



# **European Social Fund 2007-2013 A Framework for the East Midlands January 2011 - December 2013**

<b>SECTION 1. INTRODUCTION .....</b>	<b>4</b>
1.1 <i>Background.....</i>	4
1.2 <i>Development of the Framework.....</i>	4
1.3 <i>Summary of the 2009 review process .....</i>	5
1.4 <i>Summary of the outcomes of 2009 review process.....</i>	4
1.5 <i>Changes in the Financial and Output tables.....</i>	5
1.6 <i>Reviewing the Framework .....</i>	6
<b>SECTION 2. REGIONAL CONTEXT .....</b>	<b>7</b>
2.1 <i>Introduction .....</i>	6
2.2 <i>Labour Market.....</i>	6
2.3 <i>Place.....</i>	10
2.4 <i>Links between European Regional Development Fund and ESF in the Region. .....</i>	10
<b>SECTION 3. PRIORITY 1: EXTENDING EMPLOYMENT OPPORTUNITIES .. .....</b>	<b>13</b>
3.1 <i>Key Regional Priorities .....</i>	13
3.2 <i>Key Objectives.....</i>	13
3.3 <i>Targeting of Resources .....</i>	15
<b>SECTION 4. PRIORITY 2 – DEVELOPING A SKILLED AND ADAPTABLE WORKFORCE .....</b>	<b>18</b>
4.1 <i>Key Regional Priorities .....</i>	18
4.2 <i>Key Objectives.....</i>	18
4.3 <i>Sectors.....</i>	18
4.4 <i>Indicative activities.....</i>	19
4.5 <i>Targeting.....</i>	23
4.6 <i>Priority 2 resources.....</i>	23
4.7 <i>Strategic fit with other funding resources.....</i>	24
<b>SECTION 5. CROSS CUTTING THEMES .....</b>	<b>25</b>
5.1 <i>Introduction .....</i>	25
5.2 <i>Equal Opportunities .....</i>	25
5.3 <i>Key regional equal opportunities issues .....</i>	25
5.4 <i>Occupational and sectoral segregation .....</i>	27
5.5 <i>Specific communities that will be targeted for ESF support.....</i>	27
5.6 <i>Barriers to participation.....</i>	27

5.7	<i>Implementation and Monitoring</i> .....	27
5.8	<i>Sustainable Development</i> .....	28
5.9	<i>Social</i> .....	28
5.10	<i>Environmental</i> .....	28
5.11	<i>Economic</i> .....	28
5.12	<i>Implementation and monitoring</i> .....	28
<b>SECTION 6. INNOVATION, TRANSNATIONALITY AND MAINSTREAMING (ITM)</b> .....		<b>30</b>
<b>SECTION 7. REGIONAL FINANCIAL ALLOCATIONS</b> .....		<b>32</b>
7.1	<i>Priority 1 - Extending Employment Opportunities</i> .....	32
7.2	<i>Priority 2 - Developing a Skilled and Adaptable Workforce</i> .....	32
7.3	<i>Priority 3 - Technical Assistance</i> .....	32
<b>SECTION 8. OUTPUTS AND RESULTS</b> .....		<b>33</b>
8.1	<i>Priority 1 - Extending Employment Opportunities</i> .....	33
8.2	<i>Priority 2 - Developing a Skilled and Adaptable Workforce</i> .....	33

## **SECTION 1. INTRODUCTION**

### **1.1 Background**

The current round of European Union (EU) Structural Fund Programmes including the National European Social Fund (ESF) Programme for Skills and Employment for England (and Gibraltar) runs from 2007-13. ESF was set up to improve employment opportunities in the European Union and so help raise standards of living. It aims to help people fulfill their potential by giving them better skills and better job prospects, with a particular focus on the most disadvantaged in the labour market.

The Regional ESF Framework agreed in 2007 set the context for a substantial investment (approximately £163.6m) in the region's employment and skills priorities for the duration of the Programme (2007-13). It provides a strategic steer for Co-Financing Organisations (CFOs) – responsible for deploying ESF funding in the region - to ensure that their plans and procurement arrangements address regional needs and that ESF complements and adds value to domestic funding for employment and skills.

### **1.2 Development of the Framework**

The Framework covering the period January 2008 to March 2011 was developed by the Employment Skills and Productivity Partnership (*esp*) comprising the *esp* Director, LSC, Jobcentre Plus, *emda* and Government Office East Midlands (GOEM) and was informed by the aspirations of the Leitch review, an analysis of the then economic and labour market situation in the East Midlands, a review of the key relevant strategies and the views expressed by regional stakeholders during the national Operational Programme consultation.

The 2007 Framework identified the funding priorities. The East Midlands ESF Regional Monitoring Committee (RMC) subsequently assumed responsibility for monitoring regional performance on the contribution of ESF to the priorities in the Framework. Along with other key regional stakeholders, all members of the *esp* are represented on the RMC.

Nationally, the RMCs were invited by the Department for Work and Pensions (the Managing Authority for ESF in England and Gibraltar) to review their regional frameworks for the 2011-2013 phase of the ESF Programme. The review was primarily aimed at ensuring that frameworks remain relevant in the current economic downturn in terms of their skills and employment measures to support economic recovery. The review was not intended to re-write the existing frameworks but to enable limited changes in emphasis where regional partners agreed these were important to reflect regional circumstances.

### **1.3 Summary of the 2009 review process**

The East Midlands Regional ESF Framework has been subject to a six week consultation and subsequent review, in order that the Framework remains fit for purpose in the context of:

- The extent to which the overall balance of the framework reflects current labour market need;
- The balance between and within priorities and the extent to which they meet regional need;

- The extent to which the Regional Context section (building on the evidence in the recently updated Regional Economic Strategy Evidence Base) accurately reflects the employment and skills issues and challenges facing the region;
- The impact of the economic downturn and supporting economic recovery;
- New national and regional policy context as set out in 'New Industry, New Jobs' and 'Skills for Growth' White Papers;
- The key new growth and employment sectors as the economy recovers, such as 'green jobs' in a low carbon economy.

Following the consultation, a revised draft was agreed by the RMC's Regional Framework Sub-Group, and formally endorsed by East Midlands ESF RMC in December 2009. It will be submitted to DWP for approval in early 2010. Co-financing Organisations (CFOs) will subsequently develop their co-financing plans for 2011 – 2013 and launch tendering rounds for ESF projects in 2010.

#### **1.4 Summary of the outcomes of 2009 review**

Whilst the fundamental principles of the 2007-13 ESF Framework continue to apply, the key changes and shifts in emphasis arising from the review include:

- An increase in investment at Level 3 and above, reflecting the need for the region to support skills development and progression at intermediate and higher level skills;
- Strengthening the support for a community empowerment approach where applicable;
- Acknowledgement of sub-regional variations;
- Clarification of eligibility for ESF, and explanation of the scope of the Framework;
- Learning the lessons of the ESF Framework Evaluation published in 2009.

#### **1.5 Changes in Financial and Output tables**

Priority 1	3% of Technical Assistance has been vired into Priority 1 equating to an additional £2,984,129
Priority 2	More equitable share of resource across measures, taking into account the need to support higher level skills. Basic skills from 45% to at least 30% Level 2 from 40% to at least 30% Level 3+ from 30% to up to 40%
Technical Assistance	In previous years the full regional TA allocation has not been used in the region, therefore 3% of TA resource has been vired into Priority 1 to support employment and interventions supporting the NEET client group. This virement will also address the requirement to support National Offender Management Service (NOMS) provision which will transfer to the region from 2011.

#### **1.6 Reviewing the Framework**

**The RMC will be responsible for monitoring regional performance to ensure that ESF is contributing to the priorities in the Framework. The Framework will be kept under review and updated, if necessary, in response to changing regional circumstances or national policy changes, including Machinery of Government changes.**

## SECTION 2. REGIONAL CONTEXT

### 2.1 Introduction

Since 2006 the regional economic conditions have changed, with a movement into recession which has impacted on the labour market. The 1980s recession began in quarter one of 1980 and lasted for four calendar quarters. From quarter three of 1990 the economy recorded five successive quarters of negative growth, marking the 1990s recession. In past recessions unemployment levels have responded immediately to falls in GDP and have continued to rise after the economy has returned to positive output growth. Claimant count also follows a cyclical pattern related to the state of the economy. In the 1980s and 1990s unemployment followed negative growth but remained high for several quarters after GDP growth had returned to a positive position.<sup>1</sup>

The ESF Framework will be targeted to support regional priorities to tackle both short term and long term unemployment and low skills within the parameters of the agreed ESF Operational Programme for England. It is important that ESF is targeted effectively to add value to regionally identified priorities and to tackle the region's specific skills and employment challenges.

