



# **REVISED CONSULTATION DRAFT 2009**

## **ENGLAND EUROPEAN SOCIAL FUND 2007-2013**

### **EAST OF ENGLAND FRAMEWORK**

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## **1. Overview**

### **1.1 Background**

- 1.1.1. The purpose of the East of England European Social Fund (ESF) Framework is to establish how ESF spending can support regional priorities to tackle unemployment and economic inactivity and increase skills and employability levels, within the parameters of the agreed ESF Programme for England for the seven year duration of the programme.
- 1.1.2. The current European Structural Fund Programmes<sup>1</sup> run from 2007- 2013. Whilst the European Regional Development Fund (ERDF) will be managed at a regional level and individual regions have been responsible for developing their ERDF Operational Programmes, the ESF Operational programme has been developed at a national level and is a national programme co-ordinated by the Department of Work and Pensions (DWP).The East of England ESF Framework sets the direction for the use of the ESF in the region against the National Operational Programme.
- 1.1.3. Following the publication of the original ESF Regional Framework for the East of England in 2007, the wider economy entered a period of recession. The Revised Framework takes into account the impact that this recession has had on the employment and skills landscape in the region and sets the direction for investment in the region's priorities for 2011-2013, helping to ensure ESF funds are aligned to greatest need and complement and add value to domestic funding for employment and skills.
- 1.1.4. Since the start of the ESF Programme 2007-13 there has also been a change in the number of Co-financing Organisations (CFOs) operating in the region, with the National Offender Management Service (NOMS) granted CFO status in January 2009.
- 1.1.5. The Learning and Skills Council (LSC) will close on 31 March 2010 and two successor bodies, the Skills Funding Agency (SFA) and the Young People's Learning Agency (YPLA) established. The SFA will become the Co-Financing Organisation representing both the interests of the SFA and YPLA in partnership with relevant Local Authorities. These changes will come into effect from 1<sup>st</sup> April 2010. .

### **1.2 Framework Status**

- 1.2.1 This version of the regional ESF framework is a draft awaiting approval by EPSG.

### **1.3 Process Undertaken to Revise the Framework**

- 1.3.1 Guidance issued by DWP ESF Division (ESFD) in August 2009 highlighted that regional frameworks needed to be revised and updated to reflect economic changes and employment and skills measures to support economic recovery and growth. Revisions should be completed by 31 December 2009 to enable CFOs to develop their plans for 2011-2013.

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<sup>1</sup> European Structural Funds programmes refer to European Regional Development Fund and the European Social Fund

- 1.3.2 A working group has been commissioned to oversee the revision, with membership including representation from GO-East, East of England Development Agency (EEDA), Jobcentre Plus, Learning and Skills Council (LSC), East of England Regional Assembly (EERA), Local Authority CFOs, the National Offender Management Service (NOMS) and the East of England Skills and Competitiveness Partnership (EESCP).
- 1.3.3 This resulted in a draft revised Framework which was submitted for consultation during November 2009 to key stakeholders, including:
- The European Programmes Strategy Group (EPSG), which includes representatives from GO-East, EERA, EEDA, LSC, Jobcentre Plus, Local Authorities, the 3<sup>rd</sup> Sector, Trade Unions and Sub-Regional Economic Partnerships.
  - The East of England Skills and Competitiveness Partnership
  - The 14-19 Regional Planning Group and 14-19 Local Authority Groups.
  - The eleven top tier Local Authorities within the region.
- 1.3.4 There is no requirement for a full formal public consultation exercise on revisions to the regional ESF Framework. The UK National Strategic Reference Framework (NSRF), Operational Programme (OP) and regional strategies such as the Regional Economic Strategy have been subject to formal consultation exercises, including extensive consultation at regional level. The regional ESF framework is a far shorter document based on the Operational Programme that draws upon existing regional strategies and plans.
- 1.3.5 An informal consultation process asked for comments on specific aspects of the revised Framework as detailed below, with responses reflected in this revised version of the Framework:
- The extent to which the overall balance of the Framework reflects current labour market need;
  - The extent to which the Framework aligns with local and sub-regional need as expressed in local strategies and plans;
  - The balance between and within Priority 1 and 2 and the extent to which you consider they meet regional need;
  - Any substantive areas that have been omitted or key areas which you feel have not been addressed.
- 1.3.6 Government departments with responsibility for employment and skills priorities are developing policy guidance in order to inform regional priorities and where ESF can best add value to developing national programmes within the boundaries of the ESF Operational Programme. The draft framework is subject to any policy priorities emerging from this guidance.
- 1.3.7 This is the final draft regional ESF framework which is being presented to EPSG for approval in January 2010.

#### **1.4 Contribution to the England Operational Programme and Regional Employment and Skills Needs**

- 1.4.1 The regional ESF framework contributes to the England Operational Programme by helping to achieve the key Lisbon goals of generating stronger

sustainable growth and creating more and better jobs. ESF activity focuses on:

- Attracting more people into employment, especially disadvantaged groups and the economically inactive.
- Improving the skills of potential and current workers to improve individual progression and business competitiveness.

1.4.2 This focus is reflected in the two ESF priorities contained within the NSRF and the England OP:

- Priority 1: Extending Employment Opportunities; and
- Priority 2: Developing a Skilled and Adaptable Workforce.

1.4.3 ESF funds are designed to complement and add value to domestic funding for employment and skills. Within this context, there are a number of key national policy developments that ESF provision needs to work alongside:

- Integrated employment and skills provision: designed to ensure provision is more responsive to individual and employer needs. This should mean clearer progression routes to higher level skills and lead to more sustainable employment.
- Increased conditionality for those on incapacity benefits and income support (including lone parents) and a more flexible and personalised welfare to work provision
- Extended provision in response to the economic downturn, particularly for young people aged 18 to 24, expanded apprenticeships and response to redundancy provision
- A greater role for Local Authorities in delivering employment and skills provision, through initiatives such as the Future Jobs Fund, but also with the transfer of responsibility for the 14-19 agenda to local authorities from the LSC and the move towards increased devolution of DWP funding and increased contracting flexibility at a sub-national level
- A recognition that investment in skills, particularly at a higher level needs to be linked closely to business need and key growth sectors to help improve productivity and raise the skills of those in the workforce
- The simplification of the business support offer available to local businesses, including the creation of a smaller number of Solutions for Business branded products and the integration of skills brokerage services within Business Link
- Extending the ESOL offer to pre-entry provision in order to improve employment opportunities for those who have made a long term commitment to the UK but are threatened by poverty and social exclusion
- Volunteering as a route to employment to help assist the economically inactive from age 16+ to return to the labour market that has a particular emphasis on the 2012 Olympic and Paralympic Games. (section 3.38 provides more detail on skills needs relating to the Olympics)
- Other initiatives to help the longer term unemployed into work and improve skills levels within the workforce (e.g. Local Employment Partnerships, Skills Pledges).

1.4.4 The ESF Framework contributes to regional employment and skills needs by:

- Focussing on any changes to regional employment and skills needs as a result of the economic downturn;
- Supporting delivery of the Regional Redundancy Plan and ensuring coordination of redundancy support services across the region;
- Supporting the development of jobs in key regional growth sectors as set out within the New Industry, New Jobs strategy;
- Working with Local Authorities to support the delivery of Local Area Agreement (LAA) employment and skills targets to best meet local needs;
- Actively engaging with disadvantaged groups and providing a route to mainstream services and signposting people to specialist support to address personal barriers to employment and progression

1.4.5 All activities within the Regional ESF Framework must also align with the priorities contained in the Regional Economic Strategy for the East of England for 2008-2031 (RES). Higher employment, improved skills levels and reduced income inequality are fundamental to realising the ambition of the RES. The key RES goals that this Framework takes account of are:

- Economic Participation: overcoming barriers for individuals to participate in the economy, helping them into employment or to think about setting up a business and ensuring a healthy, diverse and adaptable workforce
- Skills for Productivity: developing a more highly skilled workforce to help increase business competitiveness and profitability and ensuring skills provision responds flexibly to changing demand and growth
- Enterprise: improving business performance and developing a stronger culture of entrepreneurship

1.4.6 The East of England Implementation Plan (EEIP) sets out the critical interventions needed to meet spatial and economic plans up to 2021 and beyond and provides a framework that focuses on regionally significant interventions.

It outlines three programmes of activity within its Skills and Employability theme:

- Leadership and High-Level Skills
- Skills for Business
- An Integrated Employability Offer

1.4.7 These programmes will help the region capitalise on the comparative advantage it holds and tackle identified market failure. The ESF Framework is directly aligned to the regionally agreed EEIP priorities and programmes. It will help to extend the employment opportunities available to individuals and develop a skilled and adaptable workforce that increases the East of England's productivity and maintains its competitiveness. Future CFO plans will also need to align with the forthcoming Regional Skills Strategy, which will form part of the Single Regional Strategy for the East of England.

## **1.5 Future Reviews of the Regional ESF Framework**

1.5.1 EPSG will be responsible for monitoring regional performance to ensure that ESF is contributing to the priorities highlighted within the framework. The

framework will be reviewed and updated on an annual basis in response to changing regional circumstances.

## **2. Employment and Skills Context**

### **2.1 Employment and Skills Challenges Facing the East of England**

2.1.1 This section outlines the key challenges that have emerged from the analysis of available evidence.

#### **Geographic Coverage**

2.1.2 The East of England is the second largest region in England covering 19,120 square kilometres. The region is diverse with a mixed rural and urban landscape stretching from the edge of London in the south to remote coastal and rural areas in the north and east. The population is mostly concentrated around the fringes of London, along the A1/M1 corridor through Bedfordshire, Cambridgeshire and along parts of the Suffolk/Norfolk coastline.

2.1.3 The region encompasses many successful local economies but also deprived areas in need of economic development and regeneration. It has no major conurbation acting as a single regional focus. There are 12 medium-sized towns and cities within the region each with a population in excess of 100,000 people, the largest of which are Southend-on-Sea, Luton/Dunstable and Norwich. These functional urban areas have collective strengths which include: capacity for and commitment to growth, proximity to London, the knowledge-based economy, higher education and research institutions, world leading environmental expertise and national creative and cultural centres of excellence. At the same time, 80% of the land area is classified as rural and some 40% of the region's population lives in rural areas. The region's rural and coastal areas have their own economy overlaid by agriculture and tourism.

2.1.4 Many parts of the region are set for substantial population, housing and jobs growth. This includes the three Growth Areas of Thames Gateway South Essex<sup>2</sup>, the London-Stansted-Cambridge-Peterborough corridor, and the Bedford and Luton area which is within the Milton Keynes-South Midlands growth area. These Growth Areas were formally designated in 2003<sup>3</sup>, together with the recently-designated Growth Points (Haven Gateway, Norwich and Thetford). The Regional Spatial Strategy outlines a total of 21 Key Centres for Development and Change and the proposal is that these should provide the spatial focus for housing and jobs growth in the period to 2021.

#### **Economic Overview**

2.1.5 Over the last 20 years, the East of England has had high economic growth rates, one of the highest employment rates and one of the lowest

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<sup>2</sup> Part of the wider Thames Gateway which is both a Growth Area and a national priority for regeneration

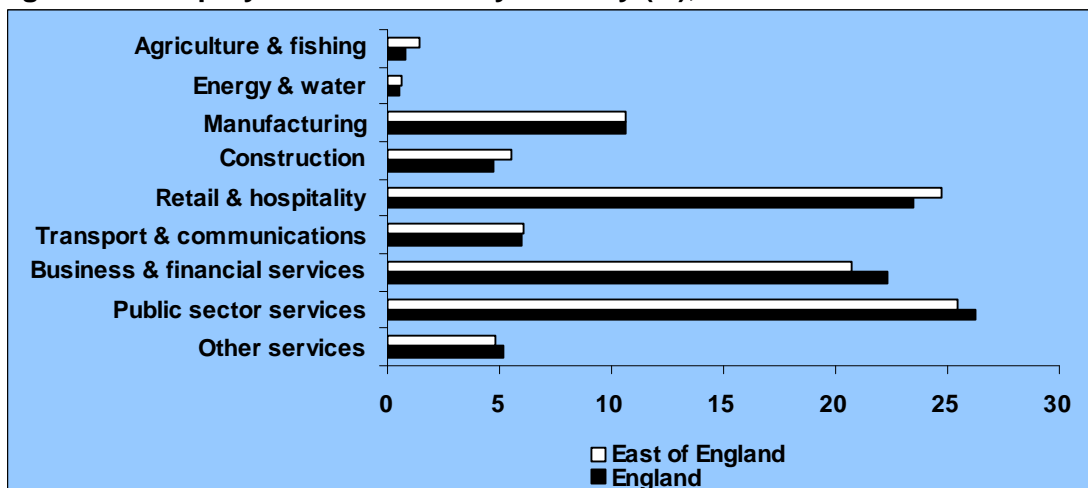
<sup>3</sup> Four Growth Areas were identified within the government's Sustainable Communities Plan and the intention was that these should provide 200,000 additional homes – over and above previously planned levels – by 2016. All four Growth Areas are within the East of England, London and the South East.

unemployment rates of the UK regions. The East of England is the UK's top location for innovative activity and private sector research and development, and has one of the highest numbers of small and medium sized enterprises (SMEs) of any UK region.

