

OLDHAM
**FAIRNESS
COMMISSION**

BUILDING A
FAIRER
OLDHAM

March 2015

OLDHAM FAIRNESS COMMISSION

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The Commissioners

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Inquiry into Inequalities in Education in Oldham

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Kevin Barrister, Assistant Director, Barnados

‘It’s only by working together that all our agencies will be able to pinpoint the best use of our scarce resources to tackle some of the most ingrained inequalities in our borough’

Debbie Abrahams
MP



Rob Jackson, Area Director, Children's Society

Chris Hill, former Assistant Director of Learning and Attainment, Oldham Council

Tim Mitchell, CEO, Positive Steps

Inquiry into Inequalities in Employment in Oldham

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Inquiry into Inequalities in Population Groups in Oldham

Andrew Barr, Manager, Oldham Foodbank

Caron Blake, Manager, & Phil Samphire, Greater Manchester Coalition for People with Disabilities

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Shabana Parveen, Support Worker, Fatima Women's Association

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A handwritten signature in black ink that reads "Deshaun Abrahams". The signature is written in a cursive, flowing style.

Member of Parliament for Oldham East & Saddleworth
Convenor and Chair of the Oldham Fairness Commission

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Chair's foreword

Oldham is a wonderful place to live and work, but it is a fact that certain groups of people do better than others. For example, if you come from a low income household, you are less likely to do well at school, with white boys on free school meals most likely to do worst of all; if you are of Pakistani or Bangladeshi heritage, you are 30% less likely to be in work than someone of British heritage; if you are a working woman you will be paid on average 20% less than a male colleague doing an equivalent job; if you have a disability you are 34% less likely to be in work than a non-disabled person. And of course there are some groups with multiple disadvantage.

There are consistent patterns in these inequalities which are reflected in other parts of the country and other parts of the world. We know that the systematic, socially-reproduced and differential distribution of income, wealth, knowledge and other resources ultimately effects not only how long we will live but how long we live in good health. There is no greater inequality and injustice than knowing that you are likely to die sooner just because you are poor.

What we now know is that by reducing these inequalities, particularly in income, not only do disadvantaged people do better, but the rest of society does better too. Evidence has shown that educational attainment, social mobility, crime levels as well as life expectancy all improve in more equal societies. Fairer societies do better, are better for everyone.

I convened Oldham Fairness Commission in 2013 in response to the inequalities that exist across Oldham. I was under no illusion that 12 years after the riots that hit our town, and 7 years since the Cattle report where inequalities between Asian and British heritage communities was highlighted as a key factor, how sensitive this issue was. But I was determined to address such important and persistent issues.

The Commissioners that accepted my challenge were equally determined to address these inequalities in the borough, and once more I thank them all for their participation and contributions. It is now over to these leaders and their organisations to deliver the report's recommendations.

This report is not the end of the work for a fairer Oldham, it is another step along the path.



Member of Parliament for Oldham East & Saddleworth

Convenor and Chair of the Oldham Fairness Commission

Summary

1. Oldham Fairness Commission (OFC) was launched in July 2013 in response to the persistent inequalities that exist across Oldham borough. It is a sad fact that, for example, children living in poverty are tend to do less well at school, with white boys being most at risk; if you are of Pakistani or Bangladeshi heritage, you are 30% less likely to be in work compared with someone of British heritage; there is a 34.7% employment gap for people with disabilities compared with non-disabled people; and work in Oldham tends to be low skilled and low paid with one in three people earning less than the living wage.
2. One of the consequences of these socioeconomic inequalities is that there is an eleven year gap in life expectancy for men across Oldham between the most and least affluent groups. These inequalities are not unique to Oldham; they occur across the country and throughout the world. Much is already known about the general causes and effects; for example, we know that these inequalities are not all fixed or inevitable, but are systematic and socially reproduced. International evidence has shown that not only is life expectancy affected by inequalities in income, but also mental health, educational attainment, social mobility and trust. The narrower the income gap, the fairer the society and the better we all do.
3. As much as we know about inequalities, local context is very important. So with this in mind Oldham Fairness Commission was convened to establish what the inequalities were for different groups of people in Oldham, for example, men/women, people from different Black and Minority Ethnic (BME) communities, people with disabilities, and people on low incomes, in relation to education, employment and income. More importantly we wanted to understand how these inequalities had arisen and what could be done to address them.
4. The Commissioners were drawn from a range of public, private and voluntary sector partners all of whom have committed to take OFC's recommendations forward to build a fairer Oldham. A Parliamentary Select Committee-style inquiry approach was adopted, with the secretariat and research support provided by Debbie Abrahams MP's office. Following a scoping meeting with the Commissioners where the format and Terms of Reference for OFC were agreed, four oral hearings were undertaken one each on education, employment and income and a final hearing to discuss inequalities faced by different population groups. At each hearing, local and national expert witnesses provided evidence from their knowledge and experience in their specific field. All hearings were held in public across Oldham borough and questions were encouraged from local people.

5. **Inequalities in education** (section 3) across Oldham have been reducing over recent years. However there are still groups who are at greater risk of not doing as well as their peers: children from low income households, children where English is a second language, children from ethnic minority backgrounds, looked after children and children with special educational needs (SEN) or with disabilities. In spite of improvements, there are still significant attainment gaps particularly for children from low income households (20% gap for 5 A*-C GCSEs, including English and Maths) and for children with statemented SEN (48% gap for 5 A*-C GCSEs, including English and Maths). Within the group of children from low income households, white British boys do the worst; in 2014 the attainment gap at KS4 for them is 28%. At KS4 in 2014, Oldham as a whole performs marginally worse than the national average and statistically comparable neighbours.
6. Educational attainment is a key predictor of future life chances; it determines the work we do and the income we earn. The fact that there are still such attainment gaps for some groups of children is a real concern. There is work underway locally to address many of these issues; the establishment of the Oldham Education and Skills Commission (OESC) in July 2014 is welcomed by OFC. The evidence presented to OFC emphasised a system-wide approach to tackling inequality: local authority, schools, teachers, communities, families and pupils. In particular more 'wrap around' support before and after school and during school holidays was identified. For children with Special Educational Needs and Disability (SEND) needs, timely access to support and assessment was essential. It was also suggested that the expectations of young people with SEND and the professionals that support them need to be challenged.
7. The recommendations for tackling inequalities in education across Oldham borough are as follows:

- Engage and support parents from their child's birth onwards
 - Review careers advice provided for children and young people
 - Review vocational and non-vocational curricula to ensure students are engaged and motivated
 - Oldham Council to develop a comprehensive strategy to address inequalities in education in schools for at risk groups as part of the OESC
 - Oldham Council to develop a comprehensive strategy on developing leadership and teaching quality in Schools across Oldham as part of the OESC

- Oldham Council to define a comprehensive dataset for monitoring progress in addressing education inequalities
- Oldham Learning Partnership to review child care provision to ensure ‘wrap around’ access to high quality, affordable, inclusive child care from Early Years to before, after school and during holidays
- Oldham Learning Partnership to define a strategy to enhance the diversity of Oldham teachers and a dataset to monitor progress
- Oldham Learning Partnership to review the extracurricular opportunities for children and young people from different population groups and to make recommendations to address any gaps
- Oldham Learning Partnership to develop and publish their lifelong learning strategy for Oldham including how this addresses the skills deficit for those groups already disadvantaged in the labour market

8. **Inequalities in employment** (section 4) are prevalent across Oldham and when compared with England and similar areas Oldham has a lower rate of employment than both regional and national levels. When compared with six ‘statistical near neighbours’ Oldham has the second lowest employment rate. Of particular concern is the low rate of employment for people from ethnic minority backgrounds where there is a 30% employment gap; this is the 3rd highest ethnic minority employment gap in the country and has changed little since 2001. Another key concern is the employment gap for people with disabilities where the employment gap is 34.7% which is above the national disability employment gap of 31.4%. Women are also less likely to be in employment, particularly women from BME communities. Unemployment as is also proportionately higher in Oldham than the North West and England averages. For JSA claimant levels it was noted that these levels do not include those people on Universal Credit or have been sanctioned and left JSA, which mask even higher unemployment rates. Young people, lone parents and people without qualifications were most likely to be unemployed.
9. Oldham Council’s campaign to ‘Get Oldham Working’ launched in 2013 is trying to increase employment opportunities within the borough. Through the OESC, work is also underway to ensure that the labour market has the skills needed, now and in the future. However OFC have identified that although addressing the structural issues in Oldham’s economy are very important and increasing the demand for labour will help increase overall levels of employment, on its own it will not tackle the inequalities in employment that exist. The evidence provided to OFC indicates

that more needs to be done to raise the awareness of employers concerning the employment inequalities that exist and how these can be addressed; evidence supplied to OFC indicates that conscious and unconscious bias and discrimination accounts for 25% of the Black and Minority Ethnic (BME) employment gap. This is an issue that goes beyond Oldham and which needs leadership and regional co-operation.