A detailed assessment of the state of the region's labour market, supported by the work undertaken in preparing the RES Evidence Base ('*The East Midlands 2009*' available at the <http://www.intelligenceeastmidlands.org.uk>) provides a clear assessment of the challenges facing the region. The Regional ESF Framework presents a brief overview of regional Labour Market analysis, however, more in depth analysis and a short overview of each of the East Midlands' nine County and Unitary Authorities can be found in the recently updated RES Evidence Base '*The East Midlands in 2009*'. The Sub-Regional Profiles sections are based on analysis provided by the Local Authorities, using a common set of official statistics. The data described in these sections includes summary averages for the County and Unitary Authority areas alongside descriptions of local variations that use data for the 36 Local Authority Districts (LAD) in the region where appropriate. The following analysis consists of a suite of 'Healthy Labour Market Indicators' using the latest available data.

### 2.2 Labour Market

**The East Midlands labour market remains one of high employment and relatively low unemployment.** The employment rate in the East Midlands has remained consistently above the national average in the recent years. The trend in the region's employment rate has been very flat since 1999, remaining between 75% and 77.5% of the region's working age population, at least a full percentage point above the England average. Despite high employment rates in the East Midlands, there is employment deprivation in the East Midlands which is concentrated in East Lindsey, and in the three cities (Nottingham, Leicester and Derby), parts of Northampton and Corby, and the former coalfields areas. Currently there is a 17.6 percentage point gap between Leicester, with the lowest employment rate (62.7% in 2008), and Leicestershire, with the highest employment rate (80.3% in 2008). This is 0.4 percentage points greater than the gap in 2005<sup>2</sup>.

As a result of recession, the unemployment rate in the East Midlands has increased since the summer of 2008. The working age unemployment rate in the East Midlands was 7.5% for the three months to June 2009. This is higher by 0.2 percentage points compared to the previous quarter (January-March 2009). The redundancy rate per

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<sup>1</sup> 'The impact of the recession on the labour market', Office for National Statistics, May 2009

<sup>2</sup> ONS Crown Copyright, 'Annual Population Survey', January-December 2008, from NOMIS.

1,000 employees<sup>3</sup> in the East Midlands was 12.0 for the second quarter of 2009. This is compared to the redundancy rate of 10.7 in the UK. Compared to the second quarter of 2008, redundancy rate in the East Midlands is estimated to increase by additional 5.9 redundancies per 1,000 employees. This increase was the same as the UK average. Although the redundancy rate has been increasing in every region from the beginning of 2008, the West Midlands and the Yorkshire and the Humber have the highest redundancy rates and the sharpest increases by the second quarter of 2009. **As a consequence, worklessness is expected to increase as both short and long-term unemployment are rising.**

Analysis shows that vulnerable groups appear to be geographically concentrated in the most deprived local authority wards. As a result of the recession the unemployment rates for these groups and areas may be expected to increase more quickly than the average. In July 2009 the claimant count rate<sup>4</sup> in the East Midlands was the highest in Leicester and Corby at 6.5% and 6.4% respectively. This is compared to the regional average of 4.1%. The claimant count rate was also relatively high in Nottingham, Lincoln, Northampton and Derby at 5.9%, 5.5%, 5.2% and 5.0% respectively. The claimant count rates have also exceeded the regional average in the coalfields area such as in Ashfield (4.5%), Mansfield (4.4%) and Chesterfield (4.5%). However, the labour market challenges that need to be tackled in a population experiencing intergenerational unemployment in the former coalfields are quite different from those of an ethnically diverse, younger and more transient population living in inner-city areas<sup>5</sup>.

Additionally, certain groups of the population are more likely to experience barriers to employment and skills development than others. The extent of labour market participation varies significantly by gender, age, ethnicity and disability. **Economic inclusion and labour market participation of young people, women, ethnic minorities and disabled people are below average.** In 2008 the employment rate of 16-24 year olds was 58.8% in the East Midlands, 17.1 percentage points below the regional average of 75.9%. The employment rate for women was 72.3%, below the regional average by 3.6 percentage points. The employment rate of ethnic minorities was 63.4% compared to the employment rate of whites of 77.2%, a difference of 13.8 percentage points. The employment rate of both DDA and also work-limiting disabled people was 38.6% in 2008, less than a half of those not disabled (80.8%). In addition, due to the recession some groups where intergenerational unemployment is already an issue, may face further difficulties in getting into work or maintaining their labour market position. The current recession has so far impacted more on men in employment than women. The claimant count rate for men was 5.7% (81,406 people), while the claimant count rate for women was 2.3% (29,535 people). The claimant count rate increased by 2.7 percentage points among men and 1.0 percentage point among women compared to the same period last year. Employment rates have decreased for each age group below state pension age during the current recession. Employment rates of young people (16-17 year olds and 18-24 year olds) experienced the largest decrease in percentage point terms, compared with other age groups. Between January-December 2007 and January-December 2008 the employment rate of 16-17 year olds in the East Midlands decreased by 4.2 percentage points from 38.2% to 34.0%. The employment rate of 18-24 year olds decreased by 2.7 percentage points from 68.3% to 65.5%<sup>6</sup> over the same period. The number of Jobseeker's Allowance claimants aged 18-24 in the

<sup>3</sup> Source: Labour Force Survey, Redundancy Tables, Calendar Quarter April to July 2009. [http://www.statistics.gov.uk/downloads/theme\\_labour/RedundancyCQ.xls](http://www.statistics.gov.uk/downloads/theme_labour/RedundancyCQ.xls)

Data are not seasonally adjusted.

<sup>4</sup> Office for National Statistics, 'Labour Market Statistics, August 2009: East Midlands'. Table 16.

<sup>5</sup> Marilyn Taylor, Joseph Rowntree Foundation 'Transforming disadvantaged places: Effective strategies for places and people', 2008. <http://www.jrf.org.uk/sites/files/jrf/2255.pdf>

<sup>6</sup> Office for National Statistics, 'Labour Market Statistics, August 2009: East Midlands'. Table 2.

East Midlands was 18,770 in July 2008. This number almost doubled by July 2009, when 33,895 young people aged 18-24 were claiming Jobseeker's Allowance.

Earnings show that the East Midlands has consistently lagged behind the UK average. Median weekly workplace based earnings for all full-time workers in the East Midlands were below the UK average by 7.5%, at £442.80 compared to £478.60 in 2008. The residence based median for the East Midlands was £449.60, which is £6.80 higher than the workplace based estimate of £442.80 in 2008. This suggests that higher paid workers commute to work outside the region. The earnings profile for the region appears more evenly distributed than in the UK. The reasons for this are interrelated covering a range of factors including the different sectoral and industrial composition of the regional economy. **A high proportion of employment in the East Midlands is in comparatively poorly paid, low-skilled jobs, which offer little opportunity for further training and personal development. Some parts of the region have an over reliance on low-value, low-skill service and manufacturing activities and demand for higher level skills from employers is still low.**

Between 2006 and 2007 the proportion of employment in knowledge-intensive sectors (employing more than 40% of graduates in their workforce) has decreased by 8.8 percentage points (from 38.4% to 29.6%) in the East Midlands. The proportion of the workforce in these sectors has increased by 3.7 percentage points in the UK (from 41.2% to 45.0%). However, it must be noted that due to the sample size of the Annual Population Survey dataset, results tends to be more volatile at regional level.

The percentage of the East Midlands workforce (aged 19 to 59/64) qualified to Level 4 and above was 27.3% in 2007, an increase of 6.6 percentage points from 2001. The gap in the proportion of the workforce qualified to Level 4 and above between the East Midlands and England has narrowed between 2001 and 2007 from 4.4 percentage points to 2.9 percentage points.

In 2007 the proportion of the working age population without a Level 2 qualification (including those without any formal qualification) was 32.8% in the East Midlands. This is compared to 31.1% in England. Between 2001 and 2007 the proportion of those without NVQ Level 2 has decreased by 6.5 percentage points in the East Midlands compared to 5 percentage points in England.

Between 2001 and 2007 the fall in the proportion of those without qualifications has been more significant in the East Midlands than in England. However, **the proportion of the East Midlands workforce with no qualifications continues to be higher than the average of England.** In 2007 the proportion of adult population without qualifications was 13.1% in the East Midlands. In England, the proportion of those without formal qualifications was 12.5% in 2007.

A combination of a low proportion of the workforce qualified to Level 4 and above and a high proportion without a Level 2 qualification is concentrated in Leicester, Nottingham and Lincolnshire, and to a lesser extent in Derby.

**The largest group of the population in need of up-skilling is adults who are already in work.** Between 2006 and 2016, the East Midlands is projected to experience the fastest growth of all English regions both in the pensionable age group and the working age group. However, it is important not to overstate the ageing population as a region-wide phenomenon. Strong growth in the working age population means that aged dependency will remain stable around the three cities and in the south of the region. Leicester is projected to become younger over time as high birth rates will contribute to the city being one of the few areas in England to experience a growing school age group. Population ageing is therefore a challenge that is likely to

affect coastal Lincolnshire and parts of Derbyshire much more than the rest of the region.

