

European Social Fund 2007-13
Revised South East
Framework 2011-13

Final Framework

European Social Fund 2007-13

South East Framework 2011-13

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South East Framework 2011-13.

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1. Introduction

1.1 This Framework sets out how the South East European Social Fund (ESF) Programme will contribute to addressing regional employment and skills priorities. A South East ESF Framework was originally developed in 2007 to inform co-financing Plans for the period 2007-2010. The Framework is now being revised to inform co-financing Plans for 2011-13 and has been informed by the following tasks:

- One-to-one consultations with the ESF Task Group: to provide a qualitative narrative which can help explain the quantitative achievements and programme strategic & management issues.
- Analysis of data and research on the region's economy and labour market: to allow progress made to be set against underlying trends and changing needs, and to consider the changing context provided by regional and national priorities, especially in the light of the economic downturn.
- A review of evaluation evidence: which helps to understand the impacts and achievements of past and current ESF and other employability/skills interventions.
- A final version will be circulated to the Regional ESF Committee for sign-off by written procedure.
- In addition, it should be noted that all content in this draft Framework is provisional, pending further cross-departmental guidance from DWP and subject to approval by relevant government departments.

1.2 Across the whole 2007-2013 period, ESF is being delivered as part of the Regional Competitiveness and Employment Objective, as set out in the England Operational Programme. This contains a number of priorities:

- P1: Extending Employment Opportunities
- P2: Developing a Skilled and Adaptable Workforce
- P3: Technical Assistance

1.3 The Regional Framework is a high-level document that provides a clear framework within which Co-Financing Organisations¹ should develop and implement ESF plans that meet regional priorities within the context of a national programme. Co-Financing Organisations (CFOs) for this period include the Skills Funding Agency or SFA (the Learning & Skills Council (LSC) was superseded by the SFA and the Young People's Learning Agency (YPLA) in April 2010²), Department for Work and Pensions (DWP), the South East England

² The SFA will focus on learning and skills provision for adults and the YPLA will focus on provision for 16-19 year olds. The SFA CFO will procure 14-19 ESF provision working in partnership with the YPLA and local authorities.

Development Agency (SEEDA) and the National Offender Management Service (NOMS).

1.4 In order to support their plans, this framework document sets out:

- Regional economic context and strategic priorities (groups, sectors, location)
- Indicative list of eligible interventions under each Priority
- Principles underpinning the use of ESF alongside other European Structural Funding streams and domestic programmes
- Regional funding allocations (at the level of the Framework Priorities and two geographies)
- Regional output indicators

1.5 The Framework supports Lisbon Agenda goals of generating stronger, sustainable economic growth and creating more and better jobs, in line with the Priorities contained in the ESF Operational Plan for England.

Distinctions between the 2007-10 and 2011-13 Framework Periods

1.6 Guidance from the Managing Authority sets out the parameters within which Regional ESF Frameworks should operate to determine how ESF resources can be best targeted to meet regional skills and employment priorities. These include the range and levels of ESF activity that can be supported at regional level. The parameters have been adjusted for 2011-2013 to take account of economic, labour market and policy developments. The major differences between the 2007-10 and 2011-13 Framework periods are:

- **Allocation of ESF resources within Priority 2.** There is now a greater emphasis on intermediate and higher-level skills. During the 2011-13 period up to 40% of Priority 2 resource can be used to train people to Level 3 equivalent and above. This compares to 28% during 2007-10 (and the 5% ceiling on Level 4 skills has been removed). At least 30% Priority 2 ESF must be spent on tackling basic skills deficits and 30% targeted at Level 2 training (compared to a minimum of 35% each during 2007-10).
- **Reallocation of Technical Assistance.** In 2007-10, the Operational Programme allocated 4% of the Regional Competitiveness and Employment Funding to Priority 3 technical assistance. For 2011-2013, it is proposed that 1% will be allocated to Priority 3. The remaining 3% should be allocated to Priority 1 (65%) and Priority 2 (35%).
- **Economic Conditions.** The economic conditions for the 2011-2013 period are likely to be very different to the 2007-2010 period. The revised framework needs to reflect how ESF funding will be used to add value to measures to a) respond to the economic downturn and b) support economic recovery. For 2011-2013, there should be a special focus on training for the new jobs that will be created as the economy recovers, especially 'green jobs' in a low carbon economy.

• South East Framework 2011-2013 •

- **Strategic Governance / Policy changes.** Two new agencies are being created to replace the Learning and Skills Council (LSC). The Young People's Learning Agency (YPLA), will be responsible for 16 – 19 skills funding, and the Skills Funding Agency (SFA) will be responsible for adult skills funding. The SFA will replace the LSC as an ESF co-financing organisation in April 2010. The 2011-2013 ESF programme will also be influenced by changes to the strategic policy landscape which will come into force during that time period. Of particular relevance here are the new Integrated Regional Strategy and the Regional Skills Strategy, both of which are under development. Consideration is given to these in the next section.
- **Co-Financing Organisations.** As well as Jobcentre Plus, the SFA (formerly the LSC) and SEEDA, a fourth organisation will operate as a Co-Financing Organisation in the 2011-2013 period, with NOMS (the National Offender Management Service) awarded CFO status in February 2009.

2. Regional Context

- 2.1 This chapter sets out a summary of the evidence base which has informed priorities for ESF in the South East, together with an overview of existing policy and activity which ESF must complement. ESF will be deployed to address regional priorities for employment and skills through adding value to, enhancing and filling gaps in mainstream services. A summary of the European and National policy context for this programme is included in Appendix 3.
- 2.2 In March 2007, the RSPA commissioned an analysis of regional skills and employment issues distinct to the South East. The analysis drew from a range of employment and skills intelligence and wider evidence used in the revision to the Regional Economic Strategy, by the LSC (which is now known as the Skills Funding Agency (SFA)³, Sector Skills Councils and in preparation for the 2012 Games. To inform the review of the Framework and priorities for 2011-2013, the economic context for the South East has been revisited and updated to understand the current issues and priorities for intervention, paying particular attention to the changing needs as a result of the recession.

Regional Economic Strategy

- 2.3 The Regional Economic Strategy (RES) for the South East 2006-2016, 'A Framework for Sustainable Prosperity' provides a key reference point for the development of this Framework.
- 2.4 The South East is a predominantly successful region competing in global markets. The priorities of the RES align with a number of areas within the England ESF Operational Programme. There are three overall objectives set out in the RES:
- Global Competitiveness - *investing in success*
 - Smart Growth – *lifting underperformance* and
 - Sustainable Prosperity – *supporting quality of life*
- 2.5 Of these, ESF has most to contribute to Smart Growth by focusing on lifting underperformance, raising productivity and increasing the number of people ready for employment. Of eight transformational actions identified to contribute to these objectives, ESF has most potential in terms of:
- *3. The Skills Escalator*
 - *5. Raising economic activity rates*
 - *7. Education-led regeneration*
 - *8. Making the most of 2012*

³ LSC South East Learning and Labour Market Regional Profile

- 2.6 Specifically, the RES highlights employment issues amongst older people, culturally diverse communities and people with disabilities and sets a target to achieve 85% economic activity by 2011. It also highlights the need to improve skills progression through a 'skills escalator' approach. The RES highlights the importance of innovation and knowledge transfer for sustained economic growth, and associated higher level skills requirements.
- 2.7 The RES identifies three broad economic 'contours'. The **Inner South East** forms a generally wealthy core around London and delivers much of the South East's world class performance. The **Rural South East** accounts for 80% of the region's land mass, a third of its business base and a quarter of its population. Within this, dispersed patterns of deprivation must be addressed, while ICT offers new possibilities for remote working and business in rural locations. The **Coastal South East** is characterised by a string of distinctive coastal cities and towns, yet is an area which has seen continued economic and social decline, accounting for 85% of multiple deprivation in the region. Rural and coastal areas offer the most potential for ESF in terms of addressing dispersed deprivation through skills development, business support and innovation. These areas are set within the context of the Greater South East, which will also need to be considered in terms of migration and commuting trends and the opportunities offered by the 2012 Games.
- 2.8 Overall, the RES provides clear pointers for the use of ESF in terms of investing in potential to improve the prospects of under developed areas, communities and individuals whilst safeguarding quality of life in the region through a strong sustainable development agenda.
- 2.9 It is worth noting that the current Regional Economic Strategy was published prior to the recession. The implications of the changing economic conditions on the South East is considered later in this section.

Evolving Regional Policy

- 2.10 SEEDA is leading on the development of a Regional Skills Strategy for the South East. This will incorporate the skills element of the RES and will be a combination of high-level strategy and operational prioritisation for investment in the short/medium term. Whilst SEEDA is the lead organisation responsible for the delivery of the Regional Skills Strategy, the Economic Development and Skills Board is a forum which brings together a broad range of regional stakeholders and will act as a 'sounding board' during the development of the strategy. Ultimately, the Regional Skills Strategy can only be signed off in agreement between SEEDA and each South East Local Authority.
- 2.11 The South East England Partnership Board (SEPB) was established in April 2009 and is tasked with the development of the new Integrated Regional Strategy. The Integrated Regional Strategy will pull the Regional Economic Strategy and the South East Plan together into a single document and upon its completion, SEPB will play a key role in shaping economic development policy and planning responsibilities across the South East region. Development of the Integrated Regional Strategy is being informed by a series of think pieces which combine latest evidence with expert advice to suggest the areas in which the Integrated Regional Strategy (IRS) can potentially have the most important impacts. These think pieces provide an indication of the key areas of change which are

acknowledged as being integral to the development of the IRS and these are titled 'Innovation and economic growth', 'Dealing with economic disadvantage', 'Climate change and a low carbon society', 'Demographic change and the ageing population', 'Tackling housing affordability and 'Funding for investment and infrastructure'.

- 2.12 Both these documents are still in the development stage - a draft of the Regional Skills Strategy is expected by Autumn 2010 (to cover the period from 2011/12 onwards in terms of investment decisions) and a draft Integrated Regional Strategy is expected to be ready for consultation at the end of 2011. However, it is important to note that both these documents (along with the SEP) itself will play an integral role in defining the nature and scale of ESF projects and investments in future years.

Key Changes to the National Policy Context

- 2.13 There are a number of important changes to the national policy context which are also important and which will influence ESF funding during the 2011-2013 period. These are set out in Appendix C and summarised below.

- The Leitch Review of Skills, which gives employers a stronger voice on the content and delivery of skills and employment programmes, as well as encouraging them to take greater responsibility for the planning and funding of their training activity. Key features of the Leitch implementation plan include increased funding for Train to Gain and greater flexibilities in the use of Train to Gain during the recession, although funding constraints are currently placing limits on the number of new learners that can be supported.
- The Freud report, an independent review of welfare to work, which recommended that resources should be targeted on those individuals who generally face multiple, complex problems, so that spending can be directed towards these people in a more individualised way.
- The Government White Paper December 2008, **which made a number of important policy initiatives, including:**
 - People currently claiming Income Support will move to either the Employment and Support Allowance or Jobseeker's Allowance
 - Encouraging lone parents and those with younger children (seven and younger) to engage with the support that is available
 - Testing a Work for Your Benefit scheme.
- The Flexible New Deal⁴, which came into operation in October 2009, which proposes:

⁴ Full Flexible New Deal support is available for people who have been on JSA for 12 months, and there is some flexibility to provide people that have been claiming for six months with more support than they were previously entitled to.

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- A stronger framework to move benefit customers from being passive recipients to active jobseekers
 - A personalised and responsive approach to individual customer needs
 - A partnership approach with public, private and third sector organisations
 - Attempts to help clients find jobs that pay and offer opportunities for progression, with an emphasis on progression within work.
- The Future Jobs Fund, which aims to create 150,000 additional jobs, primarily aimed at 18-24 year olds who have been out of work for nearly a year⁵.
 - The Government's UK Low Carbon Transition Plan, which sets out a target of some 1.2m "green" jobs in the UK by 2020.
 - The new Skills Funding Agency (SFA), which from April 2010, will be the single funding provider for adult skills in England outside of higher education. The SFA's main function will be to direct funding to further education colleges and other skills providers.
 - The New Young People's Learning Agency (YPLA), which will hold the overall budget and approve all LA commissioning plans for 14-19 provision.
 - An increased emphasis on Advanced Apprenticeships places for people aged 19-30 and the opportunity for these to provide routes into Higher Education.
 - Increasing focus on growth sectors identified in New Industries New Jobs.

Overview

2.14 In recent years the South East has maintained its position as one of the UK's most successful economies. In 2008, the region contributed around 14% of the total UK GVA – £181.8 billion in absolute terms, the second largest contribution of any region. In 2007, GVA per capita averaged £21,688 in the South East, again well above the national average and second only to London. Despite this, over the decade to 2008, total GVA increased by around 55% – below the UK average of 58% growth since 1999. Numerous factors underpinned the relative economic success of the South East over the past decade. Central to the regions strong performance was its highly active, highly skilled workforce. The South East has experienced some of the highest rates of economic activity and employment growth seen nationally. The South East economy has also been dominated by activity in highly productive sectors. In 2008, around 25% of South East employment was located in the broadly defined business and financial services sector - a figure above the national average and second only in the UK to London. A pertinent example of the South East

⁵ The Future Jobs Fund is a part of the Young Person's Guarantee. From early 2010, everyone in between the ages of 18 and 24 who has been looking for work for a year will get an offer of a job, work experience, or training lasting at least 6 months. The fund is specifically targeting 50,000 jobs in unemployment hotspots and expects around 10,000 of the 150,000 jobs created to be "green" jobs. (Source: DWP).

strength in high value added sectors is set out in a recent report by Centre for Cities⁶. The report identifies six South East urban areas as being within the ten most knowledge intensive urban areas in the UK.

- 2.15 However, in the period since 2007, the UK has suffered a severe economic downturn. The UK economy entered recession in the fourth quarter of 2008, and will not emerge from it until the first quarter of 2010 at the earliest. Output in some sectors, such as manufacturing is not expected to resume growth until 2011.
- 2.16 The impacts of the recession have been felt throughout the UK and the South East is no exception to this. Latest ONS data suggests that the South East GVA growth rate from 2007 to 2008 (2.95%) was the lowest of all the regions, and well below the UK average of 4.06%. Despite these figures, it is difficult to assess with any certainty how the South East economy is performing relative to other regions during the recessionary period. Experian forecasts⁷ suggest that in the period to early 2009, GVA contracted at a slower pace than in most of the other UK regions. This can be linked to the lower concentration of manufacturing and construction in the South East compared to elsewhere. In the period since spring 2009, however, it is expected that the South East will have been impacted on a similar scale to other regions, due to a sharp contraction in service activities during that period.
- 2.17 A greater indication of the impact of the recession on the South East economy can be gained by assessing regional performance against a range of socio-economic indicators. Consideration of the main trends is set out below.

Worklessness

- 2.18 At 82.1%, (4.4 million people in absolute terms) the economic activity rate in the South East is the second highest in the country. However, as is the case nationally, the level of economic activity has declined over the past year. Unemployment in the South East has increased by 1.5 percentage points since spring 2008. However, at 6% (0.27 million people in absolute terms) the rate remains the lowest of any region in the UK. Another indicator of unemployment, the claimant count, is also significantly below the national average in the South East. In September 2009 the claimant count rate was 3% (0.15 million people in absolute terms) compared to 4.1% nationally. Whilst the claimant count rate has increased by 1.4 percentage points since mid 2008, this increase represents one of the smallest increases of any region.
- 2.19 It may appear that to date, the South East labour market has proved more robust than other regions. However, it is important to recognise that given the size of the region, the South East unemployment rate still signifies that there is a significant group of people which needs to access employment. Whilst at the unemployment rate of 6% is the lowest of any region, the actual volume of unemployed people (0.265 million) is lower only than London (0.367 million), the North West (0.294 million) and the West Midlands (0.270

⁶ Cities Outlook 2009 (2009), Centre for Cities, accessed at <http://www.centreforcities.org/outlook09>

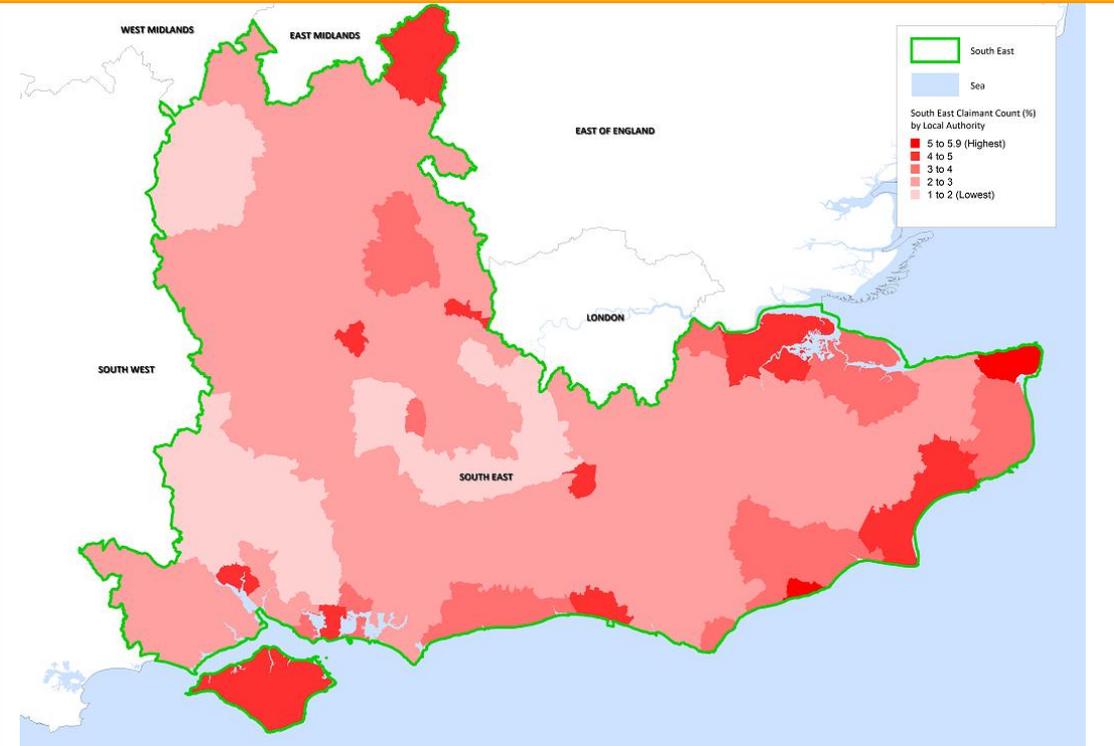
⁷ Experian estimates cited in the Regional Economic Strategy, 2006-2016, Annual Monitoring Report (2009)

million). Whilst the North East has an unemployment rate of 9.5%, in absolute terms 0.119 million people are unemployed – half the number in the South East.