2.1.6 Prior to the economic downturn, the East of England had 2,377,500 jobs (2007) and accounted for 10% of England's 23,005,000 jobs. Figure 2.1 presents the East of England's employment base by industry compared with England's employment base:

- Overall, the East of England's industry employment profile is very close to that of England as a whole.
- Public sector services, retail and hospitality, and business and financial services are the largest industries of employment in the East of England.
- In terms of over- or under-representation:
  - The East of England had proportionately more retail and hospitality jobs (25% to 24%) and construction jobs (6% to 5%) than other regions within England.
  - The East of England had slightly fewer jobs on a proportional basis in business and financial services (21% to 22%) and, by less than 1%, public sector services.

**Figure 2.1: Employment Structure by Industry (%), 2007**



Source: Annual Business Inquiry

### Employment Challenges

2.1.7 The UK and world economies entered recession in 2008. Recent redundancy and vacancy data help provide an understanding of how the jobs base and the demand for labour have changed and a context for the challenges the region faces.

2.1.8 The East of England's diverse economy and lesser reliance on traditional manufacturing has meant that the region has been more resilient to the economic downturn with a strong presence in sectors that are more likely to survive in the recession or to recover in the short-term. However, the

recession has resulted in reduced labour demand, evidenced by redundancies, lower vacancies and increased unemployment<sup>4</sup>.

- 2.1.9 Redundancies increased sharply in late-2008 and early 2009. The East of England's redundancy rate had fluctuated between 4.5 and 7.0 redundancies per 1,000 employees between 2003 and 2008, standing at 4.8 redundancies per 1,000 employees in the third quarter of 2008. By the fourth quarter of 2008 it had doubled to 9.7, and in the first quarter of 2009 it stood at 12.9. In the second quarter of 2009, there were 54,000 fewer jobs in the region's economy than a year ago.
- 2.1.10 As well as making redundancies, employers have also reduced recruitment. The lack of entry-level jobs for new labour market entrants has led to significant increases in youth unemployment, and high increases across all other age groups.
- 2.1.11 Between 2008 and 2009, the East of England saw the greatest percentage decrease in vacancies in manufacturing (53%) and this reflects the increase in the number of redundancies. Other industries whose vacancy levels decreased by over 30% were transport and communications, retail and hospitality, and business and financial services which again reflect the redundancy data.
- 2.1.12 Construction appears to be more resilient in the East of England. This could be a consequence of the three national growth areas planned or underway in (or neighbouring) the East of England: the Milton Keynes South Midlands (MKSM) area, the Thames Gateway and the London – Stansted – Cambridge – Peterborough area. However, it should also be noted that the construction industry is characterised by high levels of self-employment. As a result, the impact the economic recession has had on the construction industry may not be clearly evident from vacancy data<sup>5</sup>.
- 2.1.13 A combination of job losses and fewer job opportunities for those seeking work has resulted in the highest unemployment rate in the East of England since late 1996. The East of England's unemployment rate in the third quarter of 2009 stood at 6.5%, which was 1.6 percentage points higher than a year ago.
- 2.1.14 This has however remained lower than the UK average unemployment rate (7.8%), which has increased by 1.9 percentage points over the past year.
- 2.1.15 The number of claimants in the region peaked in April 2009 at 121,400 – up by 62,700, or 107%, on April 2008. The claimant count rate has started to stabilise but remains significantly higher than a year ago. In late 2009, the claimant count rate stood at 3.4% – up from 1.7% before the recession began.
- 2.1.16 The recession has exacerbated sub-regional differences with unemployment increasing the most in areas that began the recession with higher-than-

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<sup>4</sup> For more information, see Insight East's '[Recession Impact Study](#)' (September 2009), EEDA's '[Economic Participation Study](#)' (October 2009), and Insight East's '[Monthly Economic Outlooks, Quarterly Economic Reports and Labour Market Reviews](#)', which were used to form much of the evidence base for the Framework.

<sup>5</sup> 2009 Economic Participation Study

average levels of unemployment: Peterborough, Harlow, Basildon, Southend, Castle Point, Thurrock, Luton and Stevenage.

- 2.1.17 The increase in Jobseeker's Allowance (JSA) claimants has also intensified the competition for job opportunities, putting those furthest from the labour market at greater disadvantage. Nearly half (43%) of all people on out of work benefits are Incapacity Benefits/ESA claimants. These individuals require more time and resources to be able to participate in the economy, for example, 42% of IB/ESA claimants have a mental health condition and 38% of the 433,000 people who have been claiming out of work benefits have been doing so for at least 5 years, reflecting their distance from the labour market.
- 2.1.18 There are signs that the region's economy and labour market started to stabilise in mid-to-late 2009. Survey evidence has found that business activity and confidence have been increasing since spring 2009. There was also no change in unemployment in the third quarter of 2009. The East of England's economy is expected to recover in 2010 with mild growth of 0.7%. Total GVA in the East of England is forecast to return to pre-recession levels by 2012.
- 2.1.19 Despite signs that the region's economy is starting to emerge from the recession, the downturn is expected to create significant longer-term impacts and challenges. Experience from past recessions has shown that unemployment is likely to continue to grow even after the recession has officially ended, and that high unemployment rates and totals could persist for many years. This is because employers may be reluctant to start hiring new workers until they are confident that the economy has stabilised and begins to grow again. Some individuals made redundant will also find it difficult to re-enter work without assistance, particularly if there is not like-for-like replacement of jobs lost and gained.
- 2.1.20 The labour market will also take some time to create sufficient jobs to accommodate those unemployed in the recession as well as future labour market entrants. Some young people who cannot currently find work could be at risk of long-term unemployment and becoming disaffected from the labour market.
- 2.1.21 Forecasts from the East of England Forecasting Model suggest that the region could experience a total loss of 99,000 jobs by 2011 with jobs not expected to return to pre-recession levels until 2014. Claimant unemployment is also forecast to rise up to 2011 and could take a significant length of time to return to pre-recession levels.
- 2.1.22 Forecasts also show that between 2011 and 2015, the strongest job growth is projected to be in the Cambridge area, west Hertfordshire, and in the rural districts between Ipswich and Norwich. Chelmsford and Stevenage are also identified. Areas expecting to see relatively weak job growth are Peterborough, Bedford, Luton, the Thames Gateway, Great Yarmouth, Waveney, Braintree, Tendring and rural Norfolk. In general, it would appear that those areas with the weakest economies before the recession are those that are suffering disproportionately in the downturn, and, once the recovery gets underway, will typically benefit least in terms of job growth. This is partly explained by the industrial structure of these areas, with unemployment increasing the most amongst lower-skilled occupations. Evidence has suggested that businesses have – where possible – held on to their highest-

skilled workers due to the expected cost and difficulty of recruiting skilled workers in the upturn.

2.1.23 Conversely, the areas starting out with the strongest economies are forecast to weather the recession better and are poised for more robust employment growth in the recovery.

2.1.24 Addressing these impacts will be important in terms of setting ESF priorities alongside tackling barriers to employment among certain groups – particularly older people, lone parents, the low-skilled, disabled people and certain ethnic minority groups – and providing support to places with persistently high unemployment rates.

### **Skills Challenges**

2.1.25 Recent reports have identified skills as one of the key constraints on the region's economic prospects<sup>6</sup>. Talent, or 'human capital', is a key determinant of economic growth. Higher-skilled workers are essential both for introducing and operating advanced production techniques, and for developing and delivering services. Typically, they adapt faster to new innovations, play a key role in knowledge creation, and are more able and likely to receive training at work.

2.1.26 Notably, an increasing proportion of jobs in developed economies require higher level skills: a trend which looks almost certain to continue. The 2004-14 Working Futures<sup>7</sup> projections for the East of England show that a greater share of region's future employment will require qualifications at Level 3 and Level 4 and above, and the share of employment requiring no or low qualifications will continue to shrink. The 2007-2017 national and regional projections do not look specifically at qualifications levels, but the picture given by projected occupational change carries the same message, i.e. a dramatic need to increase workforce skills in the East of England at Level 3 and Level 4 and above. Hence, achieving a more highly-skilled workforce is essential for individuals' employment and career prospects as well as improving the region's productivity and competitiveness.

2.1.27 As highlighted in Insight East's 'Innovation Insight', the region does not perform well in the qualifications held by its population. The East of England ranks eighth out of the 12 UK regions and nations on the Human Capital Index (a weighted average of National Vocational Qualifications). More than one-third of residents (nearly 1.2 million people) have qualifications attainments below the level of five GCSEs at A\*-C grades or above (the equivalent of NVQ level 2) and 11.8% of working-age have no qualifications (although this is lower than the England average of 12.3%).

2.1.28 There is also a clear qualification gap emerging with the England average, which has been widening over the last five years. The impacts of this are significant as lower skilled individuals are not only less competitive in the labour market but, for the region as a whole, a lower skills profile can deter

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<sup>6</sup> Insight East's '[East of England Innovation Insight](#)' (March 2009) and Insight East's '[International Benchmarking Study](#)' (December 2009).

<sup>7</sup> *Working Futures 2004-14 Qualifications Report*, Institute for Employment Research, University of Warwick, September 2006

potential inward investment and company expansions and hinder productivity increases, as skills are a key determinant of increased productivity<sup>8</sup>

### **Basic Skills**

- 2.1.29 Poor basic skills are a major obstacle to achievement in many areas of life. They lead to disadvantage in learning, low grade jobs, casual work, and unemployment child poverty. There are strong correlations between poor literacy and numeracy and other dimensions of deprivation including poor health, and offending. Improving literacy and numeracy skills across the East of England continues to present a significant challenge. Achievement of Basic Skills qualifications is seen as a platform to achievement of vocational qualifications at Level 2 and above.
- 2.1.30 Findings from the National Skills for Life Survey 2003, (the latest version with local data available), showed that an estimated 53% of adults in the region had literacy skills at Level 1 or below, which is above the national average. Whilst it suggests that just under 1.8 million adults in the region have scope to improve their literacy skills, it also highlighted that 416,000 adults in the region did not have functional literacy (Level 1).
- 2.1.31 Functional numeracy is defined as Entry Level 3. In the East of England, the number of adults without functional numeracy is around 554,000, which is better than the national average.
- 2.1.32 The survey showed that Luton had the lowest levels of functional numeracy in the region.