**Matching skills supply to the needs of employers remains a challenge for the region. Although the scale of the up-skilling of the East Midlands workforce is significant, the demand for these higher level skills seems to be lagging behind the increased supply.** The proportion of those who reported that their highest qualification was above that required for the job they do ('over-qualified' individuals) in the East Midlands was 39.1% in 2006<sup>7</sup>.

In 2007, 12,130 vacancies in the East Midlands were reported as 'hard to fill', of which 8,450 were due to a shortage of applicants with the appropriate education, training or experience. The proportion of establishments with skills gaps in their current work force dropped from 25% in 2003 to 15% in 2007 in the East Midlands, which is now the same as the English average. The reasons for this trend are not obvious, but it is possible that education and training provision and increased in-migration may have contributed to the fall in skills gaps in the English regions.

The proportion of 16-19 year olds qualified to a Level 2 in the East Midlands represents a particular challenge for the region. The gap between the region and the UK regarding the proportion of people with a qualification below Level 2 is the highest among 16-19 year olds. In 2007 the proportion of 16-19 year olds with a qualification below Level 2 was 43.1% in the East Midlands and 39.3% in the UK, a difference of 3.8 percentage points.

Participation in formal education is essential to develop the skills and competencies that are fundamental for making informed career decisions and for doing a job well. As the pattern of employment in the East Midlands has changed, the opportunities for employment at sixteen have decreased in many areas. In addition, the Education and Skills Act 2008 contains the requirement for all young people to participate in education or training until their 18th birthday in the future. Also, Education Maintenance Allowances (EMA), which were set up to reduce the financial burden of staying on in learning contributed to the increase of 16 year olds who remained in education and therefore face better prospects and a brighter future.

In some areas the proportion of young people who achieve employment, but in low skilled jobs, where little or no training is offered by the employer is still an area for concern. Over the last three years, the proportion of young people who were not participating in education, employment or training (NEET) has decreased. Between November 2006 and November 2008, the level of NEET has improved by 0.7 percentage points – from 6.2 per cent in 2006 to 5.5 per cent in 2008. Although only a small decrease, the East Midlands still remains well below the national average figure (6.7 per cent). However there are substantial variations between the local authority areas, with NEET levels highest in Leicester City (8.2 per cent), Derby City (6.8 per cent) and Northamptonshire (6.1 per cent).<sup>8</sup>

Total Entrepreneurial Activity (TEA) is calculated as the sum of nascent entrepreneurs (those who said that they were actively involved in creating a new business that they would own all or part of and have not paid any wages or salaries to anyone for more than three months) and baby businesses (more established owner-manager

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<sup>7</sup> Alan Felstead and Francis Green on behalf of emda, 'Skills at Work in the East Midlands, 1997 to 2006'. 2007.

[http://www.intelligenceeastmidlands.org.uk/index2.php?option=com\\_docman&task=doc\\_view&qid=380&Itemid=99999999](http://www.intelligenceeastmidlands.org.uk/index2.php?option=com_docman&task=doc_view&qid=380&Itemid=99999999)

<sup>8</sup> Connexions, CCIS data

businesses that have been running for between 4 and 42 months). TEA in the East Midlands was 5.3% in 2008, 0.2 percentage points below the UK average, and 0.1 percentage points higher than in 2007. These differences are not statistically significant.

## 2.3 Place

'*The East Midlands in 2009*' highlights that the East Midlands cannot be considered as a single polycentric region as the region is not strongly integrated internally, and there are many areas that have greater links with larger centres outside the region. Derby, Leicester, Northampton, Nottingham and, to a lesser extent, Lincoln are the key centres of economic activity in the region.

An examination of data from 'English Indices of Deprivation 2007' (IMD) shows that the East Midlands more disadvantaged communities are located within our urban centres. The five most deprived districts in the East Midlands were Nottingham, Leicester, Mansfield, Bolsover and Corby. The least deprived local authorities in the East Midlands were Blaby, Rushcliffe, Rutland, Harborough and South Northampton. CFOs will work with Local Strategic Partnerships, or alternative partnerships responsible for Local Area Agreement negotiations, and Employment and Skills Boards to reflect the needs of different localities.

## 2.4 Links between European Regional Development Fund and ESF in the Region

### ESF / ERDF Synergies

Both ESF Priorities<sup>9</sup> complement the overall objective of the region's ERDF Programme<sup>10</sup>; however, the most distinct synergies lie with ERDF Priority Axis 2 (PA2)<sup>11</sup> which targets the region's most disadvantaged districts by providing enterprise support; access to finance; access to resources and support; and opportunities to revive local infrastructure and environments. For example, ESF Priority 1 provides individuals with the support and training needed to maximise new opportunities arising from ERDF PA2 investments, whilst ESF Priority 2 seeks to tackle the low levels of skills that could be acting as a constraint on the economic development of the region, particularly in the most disadvantaged communities.

In terms of ensuring that current ESF activity aligns with ERDF investments and the principles of the Business Support Simplification Programme (BSSP), the 2007-10 CFO Plans were subject to scrutiny and review by relevant ERDF and BSSP representatives at *emda* as part of the development process. In the case of the Local Authorities' Plan, a joint meeting was subsequently held to discuss the ESF proposals in more depth in order to establish a clear distinction between the proposed ESF activity and core business support, and the more intensive ERDF PA2 business support outreach work.

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<sup>9</sup> Priority 1 – Extending employment opportunities and Priority 2 – Developing a skilled and adaptable workforce.

<sup>10</sup> The ERDF Programme's Strategic Objective is to 'become a region of highly productive, innovative and sustainable businesses and support the most disadvantaged of our communities to realise their economic potential.'

<sup>11</sup> Priority Axis 2 - Increasing sustainable economic and enterprise activity in disadvantaged communities.

From an ERDF perspective, in June 2008 the ERDF PA2 district<sup>12</sup> partners each agreed a Local Investment Plan<sup>13</sup> setting out how ERDF will be delivered in each of the districts. These Plans clearly identify the alignment of proposed ERDF activities with the ESF priorities and activities in each area. To ensure clear demarcation and complementarity this alignment is continuously monitored as part of the initial project assessment checks carried out by PA2 district partners.

A good example of how ERDF and ESF are closely aligned is a current ERDF PA2 project in Derby that is supporting the physical development of a learning and development centre for a local community. The centre will ultimately provide access to vocational training, practical business start-up support and affordable workspace, thereby addressing local skills shortages and enhancing the economic development of the area. This project has close alignment to, and complements, ESF Priorities 1 and 2.

### Establishment of the Regional European Funding Coordination Forum

In order to ensure clear demarcation and coordination between the various European funding streams coming into the East Midlands, *emda* established an informal group in 2008 to bring together the key representatives from the main European funding programmes in operation in the region – namely ESF, European Regional Development Fund (ERDF), the Rural Development Programme for England (RDPE), Framework Programme 7 and Transnational Cooperation (Interreg) Programmes. The group, known as the Regional European Funding Coordination Forum (REFCF) meets approximately three times per year, and both GOEM and Lincolnshire County Council (on behalf of the CFOs) are members of the REFCF from an ESF perspective.

The meetings provide a forum for the key European Funding Programme leads in the region to communicate with each other and share information and best practice on a regular basis. The Forum's aims are to:

- Enable European funding programme leads to update each other on key programme developments and emerging projects in order to identify appropriate synergies and linkages;
- Informally monitor the region's approach to demarcation and coordination of funds;
- Provide a coordinated approach to signposting potential applicants for European funding across the key agencies responsible for their administration in the region;
- Provide a forum to discuss (and collaborate on as appropriate) issues of common interest, to include for example: business support simplification; publicity and communications; state aids; interpretation of Regulations; and dialogue with central government / the Commission; and
- Share experience on both strategic and operational issues and challenges.

In addition, the esp Partnership is a member of both the ERDF Programme Monitoring Committee and the ESF Regional Monitoring Committee. This provides the esp with the opportunity to look at synergies across the two Programmes.

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<sup>12</sup> The ERDF PA2 districts are: Nottingham City, Bolsover, Leicester City, Ashfield, Corby, Mansfield, Lincoln, Derby City, Boston, Bassetlaw, East Lindsey, Chesterfield.

<sup>13</sup> PA2 Local Investment Plans are available at [www.eastmidlandserdf.org.uk](http://www.eastmidlandserdf.org.uk) in the 'Applying for funding' section.

