



*The contribution of equality groups to
London's economy*

A BAME – LGBT case study

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EXECUTIVE SUMMARY

This interim report has been prepared by Race on the Agenda (ROTA), and it aims to inform the fieldwork and final report and recommendations of a project funded by the London Development Agency (LDA) and delivered in partnership with Urban Inclusion and the Consortium of Lesbian, Gay, Bisexual and Transgender voluntary and community sector organisations.

The project aims to better understand the barriers faced by Gay, Lesbian and Bisexual (LGB) Londoners in terms of employment, skills and training. Through desk research and meetings with stakeholders, this report draws lessons from the race equality strand to examine how these can be transferred to the sexual orientation equality strand particularly in relation to the issue of unemployment and training. The multi-strand approach to inequalities has recently gained considerable momentum. With the establishment of a single equality body, the Equality and Human Rights Commission, and the introduction of a Single Equality Act, the UK is moving towards a human rights vision of equality. This approach allows tackling with inequalities faced by certain groups, such as LGB people, in a holistic way and address caveats in legislation such as the protection from multiple discrimination.

Key findings and recommendations from this report include:

- ❖ The unique demographics of London make its economy distinct, extremely dynamic, creative, culturally inspiring and commercially successful. Projections of the Office for National Statistics, the LDA, the Greater London Authority and Government Office for London, show that the identity of London's population - and therefore its workforce – will continue to change. However, according to the Equalities Review, published early in 2007, for LGBT groups, access to services, employment and opportunities are still limited in London.
- ❖ The following indicators used to measure the economic contribution of BAME groups could be transferred to the LGB community:
 - Indicator 1: Numbers and sizes of LGB-owned businesses
 - Indicator 2: Turnover of LGB businesses
 - Indicator 3: Sector distribution of LGB groups
 - Indicator 4: Productivity and Profitability of LGB groups
 - Indicator 5: Investment, sales and purchasing by LGB groups
 - Indicator 6: Capacity building and infrastructure of LGB businessesWhile attempting to learn from this comparison, two caveats will need to be taken into account. First, there is scarce evidence on the LGB community, which has been characterised as “hard to reach” and very mobile. Second, in the absence of concrete evidence, assumptions are easily made, while opportunities such as the Discrimination Law Review may be missed because of lack of evidence. For instance, the Equalities

- Review called for comprehensive data on the productivity of LGB communities so that a business case is built for the extension of the positive duty to sexual orientation. Moreover, unpublished evidence from the Discrimination Law Review suggests that no concrete data has been submitted that would support positive measures to combat harassment in the workplace on the grounds of sexual orientation. The project's fieldwork and original evidence should bear these caveats in mind.
- ❖ The levels of employment and unemployment within a particular equality groups is one of the strongest indicatorz of that group's economic contribution, but also of the inequalities and discrimination faced by its members. Past experience of measuring unemployment within BAME groups has indicated 3 variables that play a significant role and it should be expected that their impact could also be significant for the LGB community:
 - Variable 1 – Education: The Equalities Review gave evidence that due to homophobic bullying in schools, LGBT groups are likely to quit their education early. They therefore have lower educational skills and as a result the loss in productivity is estimated at £80 billion a year.
 - Variable 2- General level of deprivation: According to a 2007 Stonewall report it is generally perceived, and perpetuated through the media, that all gay people come from affluent, middle-class backgrounds. Evidence suggests, however, that gay people are likely to come from all socioeconomic backgrounds. LGBT people can therefore experience social exclusion, yet initiatives to tackle social exclusion do not acknowledge or recognise the particular needs of lesbian and gay people, nor are preventative measures implemented to stop lesbian and gay people being socially excluded.
 - Variable 3 – Religion: The latest Labour Force Survey suggested that compared with someone with no religion, the average White British Christian has a probability of employment that is higher. The results also suggest that Muslim men are less likely to be employed than those with no religion. These lessons should be transferred to the LGB community by examining the variable of religion as a sub-indicator. It should be expected that the impact of religion and faith should be even higher within the LGBT group which tends to be excluded or not acknowledged by certain Churches and faith organisations.
 - ❖ It would be interesting to find out the sectoral distribution of LGB businesses both in terms of services (e.g. wholesale, retail), but also in terms of private vs. Third Sector. Then again in terms of Third Sector LGB organisations, there needs to be a clearer idea of the fields they mainly cover and what their contribution as employers and as non-profit businesses is.

- ❖ An important form of economic activity is self-employment i.e. the increase/ decrease of self-employment rates as well as the impact of tax charges, insurance and entrepreneurship are all important indicators of a group's economic contribution. Previous research on self-employment and its impact on BAME communities has led to a number of conclusions that could also be relevant for the LGB community:
 - Informal sources of finance are important for marginalised equality groups and the businesses they run.
 - BAME entrepreneurs earn substantially less than White entrepreneurs. It would be important to compare LGB entrepreneurs and mainstream entrepreneurs and then identify the policy and legislative implications.
 - BAME entrepreneurs tend to be concentrated in industrial sectors with high business failure rates. It would be worthwhile identifying the sectors that LGB communities tend to occupy and then the rates of their success. Targets could then be narrowed to address inequality in these areas.
 - There are racial differences in access to start-up capital from banks. If this is the case for LGB communities, then measures will need to be taken to address imbalances.
 - Some BAME businesses that are not succeeding have been seen to resort to the employment of illegal immigrants. How this compares with LGB communities is unknown.

- ❖ The salary levels and types of jobs that members of equality groups tend to have is also an important indicator for its economic contribution. This variable is particularly important for the LGB community as accurate data could help dispel the myth of the “pink pound” explained later in the report.

- ❖ This report has identified a number of policy and legislative developments that need to be taken into account while carrying out the fieldwork for the project. The final recommendation will also need to be placed within this context. These initiatives are:
 - The Employment Equality (Sexual Orientation) Regulations 2003.
 - The Equalities Review and the Discrimination Law Review.
 - Education, homophobic bullying and employment policy initiatives.
 - The London Plan and the Mayor's Housing Strategy.
 - The Equality Act 2006 and the Equality and Human Rights Commission.
 - The Comprehensive Spending Review, the Public Service Agreements and the Local Area Agreements.
 - The new Government Equalities Office.

INTRODUCTION

1. Background to the project and report

In 2007, the London Development Agency (LDA) commissioned a research project in order to better understand the barriers faced by Gay, Lesbian and Bisexual (LGB) Londoners in terms of employment, skills and training. The organisations that were commissioned to deliver the project are: Urban Inclusion, the Consortium of LGBT voluntary and community sector (VCS) organisations (LGBT Consortium) and Race on the Agenda (ROTA).

The detailed deliverables of *the project* are:

- To undertake research on the barriers faced by LGB Londoners in terms of employment, skills and training.
- To examine existing mechanisms used to measure the economic contribution of other minority groups and make recommendations as to how these indicators can be extended to include the LGB communities in London.
- To establish a base line from which the LDA will be able to develop options for intervention.
- To identify preferred options to develop new strategies for sustainable engagement with LGB communities in London.

The project started in July 2007 and will be completed in April 2008. This interim report has been prepared by ROTA, and it aims to inform the fieldwork and final report and recommendations of the project. The findings are based on desk research and networking with key decision makers in London. As an equality organisation focusing on issues affecting Black, Asian and minority ethnic (BAME) communities, ROTA has a long expertise in challenging barriers to employment, skills and training faced by BAME individuals. Therefore, the overall objective of this paper is to draw lessons from the race equality strand and examine how, and if, these can be transferred to the sexual orientation equality strand particularly in relation to the issue of unemployment and training.

The detailed deliverables of *the report* are:

- To examine existing mechanisms used to measure the economic contribution of BAME groups, and make recommendations as to how these can be extended to include the LGB communities in London.
- To identify barriers faced by BAME Londoners in terms of employment, skills and training and make recommendations as to how steps that have been taken to address them can be extended to LGB communities.
- To construct the current and future policy and legislative context which will affect the project's final recommendations.

2. Equality in London's market

London is one of the most diverse, multicultural, multilingual and multifaith cities in the world and unique in the UK context. The unique demographics of London make its economy distinct, extremely dynamic, creative, culturally inspiring and commercially successful. London is a key player on the global economic stage with its only rivals being Tokyo and New York.

Projections of the Office for National Statistics, the LDA, the Greater London Authority (GLA) and Government Office for London (GOL), show that the identity of London's population - and therefore its workforce – will continue to change. Factors such as global economy, demographics and social trends boost and improve the status of the city's economy and people.