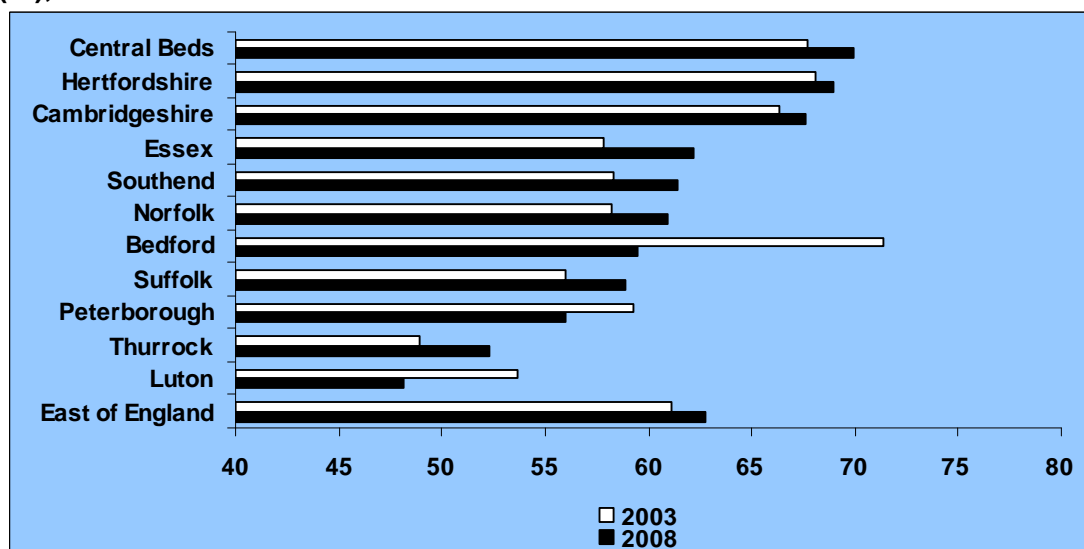
### **Level 2**

- 2.1.33 The 2008 Annual Population Survey showed that over 1.2 million (37.2%) of the region's working age adults do not have a Level 2 qualification while almost 57% of the region's working age population are not qualified to Level 3.
- 2.1.34 Whilst the percentage of adults with no qualifications is below the national average, the region has a higher percentage of adults with their highest qualification at Level 2 or below. This equates to almost 440,000 working age adults with no formal qualifications, over 800,000 adults qualified to below Level 2 and 576,000 adults qualified to Level 2.
- 2.1.35 There is significant variation in skills attainment within the East of England. At NVQ level 2:
- Central Bedfordshire, Hertfordshire and Cambridgeshire have in excess of 67% of their working age population qualified to NVQ Level 2.
  - In contrast, Luton, Thurrock, Peterborough, Suffolk and Bedford have less than 60% qualified to NVQ Level 2. Luton has the lowest rate at just 48%.

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<sup>8</sup> 2009 Economic Participation Study

**Figure 2.2: Working Age Population Qualified to at least NVQ Level 2 by LAA (%), 2003 and 2008**



Source: Annual Population Survey; Labour Force Survey

Note: The change in Bedford's proportion is likely to be due to statistical sampling error.

### Technician and Higher Level Skills (Levels 3, 4 and above)

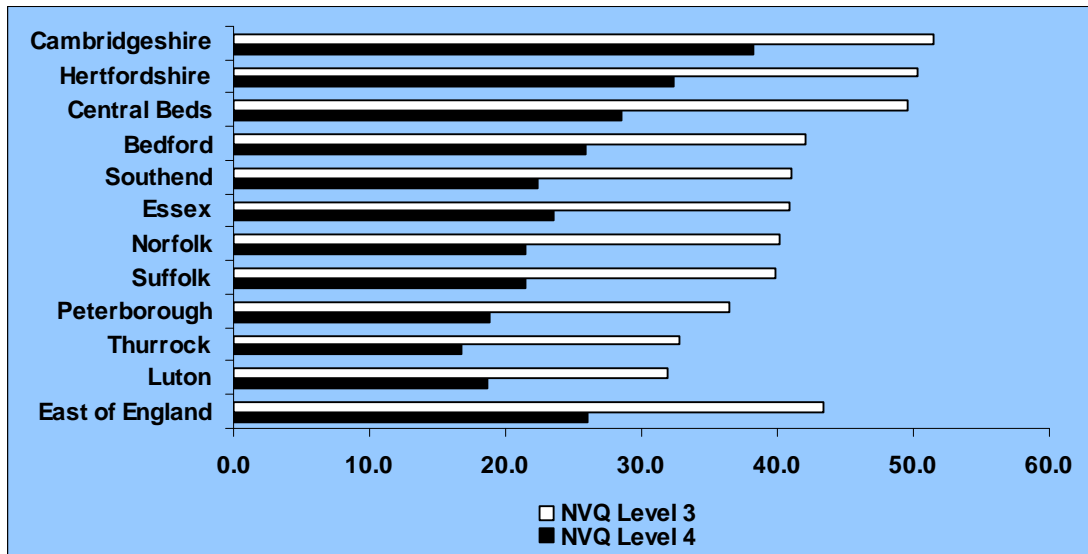
2.1.36 Technician and higher level skills are increasingly important in the global economy. A highly skilled workforce is adaptable to structural changes and is well positioned to grasp new opportunities. For businesses, higher-level skills lead to higher productivity, helping to drive growth, innovation and world-class management and leadership. They also enable companies to better adapt to or anticipate global economic and industry trends. High level skills also lead to higher incomes for employees, and are crucial to realising a higher standard of living for the region's residents

2.1.37 The region lags behind the national attainment for Level 3 and above by 3.1 percentage points and the gap is 2.8 percentage points at Level 4 and above where 26.1% of working-age adults have this level compared to the England average of 28.9%. This is also significantly lower than in the South East (31%) and London (37%).

2.1.38 There are significant variations within the region at NVQ levels 3 and 4:

- At Level 4, the regional average is considerably skewed by the strongest performing areas. Without Cambridgeshire and Hertfordshire, the regional average would be 22%, rather than 26%.
- Cambridgeshire, Hertfordshire and Central Bedfordshire have proportions in line with London. All have at least 50 per cent of their working age populations qualified to NVQ Level 3 and 29 per cent to NVQ Level 4.
- In contrast, Luton, Thurrock and Peterborough all have less than 37% of their working age populations qualified to NVQ Level 3 and less than 19% to NVQ Level 4.

**Figure 2.3: Working Age Population with NVQ Level 3 and 4 Qualifications (per cent), 2008**



Source: Annual Population Survey

2.1.39 In order to meet the ambitions of the Government's recent *Skills for Growth* White paper, and the new enhanced target for technicians and those with higher level skills, the region needs to identify more focussed pathways for adults and the workforce to take up economically valuable skills at level 3 and to progress to Level 4 and beyond. This will require greater focus upon progression between Level 3, HND and Foundation Degree provision by co-financing organisations and mainstream provision.

2.1.40 The Regional Economic Strategy highlights the shortage of higher level skills in this region's workforce and there is a danger that this is constraining the development of the key growth sectors in the East of England. Projections show that the current supply of higher-level skills will be inadequate to meet the future needs of the economy in the region and unless the supply is increased, a variety of damaging consequences could affect the region.<sup>9</sup>

2.1.41 Lack of higher-level skills is being compounded by management skill gaps. The National Employers Skills Survey 2007 (NESS 2007) showed that, in the East of England, these skills gaps accounted for a higher proportion (13%) of all skills gaps than in all other regions apart from London and slightly higher than the England average (12%).

2.1.42 The East of England also experiences problems in retaining talented young people. The share of young students that remain in their home region of East of England to study is far lower than in any other region and the share who study in the region and then remain here to work after graduation is also low.<sup>10</sup> Lack of ambition, aspiration and access all contribute to the historic poor high level skills performance across much of the region. However new Higher Education (HE) sites in Suffolk (University Campus Suffolk) and at Southend, Peterborough and planned sites at Harlow and Thurrock will help to improve access. There is also a continuing need to increase the number

<sup>9</sup> 'Expansion Scenarios: Higher Education in the East of England', KPMG 2003

<sup>10</sup> HEFCE Regional Profiles, 2007 [http://www.hefce.ac.uk/pubs/hefce/2007/07\\_18/07\\_18.pdf](http://www.hefce.ac.uk/pubs/hefce/2007/07_18/07_18.pdf)

and range of high skilled jobs in the region to encourage individuals to remain or return to the region after graduation.

### **Young People**

- 2.1.43 Whilst all developed countries seek to ensure that young people enter working life with a minimum amount of human capital acquired during the years of compulsory education, an increasing specialisation in high-value added sectors has necessitated a need to further encourage and support post-compulsory education. One measure of participation in post-compulsory education at the EU level is the proportion of 17-year olds in education. In 2006, 74% of 17-year olds were in education in the East of England –with the region ranking 90th out of 98 EU regions. Level 2 achievement at 19 in 2008 was 77%, the same as the national average and has increased by 8% since 2004. However the rate of improvement was below the national average and there are significantly lower achievement levels in Thurrock and Peterborough.
- 2.1.44 A high number of young people enter low-skilled employment after compulsory education and – as noted above – the region has a low percentage of graduates and postgraduates remaining in the region following completion of their post-compulsory training/education<sup>11</sup>.
- 2.1.45 In 2006/7 there were over 13,500 learners on Apprenticeships and Advanced Apprenticeship programmes, with the majority of provision at Level 2. Three quarters of learners were enrolled on apprenticeship programmes only. The East of England funds a small proportion of Apprenticeships and Advanced Apprenticeships compared to other regions.
- 2.1.46 As nationally, the region also has a marked difference in Level 2 and Level 3 attainment between advantaged and disadvantaged young people. In terms of Level 2 achievement by age 19, only 56% of young people who were eligible for free school meals achieved 5 A\*-C GCSEs in 2008, compared with 79% of those who were not eligible. There was a similar picture in terms of Level 3 achievement by age 19, with 27 percentage point difference between the achievement of young people eligible for free school meals and those not eligible.

### **Employer demand for skills**

- 2.1.47 Improving the skills attainment of the region's population is important in terms of improving individuals' career prospects, but it is equally important to recognise that the skills of the workforce reflect employers' demand for skills. Employer-provided training is less likely to occur in the East of England than in other regions. 26.7% of employed working-age residents participated in on-the-job training in 2007<sup>12</sup>, which was relatively low compared to the national average of 29.3%.
- 2.1.48 The East of England was also second from bottom in terms of the proportion of employers providing either on- or off-the-job training for members of staff in

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<sup>11</sup> Regional Economic Strategy for the East of England - <http://www.eeda.org.uk/1530.asp>, June 2008

<sup>12</sup> During the 13 weeks prior to being surveyed, Annual Population Survey 2007

2007<sup>13</sup>. Relatively few employers in the region also chose to increase training as an answer to hard-to-fill vacancies, with 6% expanding trainee programmes, the same proportion as nationally, and only 9% choosing to increase training for their existing workforce, marginally behind the England figure. It is therefore important to boost business productivity by articulating the economic value of employees' skills development and linking businesses' improvement and expansion plans to work-related training for staff.

2.1.49 However, skills shortages and skills gaps reported by employers in the NESS 2007 were similar to the national average. The share of employers with hard-to-fill vacancies (HTFV) in the region was the same proportion as nationally. 4% were attributed to skills shortages, compared to 5% nationally.

2.1.50 Skills shortages, at the time of NESS 2007, affected certain key occupational groups in the region. Skills shortage vacancies (SSVs) were highest for Skilled Trades, Professional, Associate Professional and Managerial. At the other end of the scale 10% of all vacancies in elementary occupations were identified by employers as arising from skills shortages.

2.1.51 Skills gaps were highest for those in sales occupations and elementary occupations, each accounting for 17% of the region's reported gaps. This share was higher than their share of employment. Associate professional occupations accounted for 11% of skills gaps and managers or administrators both accounted for 13% of all skills gaps. As regards types of skills, gaps in managerial, office administration, problem solving, team working and customer handling skills were more likely to be mentioned in the region than nationally.

2.1.52 Skills are a key factor in the region's low productivity rates compared to other regions across Europe and the rest of the world. As noted in the International Benchmarking Study, the East of England had levels of economic output per worker of €49,415 in 2005, with the East of England ranking 49th out of 97 EU regions. Increased labour productivity is generally driven by improvements in the quality of labour, improvements in efficiency, technological change and increasing amounts of capital per worker. If the East of England is to continue to perform strongly against other comparative world-leading regions, its lower productivity levels need to be addressed. Improving the region's skills base will be necessary to make a significant difference to business performance and for the East of England to remain a key knowledge-based economy and capitalise on a rapid transition to a low-carbon economy.

