
Labour Market: Economic Inactivity and ESOL

Economic Development, Transport and Climate
Emergency Scrutiny Commission

Date of meeting: 31st January 2024

Lead director: Mike Dalzell

Useful information

- Ward(s) affected: All
- Report author: Peter Chandler
- Author contact details: peter.chandler@leicester.gov.uk
- Report version number: 1

1. Purpose of Report

This report on Leicester's labour market focuses on levels of economic inactivity and English language proficiency, summarising the interventions that have been commissioned via the UK Shared Prosperity Fund in response to these issues.

2. Summary

Two distinctive features of Leicester's labour market relate to levels of economic inactivity and English language proficiency.

Leicester has a relatively high proportion of the working age population that is economically inactive (28.4% in September 2023). Although this has fallen from a rate of 30.5% in September 2022, this is still considerably higher than the 21.2% national average. As of September 2023, 67,400 people are economically inactive in Leicester. Of these, 9,500 want a job, and one quarter are long term sick (16,800 people).

English language skills are a key barrier for many in the city looking for a job. 7.0% of Leicester's population cannot speak English, ranking Leicester 3rd out of 331 Local Authorities. English is spoken as a first language by 70% of Leicester's residents, compared to 91.1% for England & Wales.

Leicester's UK Shared Prosperity Fund has specifically focused on interventions that help to address these two issues.

3. Recommendations

Members are invited to comment on the report and the interventions being delivered.

4. Report/ Supporting Information

4.1 Economic Inactivity

A focus on official unemployment figures does not fully reflect what is happening in the labour market. Nationally, the UK's relatively low unemployment figures do not include more than three million working-aged people that are involuntarily economically inactive.

Analysis by the Centre for Cities (Cities Outlook 2023) showed that nationally if the economically inactive are added to official unemployment figures then this would more than triple the number of people who are out of work, from 1.2 million to 4.7 million people. And it would take the unemployment rate from 3.7 per cent to a 'hidden' unemployment

rate of 12.7 per cent. This is because the official rate only measures those who are actively looking for employment and does not include people who are neither in work nor looking for a job due to circumstances outside of their control.

Economic inactivity refers to individuals who are not actively participating in the labour market. This includes people who are not employed, seeking work, or available for work due to various reasons such as students, retirees, homemakers, and those who have given up searching for a job.

Since the pandemic a rising number of 'economically inactive' people have withdrawn from the labour market and are not looking for a job. For some, economic inactivity is a choice, for example students or early retirees. People looking after family or with caring responsibilities may also be unable to enter the labour market.

There are still however a significant number of the working age population who are involuntarily inactive. The involuntarily economically inactive may have left the labour market and stopped looking for a job if they are discouraged, believe there are no jobs (or no good jobs) available, or cannot work because of health issues.

Government policy is now focusing on this group of involuntarily economically inactive to see if they can be supported to re-join the labour market, look for work and gain employment. This has included both new support being delivered or commissioned via the Department for Work and Pensions (DWP), but has also been a specific focus for the UK Shared Prosperity Fund that is being delivered by local authorities.

4.2 Labour market data – employment

The April 2023 evidence base commissioned by the City Council to inform Leicester's UK Shared Prosperity Fund (UKSPF) programme included the following commentary on employment:

- Employment in Leicester has grown from 158,000 in 2011 to 174,000 in 2019, a rise of 10.1%. Over the same period employment grew in England by 12.8%, across Leicester and Leicestershire by 13.7% and in Leicestershire by 15.7%.
- The local employment rate has historically lagged behind the national rate and continues to do so with employment rates in Leicester standing at 65.6%, compared to a national average of 75.7%.
- Employment amongst women is much lower (59.2%) than it is for men (79.2%) in the city.
- The latest unemployment figure is 5.6% which is higher than the national average (3.8%) and the average across Leicestershire (2.2%). The unemployment rate in Leicester has traditionally been above the national average.
- Leicester's unemployment claimant count (4.7%) also sits above the national average (3.7%).
- The rate of employment (economic activity excluding full-time students) is lowest amongst Leicester's Chinese (29.6%), Gypsy or Irish Traveller (34.3%) and Arab (34.6%) populations.
- The rate of employment is highest amongst the city's White (68.0%), Indian (62.3%) and Other Asian (51.1%) populations.
- The greatest gender imbalance in the employment rates in Leicester exist within the Bangladeshi (13.6% gap), Roma (12.3%), Any other ethnic group (11.3%) and Pakistani (11.1% gap) populations.

The latest published economic data relating to the labour market for September 2023 relating to employment/ unemployment is as follows. This illustrates a rise in unemployment in Leicester since the UKSPF evidence base was commissioned (from 5.0% in September 2022 to 6.1% in September 2023) yet a fall in the proportion of Leicester's working age population that is economically inactive (from 30.5% to 28.4% over the same period).