- 2.20 In the context of the recession, the demographic of the unemployed group is likely to be different than in previous years. People from higher skilled occupations have accounted for a growing proportion of new JSA claimants in the South East. As such, more so than usual, a significant amount of unemployment in the South East is likely to be characterised by highly skilled professional workers. Recent figures also suggest that the male unemployment rate in the South East has risen faster than the female unemployment rate during the recessionary period. In March 2009, the male and female working age unemployment rates were 4.8% and 4.7% respectively.
- 2.21 It is important to note that the figures described above are unlikely to be fully representative of the unemployment situation. A recent report by SEEDA⁸ cites a concern that a significant number of people in the South East may be losing jobs and moving straight into economic inactivity rather than registering as unemployed (often this is a result of people being unable to claim JSA due to high household income). This is 'hidden unemployment' and presents a real challenge – the group moves outside the labour market and therefore further away from mainstream employment and skills support.
- 2.22 Whilst regional level statistics are useful in gaining an overview of the main trends, it is important to consider sub regional trends in order to identify particular 'hotspots'. Figure 1 highlights intra regional variations in the claimant count rate across the South East. As has often been the case in the past, the claimant count is currently highest in coastal locations such as Hastings (5.9%), Thanet (5.6) and urban areas such as Milton Keynes (4.8%) and Reading (4.5%).

⁸ South East Economy Review (2009), SEEDA, accessed at http://www.seeda.co.uk/_documentbank/SouthEastEconomyReviewJun09.pdf

Figure 1 – Unemployment by Local Authority, 2009



Source: Digital Mapping Solutions from Dotted Eyes. © Crown Copyright 2006. All Rights Reserved. License number 1000199918.

- 2.23 Throughout 2008 and in early 2009, the coastal areas of the region experienced the sharpest increases in unemployment. More recently, however, the impact of the recession seems to have been more severe across the Inner South East (including in urban areas such as Reading and areas within the Gatwick Diamond). It is possible to link this trend to a number of factors, including increased levels of redundancy in service activities, and the fact that the London labour market (in which many people in this part of the region are employed) began to turn down quite sharply in certain sectors in spring/summer of 2009, having held up comparatively well earlier on in the recession. It is also important to note that coastal employment figures are influenced by seasonal factors, with unemployment often increasing in winter months.
- 2.24 Areas that are largely rural in nature have experienced slower rises in unemployment.

Skills

- 2.25 The relatively highly skilled nature of the South East workforce is highlighted by analysis of the regions occupational structure. In comparison to the national average, more South East residents are employed in managerial, professional and associate professional occupations (47% in March 2009, compared to 43% nationally). Similarly, fewer South East residents are employed in elementary and manual occupations than is average nationally.
- 2.26 Further evidence of the South East’s relatively well skilled workforce is provided by analysis

of qualifications. Around 1.59 million working age South East residents are qualified to degree level or higher – a proportion of 31.5% (above the national average). This rate has increased by around 5.6 percentage points over the decade to 2008. A recent report by SEEDA⁹ highlights variations in skills levels. The proportion of people qualified to level 4 or higher tends to be lowest (below 25%) in the coastal areas of north and east Kent, Southampton and Portsmouth, and highest (above 36%) in Surrey, much of the Thames Valley and parts of Hampshire and Sussex.

- 2.27 In December 2008, around 450,100 South East residents had no qualifications – a proportion of 8.9% (the lowest of any region and significantly below the national average of 12.4%). SEEDA¹⁰ reports that the proportions of residents with no qualifications (at least 9%) is highest in eastern parts of the region – in coastal areas of Kent and Sussex, areas to the east of London, and in Portsmouth
- 2.28 In 2008, the proportion of the working age population receiving job-related training in the South East was above the national average, at 22% (around 1.1 million people in absolute terms). However, a recent report by the Institute for Employment Studies¹¹ cites the fact that levels of work based training have decreased over the past five years.
- 2.29 Whilst the South East economy is clearly able to access a pool of highly skilled labour, it is important that the less highly skilled segments of the labour force are not overlooked. The Institute for Employment Studies¹¹ reports that there are fewer young people who are Not in Education, Employment or Training (NEET) in the South East region, than is average nationally. However, it appears that the gap is narrowing with a higher proportion of 16-18 year olds NEET in the South East in 2008/09 compared to the previous year.
- 2.30 NEET status varies considerably by group and location. The Institute for Employment Studies¹¹ reports that NEET status is often associated with living in areas of deprivation. The highest proportions of people who are NEET tend to be found in transient communities, those with public housing and African-Caribbean communities. Rates are also higher for disabled people than non-disabled people. In 2008/9, the proportion of those who are NEET was highest in Southampton, Portsmouth, Brighton & Hove, Reading and East Sussex and Medway.
- 2.31 The National Employers Skills Survey was updated in 2007¹². The survey reports that the number of skills shortage vacancies across the country has decreased, as has the proportion of employers reporting skills gaps. The proportion of employers providing training (over two thirds) has increased. Skills gaps remain more common among 'lower level' occupations. In the South East, around 15% of employers reported having skills gaps (close to the national average) whilst around 6% of staff were reported as having skills gaps

⁹ Regional Economic Strategy, 2006-2016, Annual Monitoring Report (2009)

¹⁰ Regional Economic Strategy, 2006-2016, Annual Monitoring Report (2009)

¹¹ The Impact of the Recession on the Labour Market in the South East (2009), LCS, accessed at http://www.seeda.co.uk/documentbank/impact_of_Recession_labour_SE_report.pdf

¹² National Employers Skills Survey, 2007 (2008), LSE, accessed at <http://readingroom.lsc.gov.uk/lsc/National/nat-nessurvey2007keyfindings-may08.pdf>

(again similar to the national average).

- 2.32 Interventions aimed at tackling skills shortages have experienced growing participation rates in the South East in recent years. The number of apprenticeship starts has been increasing since 2007 as has participation in DWPs Train to Gain programme. Participation in both Apprenticeships and Train to Gain is highest in lower skilled occupations.
- 2.33 A recent report¹³ projected likely changes in the number of people qualified at each skills level in the South East in the period to 2012. The general trend across the South East (and across the country as a whole), is for more people to be qualified at higher levels as the occupational profile of employment becomes more skilled. The overall direction of demand is for an increase in the number of people qualified at NQF levels 5, 4, and 3 and a fall in the number of people at Levels 1 and 0. growth is also projected at NQF level 2 but this varies by industry. Overall, there is an increase in the level of educational attainment across the South East – for example, where occupations have been traditionally filled by people at Level 3 an increasing share of that population will be qualified at NQF Level 4 and 5 in the future. This is a pattern is replicated across occupations.

Enterprise

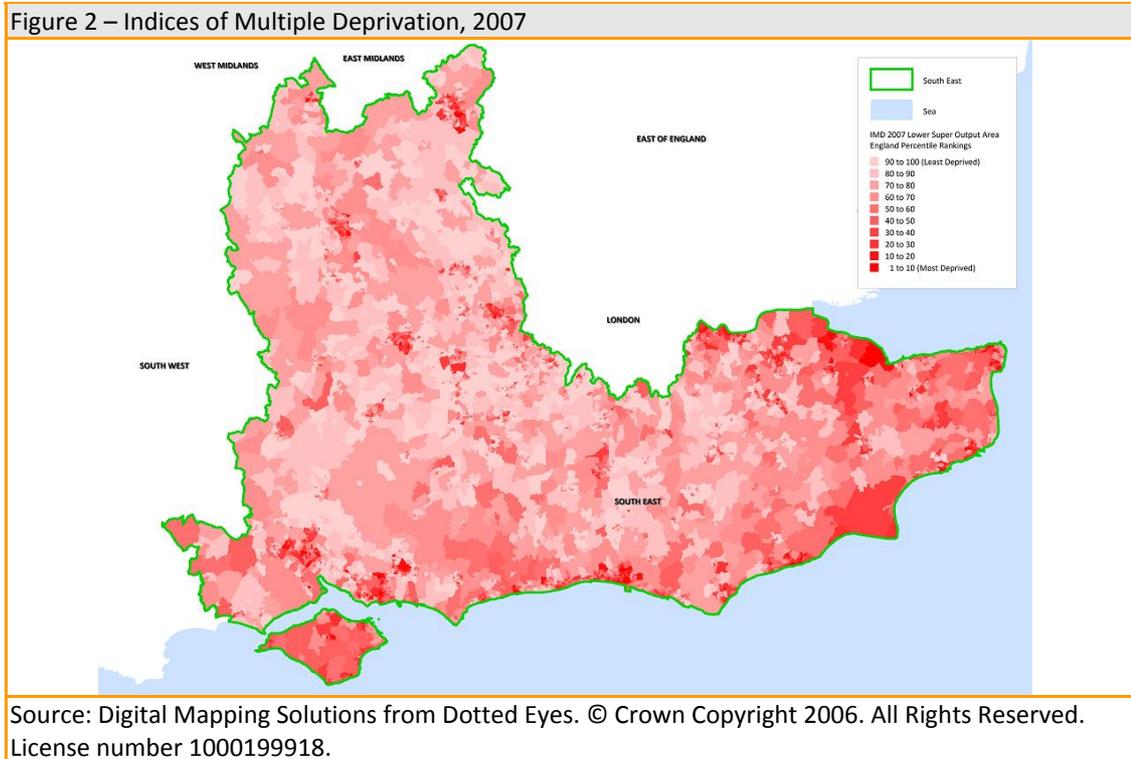
- 2.34 Enterprise is an important factor in driving forward economic output and productivity. In March 2009, there were around 337,400 businesses in the South East (as measured by those business registered for VAT and PAYE). Business density in the region is second only to London in the UK, at 49.7 businesses per 1,000 population (aged 16 or over). The rate for England as a whole is 44.1 per 1,000 population. Despite this, the recession has had a clear impact on the regions business base, which declined by around 1,400 businesses in absolute terms in the year to March 2009 – a rate of decline similar to the national average. Kent, Hampshire and the Isle of Wight accounted for 80% of the total decline in the region's business base.
- 2.35 In 2007, there were just under 32,000 VAT registrations in the South East – a rate of around 3.8 new businesses per 1,000 population. This is slightly higher than the national average of 3.4 new registrations per 1,000 population. Another indicator of enterprise is self employment. The rate of self employment (as a percentage of the population aged 16+) across the South East is 13.8% - higher than the national average (12.9%) but below the rate seen in London, the East and the South West. As is the case nationally, the male self employment rate (17.5%) is higher than the female self employment rate (9.4%). The highest rates of female self employment are found in Surrey (9%) and lowest in Kent, and Hampshire and Isle of Wight (5%)¹⁴.

¹³ LSC Sector Blueprint (2008) Note – This report was not published. It is important to note that the report is based upon Spring 2008 employment forecasts from Cambridge Econometrics and thus do not take into account the full impacts of the recession.

¹⁴ Inclusive Enterprise Action Plan (2008), SEEDA

Intra-regional Variations

- 2.36 Taken as a whole, the South East region is relatively prosperous compared to other UK regions. However, as discussed above, significant sub-regional variations exist. As highlighted by Figure 2, levels of relative deprivation in the region tend to be highest in coastal areas and in some inland urban area.



Future Challenges and Opportunities in the South East

- 2.37 Whilst socio-economic conditions in the South East have clearly been impacted by the recession, the region continues to perform relatively strongly in relation to most other UK regions. It is important, however, that regional performance does not mask the significant variations and inequalities that exist in relation to different groups and locations within the region. In future years, the South East is likely to face a number of challenges and opportunities which will determine the extent to which the region is able to maximise its social and economic potential. The most pertinent of these are considered below.

Recovery from the Recession

- 2.38 In the short term, the major challenges faced by the South East clearly relate to weathering the full impact of the recession, and ensuring that the region is well positioned to stage a swift recovery once economic conditions improve.
- 2.39 Challenges relating to increasing the level of labour market participation have increased

considerably in the context of the recession. As discussed previously, the recession has resulted in high levels of redundancy relative to the past – initially in manufacturing and construction sectors, but increasingly also in business services sectors. The latest employment forecasts¹⁵ suggest that unemployment is expected to continue rising in the South East until well into 2010, with employment not returning to pre-recession levels until 2013 at the earliest.

- 2.40 As a result of the recession, the current pool of unemployed labour in the South East has far more diverse characteristics than was the case previously. In order to ensure that the South East begins its recovery from the recession as swiftly as possible, it will be important to ensure that interventions aimed at increasing labour market participation are adapted to meet the needs and priorities of as wide a range of these groups as possible.
- 2.41 Labour market interventions will only be effective, however, if there is sufficient supply of employment opportunities to meet demand. As such, focus must also be placed on supporting and retaining existing businesses, attracting new businesses and, where possible, creating a climate which encourages enterprising behaviour.
- 2.42 The National Framework¹⁶ sets out how the Government expects RDAs, local authorities and other public sector agencies to collaborate to respond to the recession and shape the conditions for growth and job creation. Regional and local strategies should consider a number of economic policies including articulating business demand for skills in a Regional Skills Strategy, providing opportunities to boost jobs and supporting potential growth sectors (with areas focusing on their particular strengths).

It is critical that the South East addresses the short term consequences of the recession and responds to the economic upturn. In particular, the National Framework and New Industries New Jobs (NINJ) sets out the policy framework for shaping the future conditions for growth and job creation.

Supporting Key Sectors

- 2.43 In seeking to support business and enterprise in the South East, it is likely that policy will continue to pursue the sectoral approach to economic development which has been established in recent years.
- 2.44 As discussed previously, the South East has established itself as one of the most knowledge intensive economies in the UK, with high levels of activity in high value added service activities. However, in the context of the recession, growth has stalled in the majority of sectors in the South East, and is not expected to resume until after 2010 at the earliest.
- 2.45 A recent SEEDA report¹⁵ sets out the latest Experian employment forecasts for the South East. In the period to 2011, employment is forecast to either decline or show no growth in all sectors (with the exception of the public sector¹⁷). In the longer term employment

¹⁵ Experian employment forecast cited in, South East Labour Market Update (2009), SEEDA

¹⁶ Partnerships for Growth: National Framework for Regional and Local Economic Development, December 2009

¹⁷ Whilst Experian forecast some growth in public sector employment in the period to 2011, this seems optimistic given the likely cuts in public sector spending over that time period.

growth is expected to resume in all parts of the service sector in the period from 2012-2021. Growth is projected to be strongest in the Transport and Communications sector. Employment is forecast to continue to decline in manufacturing, engineering and mining sectors.

- 2.46 However, the extent to which these projections are fulfilled will depend to a large extent on the level of proactive intervention by local and regional government. In attempts to recover from the recession and to drive economic growth in the post recession period, it is likely that increasing levels of policy emphasis will be placed on supporting and establishing comparative strengths in those sectors which are perceived to add the highest levels of value and productivity to the regional economy.
- 2.47 The importance of a sector focused approach to economic development is being increasingly emphasised by regional and national strategy. At a national level, the UK Government recently published *New Industry New Jobs*. This document emphasises the need to target action and reform in areas and sectors which relate to innovation, skills, finance, infrastructure and access to growing global markets. The document cites a number of priority sectors for future growth, including low carbon vehicles, life sciences and pharmaceuticals, advanced manufacturing (including aerospace, composite materials, industrial biotechnology and plastic electronics), professional and financial services and engineering construction.
- 2.48 In the South East, the SEEDA Corporate Plan identifies a number of priority sectors which it believes are likely to drive future economic growth. Many of these reflect those set out by government in *New Industry, New Jobs* – advanced engineering (including marine), ICT and digital media, life sciences and health, financial and professional services, environmental technologies and aerospace and defence.
- 2.49 As mentioned previously, the Economic Development and Skills Board (EDSB) is likely to play an important role in developing the Regional Skills Strategy for the South East, together with SEEDA who will lead on delivering the plan. In its first meeting in late December 2009, it was suggested that whilst the targeting of regional investment should continue to support the delivery of the Regional Economic Strategy, it should also take into account the priority sectors set out in the governments *New Industry New Jobs* document (see above).
- 2.50 SEEDA has also recently completed work with the Sector Skills Council and partners to advise the Economic Development and Skills Board about which sectors should be prioritised for contracts in 2010. The work identifies¹⁸ a number of key sectors which stand to make the largest contribution to the South East region in terms of innovation and productivity-led growth:
- Environmental technologies, land sciences, engineering and the built environment;
 - Manufacturing

¹⁸ Economic Development and Skills Board, 17 November 2009 Agenda Item 6, accessed at http://www.se-partnershipboard.org.uk/upload/files/edsb_091117_agenda_item_6_regional_skills_strategy.pdf

- Advanced high-value R&D based engineering
 - Life sciences and health services
 - ICT and digital services
 - Creative industries
 - Energy and power
 - Financial services
 - Health/Social Care
- 2.51 Finally, the Voluntary and Community Sector (VCS) accounts for 7% of the South East's workforce. It also generates £4.94 billion per annum in GVA (RAISE Hidden Asset 2009). As a major employer within the South East, there is a need to support the workforce development needs of employees.
- 2.52 The extent to which the South East is able to establish sustainable economic growth and comparative advantages in these sectors in future years is likely to play an important role in defining the long term social and economic success of the region and its labour market.

