection of ethnic minority candidates and so avoiding putting them forward for jobs.
- Members of ethnic minority groups themselves are aware of the potential for discrimination and this constrains their job-seeking.
- Recruitment through internal vacancies, word-of-mouth or advertising only in national and regional English newspapers.
- A 'linguistic penalty' and hidden assumptions in competence frameworks in the job interview process.

Source: Centre for Social and Economic Inclusion – literature review for the National Audit Office

15 Hudson et al (2006) *Ethnic minority perceptions and experiences of Jobcentre Plus*, Department for Work and Pensions Research Report 349.

## Jobcentre Plus can influence employers in ethnic minority equality issues

**3.11** Employers who sign up to Local Employment Partnerships have a named contact who works with employers to support their recruitment while at the same time promoting the benefits of a diverse workforce and signposting employers to sources of expert help and advice. Senior Account Managers work with national employers at a strategic level to develop and agree a national approach for recruitment; Account Managers provide a service to local employers to support their recruitment and encourage them to recruit on a representative basis from the local community. In both cases this work includes promoting the benefits of a diverse workforce. Several employers, however, told us they would welcome general advice and guidance on equality recruitment issues including their legal obligations.

**3.12** To increase ethnic minority employment and reduce discrimination it is important that employers are encouraged to have an equality employment policy. External organisations can provide specialist support in this area. Additionally, Jobcentre Plus is able to influence those employers that it comes into contact with, for example those who place vacancies with it. For these employers, Jobcentre Plus ensures that job advertisements are framed in a non-discriminatory way. Also, some of the districts we visited had worked with local employers to help them develop their recruitment processes, including removing any unconsciously discriminatory elements.

## Jobcentre Plus districts are set targets for helping people into work

**3.13** The national Public Service Agreement target to increase employment rates for ethnic minorities and decrease the employment gap is not cascaded down to districts and there are no specific targets at district level for getting ethnic minorities into employment. The PSA target is, however, broadly reflected in Jobcentre Plus' Job Outcome Target, which prioritises job outcomes from those who face the greatest labour market barriers, and places a further premium on job outcomes from areas of high deprivation or high concentrations of ethnic minority population. Points are awarded for each person Jobcentre Plus helps into work and districts are set annual targets for points to be achieved. The higher the priority of the customer the more points are earned for the job outcome. There are five priority groups ranging from jobless lone parents and disabled benefit claimants in Priority Group 1 to employed customers in Priority Group 5 (Figure 19). Those wards which combine a high ethnic minority population with a high unemployment rate qualify for additional points.

**3.14** As at 2004 there were 1.3 million unemployed or economically inactive ethnic minorities. Just over half (53 per cent) fell into Priority Groups 1, 2 and 3 where Jobcentre Plus has incentives and levers in place to help them into work. However 47 per cent of non-employed ethnic minority people fell into Priority Group 4 where the incentives are considerably less (Figure 19). Since Job Outcome Target points are only earned for customers who have had contact with Jobcentre Plus they provide little incentive to move the economically inactive not claiming any benefits closer to employment. Jobcentre Plus told us that in recognition of the numbers of ethnic minorities who are neither working nor claiming, incentives (in the form of additional Job Outcome points) have been incorporated within the targets from 2006-07 in respect of job outcomes from those wards with the highest ethnic minority populations. In 2006-07 job outcome performance amongst Priority Group 4 was significantly higher in the identified, incentivised wards than in other areas of the country.

**3.15** The current system of Job Outcome Targets was introduced in April 2006 to provide a more comprehensive measure than the previous Job Entry Target system of the results of Jobcentre Plus' interventions in moving people into work. It allows much greater depth of analysis and removes the burden of validating job entries from staff and employers. Whilst it takes six months to provide performance data, the Department considers that the benefits outweigh such delays. However there were concerns when the system was introduced about how staff would be incentivised and their performance measured. Some staff we spoke to felt disincentivised because they no longer follow through the progress of their customers and see the results of their work. Neither the current nor the previous system allowed Jobcentre Plus staff to claim any credit for moving customers with multiple barriers – which may include ethnic minorities – closer to the job market.

## Personal advisers play a key role in getting ethnic minority customers into employment

**3.16** Most of the Jobcentre Plus personal advisers we spoke to did not consider they are given adequate training to help them meet the needs of ethnic minorities. Whilst there is mandatory diversity training for all staff, and additional training material is available, most staff we spoke to felt that either they do not have time to access this or it does not effectively cover the diverse cultures of the customers they are dealing with on a regular basis. In Jobcentre Plus' view, a good range of material is already available, but it is currently reviewing the product suite to ensure it is effective in equipping its people with the expertise to meet the needs of its diverse customer base.