10. OFC are making the following recommendations to address these inequalities in employment:

- Continue working to increase labour demand
- Develop skills for current and future labour needs
- Enhance business and education provider links
- Develop strategies to reduce unemployment in specific population groups
- Public sector agencies to collect, monitor and publish data on the number and proportion of men, women, BME groups, and people with disabilities employed at all levels of the organisation
- Public sector agencies to include addressing local employment inequalities in their procurement policies
- 'Get Oldham Working' to monitor the impact of the campaign in reducing employment inequalities
- Oldham Council, Business Leadership and Chamber of Commerce in conjunction with other partners to develop a campaign to promote awareness of the employment inequalities that exist and how these can be addressed in Oldham and across the region
- Oldham Job Centre Plus to collect, monitor and publish data on the impact of the work programme, youth contract and other employment support programmes on men, women, BME groups and people with disabilities

11. **Inequalities in income** (section 5) is an issue across Oldham and partly reflects the employment issues described in section 3; as a result Oldham is a low skill, low pay economy. Over a third of jobs (35%) in Oldham are paid below the living wage, the highest proportion of the five 'statistical near neighbours'; this compares with just over one in five in the North West as a whole. People from Pakistani and Bangladeshi communities, young workers, people with disabilities and women are

most likely to be in low paid work. The higher levels of unemployment in Oldham compared with regional and national averages, is associated with higher levels of JSA claimants. However, the particularly high levels of sanctions applied to JSA claimants in Oldham (9695 from October 2012 to June 2014, the next highest is 8322 in Bolton) has meant that approximately 65% of people accessing Oldham's foodbank do so as a result of being sanctioned or other benefit delays. Other changes to social security support, including £28.3bn cuts to support for 3.7m disabled people nationally, are contributing to an estimated 16,500 people being adversely affected in Oldham.

12. Evidence submitted to OFC indicates that macroeconomic factors such as regressive taxation, globalisation and exploitative labour markets as well as individual factors such as educational attainment, occupation and employment status, contribute to income inequalities. OFC noted that small businesses were particularly vulnerable to issues of cash flow and that they were currently owed £39.4bn from large companies who were failing to pay promptly. Parental income also directly effects children's health and development, and ultimately their future. OFC were most concerned that there is a higher proportion of children in Oldham now living in poverty (27%) compared with the North West (22%) and England (20%). In some Oldham wards almost half of all children are living in poverty.
13. There is overwhelming evidence of the effects these income inequalities have on how long we live, how long we live in good health, social mobility in society, levels of crime and so on. There is also compelling evidence that these inequalities can hamper economic growth. The Equality Trust estimate £39bn is lost from the economy each year as a result of these inequalities. Oldham Council's 'Fair Employment Charter' launched in 2014 is welcomed by OFC. In conjunction with 'Get Oldham Working' this will go some way to ameliorate local income and employment inequalities. However, addressing the macroeconomic issues clearly needs national action.
14. OFC are making the following recommendations to tackle income inequalities in Oldham:

- Make Oldham a Living Wage borough
 - Recruit locally and support disadvantaged groups in the local labour market
 - Increase access to affordable finance for individuals and businesses
 - Increase employee democracy in businesses and organisations

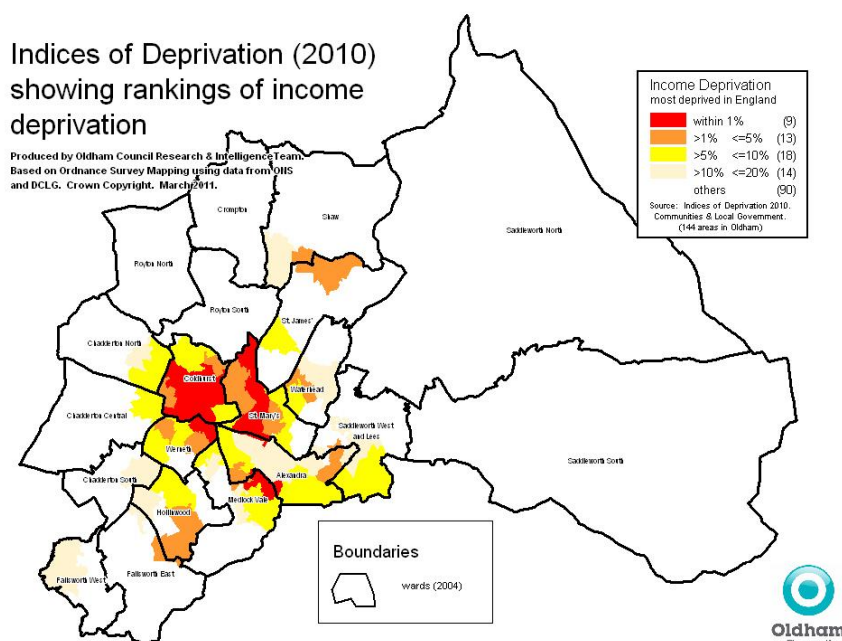
- Public sector organisations to collect, monitor and publish data on the ratio of top pay to average pay
- Oldham Council in conjunction with local partners to identify how people living in poverty (in-work and workless), including their families, can be better supported
- Public sector agencies to address local income inequalities through local procurement
- Oldham Business Leadership Group, Oldham Council and other partners to develop inclusive approaches to economic regeneration
- Oldham MPs to campaign for a public debate on business governance to address the market failures of executive pay and reward for mediocrity
- Oldham MPs to campaign for progressive economic policies to reduce inequalities in income and wealth
- Oldham MPs to campaign for action against late payments for small businesses

15. OFC are proposing to host a conference in the summer of 2015 with relevant partners and the public to help develop SMART objectives and targets from these recommendations. This will also define a road map for the different work streams, and determine how progress will be monitored and what the reporting arrangements will be, building a wider understanding of the issues associated with inequalities and the commitment to tackle them.

1. Introduction

- 1.1 This report describes the inequalities that currently exist across Oldham, and what can be done to address them. It brings together the data and evidence collected and analysed by Oldham Fairness Commission (OFC), as well as their recommendations to tackle these inequalities. OFC was set up in July 2013 to address the inequalities that persist across Oldham. These inequalities are a blight on individuals and communities, and often have lifelong, even intergenerational effects.
- 1.2 OFC focused on inequalities in education, employment and income. The report structure reflects this with sections on each. Each section provides contextual data to understand the current inequalities that exist. It then explores the causes and effects of these inequalities providing evidence from the literature, for example, of which population groups are most disadvantaged, how and why. Each section also includes evidence that was submitted to OFC and that was provided during the oral evidence hearings. Where possible, OFC has also considered existing policies and their impact on these inequalities before defining recommendations.
- 1.3 Inequalities are not unique to Oldham, but now Oldham has a unique opportunity to do something about them.

