

April 2012: Runnymede Trust briefing for the All Party Parliamentary Group on Race and Community

Black and Asian unemployment

Background

Youth unemployment

- 55.5% of economically active Black men, aged 16-24, are unemployed. This figure has nearly doubled since 2008. The figure is 44.4% for all Black people aged between 16-24 (ONS 2012)
- For economically active Asian people aged between 16-24, unemployment has risen from 22.8% in 2008 to the current figure of 26.7%. Breaking it down by specific groups, this is 24.2% for Indian young people and 33.6% for Pakistani/Bangladeshi young people (ONS 2012)
- In comparison, the White British youth unemployment rate out of those who are economically active is 20% (ONS 2012)

Overall unemployment

- 19.7% of economically active Black people aged 16-64 are unemployed compared to 7.6% of White people (ONS 2011)
- 9.4% of Indian and 15% of Pakistani/Bangladeshi people who are economically active are unemployed (ONS 2011)
- This data is an average of unemployment rates from 2011 (ONS 2011)

Why is Black and Asian unemployment higher than White unemployment?

Evidence suggests there is a combination of reasons why unemployment rates are high amongst these groups, including discrimination, lower educational attainment, attending less prestigious universities, living in areas of high unemployment, migration and sector clustering.

Current government policy

There have been mixed messages from the government on specific measures to tackle Black and Asian unemployment. We welcomed Nick Clegg's Scarman Lecture last year where he announced an inquiry into fair access to business finance, which may support more Black and Asian people into self-employment.

However, alongside this the government has suggested that it does not want to introduce tailored policies to tackle ethnic inequalities in employment. For example, in response to a written parliamentary question from Kate Green MP asking if the government plans to introduce policies to tackle youth unemployment, Employment Minister Chris Grayling MP said that the government's approach provides "*flexible, tailored support to all eligible unemployed job seekers according to their needs, irrespective of ethnicity*" (<http://bit.ly/HIKGxH>).

In its integration strategy the government also dismissed tailored policies to foster integration and address inequalities in favour of mainstream ones, although they haven't explained *how* mainstream policies will in fact reduce ethnic inequalities.

However, given that the unemployment rates of Black and Asian people are so high, particularly amongst young people, we believe that mainstream policies will

not address the specific underlying issues (such as discrimination, low attainment etc) driving these inequalities. It is worth noting Professor Yaojun Li's research, highlighting that Black people are now more likely to be unemployed in Britain than in the US, due to lack of intervention from UK governments in comparison to the US <http://bit.ly/J1ibcw>.

Solutions

1) *Monitoring the Work Programme*

The government has stated that the Work Programme provides tailored support for claimants who need more help to undertake active and effective job-seeking. To determine whether this approach is having a positive impact on Black and Asian people, **we recommend that the government publish their monitoring data** in order to assess how many people from ethnic minority backgrounds get jobs after going through the Work Programme. Best practice examples should also be published.

2) *Guaranteed jobs for under-25s who are unemployed for two years*

Given the scale and urgency of the problem, the government should develop appropriate policies such as after two years on the Work Programme any **claimant under 25 should be offered a guaranteed job and additional support**, as recommended by the Riots Communities and Victims Panel and IPPR.

2) *DWP should place more focus on Black and Asian unemployment*

We are encouraged that the Department for Work and Pensions (DWP) has retained the Ethnic Minority Advisory Group, and that it regularly meets with them. However, we believe that the **DWP should adopt targets and specific policies to increase the employment of disadvantaged groups**. We also believe the government should put together an **action plan** on tackling Black and Asian unemployment, or include such a plan in a wider race equality strategy.

3) *Mentoring*

We recommend that the government introduce initiatives such as **a large-scale mentoring scheme** for those groups who suffer high rates of unemployment. David Cameron proposed a mentoring scheme for black entrepreneurs before the 2010 election, which has never made it into his government's policy: <http://bit.ly/aT5fdV>. In addition, Boris Johnson promised 1000 mentors for young Black men – this remains to be delivered.

4) *Equal access to apprenticeships*

Research in 2010 by the Black Training and Enterprise Group (BTEG) found that ethnic minorities are substantially under-represented in apprenticeships.

We support the work of the National Apprenticeship Service in setting up diversity pilots around the country to increase the number of ethnic minorities in apprenticeships. We look forward to hearing them report back on the results of this pilot, and would be keen to find out whether there is any best practice resulting from the pilots which can be rolled out across the country. We would also

recommend that **the government monitor how many Black and Asian apprentices move into full time work after their apprenticeships end.**

The government should also consider proposals made by UnionLearn regarding how the public sector can use procurement policy to encourage private sector employers to take on apprentices from BME backgrounds by requiring suppliers to recruit a balanced intake of apprentices as a contractual requirement.

5) Name blank application forms and CVs

Following DWP research showing that if you have an African or Asian sounding surname you need to send approximately twice as many job applications as those with a traditionally English name even to get an interview, we support the inclusion of “name blank” CVs in the government’s Business Compact. **We think the government should encourage a greater share of the labour market to adopt this practice, including the civil service** <http://bit.ly/xds0bg>.

6) Bank loans disclosure

Self employment is an important route out of unemployment. Given that there is some evidence of ethnic minorities (and others) being disadvantaged in accessing credit, we believe **banks and building societies should disclose who they lend to**, and whose applications they reject on the basis of ethnicity, gender and postcode.

This would allow action to be taken on evidence highlighting who is being denied credit, and where. Such a policy is necessary not simply as a matter of justice, but to identify underserved locations where businesses might grow, boosting the economy and improving employment.

Given that there are high aspirations to start a business, yet a low self-employment rate amongst Black people in particular, we think that bank disclosure will help identify whether Black people are being disproportionately denied credit.

7) A strategy to improve educational attainment and access to the labour market

Black Caribbean, Bangladeshi and Pakistani children have, on the whole, lower attainment at school than other groups and are less likely to attend the most prestigious universities with the highest employment rates. In addition, Black Caribbean boys are more likely to be excluded from school, meaning that they are less likely to gain academic qualifications and, consequently, employment.

A strategy from the Department for Education and the Department for Business, Innovation and Skills focusing on increasing educational attainment, reducing exclusions and improving the education of those excluded is therefore required.

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