London's rich diversity and the physical, economic, social and cultural advantages this diversity brings will increase. However, as we move into the future, additional questions are raised about the existing inequalities in the workforce, employment, educational and training opportunities. This inequality is illustrated by disparities in rates of employment and unemployment, direct and indirect discrimination at the workplace, types of jobs corresponding to diversity groups, income levels and support available. A quick look at the latest statistics on the six equality groups (race, age, disability, faith, gender, sexual orientation) is indicative.

The 2003 Mid Year Estimates (MYE) showed that out of the 7,387,900 people living in London, at least 3 million belong to BAME groups. It is estimated that over the next ten years BAME communities will account for 80% of the increase in London's working age population. The 2001 census showed that the unemployment rate for inner London is 8.9% and for Greater London 6.7%. 6.2% and 5.0% respectively are White British and 15.1% and 11.3% are BAME people. Generally, younger people of all ethnic groups in London are better qualified than their elders, but young people of black African, Caribbean, Bangladeshi or Pakistani origin are particularly at risk of poor educational outcomes.

Moreover, latest statistics show that London's population encompasses at least 14 faiths as well as atheists and agnostics. 58% of all Jews living in England and Wales live in London. 53% for Hindus, 39% for Muslims, 39% for Buddhists and 32% for Sikhs. Muslims aged 16-24 in London have lower qualification levels as a group compared with their peers in the general population. The 2001 Census indicated that Muslims have the lowest rates of employment and economic activity and the highest unemployment rate of all the faith groups.

Although over 52% of London's population are female, fewer women are in employment, and those who are tend to be confined to less senior and lower paid jobs (GOL 2004). The average salary for men in London pays £17.30 an hour compared with £5.38 for women living in London.

Furthermore, according to the 2001 census, there are more than 8.7 million people in the UK with a disability. Of this number, more than 1.4 million disabled people are in London. Of the working age population, 6.9 million have a disability in the UK and about 810,000 of these people are in London. Disabled workers earn considerably less than non-disabled workers, with a gross average hourly wage for disabled Londoners a fifth lower than for non-disabled Londoners. An estimated 18% of disabled people in London have higher-level qualifications compared to 34% of non-disabled people, and are more likely to be unemployed than non-disabled people.

London is often seen as a city of young people, but over 15% of London's population - nearly 1.2 million people - are aged 60 or over. Almost a quarter of a million people in London are aged 80 or over. GLA projections indicate that London's 60 and over population will increase by 9% between 2001 and 2021, compared with a rise of nearly 14% in the population as a whole. The profile of older London will change dramatically in the coming years, particularly with the increasing proportion of older people from BAME groups - from 12 to 23% by 2021. There are also other significant subpopulations of older people such as LGBT and disabled people. At the opposite end of the age scale, London also has the highest level of child poverty in the country (52%).

The LGBT community is also representative of the broader London demographic, inclusive of the full range of diversity and needs¹. There is no hard data on the number of LGB people in the UK as no national census has ever asked people to define their sexuality. Various sociological/commercial surveys have produced a wide range of estimates, but again there is no definitive figure available. The Government is using the figure of 5-7% of the population which organisations such as Stonewall accept. This figure is expected to be higher for London. For these groups, access to services, employment and opportunities are still limited in London², and this project is carried out specifically to help LDA address this inequality. Some statistics on LGBT groups could help paint the picture and at the same time illustrate how timely and valuable this study is.

- According to the Equalities Review, published early in 2007, homophobia in the work place has a massive impact on LGBT people. It leads to secrecy at work, and employees consequently under-perform. Bullying and harassment on the grounds of sexual orientation has only recently been made illegal in the workplace. There are no statutory duties to help prevent homophobia³.

¹ Standing, J (2005) *LGBT Infrastructure Development Project Phase I December 2005 to June 2006 Paper I – Background*, Kairos in Soho.

² Standing, J (2006), *Phase I Lesbian, Gay, Bisexual and Transgender Infrastructure Development Project, Final Report*, Kairos in Soho.

³ Cabinet Office (2007) *Fairness and Freedom: The Final Report of the Equalities Review*

- According to research carried out by Stonewall, 36% of gay people would change jobs if they experienced homophobia⁴.
- According to the same research, 55% of those who had experienced homophobia at work, stated that it had a negative impact on their work.

3. The 'business case' for equality in business

It is easy to assume that employers should pursue equality in the workplace and training opportunities. However, this is not always the case for a number of reasons. Employers are an extension of the community to which they belong. Undoubtedly, Britain has taken some important steps towards equality for LGBT communities. However, there is still a long way to go. In a 2007 quantitative survey on British attitudes towards LGBT people it was illustrated that while a significant majority of Britons do not appear prejudiced against LGBT people, millions have witnessed the damage done by the few who are. For instance, more than a third of adults say they have witnessed homophobic bullying in schools and one in six has witnessed anti-gay bullying in the workplace. The survey was carried out by YouGov on behalf of Stonewall with over 2000 people.

Promoting and safeguarding equality in the workplace may also seem to employers an unprofitable activity, waste of time or a ticking box exercise. It demands collection of sensitive data, staff time for monitoring and evaluation, and resources. Therefore, for any measures to be taken by employers to bring equality for LGB groups, it is important to illustrate to them their value not only for the community but also for the business itself.

For example, according to the LDA, diversity gives businesses the opportunity to grow and move into new markets, sourcing a wide range of customers. It can also help create an inclusive working environment, motivating existing employees and improving productivity. According to Stonewall, gay staff who are out to their colleagues and supported by their employer are 20-30% more productive than those who are not out.

In addition, diversity in the workplace gives employers the opportunity to find better suppliers and new investors, and gain a competitive advantage by providing consistently better services to existing customers. A comprehensive Equal Opportunities Policy that is applied consistently throughout the organisation can help businesses find and retain skilled and versatile employees and help increase creativity and innovation. For instance, according to the LDA, businesses with a diverse workforce are more strongly placed to attract and retain quality staff, while well-led diverse teams can outperform homogenous teams by as much as 15%.

⁴ Stonewall (2007) *Sexual Orientation Research Review*

Diversity also gives the opportunity to increase penetration of overseas markets in a globalised economy and win larger public and private sector contracts as they are increasingly being awarded on the basis of non-financial criteria such as diversity and inclusiveness. There is evidence to suggest that the different perspectives and experiences of a diverse team can enable businesses to be more competitive in serving the needs of their customers and expand into new markets and activities.

As indicated by the Equalities Review carried out under Trevor Phillips, Chair of the new Equality and Human Rights Commission, inequality is one of the key barriers to progress and prosperity. Despite a strong public value of fairness and equality, prejudice persists. This has serious negative consequences for the treatment of women, people of different ages, BAME people, disabled people, people with particular religious beliefs, transgender people, and lesbian and gay people. This prejudice forms a backdrop for the other three key problems that are holding progress back:

- a lack of agreement about what needs to happen;
- uncertainty about who should act; and
- the tools we have not being fit for purpose.

MEASURING THE ECONOMIC CONTRIBUTION OF EQUALITY GROUPS: A BAME – LGBT CASE STUDY

1. Introduction

Measuring the contribution of a certain equality group to the economy of a specific geographical area – such as London – is not a straightforward task. This is particularly true for the LGB community which is under-researched and “hard to reach”. It is only recently that sexual orientation was accepted as a new equality strand and employers were required under law not to discriminate on the grounds of sexual orientation – Employment Equality (Sexual Orientation) Regulations 2003.

In the absence of comprehensive data that would help understand the economic contribution of LGB groups, lessons need to be drawn from other equality groups where data have a longer and more visible history. The example of BAME communities, therefore, will be used.

2. Definitions

To avoid confusion it is important to define certain key words used throughout this report. ROTA uses the term BAME to refer to all groups who are discriminated against on the grounds of their race, culture, colour, nationality or religious practice. This definition includes but is not exclusive to those people of African, Asian, Caribbean, Irish, Jewish, Roma and South East Asian descent. Definitions used in this report are taken from the LDA Report *Redefining BME Businesses* as being the most meaningful for analysing minority ethnic owned businesses. A black-owned business is defined as “a business in which a majority of the owners are Black” (“black” as defined in Table 1).