The Demographic Challenge

- 2.53 In future years, the South East is projected to face significant labour market challenges relating to its evolving demographic structure. According to a recent paper by SEEDA¹⁹, in 2015 there are projected to be 130,000 fewer people in the 35-45 age group than in 2008, and 124,000 extra people in the 45-65 age group. The proportion of retirement age people is also projected to increase. This demographic shift could lead to lower supply of labour, and lower participation rates.
- 2.54 In 2008, Experian employment forecasts²⁰ projected that employment in the South East will increase by nearly 80,000 by 2015. Whilst these projections have been revised downwards considerably in the context of the recession (as discussed in 2.39), when all factors are considered together, it can be seen that in years to come there is likely to be significant tightening of the South East labour market, with the possibility of labour and skills shortages. The South East's tight labour market means that recruiting and retaining more people in both these age groups will increasingly be a priority for meeting potential labour shortages.
- 2.55 In this context, there is a strong incentive to use scarce labour resources more efficiently. First, there is a need to maintain competitiveness and raise labour productivity. Improving the skills of both employers and the workforce are central to this ambition. Second, the

¹⁹ 40-70 Tomorrow's Workforce Programme: Opportunities for Older Workers in the South East (2009) SEEDA, accessed at <http://www.seeda.co.uk/documentbank/OlderWorkersOpportSE.pdf>

²⁰ 2008 Experian employment forecast cited in, 40-70 Tomorrow's Workforce Programme: Opportunities for Older Workers in the South East (2009) SEEDA, accessed at <http://www.seeda.co.uk/documentbank/OlderWorkersOpportSE.pdf>.

South East will have to utilise more of the available pool of labour by addressing the relatively high levels of unemployment and inactivity amongst some groups and in some parts of the region. There will also be opportunities arising from demographic change, for example in caring and health professions.

- 2.56 Due to the changing demographics of the South East, there is a need to balance the short-term requirements of young people, who are also impacted by the recession and the longer-term demographic challenge.

Global competition

- 2.57 The region's businesses and workforce, as elsewhere in the UK, must adapt to the changing global economy and the threats and opportunities arising from emerging economic powerhouses. The key to retaining competitiveness will be promoting innovation, particularly building on existing intellectual and technological strengths in sectors where the performance of firms in South East is world class, and more general efforts to up-skill and re-skill the labour force are essential in seeking to maintain and increase living standards. There are clear opportunities linked to the region's research excellence in environmental sciences and the growth of environmental technologies, prioritised in this Framework as part of the sustainable development cross cutting theme (Chapter 4) as well as through links to the ERDF programme (see section 2.6 below).

Making the Most of 2012

- 2.58 As one of the transformational actions identified for implementing the Regional Economic Strategy, there are a range of opportunities for this programme to take advantage of the catalyst provided by the 2012 Olympic and Paralympics Games. These include engagement of disadvantaged groups and complementing mainstream skills development activities being progressed by the South East Education, Employment and Skills for London 2012 Task Group (one of the key working groups of the South East Partnership for 2012). The Personal Best programme will also be important as a training and volunteer programme aimed at helping people furthest from employment into long term sustainable jobs. The 2012 Olympics presents a unique opportunity to benefit industry and individuals alike.

Issues Informing Priorities 1 and 2

- 2.59 In order to effectively target ESF resources and achieve maximum impact, a 'matrix' approach has been adopted combining a focus on participant groups, industrial and geographical targeting where appropriate. Figure 3 below summarises the distinctive issues relevant to priority groups identified in the Evidence Base, along with specific geographical issues, which have informed the two Priorities set out in the next chapter.

Figure 3 – Issues Informing Priorities 1 and 2

Participant Group	Issues	Concentrations
Young People not in education, employment	Young People who are NEET between 16 and 19 are more likely to offend, be homeless and fall into a poverty trap. There are specific issues faced by vulnerable young people at points of transition,	Geographical concentrations currently include Southampton, Portsmouth, Brighton & Hove, Reading, East

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or training (NEET)	including: looked after children; those with learning difficulties and disabilities and teenage mothers.	Sussex and Medway.
People with Disabilities²¹ (including Learning Difficulties and Disabilities) and Health Conditions	People with disabilities continue to face barriers to securing employment. A significant proportion could and would work under the right circumstances, with the right support. National evidence suggests that people with disabilities are less likely to hold formal qualifications. However, evidence also suggests that disabled people are twice as likely to consider self-employment as non-disabled people.	Eastern and coastal areas such as Eastbourne, Thanet, Worthing and Hastings tend to have a higher concentration of people with disabilities. Stark intra-regional variations in economic activity rates amongst people with disabilities – ranging from 45% in South Bucks, to 93% in Hart.
Lone Parents, Teenage Parents and Carers	Increasing participation by individuals with family and care commitments will involve tailored support and promoting enhanced flexible working opportunities.	Region-wide
Older People (50+)	There are currently 285,000 people in the South East aged between 50 and state pension age who are workless ²² . Raising economic activity rates of older people will help counter the general decline in activity rates caused by an ageing population. Older people require specific support in updating their skills and qualifications.	Concentrations of inactive older people in urban, coastal and rural areas. Adur, Crawley, Eastbourne, Thanet, New Forest have amongst the highest inactivity rates in the region for people aged 50+
Ethnic Minorities	Ethnic minorities typically suffer higher than average economic inactivity and unemployment rates, despite tight labour market conditions. In the South East, 7% of the 16+ ethnic minority population is unemployed, compared to only 4.5% of the white ethnic group. The region also has relatively few BME owned businesses and as such, there is significant latent potential for business creation within BAME communities in the South East. There is potential to encourage active participation and address labour constraints through employability and wider training support.	Concentrations of BME unemployment in some urban areas present an opportunity to increase labour supply in tight labour markets. There are particularly high levels of BME unemployment in Medway, Portsmouth, Wycombe, Southampton, Wokingham and Brighton and Hove.
Gender	Although the rates have converged in recent years, there remains disparity between the males and female employment rates in the South East (82.5% and 74.3% respectively). The recession has had an important impact in this respect – male unemployment has risen at a much faster rate than female unemployment since 2008. There is a significant gender imbalance in terms of enterprise - it is estimated that only 21% of all SMEs	The highest levels of male inactivity occur in coastal areas such as Shepway the New Forest and the Isle of Wight, and Worthing. The highest levels of female inactivity occur in some coastal and urban areas, including Rother, New Forest and the Isle of

²¹ See Disability Discrimination Act 1995 for full definition of disability <http://www.opsi.gov.uk/acts/acts1995/1995050.htm>

²² UK 50+ Worklessness & Self-Employment (2009), Prime

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	in the South East are run by women and the proportion of self-employed women is around half that of self-employed men .	Wight.
Young Offenders,	<p>There are around 24,000 offenders supervised in the community in the South East, across 4 probation trusts. Around 51% of these are identified as having employment and education needs, with around 50% having been unemployed at the start of their sentence.</p> <p>There are also around 49,000 offenders serving prison sentences within the region each year, at one of 27 establishments (25 prisons and two Immigration Remand Centres). Around 76% of these were unemployed at the start of their sentence.</p> <p>Offenders face significant barriers to securing employment and fully re-integrating into society.</p>	Region-wide.
Workforce	<p>The proportion of South East residents receiving job related training has fallen in recent years (although the rate is still above the national average). Another indicator – the proportion of South East employers reporting skills gaps – has shown significant improvement in recent years, the rate falling from 18.4% in 2005 to 14.7% in 2007 (below the national average).²³</p> <p>Despite this, skills gaps remain an important issue for the region, partly a reflection of the relatively high skills requirements of employers in the region. It is projected that future skill demand in the region will be for highly skilled people in higher-level occupations (Managers, Associate Professionals), & relatively less skilled occupations (Personal Services and Sales Occupations)²⁴.</p>	Region-wide.
Small Businesses	<p>Small businesses form a major part of the South East economy. In 2007, the South East had around 334,500 small business (1-10 employees) – more than any other region with the exception of London.</p> <p>Small businesses face a range of significant challenges regarding access to skilled labour, access to finance and access to relevant support and training.</p>	<p>There are lower levels of enterprise start-ups in some coastal areas. In 2007, the areas with the lowest start up rates were Gosport, Portsmouth, Hastings, Isle of Wight and Thanet.</p> <p>Since 2008, there South East business base has declined by around 1,400. Kent, Hampshire and the Isle of Wight accounted for 80% of this decrease.</p>

²³ Experian estimates cited in the Regional Economic Strategy, 2006-2016, Annual Monitoring Report (2009)

²⁴ LSC Sector Blueprint (2008), LSC

2.60 Due to the effects of the recession, there is a need to balance short term priorities with longer-term needs. In the shorter term (during the recession and immediately afterwards), there is a need to support disadvantaged groups, including the following:

- NEET groups, particularly young people and lone parents
- Other groups which are most disadvantaged, in particular those suffering from mental health issues, those with disabilities, ethnic minority groups and ex offenders.
- The long term unemployed as there is a need to prevent them from moving further away from the labour market.
- Highly skilled individuals who are made redundant
- Graduates who have limited experience

2.61 At the same time, there is a need to ensure that people have the skills required to drive future growth which will support the recovery of the South East (including those identified in New Industries New Jobs).

Funding Gaps

2.62 ESF will be used to add value to, enhance and fill gaps in mainstream skills and employment services by providing enhanced packages of support and extending eligibility. In the context of increasing pressures on public sector budgets, ESF is likely to account for a relatively greater proportion of funding towards employment and skills projects and as such will be given increasing importance during the 2011-2013 period.

2.63 There will be a strong emphasis on engaging 'harder to reach' groups, supporting skills development, progression into employment and job retention. There is evidence of a need to enhance initial engagement activities, particularly with harder to reach groups. The Operational Programme acknowledges that the Third Sector has a key role to play in this, working with other partners to engage and retain hard to reach groups.

2.64 It is recognised that individuals who have been inactive may experience on-going difficulties in the transition to employment and with job retention. Mainstream support for individuals once they have secured a job is limited and there is an opportunity for ESF to add clear value in terms of transition support and aftercare. There is also a strong case for enhancing efforts to engage employers in initiatives which support recruitment from groups who are under-represented in the labour market where this would lead to better and sustained job outcomes.

2.65 SMEs make a significant contribution to the regional economy. There is evidence of enterprise underperformance and low business start-up rates and survival rates in some communities and geographic areas, particularly rural and coastal locations and amongst women and BME groups. ESF will address this by supporting enterprise start-up, self-employment and social enterprise in areas and communities where mainstream services

are not readily taken up.

- 2.66 The Skills Funding Agency or SFA (formerly known as the LSC) is the main funder of qualifications at Levels 2 and 3 and national mainstream provision provides a first Level 2 qualification free to participants. In today's fast moving economy, characterised by rapid technological change, many people may not have a qualification which is relevant to their current job, or may hold a qualification which is not readily transferable to new areas of employment. ESF will be used to support re-skilling and up-skilling individuals to improve labour market mobility and reduce labour and skills constraints experienced by the region's priority sectors.
- 2.67 At skill Levels 3 and 4, in order to secure additionality, the ESF programme will prioritise skills requirements in SMEs, promote entrepreneurship and improved technical, management and leadership skills and support innovation in high value added and knowledge-intensive sectors where there is evidence of market failure. This will complement the South East ERDF programme which is focused on promoting sustainable production and consumption, including take-up of improved products and processes (such as clean technologies) in order to secure improved resource efficiency amongst businesses.

South East Competitiveness ERDF Programme

- 2.68 The £22m²⁵ South East Competitiveness European Regional Development Fund (ERDF) Operational Programme for the period 2007-2013 is focused on Promoting Sustainable Production and Consumption. It will support activity in the three areas set out in Table 2.2 below and mapped against activities included in this Framework.

Table 2.2 Links between ESF and ERDF	
ERDF Priority	Potential Linkages to this Framework
Promoting resource efficiency	Potential integration of themes into Level 3 (and above) provision in priority sectors, as well as management and leadership training for SMEs within Priority 2.
Stimulating innovation in key environmental sectors	Link via Sustainable Development Cross Cutting Theme and Innovation (see Chapters 4 and 5). Preparing people for jobs in new businesses in the environmental sector under Priority 1 and integrating environmental technologies into workforce development in Priority 2, in particular through Management and Leadership provision.
Encouraging Sustainable Consumption	Potential integration into provision across both Priorities via Sustainable Development Cross Cutting Theme.

- 2.69 For the 2011-2013 period, there is a need to ensure that there are strong synergies between ERDF and ESF, building on the experience of delivering ESF and ERDF since 2007. ESF can be used to develop an effective workforce reflecting ERDF sector priorities.

²⁵ €24 million

Supporting the Provider Base

- 2.70 Partners are committed to supporting the Provider Base of organisations delivering ESF activities. There is a particular need to support Third Sector organisations in bidding for and delivering ESF projects. The Third Sector is important in delivering ESF projects, particularly focusing on hard to reach groups. There is a need to ensure that they have awareness of ESF funding as an opportunity and know how to access this funding (e.g. through ESF networks and events). Particular support and capacity building would be beneficial when bidding for and delivering projects (including how to engage with hard to reach groups, support skills development, progression into employment and job retention). This will ensure that the funding is maximised.

3. Regional ESF Priorities

- 3.1 This chapter describes how the national ESF priorities, as stated in the ESF Operational Programme 2007-13, are to be delivered in the South East region. This section has been updated as part of the process of review carried out at the end of 2009. There are three Programme priorities:
- Priority 1: Extending Employment Opportunities.
 - Priority 2: Developing a Skilled and Adaptable Workforce.
 - Priority 3: Technical Assistance.
- 3.2 It is not intended that Priority 1 activity focuses exclusively on employment activity, and Priority 2 on skills. Priority 1 includes support for skills activity to support employment goals. Activities under this priority focus on reducing worklessness and the number of young people not in education, employment and training. Priority 2 will help to sustain employment and support sustainable economic growth by improving workforce skills. Priorities 1 and 2 combined will support labour market and skills progression, a key theme in the Regional Economic Strategy.
- 3.3 This chapter sets out the strategic focus and associated indicative activities that may be supported by ESF in the South East. This Framework does not provide definitive lists of activities for the entire seven year programme. It identifies activities of particular relevance to the South East. CFO plans and activities may include other activities eligible within the scope of the Operational Programme.
- 3.4 The matrix approach outlined in Chapter 2 will guide the targeting of Priorities set out in this chapter. Interventions should combine a focus on participant groups and industrial sectors with an element of geographical targeting to best address the needs and opportunities highlighted in the Evidence Base.
- 3.5 There should be a clear rationale for targeting at different geographical levels, for example; to address common issues along the coastal fringe, to overcome barriers currently created by administrative boundaries or to bring economies in implementation through fewer, larger interventions. (LAAs) and Multiple Area Agreements (MAAs) should be used where available to inform targeting at a local level (see <http://www.gose.gov.uk/gose/localGovt/localAreaAgreements>).
- 3.6 The overall result of targeting must always be driven by the needs of participants and the achievement of outputs and sustained impact.

3.7 Co-financing Organisations will consider the following Guiding Principles when developing specifications and procuring provision:

Box 3.1 Guiding Principles
Principle and Description
<p>Responsiveness to Economic Conditions: there is a need for funding to support those people most disadvantaged as a result of the recession whilst strengthening skills in those sectors which will assist with recovery and drive future economic growth (such as the NINJ sectors). There is a need to balance short-term priorities with longer-term objectives.</p>
<p>Targeting: Given the reduced amount of ESF available to the region, activity should be as specific and targeted as possible, including geographical targeting where relevant and referring to Local Area Agreements where appropriate.</p>
<p>Flexibility and tailoring: Provision should be personalised, flexible and transferable to address multiple needs of participants.</p>
<p>Partners delivering fewer, larger, interventions: Given reduced ESF resources and the need to streamline the programme, opportunities to specify coherent, larger projects within priorities should be taken wherever possible and delivered in partnership where appropriate.</p>
<p>Appropriate timeframes: Where the needs of participants require long (or short) interventions, this should also be reflected wherever possible.</p>
<p>Supporting sustained outcomes and the 'Skills Escalator': ESF should be used to ensure outcomes are sustained beyond the immediate impact of funding, including progression to further learning and employment, supporting the RES Skills Escalator and Raising Economic Activity Rates Transformational Actions.</p>
<p>Quality: The region is committed to maintaining the quality of its ESF programme and will seek to procure provision from providers able to demonstrate a commitment to quality assurance.</p>
<p>Logic: Priorities and activity need to be justified by explicit links to the evidence base.</p>
<p>Additionality: All activity must be clearly additional to existing activity, avoiding duplication and supporting participants into mainstream programmes wherever possible.</p>
<p>Synergy: there is a need for synergies with existing programmes (such as ERDF) and public sector initiatives and agreements such as Local Area Agreements (LAAs), Multi-Area Agreements (MAAs), Public Service Agreements (PSAs) and National Indicators where relevant.</p>
<p>Integration: In line with Leitch Review recommendations, skills and employment interventions should be integrated and mutually re-enforcing wherever possible.</p>
<p>Brokerage and Business Simplification: All ESF funded providers in the South East must demonstrate how their proposed activities will link in to wider business support activity and provide details of their programmes to Skills South East (responsible for delivering Train to Gain brokerage) and the region's Business Links for inclusion in their databases.</p>
<p>Improve responsiveness of provision: Every opportunity should be taken to engage and support participants in the design and delivery of provision.</p>
<p>Learn lessons and look forward: Wherever possible, specifications and activity supported should</p>

reflect good practice and lessons learnt from the previous ESF programme and wider activity. It is important that programmes are evaluated to understand their true impact.