## **SECTION 3. PRIORITY 1: EXTENDING EMPLOYMENT OPPORTUNITIES**

### **3.1 Key Regional Priorities**

The objective of Priority 1 is to increase employment and to reduce unemployment and inactivity.

All actions within this Priority will contribute to the strategic priorities contained within the RES which informs 'Regional Context' (Section 2) of this document; the esp priorities for action and the ESF Operational Programme.

In the East Midlands, actions within this Priority will seek to address the following priorities within the RES:

- Employment, learning & skills, which aims to move more people into better jobs in growing businesses; and
- Economic inclusion, which aims to overcome the barriers or market failures, that prevent people from participating fully in the regional and local economy.

Activities will also, where appropriate, support the government's response to the economic downturn.

### **3.2 Key Objectives**

The core aim of Priority 1 is to increase employment and social cohesion and inclusion, both in general and amongst specific communities and groups under the following action areas:

**Improving employability and skills of the unemployed and economically inactive people and those recently made redundant (including supporting them, where appropriate, to become self-employed) to enable them to gain, retain and progress in work.**

#### Indicative activities

- Measures to ensure early identification of needs, including individual action plans and personalised services;
- Information, assessment and guidance;
- Job search help;
- Work experience placements;
- Advice and support for self-employment, business creation and social enterprise;
- Skills for Life training (literacy, numeracy, ICT, ESOL, financial literacy), particularly for those without a level 2 qualification;
- Vocational training and qualifications (including level 2) supporting access to and progression in work;
- Activities to enhance job brokerage for disadvantaged groups;
- Activities to reconcile work and private life, including access to childcare;
- Supporting innovative solutions to long term unemployment such as work trials, peer mentoring schemes and intermediate labour markets;
- Peer mentoring schemes;
- Activities to prolong working lives by re-engaging inactive older workers or retaining older workers currently in employment;
- Activities to help lone parents enter and make progress at work; and
- Retraining for people at risk of, or immediately following, redundancy.

**Tackling barriers to work faced by disadvantaged groups e.g. people with learning difficulties or disabilities; people with mental health issues, lone parents; older workers; Black and Minority Ethnic (BME) communities; people**

**with low skills; offenders, ex-offenders, the homeless and those living in deprived communities. This includes where appropriate helping with caring responsibilities, working with the health sector; and supporting community projects to mobilise disadvantaged and excluded people in order to facilitate their integration into the labour market.**

A particular challenge is addressing the needs of those not engaged in the labour market or in those activities close to it. These people are sometimes referred to as “hard to reach” or “excluded”. A community empowerment approach was developed in the region during the 2000-2006 ESF Programme. Community Empowerment means an integrated set of small and locally-based projects designed by the target communities themselves and founded on their participation and control.

This approach can be effective in engaging those furthest from the labour market through delivering support at grass roots level by community based organisations. It can consist of 3 strands: local social capital development, community based mobilisation and community based employability projects. The community empowerment strategy sees the use of all 3 strands in a planned and co-ordinated manner in communities of place or interest. Some of the indicative activities listed below could use a community empowerment approach, if this is the most appropriate means of addressing needs.

There is strong evidence to support the use of local community-based activity to engage disadvantaged groups and deliver successful employment and skills programmes. This evidence points clearly to the value of local knowledge and to the advantages of using local community and voluntary sector groups to ensure successful delivery.<sup>14 15</sup> The Regional Monitoring Committee acknowledges this and is supportive of the community empowerment approach. Our aspiration is that CFOs will make use of this approach wherever applicable and practicable, and they will as a minimum give due consideration as to when this approach can be used, including when drawing up their CFO plans and tender specifications.

#### Indicative activities

- City and other area-based strategies and initiatives to tackle worklessness in urban areas;
- Activities to tackle barriers to work faced by people in rural areas;
- Community projects and volunteer activities to mobilise inactive people and facilitate integration into the labour market, connecting people in areas of limited opportunity of growth;
- Activities to help unemployed and inactive people with disabilities to enter and remain in work;
- Activities to increase employment among people from ethnic minorities; and
- Activities to develop employability and skills of offenders and ex-offenders, including short term offenders;

**Reducing the number of young people who are not in education, employment or training (NEET), in order to improve their employability and skills, enabling them to move into employment and/or pursue opportunities for further training and vocational progression. This could be achieved for example by increasing**

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<sup>14</sup> ‘Engaging with Disadvantaged Communities’ East Midlands LSC, December 2008

<sup>15</sup> ‘Adult Learning Plays its Part in Community Renewal’ Ofsted <http://www.ofsted.gov.uk/Ofsted-home/News/Press-and-media/2008/September/Adult-learning-plays-its-part-in-community-renewal>

## **participation and attainment in learning, and reforming vocational routes for 14-19 year olds.**

### Indicative activities

- Initiatives to reform vocational routes for, and develop vocational skills among, 14-19 year olds;
- Initiatives to help raise awareness of the world of work, enterprise and Entrepreneurship among young people (including work placements);
- Activities to engage 14-19 NEET young people, tackling barriers to learning and helping them to access mainstream provision;
- Activities to reduce youth unemployment, by developing the employability and skills of young people;
- Activities that support the development of Functional Skills to better prepare the NEET group for further learning and/ or employment.

### **3.3 Targeting of Resources**

#### Target Groups

There are ranges of under-represented groups in the labour market, within which a higher proportion of people are economically inactive. These include key DWP target groups: e.g. lone parents and parents, BME communities and disabled people, ex-offenders, graduates, the homeless, people with mental health problems and these groups are often concentrated in disadvantaged areas. Therefore, there will be a strong explicit and implicit focus on these key groups.

Guidance from DWP identifies the following areas and indicative allocations of resources within Priority 1:

- At least 70% of ESF funding should improve the employability and skills of unemployed and inactive people, and thereby promote their social inclusion. There should be a particular focus on disadvantaged groups such as disabled people, lone parents, older workers, ethnic minorities, ex-offenders and people with low or no qualifications. This should include targeting newly redundant and unemployed people from disadvantaged groups, to prevent them becoming long-term unemployed, as well as existing unemployed and inactive people. It should also include targeting people with multiple barriers to work and multiple disadvantages. At least half of the 70% should be aligned with and complement national employment and skills programmes that focus on helping the target groups identified in the Operational Programme.
- There will be a specific targeting of young people in order to increase participation in learning and training. DWP guidance recommends that at least 23% of ESF funding under Priority 1 must support NEET activity;
- There is scope for an element of Priority 1 funding (up to the national maximum of 2.5%) to be distributed as small grants to community based groups to support their capacity to engage with socially excluded people and improve their employability. Community based organisations often have an excellent knowledge of the needs of particular disadvantaged groups and are well placed to provide assistance because they are rooted in the target communities themselves. However, these groups may sometimes need support to build their own capacity in order to provide the assistance required. ESF Community Grants will be provided through co-financing in the East Midlands. Though the precise arrangements are still to be worked out, the proposed model would involve the CFO letting a contract with a Grant Coordinating Body (or bodies) to administer the grants.

### **Offenders/ex-offenders in the East Midlands**

The East Midlands has 15 public and 2 private prisons, the second largest number of establishments (jointly with the North West) of any region in England and Wales. The East Midlands accounts for 13% of the national prison capacity. The two female establishments account for 15% of the female places in England and Wales. It has all categories of prison except for high security. The number of offenders in custody in the region is approximately 10,000.

The five probation areas in the East Midlands supervise approximately 17,800 offenders serving sentences in the community at any one time. This is 7% of the national probation caseload.

Government figures from 2006 showed that approximately 68% of offenders were unemployed compared to around 5% of the general population. Around 51% had no qualifications compared to around 15% of the general population. Approximately 37% of offenders had reading skills below level 1 compared to around 15% of the general population.

### **Key Actions**

Skills needs for the majority of offenders relate to improving employability skills (soft skills e.g. team working), skills for life and vocational skills.

### **NEET young people in the East Midlands**

The East Midlands is making good progress towards the national priority of increasing participation in learning and training of young people. By the end of 2007, 80 per cent of all 16 and 17 year olds were participating in education or training, including employer-funded training.<sup>16</sup> This has also led to a reduction in the level of young people not in education, employment or training (NEET).

Over the last three years, the proportion of young people who were not participating in education, employment or training has decreased. Between November 2006 and November 2008, the level of NEET has improved by 0.7 percentage points – from 6.2 per cent in 2006 to 5.5 per cent in 2008. Although only a small decrease, the East Midlands still remains well below the national average figure (6.7 %). However there are substantial variations between the local authority areas, with NEET levels highest in Leicester City (8.2 %), Derby City (6.8 %) and Northamptonshire (6.1 per cent).<sup>17</sup>

More recently, the three month average figures for April-June 2009 highlight Leicester City, Derby City and Derbyshire causing particular concern (9.2%, 9.1% and 8.8% respectively). The proportion of NEET does fluctuate across the year as young people's circumstances change and these figures now include those who have dropped out of post-16 education and training, and those unable to find employment. These issues particularly affect 18 year olds as they are the age group most likely to be seeking work, and have been hardest hit by current economic conditions.