**Summary of key challenges that emerge from analysis of available economic evidence**

- Responding to reduced labour demand and increased unemployment and youth unemployment, with a particular focus on areas of the region that have been hardest-hit during the economic downturn
- Improving the region's skills performance in relation to the national average, with a focus on certain parts of the region with low skills profiles
- Increasing progression from low to high level skills

<sup>13</sup> National Employers Skills Survey 2007

- Achieving a more highly-skilled workforce in line with an increased number of jobs requiring high-level skills
- Increasing the numbers of young people remaining in education and training
- Increasing employers' demand for skills and the number of people undertaking job-related training, leading to improved productivity
- Tackling barriers to employment among certain groups of people
- Increasing the level of graduate and post-graduate retention in the region

## 2.2 Regional Priorities for Employment and Skills

2.2.1 In setting ESF priorities, it is important to understand the strategic context for improving skills and employment in the East of England. The East of England's Regional Economic Strategy 2008-31 sets out the region's headline ambitions, many of which relate directly to the objectives of ESF.

2.2.2 The table below sets out these headline ambitions, current performance and what the region is likely to achieve based on current trends. The projections demonstrate that it will be challenging to achieve all ambitions based on existing activity, with most becoming more challenging since the onset of the economic downturn:

Headline Target		Current Performance	Trajectory		Source
GVA per capita	2.3% real growth per annum, 2008-2031	1.9% real growth per annum 2001-2008 (and projected growth of -4.2 per cent in 2009)	1.6% real growth per annum, 2008-2031	Meeting the target would mean an additional £52,604 GVA created per head of the population between 2008 and 2031	Based on forecasts from the East of England Forecasting Model, Autumn 2009
GVA per employee	2.1% real growth per annum, 2008-2031	1.8% real growth per annum 2001-2008 (and projected growth of -2.3 per cent in 2009)	1.7% real growth per annum, 2008-2031	Meeting the target would mean an additional £44,065 GVA created per employee between 2008 and 2031	Based on forecasts from the East of England Forecasting Model, Autumn 2009
Employment Rate for 16-74 Year Olds	70% by 2031	67.7 per cent in 2008 (and projection of 66.6 per cent in 2009)	68.3 per cent by 2031	Meeting the target would mean an extra 80,000 people in employment in 2031	Based on forecasts from the East of England Forecasting Model, Autumn 2009
Population	At least	27.8%	38%	Meeting the	Based on

Headline Target		Current Performance	Trajectory		Source
aged 19-state pension age qualified to at least level 4	40% qualified to level 4 and above by 2020 (consistent with the Leitch target)	qualified to level 4 and above in 2008	qualified to level 4 and above by 2020 (similar to London's current rate)	target would mean an extra 92,000 people qualified to level 4 and above by 2020	rates of improvement from 2001 to 2008, Annual Population Survey
Population aged 19-state pension age qualified to at least level 3	68% qualified to level 3 and above by 2020 (consistent with the Leitch target)	46.5% qualified to level 3 and above in 2008	55% qualified to level 3 and above by 2020	Meeting the target would mean an extra 476,000 people qualified to level 3 and above by 2020	Based on rates of improvement from 2001 to 2008, Annual Population Survey
Population aged 19-state pension age qualified to at least level 2	At least 90% qualified to level 2 and above by 2020 (consistent with the Leitch target)	67.6% qualified to level 2 and above in 2008	75% qualified to level 2 and above by 2020	Meeting the target would mean an extra 558,000 people qualified to level 2 and above by 2020	Based on rates of improvement from 2001 to 2008, Annual Population Survey
Earnings Inequality	Lower quartile earnings at 60% of average earnings by 2031	Lower quartile earnings at 56% of average earnings in 2008	Lower quartile earnings at 48% of average earnings by 2031	Meeting the target would mean people earning lower quartile earnings would gain extra income of £93,465 throughout 2008-2031	Based on trends between 2001 and 2008, Annual Survey of Hours and Earnings
The RES also reinforces the region's commitment to achieving Leitch targets for basic skills: 95% of adults to have functional literacy and numeracy skills by 2020.					

2.2.3 The Regional Spatial Strategy (RSS) – the East of England Plan – also sets out a target for job growth in the region, which has important implications for achieving ESF priorities:

Headline Target		Current Performance	Trajectory		Source
Job Growth	Net increase of 452,000 jobs 2001-	Net increase of 171,200 jobs 2001-2008 (and an	Net increase of 360,500 jobs 2001-	Meeting the target would mean an extra 91,539	Based on forecasts from the East of

	2021	estimated net reduction of 33,700 jobs in 2009)	2021	more jobs in the region by 2021	England Forecasting Model
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2.2.4 The RES sets out the region’s priorities for skills and employment in two goals dedicated to ‘Skills for Productivity’ and ‘Economic Participation’.

2.2.5 Skills for Productivity: The RES states that the East of England cannot develop as a successful economy without raising its skills levels across the board. Rapid development of economies such as China and India will only place further pressure on the region to adapt and improve its skills base. A ‘low skills equilibrium’ is unsustainable given the lower cost alternatives, particularly for commoditised manufactured goods. The relevant priorities, therefore, are:

- Increasing the demand for and supply of higher-level skills
- Creating a culture where people aspire to train and learn throughout life
- Providing clear progression pathways for learning that improves business performance
- Providing education and training that meets the needs of individuals, employers and the economy

2.2.6 Economic Participation: The RES highlights that many people have not been able to benefit from economic growth and achieve their full potential because of the barriers they face. These may include a lack of appropriate skills, knowledge or confidence; lack of access to business support; having a work-limiting illness or employer attitudes or practices. These barriers to participation may particularly affect people in certain geographical locations or a certain demographic sector of the population. The challenge is to ensure that all areas and residents of the region can participate in success and benefit from economic growth. As a result, the priorities are:

- Equipping people with the confidence, skills and choices for employment and entrepreneurship
- Tackling barriers to employment in the poorest 20% of communities
- Promoting increased economic opportunity in areas with low economic activity rates
- Employers valuing a flexible, diverse and healthy workforce
- A vibrant, skilled and resourced third sector.

2.2.7 The East of England Implementation Plan (EEIP) has recently been developed, which sets out shared programmes of activity at regional and sub-regional levels for delivering the targets and objectives of the RES and RSS. The programmes set out the critical interventions needed to meet the objectives up to 2021 and beyond with a focus on the first three-to-five years of implementation and provide a framework that focuses on regionally significant interventions.

<b>East of England Implementation Plan ‘Skills and Employability’ Theme</b>	
<b>Programme</b>	<b>Programme Portfolio</b>
Leadership and High-Level Skills	<ul style="list-style-type: none"> <li>• Improving access to higher education in areas with low participation rates</li> <li>• Expanding workforce-orientated higher education provision</li> </ul>

	<ul style="list-style-type: none"> <li>• Developing progression routes to high level skills</li> <li>• Linking students and graduates with local job opportunities</li> <li>• Developing the leadership and management skills within SMEs</li> <li>• Strengthening HE provision for science, technology, engineering and maths (STEM) in line with emerging growth sectors</li> </ul>
Skills for Business	<ul style="list-style-type: none"> <li>• Increasing individual and employer demand for skills</li> <li>• Enhancing the region's economy-led and responsive skills offer</li> <li>• Developing skills for recovery and competitive advantage</li> <li>• Preparing young people for work</li> </ul>
Integrated Employability Offer	<ul style="list-style-type: none"> <li>• Integrated Employment and Skills</li> <li>• Developing adults' and young people's employability skills</li> <li>• Removing barriers to participation</li> <li>• Influencing employers' working and recruitment practices</li> <li>• Enhancing redundancy support</li> </ul>

2.2.8 The programmes are consistent with the policy objectives and delivery arrangements set out in recent documents by the Department for Business, Innovation and Skills: *Higher Ambitions* – which sets out a course for how universities can remain world class, *Skills for Growth* – the National Skills Strategy' and *New Industry, New Jobs*.

2.2.9 *New Industry, New Jobs*<sup>14</sup> recognises that Britain's economy will change in the coming years and that Government resources will need to focus on programmes to support businesses and people in order to prepare for the upturn.

2.2.10 The *Skills for Growth* White Paper outlines the need to comply with wider regional infrastructure changes following the Government's Sub National Review in 2008. This means that skills and employment issues must also be placed within the emerging regional infrastructure for managing economic, spatial and social development across the region. *Skills for Growth* outlines the need to focus of the skills system will be shifted by measuring its success in meeting employers' skills needs and enabling learners to progress in work, as well as in the achievement of qualifications.

2.2.11 There is a re-statement of the Government's commitment to a demand-led system in which businesses are given the power to shape the provision of training. Furthermore, the funding within the skills budget will be increasingly focused on the sectors and markets on which future growth and jobs will depend. RDAs will play a key role in this:

- leading preparation of regional skills strategies as part of the Single Regional Strategy;
- setting out regional priorities statements that will be included in future annual national investment plans that are binding on the SFA; being advocates to drive up business demand for skills.

2.2.12 In terms of priorities for investment, the region must prioritise skills development in sectors on which future growth and jobs depend. National

<sup>14</sup> <http://www.berr.gov.uk/files/file51023.pdf>

Government, as part of 'New Industry, New Jobs', has identified a number of high-technology sectors with strong potential for growth which will provide the UK with international competitive advantage and a significant uplift in productivity. All of these sectors have a strong presence within the East of England and there is a need to ensure that the skills are available to support these sectors to grow. The programmes also recognise the need to support sectors that will play a key part in sustained economic recovery, including those that will generate significant future jobs growth in the region, as set out in 'Jobs of the Future'.

2.2.13 The Framework also recognises the need for provision to reflect changes outlined in the recently published Employment White Paper.

2.2.14 In addition to the regional strategies, each upper tier local authority has defined strategic level agreements that have been developed and agreed with local strategic partners. These will include a Sustainable Community Strategy (SCS) and a Local Area Agreement (LAA), plus others such as the Children & Young People's Plan, the ESOL Strategy and Skills Strategy. These agreements clearly define the longer term vision and shorter term priorities for the local area, so any ESF delivery will need to fit with these agreed priorities.

2.2.15 The ESF Framework must align to EEIP programmes to ensure that ESF activities deliver on agreed regional skills and employability priorities.

### **2.3 Complementarity with other Regional Funding Streams**

2.3.1 The ESF programme will complement a number of other regional and European funding programmes in particular, ERDF Regional Competitiveness Programme and other regional funding programmes delivered by LSC, Jobcentre Plus, EEDA and Higher Education Funding Council for England (HEFCE) such as:

- Future Jobs Fund
- EEDA's Economic Participation Programme
- The Rural Development Programme for England
- Aimhigher

#### **European Regional Development Fund**

2.3.2 It is desirable that linkages between ESF and ERDF Regional Competitiveness Programme are developed to ensure the benefits which arise from the complementary nature of interventions are realised. The joint ESF and ERDF regional programme committee will help to ensure these linkages are developed and exploited. Key areas for focus include:

- Integration between ERDF Regional Competitiveness Programme and ESF funded workforce development activity
- Linkages between types of training and employment growth particularly in the renewable energy and environmental technologies sectors being fostered through the ERDF Regional Competitiveness Programme.
- Linking access to employment actions to the jobs being created in terms of renewable energy, conservation and environmental sectors/occupations

- Support for enterprise among disadvantaged groups including social enterprise.

### **3. ESF East of England Regional Priorities**

#### **3.1 Introduction**

3.1.1 European Social Fund priorities for the East of England are driven by the key skills and employment challenges the region faces outlined above and the opportunities the region has for building upon both the relative strengths and the significant plans for jobs growth in the region. Many of these challenges are geographically distinct and are driven by historic and current economic circumstances, including the different sectoral and skills mixes and the culture of enterprise and innovation within them. The other key challenge which ESF is designed to address is “equity,” and the need to ensure skills and employment opportunities are of sufficient quantity and quality and are accessible to all.

