

Report to Community and Protective Services Committee

To: Chair and Members
Community and Protective Services Committee

From: Kevin Dickins, Deputy City Manager, Social and Health Development

Subject: RESEARCH INTO LABOUR MARKET PARTICIPATION RATES IN THE LONDON ECONOMIC REGION – FINAL REPORT

Date: August 31, 2021

Recommendation

That, on the recommendation of the Deputy City Manager, Social and Health Development, the following report, OLMP Research into Labour Market Participation Rates in the London Economic Region – Final Report, **BE RECEIVED** for information.

Executive Summary

In 2020, the City of London, with support from regional stakeholders, entered in an agreement with the Ministry of Labour, Training and Skills Development (MLTSD) to conduct an Ontario Labour Market Participation (OLMP) research into the low labour market participation rates in the London Economic Region (LER).

Pricewaterhouse Coopers LLP (PwC) was contracted to: conduct research on the reasons for this low labour market participation focusing on prime-age (25-54 years of age) non-participants; estimate the number of non-participants who may be available to participate should barriers be addressed; and identify actions that could be taken to increase labour market participation. In their analysis, PwC identified eight (8) profiles among prime-age respondents and the six (6) top drivers of non-participation, noting these conditions are often mutually reinforcing. PwC has provided recommendations for addressing the main barriers to participation and estimates between 30,000-40,000 prime-age non-participants may be available to enter the labour market if these barriers were addressed.

PwC presented their research findings and analysis during a Lunch and Learn session held on August 9, 2021. Attendees of the session included representation across the LER from employment sector councils and agencies, economic development offices, regional workforce development offices, municipal council members and civic administration. The PwC report and recording of the session will be made available through the City of London website.

These OLMP research findings will help inform current and future employment, economic and social development strategies being implemented across the LER to re-engage non-participants and address current labour market demands and recruitment challenges experienced by employers.

For the City of London, there are many strong linkages between the findings and strategies being developed or currently underway. These linkages can apply to internal practices of the City of London as well as to community based strategies with examples that include, but not limited to: the London Community Recovery Network, the Mobility Master Plan and Transportation Management Association, London's Newcomer Strategy, London Strengthening Neighbourhoods Strategy, London & Middlesex Local Immigration Partnership, and the Community Diversity and Inclusion Strategy.

Linkage to Community Recovery

The City of London is committed to working in partnership with the community to identify solutions that will drive a strong, deep and inclusive community recovery for London as we move out of and beyond the global COVID-19 pandemic. This report, and the items

within, align with several initiatives of the London Community Recovery Network including:

- 3.6 Matching Employers and Job Seekers to Advance London & Area Economic & Social Recovery
- 3.7 Childcare and summer day camps
- 3.8 Recruitment of Registered ECEs during COVID 19
- 3.9 Connecting Businesses with Licensed Child Care
- 3.10 Inter-Ministerial Resource Team for Licensed Child Care
- 3.11 Short term Skills Development
- 3.12 Circular Economy Work and Training Platforms

This report, and items within, support recovery efforts by providing valuable information regarding labour market participation and will inform further economic and social recovery initiatives.

Linkage to the Corporate Strategic Plan

Strengthening Our Community

- Londoners have access to the supports they need to be successful.
- Londoners have access to the services and supports that promote well-being, health, and safety in their neighbourhoods and across the city.

Growing Our Economy

- London creates a supportive environment where entrepreneurs, businesses, and talent can thrive.

Leading in Public Service

- The City of London is a leader in public service as an employer, a steward of public funds, and an innovator of service.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

Research into Labour Market Participation Rates in the London Economic Region – Request for Proposal 20-24 (CPSC – September 9, 2020)

Labour Market Partnership Agreement – Market Research Increased Labour Market Participation in the London Economic Region (CPSC – February 19, 2020)

Employment Ontario Transformation – Service System Manager Update (CPSC – January 21, 2020)

Employment Ontario Transformation – Service System Manager Competition (CPSC-June 17, 2019)

1.2 Background

In March 2020, the City of London, with support from regional stakeholders, entered into an agreement with the Ministry of Labour, Training and Skills Development (MLTSD) to conduct original, participatory research to:

- Assess the reasons for relatively low labour market participation in the London Economic Region (LER), focusing on prime-age participation
- Estimate the number of people in the LER currently not participating, but may be available to participate if barriers are addressed
- Identify actions that can be taken to increase labour market participation in the LER

An Advisory Committee was established to guide the project, contribute their expertise, and aid with selection of the researcher, review of preliminary and final reports,

development and promotion of online survey, and participation in the PwC Report Release: Lunch & Learn session. Members reflected regional representation and included:

- London Economic Development Corporation (LEDC) – Robert Collins
- Local Employment Planning Council (LEPC) – Deb Mountenay
- St. Thomas Economic Development – Cindy Hastings
- City of St. Thomas – Heather Sheridan
- County of Middlesex, Economic Development – Cara Finn
- Fanshawe College – Robert Downie
- County of Oxford – Lisa Lanthier
- London Community Foundation – Vanessa Dolishny
- Ministry of Labour, Training and Skills Development – Janet Neeb
- City of London – Jack Smit

Through a competitive RFP process, Pricewaterhouse Cooper LLP (PwC) was selected as the researcher for this project.

1.3 Challenges Faced

The research project was challenged connecting with individuals not engaged in the labour market and not necessarily connected to any community services, thus making it more difficult to complete surveys exclusively by phone as originally planned. In response to this challenge, the research modality was modified to include an online survey. The research timelines were extended to increase the number of respondents.

The COVID-19 pandemic impacted the research in a number of ways: the initial start date of the project was delayed as City operations were reduced to essential services, impacting the procurement process; many organizations were developing and adapting to new protocols and procedures, affecting ability to fully participate; COVID-19 impacted people's perception of the labour market and their ability to attain employment or enter the market. As a result, the research was delayed to a point in time where people and organizations were better equipped and prepared to deal with COVID-19 and the economic outlook seemed more stable.

2.0 Discussion and Considerations

2.1 Findings of the Survey

PwC connected with 447 respondents from across the LER who were not participating in the labour market through phone and on-line surveys. Attached as Schedule 1 PwC's final report.

PwC developed 8 (eight) profiles among prime-age respondents in their analysis:

- 1) Women
- 2) Immigrants
- 3) Visible minorities
- 4) Persons with Post Secondary education
- 5) Persons without Post Secondary education
- 6) Health conditions
- 7) Low-income
- 8) Residents outside of the City of London

Top drivers of non-participation in LER:

- Mismatch between Skills and Available Jobs
 - Including "job attractiveness" such as pay, alignment with skill set, desired schedule
 - Elements of mismatch affect almost all profiles described in this report, making it one of the top issues driving non-participation
- Discouragement
- Health Barriers
 - 28% of respondents cited health conditions as a reason for not participating

- Childcare responsibilities
 - 29% of women cited access to childcare as a barrier
- Perceived discrimination
 - One of the top reasons cited by prime-age immigrant and visible minority respondents for not participating
- Lack of access to transportation
 - Top barrier to participation for prime-age respondents without a post-secondary education and those with low income
 - Larger barrier for those in the City of London compared to other parts of the LER

It is important to note that these conditions are often mutually reinforcing. For example, those with low-income are less likely to be able to pursue post-secondary education, and vice versa.

PwC notes in their report that whether a job's pay is sufficient is unique to the individual and reflects their personal circumstances such as the costs they need to incur in maintaining the job, alternative income sources available to them, childcare needs, commute time, and access to transportation. PwC also notes that many survey respondents had relatively low income when they last worked: 55% of prime-age respondents who are not participating due to lack of jobs that pay enough made less than \$40,000 per year when they were last employed.

PwC estimates between 30,000 and 40,000 prime-age non-participants could be available to enter the labour market if their barriers to participation were addressed.