### **Key issues in NEET**

- Levels of NEET have remained stubbornly high in some parts of the region, particularly Leicester City and Derby City
- Decline in employment opportunities for young people seeking employment, mainly due to the recession and the increased competition for jobs
- Many NEET young people face multiple barriers to participation: deprivation, pregnancy, childcare or other caring responsibilities, learning difficulties and/or disabilities, care leavers

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<sup>16</sup> DCSF, SRF 12/2009 Participation in Education, Training and Employment by 16-18 Year Olds in England, <http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000849/index.shtml>

<sup>17</sup> Connexions, CCIS data

### **Key Actions**

- Embed interventions for vulnerable groups at key points in April, September and November
- Improve recruitment and curriculum strategies for vulnerable groups
- Implement a 100% participation strategy across the region
- Improve local and regional data sharing to better match up demand and supply including arrangements for notifying Connexions of learner drop out.

### **Geographical targeting**

Priority 1 also includes scope for targeting resources geographically. Activities will need to address the needs of disadvantaged communities and complement other area-based strategies and initiatives. Geographical priorities are set out in the Regional Context section.

ESF could support City Employment Plans and other area-based strategies and initiatives designed to tackle worklessness in urban areas, and also activities that seek to tackle barriers to work faced by people in rural areas. This will also link to neighbourhood renewal strategies and Local Area Agreements.

There will also need to be a close relationship between the employment and skills support, the skill needs of employers and the spatial pattern of employment creation. This is outlined in the section in the Regional Context where the links between ESF and ERDF are considered.

## **SECTION 4. PRIORITY 2 – DEVELOPING A SKILLED AND ADAPTABLE WORKFORCE**

### **4.1 Key Regional Priorities**

This element of the ESF Programme is focused on up-skilling and qualifying the employed and those facing redundancy during the economic downturn. All actions within this Priority will contribute to the strategic priorities contained within the RES which informs the 'Regional Context' (Section 2) of this document; the esp priorities for action, and the National ESF Operational Programme.

In particular actions within this Priority will seek to address the following strategic priorities within the RES: Employment, Learning and Skills; Enterprise and Business Support; Innovation; Cohesive Communities; and Economic Renewal.

The National Operational Programme for ESF made clear that Government expects ESF to be aligned with and support the strategy for the simplification of business support. It is therefore important that where ESF funds initiatives which make an offer to or require engagement with existing or potential businesses these initiatives are designed from the outset to align with the national effort to simplify business support.

Priority 2 actions will also focus on addressing the issues and priorities contained within the esp Action Plan, in particular focusing on better quality employment and equipping more people of all ages with the skills to take up employment and aspire to better jobs.

### **4.2 Key Objectives**

The objective of Priority 2 is to develop a skilled and adaptable workforce by: reducing the number of workers without basic skills; increasing the number of workers qualified to level 2 and, where justified, to level 3; addressing the needs of those facing redundancy, reducing gender segregation in the workforce; and developing managers and workers in small enterprises.

### **4.3 Sectors**

The RES identifies the following four sectors as the most likely to make the greatest contribution to the East Midlands' economy over the lifetime of the ESF Programme:

- Transport equipment
- Food & drink
- Construction
- Healthcare

In addition to this, the esp Action Plan also defined sectors likely to be strategically important at a sub-regional level. These are:

- Retail
- Logistics
- Engineering manufacture
- Tourism, leisure and hospitality
- Health and social care
- Clothing and textiles
- Creative industries

In April 2009, the Government published its new strategic commitment to investing in a sustainable economic and industrial future<sup>18</sup>. In the policy statement *New Industry, New Jobs* the Government identifies areas where its action may have the most impact on realising the future potential of new technologies and ensuring that the recovery from recession is led by technology and innovation:

- Low carbon and resource efficient technologies – e.g. in transport, energy production and distribution, materials, manufacturing
- Digital and broadband technologies
- Advanced Manufacturing
- Professional and financial services
- Creative Industries
- Life Sciences

This policy statement was followed in September 2009 by another paper entitled *Jobs of the Future*<sup>19</sup>, which added the Care Sector, Retail and Tourism, Hospitality and Leisure to the list of priorities. In November 2009 the *Skills for Growth White Paper*<sup>20</sup> commits to targeted investment in the *New Industry, New Jobs* priority sectors.

A key principle of this new policy is that a national strategy needs to be supported by regional expertise and local delivery. It is therefore appropriate that the use of ESF funds should be managed to complement mainstream investment in these key areas of economic activity, to maximise the anticipated effects on employment growth and enhancing the skills of the workforce, in anticipation of a sustainable recovery from recession for the East Midlands.

In the light of RES Strategic Priority 8 – Cohesive Communities, this Framework will also look to address the needs of social enterprises, the skills of the third sector and BME enterprises.

The above reference to priority sectors is not an exclusive or prescriptive statement and should not prevent the delivery of activities designed to meet the needs of other sectors or sub-sectors, where there is clear evidence of demand.

#### **4.4 Indicative activities**

**4.4.1 Skills for Life/pre level 2 support** - this support will be available to employees irrespective of the size of the employer, targeted mainly at those priority sectors identified within the RES and the esp. The focus of attention is on those employees that are some way from their full first level 2 qualification. This is likely to be within key vulnerable groups: lone parents, learners with learning difficulties and disabilities, BME groups, learners with low level English speaking/writing skills, ex-offenders and women and men who want to enter non-traditional occupations.

This could be through funded level 1 provision (until the national Foundation Learning Tier is in place) and addressing gaps in Skills for Life provision at pre-entry and Entry 1 levels.

Many of these vulnerable workers are hard to reach and need to be convinced of the benefits of learning, therefore activities through Union Learning Representatives or proactive Information Advice and Guidance (IAG) services delivered to the employer as

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<sup>18</sup> New Industry, New Jobs <http://www.berr.gov.uk/files/file51023.pdf>

<sup>19</sup> Jobs of the Future [http://www.hmg.gov.uk/media/41730/jobs\\_of\\_the\\_future.pdf](http://www.hmg.gov.uk/media/41730/jobs_of_the_future.pdf)

<sup>20</sup> Skills for Growth – the National Skills Strategy White Paper, November 2009 - <http://www.bis.gov.uk/wp-content/uploads/publications/Skills-Strategy.pdf>

the customer, aimed at stimulating entry to learning at work should be covered under this indicative activity.

#### **4.4.2 Level 2**

Since the previous Framework was issued, additional flexibilities have been applied to the core Train to Gain Programme which now include those additional groups (eg self-employed, volunteers, 2<sup>nd</sup> level 2s etc). ESF, however, will support activities that add value or provide additionality to the Train to Gain Programme.

#### **4.4.3 Level 3**

**First Full Level 3 qualifications** – actions to support the delivery and achievement of full first level 3 qualifications for

- Employees of SMEs (up to 250 employees) restricted to the priority sectors as defined by the RES and the esp; and
- Employees of companies that offer significant inward investment opportunities. For the avoidance of doubt about the status of such companies, advice would be sought from the esp Large Business Support Group.

This would help address key market failures within these sectors that suffer from skills shortages.

Level 3 training can also be supported amongst those under represented groups – mainly reflecting older workers, women, and those from ethnic minorities.

**Second level 3 qualifications and level 3 activities** would be eligible for support to SMEs only – targeted at those sectors defined by the RES and the esp.

#### **4.4.4 Apprenticeships**

The National Apprenticeships Service (NAS), which has end to end responsibility for apprenticeships, was introduced in April 2009. Each Apprenticeship framework includes a National Vocational Qualification at either Level 2 or Level 3 with accompanying key skills and technical certification. Apprenticeships are open to all ages, and they are divided into the following funding groups: 16 to 18, 19 to 24 and 25+. NAS's first priority is to 16 to 18 year olds, then 19 to 24 and then 25+, where activity is primarily targeted at the public sector and returners to the labour market. By 2013 there will be an Apprenticeship entitlement which will guarantee an offer of a place for all suitably qualified 16 to 18 year olds. Frameworks for 16 to 18 year olds are fully funded, but a reduced rate is paid to providers for 19 to 24 year olds and those aged 25+.

ESF funding can complement and add value to NAS priorities by providing:

- Marketing and communications support to engage new and lapsed employers, and encourage growth with existing employers;
- An incentive to employ 16 to 18 year olds in the form of a salary subsidy;
- Additional apprenticeships for adults (25+), prioritising the public sector and returners to the labour market;
- Enhancements that generate and support new entrants e.g. from Entry to Employment programmes;
- Enhancements to the existing Apprenticeship Programme to support higher success rates;
- Marketing and communications support to address under-representation from both the employer and learner perspective; and
- Activities that promote progression.