3.1.2 The East of England Implementation Plan sets out the critical interventions needed to meet spatial and economic plans up to 2021 and beyond and provides a framework that focuses on regionally significant interventions. It outlines three programmes of activity within its Skills and Employability theme:

- Leadership and High-Level Skills
- Skills for Business
- An Integrated Employability Offer

3.1.3 These programmes will help the region capitalise on the comparative advantage it holds and tackle identified market failure. The ESF Framework will help support this by helping to extend the employment opportunities available to individuals and develop a skilled and adaptable workforce that increases the East of England’s productivity and maintains its competitiveness.

#### **3.2 Priority 1: Extending Employment Opportunities**

3.2.1 Priority 1 is about increasing employment and reducing unemployment and inactivity. This means tackling the barriers that stop individuals participating in the region’s economy and extending the employment opportunities available to them.

3.2.2 The Integrated Employability Offer programme of the East of England Implementation Plan will help address what are often the multiple needs or barriers individuals face to entering the labour market, with a focus on providing support to disadvantaged groups and places. This will help to raise overall employment rates in the region, reduce inequalities in employment, raise aspirations and increase progression opportunities through integrated provision of employment support, skills development and information advice and guidance that responds to individual needs. It will also develop individuals’ employability skills and provide training in sectors that are expected to experience significant future employment growth and/or boost regional productivity. In this way, the kinds of Skills for Business demanded by employers and for the growth of the region’s economy will be addressed.

3.2.3 The key priorities for the Framework taken from the East of England Implementation Plan are:

**1. Removing barriers to participation**

There is a need to ensure effective engagement with disadvantaged groups to raise aspirations and provide a route to mainstream services, particularly in areas with historically weaker economies with fewer employment opportunities available to them and lower skills levels and differing cultures of enterprise and innovation. ESF funding will help provide holistic support for people facing multiple barriers to entering and remaining in the labour market, such as caring responsibilities, low confidence, health or disability, language or culture, offender history and financial barriers.

**2. Integrating employment and skills**

ESF funding will help signpost people to specialist support to address personal barriers to employment and progression. High quality information, advice and careers guidance will be linked to local labour market opportunities and help ensure relevant career pathways for individuals, including self-employment as an option.

**3. Developing adult and young people's employability skills**

Skills development will help address these barriers and will focus on employability and economically valuable skills, promoting diversity and challenging perceptions (e.g. age, ethnicity, mental health) that prevent individuals from participating in the region's economy. Young people have been particularly affected by the current recession and so there is a need to help them to remain close to the labour market, and engaged at an earlier stage to provide them with a coherent offer of pre and post educational, employment and training support, including work placements, apprenticeships and volunteering opportunities to help them to successfully migrate into the labour market post compulsory education.

**4. Enhancing redundancy support:**

Redundancy support will need to be focused on key growth employment sectors and help signpost individuals to debt/financial and health advice to ensure the delivery of sustainable employment outcomes and uplift the skills and productivity of the workforce. Priority 1 funding would support individuals who have become unemployed following redundancy.

**5. Influencing employers' recruitment practices**

Public bodies will engage with employers to influence their business practices with regard to recruitment to improve job outcomes for priority groups, particularly for those with disabilities or health problems – and to reduce inequalities in employment rates.

**6. Linking graduates with local job opportunities**

Due to an increase in graduate unemployment, as a result of the economic downturn, there is a need to improve and expand information on graduate job opportunities in the region, with links to the East of England Implementation Plan's Leadership and High Level Skills programme.

3.2.4 To understand levels of regional need for intervention under Priority 1 of the Framework, this section sets out in more detail employment, unemployment

and inactivity levels within the region for particular groups, including young people given the specific focus on them within Priority 1.

- 3.2.5 Co-financing organisations will need to set out in their plans how their proposed interventions will tackle these barriers in a way that enhances and adds value to the current offer available to individuals. They will also need to demonstrate how they are building on lessons learned from previous investment in skills and employment.

### **Employment, unemployment and economic inactivity**

- 3.2.6 The East of England has greater employment equality than other regions but there are also significant variations within the region for particular target groups. Tackling these will help to increase the regional employment rate as a whole and help to ensure that local, good quality jobs are accessible to all.

- 3.2.7 Set against the East of England average employment rate of 77%:

- **By Disability.** The employment rate of those with a disability is 58% and falls to 50% amongst those with a learning or mental health problem.
- **By Ethnicity.** The employment rate of the non-white population is 69% and is lowest amongst the Pakistani and Bangladeshi working age population at 47%. The employment rate amongst Pakistani and Bangladeshi females is just 28%.
- **By Gender.** The female employment rate is 73%.
- **By Age.** The 16-24 year old employment rate is 60%, although this should be considered alongside the national objective of increasing the number of young people staying on in education. The employment rate of those aged 50 to retirement age is 76%, which is close to the overall rate but could be increased given the gradual ageing of the population. An additional 34,000 workers aged 50 to retirement age would increase the employment rate of this age group to 80%.

### **Target Groups**

#### **People with Disabilities and Health Conditions**

- 3.2.8 The employment rate for disabled people and those with work limiting illnesses is by far the lowest of all target groups with over half of the group being economically inactive.

- 3.2.9 Links between health, employment, productivity and poverty mean improving the health of the working age population is critically important in achieving both greater social justice and higher economic growth. The health of the working age population is therefore important for everyone (Black, 2008)<sup>15</sup>:

- For individuals and their families, because it impacts on the quality and length of life people lead, affecting their capacity to work and provide for their family.
- For employers, because a healthier workforce is more productive.
- For society as a whole, because the consequences of ill health lead to social exclusion, lower output and reduced tax revenues.

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<sup>15</sup> Black, C (2008) Working for a Healthier Tomorrow

3.2.10 The regions and sub-regions with stronger economies tend to have lower ill health and disability.

- In 2001, 11% of East of England working age residents had a limiting long-term illness.
- In 2008, 18% of East of England working age residents had a disability.

3.2.11 The Annual Population Survey 2008 states that 37% of the East of England's working age population with a disability were economically inactive. This equates to approximately 225,000 people.

3.2.12 Mental health is more prevalent than other disabilities in those claiming Incapacity Benefit (IB) (40% or more of those claiming IB) and/or Employment Support Allowance (ESA) and the rates of employment are lower than other forms of disability.

### **Black and Ethnic Minority Groups**

3.2.13 The East of England is less ethnically diverse than England and Wales as a whole, with 8.6% of the population belonging to an ethnic minority compared to the national average of 12.5%. However, there is significant variation within the region, with ethnic minorities making up 35% of the population in one area (Luton).

3.2.14 People from ethnic minorities are disadvantaged in the labour market in at least four different respects: employment & unemployment rates, earnings levels, occupational attainment & progression in the workplace, and levels of self-employment. Overall, the East of England has higher employment rates for each ethnic group than the national average.

3.2.15 There are significant differences between different ethnic minority groups in terms of income and employment, for example, people of Indian or Chinese background have employment rates that are not far behind those of white people (72%). The lowest rate is amongst the Pakistani and Bangladeshi ethnic group at just 47%, with just 28% of Pakistani/Bangladeshi working age females in employment.

3.2.16 Gender differences and differences within genders also exist, for example, older women from ethnic minority groups appear to lack the basic skills required to engage with the mainstream labour market, such as English language skills, and do not envisage a role for themselves outside the home.

3.2.17 The economic inactivity rate by ethnic group shows a similar pattern to the employment rate with the Pakistani and Bangladeshi ethnic groups again performing poorly. 45% of the Pakistani and Bangladeshi working age population are classified as economically inactive and this rises to 66% amongst females. Cultural specific issues must therefore be considered when seeking to increase economic participation rates amongst Pakistani and Bangladeshi ethnic groups.

3.2.18 Increasing economic participation levels amongst the ethnic minorities' population is vital in achieving greater social justice and higher economic growth. Maximising their economic potential is of particular importance. Language barriers and cultural issues can make it difficult for individuals to

engage in economic activity; whilst inflexible and below standard support provision allied with cultural misconceptions can limit the opportunities available.

- 3.2.19 There are clear variations in employment rates across different ethnic groups. Against the current East of England employment rate of 77% (October 2009), for instance, Black or Black British, Indian and Other ethnic groups all have rates close to the East of England average at 72% or more.

### **Women**

- 3.2.20 While men have been more affected by the economic downturn in terms of increased unemployment, women offer significant potential for increasing the region's employment rate. The APS shows that almost a quarter of working age women in the East of England are economically inactive. This compares unfavourably to the male inactivity rate of 14%. Of the 381,400 women that are economically inactive, 94,700 (25%) want a job.

- 3.2.21 There is a prevalence of women in the lowest paid occupation groups and fewer women than men in the highest paid occupation groups. The APS shows that 40% of women worked in the highest paid managerial, professional and associate professional occupations compared to 48% of men while 36% of women worked in the lowest paid elementary, personal service and sales and customer service occupations compared to just 18% of men.

- 3.2.22 The Annual Survey of Hours and Earnings highlights the extent of the gender pay gap in 2009. For full-time employees, women's hourly pay was 12.2% less than men's, down from 12.6% in 2008. For part-time employees, the gap is -2.0%, compared with -3.7% in 2008. The gender pay gap for all employees has decreased to 22.0% from 22.5% in 2008. In April 2009 hourly rates for men were £12.97 for full-timers, £7.71 for part-timers and £12.42 for all employees. For women, hourly rates were £11.39 for full-timers, £7.86 for part-timers and £9.68 for all employees.

- 3.2.23 The Annual Survey of Hours and Earnings highlights the extent of the gender pay gap in 2009. Women's average hourly pay was 16.4% less than men's pay for full-time employees, 13.2% less than men's pay for part-time employees and 20.2% less for all employees. The gender pay gap is affected by the different work patterns of men and women, such as the proportions in different occupations, their length of time in jobs and whether they work full-time or part-time. Labour market rigidities are also a possible reason for differences between women's and men's pay and productivity and could cause market failures in matching people to the most suitable jobs. Problems could include insufficient flexibility to allow a sufficient work/life balance by effectively combining caring responsibilities and employment, occupational segregation by gender, and discrimination.

### **Older Adults Aged 50+**

- 3.2.24 The East of England's ageing population will have implications for the importance of older people as a target group for employability as the need and desire to extend working lives is rapidly growing. The overall employment rate for those aged 50 to state pension age is only slightly less than the region's working age employment rate, however the employment rate of men

aged 50 to state pension age is currently around 12.5% lower than that of men aged 25-49, whereas there is almost no difference between those of women in these same age groups. Demographic changes will have substantial implications in relation to economic activity and employment structures in the region. Between 2006 and 2013, the number of people aged 50 to 64 is projected to have increased by 18% and the number of people aged 65 and over is expected to increase by nearly 19%. In contrast, the number of people aged under 20 is expected to increase by 3% and the number of people aged 20 to 49 is expected to increase by 5%. This means greater emphasis will need to be put into tackling and overcoming the labour market barriers faced by older workers. In addition, there will need to be a greater focus on supporting people with caring responsibilities to remain in employment.

3.2.25 Given the gradual ageing of the population, there is an increasing emphasis placed on encouraging and supporting older workers to remain in work up to state retirement age. In terms of the 50 to retirement age employment rate, the figures show:

- The employment rate has increased across all regions by approximately 2% between 2003 and 2008.
- In the East of England, the employment rate increased from 74% in 2003 to 76% in 2008. However, given the priority placed on 16-24 year olds continuing full-time education, there is a need to increase the 50 to retirement age employment rate much further if the regional target of 80% employment is to be achieved.

### **Lone Parents**

3.2.26 The report, 'Disadvantage and Multiple Disadvantage in the East of England'<sup>16</sup>, has identified that being a lone parent has by far the highest impact on the probability of non-employment than other disadvantaged groups (43% chance of non-employment).

3.2.27 From October 2009, lone parents with children aged ten or more who are able to work will no longer be entitled to Income Support (IS) solely on the grounds of being a lone parent, with lone parents with children aged seven or older moving from IS to JSA from 2011 on the same basis. Additional support may be required in addition to that provided through the New Deal for Lone Parents programme to assist lone parents who have been away from the labour market for a considerable period to return to work.

### **Ex-Offenders/Offenders**

3.2.28 Since the Regional Framework was developed, the National Offender Management Service (NOMS) has gained Co-Financing status. NOMS focus is to support offenders' access mainstream employment and skills services.