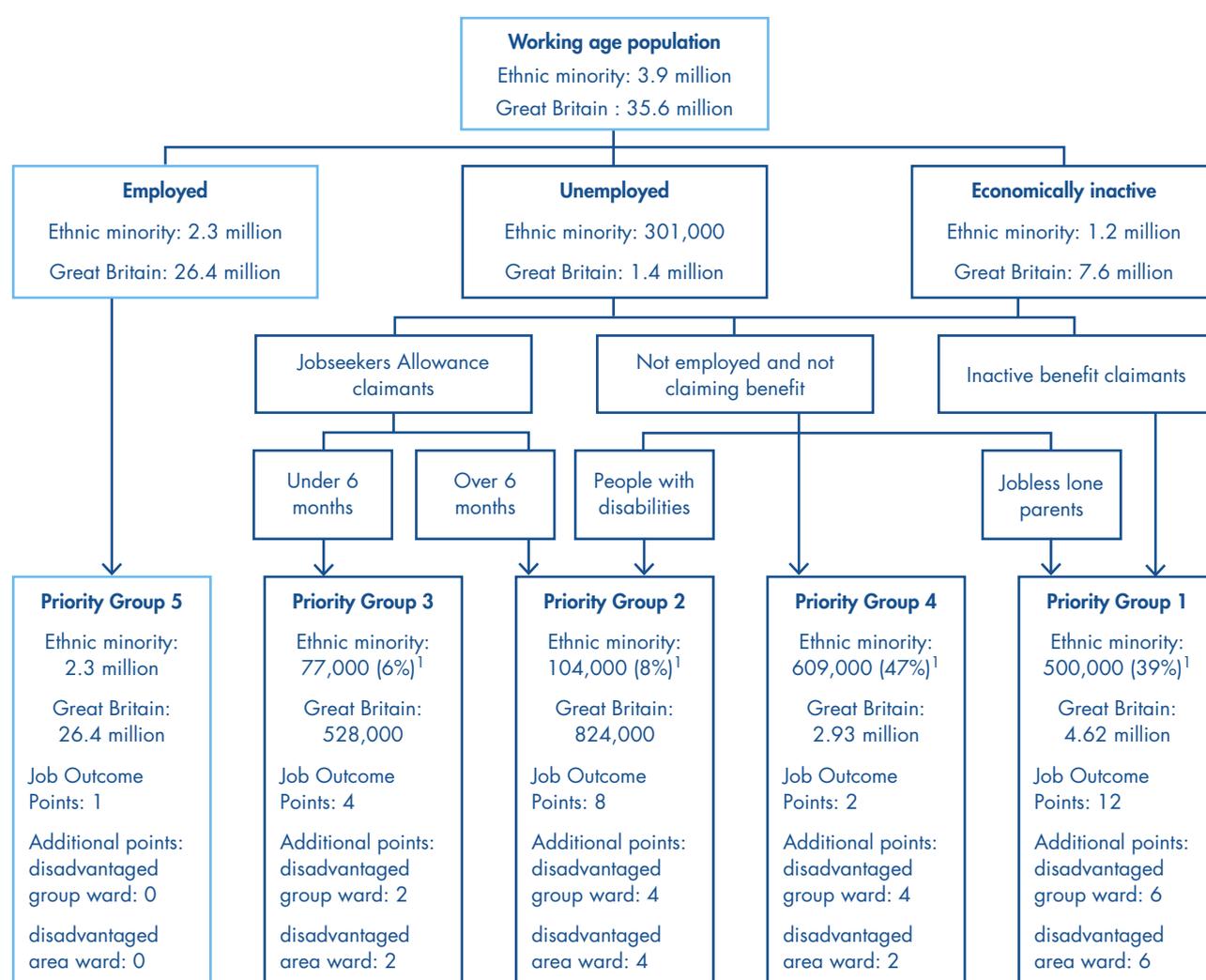
**3.17** Personal advisers need to be conversant with a wide variety of information to help their customers, but told us they have difficulty keeping track of what is available. For example there can be many voluntary organisations or specialist agencies able to provide help to overcome particular barriers for ethnic minorities. In some districts we found there were organisational directories or databases staff could consult, though these were not always up-to-date. Elsewhere advisers relied on websites and word-of-mouth. Some advisers we spoke to were not aware of all the courses and other help available in the communities. Focus group participants in almost every

area complained they were not getting enough help with CV writing, training and interview skills. Jobcentre Plus does not provide such support directly but largely through Departmental contracts with external organisations and through non-contractual arrangements with the voluntary sector which advisers can refer customers to.

“I’d sooner find my own. They don’t do anything for me.”

Participant Black Caribbean focus group Hackney, referring to help with CVs etc.

## 19 Ethnic minority makeup of the 5 Priority (JOT) groups



Source: Department for Work and Pensions

### NOTES

1 Percentages are of the total ethnic minorities unemployed or economically inactive.

2 Numbers for priority group customers are as at 2004. Since 2004 the harder to help customers have moved from Priority Group 4 to 2. As these groups cannot be easily quantified the Department cannot provide updated data.