WHITE	BLACK	ASIAN	OTHER		
White British	Black - British	South Asian	East Asian	West Asian	Greek Cypriot
White Irish	Black - Caribbean	Asian - British	Chinese	Turkish	Mixed - Other
White - Other EU	Black - African	Asian - Indian	Japanese	Kurdish	
South-East/Eastern European	Black - Other	Asian - Pakistani	East Asian - non	Middle Eastern	
White - Other	Mixed - White and Black Caribbean	Asian - Bangladeshi	Chinese		
	Mixed - White and Black African	Asian - Other			
		Mixed - White and Asian			

Table 1: Definitions used in the report⁵

⁵ Taken from GLA (2004) *Ready for Business: The contribution of black businesses to London's economy*, London: GLA

3. The economic contribution of equality-group owned businesses: Learning from the experience of BAME groups

Indicator 1: Numbers and sizes of equality-owned businesses

GLA research in 2004 indicated that in the private sector 10,000 businesses in London are Black-owned. This corresponds to 4% of all London businesses. Data from the 2004 London Annual Business Survey (LABS) reveals that there were almost 39,000 Asian-owned businesses in London in 2004. This was about 14% of all London businesses covered by the survey. Bearing in mind the difficulty in accessing LGB sample groups, a feasibility study needs to be carried out to find out the percentage of LGB business within the various sectors.

For instance, Black-owned businesses provide around 70,000 jobs to the London economy while they tend to be small (61% have 1-4 employees, compared to 49% for White-owned businesses and 48% for all London businesses)⁶. Small businesses tend to be extremely successful hence in certain industries the predominant business model is for a small to medium size firm. Asian-owned firms provide around 300,000 jobs to the London economy. Most Asian businesses are relatively small – 56% of businesses have one to four employees.

Total	% of Greater London residents	Economically total	Active as % of population aged 16-74	Self-Employed as % of all employed		Unemployment rate (%)	
				Persons	Males	Females	
White	5,103,203	71.2%	69.5%	15.6%	5.3%	6.0%	4.4%
British	4,287,861	59.8%	70.2%	15.4%	5.0%	5.7%	4.1%
Irish	220,488	3.1%	63.1%	16.1%	5.9%	7.1%	4.5%
Other White	594,854	8.3%	67.8%	16.7%	7.2%	7.9%	6.5%
Mixed	226,111	3.2%	63.4%	12.7%	12.3%	14.2%	10.4%
White and Black Caribbean	70,928	1.0%	64.2%	11.0%	15.6%	18.5%	12.9%
White and Black African	34,182	0.5%	62.1%	11.6%	14.7%	16.5%	12.8%
White and Asian	59,944	0.8%	63.5%	13.8%	9.2%	10.6%	7.5%
Other Mixed	61,057	0.9%	63.3%	13.6%	11.2%	13.1%	9.4%
Asian or Asian British	866,693	12.1%	60.0%	15.8%	8.8%	9.2%	8.2%
Indian	436,993	6.1%	66.4%	16.0%	5.9%	5.9%	6.0%
Pakistani	142,749	2.0%	52.3%	19.2%	12.2%	11.6%	13.3%
Bangladeshi	153,893	2.1%	43.7%	11.7%	20.5%	20.6%	20.0%
Other Asian	133,058	1.9%	61.7%	14.6%	9.3%	9.5%	9.0%
Black or Black British	782,849	10.9%	65.8%	8.6%	14.3%	17.2%	11.6%
Black Caribbean	343,567	4.8%	66.8%	8.1%	12.3%	16.6%	8.8%
Black African	378,933	5.3%	64.7%	9.4%	16.0%	17.1%	15.0%
Other Black	60,349	0.8%	66.0%	7.0%	17.6%	22.7%	13.4%
Chinese or Other	193,235	2.7%	58.4%	14.7%	9.0%	10.3%	7.7%
Chinese	80,201	1.1%	60.0%	17.7%	7.1%	7.5%	6.7%
Other Ethnic Group	113,034	1.6%	57.2%	12.3%	10.4%	12.3%	8.4%
All ethnic groups	7,172,091	100%	67.6%	14.9%	6.7%	7.6%	5.8%

Table 2: Census 2001 data by ethnic group (ONS Census)

⁶ GLA (2004) *Ready for Business: The contribution of black businesses to London's economy*.

Indicator 2: Turnover of businesses

The latest London Business Survey estimated that the turnover of black-owned firms in London is around £4.5 billion. They tend to concentrate in the lower size band of up to £50,000 compared to all businesses. The total turnover of Asian-owned firms in London was around £60 billion in 2003/4. This means that Asian-owned businesses make up a similar share of all businesses as the Asian share of London's population. Asian-owned businesses comprise 14% of all businesses, while 15% of London's working-age population is Asian. The distribution of businesses over turnover bands is similar for Asian-owned firms and all businesses. Around 60% of business sites have turnover of less than £500,000 a year both for Asian-owned businesses and London businesses.

Asian-owned businesses tend to be slightly more likely to be in the smaller size bands and slightly less likely to have turnovers of above £1 million a year. These differences are comparatively small however, and may not be statistically reliable. It is unclear what the turnover of LGB-owned businesses is or even how to measure it.

Indicator 3: Sector distribution

Another important indicator of economic contribution is the sector distribution of a particular equality group. For instance, most black-owned businesses are in Business Services.

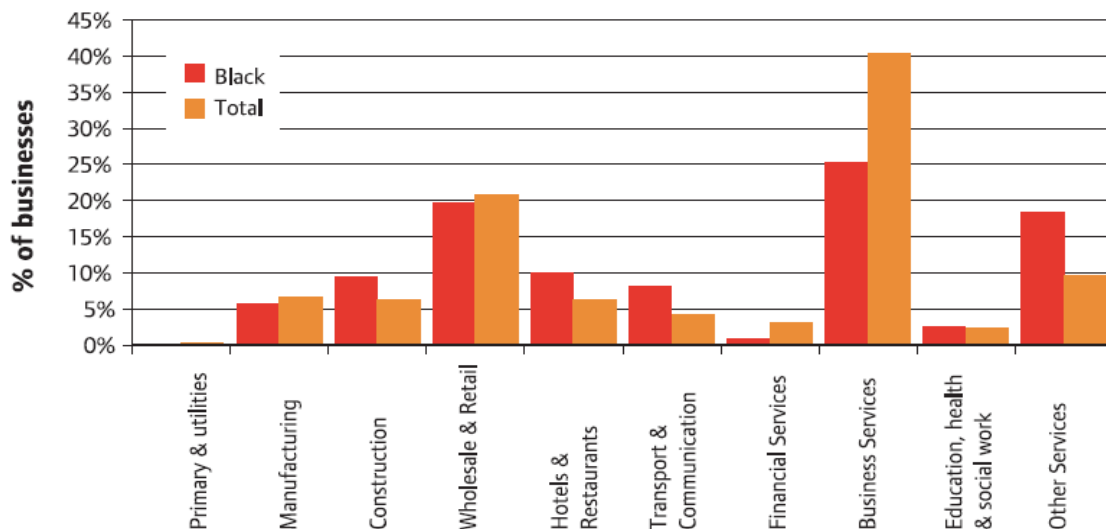


Figure 1: Sectoral Distribution of black-owned businesses⁷

⁷ GLA (2004) *Ready for Business: The contribution of black businesses to London's economy*.

The biggest sector for Asian-owned businesses in London is the Wholesale and Retail sector (35%). Business Services is the second biggest sector (27%). Taken together these sectors account for approximately 63% of all Asian-owned businesses in London. The main significant differences between the sectoral distribution of Asian-owned businesses and businesses in general is their relative over-representation in the Wholesale and Retail sector and the relative under-representation in Business Services.

Having a large presence in one sector may mean that Asian-owned businesses are particularly affected by certain trends. Likewise the under-representation of Asian-owned businesses in the Business Services sector may have implications for the ability of Asian-owned businesses to take advantage of future growth in this sector. Business Services is one of the highest-productivity and fastest-growing sectors in the London economy⁸. It would be interesting to find out the sectoral distribution of LGB businesses both in terms of services (e.g. wholesale, retail), but also in terms of private vs. voluntary. Then again, in terms of voluntary and community sector LGB organisations, what are the areas they mainly cover and what is their contribution as employers and as non-profit businesses.

Indicator 4: Productivity and Profitability

Indicators of a specific group's productivity are also important. For instance, looking only at black-owned businesses, productivity (measured in terms of turnover per employee) is lower on average. According to a 2004 GLA research, average productivity characterises all businesses owned by BAME groups⁹.

The possible causes for this discrepancy indicate the areas where additional efforts need to be made particularly by regional decision makers (e.g. additional support, advice, research). For instance, BAME owned businesses tend to be underrepresented in the highest productivity sectors such as financial and business services.

On the other hand, black-owned businesses appear to have weathered the recent slowdown in the economy better than average. In fact, more black-owned businesses report continued growing turnover and profit than the average for all businesses.