3.2.29 Offenders experience disproportionately high levels of worklessness when compared to the general population. They are also likely to lack basic and vocational skills required by employers and will generally possess a range of other barriers to employment, e.g. poor or no employment history; mental health problems; substance/alcohol misuse; etc. These barriers are in

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<sup>16</sup> Annette Jäckle, Institute for Economic and Social Research, University of Essex, 2003

themselves a significant obstacle to competing for employment, however, offenders also face the further disadvantage of possessing criminal convictions that they may be required to disclose during recruitment processes. In the economic downturn, supporting offenders into employment is even more of a challenge than it was. Being in sustainable employment is the single most important factor in reducing re-offending it can reduce the risk of re-offending by between a half and a third. 52% of male offenders and 71% of female offenders have no qualifications at all while 48% of all offenders have literacy skills below level 1 and 65% of all offenders have numeracy levels below level 1. (Skills for Life: changing lives – DIUS march 2009). Half of all prisoners do not have the skills to perform 90% of jobs (Prison Reform Trust) on average the unemployment rate of offenders is 67% compared to the national average of 7.8%.

- 3.2.30 There are 15 prisons in the East of England with another planned to open in 2011 (including young offender institutions and all types of adult prison) holding in the region of 9,000 offenders at any one time. Up to 50% of offenders held in the region's prisons will be released out of area mainly into London and the South East.
- 3.2.31 There are varying but increasing numbers of foreign nationals (25%) who may be deported on release or resettled. HMP Bullwood Hall holds foreign national prisoners and currently up to 20% are resettled rather than deported.
- 3.2.32 There are approximately 20,000 offenders serving sentences or community orders across the region. 49% of offenders have an Employment, Training and Education (ETE) need, with young offenders aged 18-20 having the highest need with 64.5%.
- 3.2.33 91% of Priority and Prolific Offenders (PPO's) and 95-6% of those with a high likelihood of reconviction had an ETE need identified. ETE needs also becomes increasingly likely for higher tier offenders, but not to the same extent.
- 3.2.34 Although offenders may rightly be unable to take up certain types of jobs because of the nature of their crime and the risk they present, many are automatically excluded because of their criminal record even when the sentence is spent and they present no risk to the public.

### **Young People and NEET**

- 3.2.35 Progression to higher level qualifications and education beyond the age of 16 are becoming increasingly important to gaining reward in the workplace and instrumental in maximising the full potential of the UK economy. Their importance is reflected in the RES which aims to increase the number of young people participating in post-compulsory education and training. It is important that the link between being NEET and levels of deprivation is recognised.
- 3.2.36 Connexions data adjusted by the Department for Children, Schools and Families (DCSF) and published monthly shows the Eastern Region generally as middle-ranking in terms of NEET. The latest figures (August 2009), indicate the region's NEET average as 7.9% (a year on year increase of 9.8%) compared with a national average of 8.7% (year on year increase of 3.2%).

- 3.2.37 Within the region, Essex, Norfolk, Peterborough and Suffolk are the poorest performing when compared with their statistical neighbours (each authority is grouped with ten others which score similarly against criteria e.g. cohort size, levels of deprivation etc).
- 3.2.38 DCSF's<sup>17</sup> figures for August 2009 shows that Essex's NEET figure is 8.4% and it is ranked second poorest performing in its group of statistical neighbours. Norfolk's figure is also 8.4% and it is the poorest performing in its group of statistical neighbours. Peterborough's NEET figure has improved a good deal, but from a low base and August 2009's figure was 11.3% and was fifth poorest performing. Suffolk had the highest NEET figure in its group for August 2009 at 8.6%. Hertfordshire's NEET figure has increased at a very high rate over recent months, and their August 2009 figure is 6.5% with a 0.3% year on year increase, but they began from a strong position.

### **Migrant Workers**

- 3.2.39 The increase in the number of migrant workers following the expansion of the European Union is a further dimension to consider when looking at ethnicity. Economic participation levels amongst migrant workers are generally high but language skills can be a barrier to gaining and progressing in employment. Using the number of National Insurance Number (NINo) registrations as a proxy for the number of migrant workers, between 2004/05 and 2008/09, there were 244,130 NINo registrations in the East of England, which was 9 per cent of the total NINo registrations across England.
- 3.2.40 In 2008/09, there were 52,200 NINo registrations in the East of England, which equates to 92 NINo registrations per 10,000 population. On this measure, the East of England has the third highest concentration of migrant workers across England's regions.
- 3.2.41 Within the East of England, Hertfordshire and Cambridgeshire have had the most NINo registrations at 43,000 and 41,000 respectively. However, this can be misleading as the smaller Local Authorities such as Bedford, Luton, Peterborough, Southend and Thurrock may have had fewer NINo registrations in total but per head of population have received disproportionately more than larger Local Authorities. Peterborough and Luton have by far the highest ratio at around 275 NINo registrations per 10,000 population in 2008/09. Cambridgeshire and Bedford are the only other LAAs to have a ratio at or above the England average.
- 3.2.42 In addition, NINo registrations are often issued based on the place of employment rather than the place of residence which can distort the overall picture.

### **ESF Community Grants**

- 3.2.43 It is vital that small grants for voluntary and community organisations continue to build upon the success of the 2007-2010 Community Grants programme

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<sup>17</sup> August 2009 figures were the most recent figures available at time of writing. However, LAA targets are based on the average of NEET figures for November, December and January each year as these are the most stable months when there is least movement into and out of NEET by young people.

which has awarded over £1m in grants to regional voluntary and community organisations and the Objective 3 2000-2006 Global grants programme which funded over 1,000 grants across the region. Grants will be used to support organisational capacity to assist unemployed and economically inactive people move closer to or back into work. The region has therefore allocated the full 2.5% allowable under the Priority 1 allocation for ESF Community Grants for the whole of the programme period.

### **Indicative Activities**

3.2.44 Activities under the six East of England Implementation Plan priorities outlined in section 3.2.3 may include:

#### **Adults**

- active and preventative measures which ensure early identification of needs, including individual action plans and personalised support including financial management advice;
- job-search help, advice and guidance;
- work search and work preparation activities, including labour market orientation and work experience placements;
- advice and support for self-employment, entrepreneurship, business creation and social enterprise;
- Skills for Life, including the basic skills of literacy, numeracy and English for Speakers of Other Languages, ICT skills and financial literacy skills;
- activities to provide pathways to employment such as pre-vocational and access training, community-based activities, volunteering, environmental activities, practical soft skills (such as improving aspirations and motivation), work skills, and workplace skills (such as team working);
- vocational training and qualifications for employability;
- improving job brokerage to enable a better match between supply and demand;
- access to childcare and care for dependent persons, where caring responsibilities are a barrier to labour market participation (These activities may take place within projects targeted specifically on people with caring responsibilities or as part of wider projects.)
- early interventions to help people at risk of redundancy to adapt their qualifications and skills for other employment opportunities;
- small grants for voluntary and community organisations to support their capacity to mobilise unemployed and economically inactive people who are disadvantaged or excluded and to facilitate their integration into the labour market ('ESF community grants').
- activities to help disadvantaged people who persistently return to inactivity benefits address barriers to their retention in sustainable employment;
- activities to help unemployed and economically inactive people with disabilities or health conditions to enter and remain in work and appropriate support to retain in employment people who become disabled or develop health conditions;
- continued support for participants entering jobs to sustain employment and make progress in the workplace
- activities to prolong working lives by re-engaging economically inactive older workers or retaining older workers longer in employment including workers who become disabled or develop health conditions;

- activities to help lone parents, inactivity benefit recipients with children and other disadvantaged parents enter and make progress at work and so contribute to alleviating child poverty;
- mainstreaming and specific action to improve access of women to employment and increase sustainable participation and progress of women in employment and to help men and women access occupations or sectors where they are underrepresented;
- activities to increase participation by people from ethnic minorities in employment including where appropriate training to meet basic English language skills needs;
- activities to encourage and support employers to integrate into the workplace people with disabilities and ethnic minorities; and
- activities to develop the employability and skills of offenders and ex-offenders to facilitate labour market entry and thus contribute to reduced re-offending.

#### **14 – 19 year olds not in education, employment or training**

- initiatives to reform vocational routes for, and develop vocational skills among, 14 to 19 year olds, including developing the vocational curriculum to improve employability;
- initiatives to help raise awareness of the world of work, enterprise and entrepreneurship among young people (from age 14), including work experience placements;
- activities to engage 14 to 19 year olds not in education, employment or training, tackle their barriers to learning, and help them access mainstream provision;
- activities, including vocational training and preventative work, for young people at risk of becoming NEET to provide pathways to employment; and
- activities to reduce youth unemployment by developing the employability and skills of young people.

### **3.3 Priority 2: Developing a Skilled and Adaptable Workforce**

3.3.1 The objective of priority 2 is to develop a skilled and adaptable workforce by reducing the numbers of workers without basic skills; increasing the number of workers qualified to Level 2 and, where justified, to Levels 3, 4 and above; reducing inequalities in the workforce; and developing managers and workers in small enterprises. There will be a particular focus on the low skilled and on addressing skills shortages.

3.3.2 The Skills and Employability programmes of the East of England Implementation Plan aim to develop a skilled and adaptable workforce, enabling individuals to participate and compete in an increasingly competitive global economy and improving productivity, innovation and competitiveness. ESF funding must respond to the priorities outlined within the East of England Implementation Plan by improving access to skills development for those in the workforce, enhancing opportunities for individuals to progress within the labour market and raising employer demand for and utilisation of skills. There must be a strong emphasis on ensuring that skills development is linked to the needs of the economy and the future jobs market, with a focus on skills development in sectors that will lead the region's economic recovery. The focus of ESF funding on those who lack basic skills and level 2 qualifications will also promote sustainable development and social inclusion.

3.3.3 ESF will support the delivery all three Skills and Employability programmes of the EEIP, which cover the following priorities:

**1. Increasing individual and employer demand for skills**

There is a need to raise ambitions by articulating the personal benefits of workforce-related skills development for individuals, particularly skills development that is transferable between workplaces. This includes a range and breadth of appropriate training including vocational training, apprenticeships, work-based learning, and qualifications-based training.

**2. Enhancing the region's economy-led and responsive skills offer**

There is a need to improve the accessibility of learning opportunities for working adults, particularly by developing flexible learning solutions within the workplace and within business clusters and by widening access to tutors in coldspots. This could include a physical presence or remote access via ICT. Access to workforce-related skills development must be improved at all levels – from basic, employability skills to intermediate and high level skills – and must promote employment retention and career progression towards higher level jobs and respond to skills gaps and shortages articulated by employers.

**3. Developing skills for recovery and competitive advantage**

Funding should respond to the skills required by sectors that will play a key part in the region's economic recovery and on which future growth and jobs depend. Strategically important sectors are set out in policy documents, such as 'New Industry, New Jobs' and 'Jobs of the Future'. There is a need to ensure that the skills are available to support the sub-sectors in which the East of England has existing capacities and capabilities and can develop international comparative advantage. The East of England enjoys a particularly strong comparative advantage in knowledge-based sectors and trends suggest that such sectors will become increasingly important. The percentage of the population with high level qualifications will therefore need to increase to meet demand. Of particular importance will be an increased focus on training in Science, Technology, Engineering and Maths (STEM) subjects.

**4. Preparing young people for work**

Education and training for young people must provide a stronger focus on developing employability skills, skills for enterprise development and STEM-related skills to improve young people's ability to participate and compete in the future jobs market. It is increasingly important to ensure that young people remain in education and training beyond the compulsory training age and progress towards higher level skills by developing progression routes for economically valuable skills, particularly STEM subjects. When the compulsory education/training age is increased in 2013, it will be important to ensure a range and breadth of appropriate training opportunities for 16-18 year olds.

**5. Influencing employers' working practices**

Once in work, many individuals require support to remain in employment and progress their careers. Influencing employer practices with regard to flexible working, mentoring and health in the workplace will be important in supporting individuals to remain in employment. There will be a focus on priority groups, particularly those facing barriers to employment and progression.