**3.18** The time allowed for different types of interviews with customers is limited. Most advisers we spoke to felt this made it difficult to provide the support they may consider is necessary. This particularly impacts on those ethnic minority customers who have multiple barriers including language difficulties. Each adviser is set an individual target for the number of interviews to be carried out which takes account of the type of interviews they do, and in 2006 we found that the average length of an interview is 41 minutes. Advisers we spoke to said that interview times scheduled were too short to build trust, and identify and deal with complex needs. There was not always the flexibility to invite customers back for a second interview if that was desirable. Focus group participants also wanted more time with advisers, so they could get greater one-to-one advice and guidance. This was particularly important for women in the Indian, Bangladeshi and Pakistani focus groups. Jobcentre Plus told us that standard interview lengths have been determined to support efficient delivery, taking account of research and evaluation evidence. It is working to increase the average number of interviews conducted each week, by minimising non-customer facing tasks conducted by advisers. It achieved Jobcentre Plus estimate that this will deliver £31 million in efficiency gains.

---

“The targets. They have to make the targets. A tick box. Actual help for people is missing.”

Participant Black Caribbean focus group Hackney

---

“Some people might need more time [to meet with their adviser]. Sometimes you need a lot of reassurance because your confidence is low, you feel quite low. They’re not involved with that. They just speak to you about the basic needs.”

Participant Bangladeshi women’s focus group Tower Hamlets

---

**3.19** Conferences arranged through the Ethnic Minority Business Focus Group were, until recently, a major route for spreading good practice to local Jobcentre Plus staff. Events were also run for Ethnic Minority Outreach providers, and best practice seminars were run using funding from the Ethnic Minority Flexible Fund. These have all ceased and there was a disruption to the way that Jobcentre Plus promoted best practice as a result of reorganisation in 2005. At national level, Jobcentre Plus told us it has now restructured what information can usefully be disseminated and the best routes for doing so, including reviewing and updating its ethnic minority partnerships intranet pages to include performance information and analysis and links to information about ethnic minority initiatives; promoting ethnic minority job outcomes through the Job Outcome Target Key Performance Group (Jobcentre Plus’ key strategic group for achieving its annual job outcomes

target); and promoting work with ethnic minority employers and community and voluntary organisations through the networks of regional and district level External Relations Managers and Account Managers.

**3.20** At a local level we found that few staff in the Jobcentre Plus offices that we visited accessed examples of good practice in ethnic minority employment. In some locations staff were aware of ways in which they might access such information, for example from the intranet, but lacked the time to do so; in others staff were not aware of ways in which such information could be accessed.

## Jobcentre Plus staff broadly reflect the ethnic minority mix both at national and local level

**3.21** Jobcentre Plus monitors the ethnic minority make-up of its staff both at national and district level, but does not maintain records of ethnic minority staffing at the level of Jobcentre Plus offices. The proportion of Jobcentre Plus staff across the UK who are from ethnic minorities is 11.7 per cent, slightly above the population average of 10 per cent. In those districts which include cities which have a high concentration of ethnic minorities, Jobcentre Plus generally has a significantly higher proportion of ethnic minorities compared with the national average, for example 57.2 per cent of staff in its City and East London District are ethnic minorities.

## The quality of service that ethnic minority customers receive from Jobcentre Plus can be improved

---

“She worked round the clock to get my Jobseekers Allowance up and running”

“I received minimal support from the Jobcentre.”

From respondents to the National Audit Office survey

---

**3.22** Under the Race Relations (Amendment) Act 2000 Jobcentre Plus is required to engage actively with its ethnic minority customers to ascertain their views on the service provided. Following a national customer satisfaction survey in 2005, Jobcentre Plus commissioned a pilot ‘booster survey’ to trial obtaining more comprehensive information on the experiences, views and satisfaction of ethnic minority customers in relation to Jobcentre Plus services. In 2006 it supplemented this with a small qualitative study of ethnic minority perceptions and experiences of Jobcentre Plus.

**3.23** The booster survey encountered difficulties in obtaining a representative sample across all ethnic groups and benefit types and reported the results for Jobseekers Allowance, Incapacity Benefit and Income Support separately. The survey showed few significant variations in the satisfaction of ethnic minority customers with the service received. In-depth customer interviews found that the majority of ethnic minority customers reported they had been treated fairly and satisfaction varied more by customer type than ethnic group. However, the survey indicated that ethnic minority Incapacity Benefit and Income Support customers gave somewhat lower performance ratings in relation to almost all aspects of service than their white counterparts. Staff attitudes were the most common cause for potential or actual complaint across all ethnic groups. Although overall more ethnic minorities than whites felt service had improved over the past year, more Mixed and Black Caribbeans felt the service had got worse.

**3.24** The qualitative research study on ethnic minority perceptions found mixed experiences, shaped more by the services used than by ethnic group. Interviewees in the qualitative research study expressed a wish for more personalised help and there was some concern about the lack of time available from advisers. There was some dissatisfaction with New Deal training provision and gaps in English for Speakers of Other Languages provision. Also, there was a lack of awareness of the complaints system and anti-discrimination procedures, and a lack of faith in the complaints procedures.