Table 1.1 Indices of Deprivation for Income Deprivation (2010)



2. About Oldham Fairness Commission

- 2.1 Oldham Fairness Commission (OFC) was launched in July 2013 in response to the persistent inequalities that exist across Oldham borough. One outcome of the socio-economic inequalities is that there is more than an 11 year life expectancy 'gap' between men who live in the most and least deprived parts of the borough¹. But many of these inequalities are not fixed or inevitable. There is no Law of Nature that decrees that the children of poor families should die at twice the rate of children born into rich families². Fairer more equal societies benefit us all³.
- 2.2 OFC aimed to identify and address the causes of inequalities in education, employment and income, and to define action to address these issues through our local partners and beyond. OFC has tried to complement and enhance the existing work being undertaken by our partners in the public, private and voluntary sectors, for example the Education and Skills Commission. As such the Commissioners (appendix) were drawn from a range of public, private and voluntary sector organisation leaders and their representatives. There was also the strong belief that OFC needed to reach beyond party politics but recognised that the implementation of the final recommendations needed to be supported by all parties, so representation was sought from those political parties represented on Oldham Council in 2013.
- 2.3 To help inform and shape OFC's terms of reference, a review of recently published Fairness Commissions was undertaken, together with an analysis of relevant local and national policies. In addition, a profile of Oldham was developed drawing on existing data. This was followed by a scoping meeting with the Commissioners to discuss and determine the format, content and process OFC should take including undertaking a mapping exercise of local and national stakeholders and experts in the fields of education, employment and income.
- 2.4 The Commissioners agreed that OFC would adopt a Select Committee-style approach, collecting and analysing existing data and policies, undertaking oral hearings with local and national expert witnesses and reviewing written evidence submissions. OFC decided to hold four hearings – one panel each to examine the inequalities in education, employment and income and a final hearing looking at the inequalities different population groups face. The Commissioners wanted to engage with local people as fully as possible within the recognised resource constraints. As such the oral hearings were

¹ Department of Health (2012). Oldham Health Profile. HMSO accessed at http://www.apho.org.uk/resource/view.aspx?RID=50215&SEARCH=O*

² Blane, D, Davey Smith, G, Bartley, M (1993) Social selection: what does it contribute to social class differences in health? *Sociology of Health & Illness* 15:1-15

³ Wilkinson, R & Pickett, K (2009) *The Spirit Level: Why more equal societies almost always do better*. Penguin Books: England

held at local venues across Oldham borough and prior to each hearing, communities were invited to ask questions or submit evidence for the panel to discuss. A webpage dedicated to OFC was also set up where minutes, briefing papers and submitted evidence have been hosted.

- 2.5 This report represents the culmination of OFC's work, summarising the evidence received and analysed. It defines recommendations to help address the inequalities across Oldham borough, the implementation of which is the next step towards a fairer Oldham.

3. Inequalities in Education



The oral hearing on inequalities in education at Oasis Academy

Background

3.1 Although the attainment gap has been narrowing in Oldham over recent years, there are still significant gaps for all 'at risk' groups compared to the population as a whole⁴. These at risk groups include children from low income households, children where English is a second language, children from ethnic minority backgrounds, looked after children and children with special educational needs or with disabilities.

3.2 Data from 2014 provided by Oldham Council indicates that the attainment gap is already evident in early years with 38% of children eligible for free school meals (FSM) achieving a good level of development compared with 52% for all Oldham pupils. The gap narrows at Key Stage 2 (KS2) for pupils achieving level 4 at reading, writing and maths. However, the attainment gap widens again at Key Stage 4 (KS4) to 17% for those gaining 5 A*-C GCSEs, including English and Maths, a key determiner for future life chances.

3.3 Nationally, the gender gap in attainment has been reducing. In Oldham, girls already outperform boys in the Early Years; this continues throughout Key Stage 1 (KS1) although the gap is narrower in writing and particularly in reading and Maths⁵. The most recent publication of KS2 results show boys perform the same as girls in Maths at Level 4 but outperform them at Level 4B or above.⁶ The gap widens in writing with girls outperforming boys by 5% at KS2 Level 4 or above and widens to a 14% gap at Level 5 or above. Girls outperform boys at KS4 in 5A*-C with English and Maths by 11%.⁷

⁴ Oldham Council (2013) Briefing on education

⁵ Oldham Council (2013)

⁶ Department for Education (2014)

⁷ Department for Education (2014)

3.4 At Early Years, 39.2% of Bangladeshi children and 42.9% of Pakistani achieve a good level of development compared with 60.3% of White British children. The gap narrows through KS1 as Pakistani children achieve similar results to White British pupils but the gap is more pronounced for Bangladeshi children. However at the end of KS2, White British children outperform Bangladeshi children by 2% and Pakistani children by 4% in the combined measure of reading, writing and Maths.⁸ White pupils outperform Asian pupils at KS4 for 5 A*-C GCSEs including English and Maths by 5%. When this is compared with grade A*-C in English and Maths the gaps falls slightly to 3%.⁹ It is notable that there are significant differences at KS4 for pupils on free school meals (FSM); 46% of Pakistani and 48% of Bangladeshi boys achieve 5 A*-C GCSEs including English and Maths compared with 24% for White British boys on FSM. It is good to see that the gap in attainment between Pakistani and Bangladeshi heritage and white school-age pupils has closed since 2001 when Oldham was the 20th worst area in England and Wales for inequalities in ethnic education attainment¹⁰. However in higher education, although there are higher numbers going to University this isn't reflected in greater social mobility and access to elite Universities for BME students remains stubbornly low.¹¹

3.5 At Key Stage 2, Oldham has performed within a few percentage points of its statistical neighbours and the national average. On GCSE performance, Oldham has tended to lag behind other statistical near neighbours apart from Rochdale, as well as the national average. There is some evidence that the gap with the national level has fallen, but this has slowed in recent years. GCSE results broken down by pupil characteristics present a mixed picture; attainment among pupils eligible for free school meals in Oldham was just below the national average, but attainment was well below average among Asian pupils, those with English as a second language and pupils with less severe SEN (not statemented) in Oldham¹².

3.6 Figures for 2014 show that 52.4% of pupils achieved 5+ A*-C GCSE grades including English and Maths in Oldham. This is slightly below the England average (53.4%) and statistically comparable areas such as Bolton (57.3%), Blackburn with Darwen (54.6%) Rochdale (54%) and Tameside (53.7%). However at Level 3 (KS5), the percentage of students achieving at least 1 A-Level at A*-E is the same in Oldham (99.6%) as the national average (99.6%) and performs well against comparable areas in the North West¹³.

3.7 23% of pupils in Oldham with special educational needs (SEN) but without a statement achieve 5 GCSE A*-C including English and Maths. This compares with 22% regionally (NW)

⁸ Department for Education (2014)

⁹ Department for Education (2014)

¹⁰ Runnymede (2014) <http://www.runnymedetrust.org/uploads/Inequalities%20report-final%20v2.pdf>

¹¹ Runnymede (2015) <http://www.runnymedetrust.org/uploads/Aiming%20Higher.pdf>

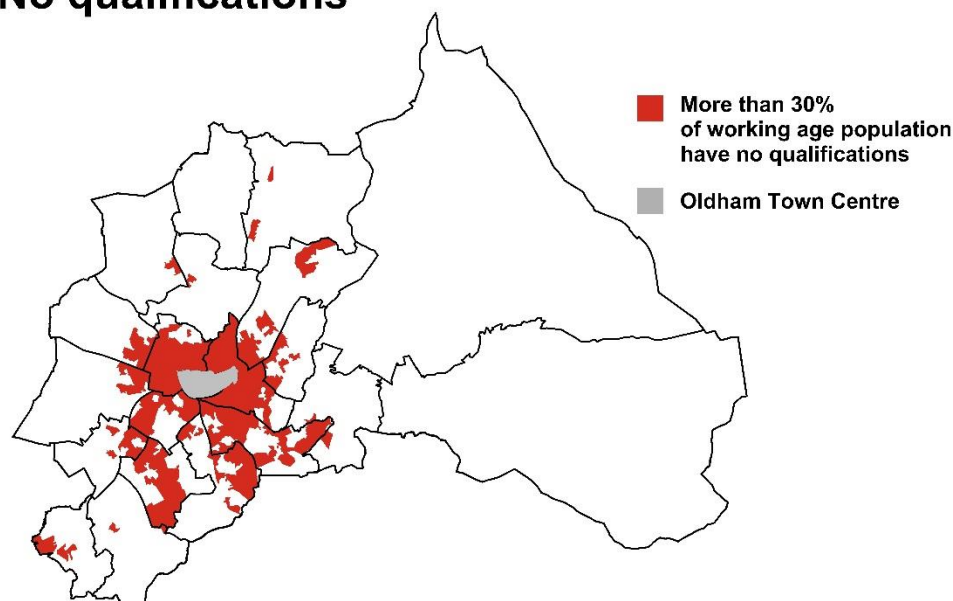
¹² House of Commons library note (2014)