#### **4.4.5 Certifying skills of migrant workers**

The region has benefited from an influx of migrant workers who are eligible for ESF support. Many of these workers have skills and qualifications obtained within their country of origin but which have no validity within the UK. Many of these workers could move up the value chain of employment and help address some significant skills shortages. This Framework will support activities that will help to assess and accredit current competence using UK qualifications. Activities that connect this work with higher level skills vacancies would be beneficial, including English for Speakers of Other Languages and interpretation support in line with Government policy.

#### **4.4.6 Mentoring support for workers or new entrants to the workplace that are under represented in that industry**

If the region is to prosper, we need to take action to help new recruits enter such industries and support and mentor those that are in employment but at risk of leaving. Indicative actions to address this issue could be:

- To support the recruitment of under represented groups in to the key priority sectors for the region (whether that is gender, age, ethnic origin or people with disabilities); and
- Training, mentoring and supporting men and women in occupations or sectors where their gender is under represented, in order to tackle gender segregation.

#### **4.4.7 Training for those facing redundancy**

Activities that will offer a fully coordinated support service to employers and their employees that are facing or at risk of redundancy or under consultation of redundancy in order to help them up-skill and find new employment. The focus of this activity should be to find the redundant worker a new job, not just about delivering ancillary services that might help them into employment. Any activities relating to large scale redundancies under this action would need to be coordinated through the esp priority groups.

#### **4.4.8 Customised learning to meet employers' needs**

The national Operational Framework for ESF makes it clear that Government expects ESF to be aligned with the Business Support Simplification Programme, where appropriate. It is therefore important that where ESF funds initiatives which make an offer to or require engagement with existing or potential businesses, these initiatives are designed from the outset to align with Business Link (as the primary access channel for business information, advice and guidance) and the Solutions for Business portfolio.

#### **4.4.9 Leadership and management skills**

Leadership and management skills have been identified by the RES as a key barrier to the growth of business in the region. However, there have been many previous programmes funded under ESF that have delivered leadership and management skills to individuals, but there has been no real emphasis on the application of leadership and management skills in the workplace.

All work in this area would need to be aligned with Solutions for Business. ESF will be used to improve the acquisition and application of leadership and management skills in the workplace. Indicative actions could include:

- Leadership and mentoring skills and support for the owner/manager and senior team of small enterprises (under 50 employees) delivered to identify and meet business objectives;
- Leadership skills training for owner manager/senior managers in 10 - 250 employee firms. A package of support to work with the employer to ensure that the skills acquired are embedded into the employers' working practices; and
- Enhanced, high level leadership and management for businesses with growth potential.

- Seeking greater alignment with HEFCE's Economic Challenge Investment Fund which focusses on graduate internships and support to SMEs to provide workforce development, (for example leadership and management skills for the professional and managerial sector) in response to the downturn.

Training and support for managers and workers within small businesses (up to 50 employees) will be eligible for support irrespective of the current level of qualification, but must be delivered as a part of an overall package of support to improve the business.

#### **4.4.10 Trainer training to support the delivery of ESF**

Many of the activities contained within this Framework rely upon the steady flow of high quality trainers and assessors. To ensure that the region has sufficient capacity to deliver a high volume, value added programme of work based skills and learning development, indicative actions could be funded as follows:

- Accredited training up to and including Level 4 qualifications for skills for life staff. This will be open to all relevant staff - irrespective of the sector in which they are employed;
- Assessor training to ensure that NVQs can be delivered in the workplace at a time and pace to suit the employer's needs; and
- Support for skills brokers to achieve the skills broker standard and qualification (open only to skills brokers that have agreed working protocols with the specialist skills brokerage service and LSC).

#### **4.4.11 Support for higher level activity**

The Framework will continue to prioritise the ambition for a move towards more higher level skills activity over the next three years of the ESF programme. While higher level skills have been defined as those leading to qualifications at Level 4 and above, it is recognised that in many small enterprises, higher level skills are defined as being at Level 3 and above.<sup>21 22</sup>

It is recognised that the Higher Education Institutions are severely constrained in their ability to access ESF funds. There will inevitably be limited scope to support higher level skills activity; however, it is still the case that the region needs a strong supply of people with higher level skills. This is essential if it is to lose its low skills, low pay image and if it is to build the capacity in the labour market to successfully harness innovation and enterprise to ensure sustainable economic growth, based on high-value knowledge-based business, rather than a low cost competition model.

Whilst the key focus of this ESF Framework will be to tackle the long tail of employers and employees operating at lower level skills, there is also a need to tackle higher levels skills. Indicative actions such as:

- Activities to prepare people from disadvantaged groups to access HE, (but not the delivery of HE provision itself) including Information, Advice and Guidance (IAG);
- Training trainers at any level to deliver activities which benefit ESF target groups; and
- Professional and technical skills development for managers and workers in all enterprises.

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<sup>21</sup> KNOWN UNKNOWNNS -The demand for higher level skills from businesses  
James Kewin, Paul Casey & Rachel Smith, Centre for Enterprise, May 2008

<sup>22</sup> Beyond Known Unknowns - A further exploration of the demand for higher level skills from businesses, James Kewin, Lindsey Bowes & Tristram Hughes, Centre for Enterprise, January 2009

All of the above will need to be delivered flexibly; mainly in the workplace, at a time and pace to suit the employer and employee needs.

#### **4.5 Targeting**

The sections above give some direction as to the key priorities and targeting for the indicative actions. To provide clarity the key focus for actions will be on:

- Sectors – as defined by the RES and the esp (see above for details);
- Disadvantaged groups of employees eg:
  - Those under threat of redundancy
  - Those without a first level 2 qualification;
  - People for whom English is not their first language;
  - Older workers (50+);
  - Lone parents or those with caring responsibilities;
  - Offenders, ex offenders including short term offenders;
  - Those from disadvantaged areas;
  - Ethnic minorities;
  - Women;
  - Migrant workers; and
  - People with learning difficulties or disabilities.
- Disadvantaged groups of employers e.g.:
  - Micro businesses (less than 10 employees);
  - Small businesses (under 50 employees);
  - Hard to reach employers;
  - Those from disadvantaged areas; and
  - Those facing decline or declaring redundancy.
- Spatial e.g. Those employees living or working in areas of need as defined by the RES and esp. and employers based within those catchment areas:
  - The urban centres (Derby, Leicester, Lincoln, Nottingham and Northampton);
  - The former coalfield areas of North Derbyshire and North Nottinghamshire
  - The Lincolnshire coastline and its rural hinterland; and
  - Corby.
- OR areas facing major growth as defined by the Large Business Support Group currently defined as:
  - Nottingham East Midlands Airport;
  - Retail hotspots of Nottingham, Derby and Leicester;
  - Junction 29a, M1;
  - Hospital developments in Derby and Leicester;
  - Areas of the region that are in the Milton Keynes, South Midlands growth area.

#### **4.6 Priority 2 resources**

At least 30% of ESF funding should support foundation level and basic skills training.

At least 30% of ESF should support progression to level 2 and training at level 2.

Up to 40% of ESF can support training at level 3 and above.

It should be noted that the way in which post-16 education, skills and training is planned, funded and delivered is changing as a result of Machinery of Government proposals. Consequently, responsibilities and accountabilities for aspects of some areas of activity indicated in the ESF Framework document are not clear. At the time of refreshing the Framework, this included higher level skills (Level 4 and above). The indication therefore that “up to 40% of ESF can support training at Level 3 and above” is provided with the caveat that this will be subject to confirmation of appropriate policy and match funding being in place to support such activity.

#### **4.7 Strategic fit with other funding resources**

The funding from ESF will be used to support the spatial dimensions of the ERDF Programme and help to offer skills support the business created/generated and investment made through ERDF.

The region will use ESF to offer funding for areas of market failure that are not addressed under the mainstream funding from partners. ESF will either offer:

- Additionality to existing programmes - e.g. fund more basic skills and level 2 than expected/contracted for under the level 2 entitlement and funding from the LSC e.g. more Train to Gain delivery, more apprenticeships etc, or;
- Enhancements to existing programmes – e.g. supported self employed and volunteers under the Train to Gain Programme; professional Apprenticeships; targeted support for spatial or disadvantaged groups to open up access and second level 2s;
- Address market failure – e.g. supporting graduates to stay and find quality employments, Level 1 qualifications, and pre entry qualifications.