**3.25** In our smaller scale survey 43 per cent of respondents rated the help received from Jobcentre Plus as good or excellent; 32 per cent rated it as average, and 25 per cent as poor or very poor. Experiences of our focus group participants with Jobcentre Plus staff varied from positive to negative, but overall they felt staff could be friendlier and more approachable. They wanted more time from personal advisers, and more one-to-one and personalised help. Very few of the focus group participants had found jobs through using Jobcentre Plus services and this led them to have negative views of the service. Focus group participants were unaware of the range of Jobcentre Plus programmes available to help them into work and thought there should be more advertising and provision of services out in their communities.

# PART FOUR

## Further action to increase ethnic minority employment

**4.1** Parts 2 and 3 of this report set out the main findings in respect of the National Audit Office examination of the roles of the Department for Work and Pensions and Jobcentre Plus in increasing ethnic minority employment. Drawing on that material, this part of the report looks to the future and summarises what more the Department and Jobcentre Plus can do to further reduce the employment gap between ethnic minorities and the overall population.

### Establishing a long term strategy would bring benefits

**4.2** Evaluation of the various pilot projects aimed at increasing ethnic minority employment, whilst reporting varying degrees of success, suggested that most would require more time for the full benefits to be achieved. In addition there have been unexpected gaps between funding various programmes such that there has been a lack of continuity in the Department's strategy, both in policy terms and in its practical application. Many Jobcentre Plus staff to whom we spoke commented on the stop-start nature of the Department's strategy for increasing ethnic minority employment which has left them unclear about current policy and programmes, and unable to provide assistance to ethnic minorities to the full extent that they would like. This is a reflection of the Department's decision to shift its strategic approach to local delivery for disadvantaged groups generally, rather than specifically on ethnic minorities. This approach is intended to give localities the opportunity to generate additional resources but there is a risk that ethnic

minorities may not receive an appropriate share. Now that the strategy has been established, there would be advantage in the Department articulating clearly its strategy to Jobcentre Plus staff and local private and voluntary sector providers.

**4.3** A key lesson learned by the Department from earlier programmes – particularly the Ethnic Minority Flexible Fund – has been the importance of allowing local control to ensure that funding is used to best meet local circumstances. The Deprived Areas Fund takes this on board with much of the funding going to local consortia in pilot areas across the country to help finance City Strategy, and the remainder being allocated to Jobcentre Plus district managers to use their knowledge of the local labour market to decide how the funding could add value against the objective of increasing the employment rate in deprived areas.

**4.4** Both the City Strategy and the Deprived Areas Fund – which includes funding for the 272 wards which have high proportions of ethnic minority groups – take account of the policy shift from projects and programmes aimed specifically at ethnic minorities to one aimed at the wider disadvantaged community. It is therefore not surprising that the plans for the 15 consortia taking forward the City Strategy pilot vary in the extent to which they address ethnic minority issues. Most of the consortia with a large ethnic minority population have specific ethnic minority targets.

**4.5** We noted that seven of the 15 City Strategy governing boards did not include any ethnic minority representation (Liverpool/Merseyside, Glasgow, Tyne & Wear, Edinburgh, Dundee, Heads of the Valley and Rhyl). While it is important that local areas have the flexibility to use discretionary funding as they see fit, there should be safeguards to ensure that the needs of ethnic minorities are taken into consideration. For the future, the Department should therefore consider ways of ensuring that governing boards of City Strategy consortia are properly representative of the people they serve and include, where appropriate, members of local ethnic minority communities.

**4.6** As regards the Deprived Areas Fund, it is too early to say to what extent these will address the barriers of ethnic minorities, as the funding was only distributed in early 2007. Devolving decision making on the use of funding to a local level and focussing on the wider disadvantaged community provides an opportunity for limited resources to be spent in a way that best addresses the employment needs of the local population. However for the ethnic minority population there is a risk that the specific needs of that community, including those hardest to reach and furthest from the labour market and often with barriers, may not be adequately addressed.

## Jobcentre Plus personal advisers need support to help ethnic minorities into employment

**4.7** Jobcentre Plus personal advisers have an important role to play in helping ethnic minorities into employment or bringing them closer to the labour market. We were impressed by the dedication and the commitment to achieve this by all the personal advisers that we spoke to. Opinions of focus group participants on the quality of services received at Jobcentre Plus varied, revealing some inconsistency in service delivery.

**Figure 20** shows the employment support needs identified by the focus group participants as most important. Three aspects reported by personal advisers that impact on their ability to provide the best possible help to ethnic minorities are the time pressures of work-focussed interviews, the extent to which personal advisers are aware of good practice in ethnic minority employment issues, and the amount of training that they have received in ethnic minority and cultural issues.