¹³ RAISE (2014) <http://www.education.gov.uk/cgi-bin/schools/performance/group.pl?qttype=LA&no=353&superview=p16>

and 23.5% nationally (England). However only 4.5% of pupils in Oldham with a statement of special educational needs achieve 5 GCSE A*-C including English and Maths. This compares with 8% regionally and nationally¹⁴. Evidence provided by Positive Steps in 2013 shows that there are also significantly higher levels of young people Not in Employment, Education or Training (NEETs) in some wards than others and for some population groups (teenage parents, young people with SEND, and care leavers) for 16-18 year olds. From 19 years onwards ethnicity is also a risk factor for NEETs. Level 3 providers have suggested that although pupils may have reached Level 2 they do struggle with Level 3 in English and Maths¹⁵. Figure 3.1 shows areas where 30% of the working age population have no qualifications.

Figure 3.1 Distribution of people with no qualifications

No qualifications



Map produced by Jon Taylor - Business Intelligence Service. June 2014 @ Crown copyright and Database rights 2014. Ordnance Survey Licence 0100019668

Evidence of the causes of inequalities in education

3.8 Evidence presented to OFC shows a causal association between poverty and low educational attainment. In addition to living in poverty, there are other risk factors associated with poor performance in formal education: being in care (LAC), being disabled or having Special Educational Needs (SEN), not speaking English or coming from some

¹⁴ DfE (2014)

¹⁵ Positive Steps (2013)

minority ethnic backgrounds, having poor attendance or being excluded from school, and being bullied.

3.9 School performance was also identified as a key influence on educational attainment, but evidence from the Institute of Education indicated that a system-wide approach is needed to address attainment 'gaps'. Save The Children have estimated that if all primary schools performed at the same level as the top 10 local authorities, there would be 7,000 more children achieving good levels of literacy by the end of primary school.

3.10 Differences in cognitive development can be seen between children from deprived backgrounds and their more affluent counterparts even before they start at school. However by the age of 7, nearly 80% of the difference in GCSE results between rich and poor children has been determined. By 2020 it is estimated that 480,000 7 year olds including 180,000 (1 in 8) from low income households will be behind in reading.

3.11 Evidence from the Runnymede Trust indicated that general data on schools and ethnicity (not just specific to Oldham) shows the groups less likely to take up after school provision are Pakistani and Somali children. Fatima Women's Association also stated that young South Asian girls are not always able to access after school provision due to cultural and parental barriers. There are some issues in increasing awareness of that offer and ensuring it is suitable for their needs. The benefits include BME children being more 'school ready' when they start school. Although the gaps are narrowing at school, there is evidence that across the country at A-level and beyond teachers are often under predicting how good their BME students are¹⁶.

'Pakistani girls don't tend to push themselves forward so if a teacher sees a girl who doesn't understand a maths problem they are more likely to her being a girl instead of trying to explain it in another way. Similarly there are interpretations of how black pupils behave. If a black pupil is not causing trouble they often get left behind instead of teachers thinking if their underperforming what else could I give this child.'

Director of the Runnymede Trust

3.12 At school, white working class children have similar issues. Evidence shows the gap narrows during the school year but opens up again in summer. Lower income parents struggle to afford after school provision and activities and this is also the case during holidays. Greater support is needed for parents on low incomes. One of the key issues described was the attrition in learning and development of children from low income households which occurs particularly over the summer break.

¹⁶ Runnymede Trust (2015) Ibid

3.13 Professor Ted Cantle provided OFC with evidence from London that children of migrants were doing better in school than white British children. This was attributed to motivation and aspiration. However, Joseph Rowntree Foundation's research showed most parents are similarly motivated for their children regardless of their background.

'Parents from all socioeconomic backgrounds have the same aspirations for their children when they are born with 97% of mothers wanting their children to go to University. However by the time the children are 14, only 53% of mothers from low income households believe their child will go to University compared with 81% of high income mothers.'

Joseph Rowntree Foundation

The Westwood & Coldhurst Women's Association (WCWA) noted that women have often grown up with low aspirations. It was said that cultural reasons often prohibited them participating in activities, classes, or access services, unless it was provided or facilitated by a women's organisation. Although, a recent JRF study has showed no causal relationship between raising and educational attainment.

3.14 Many disabled young people also face barriers in accessing suitable education provision and support. Disabled young people are still less likely than their non-disabled peers to access higher education (33% as compared to 41%). This was raised at the Commission's final evidence session by the Greater Manchester Coalition of Disabled People. They also felt expectations on young disabled people needed to be raised as well as the professionals around them. In addition, flexibility in teaching methods and the ways young people learn should be explored.

3.15 The representation of teachers and head teachers from different backgrounds was also discussed, but the key factor driving attainment was said to be teaching quality.

The effects of educational inequalities and current action to address these

3.16 The implications of low educational achievement are significant. In addition to affecting individual job prospects, there are the associated effects on living standards, lifestyle, mental and physical morbidity and mortality. There is also some evidence of an intergenerational effect – children born into poverty, living in poverty and having their children in poverty. Save The Children have estimated that if the attainment gap at age 11 had been closed so that we had a more skilled workforce, by 2020, GDP would be £30 billion (or 1.8%) higher.

3.17 During oral evidence, the Children’s Society noted a piece of work on-going in Oldham which involves designing a methodology for a children and family zone. Feedback from work being carried out in Coldhurst suggested that the services currently offered are fragmented. The Children’s Society has looked at this children’s zone and felt that there needed to be a way to “occupy the space left by the cuts in public spending” by using people in the community. The Children’s Society also referred to a family entrepreneurial model used in the North East.

3.18 The Children’s Society also noted that “40% of children in Greater Manchester reach schools and are not school ready.” Currently up to 15 assessments can be made of mother and child. There is a drive towards a more consistent delivery model across Greater Manchester and it was said that Oldham is providing good leadership on this.

3.19 Two pupils from Oasis Academy also provided evidence to the Commission. Both spoke about how they wanted to see schools get pupils work ready, understanding career options, getting real life work experiences, exploring options available to pupils and making information on future choices more accessible. Both pupils also raised concerns about cuts faced by Youth Services and the impact this had on informal education.

‘Learners needed more real life examples of how what we learn applies in the real world and life.’

Oasis Academy student



Students from Oasis Academy

3.20 Oldham Council's 'Achievement for All' programme is a structured partnership particularly at primary school level which encourages greater involvement with parents.

Recommendations

3.21 There were a number of recommendations made by different agencies and organisations to address educational inequalities. These were grouped into the following themes:

- Engage and support parents from their child's birth onwards
- Provide careers advice, planning and experiences for children and young people
- Ensure vocational and non-vocational curricula that engage and motivate students

3.22 The Commissioners are also recommending the following:

- Oldham Council to develop a comprehensive strategy to address inequalities in education in schools for at risk groups as part of the Education and Skills Commission

- Oldham Council to develop a comprehensive strategy on developing leadership and teaching quality in Schools across Oldham as part of the Education and Skills Commission
- Oldham Council to define a comprehensive dataset for monitoring progress in addressing education inequalities
- Oldham Learning Partnership to review child care provision to ensure 'wrap around' access to high quality, affordable, inclusive child care from Early Years to before, after school and during holidays
- Oldham Learning Partnership to define a strategy to enhance the diversity of Oldham teachers and a dataset to monitor progress
- Oldham Learning Partnership to review the extracurricular opportunities for children and young people from different population groups and to make recommendations to address any gaps
- Oldham Learning Partnership to develop and publish their lifelong learning strategy for Oldham including how this addresses the skills deficit for those groups already disadvantaged in the labour market

4. Inequalities in Employment

Background

4.1 Official data¹⁷ indicates that Oldham has a lower rate of employment (64.2%) than both regional (69.1%) and national (72.4%) levels. When compared with six 'statistical near neighbours' Oldham has the second lowest employment rate¹⁸.