Support a Lasting Legacy: a key issue for this funding period will be the legacy of the programme and the sustainability of ESF projects once ESF funding ceases. This issue should be considered at the project development stage, including how individual elements of a programme can be sustained or mainstreamed.

Priority 1: Extending Employment Opportunities

- 3.8 The overall objective of Priority 1 is set out in the England Operational Programme to increase employment and to reduce unemployment and economic inactivity, including reducing the numbers of young people not in education, employment or training. This section sets out how this will be achieved in the South East.
- 3.9 The evidence base highlights that high levels of prosperity, employment and productivity in the region has left specific groups and areas furthest from the labour market, often facing multiple disadvantage. Priorities for the South East under this Priority will therefore need to focus where existing activities are insufficient or failing to meet the needs of these participant groups and locations. There should also be a focus on those people and areas most disadvantaged as a result of the recession.
- 3.10 The following sections set out a mix of regional and geographically targeted activity for each priority. The detail and rationale for interventions will need to be further justified and specified by Co-financing Organisations as well as delivery bodies, with particular reference to Local Area Agreements where available.
- 3.11 Initial allocations are given below to each element within the overall £53m of ESF for this Priority for the period covered by this Framework (2007-10). The detailed breakdown by year is set out in Chapter 6. Output and results targets for the anticipated 70,200 participants for this Priority across the whole programme (i.e. including match funding and for 2007-13) are set out in Chapter 7.
- 3.12 Given the focus of Priority 1 on tackling worklessness, DWP is an important co-financing organisation (CFO) for Priority 1, as is the SFA (formerly the LSC) which will be responsible for a wide range of skills programmes for the unemployed and will be working on behalf of the YPLA focusing on young people. The National Offender Management Service (NOMS) has also gained Co-Financing status. NOMS focus is to support offenders to access mainstream employment and skills services and to ensure that offenders' employment, training and education needs are met.

A. Reduce Worklessness amongst Disadvantaged People, including those facing Multiple Barriers to Work

- 3.13 The majority of funding of ESF under this Priority (at least 70%) will be allocated to fund the employability and skills of unemployed and inactive people, particularly disadvantaged groups. Of this amount, at least half should be aligned with and complement national employment and skills programmes that focus on unemployed and inactive people (and particularly disadvantaged groups).
- 3.14 This priority is focused on economically inactive people in the South East who are not fully

supported by existing employment programmes. It will enhance engagement and work readiness activity, as well as help to ensure sustained employment outcomes for disadvantaged people facing multiple barriers to work.

- 3.15 As part of this, it will work to address negative employer attitudes and a lack of flexible working practices which may be stopping women, ethnic minorities, people with disabilities and older people over 50 from joining the workforce. It will also use enterprise as a route to employment in deprived areas characterised by low levels of business activity. It will also address specific gaps in provision, including support for existing incapacity benefit claimants not targeted by the new DWP Pathways to Work programme from April 2008 and for unemployed and long-term unemployed people with multiple needs beyond the scope of New Deal and Flexible New Deal programmes.
- 3.16 The following groups should be targeted; people with disabilities (including learning difficulties), lone and other disadvantaged parents (including parents with younger children, below 7 years), older people (50+), people from ethnic minorities, women, offenders, as well as people at risk of redundancy. The Third Sector has a key role within this Priority in engaging the hardest to reach groups as well as offering opportunities for structured volunteering and mentoring. Linked to the Freud report, there is a need to target those individuals who face multiple, complex barriers to work. The private and voluntary sectors will be key in this regard.
- 3.17 Activities should focus on additional and integrated tailored support, building on; the DWP 'Action Teams for Jobs' and 'Ambition' programme approaches, which offered personalised and flexible support addressing specific barriers to work faced by individuals, and the experience of the Equal programme which piloted tailored IAG and mentoring for older people and holistic approaches to supporting sustained employment in conjunction with employers.
- 3.18 Offenders experience disproportionately high levels of worklessness compared to the general population. They are also likely to lack basic skills and vocational skills required by employers and will generally possess a range of other barriers to employment (such as poor or no employment history or substance misuse issues). These barriers are in themselves a significant barrier to competing for employment, however, offenders also face the further disadvantage of possessing criminal convictions which they can be asked or required to disclose during recruitment.
- 3.19 To help address offender needs in relation to employment, a range of actions are advocated, including a case management approach for offender employment, complementary to offender management and mainstream employment and skills services, preparation for engagement with mainstream services and brokerage into these as well as disclosure advice and information.
- 3.20 The South East 40 – 70 Tomorrows Workforce Programme has identified a number of emerging lessons on successfully supporting older workers. There is a need for different approaches to be taken depending on whether people are either 'willing' or 'reluctant' to work and developing self marketing skills early on for those who wish to work is important. Group sessions and volunteer-based / peer support works well and has been cost effective. Business first brokerage approaches to welfare to work also works well with employers involved in the early stages of the recruitment process. Within this, there is a need to

address both the quality of work available to older people and the quality of older applicants for jobs. Self-employment / business start-up should be promoted as a significant option. There is a need for short, focused skills development opportunities as an alternative to 'courses'/full qualifications.

- 3.21 The 2012 Olympics will also be important and in particular the Personal Best programme which provides a training and volunteer programme aimed at helping those furthest from employment into long-term sustainable jobs. ESF projects which build on and enhance this programme should be supported.
- 3.22 The Operational Programme sets out a list of indicative activities. Activities of particular relevance in the South East include:
- Tailored / personalised packages of support from engagement through to the transition to work and onward progression to further learning and employment, including: advice and guidance, individual brokerage linked to employers and work tasters and support employment, personal development, community learning, mentoring, structured volunteering, practical soft skills and workplace skills.
 - Training in Skills for Life, ESOL, ICT and vocational qualifications linked to priority sectors as appropriate as part of broader packages of support.
 - Activities to improve recruitment and retention practice, flexible working and sustained employment.
 - Support for lone parents and carers and other disadvantaged families, including access to childcare and care for dependent persons.
 - Extending employment opportunities through start-up support and skills for self-employment and social enterprise, including mentoring and peer learning networks.
- 3.23 There may need to be specific support for those long term Incapacity Benefit claimants who after medical reassessment through to ESA are moved on to Job Seekers Allowance. In addition, support may be required for lone parents / income support claimants moved on to JSA when their youngest child reaches five years of age.
- 3.24 In particular, deprived coastal, urban and rural areas should be targeted as identified in the Evidence Base in line with RES geographies and taking into account detailed information from Local Area Agreements (LAAs) and Multi Area Agreements (MAAs) where available. In addition, parts of the inner south east which have experienced the fastest increases in unemployment may need some support (though total unemployment in these areas remain comparatively low).
- 3.25 Other activities which this Priority will need to complement include: New Deals, Entry to Employment (LSC), Flexible New Deal, the Personalised Employment Programme Pilot (providing a combined and flexible programme for Jobs Seekers Allowance and Employment Support Allowance claimants), the Young Persons Guarantee, Offender Learning and Skills Service, 'Skills for Jobs', Pathways to Employment (from April 2008), Local Enterprise and Growth Initiative, Business Links, Enterprise Gateways and Hubs, ERDF and Business Support Simplification.

3.26 The Government's Flexible New Deal Programme is specifically aimed at people who have been out of work for 12 months or more. After this time, individuals will be referred to private or third sector contractors to find them work with support tailored to their needs. ESF programmes will need to complement activities being carried out under Flexible New Deal.

B. Address NEET Priorities

3.27 At least 23% will be allocated to work with young people aged 14 to 19 who are not in education, employment or training (NEET) or at risk of becoming NEET.

3.28 This priority will prepare young people for working life, in particular 14 to 19 year olds not in education, employment or training (NEET) or at risk of becoming NEET. In particular, tailored support into and within training and employment should be offered for vulnerable young people which is additional to and enhances existing provision, including that delivered through Connexions and local authorities and in line with the Government's 'Every Child Matters' agenda and other relevant recent policy.

3.29 The Employment White Paper identifies new support for young people to get them into work, including New Young Persons and Graduate Guarantees, extra support for young people through Jobcentre Plus, subsidies for employers taking on 16-17 year old apprentices. This is in addition to the Future Jobs Fund and the Young Persons Guarantee (with the later aimed at 18-24 year olds who have been looking for work for a year).

3.30 The following vulnerable NEET / at risk of NEET groups should be targeted; teenage parents, carers and care leavers, truants, young people with behavioural difficulties, young people with learning difficulties, looked after children, offenders and travellers. The proportion of 16-18 year old NEETS increased between 2007/08 and 2009/09, therefore specific support for these age groups should be encouraged.

3.31 The Operational Programme sets out a list of indicative activities. Activities of particular relevance in the South East include:

- Transition programmes to support vulnerable young people into work and training
- Integrated tailored programmes, including vocational training and preventative work to provide pathways to employment and to develop employability skills.
- Engagement programmes and initiatives to inspire young people into learning and work
- Activities to tackle barriers to learning, and help young people access mainstream provision.

3.32 Approaches to concentrations of NEET groups in 'hot spots' across the South East should be prioritised in line with LSC's (now known as the SFA) updated research on targeting NEETs²⁶. Hotspots currently include Gosport, Portsmouth, Southampton, Test Valley,

²⁶ 'Targeting Young People Not in Education, Employment or Training', January 2007, Experian (for National LSC), also, 'Regional and Sub-Regional Variations in NEETS - Reasons, Remedies and Impact', March 2006, LSDA.

Reading, Folkestone, Swale, Thanet, Brighton & Hove and Hastings. Approaches should take into account data limitations, in particular in relation to identifying cross-boundary issues. Research suggests that NEET status is often associated statistically with living in areas of deprivation, high proportions of people who are NEET are also common in transient communities, those with public housing and in African Caribbean communities. Rates are higher for disabled people than non-disabled people. In 2008/09, the proportion of those who are NEET was highest in Southampton, Portsmouth, Brighton & Hove, Reading and East Sussex and Medway.

- 3.33 Other activities which this Priority will need to complement include: Future Jobs, Fund, Young Persons Guarantee, Entry to Employment, School Engagement programmes, Young Apprenticeship, Education Maintenance Allowance, Learner Support Funds, Residential Allowances, Children's Grant, Teenage Pregnancy Initiative, Apprenticeships, Advanced Apprenticeships, Flexible New Deal, Foundation Learning Tier, Increased Flexibility Programme, Sure Start, Information Advice and Guidance, Connexions, Youth Service (LEAs), Children's Trusts and Action 4 Skills (South East). Family based interventions which address intergenerational worklessness should also be encouraged. ESF activities should also complement Local Authority and YPLA work for securing sufficient education and training provision for people aged 16-19 and some 19-25 year olds (that is those being assessed for a learning difficult and/or disability).

C. Distribute Community Grants (formerly Global Grants in 2000-06 Programme)

- 3.34 Up to 2.5% of ESF funding will be allocated for distribution as small grants to community-based organisations (formerly Global Grants).
- 3.35 Community Grants will be available to appropriate Third Sector organisations to mobilise disadvantaged or excluded unemployed and inactive people to facilitate their introduction into employment. Local needs and priorities must be appropriately targeted through reference to Local Area Agreements where available.
- 3.36 The balance of 4.5% (£2.4m for 2007-2010) will be allocated across Priority 1.

Priority 2: Developing a Skilled and Adaptable Workforce

- 3.37 The objective of Priority 2 is to develop a skilled and adaptable workforce with a particular emphasis on disadvantaged groups, supporting progression through re-skilling and up-skilling, reducing skills gaps and shortages faced by SMEs and promoting sustainable employment, social inclusion and equality.
- 3.38 Initial allocations are given below to each element within the overall £29m ESF for this Priority for the period covered by this Framework (2007-10).

D. Reduce the Number of People without Basic Skills

- 3.39 **In the South East 30% (previously 35%) of ESF funding should support foundation level and basic skills training between 2011-2013**
- 3.40 ESF will offer support for basic skills not currently provided for in mainstream programmes such as Train to Gain, and will include support to those with very low levels of literacy and

numeracy skills, those not taking up the NVQ Level 2 offer, self employed people not targeted by Train to Gain and paid volunteers. ESF will complement existing offers within the Skills for Life entitlement, and any further enhancements to eligibility within Train to Gain. Within this overall context, ESF basic skills provision will focus on:

- Addressing Entry Level basic skill issues in the workforce, as identified by employers.
- Older people with basic skills needs and no qualifications as a first step on the 'skills escalator'.
- Geographical areas identified in the evidence base facing basic skills issues.

3.41 Indicative activities will include:

- Skills for Life, including basic literacy and numeracy skills, English for Speakers of Other Languages and ICT skills.
- Additional support on programme and to groups currently not accessing mainstream programmes, including mentoring and links to wider packages of support.
- Increased capacity to deliver Skills for Life in the workplace through Level 3 and 4 qualifications for new and existing tutors as well as CPD programmes for literacy, numeracy and new ESOL at Work qualifications.

3.42 At 8.9% (2008), the proportion of working age people with no qualifications is the lowest of any region and remains significantly lower than the UK average of 12.7%. The proportion has declined steadily by over 3 percentage points over the decade to 1998.

3.43 Regional variations do exist, however the proportion of working age residents with no qualifications is highest in eastern parts of the region – in locations such as coastal areas of Kent and Sussex, areas to the east of London, and in Portsmouth. A small number of areas have seen an increase in the proportion of residents with no qualifications since 2005 – mainly in areas of East Hampshire, West Sussex and Kent. Crawley stands out with growth of 8.1 percentage points²⁷.

3.44 Offenders are less likely to have qualifications and lack basic skills and so tend to have poorer pay and employment prospects. Whilst the Skills Funding Agency (SFA) commissions the Offender Learning and Skills Service (OLASS) which delivers education services in custody, only 40% of prisoners access this support. There are also issues around access to mainstream learning provision for those serving sentences in the community. In the light of these needs, there are a number of priority activities for funding, including mentoring support and effective brokerage into mainstream learning opportunities.

E. Improve Access to and Success Rates in Level 2 Qualifications

3.45 In the South East, 30% of ESF funding (previously 35%) between 2011-2013 of ESF should support progression to level 2 and training at level 2. The delivery of Level 2 qualifications is a priority for mainstream SFA (formerly the LSC) delivery under the Train to Gain service.

²⁷ Experian estimates cited in the Regional Economic Strategy, 2006-2016, Annual Monitoring Report (2009)

There is a statutory entitlement to fully fund first Level 2 qualifications. ESF will support additional activities to enhance the Train to Gain offer. In addition funding should support initiatives which are additional to the Apprenticeship scheme.

- 3.46 Many people in the South East have Level 2 qualifications that are no longer relevant due to changes in the workplace and wider economy. ESF will extend Train to Gain eligibility to support re-skilling and up-skilling for people without a current or relevant Level 2 qualification.
- 3.47 The priority sectors identified in the RES, the South East LSC Regional Commissioning Plan (which will be replaced by the SFA) and New Industries New Jobs will be used to guide the targeting of provision. Activity should be aligned to the needs of employers and skills gaps and shortages, and be flexible and responsive to the needs of participants and employers.
- 3.48 Provision supported under this priority will form part of enhanced packages of support for priority sectors, accessible through the region's Train to Gain brokers, providing flexible, unitised provision and supporting the achievement of full qualifications.
- 3.49 Activity under this priority will include a focus on groups with below average attainment at Level 2, including; people with disabilities (including learning difficulties), older people (50+), people from ethnic minorities offenders and women.
- 3.50 The Operational Programme sets out a list of indicative activities. Activities of particular relevance in the South East include:
- Training at Level 2 for people without a current or relevant Level 2 qualification.
 - Second full Level 2 qualifications and Continuing Professional Development opportunities for individuals requiring re-skilling and up-skilling in priority sectors.
 - Enhanced 'packages' of support for priority sectors, aligned with specific industry skills needs that bring together mainstream provision with ESF support.
 - Further Train to Gain provision where there is evidence that demand exceeds the volume that the mainstream SFA (formerly the LSC) budget can support.
 - A focus on part-time workers, individuals facing redundancy, and sectors with weak training records.
 - Training, mentoring and supporting disadvantaged groups, including women and men in occupations or sectors where their gender is under-represented.
- 3.51 Level 2 qualifications equate to 5 GCSEs or one A Level. SEEDA²⁸ note that level 2 qualifications are essentially an entry-level requirement for access to the labour market.
- 3.52 Around 68.9% of working age residents in the South East have a level 2 qualification or higher. This is higher than the national average (65.1%) and the second highest of any region and the rate has increased by around 6 percentage points in the decade to 2008.

²⁸ Experian estimates cited in the Regional Economic Strategy, 2006-2016, Annual Monitoring Report (2009)

3.53 Within the region, the lowest proportions (less than 65%) are seen in North Kent, Hastings, Portsmouth and Milton Keynes²⁹. Some local authorities have seen a decline in the proportion of people with at least level 2 since 2005. In Wycombe, the figure dropped by almost 17 percentage points, while in Spelthorne the fall was -12 percentage points. In general the decline has been greatest in areas bordering London and the East of England (Buckinghamshire, parts of Surrey and west Kent).

F. Increase Progression to and Achievement of Level 3 and above

3.54 There is an increasing emphasis on supporting higher level skills during the 2011-2013 period. In the South East, 40% of ESF funding (previously 28%) can support training at Level 3 and above. This will be particularly important to support the recovery of the South East economy.