**4.8** Most of the personal advisers we spoke to and some of the focus group participants told us that interview times were insufficient for ethnic minorities who may have multiple barriers to employment and face difficulties with the English language. The Department's own research has shown that the ethnic minority client's relationship with personal advisers is crucial, and that there is a need for more and better personal advisers and increased access to them. The experience of focus group participants of the quality of service of Jobcentre Plus was diverse. But the most cited area for improvement was that participants felt they lacked contact with Jobcentre Plus staff and that personal advisers did not have enough time to spend with customers. Jobcentre Plus told us that adviser interview time had been allocated to achieve results on a cost effective basis.

**4.9** Some staff we spoke to reported that time pressures also impact on the ability of personal advisers to undertake available training in ethnic minority and diversity issues and to familiarise themselves with available good practice in ethnic minority employment. There are also wider issues as to whether appropriate training courses are readily available and whether good practice is spread effectively to all local Jobcentre Plus offices. In Jobcentre Plus' view, a good range of training material is already available, which is currently being reviewed.

### 20 Focus group participants' employment support needs

- Work experience/placement.
- Job readiness training.
- Job matching.
- Employment information, advice and guidance.
- Employer engagement.
- Interpreters/translation.
- Volunteering.

*Source: National Audit Office focus group participants*

**4.10** The results of a pilot survey looking at the views of ethnic minorities regarding Jobcentre Plus was published in early 2005 and the results of qualitative work in this area published the following year. Whilst the Department recognised that the survey was experimental and that care should be exercised in interpreting the results, it had not undertaken any follow up surveys or research and none is planned. Jobcentre Plus told us this was because of the technical issues encountered in the 2005 survey. However the current Jobcentre Plus Customer Satisfaction Survey is expected to provide information about customers' experiences linked to ethnicity. Focus group participants told us that there were a number of aspects of the service provided by Jobcentre Plus where they would like to see improvements (**Figure 21**). Jobcentre Plus told us that where these have cost implications they would need to be carefully considered in the light of the Spending Review allocations.

## 21 Focus group participants' suggested improvements for Jobcentre Plus

- Increase advertising in the community.
- Improve relationship with ethnic minority businesses to help improve job availability.
- More one-to-one provision and ongoing support.
- More training opportunities, especially in trades.
- Job placements.
- Teach individuals about their rights, and employers about their responsibilities.
- More help with CVs and interviews.
- Resources and space for job preparation (computers, printers, people to assist).
- Positive environment where people can help each other and more role models.
- Flexible services, more diverse staff and career workshops.
- Train staff on how to deal with clients from different backgrounds.
- Language assistance and more translated material.
- More job matching services.
- Feedback on job applications, interviews, CVs.

*Source: National Audit Office focus group participants*

**4.11** For the future, Jobcentre Plus should review the resource needs of its personal advisers, balancing productivity increases with resources and training, to ensure that resources are sufficient to cope with the needs of customers, including ethnic minorities and others who may have multiple barriers to employment. Where appropriate, personal advisers should be given the training needed to understand the specific barriers faced by ethnic minority customers and how these might be overcome. They should also be encouraged to make ethnic minority customers more aware of the full range of services on offer as well as the Customers' Charter and the complaints procedures to follow should they be dissatisfied with the service received or feel that they have suffered discrimination. Jobcentre Plus should also consider effective ways to improve the dissemination of good practice amongst personal advisers, without detracting from the drive to increase time spent in customer-facing activity. Outreach services need to be strengthened, to ensure appropriate use is made of expertise and support from the voluntary and community sector.

**4.12** Ethnic Minority Outreach programmes are about reaching out to the hardest to reach economically inactive ethnic minorities, engaging with them, and bringing them closer to the labour market, frequently in conjunction with the voluntary and community sector. Such programmes enable valuable work to be undertaken in capacity building with the third sector which a Departmental briefing paper on the future of Ethnic Minority Outreach noted would be lost should Ethnic Minority Outreach be withdrawn. The Department also noted that any failure to engage with the economically inactive would have a detrimental impact on the employment rate as a whole, and the Public Service Agreement target to close the employment gap, since even if all unemployed ethnic minorities moved into work, this would only close the employment gap by around 50 per cent, the remainder being accounted for by the economically inactive.

**4.13** With the end of the Ethnic Minority Outreach programme it is largely at the discretion of individual Jobcentre Plus offices to determine how much outreach work to undertake. Such decisions would be taken in the broader context of local labour market needs, Ministerial priorities, performance agreements and other key targets balanced against the resources available to them. Some Jobcentre Plus offices we visited had reduced the amount of outreach work significantly. It is too early to say to what extent the Deprived Areas Fund and City Strategy will remedy this; but with the delay in providing Deprived Areas Fund allocations, and variation in the extent to

which current City Strategy plans address this issue, the impact may be limited. In any event, the new strategy will require the Department and Jobcentre Plus to work closely with third parties, and to ensure that lessons from previous programmes are incorporated into the new programmes and projects.

**4.14** There was an expressed need across some focus group participants for training and information, advice and guidance on job readiness skills, and help with job search, filling in application forms, interview skills and preparing CVs. This can be provided by personal advisers, the New Deal programmes, and private and voluntary sector contractors. The loss of capacity building with the voluntary sector through the cessation of Ethnic Minority Outreach could impact on the meeting of this need unless alternative liaison arrangements are put in place.