4.2 The employment rate for all ethnic minorities in Oldham in the same period was 52.5%, lower than the regional rate of 56.4% and national rate of 61.4%. This compared to employment rates for white people in Oldham of 68.4%, compared with 70.5% regionally and 74.4% nationally.

Table 4.1 Employment rate by ethnicity

Employment rate by ethnicity (16-64 year olds)	Oldham	North West	England
Employment rate – white	68.4	70.5	74.4
Employment rate – all ethnic minorities	52.5	56.4	61.4
Employment rate for all mixed ethnic groups	59.5	60.7	63.3
Employment rate for all Indians	84.2	67.8	70.9
Employment rate for all Pakistanis/Bangladeshis	48.5	49.3	51.8
Employment rate for all Black or black British	81.7	60.1	63.0
Employment rate for all other ethnic groups	32.7	55.5	59.5

4.3 Recent analysis by the Runnymede Trust¹⁹ has shown that Oldham has the third highest level of ethnic inequalities in employment in the country, and that this has changed little since 2001.

¹⁷ NOMIS (Oct 2013- Sept 14) Official Labour Market Statistics

¹⁸ House of Commons Library note (2014)

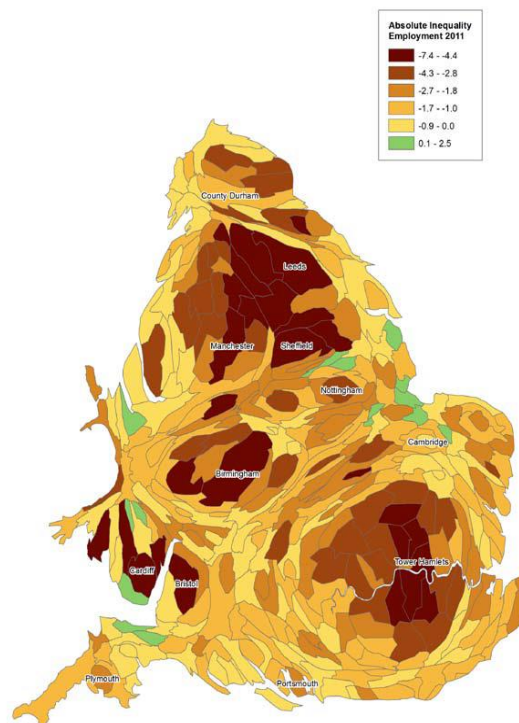
¹⁹ Runnymede Trust (2013) <http://www.runnymedetrust.org/uploads/Inequalities%20report-final%20v2.pdf>

'At the current rate, it will take 60 years before this BME employment gap [in Oldham] is addressed.'

Director of Runnymede Trust

4.4 Figure 4.1 shows the employment absolute inequality which is calculated as the White British score for the local area minus the minority group's score for that area. A value above zero indicates minority advantage; a value below zero represents minority disadvantage.

Figure 4.1 Ethnic minorities employment absolute inequality (2011)



4.5 Oldham also has lower levels of employment for women with only 58.1% in employment compared with 70.5% of men, reflecting regional and national trends. The All Party Parliamentary Group (APPG) on Race and Community's inquiry into the employment of

women from ethnic minorities²⁰, which came to Oldham, found that only 29.5% of Oldham women from ethnic minorities were in employment.



Expert witnesses at the oral hearing on inequalities experienced by different population groups, Uppermill

4.6 People with disabilities in Oldham are also less likely to be in employment. 37.3% are employed compared with 71% of the non-disabled population²¹. This is a higher disability employment gap (34.7%) compared to the rest of the country (31.4%), and means approximately 9,000 fewer people with disabilities are in work compared to non-disabled people.

4.7 In the same period, unemployment in Oldham is higher (8.9%) in comparison to the average in the North West (7.4%) and nationally (6.5%)²² and 1.9% of the working age population are claiming Jobseekers' Allowance (JSA) compared with 2.0% regionally and 2.0% in England²³. Across Oldham, Alexandra has the highest level of unemployment (4.5%), followed by Coldhurst (4.0%) and Werneth (3.3%), however the latest figures do not include Universal Credit claimants so these rates are likely to be significantly higher.²⁴ In addition, there is emerging evidence of the distorting effect the new sanctions regime may also be

²⁰ Runnymede Trust (2012) <http://www.runnymedetrust.org/publications/181/32.html>

²¹ NOMIS (Oct 2013- Sept 14) Official Labour Market Statistics

²² *ibid*

²³ *ibid*

²⁴ NOMIS (January 2015) Official Labour Market Statistics

having on the JSA claimant figures. Analysis of official data by the University of Oxford and London School of Hygiene and Tropical Medicine has shown that 43% of JSA claimants who are sanctioned leave JSA; 80% of those who leave do so for reasons other than work²⁵. Oldham has the highest rate of sanctioning England.²⁶

4.8 Evidence from New Economy²⁷ indicated that young people (18-24 year olds) are more likely to be unemployed (5.7%) in Oldham than the working age population (16-64 year olds) as a whole (3.7%). There is also a higher level of people with no qualifications, 15.0% compared 11.0% regionally and 9.3% nationally.

4.9 Oldham Housing Investment Partnership²⁸ noted that social housing tenants were on average 30% more likely to be workless than those in other housing tenures. First Choice Homes' (FCHO) evidence²⁹ to OFC indicated that 65-70% of all tenants were in receipt of housing benefits; they described many tenants as pensioners, or unable to work due to disability or ill-health, whilst others were in low paid jobs or unemployed.

4.10 Evidence from Oldham Council³⁰ acknowledged that Oldham's economy is continuing to restructure. After public sector jobs, the wholesale and retail sector is the next largest employer in Oldham. Manufacturing is now the fourth largest sector in terms of employment (13.2%). Between 2009 and 2011, it is reported that there has been a growth in sectors such as health/social care, education, accommodation, food services, transport and warehousing, and a decline in the retail sector. However, it is also reported that there is a preponderance of low-paid, low-skilled employment, with one in three people employed in Oldham earning less than the living wage (a statistical outlier).

4.11 Across Greater Manchester, the labour market was said to have undergone significant restructuring in recent years continuing trends to grow a more flexible labour market. Associated with that there was said to have been an increase in part-time, temporary and self-employment³¹.

4.12 Official data on the proportion of people who are underemployed or on zero hours contracts in Oldham was not available. Similarly, data on temporary or short-term contracts was also unavailable. However, research by the Office for National Statistics states that zero hours contracts are used by 50% of large companies³² with the Chartered Institute of Personnel Development (CIPD)³³ estimating over 1 million employees are on zero hour contracts.

²⁵ <http://www.sociology.ox.ac.uk/materials/papers/sanction120115-2.pdf>

²⁶ DWP (2014)

²⁷ New Economy evidence submission (2014)

²⁸ Oldham Housing Investment Partnership evidence submission (2014)

²⁹ FCHO evidence submission (2014)

³⁰ Oldham Council economic review (2013)

³¹ New Economy evidence submission (2014)

³² ONS (February 2015) Analysis of Employee Contracts that do not Guarantee a Minimum Number of Hours

³³ CIPD (2013)



The OFC Chair, Commissioners and Expert Witnesses at the employment inequalities oral hearing held at the Link Centre, Oldham

4.13 Looking ahead, some have predicted more rapid employment in the south of England, predominantly in high-skilled occupations.

Evidence of the causes of inequalities in employment

4.14 Written and oral evidence indicated various factors affect the inequalities in employment of different population groups in Oldham. Evidence from the oral hearings suggested 'structural issues' contributed to these inequalities; that is, in the past the economy was dominated by manufacturing which as demand fell for the goods produced and the sector declined, was not readily replaced by advanced manufacturing or developments in other sectors. Oldham borough became reliant on government and local programmes to shore up employment but which, to date, have not been successful in ensuring employment opportunities for all. There was a recognition as well that the focus had tended to be short term, demand-led, skilling people up for jobs that were currently available locally and were predominantly low paid, rather than encouraging employers with high skill needs to invest locally and skilling local people up for these future jobs.