3.55 This priority will support re-skilling and up-skilling of the SME workforce at Levels 3 and 4 and above. Activity at level 4 will be targeted at small enterprises under 50 employees in line with the Operational Programme. It will be focused on the following priority sectors and technologies identified as strategically important to the region in the RES and the South East LSC (now SFA) Regional Commissioning Plan. The New Industry New Jobs sectors (summarised below) are also significant for supporting recovery and growth and are also a priority. Other sectors identified as being important by the Sector Skills Council include ICT and digital services and creative industries and these too could be supported.

South East LSC (now SFA) Regional Commissioning Plan	New Industries New Jobs
<ul style="list-style-type: none"> • Bio Science • Environmental Technologies • Aerospace/Space • Engineering & Manufacturing • Construction & Built Environment • Retail • Health & Social care • Children’s Workforce • Hospitality, Tourism, Leisure & Sport • Logistics 	<ul style="list-style-type: none"> • Low carbon vehicles • Life sciences and pharmaceuticals • Advanced manufacturing (including aerospace, composite materials, industrial biotechnology and plastic electronics) • Professional and Financial Services • Engineering Construction

3.56 In terms of **Low Carbon**, ESF in the South East currently supports interventions designed to help people to access the job and training opportunities arising from emerging sectors as

²⁹ Experian estimates cited in the Regional Economic Strategy, 2006-2016, Annual Monitoring Report (2009)

the economy recovers, including the low carbon sector. The recent National Skills Strategy calls for a focus from the skills system on areas of the economy which can do most to drive jobs and growth and 'New Industry, New Jobs' and Jobs of the Future have begun to outline market areas which will be crucial to future growth - including the low carbon economy. Research into the Low Carbon and Environmental Goods and Services conducted for BERR highlighted growth subsectors of this economy, including Emerging Low carbon and Renewable Energy. Therefore future provision through ESF will include a focus on supporting key growth sub sectors including energy efficiency and building technologies, renewable energy and waste. This is an approach which has been agreed with the London Development Agency (LDA) and the East of England Development Agency (EEDA) as well as SEEDA to provide some alignment with ESF programmes across the Greater South East.

- 3.57 Across all sectors, there should be a focus on those geographical areas which demonstrate that they have a high level of employment in growth sectors, with priority given to areas of greatest deprivation.
- 3.58 Provision to address relevant skills needs associated with the 2012 Games may also be supported, reflecting the significant opportunities for upskilling for people within and outside of the workforce. It is envisaged that key sectors which will benefit include: sports, travel, tourism and hospitality, culture and health and fitness.
- 3.59 Provision supported under this priority will form part of enhanced packages of support for priority sectors, accessible through the region's Train to Gain service, providing flexible, unitised provision and supporting achievement of full qualifications. It must be additional to or enhance mainstream programmes including Learner Accounts, Adult Apprenticeships, Regional Resource Centres and Training Pools.
- 3.60 Funding should also support Advanced Apprenticeships which has been given increased emphasis by the government. There is also an aspiration to turn these Apprenticeships into potential ladders to University. As such activities which can support this ambition should also be supported through ESF.
- 3.61 The following groups should be prioritised; people with disabilities (including learning difficulties), people from ethnic minorities, offenders and women. Older People (50+) in work are also a priority responding to the changing demographics of the South East. There is a need to work with employers to encourage them to provide training in work and training outside of the workplace should also be encouraged.
- 3.62 The Operational Programme sets out a list of indicative activities. Activities of particular relevance in the South East include:
- Training at Level 3 qualifications for SMEs in priority sectors and targeting of priority groups in those sectors and occupational areas where they are under-represented at Level 3.
 - Enhanced 'packages' of support for priority sectors, aligned with specific industry skills needs that bring together mainstream provision with ESF support.
 - Developing the skills of managers in SMEs with regard to improved utilisation of skills in the workplace and good practice in recruitment and retention, where not

otherwise provided.

- 3.63 Funding for higher level skills (Level 4 and above) will target specific needs of sectors where there is evidence of market failure.
- 3.64 The Operational Programme sets out a list of indicative activities. Activities for higher level skills of particular relevance in the South East include:
- Training in environmental management and protection skills and in eco-friendly technologies, including training which supports renewable energy sectors, energy efficiency and recycling, linked to activities funded by the South East ERDF programme.
 - Management and leadership training, particularly with regard to innovation and knowledge transfer.
- 3.65 The Governments' new Right to Request Time to Train will support the development of higher level skills in the workplace. From April 2010, workers in companies employing 250 people or more will be able to use a new legal right to request time to train. From 2011, it is expected that all workers within any firm will be able to request time to train.
- 3.66 As a region, the South East also performs well in terms of the proportion of its residents holding Level 3 skills or above.
- 3.67 In 2008, 17.3% of the working age population in the South East held a level 3 as their highest qualification, only slightly below the leading region in this respect (the South West). There has been a steady increase in the rate in the decade to 2008 (a total increase of 3.4 percentage point over this period)
- 3.68 Around 31.5% of working age residents in the South East hold a level 4 qualification or above – higher than the national average, but below the average in London and Scotland. The rate has seen a large increase of 5.6 percentage points since 1999. Within the region, the proportion tends to be lowest (below 25%) in the coastal areas of north and east Kent, Southampton and Portsmouth.

Priority 3: Technical Assistance

- 3.69 Technical assistance funds will be available to finance the preparatory, management, monitoring, evaluation, information and control activities of the Operational Programme, together with activities to reinforce the administrative capacity for implementing the funds, at national and regional levels. Technical Assistance funds will also support the development of capacity within the Regional ESF Committee to manage and deliver the Programme.
- 3.70 The Operational Programme currently (2007-2010) allocates 4% of funding to Priority 3. For 2011-2013, the Managing Authority proposes to allocate 1% to regions for regional technical assistance. In the South East, the remaining 3% will be split across regional Priority 1 and Priority 2 allocations for 2011-2013. The split has been set at 65% and 35% respectively.

4. Cross Cutting Themes

4.1 This chapter identifies specific South East issues in relation to the two cross cutting themes of equal opportunities and sustainable development. There will be a dual approach to implementing cross cutting themes in the programme. First, at a project level, there will be specific activity to address equality and sustainable development issues in the South East. Second, and in parallel, both cross cutting themes will be integrated as far as possible across all aspects of programme planning, implementation, monitoring and evaluation.

4.2 A number of specific issues have been identified for participant groups in Table 2.1 which CFOs are asked to address through activity delivered under Priority 1 and 2. These issues include:

- Addressing high levels of economic inactivity amongst people with disabilities.
- Tackling gender imbalance in terms of economic activity rates, pay gaps, occupational segregation access to training and under-employment as highlighted in relevant Sector Skills Agreements.
- Promoting work-life balance and improving employer attitudes to flexible working.
- Addressing the significant number of economically inactive older people excluded from the labour market.
- Improving qualification levels of older people, in particular in relation to basic skills and Level 2.
- The potential for women to take up enterprise opportunities throughout the region.
- Helping disadvantaged ethnic minority groups gain employment, especially Bangladeshi and Pakistani women.

4.3 The two main priorities have a number of output and result targets related to these activities as set out in Table 7.1. These 'minimum levels of inclusion' are set for the following groups under each priority and will need to be integrated into Co-financing Plans, with overall performance monitored by the Regional ESF Committee.

- Participants with disabilities or health conditions.
- Participants who are lone parents (Priority 1 only).
- Participants aged 50 and over.
- Participants from ethnic minorities.
- Participants who are offenders.
- Female participants.

4.4 In parallel, this programme will promote equality in a pro-active way by integrating equal opportunities into the planning, implementation, monitoring and evaluation of the programme. This will be achieved by:

- Co-financing Organisations undertaking Equality Impact Assessments (EIAs) at Co-financing Plan or Prospectus level;
- All partners associated with the programme maintaining their duty to promote equal opportunities, including participating in the national Race, Equality and Gender Equality Schemes.
- All projects will have to take account of the needs of people with disabilities and ensure all activity and information is accessible to all groups.

In addition:

- Technical assistance may be available to support equal opportunities awareness raising training, sharing of adaptive technologies (including ICT) and to promote the use of tool kits and Impact Assessments.
- The Equal-WORKS repository will be promoted.
- The London 2012 Paralympic Games will be promoted as a positive focus for awareness raising.

4.5 Sustainable Development aims to promote social, economic and environmental sustainability and meet the needs of businesses in an integrated way. This approach is consistent with the wider EU and UK Sustainable Development Strategies (see Annex 2) as well as with the approaches to Sustainable Development of the CFOs. Priorities 1 and 2 will promote environmental sustainability through projects that specifically address the jobs and skills needs of a low carbon economy as set out in section 2. In addition, all providers will have sustainable development policies and plans to promote environmental sustainability in their activities

4.6 Priorities should be delivered in a way which uses resources and energy as efficiently as possible and in ways which can also help to enhance or protect the physical and natural environment. Where appropriate, ESF will complement the focus of the ERDF programme on sustainable production and consumption and promote the growth of environmental technologies in order to help address some of the environmental issues faced by the South East, which include:

- Climate change.
- Coastal erosion.
- Pressure on infrastructure and scarcity of natural resources (particularly water shortages)
- Congestion and poor access in rural areas.
- Research excellence in and growth of environmental technologies.

- 4.7 Ways in which this programme may address these issues and contribute to principles of sustainable development will include the following types of activity to be set out in CFO specifications:
- Minimising travel and maximising access to provision through innovative delivery methods and the use of ICT.
 - Contributing to the development of the Regional Resource Centre for Environmental Technologies through the development of appropriate skills to enhance the implementation of relevant initiatives.
 - Integrating environmental management and technologies across provision in Priorities wherever possible, including support for skills and jobs identified in LANTRA's Sector Skills Agreement (Environmental Conservation Industry).
 - Identifying skills needs in key sectors driving economic growth in the region which are likely to have a positive impact on the environment.
- 4.8 NOMS is committed to sustainable development and NOMS South East is particularly interested in exploring with regional partners the potential for prisons across the region (and probation trusts through community payback) to contribute to the South East response to this issue.

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Theme	Project Name	Applicant	ESF Funding
Active Inclusion	What Works	Newhaven Community Development Association	£608,836
Demographic Change	Flexible Lives for Older Workers	Age Concern Milton Keynes	£402,085
Skills for Climate Change	Eco Advantage	Medway Unitary Authority	£672,742

6. Regional Financial Allocations

- 6.1 Overall funding allocations are set by the Managing Authority in DWP and are consistent with the financial tables in the Operational Programme.
- 6.2 The overall ESF allocation for the South East is £150.9 million over 2007-13. With UK public match funding, this amounts to £301.8 million over 2007-13. Between 2011 and 2013, the ESF funding allocation is likely to be in the region of £76 million³¹, which represents over half of the funding allocated between 2007-2013.
- 6.3 The content in the tables below is subject to change, pending the issuing of final sterling allocations by the Managing Authority.

	2007	2008	2009	2010	2011	2012	2013	Total
Priority 1	14,882,094	15,179,736	15,483,332	15,792,998	16,108,858	15,731,069	16,759,656	110,637,709
Employment (at least 70%)	10,417,466	10,625,815	10,838,332	11,055,099	11,276,201	11,501,759	11,731,759	77,446,397
NEETS (at least 23%)	3,422,882	3,491,339	3,561,166	3,632,390	3,705,037	3,779,138	3,854,721	25,446,673
Community Grants (2.5%)	372,052	379,493	387,083	394,825	402,721	410,776	418,991	2,765,941
Balance (4.5%)	669,694	683,089	696,751	710,684	724,899	39,396	754,185	4,978,698
Priority 2 total	8,161,149	8,324,371	8,490,859	8,660,676	8,833,890	9,010,568	9,190,779	60,672,292
Basic Skills (30%)	2,448,345	2,497,311	2,547,258	2,598,203	2,650,167	2,703,170	2,757,234	18,201,688
Level 2 (30%)	2,448,345	2,497,311	2,547,258	2,598,203	2,650,167	2,703,170	2,757,234	18,201,688
Level 3+ (40%)	3,264,459	3,329,749	3,396,343	3,464,270	3,533,556	3,604,228	3,676,311	24,268,916
Grand Total	23,043,243	23,504,107	23,974,191	24,453,674	24,942,748	24,741,637	25,950,435	171,310,001

³¹ In 2009 Prices. Excludes Technical Assistance (Priority 3) funding which will now be retained centrally by DWP

7. Outputs and Results

- 7.1 The following table sets out the output and result targets to be achieved by the overall programme (i.e. including both the ESF and the match funding elements) during the entire programme period 2007-13. Their purpose is to steer programme performance and they are not a prediction of expected actual outputs and results. Actual performance may be different, particularly if there are significant labour market or policy changes, in which case it may be necessary to revise the targets. An additional regional target to measure the number of SMEs engaged is also proposed for Priority 2.

Table 7.1 Priority 1 and 2 Output and Result Targets for the period 2007-13		
	Indicator: Priority 1	2007-13 Quantification
Outputs	1.1 Total number of participants	70,200
	1.2 Number & % of participants who are unemployed	(a) 29,400 (b) 42%
	1.3 Number & % of participants who are inactive	(a) 24,000 (b) 34%
	1.4 Number & % of participants aged 14 to 19 who are NEET / at risk of NEET	(a) 14,000 (b) 20%
	1.5 % of participants with disabilities or health conditions	22%
	1.6 % of participants who are lone parents	12%
	1.7 % of participants aged 50 or over	18%
	1.8 % of participants from ethnic minorities	11%
	1.9 % of female participants	51%
Results	1.10 Number & % of participants in work on leaving	(a) 15,400 (b) 22%
	1.11 Number & % of participants in work six months after leaving	(a) 18,300 (b) 26%
	1.12 Number & % of inactive participants engaged in job search / further learning	(a) 10,800 (b) 45%
	1.13 Number and % of 14 to 19 year old NEETs or at risk of NEET	(a) 6,300 (b) 45%
Priority 2		
Outputs	2.1 Total number of participants	65,300
	2.2 Number & % of participants with basic skills needs	(a) 26,600 (b) 41%
	2.3 Number & % of participants without Level 2 qualifications	(a) 26,700 (b) 41%
	2.4 Number & % of participants without Level 3 qualifications	(a) 8,000 (b) 12%
	2.5 % of participants with disabilities or health conditions	15%
	2.6 % of participants aged 50 and over	20%
	2.7 % of participants from ethnic minorities	9%
	2.8 % of female participants	50%
Results	2.9 Number & % of participants gaining basic skills	(a) 12,000 (b) 45%
	2.10 Number & % of participants gaining Level 2 qualifications	(a) 10,700 (b) 40%
	2.11 Number & % of participants gaining Level 3 qualifications	(a) 2,400 (b) 30%
Proposed Additional Output Indicator for Priority 2		
	2.12 Number of SMEs engaged	
	1 -10 employees	13,175
	11 -49 employees	2,015
	50 -249 employees	310
	< 250 employees	15,500

Evaluation and Additional Indicators

Soft Indicators

- 7.2 In our discussion with partners, many were keen to highlight that some of the impacts of ESF interventions will be on soft outcomes, such as individuals' attitudes and aspirations. The sort of attitudes that ESF interventions may change relate to:
- Views about skills, employment and self-employment;
 - Attitudes to work and to training for employment.
- 7.3 The Operational Programme emphasises the importance of soft outcomes but explains that it is not feasible to specify standard indicators for soft outcomes at a programme or priority level because of the diverse variety of approaches taken by projects; rather providers will be expected to record soft outcomes as part of their monitoring data for Priority 1 and 2 interventions. In terms of understanding the impact of ESF and in picking up indications of change, evidence on attitudes and aspirations could form part of a subsequent evaluation of some aspects of ESF Framework activity. If so, evidence needs to be collected and collated in order to form a baseline.

Learning and Evaluation

- 7.4 A key issue for the 2011-13 ESF funding period will be the legacy of the programme and the sustainability of successful ESF projects once ESF funding ceases. CFOs will need to ensure that consideration is given to this issue at the project development stage. Given the increasing pressures on public sector funding which may limit the potential to fund entire projects, consideration should be given to how individual elements of a programme can be sustained or mainstreamed.
- 7.5 In order to encourage continual improvement and added value, projects which can demonstrate that there is progression from earlier ESF funded projects, should be encouraged. These should demonstrate that lessons have been learnt from previous projects carried out and that they are building on projects and activities which have a successful track record. There will also be a need to link in with mainstream provision to add value to the ESF programme and provide opportunities for further progression.
- 7.6 Developing synergies and co-ordination between CFOs is also important. This is true for existing CFOs (SEEDA, LSC/SFA, DWP) and will be important in the light of NOMS being awarded CFO status in early 2009. This will ensure that there is no overlap in activities and that the impact of funding is maximised. It will also help to avoid any confusion which results from a wide range of programmes being delivered. Regional and sub regional coordination of programmes funded through a range of mainstream and ESF (and possibly other funders) routes is important. Linked to this point, CFOs and other organisations (colleges and training providers) should learn from each other in terms of what support works best and for which target group.
- 7.7 In the light of an increased emphasis on learning from previous projects, it is important that projects are evaluated to understand their true impact. This is important in

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identifying successful projects and sharing best practice in terms of the activities which are most successful in raising skills levels and enabling people to access employment.

Appendix A Summary of Consultations December 2009

1. In order to inform the revisions to the ESF Framework document, a number of one to one consultations with strategic partners were carried out. The purpose of these consultations is to understand their views on the current Framework, and to take on board their thoughts on how the Framework should be revised in the future. A list of the key people we have spoke to is provided below together with a summary of the key points arising from our consultations.