## There are opportunities for the Department and Jobcentre Plus to help employers develop good equality employment policies and practices

**4.15** Jobcentre Plus engages with employers at national, district and Jobcentre Plus office level. As Jobcentre Plus builds and strengthens its relationships with specific employers, it is able to promote diversity. External organisations are able to provide advice and guidance on formulating a sound equality policy. **Figure 22** shows what a good equality policy should include.

**4.16** As an employer, keeping up to date on diversity and discrimination issues in a rapidly changing environment can be difficult. Apart from legal requirements employers can lack information about the practicalities of employing a diverse workforce. Whilst we found examples of good practice, such as taking potential employers on cultural tours of the local ethnic minority community, employers that we spoke to felt that they were not sufficiently well informed about the practicalities of having a diverse workforce. Whilst it is not the responsibility of Jobcentre Plus to educate employers in this way, there are other organisations who are equipped to do so, who Jobcentre Plus can direct them too. A recent survey commissioned by the National Employment Panel found that 15 per cent of employers surveyed felt they needed support in relation to equality issues, with smaller employers more likely to need this.

**4.17** One way in which employers can demonstrate that they are an equal opportunity employer is through accreditation such as through an external 'kitemark'. In its White Paper on Discrimination Law Review, published in June 2007, the Department for Communities and Local Government stated that it is considering whether there is a case for introducing a voluntary equality standard scheme which would set out what businesses need to do to comply with discrimination law and achieve higher standards of good practice on equality and diversity. This would help the Department ensure that potential suppliers have an equality employment policy.

### 22 Elements of a good equality employment policy

An equality policy should:

- set out values on equality and diversity and how they will be put into practice;
- show staff, potential recruits and customers you are serious about fairness; help them understand expected behaviour, what isn't acceptable, and what they can expect of you;
- help win business. Organisations may take such policies into account in awarding contracts;
- underpin an action plan which has clear measurable objectives and targets, and help you comply with the law;
- have the support of everyone in the organisation and be an integral part of business strategy;
- involve managers at all levels to gain their commitment, and be developed in consultation with employees and their representatives;
- state the aim to encourage, value and manage diversity, your commitment to providing equality for all, and to attaining a workforce representative of the local community;
- identify discrimination areas (gender/race/disability/sexual orientation/religion/age);
- state that there will be a working environment in which all people are able to give of their best, that is free from harassment and bullying, and that all decisions will be based on merit;
- contain specific actions such as a strategy for making the policy known to workers; providing training and guidance for staff; dealing with harassment and bullying; monitoring the workforce; reviewing all personnel procedures including recruitment, selection, promotion, training, discipline and grievance; and how you will regularly review and update the policy.

Source: Advisory, Conciliation and Arbitration Service

**4.18** External accreditation is a process through which employers can be helped to develop an appropriate equality and diversity policy or to have their existing policy assessed and accredited through the issue of a 'kitemark'. Achieving successful accreditation would provide benefits to the employer, and ethnic minority customers (who would have greater assurance their job application will be dealt with in a non-discriminatory way). A Department of Trade and Industry survey published in July 2006 showed that whilst most large employers had formal written equal opportunity policies, only 63 per cent of those with 10–24 employees did so; and that only 31 per cent and 3 per cent respectively of all employees with and without written policies monitored their recruitment and selection processes in relation to ethnic minorities. There is clearly, therefore, scope for improvement, and for the Department for Work and Pensions to work with other key players, including the Department for Business, Enterprise and Regulatory Reform (DBERR), to assess the value of encouraging wider use of external accreditation for equal opportunity policies. A recent survey of employers by the National Employment Panel found that 48 per cent of employers favoured including requirements into public procurement to show good diversity practice, possibly through a kitemark.

**4.19** The Department comes into contact with employers through its procurement programme through which it can influence them to improve equality and diversity employment practices. It is strengthening its procurement practices on New Deal contracts as one of three pilots in the public sector, but it is too early to say how effective this will be. The Department considers that the use of procurement to bring about its stated goal of reducing the ethnic minority employment gap should be effective, because the approach has been shown to work well in USA and in Northern Ireland and to a lesser extent in Canada (see also Figure 23).

## Lessons could be learned from international comparisons

**4.20** Figure 23 shows that there are examples of good practice from countries with large ethnic minority populations which provide lessons which could be applied in the UK. However, it is important to note that differences in labour market performance arise from diverse social, political and economic contexts within each country, and caution should be applied when making comparisons.

## CASE STUDY 5

### Germany

**Context:** Ethnic minority unemployment is 17.3 per cent compared with 9.5 per cent for the general population. Seventy-eight per cent of unemployed immigrants have no qualifications. The Immigration Law 2005 restructured the German approach to immigration. A major change was the creation of integration courses for all ethnic groups, paid for by the government, which include 600 hours of basic language training. 194,000 immigrants participated in 2005.