Similarly, during the same period 42% of Asian-owned businesses experienced a rise in turnover and profitability. In terms of profitability over the 12 months preceding the survey, around 75% of Asian-owned businesses reported that they had increased or stayed the same, compared with only around 25% who reported a decrease. This was broadly in line with the reported performance of all

⁸ The London Plan predicts that it will continue to be one of the fastest-growing sectors in the medium term

⁹ GLA (2004) *Ready for Business: The contribution of black businesses to London's economy*, page 15.

businesses. When transferring these findings to the LGB community we notice that no research has been undertaken in Britain into sexual orientation and productivity of individuals. A piece of research might enable policy makers to demonstrate that equal treatment in the workplace, leads to an improvement in productivity. This is a recommendation recorded in the Equalities Review published in February 2007¹⁰.

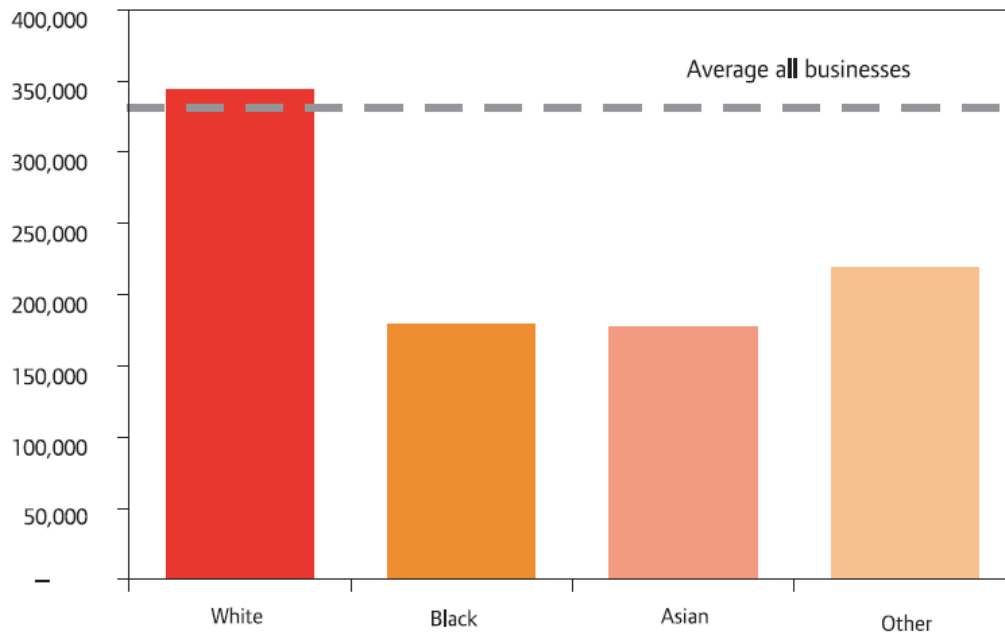


Figure 2: Turnover per employee by ethnicity of owner¹¹

Indicator 5: Investment, sales and purchasing

Equally important indicator is the amount invested and the percentage of sales and purchases. For instance, it has been noted by this report that BAME businesses tend to be small. Therefore the amount they invest is indicative of their growth rate, competitiveness, increasing returns to scale and market dominance. For instance, access to finance is often mentioned as one of the key challenges for BAME firms and groups. According to the LDA report *Redefining BME Businesses* and the 2001 Ram and Smallbone *Ethnic Minority Enterprise*, access to finance is a serious problem particularly for African and Caribbean businesses. This affects investment in organisation infrastructure, capital equipment and staff training.

To understand this gap for BAME communities, the GLA 2004 survey on the contribution of black businesses asked what are the top reasons for problems accessing external finance. Figure 3 presents these findings.

¹⁰ Cabinet Office (2007) *Fairness and Freedom: The Final Report of the Equalities Review*

¹¹ GLA (2004) *Ready for Business: The contribution of black businesses to London's economy*

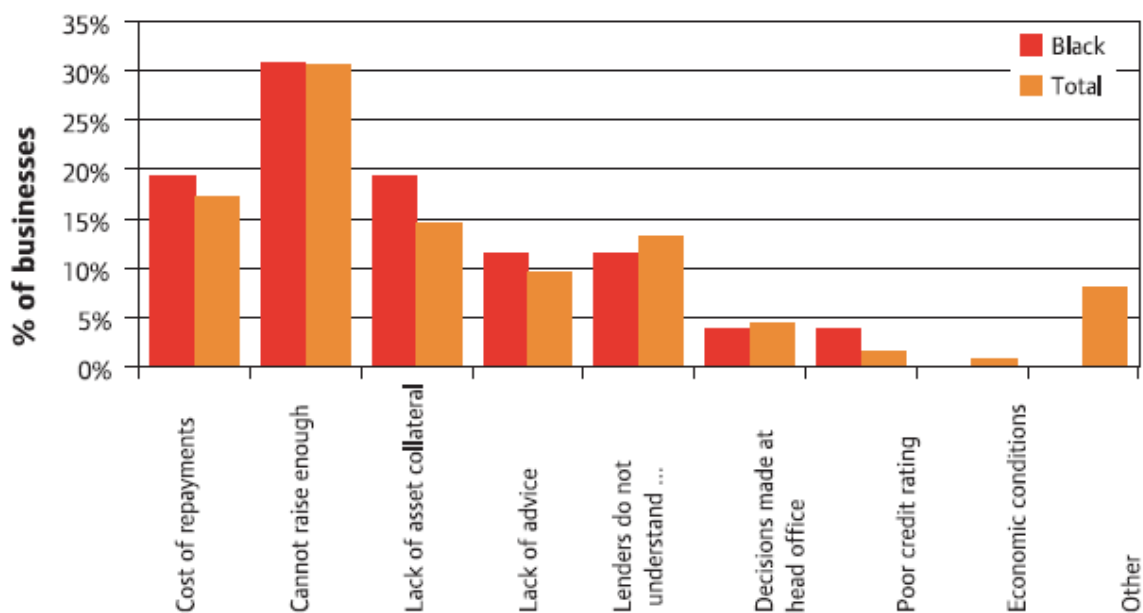


Figure 3: Reasons for BAME businesses not accessing external finance¹²

Equally important is the examination of the customer base of BAME business activity. For instance, several studies have suggested that BAME businesses find it difficult to win contracts from big businesses and government. To mention one example, the 2001 Annual Report of the Ethnic Minority Business Forum indicated that procurement from the government was one of the major challenges facing BAME business. Therefore, the biggest part of their sales derives directly from consumers. The identification of the barriers faced by LGB businesses and groups while accessing finance and business support would help devise strategies to address inequalities in this area.

Indicator 6: Capacity building and infrastructure

The infrastructure of a business is indicative of its preparativeness to deliver but also of the types of gaps faced. For instance, BAME businesses are more likely than average to be “lo-tech”. This offer, for example, an explanation of the low productivity levels of BAME businesses as discussed above. The main reason for this gap is attributed to BAME employees being less likely that average to use computers on a daily basis (Asian employees are at the bottom).

On the other hand, BAME businesses are more likely to have introduced new products or services. In addition, they are more likely to have derived significant benefit and increased revenues from their innovations (GLA 2004).

¹² GLA (2004) *Ready for Business: The contribution of black businesses to London’s economy*

Equally important is good management, business support and advice. For instance, the British Bankers Association 2002 report *Ethnic Minority Business in the UK: Access to Finance and Business*, indicated that African and Caribbean businesses experience communication problems with Banks.

In terms of management, research suggests that the role of the Chief Executive in BAME businesses tends to be more directly controlling than the average but this is often because there is no senior management team. Finally, managers in Black-owned businesses are less likely than average to have got their management experience on-the-job within the same organisation.

A clear idea in terms of the infrastructure needs of LGB businesses is needed. Scarce evidence that has been made available will need to be explored further. For instance, Kairos in Soho completed an in-depth study of LGBT voluntary and community organisations in London and their capacity and infrastructure needs¹³. The project was funded by ChangeUp and mapped LGBT voluntary and community sector organisations. Future research will need to build upon this project's findings and learn from the methodological and research caveats it faced. For example, additional research could be carried out on LGB businesses outside the voluntary and community sector such as social enterprises and private sector.

4. Equality groups and unemployment

Perhaps one of the most significant indicators of a particular group's economic contribution is the number of people in unemployment and then the types of jobs occupied by those who are in employment.