Key Consultees
David Steed, Head of European Programmes, GOSE, and Chair of ESF Task Group
Jill Goddard, LSC/SFA lead for ESF
Wendy Knighton, Senior ESF Manager, DWP / Jobcentre Plus
Carmel George, NOMS
Catherine Hilton, Deputy Chief Executive of the Association of SE Colleges
John Pinnell, European Programmes Manager, GOSE and secretariat to ESF Task Group
Vivienne Gray, Information and Projects Executive, Higher Education SE
James Ruel, European Programmes Manager, SEEDA
Sue Taylor, Lead for ALPSE – private training providers in the SE
Sue Ormiston, ESF Manager
Carol McKinley, ESF Manager
Kate Poulton, ESF Manager, DWP/Jobcentre Plus
Claire Parnham, Locality Manager Medway and Thames Gateway and PSA 16 Lead, GOSE
Keith Frost, Taen
Carol McKinley, RAISE (3 rd Sector association)
Jo Cassey, Alliance of Sector Skills Councils
Andrew Adams, SEEDA
Martin Tugwell, South East England Regional Partnership Board

Recession

2. It is recognised that there is a need to balance short-term priorities and long-term needs. The short-term priorities will be focused on tackling the immediate issues associated with the recession. At present, a clear and up to date picture of the key skills and employment related issues and needs resulting from the downturn do not exist and as such there needs to be flexibility for ESF to respond as needs arise.
3. In the shorter term (i.e. during the recession and the early stages of recovery), it was generally felt that there needs to be a strong focus on supply-side issues and tackling the needs of the most disadvantaged groups. Particular groups which need to be targeted include:
 - NEET groups: particularly Young People (17yrs) and Lone Parents. For these individuals there is likely to be limited routes into learning and employment
 - Disadvantaged groups: people with disabilities; ethnic minority groups, young offenders; people with mental health issues
 - Long-term unemployed: effort is required to prevent them from moving further

away from the labour market

4. There also needs to be a focus on:
 - Highly skilled (Level 3+) individuals who have been faced with redundancy and require support (e.g. confidence building or retraining) to re-enter the labour market. Whilst these individuals are well placed to find other work, they are likely to be a key driving force in the recovery of the economy and growth of the region.
 - Graduates who have limited work experience and will find it difficult to enter employment.
5. It also needs to be recognised that during the recession it will be more difficult to encourage employers to train staff (especially SMEs) since training is often viewed as being less important and some firms are not prepared to free up staff time for this activity.
6. During the recession support should be focused in the first instance on those geographical locations which are most affected by the recession (e.g. Gatwick Diamond, Milton Keynes were mentioned). Priority locations will need to be identified based on clear evidence of need.
7. There may be opportunities to train some individuals with skills to fill jobs left by migrants who are leaving the UK as a result of the recession.
8. As well as tackling the skills and employment needs of individuals who have been impacted by the recession or who most are at risk, in the shorter term there also needs to be an emphasis on ensuring that people have the skills that are required to support the recovery of the South East economy.

Future Outlook

9. A particular issue in the future will be changes to the demographics of the population within the South East. In the future there is likely to be a demographic shift with fewer people aged 35-45 years and more people within the 45-65 year old age group. The proportion of retirement age people is also projected to increase. This demographic shift could lead to fewer people in the labour market. The utilisation of older people within the workforce will be particularly important and there will be a need for more training of the older workforce (50+ years) both in the workplace and outside of work.
10. With an increased focus on sustainability issues, low carbon working practices will be important which will require training within the workforce. There should also be a strong emphasis on improving skills which are required for future growth sectors (such as those identified in the New Industry New Jobs Strategy). At the same time, basic and transferable skills will remain important.
11. The changing nature of recruitment processes is constraining some people from accessing employment, for example the NHS (a major employer at all levels) uses an online application process. Those with no or limited ICT skills are immediately excluded. This approach is likely to increase in the future and therefore training which supports access to jobs in this way should be supported.
12. The 2012 Olympics needs to be given due weight in the revised ESF framework. The focus will be relevant across the South East but is likely to be greatest in those geographical

locations which are closest to Stratford including Kent and Thames Gateway. There is likely to be a focus on the construction, sports and leisure sectors.

13. The revised framework will need to ensure that there is a greater focus on ex-offenders since NOMS was awarded CFO status in February 2009.
14. There also needs to be a discussion to determine whether too much weight in terms of funding is being placed on Level 3 and 4 skills from 2011.

Targeting

15. There is a general feeling that the South East ESF Programme has been successful at targeting the key groups which require greatest assistance. In the future, the focus should be on identifying specific gaps and needs in specific locations. This needs to be based on a researched need (hard evidence demonstrating need is important) and best practice on what works from the previous programme. The rationale is that more targeted investment will generate greater benefits for the South East region. Further points on targeting are made below.

Locations

16. There needs to be a balance between supporting disadvantaged areas and supporting growth locations. There is a clear rationale for supporting disadvantaged areas focused on raising aspirations and opportunities for all. However, there is also a need to raise skills levels in geographical locations which are likely to experience greatest employment growth (e.g. Reading and Oxford) focusing on the key sectors which are likely to drive future growth. The focus here should be on supporting Level 3 and Level 4 skills.

Sectors

17. It is recognised that there needs to be support for developing skills in growth sectors. However, there also needs to be support for traditional sectors such as Manufacturing. These are sectors which are often overlooked in terms of training and support and as a result they are likely to experience skills gaps.
18. There was a view amongst some people that the current sectoral definitions identified in the framework are restrictive and that a broader sectoral definition (e.g. Energy Efficiency) could allow for greater flexibility to support a wider range of projects and people.
19. It needs to be recognised that there are often conflicts between targeting key growth sectors and deprived groups (e.g. disabled) or locations (e.g. Hastings).

Alignment with other Programmes

20. It is considered that ESF is adding value to mainstream funding. Due to changes (and potentially a reduction) in mainstream funding, ESF will be more important in supporting skills and employment issues in the future.
21. It is recognised that there needs to be complementarity between ESF and other structural funds such as ERDF. There also needs to be synergies between ESF and mainstream funding such as PSA16 (Socially Excluded Adults).
22. Developing synergies and co-ordination between CFOs is also important. This is true for existing CFOs and will be important given the status awarded to NOMS to become a new co-

financing organisation. This will ensure that there is no overlap or confusion and that the impact of funding is maximised. Linked to this point, CFOs and other organisations (colleges and training providers) should learn from each other in terms of what support works best and for who. Many projects such as confidence building are just as relevant to ex-offenders as they are to disabled people and as such common ways of working can be applied to different groups.

Other Issues

23. A key issue for this second phase of the 2007-13 ESF period will be the legacy of the programme and the sustainability of successful ESF projects once funding ceases. CFOs will need to ensure that consideration is given to this issue at the project development stage. Given the increasing pressures on public sector funding which may limit the potential to fund entire projects, the focus should be on determining how individual elements of a programme can be sustained or mainstreamed.
24. Projects which are innovative and which generate lessons which can be applied to mainstream activities, should be considered.
25. During the second period of ESF funding (2011-2013), projects which can demonstrate that there is progression from the 2007-2010 projects, should be encouraged. These should demonstrate that lessons have been learnt from previous projects carried out and that they are building on what has been achieved.
26. An increased emphasis in terms of assessing the impacts of individual projects to identify whether they are successful will be particularly important in terms of learning from previous programmes. It is important to understand what type of activities are successful at getting people into work.
27. NOMS main focus will be on Priority 1 activities and it is expected that they could receive around 17-24% of regional funds (not confirmed in writing).
28. Improving softer outcomes are also important e.g. confidence building and this should be reflected in the framework.

Appendix B Summary of Regional Consultation (2007)

Introduction

1. Following the full consultation on the overall National Operational Programme between October 2006 and January 2007, the RSPA undertook a regional consultation on the draft South East ESF Framework between 22 June and 22 July 2007. The draft Framework was posted on a dedicated website (www.seesf.ecotec.co.uk) and three consultation events were then held to encourage feedback on the following dates and locations:
 - Friday 29 June, Reading
 - Wednesday 4 July, Southampton
 - Thursday 5 July, Maidstone
2. In total, these events were attended by over 100 people and covered a general overview of the draft Framework together with break out groups looking at proposals for Priority 1 and 2 in more depth. In addition twenty eight written responses were received via the website and a detailed account of all consultation responses was presented to a RSPA Sub Group on 23 July.

Overview

3. Overall, the consultation draft was well-received, with no 'fundamental flaws' identified. Consultees were generally content with the evidence base and priorities and made a number of constructive and detailed comments as to how the focus of the draft Framework could be further refined. These are summarised under the headings below and led to a series of revisions being made to this (revised) Framework, which are also summarised below. In a parallel, consultation responses at a more detailed / operational level were documented and passed on the Government Office for the South East to action with CFOs and requests for further information on the composition and role of the RSPA were passed to the RSPA Manager.

Key Consultation Themes

4. Overall, there were ten key recurring themes raised at the consultation events and through online responses which were highlighted for consideration by the RSPA Sub Group on 23 July. Revisions to this Framework which resulted from this are also outlined below.

Scope for Further Integration of Employment and Skills Interventions

5. There was a general feeling that the draft Framework could go further in applying recommendations of the Leitch Review in integrating employment and skills interventions. For example, the need to separate the two Priorities was questioned as well as scope for integrated prospectuses / specifications across both Priorities at the Co-financing Organisation level. There was also a specific query in relation to the claiming of outputs and results e.g. employment outcomes arising from skills interventions. Finally, there was a suggestion that inter-regional issues (e.g. offenders moving from London to the South East) should be explicitly addressed within this.

Response: Whilst the overall structure of the programme was consulted on and set

nationally, this (revised) Framework takes steps to more effectively cross refer employment and skills interventions, including a strengthened 'integration' principle and, in addition, CFOs have been asked to ensure the same is done at an operational level, although practicalities mean that there is unlikely to be sufficient time to develop a joint prospectus. Due to the overall structure of the Programme nationally, outputs and results cannot be interchanged between Priorities. Inter-regional issues were taken up at a national level by the RSPA.

Review and Expansion of the Principles

6. There were a number of suggestions for amendments to the Principles underpinning Priorities in the draft Framework document. This included concerns regarding the implications of 'fewer, larger interventions' for the role of the Third Sector, emphasis on the importance of LAAs and a suggestion that Quality should be made a Principle.

Response: It was felt that making a specific reference to the role of the Third Sector within the Principles could compromise Open and Competitive Tendering. However, this (revised) Framework included further references to the potential role of the Third Sector (which replaced the term voluntary and community sector). New principles on Quality and Brokerage (see below) were added as well as further emphasis on the importance of co-ordinating activity with LAAs throughout this (revised) Framework.

Support for Personalised and Integrated Packages of Support

7. This principle had universal support, with much discussion on the need for flexible / unitised provision and soft outcomes in response to need, for example for older people with no qualifications and within the construction sector. Within this, the need to protect the scope for innovation and the potential role for volunteering to demonstrate good practice was also highlighted.

Response: RSPA are seeking clarification as to whether programme can deliver equivalents / units / CPD elements in addition to full Level 2 and 3 qualifications. Also awaiting clarification around VRQs and NVQs. Some flexibility available within the programme from discretionary funds and beyond targets, including for Level 2 'jumpers' highlighted in this (revised) Framework.

The Key Role for Brokers

8. This was also a recurring theme from the consultation events, with brokers seen as key to successful employer engagement and participant retention. There was felt to be an important role for brokers in 'creating demand' by making the economic case for investment in skills development at all levels in order to secure commitment to the programme as well as addressing basic skills issues in a sensitive way. Furthermore, making coherent and responsive offers to businesses and individuals in the transition to mainstream support was seen as key in achieving business support simplification and delivering successful interventions.

Response: The importance of Brokers was acknowledged by the RSPA and made into a new Principle, but differentiated from the role of IAG and advocacy. The RSPA also highlighted scope for innovation in the programme for brokers to explore new methods for engagement and retention, for example through 'clustering' and the experience of the Workplace Union

Learning Reps model, where unions are recognised. CFOs to address practicalities of integration with Train to Gain and competencies of Brokers.

Expansion of the number of sectors specified under Priority 2

9. Consultation responses highlighted the case for the specification of further target sectors in the draft Framework document, in particular leisure and tourism in light of the employment profile of coastal area and opportunities arising from the 2012 Games.

Response: The list of sectors was revised to be more explicit (including hospitality, leisure, tourism and sport) and an explanatory note as to the composition sectors (derived from ONS Standard Industrial Classifications) was added.

Focus on generic / employability / customer service skills

10. A number of respondents made the case that skills gaps and shortages in more general skills should be highlighted throughout the Priorities in order to meet employer need.

Response: The RSPA felt that these skills already had sufficient emphasis in this (revised) Framework in light of the need to prioritise and target provision given reduced resources.

Migrants

11. It was felt that the specific needs of migrants could be better addressed in the draft Framework document, especially in relation to specific ESOL needs and transfer of qualifications from new Member States.

Response: The RSPA had considered this issue in the development of the draft Framework document and re-iterated the lack of reliable regional evidence on which to base interventions. It felt that the needs of migrants was adequately covered through activities across both Priorities where they fell under other specified target participant groups (e.g. people with basic skills and ESOL needs).

SME Focus

12. A number of respondents questioned the focus on Priority 2 on small enterprises (under 50 employees) and the inclusion of a target for SME engagement under Priority 1.

Response: After reviewing the evidence base, the RSPA broadened the focus of Priority 2 to up to 250 employees, but retained a breakdown of company size to be monitored within the suggested additional indicator, but not for Priority 1.

The Fate of Annex 2 (Context) and Chapter 8 (Implementation)

13. Chapter 8 was included for consultation purposes, but is not specified by DWP as being a required section the final Framework. Similarly, Annex 2 (Context) was not required. In particular, the Implementation section was the subject of a number of responses during the consultation.

Response: The RSPA felt that including Chapter 8 in the consultation process had been useful and relevant consultation responses were passed to the Government Office and CFOs to action as part of the implementation of the programme. Parts of Chapter 8 were integrated elsewhere in this (revised) Framework (principally the introduction), but it was

otherwise deleted. It was felt that Annex 2 should be retained as providing useful contextual information for reference.

The Fate of Skills for Enterprise (Priority G)

14. A number of respondents felt that there was not a strong link to the evidence base in support of Priority G and suggested that it should be more appropriately incorporated into Priority A.

Response: Following further review of the Evidence Base, the RSPA incorporated relevant elements of this Priority under Priority A instead.

Appendix C European and National Policy Context

EU Guidelines and Objectives

Lisbon Agenda

1. In 2000, the European Council agreed the Lisbon agenda. This set a new strategic goal for the next decade for the EU to 'become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion'. The Council also stated that 'People are Europe's main asset and should be the focal point of the Union's policies'. ESF supports the Lisbon agenda by investing in people and attracting more people into employment. ESF has a particular role to play in targeting people who are at a disadvantage in the labour market. Improving their employability and skills is critical to increasing the supply of skilled labour and achieving the Lisbon goals.

Community Strategic Guidelines

2. The Community Strategic Guidelines provide an indicative framework for Structural and Cohesion Fund programmes. The Council adopted the Guidelines on 6 October 2006³². They identify three main priorities for future spending:
 - Improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving their environmental potential;
 - Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies; and
 - Creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.
3. The priorities in this programme will primarily support the third guideline on more and better jobs, but will also contribute to the others.

Integrated Guidelines for Jobs and Growth

4. The June 2005 European Council approved the Integrated Guidelines for Growth and Jobs for the period 2005-2008. There are now 24 guidelines incorporating the previously separate Broad Economic Policy Guidelines and Employment Guidelines.
5. The European Council in March 2006 confirmed that the Integrated Guidelines for jobs and growth remained valid. It also agreed that increasing employment opportunities should be one of the areas for priority action within the Lisbon Agenda. In particular, the Council called on Member States to: develop a lifecycle approach to work; pursue the shift towards active

³² Council Decision of 6th October 2006 on Community Strategic Guidelines on Cohesion

and preventative policies; and better focus measures for those with low skills and low pay. It emphasised the need to improve the participation of young people, older workers and women. These are all issues which are central to the England ESF Programme.

The European Employment Strategy and Recommendations to the UK

6. The most recent Recommendations to the UK were made on 27 March 2007³³. They were prefaced by the following description on the implementation of the National Reform Programme:

'the UK is making good progress in the implementation of its National Reform Programme and of the commitments made by the 2006 Spring European Council. Solid progress has been made in all policy areas, particularly in micro-economic and employment policy...The particularly strong points in the UK reform implementation are in encouraging entrepreneurship, promoting better regulation, and undertaking welfare reforms.'

'The policy areas in the UK National Reform Programme where weaknesses need to be tackled with the highest priority are: improving skill levels compared with other economies; and taking further measures to tackle disadvantage and exclusion in the labour market.'

The Council therefore recommended that the UK:

'increase basic and intermediate skills, in order to raise productivity, and further improve employment prospects for the most disadvantaged.'

7. The Council also considered it important for the UK over the period of the National Reform Programme, to continue *'improving access to childcare'*.

Social Protection and Inclusion Objectives

8. The England ESF programme contributes to the relevant employment related objectives of the Community in the field of social inclusion. It will contribute to the long-term goal, set by EU Member States at the Nice European Council in December 2000, that there should be a decisive impact on the eradication of poverty, across Europe, by 2010.
9. In December 2005, the Commission set out the new common objectives on social protection and social inclusion in the communication *'Working Together, Working Better: A new framework for the open coordination of social protection and inclusion policies in the European Union*. The England Operation Programme sets out how ESF will contribute to this.

Education and Training Objectives

10. The England ESF programme will contribute to the relevant employment related objectives of the Community in the field of education and training. The England Operational Programme refers to the future objectives of education and training systems adopted by EU Education Ministers in February 2002.

³³ Recommendation for a Council Recommendation on the update of the broad guidelines for the economic policies of the Member States and the Community and on the implementation of Member States' employment policies. Brussels, 12.12.2006 COM (2006) 816 final PART III.