#### **6. Enhancing redundancy support**

Redundancy support will focus on key growth employment sectors and help signpost individuals to debt/financial and health advice to ensure the delivery of sustainable employment outcomes and uplift the skills and productivity of the workforce. Priority 2 funding would support individuals still in employment but facing redundancy.

#### **7. Improving access to higher education in areas with low participation rates**

This will involve increasing the presence of/access to higher education in areas with low participation rates and little opportunity for adult participation, and developing progression routes from further to higher education.

#### **8. Expanding workforce-orientated higher education provision**

Flexible and accessible higher-level skills provision will be developed for the workforce market and will include accredited units which lead to full qualifications; non-qualification orientated courses; vocational provision assured by Sector Skills Councils with input from local businesses; foundation degrees. There will be a focus on developing workforce provision within business clusters, especially within sectors that will lead the region's economic recovery.

#### **9. Developing progression routes to high-level skills**

Skills development opportunities must promote progression from further education and non-traditional/vocations forms of learning – such as apprenticeships – towards higher-level skills and jobs.

#### **10. Developing the leadership and management skills within SMEs**

With a focus on improving business growth, innovation and productivity, funding will be used to expand, integrate and increase the uptake of leadership and management provision by providing more web-based, bite-sized leadership and management units geared to the needs of SMEs, increasing the financial support to SME managers undertaking CPD by promoting and flexing existing programmes, and expanding the region's mentoring offer.

### **Priority Sectors**

3.3.4 In relation to Level 2 and Level 3 skills needs, EESCP partners have prioritised seven priority sectors. Whilst these sectors are prioritised, this does not exclude other sectors from being eligible for ESF funds. The priority sectors are:

- construction/ built environment
- retail
- logistics
- health & social care
- hospitality
- manufacturing & engineering
- land based industries

3.3.5 ESF funding for skills will also focus on supporting the delivery of the national *New Industry, New Jobs* strategy, focussing on key sectors where interventions will have the most impact on realising the future potential of

growth industries and ensuring that the recovery from recession is led by technology and innovation, in sectors including:

- Low carbon and resource efficient technologies
- Digital and broadband technologies
- Advanced Manufacturing
- Professional and financial services
- Creative Industries
- Life Sciences

3.3.6 The Government's *Jobs of the Future* also sets out sectors that will drive sustainable economic growth as well as those sectors driven by changing demographics. These include:

- The low carbon economy
- Advanced manufacturing
- Life sciences
- Digital economy and creative industries
- Business and professional services
- Care
- Retail
- Tourism, hospitality and leisure

As emphasised above, there is a need to support the sub-sectors in which the East of England has existing capacities and capabilities and can develop international comparative advantage.

3.3.7 The green economy will provide significant opportunities across the entire UK. Whilst each region has its own set of special challenges and potential for growth within the low carbon sector, there are also a range of shared interests that apply in functional economic areas that span regional boundaries. This particularly applies to the three regions that make up the Greater South East; London, the South East and the East of England. These regions have common opportunities arising from shared growth agendas, a concentration of goods and services in the green economy and consequential needs in relation to jobs and training. As such all three regions are committed to working collaboratively in developing their ESF Frameworks. Potentially, this will provide opportunities for complementary measures in relation to the low carbon sector including the scope to work across regional boundaries in response to skill and workforce demands.

3.3.8 For 2011-2013, there will be a special focus on providing ways for the people in the East of England to access the job and training opportunities arising from emerging sectors as the economy recovers, particularly 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 for the East of England including Emerging Low carbon and Renewable Energy. Therefore provision through ESF will focus on supporting key growth sub sectors including energy efficiency and building technologies, renewable energy and waste.

## **Skills Requirements of the Olympics and Paralympics 2012**

3.3.9 There is a key opportunity for the East of England to build upon the successful tri-regional 'On Your Marks' Objective 3 programme supporting the future skills and employment needs of the 2012 Olympic and Paralympic Games. As outlined in the East of England Economic Impact Study, a number of significant skills benefits will be created, most notably in construction, logistics, culture, media, creative industries, hospitality and sport & leisure.

3.3.10 The revised Nations and Regions East strategy and business plan<sup>18</sup> identifies key areas for skills development as project management (particularly construction), event management, translation, customer service, leadership and management, and entrepreneurial skills. By using the 2012 agenda as a catalyst and working through projects and programmes such as CompeteFor, Train to Gain and Skills for Volunteering, the region aims to target skills support at companies and individuals with a mix of appropriate bite-size and full qualifications. Nations and Regions East regional aspirations include:

- Developing and creating new skills in the East of England workforce that will benefit people in their jobs up to 2012 and beyond
- Promoting a culture of learning new skills in the East of England workforce through the ethos of sporting excellence and volunteering
- Creating a wider and lasting impact by innovating and demonstrating new and effective ways of promoting workforce development and engaging people in the workforce
- Through improving the skills of the workforce, increasing business opportunities for tourism, media, sport and related sectors, including the potential for inward investment and exports, throughout the East of England
- Support the development of a workforce with the right skills in the right place at the right time to construct the 2012 Games venues in the East of England

### **Eligible Qualification Target Levels**

3.3.11 **Basic Skills:** support will be available to employees irrespective of the size of employer or sector. The focus of attention is likely to be within key vulnerable groups, such as ethnic minority groups, disabled people, and men and women who want to enter non-traditional occupations.

3.3.12 **Level 2:** this support will be available to employees irrespective of the size of employer or sector but will be primarily targeted at the Framework priority sectors priority sectors and workers without a level 2 qualification within their current occupation. Activity will focus on adding value to employer responsive branded provision.

3.3.13 **Level 3:** this support will be available for employees without a current Level 3 qualification irrespective of the size of employer or sector but will primarily targeted at the Framework priority sectors, where skills shortages have been

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<sup>18</sup> Nations and Regions East strategy and business plan - 'The Power of Possibilities' - available at [http://www.eeda.org.uk/files/EEDA\\_A4LandscapeF.pdf](http://www.eeda.org.uk/files/EEDA_A4LandscapeF.pdf)

clearly identified. Support will need to add value to the work undertaken by the relevant Sector Skills Councils in these sectors.

3.3.14 Level 4 and above: higher level skills have been identified as being of paramount importance to the success of the East of England's economy due to the region's lack of supply of higher level skills. Support at Level 4 and above will be available to employees in small business (up to 50 employees) including through the training and development in leadership, management, and technical skills that are needed for business development, business growth, innovation and productivity.

### **Participant Target Groups**

3.3.15 Priority 2 target groups are employed/self-employed people, including:

- People with disabilities and health conditions
- Black and minority ethnic groups
- Older workers
- Women
- People facing redundancy
- Migrant workers
- Managers and employees

3.3.16 In certain circumstances, people who are not employed will also be eligible for support within Priority 2 in order to address individual skills needs and specific skills shortages, where it would be unreasonable to and inflexible to exclude their participation.

### **Black and Minority Ethnic Groups**

3.3.17 Data from the 2001 Census shows that some ethnic minority group's qualification levels are significantly lower than their White British counterparts.

- No qualifications- White British, 28.3% : Bangladeshi 49.5%, Pakistani 40.5% and White Irish 35.6%
- Level 1- White British, 18.9%; Mixed White & Black Caribbean, 21.9% and Black Caribbean 20.5%.
- Qualified to at least level 3- White British 24.4%; Mixed White & Black Caribbean 22.5% and Bangladeshi 19%.

3.3.18 In 2008, the share of non-white working age adults without qualifications was 10.4%, compared to 7.3% for white counterparts, though the proportion of the non-white group below Level 2 showed a smaller adverse gap, 18.2% for non-white ethnic groups and 17.6% for white.

### **Women**

3.3.19 The most recent data (2008) shows that in the East of England for working age people, the share of women qualified is higher than that of men at every threshold except Level 3. When looking at those economically active, the share of women qualified is higher at Level 3 as well. Yet female full-time employees earn only 77% of male full-time employees<sup>19</sup>.

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<sup>19</sup> Median, ASHE 2008

## **Older Workers**

- 3.3.20 Demographic changes in the region increase the need for drawing on the skills of older people. 19.3% of people aged 50 to state retirement age have no qualifications, compared to just 6.5% of 25-29 year-olds. Those over 50 account for over 40% of the region's working age population without qualifications and over 30% of those not qualified to Level 2. This highlights the need for ensuring that the needs of older workers are recognised in the training offer, especially with demographic and economic changes calling for longer working lives.
- 3.3.21 Digital Britain Review of ICT User Skills 2009 found that older people, together with those socially excluded and those with few qualifications are disproportionately represented among the 11.6 million adults in England who lack basic computing skills. OFCOM's media literacy audits also show that older people are more hesitant in recognising the advantages of ICT, leaving them at risk of being left behind in a world increasingly dependent on digital technology.

## **People with Disabilities and Health Conditions**

- 3.3.22 Nationally, in 2008, the share of economically active people without disability without Level 2 qualifications was 19.9% (7.2% with no qualifications), while for those with disabilities, the figures were 17.3% and 10.4%.
- 3.3.23 Evidence from the 2005 secondary analysis of the National Adult Learning Survey 2001 and 2002<sup>20</sup> shows that the percentage of people that had taken up taught learning was significantly lower among those with disabilities, health problems or long term illnesses (26%) than the non-disabled (60%). Percentages were similar for those undertaking self-directed learning.

## **People facing Redundancy**

- 3.3.24 A fully co-ordinated support service to employers and their employees that are facing or at risk of redundancy is required to enable them to up-skill and find new employment. This activity must link strongly with activity delivered through Jobcentre Plus. Training should be focussed on the sectors identified in this Framework and be linked to sustainable job outcomes and be used as a springboard for uplifting skills and productivity within the workforce.

## **Migrant Workers**

- 3.2.25 Migrant workers in the East of England require concerted action to provide them with information and make available educational and career development opportunities. The region needs to continue its efforts to remove the barriers that prevent local businesses, and migrants themselves, making the most of their talents. This should include easier recognition of employment skills, foreign qualifications, flexible and more accessible English-language training including the implementation of "first steps" ESOL; and leadership and management training to allow for career progression.

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<sup>20</sup> 'Secondary Analysis of Regional Data in National Surveys. Evidence from the National Adult Learning Surveys 2001 and 2002. Region: East of England,' National Centre for Social Research, July 2005

## **Indicative Activities**

3.2.26 Activities under the Activities under the ten East of England Implementation Plan priorities outlined in section 3.3.3 may include:

- activities to support access to and provision of apprenticeships
- training in basic literacy and numeracy skills ESOL and ICT
- activities to support access and progression from foundation level to level 3
- training for workers leading to level 2 qualifications
- training for workers leading to level 3 qualifications in sectors where there are skills shortages at level 3, in SMEs and for women and ethnic minorities in sectors and occupational areas where they are under-represented at level 3.
- lifelong learning and vocational training for low skills and low paid women workers to improve progression
- training, mentoring and supporting men and women to want to enter occupations or sectors where their gender is under-presented
- training for older workers in order to update their qualifications and skills and prolong their working life
- training for workers who face redundancy or have been made redundant
- training in ICT, e-learning skills and eco-friendly technologies
- initiatives by social partners to promote lifelong learning skills in the workplace
- initiatives to ensure the supply of skills relevant to employers' need
- training of childcare and other care workers
- skills for entrepreneurship, self-employment and social enterprise
- training in environmental management and protection skills and in eco-friendly technologies, including training which supports renewable energy sectors, energy efficiency and recycling

3.2.27 There is limited scope for higher level activity including:

- activities to support access of disadvantaged groups to Higher Education, but not including Higher Education itself.
- lifelong learning and training for managers and workers (at any level, including level 4 and above) in small business (up to 50 employees) including training and development in leadership, management, and technical skills needed for business development, business growth, innovation and productivity
- training for trainers (at any level including level 4 and above) to deliver basic skills and other provision which benefits ESF target groups.

## **3.4 Solutions for Business**

3.4.1 The business support simplification programme which is commonly referred to as Solutions for Business (SfB) was introduced in response to businesses saying they are confused by all the public sector business support which leads to many businesses being discouraged from accessing the help they need. The programme aims to make publicly funded business support more effective, easier to access and better value for money. This includes schemes funded by the European Social Fund.