4.15 In addition to these structural factors, it was said that there may be a lack of skills required to meet opportunities for employment, for example digital and language skills. Evidence from JCP indicated that some groups may be further from the labour market than others for other reasons such as having issues with self-confidence and self-esteem.

'One woman who came to see us had limited English and was a single parent. We provided her with coaching sessions and funded her child care. She was referred for pre-work training and carried out work experience to help improve her employability.'

JCP Manager

4.16 Although no formal assessment has been undertaken on the impacts of cuts to English for Speakers of Other Languages (ESOL) classes through Oldham College and to voluntary organisations such as Fatima's Women's Association, who provide both language skills training as well as support and confidence-building, it is clear that this will not contribute to reducing the current employment inequalities.

4.17 In relation to the BME employment gap, the recent Runnymede report on employment for BME women looked at the barriers to employment and identified cultural issues, as well as language issues, qualifications and childcare as barriers that may affect employment. However as part of this research it emerged that discrimination on the basis of ethnicity and gender was also affecting BME women's opportunity in the labour market. More broadly, evidence from the University of Oxford has estimated that 25% of the BME inequalities in employment could be accounted for by racial prejudice and discrimination for both men and women. The report also suggested that more culturally appropriate services should be available, with BME groups finding JCP less helpful than white groups.

'Two senior posts were recently advertised in my school and we received over 80 applications. It was a name blind process and from the 80 applicants 20 were shortlisted, but only one person from a BME background was shortlisted. We need to do more locally and nationally to promote employment within BME communities.'

Secondary head teacher

4.18 The barriers people with disabilities face in employment are similar to those for ethnic minorities in many instances, for example, conscious and unconscious discrimination, a lack of qualifications, the cost and availability of appropriate and inclusive childcare for families with disabled children. In addition, the recent cuts to social security support have meant

that, for example, out of 7 million disabled people of working age nationally, only 35,000 received support through Access to Work enabling them to stay in or move into work.

4.19 The barriers to employment for women of all backgrounds are particularly focused on issues about the availability and affordability of quality child care as recently reported in a Mumsnet and Resolution Foundation survey. However, there is evidence that the impact of economic downturns across the world and including the UK, disproportionately affect women. The experience for women in the UK has seen 500,000 more 18-24 year olds not in education, employment or training since 2010.

The effects of employment inequalities and current action to address these

4.20 The effects of employment inequalities can be devastating to individuals but also has implications for the economy and society as a whole. For example, people with disabilities are twice as likely to live in persistent poverty compared with non-disabled people, and this affects the families of disabled people too. One in three families living in poverty have a disabled family member. Similarly, poverty is twice as likely amongst ethnic minority groups as it is for white groups. Everyone should be able to access the same opportunities that everyone else can, including being able to use their talent and skills to the best of their ability. No one should feel they are unable to reach their best potential or that their hopes and dreams don't matter.

4.21 The Social Market Foundation has estimated that £13bn could be added to the economy by getting 1million people with disabilities into work. Similarly there is evidence from McKinsey's that ethnic diversity in an organisation leads to bigger returns in profitability. Evidence from the Norwegian School of Economics indicates that more women in top jobs is related to the profitability of companies.

4.22 The 'Get Oldham Working' campaign was mentioned as a potential vehicle to improve the employment prospects of Oldhamers by working with various partners across the borough. Similarly Oldham Learning Partnership is making links with employers across Greater Manchester to increase opportunities for local people. Oldham is keen to exploit developments in science and engineering across the region, for example through the Regional Science Centre at Oldham Sixth Form College. From the evidence, to enable Oldham to move from a low skill, low pay area, to one that requires high skills and attracts quality jobs, there needs to be a greater focus on skills developments for the future for our young people, but also for people who currently have low or no skills. We also need to be better at supporting our entrepreneurs with advice and support, adaptable accommodation and access to finance, including alternatives to high street banks such as peer to peer lending or 'Angels support'.

4.23 However, there was no specific action that was being taken to address the inequalities in employment that different population groups across Oldham experience. Rather it was said to be being addressed through increasing employment opportunities and employability.

Recommendations

4.24 Recommendations were made by a number of agencies and organisations to address employment inequalities and fall into the following categories:

- Stimulating labour demand
- Developing skills for current and future labour needs
- Enhancing business and education provider links
- Developing strategies to reduce unemployment in specific population groups

4.25 In addition, the Commissioners are making the following recommendations:

- Public sector agencies to collect, monitor and publish data on the number and proportion of men, women, BME groups, and people with disabilities employed at all levels of the organisation
- Public sector agencies to include addressing local employment inequalities in their procurement policies
- 'Get Oldham Working' to monitor the impact of the campaign in reducing employment inequalities
- Oldham Business Leadership and Chamber of Commerce in conjunction with other partners to develop a campaign to promote awareness of the employment inequalities that exist and how these can be addressed
- Oldham Job Centre Plus to collect, monitor and publish data on the impact of the work programme, youth contract and other employment support programmes on men, women, BME groups and people with disabilities

5 Inequalities in Income

Background

5.1 Data from the House of Commons Library³⁴ shows Oldham has a higher proportion of children in poverty (27%) than the UK (20%) and North West (22%), and a higher (or equal) proportion than all five of the statistical nearest neighbours.

5.2 In Oldham there has been a 44% increase in adults and children accessing Oldham foodbank in the last financial year (2013/14) compared with the previous one (2012/13). 65% of people accessing the foodbank in 2013 have identified benefit changes and benefit delays as the main reason.³⁵ Welfare reform, and especially the new sanctions regime (9695 from October 2012 to June 2014, the next highest is 8322 in Bolton), appear to be leading to people facing severe hardship and issues with debt. In Oldham, the Local Authority estimates that 16,500 Oldham residents are being adversely affected by Welfare Reform.

5.3 Oldham has a median hourly rate of £10.50 and weekly pay of £424.90, both below the North West and the UK averages, and below three of the five of it's statistical near neighbours³⁶. Oldham also has a higher proportion of jobs paying below the living wage (35%) than all of the five statistical near neighbours, and the North West (23%) as a whole³⁷. Figure 5.1 shows the distribution of household income across Oldham.

5.4 In addition to low rates of pay, there are also lower rates of employment in Oldham than the North West and England average, and particular groups that have lower employment rates. Women, people of Pakistani and Bangladeshi heritage, and people with disabilities are all less likely to be employed.³⁸

5.5 Associated with lower rates of employment are higher levels of JSA claimants³⁹. Although, Oldham performs better than it's statistical near neighbours Bolton, Burnley and Rochdale⁴⁰, Oldham is one of the first pilot sites for Universal Credit and these claimants are not included in the JSA statistics, meaning local unemployment levels will actually be higher than the reported 1.9%. In addition these data do not include the implications of the new sanctions regime which emerging evidence has revealed is also distorting the JSA claimant count. Evidence from the University of Oxford has shown that 43% of sanctioned JSA claimants are leaving JSA and 80% do so without having a job.