Table 1: Employment and unemployment (Oct 2022-Sep 2023)

	Leicester (Numbers)	Leicester (%)	East Midlands (%)	Great Britain (%)
All People				
Economically Active†	174,500	71.6	77.8	78.8
In Employment†	160,200	65.5	75.1	75.8
Employees†	146,100	60.0	65.9	66.3
Self Employed†	14,100	5.6	9.0	9.2
Unemployed (Model-Based)§	10,400	6.1	3.5	3.7
Males				
Economically Active†	94,000	78.3	84.1	82.7
In Employment†	86,000	71.4	81.2	79.3
Employees†	74,700	62.1	68.5	67.2
Self Employed†	11,300	9.3	12.4	11.8
Unemployed§	8,000	8.5	3.4	4.0
Females				
Economically Active†	80,500	65.1	71.6	74.9
In Employment†	74,200	59.9	69.0	72.3
Employees†	71,400	57.9	63.2	65.4
Self Employed†	#	#	5.6	6.7
Unemployed§	6,300	7.8	3.5	3.4

Source: NOMIS/ ONS annual population survey

Sample size too small for reliable estimate ([see definitions](#))

† - numbers are for those aged 16 and over, % are for those aged 16-64

§ - numbers and % are for those aged 16 and over. % is a proportion of economically active

4.3 Labour market data - Economic Activity

The April 2023 UKSPF evidence base included the following commentary:

- Leicester’s economically inactive population was 30.5% (in September 2022), considerably higher than the 21.3% national average.
- Of the male working age population 22.4% were economically inactive. Of the female working age population 37.7% were inactive.
- The share of economically inactive residents who want a job is lower in Leicester (13.8%) people than the national average (18.4%) – equating to 15,405 people. Most economically inactive residents in the city are students (40.5%) or looking after family/home (26.1%).
- Economic inactivity rates illustrate a significant gender imbalance – adult women are proportionately much more likely to be economically inactive. A distinctive feature of Leicester’s labour market is the gender imbalance regarding economic participation.
- Economic inactivity includes those looking after the home or family. This is most prevalent in Bangladeshi (20.5%), Arab (17.5%), Gypsy or Irish Traveller (17.3%) and Pakistani (15.9%) communities, in which the role is dominated by women.
- Economic inactivity is also attributed to those defined as long-term sick or disabled. This is highest amongst Gypsy or Irish Traveller (13.8%); White and Black Caribbean (9.3%), and White: English, Welsh, Scottish, Northern Irish or British (8.8%) populations.
- There are huge disparities in the proportion of students across different ethnic groups. Whereas the majority of Leicester’s Chinese population are students (52.9%), comparatively few of the city’s Gypsy or Irish Traveller (6.0%), Roma (6.4%), Indian (9.2%) or Irish (10.3%) populations are also students.

The latest published economic data (September 2023) relating to economic inactivity is as follows. This shows that Leicester still has a relatively high proportion of the working age population that is economically inactive (currently 28.4% in September 2023), which is considerably higher than the 21.2% national average. Levels of female economic inactivity are particularly marked in Leicester, with 37.7% being economically inactive. 22.4% of the male working age population were economically inactive, which while still an issue is relatively comparable to national averages.

As of September 2023, 67,400 people are economically inactive in Leicester. Of these, 9,500 want a job, and one quarter are long term sick (16,800 people).

Table 2: Economic inactivity (Oct 2022-Sep 2023)

	Leicester (Number)	Leicester (%)	East Midlands (%)	Great Britain (%)
All People				
Total	67,400	28.4	22.2	21.2
Student	18,600	27.7	26.3	26.8
Looking After Family/Home	22,000	32.6	21.7	19.4

Temporary Sick	#	#	2.2	2.3
Long-Term Sick	16,800	24.9	27.1	26.9
Discouraged	!	!	!	0.2
Retired	#	#	13.9	12.7
Other	5,900	8.7	8.5	11.5
Wants A Job	9,500	14.1	13.8	17.5
Does Not Want A Job	57,900	85.9	86.2	82.5
Source: NOMIS/ ONS annual population survey Notes: numbers are for those aged 16-64. # Sample size too small for reliable estimate % is a proportion of those economically inactive, except total, which is a proportion of those aged 16-64				

4.4 English language proficiency

According to the 2021 Census, Leicester has been confirmed as the first plural city in the UK where no ethnic group has a majority. 59.1% of people living in Leicester are from an ethnic minority group.

In the 2021 Census 24.1% of Leicester's population specify a non-UK identity (compared with just 10.0% nationally), reflecting the number of people who have settled in the city from abroad. This has increased by 6.3% (from 17.2%) in the last 10 years, far exceeding the national average over the same period (1.8%). Leicester saw England's joint second-largest percentage-point rise (after London and alongside Boston).