2.2 Recommendations / Considerations

Based on the survey findings and evidence in secondary research, PwC developed considerations for regional and municipal governments, educational institutions, employers, community organizations, employment agencies and economic development agencies. PwC identifies that conditions contributing to non-participation are often mutually reinforcing, therefore the inclusion of multi-faceted interventions would be required in order to accommodate overlapping participant profiles and the unique combination of barriers for each individual. Examples includes:

- Mismatch between skills and available jobs
 - Increase focus and funding on active labour market programs and increase coordination with employers
 - Increase access to labour market information (primary, secondary and post secondary student, job seekers)
 - Increase visibility of support programs and services to increase uptake by both employers and job seekers
- Health Barriers
 - Flexible working options such as the ability to work from home, part-time, and flexible hours
- Childcare
 - Increase access to affordable childcare
- Flexibility
 - Increase flexible working options such as the ability to work from home, part-time and flexible hours
- Access to transportation
 - Consider impacts on labour market participation when assessing changes to transit system
 - Increase flexible working options such as the ability to work from home, part-time and flexible hours
 - Involve employers in providing transportation solutions in increase access to the workplace for employees or potential employees
- Discrimination
 - Examine the framework around reporting and investigating incidents of discrimination
 - Communicating actions to address discrimination in the workplace
 - Be transparent about wages and opportunities

2.3. Lunch and Learn

PwC presented their report through a virtual Lunch & Learn event held on August 9, 2021, from 12:00pm-1:00pm. Brief comments on PwC research findings and recommendations were provided by the following speakers:

- Workforce Planning and Development Board – Deb Mountenay
- Fanshawe College – Darlene O’Neill
- LMLIP / Employment Sector Council – Jennifer Hollis
- Employment Sector Council – Carol Stewart

Approximately 80 persons were in attendance and the audience were representative of:

- Employment Sector Council members and Employment Sector agencies
- Economic Development offices (Elgin, Oxford, Middlesex, London)
- Regional Workforce Development offices
- Municipal Council members (Elgin, Oxford, Middlesex, London)
- London Community Recovery Network (mix of employers, community training and employment agencies)
- Mayor’s Jobs Now Taskforce Members
- Civic Administration?

The presentation from the Lunch & Learn session was recorded. Both the Lunch & Learn session as well as the PwC report will be publically shared on the City of London website – See <https://london.ca/living-london/community-services/ontario-works>

2.4. Next Steps / Implications

Labour market participation is a complex and multi-dimensional issue and doesn’t have an easy fix, nor a simple solution. PwC’s research findings will help inform current and future strategic planning in a multitude of areas. The PwC report will be shared with community stakeholders from across the London Economic Region to support strategic planning that municipalities, economic and workforce development organizations, education and training institutions, community agencies and businesses are undertaking. Advisory Committee members have begun referring to the report and its use in its development and updating of strategic planning.

For the City of London, the PwC report will be shared with strategic leads of various working tables to inform work currently in progress with the goal to identify further opportunities to address barriers and facilitate and encourage labour market engagement. The finds can be applied to internal practices of the City of London as well as to community based strategies. Examples include, but not limited to: the London Community Recovery Network, Mobility Master Plan and Transportation Management Association, London’s Newcomer Strategy, London Strengthening Neighbourhoods Strategy, London & Middlesex Local Immigration Partnership, and the Community Diversity Inclusion Strategy.

3.0 Financial Impact / Considerations

This project was 100% funded by the Ministry of Labour, Training and Skills Development through the City’s Ontario Transfer Payment Agreement - Ontario Labour Market Partnerships with the Ministry effective March 9, 2020, and amended March 2, 2021, to extend the expiry date to October 29, 2021. The total funding provided by the Ministry for this program is \$123,669, which includes an allocation to fund the work awarded to PwC in the amount of \$115,101 plus applicable taxes, resulting in no financial impact to the City’s budget.

As per the agreement with the Ministry, the City’s contribution to this project is in the form of “in-kind contributions” provided from existing City resources. These contributions consist of utilizing meeting facilities and staff time along with contributions from other project partners.

Conclusion

Labour market participation is a complex and multi-dimensional issue and doesn't have an easy fix, nor a simple solution. The PwC report highlights the strong intersectionality between contributing factors to labour market non-participation.

The OLMP project provided the opportunity to address labour market participation as a regional employment issue. The issues underlying labour market participation are not new to the London Economic Region. There are multiple strategies currently underway addressing contributing factors. The PwC report provided considerations for various levels of government, educational institutions, employers and community organizations. The report will be utilized to inform economic and workforce development plans, transportation strategies, anti-racism, anti-oppression and inclusivity initiatives across the region.

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