**Case study:** Pro-qualification facility: This project targeted ethnic minorities who needed vocational training and linked them up with organisations that could provide it. It was run in partnership with various bodies, including trade unions, chambers of commerce, and the private sector which acted as role models to encourage ethnic minorities to participate. The project was financed by central government, ran from 1997-2003, and events were organised for those who could offer vocational training to present to ethnic minorities, who could receive guidance about training and qualifications.

**Impact:** Information from companies and employer organisations about vocational training opportunities was disseminated widely; role models from sport, media and fashion were used to pass on their experience in training and professional development; materials in different languages to inform ethnic minority groups about vocational training; videos to raise awareness of the importance of vocational training; and a telephone hotline using ethnic minority speakers to answer questions and provide advice.

**4.21** Notwithstanding the caveats in drawing comparisons with the UK, there are some lessons that are clearly relevant. Partnerships with employers, public, private and voluntary sectors clearly play an important role in tackling ethnic minority unemployment issues and good networking plays an intrinsic role in joining business and community sectors. Equally, there is a clear need for outreach programmes and innovative methods to recruit ethnic minority participants and a combination of targeted approaches can have positive effects on ethnic minority employment.

## 23 International comparisons of ethnic minority performance in the labour market

### Country context

#### CANADA



Total population: 30 million  
 Visible minority population: 13.4% of the total population  
 Unemployment rate: 6.7%  
 Ethnic minority unemployment rate: 12.6%

#### UNITED STATES



Total population: 296 million  
 Ethnic minority population: 1,007,000  
 Unemployment rates:  
 Whites 4.0%, Blacks 8.4%,  
 Hispanics 4.9%, Asians 2.4%

#### NETHERLANDS



Total population: 16 million  
 Total persons from a foreign background: 19.15%  
 Unemployment rate: 4.7%  
 Unemployment rate Non-Western foreign background: 16.4%

#### GERMANY



Total population: 82 million  
 Population of immigrants with a foreign nationality: 8.1%  
 Population of second generation immigrants: 2.0%  
 Unemployment rate: 9.5%  
 Ethnic minority unemployment estimated at 17.3%

### Lessons for the UK

Importance of commitment and enforcement

The need for outreach programmes and innovative recruitment methods

The use of procurement to reduce the ethnic minority employment gap has been successful to some extent

Affirmative action in employment does work

Incentives for employers

Education is a complementary policy area

Partnerships with employers prove to be very successful

The use of procurement to reduce the ethnic minority employment gap has worked well

The 'soft' law approach to increasing ethnic minority employment can work

Leadership and consultation are important

Supply side issues need to be addressed

Bureaucracy needs to be minimised for businesses

Programmes facilitating labour exchanges work

Combining different targeted approaches can have positive effects

Encouraging partnership working

Monitoring and adequate measurements for policy development

Tackling the problem from a number of angles

Partnerships between the public, private, and voluntary sectors

Networks play an intrinsic role

Source: Analysis by Centre for Social and Economic Inclusion

# APPENDIX ONE

## Study methodology

Our study methodology included the following:

### Visits to Jobcentre Plus offices

1 The study team visited Jobcentre Plus offices to interview key personnel, including Jobcentre Plus district managers and personal advisers, local authorities, chambers of commerce, employers, and Fair Cities initiative Board/staff as appropriate. The areas visited were: London, Birmingham, Manchester, Leeds/Bradford and Leicester, representing the five geographical areas of highest ethnic minority population and in which the Department's initiatives are targeted; and Luton, an area of high ethnic minority population not targeted by the Department. In London we focused on three boroughs with high ethnic minority populations: Hackney, Newham and Tower Hamlets in the City and East London district.

### Focus groups

2 We engaged the Centre for Social and Economic Inclusion to recruit and hold 12 focus groups in the six areas we visited during the study (as listed above). The focus groups sought views of ethnic minorities in relation to their barriers to employment, employment

support needs, awareness, use and quality of Jobcentre Plus services, and their views on discrimination and other sources of help. The make-up of the groups was as follows:

Location	Ethnicity	Gender	Age
Luton	Mix of ethnic minority groups	Both	18–24
Tower Hamlets	Bangladeshi	Women	18+
Newham	Black African	Both	18+
Hackney	Black Caribbean	Both	18+
Bradford	Pakistani and Bangladeshi	Men	18+
Bradford	Mix of black and minority ethnic groups	Both	50+
Leicester	Indian	Both	18+
Leicester	Indian	Both	Open
Manchester	Black African and Black Caribbean	Both	Open
Manchester	Pakistani	Women	Open
Birmingham	Indian	Both	Open
Birmingham	Pakistani	Men	Open

## Literature review

**3** We commissioned the Centre for Social and Economic Inclusion to undertake two literature reviews. The first review provided a synthesis of existing published work in Great Britain relevant to ethnic minorities and employment, including evaluations of initiatives published by the Department. Given the large amount of literature in this area, it concentrated on key research themes: employment gaps, learning and skills, geography, religion, gender and family responsibilities, enterprise, ethnic penalties and discrimination, equality and diversity in the workplace, and Departmental programmes and services. The second review examined examples of international good practice in the following countries:

- USA
- Canada
- The Netherlands
- Germany
- France
- Denmark
- Sweden

It also considered some examples in Northern Ireland, as although this is within the UK the consultants identified it as an example of good practice in relation to increasing equality between religious groups.