One feature of these high levels of migration is that 7.0% of the population cannot speak English, ranking Leicester 3rd out of 331 Local Authorities. English is spoken as a first language by 70% of Leicester's residents, compared to 91.1% for England & Wales.

English Language proficiency is a key requirement to joining the labour market, and Leicester's demographic structure makes this a particular feature of Leicester's economy that limits job prospects.

4.5 UK Shared Prosperity Fund

Leicester City Council is the lead organisation for Leicester's UK Shared Prosperity Fund (UKSPF) programme. This has involved the development of an Investment Plan, which has been signed off by government, and this prioritises specific labour market interventions to address economic inactivity and ESOL/ basic skills. Interventions are being delivered directly by the City Council or by commissioned external delivery partners/ consortia.

Overall, the commissioned UKSPF programme comprises 6 business support projects and 6 people, skills and communities projects. In total more than 30 external organisations are

involved in the delivery of the overall UKSPF programme, as well as several Council services.

4.6 UKSPF Delivery partners

The following projects have been commissioned as part of the UKSPF programme to deliver support for the economically inactive or to deliver ESOL/ basic skills:

Priority theme	Lead Organisation	Consortium Partners	Contract value
Support for Economically Inactive	Futures	None, although several referral partners	£312,500
Support for Economically Inactive	Positive Communities Partnership (led by BYCS - Bangladesh Youth and Cultural Shomiti)	Pakistan Youth and Community Association (PYCA), Somali Development Service, Shama Women's Centre, Wesley Hall, Youth Education Project, Ethical Business Exchange	£312,500
ESOL/ Basic Skills	Leicester City Council – Leicester Adult Education	Leicester Museums and Art Galleries, Libraries and Neighbourhood services Community venue partners - PYCA, Shama Women's Centre, Somali Development Service, Wesley Hall, Sikh Community Centre, Leicester Turkish Community Education Centre, Community Shop at Stocking Farm	£275,000
ESOL/ Basic Skills	Twin Training	None	£275,000

All commissioned projects have been contracted in late 2022 and are delivering support to the end of the current UK Shared Prosperity Fund programme in March 2025. Collaborative working has been agreed between organisations working within each respective theme.

Projects will monitor and report on delivery of a range of outputs and outcomes throughout the programme, and capture demographic details of project beneficiaries. Project targets for these projects include the following output targets:

Number of economically inactive people engaging with keyworker support services

- Positive Communities (BYCS) – 420 individuals
- Futures – 220 individuals

Number of people supported to access basic skills (ESOL)

- Adult Education – 266 individuals
- Twin Training – 190 individuals

Representatives from BYCS (focusing on the economically inactive) and the Council's Adult Education service (ESOL) are delivering presentations summarising their respective UKSPF funded delivery projects – see Appendix. The Adult Education presentation also

includes a broader commentary on participation in ESOL across the city, the location of ESOL classes and financial and practical barriers.

4.7 Positive Communities project

The Positive Communities project led by BYCS aims to provide a range of personalised support services for key target groups to help them address any barriers or issues they have which prevent them from moving from being economically inactive to a more active status within the labour market. This will include concentrated one to one wrap support aimed at those areas with a high percentage of economically inactive Asian females (e.g. Greater Highfields), and other target groups including those who are looking after the home or family, those who long-term sick or disabled, those who are 50+ and 16-24 year olds.

The service offer will include high quality confidence building skills, Information, Advice and Careers Guidance (IAG), basic skills support (but not maths or English), employability and employment orientation advice and onward progression support to help beneficiaries engage with the benefits system and /or Job Centre Plus and employers.

Joint working arrangements have been developed between the two projects focusing on the economically inactive - BYCS and Futures - to enable the effective coordination of support across the city, including cross referral and joint marketing.

4.8 Leicester City Council – Leicester Adult Education

Everyday English is an innovative ESOL programme led by Leicester Adult Education and delivered in partnership with local community organisations aimed at engaging and supporting Leicester residents with limited English skills. Enrichment activities as well as bespoke employability and digital skills courses are also on offer to boost participants' confidence and increase their independence.

A caseworker will be providing learners with individual support to remove barriers and raise awareness of existing services and promote further learning and volunteering and employment opportunities. Classes are free and accessible in the city centre in Leicester Adult Education College and in numerous venues across Leicester.

Joint working arrangements have been developed between Leicester Adult Education and Twin Training to enable the effective alignment of ESOL delivery. The majority of learners for both projects are anticipated to be currently economically inactive.

4.9 Emerging DWP funded opportunities

The Department for Work and Pensions (DWP) is introducing a new package of measures to address both economic inactivity and the barriers and disadvantages preventing people from joining the workforce. This is intended to complement existing provision for individuals who require more intensive support than that offered by Job Centre Plus.