³⁴ House of Commons Library note (2014)

³⁵ Oldham Foodbank (2015)

³⁶ NOMIS (2014) Annual Survey of Hours and Earnings

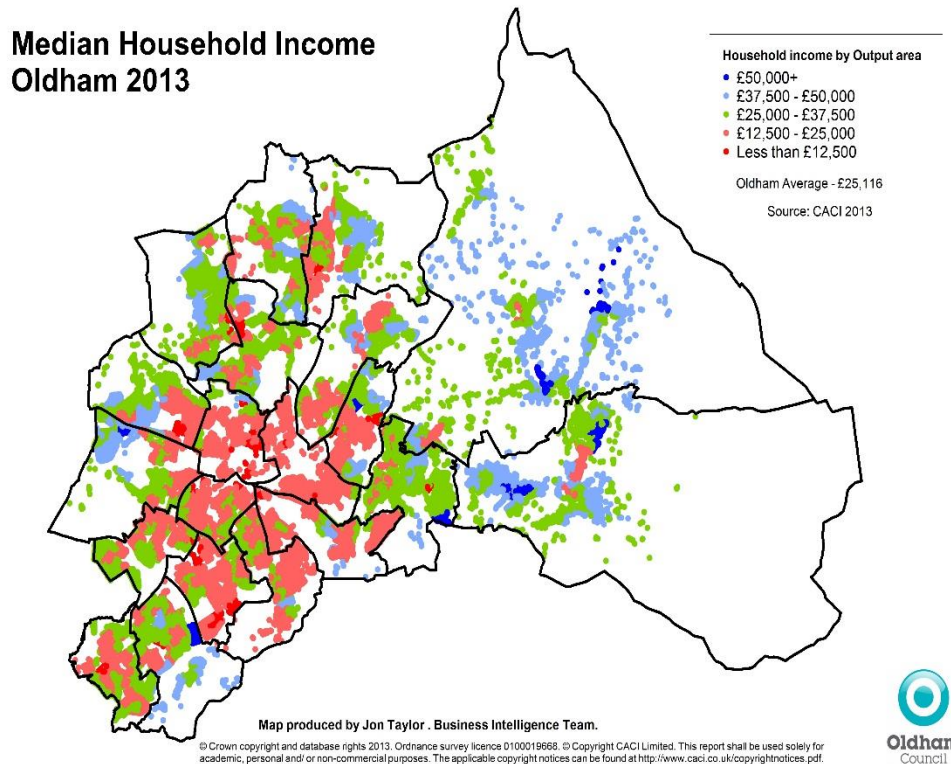
³⁷ House of Commons deposited paper/Living Wage Commission (April 2013)

³⁸ Statistics from written evidence provided by New Economy (2014)

³⁹ NOMIS (January 2015) Official Labour Market Statistics,

⁴⁰ NOMIS (2015) Local Authority Profile comparison

Figure 5.1 Median Household Income in Oldham (2013)



Evidence of the causes of income inequalities

5.6 Written and oral evidence received by OFC suggests that the causes of income inequalities are complex. They include economic policy involving regressive taxation, globalisation and exploitation of labour markets, discrimination and nepotism, and the tendency for wealth accumulation and protection by certain regions, entities and individuals. In addition to these structural factors there are also individual factors such as differentials in educational attainment and health which ultimately effect occupational choices, employment status and income.

5.7 Strong evidence from the Joseph Rowntree Foundation shows that parental incomes also play a direct, positive effect on children's cognitive, social, behavioural and health outcomes. Significantly, these effects are of the same order as equivalent investment in education programmes, but parental income has the benefit of affecting many outcomes at once. So a parent's income has a direct, positive effect on their children's future income.

5.8 Evidence indicates that the implications of living on low incomes or in poverty are significant. At the oral evidence session, Professor Richard Wilkinson presented his work on inequalities and research from his book (co-authored with Kate Pickett), *The Spirit Level*. He

spoke about growing income inequalities and the impact this has on individuals and societies. All the problems which are more common at the bottom of the social ladder are more common in more unequal societies – including lower life expectancy, mental illness, drug addiction, obesity, loss of community life, imprisonment, unequal opportunities and poorer wellbeing for children. These are all improved in more equal societies.

'There is a naive view of inequality - if it creates poverty it is seen as unfair. However there are deeper issues such as a decline in who we trust and concerns about how people are judged. These higher levels of anxiety increase across all population groups in unequal societies. It is the gaps between people that are important.'

Professor Richard Wilkinson

5.9 The Equality Trust calculates that the richest 100 people in Britain now have as much wealth as the poorest 30% of households. Executive pay has increased by 12% in 2012/13 whereas average pay has fallen by £1600 since 2010. According to the High Pay Commission⁴¹, FTSE Chief Executives earn 185 times the average pay of a full-time worker in their company.

5.10 The type of jobs available in an area and skills levels needed were also noted as important factors to incomes levels in an area. The UK has a higher number of low paid and low skilled jobs than most developed countries, and within the UK, Oldham has a particularly low skill, low pay economy.

5.11 As the previous section has discussed, there is evidence of labour market disadvantages for BME groups compared with white ethnic groups, for people with disabilities compared with the non-disabled population and for women. In addition to employment rate gaps there is also a disparity in the types of employment undertaken by different groups and subsequently their income levels. Evidence from Runnymede states low-wage work is particularly prevalent among Pakistani and Bangladeshi people. The median Bangladeshi male hourly wage nationally is £7 per hour, not much above the minimum wage⁴². There is also a sectoral concentration for the Bangladeshi and Pakistani community, for example, in taxi driving and catering professions (1 in 7 Pakistani's work as a taxi driver or chauffeur, 1 in 3 Bangladeshi's in catering as a waiter or chef). This also has consequences for progression in the labour market, with a lack of obvious career ladders to better paid work.

5.12 Women, young workers, the disabled and those in part-time or casual employment are also more likely to be paid less than the living wage. KPMG research⁴³ from 2014 showed

⁴¹ High Pay Commission (2013) http://highpaycentre.org/img/High_Pay_Commission_More_for_Less.pdf

⁴² Runnymede Trust evidence submission (2015)

⁴³ KPMG (2014)

that 27% of female employees are paid below the living wage (equivalent to 2.9m women), compared to 16% of male employees. In addition to this, research from The Work Foundation and TUC shows that there are three times more young women employed in low-paid, low-skilled jobs than 20 years ago, though this partly reflects the fact that more women have entered the workforce.

5.13 Partly as a consequence of the fact that people with disabilities are less likely to be in work, disabled people are three times more likely to live in persistent poverty and one in three families living in poverty has a disabled family member. Although poverty for people with disabilities has reduced in the last 15 years⁴⁴ there would be 1m more living in poverty without the support of Disability Living Allowance (DLA) or Attendance Allowance (AA). Given that this social security support is being replaced with Personal Independence Payment (PIP) and Demos⁴⁵ has estimated that £28.3bn is to be cut from 3.7m people with disabilities by 2018, this does not bode well.

5.14 Access to finance for small businesses in particular was noted as a key issue by the Federation of Small Businesses (FSB) in their written evidence to OFC. In addition the FSB state the results of a survey with small businesses from November 2012 showed that by far the biggest worry for small businesses was late payments, with associated cash flow and borrowing being the ‘biggest headache’ for more than two thirds of their respondents. Although written evidence from the four major banks states they are aiming to increase accessibility to finance and financial advice, it was unclear if this was available to small and micro businesses at affordable terms.

The effects of income inequalities and current action to address these

5.15 There has been considerable debate, political and economic, about income inequalities over recent decades. In the 1970s it was believed by some that inequality provided an incentive and motivated people to ‘do better’, and that without it growth would be compromised⁴⁶. However there is now overwhelming evidence from the International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD) as well as Nobel economists that ‘trickle down’ economics does not work and that income inequality actually impedes growth. The Equality Trust estimate that £39bn is lost from the UK economy every year as a result of current inequalities. In addition, international research from Wilkinson, Pickett and others has shown the wider and damaging social effects on individuals and communities.

⁴⁴ JRF (2014) <http://www.jrf.org.uk/sites/files/jrf/MPSE-2014-FULL.pdf>

⁴⁵ Demos (2013)

⁴⁶ Okun (1975)

5.16 Evidence from GMCVO noted some of the work the East Oldham District Partnership is doing on access to finance. The Partnership have trained 20 community volunteers to provide information, advice and guidance regarding rent payments. Further to that, the Oldham Council Money Lending Team is working closely with local voluntary, community and faith groups to tackle illegal money lending and loan sharks.

5.17 In addition to their commitment to pay the living wage to their employees, Oldham Council recently launched a Fair Employment Charter. The Charter's criteria for becoming 'Fair Employer' include:

1. Pay a living wage
2. Offer fair contracts and terms and conditions of employment
3. Offer access to training and support
4. Support membership of trade unions
5. Enable and encourage employees to 'do their bit' for the borough
6. Support local people into work through 'Get Oldham Working'

The Council's Social Value Procurement scheme has included the creation of apprenticeships within procurement contracts. In addition the 'Get Oldham Working' programme was also discussed at the oral evidence session. The programme provides employability skills to underemployed groups such as the 18-24 year age group and the long term unemployed.