Sustainable Development Strategy

11. The programme will operate within the EU's sustainable development strategy, which was first discussed at the Gothenburg European Council in June 2001. In June 2006 the European Council adopted a renewed sustainable development strategy for the EU. The UK Government also has a Sustainable Development Strategy, which was published in March 2005, and which emphasises the need to take an integrated approach to policy making recognising both the potential impact of economic policies on the environment and the potential economic benefits that environmental policies can bring. The programme's employment and training activities will be implemented in a way that respects the limits to the planet's environment, resources and biodiversity. The programme will be able to provide training in environmental management skills and environmental technologies.

National Strategies

Lisbon National Reform Programme

12. As part of the renewed Lisbon agenda, Member States are now required to identify their Lisbon priorities and share best practice through National Reform Programmes. The UK National Reform Programme details the challenges currently facing the UK economy, and sets out the Government's strategy for delivering long term sustainable growth, high employment and a fair and inclusive society³⁴.
13. The UK's National Reform Programme sets out the Government's overall approach to increasing growth in the UK economy. This is based on maintaining macroeconomic stability and driving forward lasting improvements focused on employment and the five drivers of productivity: investment, skills, innovation, competition and enterprise. The Government believes that radical labour market reform aimed at getting more people into employment is fundamental to delivering economic growth and ensuring the long-term fiscal sustainability of the economy. A flexible and job-creating labour market is especially important for competing in today's increasingly global markets.

National Strategic Reference Framework

14. The UK National Strategic Reference Framework provides a reference instrument for drawing up Structural Funds Programmes to ensure that Structural Funds spending is consistent with the Community Strategic Guidelines and the National Reform Programme for delivering the Lisbon Agenda. The UK Framework was published by the Department of Trade and Industry in October 2005³⁵. The priorities for ESF spending identified in the Framework have been translated into the priorities in the England Operational Programme.

National Employment Strategy

15. The Government has set a long-term goal of employment opportunity for all – the modern definition of full employment. Delivering this requires that everyone should be provided with the support they need to enable them to find employment and develop skills. The employment strategy is therefore closely inter-related with the skills strategy, and the links

³⁴ UK National Reform Programme 2005-08, HMT, October 2005; UK National Reform Programme Update on Progress, HMT, October 2006.

³⁵ UK National Strategic Reference Framework, DTI, October 2005.

between the two are increasingly being emphasised in initiatives such as the new Cities Strategy.

16. Recognising that individuals need the state to play a different role at different points in their lives, the Government is developing labour market policies and welfare reforms that are flexible and take account of people's changing circumstances. By combining flexible active labour market policies with measures to make work pay and initiatives to reduce barriers to work, the Government intends to increase employment opportunities for all, alongside offering help for those who cannot work.
17. This involves:
 - Active labour market policies – tailored and appropriate help for those without work, both unemployed and inactive, to prevent long-term detachment from the labour market. Priority 1 will add value to these policies.
 - Policies that make work pay – improved incentives through reform of the tax and benefit system, and the introduction of the National Minimum Wage. These policies are outside the scope of ESF.
 - Policies that reduce barriers to work – including education, skills, childcare and training policies to create an adaptive, flexible and productive workforce. Priorities 1 and 2 will add value to these policies.
18. The future challenge for the Government is to reach its own aspiration of an 80 % employment rate³⁶. To achieve this, a further 2.3 million people would need to be helped into work. This might include for example an extra 1 million Incapacity Benefit recipients in work, a further 300,000 lone parents and 1 million older people. This requires a welfare reform agenda focused on improving people's employability and therefore their lives whatever their circumstances.

National Skills Strategy

19. The Government launched its National Skills Strategy in 2003. It is committed to ensuring that all young people reach the age of 19 ready for skilled employment or higher education. For those already in the workforce its aim is to ensure employers have the right skills to support the success of their businesses, and individuals have the skills they need for employment and personal fulfilment³⁷.
20. Despite improvements over the last few years, the UK still has a large stock of workers with low or no skills, including poor basic literacy and numeracy. This stock of low skills directly accounts for some of the productivity gap between the UK and peer economies³⁸. People with low skills are also more likely to be unemployed and therefore at risk of social exclusion.
21. The Government's approach to addressing these challenges is described in a series of recent policy documents and White Papers and is underpinned by a five year strategy for children

³⁶ *The Department for Work and Pensions (DWP), Five year Strategy, February 2005.*

³⁷ *These targets are contained in the Public Service Agreement between the Treasury and the Department for Work and Pensions agreed in the 2004 Spending Review. They will be reviewed during the 2007 Comprehensive Spending Review which will set new targets for 2008-2011.*

³⁸ *Productivity in the UK 6: Progress and new evidence, HMT, 2006.*

and learners which sets out an integrated lifelong learning strategy to raise the skills levels of all³⁹. The Government's priority has been to open up the acquisition of skills for all, so that England has the right skills mix as it seeks to move into more innovative sectors and businesses, at a time of rising skill levels across the world economy. This will ensure that everyone in the workforce has the skills necessary to take higher value-added jobs and the flexibility to retrain and adapt to new technologies and innovation.

22. On 5 December 2006, Lord Leitch published his final report into UK Skills: 'Prosperity for all in the global economy – World class skills.' In his final report, Lord Leitch recommends that the UK should aim to be a world leader on skills by 2020, in the upper quartile of OECD surveyed countries. The report highlights the need for urgent action if this target is to be met. Even if the UK achieves all of its current skills targets, it would still lag behind many comparator countries in 2020. The consequences of inaction are significant. Public Services will not deliver best value and the engine of the economy, UK businesses, will increasingly find it difficult to compete. There is also a risk that as a consequence of low skills, the UK will create a sub-section of society which is permanently cut off from labour market opportunity and facing increasing inequality.
23. The report identifies a need to radically reconfigure the system so that it is more demand led, with the employer voice through the sector skills councils given real power to shape the system towards economically relevant education and skills development. Achieving world leader status will mean doubling attainment at most levels. To do this will require a cultural shift towards viewing learning as something people at all levels and at all ages in the workforce need to be doing all their working lives.
24. Specific relevant programmes at a National level include:
 - New Deals
 - Pathways to Work
 - City Strategies
 - National Childcare Strategy
 - Modern Apprenticeships
 - Skills for Life
 - Train to Gain
 - Foundation Tier (Entry to Employment)
 - Women and Work Commission
 - Adult Learner Accounts (trialled in the South East from September 07)
 - Action for Communities

Leitch Review of Skills

25. The Leitch Review of Skills was tasked in 2004 with considering the UK's long-term skills needs. This is now being implemented, with the Government's response being published in July 2007. A key theme is the desire to give employers a stronger voice on the content and delivery of skills and employment programmes, as well as encouraging them to take greater responsibility for the planning and funding of their training activity (through the use of

³⁹ *Skills in a Global Economy, HMG, December 2004; 14-19 Education and Skills White Paper, DFES, February 2005; Skills: Getting on in business, getting on at work, HMG, March 2005; Further Education: Raising Skills, Improving Life Chances, DFES, March 2006.*

appropriate support from the public sector). Key features of the implementation plan include:

- Increased funding for Train to Gain. The Comprehensive Spending Review indicates that around a third of the adult skills and Further Education budget will be routed through Train to Gain by July 2011 – over £1billion – increasing as a proportion in the next decade⁴⁰. Recent Government announcements herald greater flexibilities in the use of Train to Gain in the face of economic recession.
- The formation of a new adult careers service to provide tailored employment and skills support (the Adult Progression and Careers Service).
- Legislation to raise the participation age to 18 so that young people are required to stay on in some form of education or training.
- New legislation for a funding entitlement for adults to free training in basic literacy and numeracy and a first full Level 2 qualification.
- Giving all suitably qualified young people access to apprenticeships, as well as promoting advanced apprenticeships as the most appropriate route to deliver on the new Level 3 entitlement for young people aged 19-25.
- Encouraging HEIs to focus more on workforce development and collaborate more with employers on training.
- A number of reviews have also been launched into liP and consideration of a legal entitlement to workplace training from 2010.

26. Additional actions are proposed around employers' requirements, including:

- An enhanced 'employer voice' in determining skills provision, including Employment and Skills Boards.
- Reform of vocational qualifications including recognition of employers own training.
- A Quality Standard for Employers Responsiveness and Vocational Excellence.

Freud report on welfare to work

7.8 The Freud report, an independent review of welfare to work, was published in March 2007. This has helped to shape the delivery of welfare to work provision. The review concludes that while there has been good progress on welfare to work, there needs to be more evolution, and the over-arching recommendation is that the Government needs to do more to encourage the least advantaged into work.

7.9 Resources should be targeted on individuals, who generally face multiple, complex problems, so that spending can be directed towards these in a more individualised way. The report finds that Jobcentre Plus (JCP) has been successful in terms of helping those closer to the labour market into work, and that it should focus on these individuals. In

⁴⁰ Train to Gain for Growth, November 2007-11, Learning and Skills Council (now the Skills Funding Agency).

particular, Freud recommended:

- Contracting out support for the hardest to help to the private and voluntary sectors, to provide an incentive to improve performance.
 - A greater commitment to rights and responsibilities for those who are receiving employment support, so that there is a greater element of conditionality attached to receiving benefits.
 - Reforming the benefit system, in order to reduce complexity – the report recommends further investigation of options for this.
 - Streamlined, mass market provision based on Jobcentre Plus – in the longer term, Jobcentre Plus should provide a one-stop front-end for all benefits.
27. Following on from the Freud report, the Green Paper *'In work, better off: next steps to full employment'* published in July 2007 set out how the Government proposed to move towards full employment, giving everyone the chance to work and contribute to society. The Government's response *'Ready for work: full employment in our generation'*, published December 2007, sets out more than 50 changes to the current system of benefits and job-seeking support to be implemented over the next four years.
28. The greater emphasis on the integration of the employment and skills agenda has been reinforced with the publication of *Work Skills* in June 2008. This outlines what the Government is doing to help people take control of their skills needs and the role of employers in achieving this.
29. The Government published its response to *No One Written Off* as a White Paper December 2008 (**Raising Expectations and Increasing Support: Reforming Welfare for the Future**). **This makes a number of important policy initiatives, including:**
- People currently claiming Income Support will move to either the Employment and Support Allowance or Jobseeker's Allowance (with the exception of carers for the time being). The requirements within Jobseeker's Allowance will be modified to suit the broader range of people who will be claiming it.
 - Encouraging lone parents and partners with younger children (seven and younger) to engage with the support that is available, to improve skills, prepare for work or address more significant problems such as debt, drugs or mental health. The Government is intending to start by exploring what the regime might look like for parents with three to six year-old children.
 - The White Paper confirms the plans set out in the Green Paper for testing a Work for Your Benefit scheme. This will require people who have been on Jobseeker's Allowance for two years to participate in full-time activity, to develop their work habits and employability skills in return for their benefit.
30. The White Paper, ***Raising Expectations: Enabling the System to Deliver***, was published by the Department for Children, Schools and Families and the Department for Innovation, Universities and Skills in March 2008. This has major implications for the organisation and delivery of education and training for both young people and adults – the key points are:

14-19 year olds:

- Local authorities will take responsibility for the delivery of education and training for children and young people aged 0-19, supporting the Government's commitment to raise the participation age to 18 by 2015.
- They will also take responsibility for delivering the full range of 14-19 entitlements including the new Diplomas, Apprenticeships and the Foundation Learning Tier. Local authorities will be able to commission provision to meet demand from young people and employers.
- Establishment of a Young People Learning Agency to co-ordinate provision. As part of this arrangement, local authorities will need to work with national agencies and the Regional Development Agencies who will co-chair the regional level, to provide a coherent planning and funding system for FE colleges and providers.
- The New Young People's Learning Agency (YPLA) will hold the overall budget and approve all LA commissioning plans for 14-19 provision.

Adult learners:

- The creation of a Skills Funding Agency which will route funding to FE colleges and other providers to meet the demands of employers and learners (this will replace the LSCs).
- The Agency will manage the creation and management of the new England-wide adult advancement and careers service and manage the new National Apprenticeship Service.

New Employment, New Jobs, HM Government, April 2009

31. New Industry, New Jobs is a policy statement which sets out the UK Government's strategic approach to investing in Britain's economic and industrial future.
32. The document emphasises the need to target action and reform in areas and sectors which relate to innovation, skills, finance, infrastructure and access to growing global markets.
33. The policy statement states the need to develop tailored Government policies to remove barriers to success and create an environment for businesses to thrive. It is suggested that action should focus on a number of key or priority sectors which include:
 - Low carbon vehicles
 - Life sciences and pharmaceuticals
 - Advanced manufacturing – including aerospace, composite materials, industrial biotechnology and plastic electronics
 - Professional and financial services
 - Engineering construction

UK Low Carbon Industrial Strategy

34. Launched in July 2009, the UK Low Carbon Industrial Strategy⁴¹ aims to ensure British businesses and workers are equipped to maximise the economic opportunities and minimise the costs of the transition to a low carbon economy. To do this, a combination of an innovative private sector and the strategic role for government will be required. The British economy will need to capture global markets for low carbon goods and services and also use energy and resources more efficiently to reduce costs. ESF funding can help the transition into a low carbon economy; employees and employers will gain new skills that will be essential to growing and recovering the economy.
35. Linked to this, the **UK Low Carbon Transition Plan** sets out a target of 1.2m “green” jobs in the UK by 2020.

BIS National Skills Strategy

36. The November 2009 BIS report, “Skills for Growth – The national skills strategy: analytical paper”, established the current standing of skills in the UK and the effects of the current recession. The necessity of keeping the UK at the forefront of global skills levels is stressed; globalisation and technological change are making emerging economies more competitive for service functions alongside manufacturing roles.
37. The report also takes a two-pronged approach to skills development: the immediate need of skills to counter the recession; and the longer term need of developing the right skills to build a strong economy and make the UK a global skills leader. To produce these changes, it may be necessary for the government to address market failures currently limiting skills development. The government through ESF funding can help address failures in information coordination; the government is considered an impartial and comprehensive source of information. As some of the post-recession industrial sectors may be quite young, employers and employees may be hesitant to take up training as benefits are not guaranteed; government skills investment can counter this. These industries are also likely to be advanced technological sectors and so the potential for spillovers are high, especially if these sectors exhibit clustering.
38. The necessity of Government and ESF intervention can be brought under four broad areas:
- Subsidies of the training system;
 - Information on the benefits of different courses;
 - Capital market support/guarantees for potential learners; and,
 - Appropriate regulatory environment, particularly for providers and employers.

BIS Higher Ambitions: The Future of Universities in a Knowledge Economy

39. The Government has recently published a new framework⁴² for the future success of higher education, which details the central role universities will play in delivering the country’s economic recovery and long term prosperity. The document also serves to reposition

⁴¹ BIS, 2009. “Low Carbon Industrial Strategy”. <http://www.berr.gov.uk/files/file52226.pdf>.

⁴²BIS ‘Higher Ambitions’, November 2009.

university roles in a more competitive time, to outline university contributions to the economy and widening access and strengthening research capacities. Key messages from this document include:

- There is increased competition between universities, giving a greater priority to programmes that meet the need for high level skills;
- Business to be more engaged in the funding and design of programmes, sponsorship of students and work placements;
- Creating more part-time, work-based and foundation degrees to make it easier for adults to go to university, with routes from apprenticeships through to Foundational Degrees and other vocational programmes;
- Encouraging universities to consider contextual data in admissions, as one way of ensuring that higher education is available to all young people who have the ability to benefit;
- Universities setting out clearly what students can expect in terms of the nature and quality of courses offered;
- Sustaining our world class research base by continuing to focus on excellence, concentrating research funding where needed to secure critical mass and impact; and,
- Encouraging collaboration between universities on world class research, especially in high cost science.

Skills Investment Strategy, BIS (November 2009)

40. This publication sets out how Government investment for 2010-2011 will support Further Education and skills training for post 19 learners.
41. It sets out the governments plans to respond to the economic downturn. The key proposals are to:
 - Implement a Response to Redundancy package to support training places for 80,000 people who are at risk of redundancy, are newly redundant or unemployed but close to the labour market. This will be funded by ESF and Train to Gain combined.
 - Develop a training offer for those unemployed for six months or longer, providing additional skills support for around 75,000 people to become job ready.
 - Implement the Young Persons Guarantee which will support training for up to 80,000 young people as part of the government's commitment to provide a guaranteed offer of a job, training or work placement to all 18-24 year olds approaching 12 months unemployment.
42. They will also continue to support free provision for skills for life, literacy and numeracy, first full level 2 and first full level 3 qualifications for 19-25 year olds.
43. The paper also sets out plans to:
 - Create 20,000 new Advanced Apprenticeships places for those aged 19-30 in the 2010/11 academic year, rising to an extra 35,000 from the 2011/12 academic year. There are also plans to develop these into potential ladders to university, including the development of an Apprenticeships Scholarship fund.

● South East Framework 2011-2013 ●

- Commit more funding to newly identified sectors (such as those identified in NINJ) and those which contribute most towards driving growth.
- Support the RDAs role in championing skills at a regional level. They will have responsibility for developing a Regional Skills Strategy, which will be integrated into the Single Integrated Regional Strategies.
- Support a statutory entitlement to full funding for Entry Level 3 numeracy and Level 1 literacy, first full Level 2 (for those aged 19-25 years) qualifications and a first full Level 3 qualification.
- Move funding away from poor Train to Gain provision or provision which has a large proportion of assessment of existing skills rather than training.
- Fund skills accounts for all adults who access publicly funded training including Train to Gain and Apprenticeships.
- Introduce a new Adult Advancement and Careers Service (aacs) will be launched in August 2010, with a new brand for careers advice.
- Provide funding for Skills for Life delivered through Adult Learner Responsive and Employer Responsive routes for 19+ provision.
- Provide learning support for adults, including Personal and Community Development Learning, Family Literature, Language and Numeracy support and wider family learning.