The number of people in employment is also an indicator of a group's welfare. There are various reasons for this. First, unemployed people report lower levels of general well-being which in turns leads to mental and physical health problems¹⁴. Second, being out of employment is one of the major causes of poverty. According to Blanden and Gibbons, families with an unemployed parent have a significantly increased chance of falling below the poverty line¹⁵. Third, unemployed people whose situation does not change over a short period have less chances of subsequently finding a job due to the attrition of human capital or because employers screen out those with past unemployment spells¹⁶. Finally, crime and antisocial behaviour, lack of confidence in society and the justice

¹³ Standing, J (2006), *Phase I Lesbian, Gay, Bisexual and Transgender Infrastructure Development Project, Final Report*, Kairos in Soho.

¹⁴ Clark, A and Oswald, A (1994) "Unhappiness and unemployment", *Economic Journal*, Vol 104, pp. 648-59.

¹⁵ Blanden, J. and Gibbons, S. (2006) *The Persistence of Poverty Across Generations: A View from Two British Cohorts*, Bristol/York: The Policy Press/Joseph Rowntree Foundation.

¹⁶ Arulampalam, W., Gregg, P. and Gregory, M. (2001), 'Unemployment scarring', *Economic Journal*, vol 111, pp 577-84.

system, isolation and disengagement with the community are all factors that have been associated with high levels of unemployment.

Table 3 summarises the labour market outcomes by ethnic group as these were identified in the latest census. The highest unemployment rate among men is for Mixed: White and Black African and the lowest with White British. For women, the highest unemployment rate is for those from Bangladeshi communities and the lowest for White British.

Past experience of measuring unemployment within BAME groups has indicated 3 variables that play a significant role: religion, education and the general level of deprivation in the individual's neighbourhood. Table 4 summarises the findings from the latest census.

The effects of religion, education and multiple deprivation on employment rates of BAME groups have always been considered important variables, but for the first time the census included questions that confirmed this assumption.

Religion:

For instance, the entry for White British Christians at the top left of Table 4 suggests that compared with someone with no religion, the average White British Christian has a probability of employment that is higher. The results also suggest that Muslim men were less likely to be employed than those with no religion. These lessons should be transferred to the LGB community by examining the variable of religion as a sub-indicator. In fact, it should be expected that the impact of religion and faith should be even higher within the LGBT group which tends to be excluded or not acknowledged by certain Churches and faith organisations. For example, the *Employment Equality (Sexual Orientation) Regulations 2003* permit sexual orientation discrimination 'for the purpose of an organised religion' where the religion's doctrine dictates or where required by 'strongly held religious convictions of a significant number of the religion's followers'.

Education:

The same should apply for the variable of education. As indicated in table 4, education had a positive, increasing and significant impact on employment for all ethnic groups with the largest impact for higher qualifications. It is worth noticing that the effects were generally higher for ethnic minorities than for the White British group. It would be interesting to compare the impact of education within the LGB group and then with mainstream population. However, a caveat that needs to be pointed out and concerns statistical information on LGBT communities is the disparity of these data and the difficulties in collecting them.

Despite these difficulties, however, some studies have been carried out and hence future surveys and policies will need to build upon them. For example, the Equalities Review, published in February 2007, gave evidence that due to

homophobic bullying in schools, LGBT groups are likely to quit their education early. They therefore have lower educational skills and as a result the loss in productivity is estimated at £80 billion a year.

	Male				Female			
	Activity rate		Unemployment rate		Activity rate		Unemployment rate	
	rate	rate	rate	rate	rate	rate	rate	
White British	82.5	77.8	81.2	5.7	72.2	69.1	72.0	4.2
White Irish	76.1	71.0	73.4	6.8	70.4	67.0	69.5	4.9
Other White	76.5	71.2	80.6	7.0	65.4	61.2	67.9	6.4
Mixed: White & Black Caribbean	73.7	60.7	68.8	17.6	62.0	53.2	60.1	14.2
Mixed: White & Black African	70.9	55.4	64.0	21.8	60.2	54.3	60.6	9.8
Mixed: White & Asian	70.9	64.2	77.5	9.4	62.2	57.1	65.2	8.2
Other Mixed	69.6	61.1	73.6	12.2	61.6	55.6	65.1	9.8
Indian	77.4	71.3	80.6	7.9	63.7	59.2	65.2	7.2
Pakistani	68.0	57.0	66.4	16.2	31.0	25.4	27.4	18.0
Bangladeshi	68.6	54.7	63.3	20.3	27.9	21.4	22.2	23.0
Other Asian	72.2	64.5	73.6	10.7	54.9	49.8	55.7	9.3
Black Caribbean	77.5	64.5	68.9	16.8	72.8	66.1	71.0	9.3
Black African	71.7	59.2	72.0	17.4	60.1	50.0	58.8	16.8
Other Black	72.5	58.7	67.8	19.1	66.9	57.0	64.2	14.7
Chinese	64.8	60.1	82.4	7.3	56.7	52.4	66.7	7.7
Other	63.6	55.7	71.3	12.4	52.1	47.4	55.5	9.0

Source: 2001 Census, CAMS. © Crown copyright

Note: Sample size relates to working-age population (16-59/64). All figures are percentages.

Table 3: Labour market outcomes by ethnic group, England and Wales: 2001

	Male				Female			
	Christian	Muslim	Level 4/5 education	Index of Deprivation	Christian	Muslim	Level 4/5 education	Index of Deprivation
White British	0.018***	-0.159***	0.099***	-0.066***	0.029***	-0.203***	0.219***	-0.112***
White Irish	0.012	-	0.160***	-0.107***	-0.017	-	0.242***	-0.163***
Other White	0.009	-0.194***	0.142***	-0.163***	-0.040***	-0.275***	0.210***	-0.052*
Mixed: White & Black Caribbean	0.001	-	0.249***	-0.338***	0.115***	-	0.349***	-0.351***
Mixed: White & Black African	0.102	-0.138	0.342***	-0.141	0.056	-0.128	0.319***	-0.074
Mixed: White & Asian	0.038	-0.048	0.221***	-0.201**	0.016	-0.256***	0.265***	-0.321***
Other Mixed	-0.019	-0.081	0.214***	-0.161*	-0.088**	-0.248***	0.279***	-0.238**
Indian	-0.003	-0.032	0.150***	-0.072***	-0.097*	-0.307***	0.187***	-0.151***
Pakistani	-0.291***	-0.118*	0.218***	-0.351***	0.129	-0.008	0.325***	-0.455***
Bangladeshi	-	0.079	0.233***	-0.138**	-	-0.459**	0.454***	-0.389***
Other Asian	-0.024	-0.051	0.185***	-0.359***	0.015	-0.150*	0.349***	0.027
Black Caribbean	0.039*	-0.049	0.219***	-0.153***	0.037	-0.011	0.227***	-0.150***
Black African	0.023	-0.055	0.304***	-0.318***	-0.033	-0.248***	0.401***	-0.315***
Other Black	0.082	0.045	0.165***	-0.225***	0.150**	0.018	0.324***	-0.005
Chinese	-0.029	-	0.104***	0.027	0.019	-	0.164***	-0.070
Other	-0.081*	-0.289***	0.217***	-0.263***	0.180***	-0.030	0.169***	-0.048

Source: 2001 Census, CAMS. © Crown copyright

Notes: The regressions also controlled for age, marital status, children in household, region, health and whether UK born. All students are excluded from the analysis. Data relate to working-age population. For the religious effects, estimates are only reported if the cell size is at least 25. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$ (two-tailed tests).

Table 4: Selected marginal effects or the probability of being in employment by ethnic group, England and Wales 2001

The Equalities Review also noted:

- Homophobic bullying is particularly prevalent in schools because schools have not developed mechanisms for tackling it. There is also some entirely unfounded anxiety that if children are taught about gay people, they will become gay.
- In a recent survey, 82% of lesbian and gay adult respondents stated that they had been subject to name-calling at school, 71% had been ridiculed in front of others, and 60% had reported being hit or kicked.
- In another survey, 82% of secondary school teachers were aware of verbal homophobic abuse in schools but only 6% of schools have anti-homophobia policies.

Multiple deprivation:

It is also worth noticing the significance of multiple deprivation for unemployment rates. Table 4 shows that for those BAME communities living in more deprived areas there were fewer employment opportunities. What is even more interesting is the ethnic diversity of this effect. While the White group also suffers lower employment rates in high deprived areas, the marginal effects are generally larger for BAME groups. Given the disproportionate representation of BAME groups in relatively deprived, urban areas, the impact of local area on employment, if not addressed by policy measures, has the potential to widen ethnic differences in labour market outcomes. This is something that could be transferred for the LGB community as it would be important to investigate the variable between groups living in deprived and no so deprived area and then how they compare with the mainstream population. If policies are to encourage equality and wider inclusion in the labour market they should do so considering the impact of unemployment and deprivation for all equality groups including LGBT.

