

## **4.4 Economy and Employment**

Walsall, as part of the Black Country holds similar issues to its neighbours including: contaminated Brownfield Land with low or negative land values, a lack of shovel ready employment sites to encourage Inward Investment, with a relatively low skilled workforce that's able to adapt.

As a result Walsall continues to suffer from severe economic hardship, with too few active businesses, low New Business survival rates and high numbers of people who are economically inactive, suffer from ill health, together with job seekers who are poorly equipped to take up work opportunities.

This weak local economy has a massive impact on the services provided by all aspects of the local authority its partners and existing and new employers, not least on health services.

If we are looking at re-modelling the Health Sector, early action to work with both the existing and the prospective workforce, through the design, provision and application of appropriate Learning & Development that meets employer's needs both today and for the future is essential.

During the recent economic downturn the number of businesses in the borough fell as a result of fewer business start-ups and increased failures. This has left Walsall needing a 38% increase on its 7,185 active businesses just to bring it in line with the national average for an area of its population size<sup>1</sup>. The result is limited employment opportunities for the borough's working age residents – over 26,000 of who now rely on out-of-work benefits to live<sup>2</sup>

However, this is a long term trend and even before the recession Walsall's economy was at a major disadvantage. Between 1998 and 2008, while the national economy grew strongly and employment increased by 9%, Walsall's economy experienced a 2.5% decline in employment and lost over 2,500 jobs<sup>3</sup>. The recession just served to further emphasise Walsall's economic vulnerability, with almost 10,000 full time jobs lost between 2008 and 2009<sup>4</sup> and an unemployment rate that increased more sharply than the national average<sup>5</sup>.

The number of available jobs is an obvious consideration in the strength of Walsall's economy, but this is further compounded by the inability of the borough's working age population to meet the skills requirements of those employers who do have positions to fill.

Walsall faces unemployment issues across all skill levels, and even amongst those with higher level qualifications, unemployment is higher in Walsall than regionally and nationally.

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<sup>1</sup> ONS Business Demography 2011

<sup>2</sup> DWP benefit claimants - working age client group, Feb 13

<sup>3</sup> DWP benefit claimants - working age client group, Feb 13

<sup>4</sup> ONS Business Register and Employment Survey

<sup>5</sup> ONS Claimant Count

However, the overall skill levels amongst working age adults are low, with a significant number of local businesses in Walsall indicating that lack of appropriate skills acts as a barrier to recruiting new staff.

This puts pressure on the local economy, as employers have difficulty in recruiting suitable employees and there are low rates of progression for those who are in employment; levels of worklessness remain high as low qualifications and skills levels act as a major barrier to gaining and sustaining employment.

This again reinforces the need to work on the development of local Learning and Development solutions that supports local employers with the shift required to adapt to the new ways of working, together with those required by local people if they are to either remain in employment or enter the workforce.

Educational attainment has improved in Walsall over recent years, but still remains below national levels and there are recognised inequalities across the borough. Local employers have observed that despite improving formal qualifications, many school leavers continue to lack basic skills, for example numeracy, spelling, letter writing and customer service skills. More importantly, school leavers need to be able to show they are 'work ready' and can demonstrate a basic work ethic and sound practical skills.<sup>6</sup>

Within the working age population, it is the individuals with low skill levels and few formal qualifications that are most at risk of remaining unemployed. Over 1 in 6 working age adults in Walsall have no formal qualifications<sup>7</sup>. Literacy and numeracy standards are below the national average for the borough overall, with severe problems in some wards where 2 in 3 adults have a 'below GCSE' standard of numeracy.

ICT levels are lower than for England and again there is huge disparity between different parts of the borough. It is not surprising that the areas with low basic skills are the same as those with high levels of unemployment: Blakenall, Birchills Leamore and Darlaston South.<sup>8</sup>

Low income or worklessness in Walsall is strongly correlated with poor health outcomes, as well as with child poverty, crime, lack of aspirations and lower levels of educational achievement. This contributes to a vicious cycle of intergenerational unemployment that needs to be tackled from a number of angles. For many families in Walsall, breaking the cycle of poor skills and benefit dependency is crucial and can if resolved have a major positive impact on their health and well being.

Employment is closely linked to wellbeing. 'Good' employment is characterised by sustainability, flexibility, decent living wages and conditions of work, and opportunities for development. Employment and employability in adulthood is a product of achievement in the early and school years as well as the aspiration levels of both individuals and the communities in which they live.

All these factors act to reinforce inequalities that can begin very early in the life course. Unemployment or poor quality work with low pay and limited opportunities is highest

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<sup>6</sup> Walsall Council, employer focus group 2010

<sup>7</sup> ONS Annual Population Survey, 2012

<sup>8</sup> BIS, 2011 Skills for Life Survey

among those with few or no skills and qualifications, people with disabilities and mental ill health, carers and lone parents, ethnic minorities and both younger and older adults.

Poverty and lack of work is very closely related to health inequalities in a complex relationship of cause and effect. People suffering from ill health are more likely to be unable to work due to their condition and to be dependent on benefits; conversely, those who are unable to find work and subsequently live in poverty are more likely to have unhealthy lifestyles and suffer from poor health outcomes.

Ill health caused through accidents at work or occupational disease can also place a burden on the economy. Many accidents and occupational diseases are preventable and therefore collaborative work between the health services and local authority environmental health team should be able to identify vulnerable groups and emerging or existing safety risks. These risks can then be targeted to reduce the associated health and economic burdens.

The Marmot Review recognised the importance of good employment and employability with the following priorities:

- *Improve access to good jobs and reduce long term unemployment across the social gradient*
- *Make it easier for people who are disadvantaged in the labour market to obtain and keep work*
- *Improve quality of jobs across the social gradient*

In Walsall, due to the nature and scale of the challenge we face, a focused approach is necessary. Some of the key areas of concern are:

- *The growing proportion of long-term unemployed claimants, who are increasingly distanced from the labour market*
- *A high number of residents dependent on incapacity benefits*
- *Low income and benefit dependency resulting in high child poverty levels*
- *Inter-generational worklessness, where children grow up in households where no one works*
- *Geographical areas of the borough where the problems of benefit dependency are even more critical than the borough as a whole, particularly around the town centre and North Walsall*
- *Residents with health issues who are currently in employment but who may require more help and support to enable them to remain in employment rather than becoming dependent on benefits*
- *Develop and implement a comprehensive set of programmes that equip local service providers, particularly within the Health & Social Care Sector, with the knowledge and skills required to maximise the health of those they provide services for, as well as their own workforce.*
- *Develop and implement a comprehensive set of Learning & Development programmes that equips local people with the skills and abilities demanded by the Health & Care sector, so they are able to compete for and secure employment.*

- *Identify and work with key agencies (Health Education England / West Midlands, etc.) to seek out opportunities for joint working and support in the development of new approaches and ways of working, together with funding and joint delivery etc.*

Further detail is available in the following paragraphs and the Local Economic Assessment.