Partnerships for Growth: National Framework for Regional and Local Economic Development, December 2009

44. The National Framework sets out how the government expects RDAs, local authorities and other public sector agencies to collaborate to respond to the recession and shape the conditions for growth and job creation.
45. RDAs should lead implementation on the ground. Regional and local strategies should consider key economic policies including:
 - Skills: RDAs will work with Local Authority leaders Boards, Sub-Regional Partnerships and FE providers, to articulate business demand in a regional skills strategy which will have a 20 year horizon.
 - Innovation: with RDAs bringing together universities and businesses to collaborate.
 - Employment: to boost job opportunities and provide the effective transport links, the accessible childcare, and other support on the ground to help people get into and progress in work.
 - Infrastructure: providing the certainty businesses need to make the long-term investments in transport, utilities, broadband networks and housing which underpin growth.
 - Finance for Growth: RDAs will support the effective and coherent investment of

public-private funds such as the Innovation Investment Fund.

- Potential Growth Sectors: where regions, cities and localities should work to remove barriers to growth for key sectors in their areas.
46. RDAs remain central to driving growth and there is an increased emphasis for them to collaborate with local authorities and other relevant partnerships at a local level.
47. Places should focus on their particular strengths, not try to replicate the full range of nationally important sectors in every area. Investment should reinforce clustering effects driven by local and regional geography, commercial and university strengths.

Building Britain's recovery: Achieving Full Employment, HM Government, 2009

48. The employment White Paper, 'Building Britain's Recovery: Achieving Full Employment' was published in December 2009 and focuses on proposals to tackle the effects of the recession and to return to full employment in the future years. The White Paper announces new measures to ensure the recession does not give young people the 'worst possible start to their working lives'. It sets out the next stage of welfare and employment reform to help more people back to work and make sure they are better off in work. The document emphasises the need to keep people in employment once they have it.
49. The White Paper focuses on a core of issues of key importance to ESF. The most relevant of these are set out below -
- New support for young people to get them back in work – including new Young Person's and Graduate guarantees, extra support for young people from Jobcentre Plus, a new subsidy for employers taking on 16-17 year old apprentices. 100,000 government-funded additional training and job opportunities were also announced, on top of the 300,000 already pledged for the next 18 months, to help deliver the Young Person's Guarantee.
 - Support for long term unemployed – extra support for those who have reached 24-months unemployment, through mandatory activity and personalised support
 - Skills training – a focus on setting up a single skills budget between the Department for Work and Pensions, and the Department for Business, Innovation and Skills to fund training for the unemployed. Skills reforms will be underpinned by new skills accounts which will bring skills training together in one place to improve ease of access at a local level.
 - Increased Support for parents and carers – including making enterprise and employment support more accessible for this group
 - More tailored support for the over-50s, including help to tackle age discrimination and fast tracking to more support
 - Further Support for disabled people with more personalised help, a review of Pathways to Work and expanding Work Choice and Access to Work.
50. The White Paper also sets out plans for the modernisation of services, to ensure a welfare delivery system 'fit for the 21st century'. Suggested improvements include the exploration of different models of more flexible and personal support, inviting local partners to have

increased influence, increasing JCP's outreach services and introducing a revised learning and development structure.

Relevant Initiatives

New Deal and Flexible New Deal

51. Via Jobcentre Plus, the DWP have set up the New Deal programme which provides people on benefits with the help and support they need to look for work, increasing training and preparing for work. Seven programmes have been developed:
- 1) **New Deal for Young People** – helps young people to find and keep a job or start to work for themselves. A personal advisor is there to help improve skills and learn new skills.
 - 2) **New Deal 25 Plus** - very much the same as the programme aimed at Young People only targeted at those over the age of 25.
 - 3) **New Deal 50 Plus** – help and advice for those who are over 50 and are looking to (re)enter the workplace.
 - 4) **New Deal for Lone Parents** – a voluntary programme designed to help lone parents into work. Personal advisors are also available to help with childcare and training.
 - 5) **New Deal for Disabled People** – based on job broker system. Helps and supports disabled people looking to get back into work.
 - 6) **New Deal for Partners** - voluntary programme to support the partners of those who are claiming certain benefits.
 - 7) **New Deal for Musicians** – a compulsory programme for people who are claiming job seekers allowance. Individuals are given the opportunity to speak to people who work in the music industry. The requirement is that they have to also be taking part in New Deal for 25 or New Deal for Young People and be at the end of the 'gateway' stage.
52. From October 2009, the Flexible New Deal will replace the current New Deal 18 – 24 and 25+ programmes. The Flexible New Deal is based around five core principles:
- A stronger framework of rights and responsibilities to move benefit customers from being passive recipients to active jobseekers.
 - A personalised and responsive approach to individual customer needs which will provide tailored employment and skills support to meet the needs of both customers and local employers.
 - A partnership approach with public, private and third sector organisations working together to maximise innovation, leading to more and better outcomes.
 - Devolving and empowering communities for future sustainable employment which will be at the heart of neighbourhood renewal.
 - Not just jobs, but jobs that pay and offer opportunities for progression, with an

emphasis on sustaining and progressing in work to ensure all customers who need help to develop their skills have access to the relevant pre-employment and in-work training.

53. The Flexible New Deal will begin in October 2009. In October 2010, the Flexible New Deal will be replaced in the South East by the Personalised Employment Programme, combining the Flexible New Deal and Pathways.

Socially Excluded Adults PSA 16

54. As part of the Comprehensive Spending Review (CSR), the Government announced a new single set of 198 national indicators for local authorities and local authority partnerships. These indicators which flow from the priorities identified in Public Service Agreements (PSAs) and Departmental Strategic Objectives (DSOs), include eight indicators which underpin the socially excluded adults PSA (PSA16).

55. The socially excluded adults PSA aims to ensure that the most socially excluded adults are offered the chance to get back on a path to a more successful life, by increasing the proportion of at-risk individuals in:

- settled accommodation; and
- employment, education or training.

56. The PSA focuses on four client groups who are particularly vulnerable to multiple forms of disadvantage, and who may be negotiating a difficult transition such as leaving prison or long-term care. These two factors make them particularly at-risk of falling into persistent exclusion, but also means that they are in contact with the services that could and should make a difference. The four groups are:

- Care leavers at age 19
- Offenders under probation supervision
- Adults receiving secondary mental health services
- Adults with learning disabilities known to Councils

57. A total of eight indicators underpin the PSA and will be used to measure progress for each at-risk group towards increasing the proportions in settled accommodation and in employment, education or training. As mentioned above, all of these indicators will be included in the national set of local government indicators. The headline definitions of the indicators are presented in the table below.

Indicators for the socially excluded adults PSA		
Client Group	Outcome 1: Settled Accommodation	Outcome 2: Employment, Education or Training Offenders
Offenders	Percentage of offenders under probation supervision living in settled and suitable accommodation at the end of their order or licence	Percentage of offenders under probation supervision in employment at the end of their order or licence
Care Leavers	Percentage of former care leavers	Percentage of former care leavers at

	at age 19 who are in suitable accommodation	age 19 who are in employment, education or training
Mentally ill	Percentage of adults receiving secondary mental health services in settled accommodation	Percentage of adults receiving secondary mental health services in employment
Learning disabled	Percentage of adults with learning disabilities in settled accommodation	Percentage of adults with learning disabilities in employment

Train to Gain

58. Train to Gain is part of the Government’s Solutions for Business – a wide portfolio of highly targeted, publicly funded business support products and services. Train to Gain:
- Aims to meet the needs of employers of all sizes and from all sectors to improve the skills of their employees as a route to improving their business performance
 - Aims to encourage all businesses and individuals to value and realise the benefits that learning and skills can bring
 - Be a valuable resource for employers, unlocking employees’ potential and increasing company productivity.
 - A broad range of training packages are available to businesses from basic level skills 2, Level 3 and other higher-level skills such as Leadership and Management.

Forthcoming Changes: National

59. The activities of Train to Gain are set to continue with the move from the Learning and Skills Council to the Skills Funding Agency (SFA). This has brought about radical changes with regards the way young people and adults are to be funded in the future. *Raising Expectations: enabling the system to deliver* lists proposals transforming the post 19 skills system. The new SFA is there to create a demand led, flexible and responsive system.
60. The SFA will pass post-19 funding to colleges, ensuring that funding follows the learner. The SFA is increasing funding for Train to Gain from £520m in 2007/08 to over £1 billion by 2010-11. This supports the move to increasing the proportion of adult skills funding that is to be delivered through demand led routes. In addition to this, new flexibilities for small and medium sized businesses are being built into the current system in order for them to train their staff. One example of this is to make all training at Level 2 free for all SME employees regardless of their current skill level.
61. From here on, Train to Gain will: *deliver a national skills service to all sizes of business in all sectors and include the National Employment Service. It will ensure a demand – led skills system which raises employment skills levels, is valued by employers and used by them to seek brokerage interventions to help them find solutions. It will aim to secure a culture change that makes employers value skills*⁴³.

⁴³ DIUS – FE & Skills System Reform – an update – December 2008 – p24.

62. The Future Jobs Fund aims to create 150,000 additional jobs, primarily aimed at 18-24 year olds who have been out of work for nearly a year. The Future Jobs Fund is a part of the Young Person's Guarantee. From early 2010, everyone in between the ages of 18 and 24 who has been looking for work for a year will get an offer of a job, work experience, or training lasting at least 6 months. The fund is specifically targeting 50,000 jobs in unemployment hotspots and expects around 10,000 of the 150,000 jobs created to be "green" jobs⁴⁴.

Forthcoming Changes: Regional

63. The **South East England Partnership Board (SEPB)** took over regional planning responsibilities on 1 April 2009 after the South East England Regional Assembly (SEERA) was dissolved. The Partnership Board is responsible for bringing together the Regional Economic Strategy and South East Plan into a single document - a new **Integrated Regional Strategy**. The Partnership Board comprises four members of the board of South East England Development Agency (SEEDA) and eight members of South East England Leaders' Board (councillors from the region's local authorities). The SEPB will therefore be important in shaping future economic development policy across the region (including presumably issues on skills).

Summary

Key policy initiatives can be summarised below:

- The Leitch Review of Skills, which gives employers a stronger voice on the content and delivery of skills and employment programmes, as well as encouraging them to take greater responsibility for the planning and funding of their training activity. Key features of the Leitch implementation plan include increased funding for Train to Gain and greater flexibilities in the use of Train to Gain during the recession, although funding constraints are currently placing limits on the number of new learners that can be supported.
- The Freud report, an independent review of welfare to work, which recommended that resources should be targeted on those individuals who generally face multiple, complex problems, so that spending can be directed towards these people in a more individualised way.
- The Government White Paper December 2008, **which made a number of important policy initiatives, including:**
 - People currently claiming Income Support will move to either the Employment and Support Allowance or Jobseeker's Allowance
 - Encouraging lone parents and those with younger children (seven and younger) to engage with the support that is available
 - Testing a Work for Your Benefit scheme.
- The Flexible New Deal⁴⁵, which came into operation in October 2009, which proposes:
 - A stronger framework to move benefit customers from being passive recipients to active jobseekers
 - A personalised and responsive approach to individual customer needs
 - A partnership approach with public, private and third sector organisations
 - Attempts to help clients find jobs that pay and offer opportunities for progression,

⁴⁴ The Young People's Guarantee is currently due to finish in early 2011 and before finalising allocations and eligible activity, partners should review how successful the scheme has been, what demand is still there (in terms of volumes of young people who are still long term unemployed).

⁴⁵ Full Flexible New Deal support is available for people who have been on JSA for 12 months, and there is some flexibility to provide people that have been claiming for six months with more support than they were previously entitled to.

with an emphasis on progression within work.

- The Future Jobs Fund, which aims to create 150,000 additional jobs, primarily aimed at 18-24 year olds who have been out of work for nearly a year⁴⁶.
- The Government's UK Low Carbon Transition Plan, which sets out a target of some 1.2m "green" jobs in the UK by 2020.
- The new Skills Funding Agency (SFA), which from April 2010, will be the single funding provider for adult skills in England outside of higher education. The SFA's main function will be to direct funding to further education colleges and other skills providers.
- The New Young People's Learning Agency (YPLA), which will hold the overall budget and approve all LA commissioning plans for 14-19 provision.
- A move towards Regional Development Agencies (RDAs) being responsible for producing the regional skills strategy and championing and advocating skills at a regional level.
- A increased emphasis on Advanced Apprenticeships places for people aged 19-30 and the opportunity for these to provide routes into Higher Education.

⁴⁶ The Future Jobs Fund is a part of the Young Person's Guarantee. From early 2010, everyone in between the ages of 18 and 24 who has been looking for work for a year will get an offer of a job, work experience, or training lasting at least 6 months. The fund is specifically targeting 50,000 jobs in unemployment hotspots and expects around 10,000 of the 150,000 jobs created to be "green" jobs. (Source: DWP).

Appendix D Glossary of Terms

A full list of abbreviations is available at the start of the England Operational Programme (available at www.esf.gov.uk).

Abbreviation	Full Wording
BME	Black Minority Ethnic
CFO	Co-financing Organisation
DWP	Department of Work and Pensions
EMA	Educational Maintenance Allowances
EO	Equal Opportunities
ESF	European Social Fund
GCB	Grant Co-ordinating Bodies
GOSE	Government Office for the South East
GVA	Gross Value Added
ICT	Information Communication Technology
LSC	Learning & Skills Council
NVQ	National Vocational Qualifications
OP	Operational Programme
ROCPA	Raising of Compulsory Participation Age
RSP	Regional Skills Partnership
RSPA	Regional Skills for Productivity Alliance
SD	Sustainable Development
SFA	Skills Funding Agency
SSA	Sector Skills Agreements
SSC	Sector Skills Councils
SEEDA	South East England Development Agency

Appendix E Innovative and Transnational Projects

Regional context paper

SOUTH EAST – THEMES AND REGIONAL CONTEXT	
Up to three projects will be supported in the South East	
PRIORITY 1 – EXTENDING EMPLOYMENT OPPORTUNITIES ESF funding available in Priority 1 = £1,226,763	
Themes Selected	Regional Context
Active inclusion (Indicative funding for this theme = £613,381)	<p>The South East has an excellent track record in innovation and participation in trans-national ESF activity. This included a number of projects under the Equal programme which ran from 2001 to 2006 (see www.equal.ecotec.co.uk/).</p> <p>In taking these experiences forward and responding to the challenges of the new ESF programme the South East ESF framework for 2007-10 set out suggested themes for Innovation in the South East:</p> <p><i>Addressing multiple issues faced by disadvantaged participants accessing the labour market through flexible and personalised packages of support.</i></p> <p><i>Reconciling family and professional life, as well as the re-integration of economically inactive women and older people, by developing more flexible and effective forms of work organisation and support services.</i></p> <p>On the basis of the above and the support in discussion at the Regional committee on 11 September together with responses to the web based consultation with the wider ESF partnership in the region it was proposed that this theme is adopted.</p> <p>It is possible that this theme could also support social enterprise which can contribute to the aims of this theme, and there is readily available match funding.</p>
Demographic Change (Older Workers & Migration) (Indicative funding for this theme = £613,381)	<p>This theme won strong support both from regional committee members in discussion at the meeting on 11 September and as a result of a web based consultation with the wider regional ESF partnership.</p> <p>The South East has an excellent track record in innovation and participation in trans-national ESF activity. This included a number of projects under the Equal programme which ran from 2001 to 2006 (see www.equal.ecotec.co.uk/).</p> <p>In taking these experiences forward and responding to the challenges of the new ESF programme the South East ESF framework for 2007-10 set out suggested themes for Innovation in the South East:</p> <p><i>Addressing multiple issues faced by disadvantaged participants accessing the labour market through flexible and personalised packages of support.</i></p> <p><i>Reconciling family and professional life, as well as the re-integration of economically inactive women and older people, by developing more flexible and effective forms of work organisation and support services.</i></p>

	<p><i>Sustaining employment and promoting new multi-disciplinary roles in the workplace for older people by applying the experience of previous ESF / Equal projects.</i></p> <p>An ageing workforce is one of the major challenges facing the South East economy in the coming years and more work is needed to identify, quantify and describe the issues surrounding economic migrants.</p>
<p>PRIORITY 2 - DEVELOPING A SKILLED AND ADAPTABLE WORKFORCE ESF funding available in Priority 2 = £672,741</p>	
<p>Theme Selected</p>	<p>Regional Context</p>
<p>Skills for Climate Change</p>	<p>This theme won strong support both from regional committee members in discussion at the meeting on 11 September and as a result of a web based consultation with the wider regional ESF partnership.</p> <p>It was seen that there were close links with the ERDF Competitiveness programme which operates on a pan regional basis in the South East.</p> <p>The ERDF programme is based upon an analysis of the needs and opportunities facing South East England, particularly the recognised importance of decoupling further economic growth from resource consumption, pollution generation and a loss of biodiversity if the region is to achieve its vision of achieving sustainable prosperity by 2016.</p> <p>The aim of the ERDF programme is to: "Promote competitiveness in South East England whilst contributing to reducing the region's ecological footprint"</p> <p>To achieve this aim the programme has established three objectives: To raise levels of knowledge and innovation across all business sectors in order to support more resource efficient business practices, boosting profitability and long-term competitiveness; To stimulate innovation and job creation in new and emerging ecologically-driven market sectors To reduce the rate of growth of the Region's ecological footprint, whilst stimulating economic growth</p> <p>This theme has been chosen because despite the relatively high skills profiles at the regional level, many employers in the region encounter persistent difficulties in finding workers with relevant basic, technical and specialist skills.</p>