According to the 2007 Stonewall report and other research, it is generally perceived, and perpetuated through the media, that all gay people come from affluent, middle-class backgrounds. Evidence suggests however, that gay people are likely to come from all socioeconomic backgrounds, with no particular difference amongst the gay population. Gay people can therefore experience social exclusion, yet initiatives to tackle social exclusion do not acknowledge or recognise the particular needs of lesbian and gay people, nor are preventative measures implemented to stop lesbian and gay people being socially excluded¹⁷.

5. Equality groups and self-employment

An important form of economic activity is self-employment. The increase/decrease of self-employment rates as well as the impact of tax charges, insurance and entrepreneurship are important indicators of a group's economic

¹⁷ Stonewall (2007) *Sexual Orientation Research Review*

contribution. Self-employment also matters for a group's welfare as working for oneself may be a positive choice to exploit particular talents or motivations and may be rewarding in terms of life and job satisfaction. Self-employment can also help balance the difficulties faced by certain groups in becoming employees such as discrimination.

On the other hand, long working hours to run a marginal business should not appear as the only alternative to a labour market in which discrimination limits the opportunities available to a certain group whether BAME, LGBT, disabled etc. For instance, it is interesting to look at the reasons and rates of Asian self-employment. According to Clark and Drinkwater, within BAME communities, paid labour market discrimination leads to higher self-employment¹⁸. Finally, some aspects of BAME culture may enhance entrepreneurial ambitions.

It is important to consider this indicator for the LGB community particularly since over the last few years overall self-employment rates have increased considerably in the UK. For example, according to the Office for National Statistics, Labour Market Survey, in the year to September 2003 the number of self-employed people in the UK had increased by 8.9% while the number of employees remained unchanged.

Previous research on self-employment and its impact for BAME communities has led to a number of conclusions that could also be relevant for the LGB community:

- Informal sources of finance are important for marginalised equality groups and the businesses they run¹⁹.
- BAME entrepreneurs earn substantially less than White entrepreneurs²⁰. It would be important to compare LGB entrepreneurs and mainstream entrepreneurs and then identify the policy and legislative implications.
- BAME entrepreneurs tend to be concentrated in industrial sectors with high business failure rates²¹. It would be worthwhile identifying the sectors that LGB communities tend to occupy and then the rates of their success. Targets could then be narrowed to address inequality in these areas.
- There are racial differences in access to start-up capital from banks²². If this is the case for LGB communities then measures will need to be taken to address imbalances.

¹⁸ Clark, K. and Drinkwater, S. (2000) 'Pushed in or pulled out? Self-employment among ethnic minorities in England and Wales', *Labour Economics*, vol 7, pp 603-28.

¹⁹ Metcalf, H., Modood, T. and Virdee, S. (1996) *Asian Self-Employment: The Interaction of Culture and Economics in England*, London: Policy Studies Institute.

²⁰ Clark, K. and Drinkwater, S. (2002) 'Enclaves, neighbourhood effects and economic activity: ethnic minorities in England and Wales', *Journal of Population Economics*, vol 15, pp 5-30.

²¹ Parker, S. (2004) *The Economics of Self-Employment and Entrepreneurship*, Cambridge: Cambridge University Press.

²² *Ibid.*

- Some BAME businesses that are not succeeding are seen to resort to the employment of illegal immigrants²³. How this compares with LGB communities is unknown.

6. Equality groups, earning and occupation

The salary levels and types of jobs that members of equality groups tend to have is also an important indicator for its economic contribution. These variables, in a way, indicate the success of those who are already in employment as opposed to those who are striving to get into employment and the unemployed (analysed above).

For instance, according to Battu and Sloane, BAME groups are more likely to be overeducated than the White group in the UK²⁴. They also argued that just by looking at employment rates one can never get a comprehensive indication of the welfare of a particular group if for instance those groups are in jobs for which they are overeducated. It is important to note, however, that “overeducation” and the latest technological changes have had an overall impact in employment leading to more and more overqualified people in low paid, low skilled jobs. However, again it is important to compare rates between equality groups and mainstream population and the LGB community should be no exception.

With regard to the BAME community, one of the most comprehensive studies on the occupational attainment by BAME groups in the UK suggested that first-generation Black, Indian and Pakistani migrants faced significant ethnic penalties in terms of access to professional and managerial jobs. Heath and Yu used data from the General Household Survey and Labour Force Survey to illustrate that factors such as lack of UK-attained educational qualifications and language skills affected first-generation BAME groups but again while subsequent generations have invested heavily in increasing their skills, direct labour market discrimination still exists. Heath and McMahon’s study also concluded that the occupational attainment of BAME groups is very similar across generations²⁵.

Figures 4 and 5 are taken from the 1991 and 2001 Samples of Anonymised Records (SARs), and indicate the changes in social class distribution between different BAME groups and then between them and their White British counterparts.

²³ Jones, T., Ram, M. and Edwards, P. (2006) ‘Ethnic minority business and the employment of illegal immigrants’, *Entrepreneurship and Regional Development*, vol 18, pp 133-50.

²⁴ Battu, H. and Sloane, P. (2004) ‘Over-education and ethnic minorities in Britain’, *Manchester School*, vol 72, pp 535-59.

²⁵ Heath, A. and McMahon, D. (1997) ‘Education and occupational attainments: the impact of ethnic origins’, in V. Karn (ed) *Ethnicity in the 1991 Census, Volume 4, Education, Employment and Housing*, London: HMSO, pp 91-113.

This variable is particularly important for the LGB community as accurate data could help dispel the myth of the “pink pound” which is a term describing the “purchasing power” of the LGBT community in the UK. “Purchasing power” is the amount of value of a good/services compared to the amount paid.

As indicated by the Equalities Review and the 2007 Stonewall study, there is a general assumption that gay people are white, middle-class, male and have a high disposable income due to the fact that they do not have dependents. This myth is perpetuated by market researchers who conduct surveys with a narrow range of respondents, and by the gay community themselves. The gay press, for example, recognise that it is beneficial to present the gay community as affluent and status orientated; such conclusions encourage companies to target the “pink pound” and place adverts²⁶. Table 5 is taken from the latest Labour Force Survey and indicates the differences in earning for men and women by ethnic group. As illustrated these can be significant and there is no evidence base research to suggest that this could also be the case for LGB groups.

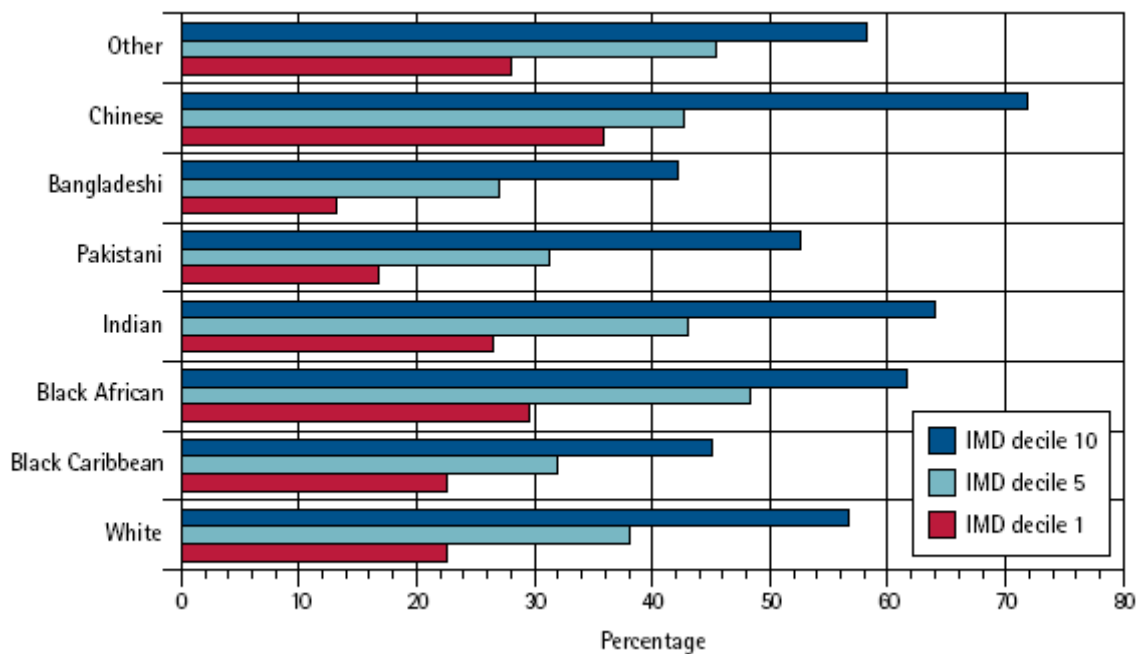


Figure 4: percentage in the professional and managerial social classes for male ethnic groups by IMD decile, 2001