## SECTION 5. CROSS CUTTING THEMES

### 5.1 Introduction

The ESF Programme will implement the cross cutting themes of equal opportunities and sustainable development through a 'dual' approach. The themes will be integrated into all ESF activity at project provider and CFO level (the operational guidance will set out how this will be implemented). Meanwhile particular regional needs will be targeted for ESF activity in support of equal opportunities and sustainable development. This Framework provides a strategic steer for the CFO plans on East Midlands issues and priorities.

### 5.2 Equal Opportunities

The Operational Programme identifies a number of groups that face particular disadvantage in the labour market: people with disabilities or health conditions, lone parents and other disadvantaged parents, older workers, ethnic minorities, people with low or no qualifications, part time workers and men and women who want to enter non-traditional occupations. All of these are relevant to the East Midlands and the RES identifies some specific regional dimensions to some of the issues which should be given particular consideration within the ESF Programme.

### 5.3 Key regional equal opportunities issues

#### Gender

- As nationally, the economic activity rate for women in the East Midlands is lower than for men. However, there is a higher proportion of working age women active in the labour market in the East Midlands than nationally.
- Although lower than the male employment rate, the rate of female employment is higher in the East Midlands than nationally

Female participation in the labour market in the East Midlands is better than the national average and a key strength of the region. The measures already in place to support women remaining in and returning to work need to continue.

#### Ethnicity

- The employment rate for non-white people in the East Midlands is lower than for white people (63.4% compared with 77.2%<sup>23</sup>). However, there is also variation between different communities with people of Pakistani or Bangladeshi origin showing the lowest employment rate (45.6%).
- Correspondingly, unemployment is higher amongst working age non-white people than white people (11.0% compared with 5.4%) as is economic inactivity.
- Over a quarter (28.7%) of working age non-white people in the East Midlands are economically inactive, and the rate is higher amongst non-white females of working age (37.6%). There is a greater difference in the level of inactivity between white and non-white females, than there is between white and non-white males (15.6 percentage points and 5.5 percentage points respectively).

Employment rates are lower for non-white people in the East Midlands than their white counterparts. However, each community faces different levels of disadvantage and there is also need within the communities to address some of the gender differences, if all in the region are to access opportunities within the labour market.

#### Disability

- In the East Midlands, around a fifth of people of working age describe themselves as being disabled or limited by long-term illness.
- The economic activity rate for working age people with a disability is 59.5%, well below the regional average for working age people (80.7%). Of this group,

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<sup>23</sup> Annual Population Survey (APS) Jan-Dec 2008, via NOMIS 08/09/09

the majority are in employment, with an employment rate of 55% (higher than the national level of employment 50.4%<sup>24</sup>).

- The unemployment rate for working age people with a disability is similar to the regional average (7.6% compared with 6.0%) – the greater inequality is in the proportion of people with a disability who are economically inactive (40.5% compared to a regional average of 19.2%)
- Many ‘hidden unemployed’ people are on Incapacity Benefit, and numbers are estimated to be highest in the former coalfield area of the region.

A high proportion of the working age population in the East Midlands describe themselves as having a disability or long-term limiting illness. Of those accessing the labour market, the majority are in employment. However, 40% of working age people with a disability were not currently accessing the labour market. Recent policy changes around Incapacity Benefit claimants have been intended to address this nationally, but further measures may be required to support new entrants to the labour market.

#### Age

- 16.4% of people aged 16-19 have no qualifications in the East Midlands, and the region remains below national averages for achievement at Level 2 and Level 3<sup>25</sup> by age 19 despite improvements in achievement of GCSEs at 16.
- Older workers in the region are significantly more likely to have few or no qualifications – one fifth of those aged between 50 and retirement have no qualifications at all.

With the numbers of older people in the population forecast to increase, the low skill levels of this group is an issue which will impact on the individuals themselves as they may miss out on the life benefits employment can bring (e.g. better quality of life, health, housing etc) and so be considerably disadvantaged in retirement. Young people will also need higher level skills to give themselves long-term career and employment opportunities so they too are not disadvantaged in later life.

#### Migrant workers

- Recent research indicates that migrant workers make up 8% of the working age population in the region. Migrants are overwhelmingly young and in employment; and
- The East Midlands has the largest share of new National Insurance number registrations from workers from EU accession states. The needs of these workers will vary but often they will need ESOL support.

Skill needs development is likely to be from a menu of:-

- ESOL
- Transferable vocational and work skills
- Up-skilling of existing skill sets
- Validation of existing VQs to UK VQ (accreditation of prior learning)
- Retraining in new skill areas

#### Offenders/ex-offenders

- Government figures from 2006 showed that approximately 68% of offenders were unemployed compared to around 5% of the general population.
- Around 51% had no qualifications compared to around 15% of the general population.
- Approximately 37% of offenders had reading skills below level 1 compared to around 15% of the general population.

In order to better integrate into society by means of sustainable employment the following development interventions will substantially contribute to that outcome:-

- Skills for Life
- Employability training (ready for work)

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<sup>24</sup> Great Britain figure used from APS Jan-Dec 2008 via NOMIS 08/09/09

<sup>25</sup> Level 2 is the equivalent of 5 GCSE passes at grades A\*-C, or NVQ Level 2. Level 3 is the equivalent of two A level passes or NVQ level 3.

- Vocational training

#### **5.4 Occupational and sectoral segregation**

Over the last 20 years the decline in primary, utilities and manufacturing sectors led to a loss of full time jobs occupied by men. There was also a growth in the service sector, non-manual and part time jobs occupied by women. However, this has recently stabilised, with the male share of employment having recovered to 1994 levels, largely through men entering sectors traditionally occupied by women. Even though male dominated industries have continued to decline, the East Midlands still has a higher proportion of jobs in manufacturing than the UK average and lower employment in the service sector traditionally occupied by women.

There are significant differences between white and non-white groups in the region and the nature of their employment. Generally, a higher proportion of white people than non-white people are employed at the higher end of the occupational scale, whereas a higher proportion of non-white people are employed at the lower end.

#### **5.5 Specific communities that will be targeted for ESF support**

Many parts of the East Midlands can be described as being in a state of full employment or near full employment, but there are some communities that still feature deep-rooted unemployment and poverty. The Index of Multiple Deprivation 2007 indicates that the most severe levels of multiple deprivation are to be found in the region's major urban centres, the former coalfield areas and some of the more remote rural areas of the region such as the Lincolnshire coast. However, there are also pockets of deprivation that exist within areas that are more economically affluent.

#### **5.6 Barriers to participation**

There are a range of barriers to participation in labour market and economic inclusion. Some of these barriers are similar in all parts of the region whereas some are specific to particular locations. Many individuals face multiple barriers to participation.

Practical barriers include access to employment opportunities, access to and take up of learning opportunities, language difficulties, access to childcare/other care provision and access to services in more remote areas. Other barriers include negative attitudes held by employers and training providers (or perceptions of such negative attitudes) and lack of confidence on behalf of individuals.

ESF activity needs to be responsive to individuals' needs and to provide support to overcome their specific barriers to the labour market and skills development.

#### **5.7 Implementation and Monitoring**

Public bodies now have a duty under equality legislation to promote equality in a proactive way. This includes monitoring representation and performance of key groups. These duties also apply to any organisation with contracts to deliver activities on behalf of public bodies.

All regions have been set equal opportunities targets for minimum levels of inclusion in order to meet output and result indicators in the national Programme. The East Midlands' targets are set out in the Section 8 on Outputs and Results and cover the following equality groups: disability, age, ethnicity and gender.

Equal opportunities will be integrated into all aspects of ESF projects - design, implementation arrangements, monitoring and evaluation. Prospective providers will

be expected to demonstrate as part of the tendering process how they will ensure equality of opportunities.

Co-financing plans will set out in more detail how equal opportunities will be implemented.

## **5.8 Sustainable Development**

The sustainable development theme in ESF has been defined as follows:

- Providing opportunities to allow everyone to fulfil their potential;
- Environmental protection and enhancement through the delivery of projects; and
- Providing skills that businesses both demand and require; now and in the future.

This section sets out the broad principles of how ESF could support the sustainable development aspirations (including environmental sustainability) in the East Midlands through addressing relevant regional sustainable development objectives as set out in the Integrated Regional Strategy (of which the RES is a key component). However, these activities are not exclusive or prescriptive.

## **5.9 Social**

- Supporting individuals to move from economic inactivity into sustainable paid employment so reducing poverty, improving social inclusion and social mobility;
- Improving the qualifications of low skilled employees will promote sustainability of employment and a route to progression for individuals; and
- Promoting and development of social capital, particularly in disadvantaged communities, through the ESF Community Grants Programme.

## **5.10 Environmental**

- Supporting skills in the environmental goods and services sector that are likely to be key growth sectors such as those developing low carbon technologies, renewable energy, energy efficiency and recycling;
- Supporting the maintenance and development of existing initiatives around local environmental enhancement
- Supporting environmental management skills and awareness of environmental issues in industries which are likely to have impact on the environment such as construction, transport and land management;
- Supporting skills development to ensure that the workforce has the skills and knowledge to ensure that the demands for energy and resources are minimised; and
- Developing awareness of sustainable development amongst ESF participants so that they know how they personally can prevent and minimise adverse environmental impacts at home and at work.