This package will include Universal Support - a large scale supported employment programme that will primarily target the economically inactive who are either disabled or have additional barriers to work; and Work Well – providing support for disabled people and people with health conditions to start, stay and succeed in work being led by Integrated Care Boards.

The Universal Support programme is funded for 3 years and is intended to support 100,000 people nationally a year once it is fully up and running at a cost of around £800m. Universal Support will be delivered using the Supported Employment model, a flexible and continuous approach to employment support, tailored to individuals and employer's needs.

The expectation is that Universal Support will be delivered through grants to local areas, and it will be for Local Authorities to decide which groups of individuals from their area are most suitable for Universal Support. This will be based on local circumstances but will also need to complement other existing provision such as UKSPF funded provision.

The delivery timetable is still being confirmed by DWP and will differ between lead authorities. Some areas will begin delivery of Universal Support in Autumn 2024, but some may not begin until 2024/25. DWP is currently designing the scheme and will confirm the allocation of Universal Support funding to local areas in due course. There may be a greater role in this for the City Council, working with other local authorities and partners, but this is not yet clear.

6. Financial, legal, equalities, climate emergency and other implications

6.1 Financial implications

There are no financial implications arising from this report.

Stuart McAvoy – Head of Finance

6.2 Legal implications

The report details several projects where the Council is collaborating with third parties in order to assist projects or programmes that are being delivered using funding from the Council, central government and other sources. In relation to each of these, consideration must be given to subsidy control issues, joint working arrangements and the procurement of services under the Public Contracts Regulations 2015.

Subsidy Control and Grant Funding

Where the Council is in receipt of grant funding from another public authority, it must consider whether there are any issues under the Subsidy Control Act 2022 and in this respect, Legal Services should be instructed to undertake a subsidy control assessment.

Where the Council is required to enter into a grant funding agreement with the grant provider, then Legal Services should review the terms and conditions and dependant on value be involved in the execution of the agreement.

Where the Council is awarding any grant funding then a subsidy control assessment should be carried out to ensure the proposed grant award is lawful.

Legal Services can also advise on appropriate grant funding terms and conditions to attach to any grant funding awarded by the Council.

Joint Working Arrangements

If any of the projects involve joint working arrangements with any other public sector bodies or other third parties, it will be necessary to consider whether a formal joint working agreement is required and advice should be sought from Legal Services

Where any such joint working arrangements involve organisations in the private sector, then care should be taken to ensure that the joint working is legally compliant.

Consideration should be given to the Council's obligations under the Public Contracts Regulations 2015 to ensure that no joint working could be considered to be a services contract which should have been procured, or that any information is given to an enterprise gives them an advantage in any forthcoming procurement. Advice should be sought from Procurement and Legal Services in this respect.

Services Contracts

Where the Council is requiring a third party to provide services, then as mentioned above, it should carry out a compliant procurement process and involve Procurement and Legal Services as required by the Council's Contract Procedure Rules.

Tracey Wakelam
Principal Lawyer
Commercial, Property and Planning

6.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Under UKSPF local authorities are being encouraged to tackle inequalities, increase opportunities and improve public services. This can include people with protected characteristics, those living in poverty and furthest away from the jobs market. The council has duties under the Equality Act, and must therefore consider how investments and decisions will tackle inequalities, prevent discrimination and foster good relations with different communities.

The paper provides detail on Leicester's labour market and the levels of economic inactivity and English language proficiency, it summarises the interventions that have been commissioned via the UK Shared Prosperity Fund in response to these issues. The fund is designed to help deliver enhanced outcomes and recognises that support is needed in boosting core skills and supporting adults to progress in work.

The initiatives aim to help reduce the barriers some people face to employment and support them to move towards employment and education and provide people with the skills needed to progress in life and work. Targeting adults with no or low-level qualifications and upskilling the population along with supporting disadvantaged people to access the skills they need to progress in life and into work and reducing levels of economic inactivity should lead to positive impacts for people from across many protected characteristics and help to foster good relations. The initiatives support the council to embed equality, diversity and inclusion and tackle local inequalities, increase opportunities and improve public services for those living in poverty and furthest away from the jobs market.

Equalities Officer, Surinder Singh, Ext 37 4148

6.4 Climate Emergency implications

There are no significant climate emergency implications directly associated with this report.

As service delivery generally contributes to the council's carbon emissions, any impacts of delivering these projects could be managed through measures such as encouraging and enabling low carbon travel by staff and service users, using buildings and materials efficiently and following sustainable procurement guidance, as applicable to the project.

Aidan Davis, Sustainability Officer, Ext 37 2284

6.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None

7. Background information and other papers:

N/A

8. Summary of appendices:

Presentation slides

- Positive Communities project
- Access to ESOL provision

9. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

10. Is this a "key decision"? If so, why?

No