²⁶ Stonewall (2007) *Sexual Orientation Research Review*

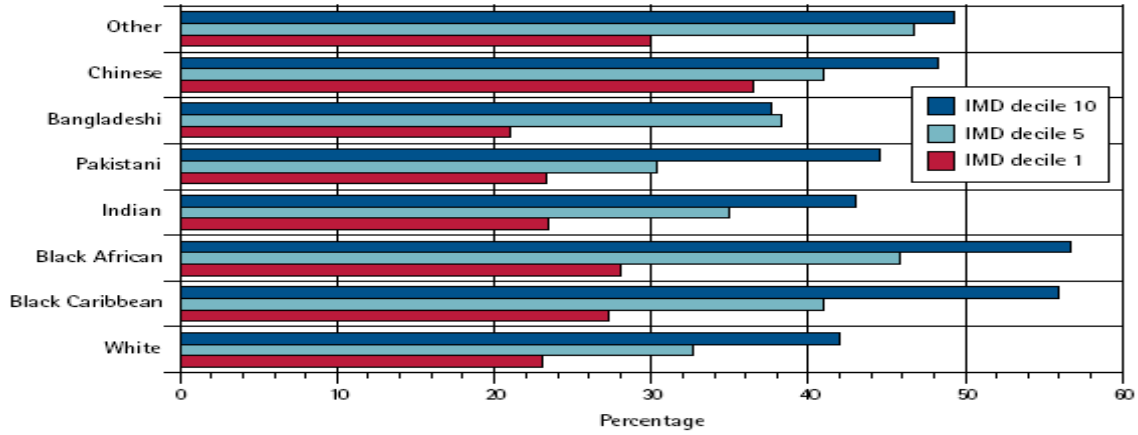


Figure 5: percentage in the professional and managerial social classes for female ethnic groups by IMD decile, 2001

	No occupational controls	Including occupational controls	Professional/managerial	Intermediate	Routine/semi-routine
Black Caribbean	-5.35***	-3.25*	-6.29**	-1.00	-0.80
Black African	-17.96***	-9.88***	-15.97***	-11.31***	-1.49
Indian	-10.86***	-6.57***	-6.48***	-6.01**	-4.30*
Pakistani	-11.04***	-7.04***	-0.70	-9.61**	-5.82
Bangladeshi	-14.36**	-8.15*	-16.05**	7.57	-1.19
Chinese	-1.39	-0.70	2.33	1.82	-7.23
Other	-5.07***	-2.76**	-6.01***	-2.37	3.36
N	56,363	56,358	23,423	16,103	16,832

Source: Labour Force Survey. © Crown copyright

Notes: Controls are included for education, experience, industry, region, sector, part-time status, firm size, immigrant cohort, job tenure and year of interview. Data relate to the working-age population.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$ (two-tailed tests).

	No occupational controls	Including occupational controls	Professional/managerial	Intermediate	Routine/semi-routine
Black Caribbean	-14.02**	-10.33***	-12.01***	-9.15**	-6.48**
Black African	-26.29***	-16.39***	-24.80***	-9.97**	-2.47
Indian	-15.13***	-11.22***	-8.61***	-12.45***	-11.13***
Pakistani	-20.47***	-14.10***	-19.43***	-15.13***	-7.87***
Bangladeshi	-27.02**	-20.71***	-24.72***	-19.18**	-17.14***
Chinese	-9.61***	-9.97***	-13.76**	2.12	-1.69
Other	-16.22**	-11.66***	-14.44***	-7.04***	-7.78***
N	54,940	54,934	26,049	13,846	15,039

Source: Labour Force Survey. © Crown copyright

Notes: Controls are included for education, experience, industry, region, sector, part-time status, firm size, immigrant cohort, job tenure and year of interview. Data relate to the working-age population.

** $p < 0.05$; *** $p < 0.01$ (two-tailed tests).

Table 5: Differences in earnings for men and women by ethnic group 2002 -5

THE CURRENT POLICY AND LEGISLATIVE ENVIRONMENT AND IMPLICATIONS FOR STAKEHOLDERS IN LONDON

Any recommendations resulting from the LDA funded project and other research initiatives to tackle inequality in the workplace for LGB groups will need to be placed within the current and future policy environment. Without due consideration, recommendations may turn out to be cumbersome, out of context or even unfeasible. Drawing from the main arguments of this paper and the topics covered in the previous section, this part of the paper points out a number of policy and legislative developments that are crucial.

1. Domestic and European legislation on employment equality – sexual orientation

In 1997, European Union members passed the Treaty of Amsterdam, which specifically allowed EU institutions to combat sexual orientation discrimination. Article 13 of the new Treaty of Amsterdam states: “Without prejudice to the other provisions of this Treaty and with the limits of the powers conferred by it upon the Community, the Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, may take appropriate action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability or sexual orientation.

Consequently, in 2000, a new Directive was agreed requiring all EU member states to ban sexual orientation discrimination, as well as other forms of discrimination listed in Article 13, in employment by the end of 2003. Directives form part of secondary EU law while the Treaty of Amsterdam is primary EU law. This means that both have a higher position in the domestic legal order. Following the EU Directive, the UK government conducted a series of public consultation exercises with all organisations and individuals working and interested in employment equality and presented its draft Regulations to parliament who agreed to the Regulations in June 2003. The outcome of this was the passing of the Employment Equality (Sexual Orientation) Regulations 2003.

In particular, the Regulations ban discrimination on the grounds of sexual orientation in employment and vocational training. They specifically ban direct and indirect discrimination, harassment and victimisation because of sexual orientation. For instance, treating people less favourably than others on grounds of sexual orientation constitutes direct discrimination²⁷. All LGB workers as well as straight men and women throughout the entire employment relationship are protected – from recruitment to dismissal. The ban on sexual orientation

²⁷ Indirect discrimination means applying a provision, criterion or practice which disadvantages people of a particular sexual orientation and which is not justified as a proportionate means of achieving a legitimate goal. Harassment is defined as unwanted conduct that violates people's dignity or creates an intimidating, hostile, degrading, humiliating or offensive environment.

discrimination applies to terms and conditions, pay, promotions, transfers, training and dismissal. It is worth noting that discrimination on the grounds of assumed sexual orientation is also banned and it is not important whether a person's sexual orientation is assumed correctly or incorrectly.

This is an important piece of legislation that needs to be considered by the study, its findings and recommendations. It provides a sound basis for future action, but also a list of caveats that will need to be addressed. For example, the Regulations allow discrimination where there is a genuine occupational requirement, which is a 'genuine, determining and proportionate' reason for requiring the employee to be of a particular sexual orientation. LGB individuals might also face discrimination by religious organisations. The Regulations permit sexual orientation discrimination 'for the purpose of an organised religion' where the religion's doctrine dictates or where required by 'strongly held religious convictions of a significant number of the religion's followers'. This links with the point made earlier on the impact of religion on employment and unemployment rates.

2. The Equalities Review, the Discrimination Law Review and the extension of the positive duty on sexual orientation

In February 2007, the Equalities Review was published providing evidence on a number of persistent inequalities in the workplace and beyond. Findings on LGB communities could be used to target specific areas for policymaking and supplementary legislation. In particular, the Review identified two broad areas where discrimination on the grounds of sexual orientation may happen and have an impact on the economy and business. The first concerns direct and indirect discrimination while being in or seeking to be in employment. This has been covered elsewhere and thus will not be elaborated here.

The second area concerns the provision of goods and services. According to the Review, a gay man or lesbian can still be refused a mortgage, turned away from a hotel, or asked to leave a bar for being gay. This legal disparity in relation to the provision of goods and services heightens the sense of difference between gay people and other minority groups. Such differences can lead to a further disconnection of LGBT people with mainstream society, and prevents mainstream society from becoming accepting of LGBT people. Therefore, legal protections against such discrimination are needed as a matter of priority²⁸.

The Review also pointed out that training in the workplace has an unequivocal impact on individual attitudes. It is recognised that parents shape their children's views; if an employee is taught not to discriminate, discrimination will eventually be eradicated.