## **5.11 Economic**

- Supporting training and learning opportunities that address the skills needs of employers where there is market failure; and
- Encouraging economic benefits from a workforce that has the skills to enable businesses to address their own environmental challenges and exploit new and growing markets.

## **5.12 Implementation and monitoring**

All ESF projects should be delivered in a way that uses resources and energy efficiently and in ways that help to enhance or protect the environment. This will be

achieved by integrating sustainable development into all aspects of projects - design, implementation arrangements, monitoring and evaluation.

Co-financing plans will set out in more detail how the principles of sustainable development will be integrated.

## **SECTION 6. INNOVATION, TRANSNATIONALITY AND MAINSTREAMING (ITM)**

Innovation - The England ESF Operational Programme states that within Priorities 1 and 2, there will be a limited amount of funding available to support a small range of dedicated 'innovative activities'. Innovation can be defined as the successful exploitation of new ideas ('Innovation Nation', DIUS, 2008). Within the context of ESF, innovation can include new approaches, tools, methods and service provision to extend employment and raise skills. It can also mean adapting and applying existing approaches, tools, methods and services to new regions, sectors or target groups.

Transnationality - Learning from other Member States is an important dimension of innovation within the ESF Programme - this may involve joint development of new approaches, as well as sharing or transferring good practice between Member States.

Mainstreaming - Projects will also mainstream and disseminate their activities and results to inform both policy development and delivery, and a series of thematic networks will be established for projects to share their learning.

### **2007-10 Activity**

A range of themes were identified by the national ITM Sub-Committee in order to guide the type of projects coming forward for the first bidding round under this element of the Programme:

#### Priority 1

- Active Inclusion
- Engaging with Employers
- ICT & Digital Divide
- Demographic Change (Older Workers & Migration)
- Social Enterprise

#### Priority 2

- Engaging with Employers
- ICT & Digital Divide
- Demographic Change (Older Workers & Migration)
- Skills for Climate Change
- Social Enterprise

In April 2008, Regional Monitoring Committees (RMCs) were given the option to shortlist these themes according to regional priorities; however the East Midlands RMC agreed not to exclude any themes in order to maximise applications.

In addition to the themes above, the national ITM Sub-Committee agreed a number of parameters for the first bidding round:

- All dedicated innovative projects will have a transnational or inter-regional dimension (i.e. at least one partner from another EU Member State);
- Innovative and transnational activity will be delivered through direct bidding outside of Co-financing;
- Up to 2% of regional Priority 1 and 2 allocations will be available for innovative and transnational activity; and
- ESF funding will contribute up to 50% of the costs of each project. It is expected that up to around £1 million ESF funding will be available per project. Applicants must provide at least 50% match.

The first bidding round was launched on 31 October 2008 and 6 applications were received in the East Midlands. Following a full appraisal of the applications by GOEM, the RMC approved three projects for the region for the 2007-2010 period. The projects are described below and, summarised below, will run for up to two years including dissemination.

#### Priority 1

Theme - Social Enterprise  
Applicant: Social Enterprise East Midlands  
Project Name: E3  
Project value/ ESF: £1.330m/ £665k

Project aims to develop a new social enterprise employment agency in Northamptonshire based on a piloted jobshop model.

Theme - ICT & Digital Divide  
Applicant: Workers Educational Association  
Project Name: Digital Activist Inclusion Network (DAIN)  
Project value/ ESF: £1.4m/ £700k

The project will recruit and train at least 100 Digital Activists (volunteers) as experienced ICT learners to champion the benefit of engagement with digital technology in their communities.

#### Priority 2

Theme - ICT & Digital Divide  
Applicant: Castle College Nottingham  
Project Name: Creating e-business Champions  
Project value/ ESF: £600k/ £300k

Project aimed at developing ICT skills in SMEs to improve their growth and competitiveness and create opportunities to open up new markets.

Although the projects are only in their initial stages at present, thematic networks have been created to enable projects and decision makers to come together to share progress and learning and therefore reinforce the mainstreaming process.

#### **Next Steps - 2011-2013**

It is anticipated that the Sub-Committee will review overall progress and there will be an evaluation of projects and results before themes and any necessary parameters are identified for the second half of the Programme.

Further information on the proposed ITM process for 2011-13 will be made available to regional stakeholders once it becomes available.

In the meantime, further information on ITM is available at [http://www.esf.gov.uk/innovation\\_transnationality/](http://www.esf.gov.uk/innovation_transnationality/)

## SECTION 7. REGIONAL FINANCIAL ALLOCATIONS

The following tables set out the annual financial allocations for the East Midlands. Regional allocations have been determined on the basis of regional worklessness and skills data.

All figures are for the East Midlands in pounds sterling (based on a planning exchange rate of £0.90/€).

### 7.1 Priority 1 - Extending Employment Opportunities

Year	ESF	Public Match	ESF + Match
2007	16,134,715	16,134,715	32,269,430
2008	16,457,409	16,457,409	32,914,818
2009	16,786,557	16,786,557	33,573,114
2010	17,122,289	17,122,289	34,244,578
2011	21,126,694	21,126,694	42,253,388
2012	21,549,229	21,549,229	43,098,458
2013	21,980,213	21,980,213	43,960,426
<b>Total</b>	<b>131,157,106</b>	<b>131,157,106</b>	<b>262,314,212</b>

### 7.2 Priority 2 - Developing a Skilled and Adaptable Workforce

Year	ESF	Public Match	ESF + Match
2007	8,848,070	8,848,070	17,696,140
2008	9,025,031	9,025,031	18,050,062
2009	9,205,531	9,205,531	18,411,062
2010	9,389,642	9,389,642	18,779,284
2011	11,050,887	11,050,887	22,101,774
2012	11,271,904	11,271,904	22,543,808
2013	11,497,342	11,497,342	22,994,684
<b>Total</b>	<b>70,288,407</b>	<b>70,288,407</b>	<b>140,576,814</b>

### 7.3 Priority 3 - Technical Assistance

The Operational Programme has previously allocated 4% of national Regional Competitiveness and Employment funding to Priority 3 technical assistance. For 2011-2013, the Managing Authority proposes to allocate 25% of the regional TA allocation for regional technical assistance. The remaining 75% of the regional allocation will be added to Priority 1 allocations for 2011-2013. (The central Managing Authority will retain underspends from 2007-2010 TA to fund central TA projects in 2011-2013 and to meet bids from regions for additional TA in 2011-2013 should the need arise.)

Previous allocation	1% for TA for 2011-2013	3% vired to PA1
£1.686m	£994,709	£2,984,129

## SECTION 8. OUTPUTS AND RESULTS

The following tables set out the provisional East Midlands output and results targets which are the region's 'share' of the national Programme targets. These will updated, if necessary, in response to changing regional circumstances or national policy changes, including Machinery of Government changes.

### 8.1 Priority 1 - Extending Employment Opportunities

Indicator	2007-13 East Midlands target
<b>Outputs</b>	
1.1 Total number of participants	76000
1.2 Number and % of participants who are unemployed	(a) 31800 (b) 42%
1.3 Number and % of participants who are inactive	(a) 26000 (b) 34%
1.4 Number and % of participants aged 14 to 19 who are NEET or at risk of becoming NEET	(a) 15100 (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	21%
1.9 % of female participants	51%
<b>Results</b>	
1.10 Number and % of participants in work on leaving	(a) 16700 (b) 22%
1.11 Number and % of participants in work six months after leaving	(a) 19800 (b) 26%
1.12 Number and % of economically inactive participants engaged in jobsearch activity or further learning	(a) 11700 (b) 45%
1.13 Number and % of 14 to 19 year old NEETs or at risk, in education, employment or training on leaving	(a) 6800 (b) 45%

### 8.2 Priority 2 - Developing a Skilled and Adaptable Workforce

Indicator	2007-13 East Midlands target
<b>Outputs</b>	
2.1 Total number of participants	70700
2.2 Number and % of participants with basic skills needs	(a) 28900 (b) 41%
2.3 Number and % of participants without level 2 qualifications	(a) 28900 (b) 41%
2.4 Number and % of participants without level 3 qualifications	(a) 8600 (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%
<b>Results</b>	
2.9 Number and % of participants gaining basic skills	(a) 8670 (b) 30%

Indicator	2007-13 East Midlands target
2.10 Number and % of participants gaining level 2 qualifications	(a) 8670 (b) 30%
2.11 Number and % of participants gaining level 3 qualifications	(a) 3440 (b) 40%