

# Economic Inclusion

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West Midlands  
Regional  
Observatory

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## Context

The West Midlands Economic Strategy identified high rates of worklessness as a key contributor to the lower economic performance of the region. In June 2008, the Economic Inclusion Panel was convened to draw together the region's key agencies to provide regional leadership on the worklessness problem.

The Panel is informed by impartial data and analysis from the West Midlands Regional Observatory. The research programme is shaped and guided by partners from across the region, who contribute via the Economic Inclusion Data Group.

## Projects completed

- Economic Inclusion Indicators
- Economic Inclusion Baseline Report - the first comprehensive overview of the underlying issues contributing to the region's high rates of worklessness
- Recession monitoring - impact on population
- Spotlight reports on:
  - Mental Health and employment
  - Youth unemployment
  - Older people and inclusion
- Studies on causes of worklessness
- Research on employers' attitudes to worklessness

## Current work

- Analysis of multiple risk factors on worklessness
- Analysis of the effect of people or place on worklessness
- Ongoing monitoring of the impact of the recession
- Analysis of dynamics of worklessness in the region
- Spotlight analysis of Black & Minority Ethnic issues and work
- Update to regional baseline and indicators

## Key headlines

There are some major issues facing the region in closing the employment gap with the national average. There are large numbers of people who are isolated from the labour market, and who have significant barriers to overcome before they become work-ready. They are detailed overleaf.

## Key headlines continued...

According to our Baseline Report on Economic Inclusion, of workless people in the region:

- 30 per cent have no qualifications
- 24 per cent are from a minority ethnic group
- More than one third have a limiting illness or disability
- Two thirds live in urban areas

## A large scale problem of 'hidden' unemployment has developed

According to our Baseline Report on Economic Inclusion, almost a quarter of a million people in the region are claiming Incapacity Benefits (IB) (or the new Employment and Support Allowance), compared with much smaller numbers claiming Jobseeker's Allowance, who are classed as actively seeking work and counted as unemployed. The most common reason for claiming IB is mental or behavioural disorders, followed by musculo-skeletal disorders. These should usually be short-term problems from which people can recover with the right treatment, but 90 per cent of IB claimants have been claiming for longer than a year and 60 per cent for more than five years.

## Mental ill-health is a major barrier to employment

Employment rates for people with mental health problems are lower than for any other health problem. Around 100,000 people in the region have a mental health problem lasting longer than a year. Of those, only 29 per cent are in employment. 40 per cent of Incapacity Benefit claimants (around 96,000 people) are claiming because of a mental health problem.

## Disengagement of young people is a major problem

As detailed in our Baseline Report on Economic Inclusion, 1 in 3 claimants of Jobseekers Allowance in the region are aged 18-24.

## Too many people have low skill levels

Lack of qualifications is a major barrier to work, and opportunities for low skilled work are declining. According to our Baseline Report on Economic Inclusion, 16 per cent of working age people in the region have no qualifications - the highest proportion of any region. Of the 517,000 people in the region with no qualifications, over half (53%) are workless.

## Recession exacerbating long-term problems

These are long-term problems facing the region, and over the past year they have been exacerbated by particularly high increases in unemployment among the young and the unskilled.

## Impact of the research

The impartial and focussed analysis provided by the Observatory's research programme on Economic Inclusion has enabled the Economic Inclusion Panel to prioritise its activity on key issues for the region. The research has enabled the panel and its members to understand the importance of key issues such as mental health more fully, and target interventions accordingly. In response to the evidence, the panel has established 'task and finish' groups focussing on key areas. These groups aim to draw together key agencies and provide additional interventions where appropriate.