²⁸ Cabinet Office (2007) *Fairness and Freedom: The Final Report of the Equalities Review*

The Discrimination Law Review, on the other hand, provides a unique opportunity to eradicate discrimination in the workplace and introduce a human rights culture in public authorities and beyond. The consultation period closed in September 2007, and the majority of the overwhelming responses criticised the first draft of the Review which will eventually lead to the Single Equality Act. This is hoped to bring uniformity and simplicity to the anti-discrimination laws in this country and strengthen existing measures to address persistent inequalities. It aims to extend the already existing positive duties on disability and race and consult with organisations and individuals on adding a duty for new strands such as sexual orientation.

Government statements not yet published indicate that a considerable number of religious and faith organisations and business object to possible measures that would strengthen employers' obligations on equality on the grounds of sexual orientation. The Government has also pointed out that no concrete evidence has been submitted in terms of harassment and bullying at the workplace. This is surprising considering that this is arguably the only area where concrete evidence exists illustrating the impact of homophobia in the workplace. For instance, Róisín Ryan-Flood in *A case study of lesbian and gay workers in a local labour market in Britain* (2004) found that sexuality effects decisions about employment opportunities, prior to a person applying for a job. Respondents stated that they had made deliberate choices not to enter certain professions because they perceived them to be homophobic.

The Equalities Review, therefore, pointed out that it is crucial that research is carried out to assess the business and economic costs of introducing a statutory positive duty on sexual orientation in the work place. Investigation is also needed to find employment (and social) solutions to possible conflicting freedoms that may emerge with different equality agendas, for example, religion and belief and sexual orientation. Research should also be conducted to examine the impact that sanctioned discrimination in the area of the provision of goods and services has an impact on service delivery to gay people, and its consequential impact on economic behaviour.

3. Education, homophobic bullying and employment

Bullying at school remains a serious issue for many children and young people. Surveys of adult lesbians and gay men found that over half had considered self-harm as a result of being bullied at school²⁹. Under the Education and

²⁹ See Alesina and Rodrick (1994) Distributive politics and economic growth, in *Quarterly Journal of Economics*, 109 (2):465-490; Perotti R (1992) Fiscal policy, income distribution and growth, in *Columbia University Working Papers* 636; Perotti R (1993) Political Equilibrium, income distribution and growth, in *Review of Economic Studies* 60(4):755-776; Perotti R (1996) Growth, income distribution and democracy: what the data say, in *Journal of Economic Growth* 1(2):149-187; Aghion P et al (1999) Inequality and growth: the perspective of new growth theories, in *Journal of Economic Literature* 37(4):1615-1660; Persson and Tabellini (1994) Is inequality harmful for growth? *American Economic Review* 84(3):600-621.

Inspections Act 2006, head teachers, with the advice and guidance of governors and the assistance of school staff, must identify and implement measures to promote good behaviour, respect for others and self-discipline amongst pupils, and to prevent all forms of bullying. This includes the prevention of homophobic bullying. The economic impact of homophobic bullying in schools and the workplace has already been analysed in this report. Additional evidence can be found in the report of the Department for children, schools and families Safe to Learn: Embedding anti-bullying work in schools. The report noted that bullying can be linked to poor attendance with studies showing a high degree of absenteeism. Seven out of ten young lesbian and gay people that were questioned by the study said that homophobic bullying affects their work. They also said that it can lead to low self-esteem, including the increased likelihood of self-harm and the contemplation of suicide. Finally, young people who experience homophobic bullying are unlikely to fulfill the objectives of Every Child Matters and Youth Matters.

Arguably, several initiatives have recently been carried out in the hope of addressing homophobic bullying in schools and other educational institutions. However, policymakers need to acknowledge the significance of evidence based policy that is produced by the people whose lives are directly affected by the given legislative or other initiative – on this occasion young LGB people. Projects such as the youth-led Youth Empowerment Project by Independent Academic Research Studies should be consulted on what young LGB people think themselves could address homophobia and bullying in schools and other educational institutions³⁰.

4. The London Plan and the Mayor's Housing Strategy

Findings from this study and past research have indicated that location can have a significant impact on employment rates, the choice of self-employment, underpaid employment, discrimination and harassment. For instance, empirical findings from the 2007 Joseph Rowntree Foundation study Ethnic Minorities in the labour market showed that “an ethnic minority individual transported from a deprived area to a less deprived area would increase their chances of getting a job by more than a White person changing location in the same way”. There is no evidence to suggest that this could not also be the case for LGB communities.

The London Plan and the Mayor's Housing Strategy – currently under consultation – aim to target this issue. Building the right homes in the right places and promoting choice and mobility are key titles in the Strategy which seeks to develop a pan-London lettings and mobility scheme in partnership with London Boroughs and housing associations. However, the Draft Strategy has been criticised for failing to acknowledge the clear links between housing as a policy area, and the life chances of inner city young LGB people for example. Equally,

³⁰ Parle L (2007) *Human Rights, equality, respect and citizenship: Empowering young people to tackle homophobic bullying*, London: IARS.

the Strategy's commitment to creating mixed communities, omits to make reference to the importance this initiative will hold for LGB communities if these, sometimes socially excluded communities are to have greater access to good schools and better homes. London Councils in its response to the Strategy³¹ would agree with this and stresses the importance of the Strategy identifying, encouraging and supporting work already being carried out by others already engaged in tackling the capital's housing. In this context, London Councils recommends that the Mayor supports the various London boroughs' innovative work on overcrowding and homelessness and help and encourage them to evaluate the impact and spread good practice.

5. The Equality Act 2006 and the Equality and Human Rights Commission

With the passing of the Equality Act, a single body to champion equality and human rights was planned and additional equality strands were added including sexual orientation. The Equality and Human Rights Commission has now opened its doors taking over the mandates of the Commission for Racial Equality, Disability Rights Commission and Equal Opportunities Commission and assuming responsibility for more recent legislation on age, transgender, sexual orientation, and religion and belief. Crucially, it will take the lead in promoting the development of a human rights culture in Britain. This is an important institutional development, and recommendations resulting from this project should bear it in mind.

6. The Comprehensive Spending Review, the Public Service Agreements and the Local Area Agreements

In October 2007, the Government published its future spending plans, the Comprehensive Spending Review, for the three year period from 2008 to 2011. As part of this it also published details of the key improvements they expect to make over that period as a result of this spending, known as the Public Service Agreement (PSA) plans, which are an important indicator of the government's priorities.

PSA 15 aims to *address the disadvantage that individuals experience because of their gender, race, age, sexual orientation, religion or belief*. The 'Equalities PSA' will specifically focus on:

- Reducing the pay gap between men and women, which currently stands at 12.6%, and doing more work on tackling pay gaps for those who are disabled or from BME backgrounds.

³¹ London Councils (2007) *Response: Towards the Mayor's Housing Strategy*

- Reducing the extent to which people feel they experience discrimination in employment due to gender, race, disability, age, sexual orientation, religion or belief.
- Reducing the likelihood that people feel that they have been treated unfairly at work, college or school and when using health services and public transport as a result of their gender, race, disability, age, sexual orientation, religion or belief.
- Increasing the number of women councillors from black and minority ethnic groups and empowering and encouraging more women, people from ethnic minorities, disabled people and young people to engage in public life - for example, as school governors, magistrates, tenants association leaders and other public roles.
- Monitoring the number of trains and buses with access for disabled people.
- Tackling other barriers caused by gender, disability or age that limit people's ability to live independently and have choice and control over their lives, for example by promoting flexible working.

Linked to these targets are the Local Area Agreements. Drawing on the experience of 17 test areas, the government has published guidance on "Negotiating new local area agreements". Community engagement should be built into local area agreements and will be monitored as part of the Audit Commission's new comprehensive area assessments. The 198 national indicators by which local authority and local authority partnerships' performance will be measured have also now been published.

7. The new Government Equalities Office

The new Government Equalities Office is responsible for the Government's overall strategy and priorities on equality issues. Its work includes: leading the development of a more integrated approach on equality across Government to increase opportunities for all; taking forward the Minister for Women's priorities; taking forward work on an Equality Bill following the Discrimination Law Review; responding to the Equalities Review; and sponsoring the Equality and Human Rights Commission and the Women's National Commission.

The Department also leads on policy on sexual orientation and is responsible for integrating work on disability, age, race and religion or belief into the overall equality framework. The lead on race and faith policy remains with the Department for Communities and Local Government along with the rest of the community agenda, while the lead on disability and age remains with the Department for Work and Pensions.

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