3.4.2 The process of simplification created a portfolio of 32 products, bringing it down from originally over 3,000 different schemes. Any new publicly funded business support, including schemes funded by the EU, will need to fit under one or more of these products using a unified SfB brand.

3.4.3 There are a number of SfB Business Principles:

- All publicly funded business support schemes, including EU funded schemes, will fit under the SfB product portfolio
- All publicly funded business support schemes will use the unified SfB brand alongside the EU publicity requirements
- Service providers will need to work closely with Business Link (BL) to avoid duplication, ensure businesses are aware of their schemes and customer journey is complete (i.e. once business received support they should be referred back to BL for other available support)
- All products will be measured and evaluated on a regular basis

3.4.4 The Business Benefits of the SfB Programme include:

- Consistent offer which is easy to understand and access
- Better value for money
- Targeted easy to measure support

## **4 Cross Cutting Themes**

### **4.1 Introduction**

4.1.1 Cross Cutting Themes (CCT) are an integral part of the Regional Framework in terms of promoting best practice and mainstreaming them into activities. They also have a role to promote economic sustainability.

4.1.2 In line with the national ESF Programme, the East of England Framework contains two cross cutting themes. These are:

- Equality and diversity
- Sustainable development

4.1.3 These CCTs will be implemented through a 'dual approach' and the relevant process of integrating these themes into all ESF activity at project-provider/CFO level is set out in the Operational Guidance. This framework provides a strategic steer for CFO plans on cross cutting theme issues which are specific to the East of England.

4.1.4 In line with EC regulation 1083/2006 and the NSRF the ESF Framework and activities within it will comply with all relevant EC and UK legislation on eliminating unlawful discrimination on the grounds of race, gender, disability, age, religion, belief or philosophy, sexual orientation, transgender / sexual re-assignment, membership or non-membership of a trade union. . It includes a commitment to upholding the Human Rights Act 1988. UK legislation also confers on public sector authorities, the duty to promote race, disability and gender equality, and to undertake equality impact assessments in meeting these duties. As good practice and in the spirit of the Equality Bill, we would encourage the equality impact assessment to take into account the additional equality strands (see next paragraph).

4.1.5 The duties apply to all organisations which deliver a service under contract to a public sector organisation. Thus all public, private and third sector bodies involved in the ESF Framework, from governance to delivery, must demonstrate that their employment and delivery practices are in line with these requirements. The UK Equality Bill, expected to come into force during the latter part of 2010, will extend the public sector duties to promote equality across the full range of equality strands.

4.1.6 Equality and diversity will be integrated into the planning, implementation and evaluation of the Framework as a whole. Integration into project design, planning, implementation and evaluation process is supported through this framework and targets will be set, which will be monitored and evaluated in order to measure output and effectiveness.

## 4.2 Equality and Diversity

4.2.1 The Operational Programme identified groups which face particular disadvantage in the labour market (e.g. disabled people, lone parents, people from ethnic minority groups, older people), which are all relevant to the East of England. The RES sets out particular actions to promote equality, diversity and inclusion in developing the regional economy. The RES identifies groups whose skills levels are such that they are under-represented in the labour market which in addition to those mentioned above, includes women, corresponding with those in the national ESF OP.

4.2.2 Evidence shows that many people from the most disadvantaged regional communities even if in employment, work in low paid, less skilled jobs with limited opportunity for career advancement. The ESF CCTs will support the RES goal to enhance the region's ability to create sustainable employment opportunities, enhance the quality of existing jobs and provide well defined routes for all people to access the skills training they need to fulfil their potential.

### Equal Opportunity and Diversity issues in the East of England

	Issue in the East of England	Framework Support
Gender	Women could offer the greatest potential for increasing the skills of the regional workforce. Levels of skills and employment are lower amongst some ethnic minority women than others, and will require consideration in the approach taken to meet their needs.	Gender equality will be an integral part of all activity, with particular focus on supporting participation in the labour market.
Ethnicity	Disadvantage experienced by ethnic minority groups include low levels of employment, earnings levels and progression opportunities. Differences in disadvantage across discrete minority groups, age and gender are also apparent.	The Framework supports provision of activities to address the various challenges faced by specific ethnic groups, particularly where issues are addressed in conjunction with other influencing factors.

Disability	There is a high proportion of disabled people with no qualifications. Participation in training and employment is also significantly lower than amongst non-disabled people.	The Framework actively supports the provision of accessible programmes that enable a much higher level of engagement in training, as well as the labour market
Age	There is a high proportion of people over 50 (particularly men) with few or no qualifications. Regional demographic changes increase the need to maximise the potential of older people and recruit and retain them in the workforce, to help address skills shortages.	The Framework promotes activity to support projects which target the 50+ age group.
Migrant workers	A large proportion of migrant workers are working below their technical skills level, often due to a lack of proficiency in the English language. This is of particular significance in areas of major skills shortages. There have been examples of illegal exploitation of migrant workers.	The ESF programme will support activities that enable this group to maximise their potential (e.g. English language training) and promote activity to enhance the co-ordination of support services for migrant workers to fully utilise their skills and benefit the region's economy.
Employment Barriers	Practical barriers to access employment opportunities include; access to/take up of learning opportunities, limited or no command of the English language, lack of confidence, access to child care/other care provision, access to services from more remote areas, reducing levels of public transport, negative attitudes of employers and training providers	The Framework aims to ensure that all ESF funding is targeted towards individual's needs in providing support to overcome their specific barriers to employment and skills development.

### 4.3 Sustainable Development

4.3.1 Sustainable development activity, in line with EC Regulation 1083/2006 and the UK NSRF, will build on the work undertaken in the 2000-06 programme. In this, it recognises that sustainability of all projects or programmes should be judged on the three core aspects of sustainable development - social, economic and environmental sustainability. These elements are inter-related and will promote the following three sustainable development objectives:

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

4.3.2 This section sets out the broad principles of how ESF could support the sustainable development aspirations in the East of England 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.

#### 4.3.3 **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.

#### 4.3.4 **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 environmental management skills and awareness of environmental issues in industries which are likely to have impact on the environment such as construction and transport;
- 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.

#### 4.3.5 **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.

#### 4.3.6 **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 project - design, implementation arrangements, monitoring and evaluation.
- Co-financing plans will set out in more detail how the principles of sustainable development will be integrated.

## 5 **Innovative and Transnational Mainstreaming Activity**

## **5.1 Introduction**

5.1.1 The national ESF programme contains scope to support a small range of strategic, regional projects to develop and deliver new ways of extending employment opportunities and raising workforce skills. In doing so, it will contribute to the challenges of promoting social inclusion, raising productivity, fostering competitive businesses and living within environmental and demographic limits. Six themes have been agreed nationally by the ESF Innovation, Transnationality and Mainstreaming sub-committee covering both ESF Priorities. The East of England has selected four themes, two of which cover both priorities and these are detailed below:

### Priority 1

- Active Inclusion – Encouraging new methodologies for vocational pathways to ease people’s transition into the labour market by developing and delivering innovative ways of helping unemployed and inactive people make the transition from unemployment and inactivity to sustainable employment.
- Engaging with Employers – Encouraging new methodologies for vocational pathways to ease people’s transition into the labour market by developing and delivering innovative ways to help workless people gain skills for employability and integrate into the workplace.
- Meeting New Challenges, Demographic Change – Addressing the ageing demographic scenario, helping older workers find employment and stay in the labour market by developing and delivering innovative ways to prolong working lives by re-engaging inactive older workers or retaining older workers longer in employment.

### Priority 2

- Engaging with Employers – Innovative approaches to re-engage adults into lifelong learning by focussing on developing and delivering innovative ways at meeting employers’ skills needs.
- Meeting New Challenges, Demographic Change - Impacts of migration and the needs of migrant workers around parity of qualifications, language training, enterprise and skills by developing and delivering innovative ways if integrating migrant workers into the workforce to address employers’ skills needs.
- Climate Change and the Environment – New skills to support these areas by developing and delivering innovative ways of improving skills for climate change and sustainable development within the workforce. To focus on training in environmental management and protection skills and in eco-friendly technologies, including training which supports renewable energy sectors, energy efficiency and recycling.

## **5.2 2007-2010 Activity**

5.2.1 Learning from other countries is an important dimension of innovation within the ESF programme. Projects will therefore include an element of transnational or inter-regional co-operation with at least one other EU

Member State. This may involve joint development of new approaches, as well as sharing or transferring good practice between Member States.

5.2.2 The East of England is currently supporting two innovative and transnational projects within the first half of the programme. The first funded under the Active Inclusion theme within Priority 1 assists mental health users to reintegrate into the labour market and the second under the Engaging with Employers theme within Priority 2 aims to address the decrease in the number of apprenticeships within the engineering sector in Essex.

5.2.3 Thematic networks have been set up nationally to enable projects and decision makers to come together to share progress and learning to reinforce the mainstreaming process.

## **6 Financial Allocations 2011-2013**

### **6.1 Introduction**

6.1.1 The table below details indicative annual ESF financial allocations by Priority for the East of England for the second half of the programme covering 2011-2013. Final allocations will be confirmed in January 2010 by ESF Division.

<b>Year</b>	<b>Priority 1</b>	<b>Priority 2</b>	<b>TA Allocation</b>	<b>Total</b>
<b>2011</b>	£17,286,082	£11,590,870	£291,686	<b>£29,168,638</b>
<b>2012</b>	£17,647,773	£11,806,719	£297,520	<b>£29,752,012</b>
<b>2013</b>	£17,602,521	£11,750,403	£296,495	<b>£29,649,419</b>
<b>Total</b>	<b>£52,536,376</b>	<b>£35,147,992</b>	<b>£885,701</b>	<b>£88,570,069</b>

## **7 Outputs and Results**

## 7.1 Introduction

7.1.1 The following tables set out the East of England's outputs and results targets for 2011-2013. The numbers of participants, outputs and results have been disaggregated among the regions on the basis of regional financial allocations.

### Priority 1

Indicator		2007-13 quantification	2011-13 quantification
<b>Outputs</b>			
Total number of participants		68,200	29,200
Number and % of participants who are unemployed	(a)	28,500	12,100
	(b)	42%	42%
Number and % of participants who are inactive	(a)	23,300	10,050
	(b)	34%	34%
Number and % of participants aged 14 to 19 who are NEET or at risk of becoming NEET	(a)	13,600	5,800
	(b)	20%	20%
% of participants with disabilities or health conditions		22%	22%
1.6 % of participants who are lone parents		12%	12%
1.7 % of participants aged 50 or over		18%	18%
1.8 % of participants from ethnic minorities		16%	16%
1.9 % of female participants		51%	51%
<b>Results</b>			
Number and % of participants in work on leaving	(a)	15,000	6,400
	(b)	22%	22%
Number and % of participants in work six months after leaving	(a)	17,700	7,550
	(b)	26%	26%
Number and % of economically inactive participants engaged in jobsearch activity or further learning	(a)	10,500	4,500
	(b)	45%	45%
Number and % of 14 to 19 year old NEETs or at risk, in education, employment or training on leaving	(a)	6,100	2,600
	(b)	45%	45%

### Priority 2

Indicator		2007-2013 quantification	2011-13 quantification
<b>Outputs</b>			
Total number of participants		69,800	29,900
Number and % of participants with basic skills needs	(a)	28,500	11,950
	(b)	41%	41%
Number and % of participants without level 2 qualifications	(a)	28,600	12,050
	(b)	41%	41%
Number and % of participants without level 3 qualifications	(a)	8,500	3,650
	(b)	12%	12%
% of participants with disabilities or health conditions		15%	15%
% of participants aged 50 and over		20%	20%
% of participants from ethnic minorities		8%	9%
% of female participants		50%	50%
<b>Results</b>			
Number and % of participants gaining basic skills	(a)	12,800	5,350
	(b)	45%	45%
Number and % of participants gaining level 2 qualifications	(a)	11,400	4800
	(b)	40%	40%
Number and % of participants gaining level 3 qualifications	(a)	2,600	1,150
	(b)	30%	30%