## Secondary data analyses

**4** We also commissioned the Centre for Social and Economic Inclusion to do quantitative analyses of secondary data drawn from a variety of sources including: the Labour Force Survey; British Household Panel Survey; the Department's administrative data and the Work and Pensions Longitudinal Study; datasets from surveys done as part of other published research. The analyses explored: ethnic penalties; equality of outcomes; experience of Jobcentre Plus services and programmes; and employer practices and self-employment.

## Interviews and file review in the Department and Jobcentre Plus

**5** We spoke to senior management in the Department and Jobcentre Plus and reviewed key documentation, to explore their strategy and establish their progress in reducing the employment gap.

## Third party consultation

**6** We conducted interviews with other key stakeholders, including relevant government departments and local authorities, employer and employee organisations (CBI, TUC), the Commission for Racial Equality and voluntary sector organisations.

## Survey of ethnic minorities

**7** Jobcentre Plus customers in the offices we visited were invited to complete a paper survey. The survey was available online to the general public and was advertised in the 'Jobs and Training Weekly' newspaper. The survey sought the views of ethnic minorities on Jobcentre Plus programmes they had attended and on whether they ever experienced discrimination. We received 130 responses: 25 from the public via the internet and the remainder on paper from Jobcentre Plus customers.

## Acknowledgement

We are grateful to Parvin Ali OBE (Fatima Women's Network), Alan Christie (Commission for Racial Equality) and Tom Hadley (Recruitment and Employment Confederation) for their valuable advice throughout our study.

# APPENDIX TWO

## Case study areas

	<b>Total working age population</b>	<b>Ethnic minority population</b>	<b>Largest ethnic minority groups (in working age population)</b>	<b>Employment rate gap</b>
Bradford	288,800	67,000 (23 per cent)	Pakistani and Bangladeshi: 48,800 (16.9 per cent) Indian: 7,200 (2.5 per cent)	24.7
Leeds	459,500	53,100 (12 per cent)	Black or Black British: 13,600 (3.0 per cent) Indian: 13,400 (2.9 per cent) Pakistani and Bangladeshi: 12,000 (2.6 per cent)	17.7
Birmingham	598,000	221,000 (37 per cent)	Pakistani and Bangladeshi: 85,700 (14.3 per cent) Black or Black British: 50,400 (8.4 per cent) Indian: 49,000 (8.2 per cent)	13.6
Leicester	179,600	76,300 (42 per cent)	Indian: 55,500 (30.9 per cent) Other ethnic group: 9,600 (5.3 per cent) Black or Black British: 6,200 (3.5 per cent)	8.3
London (Hackney, Newham and Tower Hamlets)	439,300	248,000 (56 per cent)	Pakistani and Bangladeshi: 78,700 (17.9 per cent) Other ethnic group: 69,700 (15.9 per cent) Black or Black British: 67,300 (15.3 per cent)	Hackney: 14.4 Newham: 5.2 Tower Hamlets: 13.4
Luton	115,400	41,300 (36 per cent)	Pakistani and Bangladeshi: 16,600 (14.4 per cent) Black or Black British: 8,900 (7.7 per cent) Indian: 6,400 (5.5 per cent)	15.0
Manchester	256,000	65,100 (25 per cent)	Black or Black British: 19,600 (7.7 per cent) Pakistani and Bangladeshi: 18,100 (7.1 per cent) Other ethnic group: 17,800 (7.0 per cent)	12.5

Printed in the UK for the Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office  
5736476 02/08 77240

Design and Production by  
NAO Marketing & Communications Team  
DP Ref: 7655VF

This report has been printed on Consort Royal Silk and is produced from a combination of ECF (Elemental Chlorine Free) and TCF (Totally Chlorine Free) wood pulp that is fully recyclable and sourced from carefully managed and renewed commercial forests. The range is manufactured within a mill which is registered under the BS EN ISO 9001 accreditation, which provides the highest standard of quality assurance.



Published by TSO (The Stationery Office) and available from:

**Online**

[www.tso.co.uk/bookshop](http://www.tso.co.uk/bookshop)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline

Lo-call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone 0870 240 3701

**TSO Shops**

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square,  
London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax Orders 020 7219 3866

Email [bookshop@Parliament.uk](mailto:bookshop@Parliament.uk)

Internet [bookshop.Parliament.uk](http://bookshop.Parliament.uk)

**TSO@Blackwell and other Accredited Agents**

£13.90

ISBN 978-0-10-295199-8