5.18 Evidence from the Living Wage Foundation illustrated the benefits of adopting the living wage nationally. A recent large-scale study noted the biggest shift in psychological well-being occurred when people moved on to the living wage. 80% felt confident in future employment and could make a capital purchase of £400. This compared with 40% on the minimum wage.

'When the living wage was introduced at KPMG, the cleaning contract was changed so contracts for employees saw a change not just in pay but also pensions and sickness payment. The staff turnover went down from 44% to 27%. Complaints also significant reduced.'

KPMG associate

5.19 However, other evidence from Oldham Council suggested that in addition to looking at hourly rates for employees, the whole contract should be considered. A women working part time may be worse off taking a 'one dimensional' approach. It was said that organisations needed to look at pay consolidation, head count and the quality of the contract. There are examples of employees being worse off after an hourly pay increase

because the totality of the whole contract negated the gains, for example, reductions in leave entitlements.

5.20 Professor Wilkinson said that as well as the living wage and incomes at the bottom being considered, incomes at the top should also be looked at, in particular income scales in local authorities and those supplying local authorities. He said top incomes have run away from the rest of society. The top 350 companies in the United States previously had pay differential scales of between 30:1 and 40:1. Twenty five years later this has now increased to 300:1 to 400:1. There is a similar picture in the UK. The process starts in the financial sector, spreads into the private sector and influences public sector. However in the public sector it is much smaller. Most local authorities have pay differentials of 15:1.

5.21 Professor Wilkinson referred to the Preston Community Wealth Creation Scheme which involved getting local institutions to spend locally particularly in the most deprived areas and support co-operatives and non-profit organisations. Professor Wilkinson said other Fairness Commissions' have missed this. Major institutions in the Preston area have seen a shift in expenditure to local suppliers. This has had a massive impact on the local area.

5.22 Employee representation in the workplace was also discussed at the oral hearing. Professor Wilkinson stated legislation for employee representation on company boards would help. In Germany, firms have to have different levels of employee representation. Where a firm has over 2,000 employees – half of the representation on the remuneration board have to be employees. Those companies also have smaller pay differences.

Recommendations

5.23 Recommendations from those that submitted evidence to OFC have been grouped under the following themes:

- Make Oldham a Living Wage borough
- Recruit locally and support disadvantaged groups in the local labour market
- Increase access to affordable finance for individuals and businesses
- Increase employee democracy in businesses and organisations

5.24 In addition the Commissioners are recommending the following:

- Public sector organisations to collect, monitor and publish data on the ratio of top pay to average pay

- Oldham Council in conjunction with local partners to identify how people living in poverty (in-work and workless), including their families, can be better supported
- Public sector agencies to address local income inequalities through local procurement
- Oldham Business Leadership Group, Oldham Council and other partners to develop inclusive approaches to economic regeneration
- Oldham MPs to campaign for a public debate on business governance to address the market failures of executive pay and reward for mediocrity
- Oldham MPs to campaign for progressive economic policies to reduce inequalities in income and wealth
- Oldham MPs to campaign for action against late payments for small businesses



Debbie Abrahams MP (OFC Chair), Commissioners and Expert Witnesses at the Oral Hearing on Income Inequalities held in Shaw

6 Recommendations

6.1 The recommendations, largely evidence-based, have been developed to address key issues associated with inequalities in education, employment and income.

Tackling inequalities in Education

- Engage and support parents from their child's birth onwards
- Provide a range of careers advice, planning & experiences for children and young people
- Ensure vocational and non-vocational curricula that engage and motivate students
- Include action in the Education and Skills Commission
- Develop leadership and teaching quality in schools
- Define a comprehensive dataset for monitoring progress in tackling education inequalities
- Ensure 'wrap around' access to high quality, affordable, inclusive child care
- Enhance the diversity of Oldham teachers
- Review extracurricular opportunities for children from different population groups
- Develop a lifelong learning strategy with reference to those groups disadvantaged in the labour market

Tackling inequalities in Employment

- Stimulate local demand for labour
- Develop skills for current and future labour needs
- Enhance business and education provider links
- Develop strategies to reduce unemployment in specific population groups
- Publish data on the employment gaps of disadvantaged groups
- Address local employment inequalities through procurement policies
- Monitor the reduction of employment inequalities in 'Get Oldham Working'
- Develop a campaign to promote awareness of the employment inequalities
- Publish data on the impact of the work programme and other employment support programmes on men, women, BME groups and people with disabilities

Tackling inequalities in Income

- Make Oldham a Living Wage borough
- Recruit locally and support disadvantaged groups in the local labour market
- Increase access to affordable finance for individuals and businesses
- Increase employee democracy in businesses and organisations
- Publish data on the ratio of top pay to average pay
- Identify how people living in poverty (in-work and workless) can be better supported
- Address local income inequalities through local procurement
- Develop inclusive approaches to economic regeneration
- Address the market failures of executive pay and reward for mediocrity
- Campaign for progressive economic policies to reduce inequalities in income and wealth
- Campaign for action against late payments for small businesses

Next Steps

6.2 The Commissioners are also proposing to host a conference in the summer of 2015 with all relevant partners and the public. This will help to develop and refine the recommendations and their associated action plans, as well as defining a road map for the different work streams, and determining how progress will be monitored and what the reporting arrangements will be. It will also seek to gain a wider understanding of the issues associated with inequalities and the commitment to tackle them.

7 Conclusion

7.1 Oldham has persistent inequalities. In education, children living in poverty, especially white boys, children with SEN and looked after children are less likely to do well at school than other groups. In employment, there are significant employment 'gaps' between BME groups, people with disabilities and people with low skills. One in three workers in Oldham lives on less than the living wage and women, BME groups, young workers and people with disabilities are more likely to earn below the living wage. Educational attainment levels affects employment choices, prospects and earnings. In addition there is evidence that children's parent's income affects their development and attainment and ultimately their future income levels. The levels of children living in poverty are of serious concern.

7.2 There are a number of common causes of local inequalities in education and employment. Some are cultural, for example, aspirational issues, discrimination and bias; others are structural, for example, language barriers, and affordable, quality childcare. Although income inequalities also have important causal factors at a local level, they are also strongly influenced by national macroeconomic policy.

7.3 The effects of these inequalities are significant, impacting on both individuals and communities. Most notably is the shortening of life expectancy. But the rewards are immense if inequalities are narrowed. There is strong evidence that with more equal societies there is an increase in life expectancy, happiness, trust, educational attainment, social mobility and more.

7.4 To tackle these inequalities needs concerted action across all sectors. The recommendations are targeted at local partners to develop action plans to enable their implementation. Their commitment to date is most welcome

APPENDIX

The Commissioners

Debbie Abrahams, MP Oldham East and Saddleworth (Convenor and Chair)

Chief Superintendent Caroline Ball, Oldham Division, Greater Manchester Police

Dave Benstead, Chair, Oldham Business Leadership Group

Jayne Clarke, Principal, Oldham Sixth Form College

Craig Dean, President, Greater Manchester Chamber of Commerce

Alun Francis, Principal, Oldham College

Jacqui Greenfield, Acting Chief Executive, Voluntary Action Oldham

David Hayes, Vice-Chair, Oldham Association of Secondary Heads and Principals

Martin Larkham, Secretary, Oldham Trades Council

Yvonne Lee, Chief Executive, Age UK

Michael Meacher MP, Oldham West and Royton

John Meagher, Chair, Oldham Association of Secondary Heads and Principals

Lisa Needham, Chair, Oldham Association of Primary Heads and Principals

Fazal Rahim, Coordinator, Oldham Interfaith Forum

Cllr Jean Stretton, Deputy Leader, Oldham Council

Lynne Thompson, Oldham Liberal Democrats

Dr Ian Wilkinson, Chief Clinical Officer, Oldham Clinical Commissioning Group

Liz Windsor Welsh, Chief Executive, Voluntary Action Oldham

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