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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 worklessness and low skills, 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 Programmes¹ 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 has 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 employment and skills 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.

1.2 Framework Status

- 1.2.1 This version of the regional ESF framework is a draft awaiting completion of the 2009 revision process.

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 Co-Financing Organisations (CFOs) to develop their plans for 2011-2013.
- 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). This has resulted in a draft revised Framework which will be 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

¹ European Structural Funds programmes refer to European Regional Development Fund and the European Social Fund

Authorities, the 3rd 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.

1.3.3 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.

1.3.4 An informal consultation process will however take place to inform regional stakeholders and stimulate debate and comments will be welcomed on specific aspects of the revised Framework as detailed below:

- 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.

1.3.5 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.

1.3.6 On completion of the consultation process, a final draft regional ESF framework will be 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 which has led to the focus of ESF activity 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 also designed to complement and add value to domestic funding for employment and skills. 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 to respond 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 higher level skills linked closely to business need and key growth sectors are needed 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
- Other initiatives to help the longer term unemployed into work and improve skills levels within the workforce (e.g. Local Employment Partnerships, Skills Pledges).
- 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
- Volunteer provision to 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.

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;
- Supporting the development of jobs in key regional growth sectors as set out within the New Industry, New Jobs strategy; and
- Working with Local Authorities to support the delivery of Local Area Agreement employment and skills targets to best meet local needs.

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

1.5 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 The East of England is one of England's strongest regional economies and forms part of the dominant Greater South East economy. The region's standing is reflected in the growth in its population and economy between 2002 and 2007:

- Population growth above the English average to a total of 5,661,000; constituting 11% of England's total population.
- Economic growth of 27% in its Gross Value Added, the third highest GVA per head figure of the English regions.

2.1.2 According to the East of England Recession Impact report²:

- It is estimated that employment has decreased by 14,000 in the last twelve months (as at October 2009), and unemployment has increased by 59,000. The region's unemployment rate is 6.5% and is likely to increase further. The region began the recession with a lower unemployment rate than nationally, and this continues, with the UK rate now at 7.8%.
- As well as redundancies occurring and people losing their jobs, employers have reduced recruitment, resulting in unemployment amongst new labour market entrants. The lack of entry level jobs is leading to significant increases in youth unemployment. In previous recessions, unemployment continued to increase even after recovery in economic output had begun.
- Manufacturing and construction sectors have experienced significant levels of redundancies and job losses. Transport and logistics have also been significantly affected, with notable business closures and redundancies. Forecasts indicate that construction may recover quickly, and that strong jobs gains from 2010 onwards may occur in business and financial services, personal services, education and health, and retailing.
- There have been local impacts, with Peterborough, Harlow, Basildon, Southend, Castle Point, Thurrock, Luton and Stevenage experiencing some of the highest increases in claimant unemployment in the region. This is

² The East of England Recession Impact report (September 2009), Insight East, available at <http://www.insighteast.org.uk/Download.aspx?id=17383>

partly explained by the industrial structure of these areas. Many of these areas began the recession with higher than average levels of unemployment.

2.1.3 Whilst it appears that the East of England has been slightly more resilient in terms of jobs losses than the England average, findings of EEDA's 2009 Economic Participation Study have confirmed how the number and nature of the jobs base has changed in the East of England.

2.1.4 The number of jobs has fallen, redundancies have increased and the number of vacancies has decreased across all industries, but most significantly in manufacturing, retail and hospitality, and business and financial services. The effect of these labour market changes is not only an increase in the number of individuals who are unemployed but also fewer opportunities for the unemployed and recently redundant to find work.

2.1.5 As a result, economic participation levels have changed as follows:

- Between Q2 2008 and Q2 2009, approximately 54,000 jobs have been lost in the region. Manufacturing, construction, retail and hospitality, and business and financial services appear hardest hit.
- Redundancies have increased significantly and redundancy levels remain high.
- Vacancies are approximately 25% down in 2009 compared with 2008 levels, although an upward trend is apparent.
- In February 2009, there were 433,000 working age benefits claimants in the East of England, which is a 10 year high figure. The increase has primarily been the result of the increase in JSA claimants. The number has effectively doubled between August 2008 and 2009 with an additional 56,000 JSA claimants in the region.
- By occupation, workers in construction and manufacturing-related occupations, customer service roles and administrative and secretarial occupations have been most affected.

2.1.6 Subsequent to the publication of the RES in 2008, the region embarked upon developing a joint implementation plan for the RES and the Regional Spatial Strategy (RSS), a draft of which was consulted on in Spring/Summer 2009 with the final plan due to be published in December 2009.

2.1.7 The East of England Implementation Plan (EEIP) will create a set of shared implementation priorities at regional and sub-regional levels and align the targets and objectives of the RES and RSS. It will set out the critical interventions needed to meet these up to 2021 and beyond and will provide a framework that focuses on regionally significant interventions. The ESF Framework needs to align to the EEIP to ensure that ESF activities deliver on agreed regional skills and employability priorities.

2.1.8 The EEIP's aim of ensuring that regional resources are maximised and targeted at regional priorities is also backed by the Government's publication of "New Industry, New Jobs"³ (NINJ). This 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. See paragraph 3.3.39 for further details.

³ <http://www.berr.gov.uk/files/file51023.pdf>

- 2.1.9 “Jobs of the Future⁴” considers expected jobs growth based on emerging trends and recognises that the Health and Social Care, Retail, and Tourism, Hospitality and Leisure sectors will also play a key part in a sustained economic recovery:
- 2.1.10 Small and medium sized enterprises (SMEs) make up the majority of the region’s business community. In 2003, there were over 430,000 businesses, just 530 of which were large enterprises (250 plus employees). In 2005, total entrepreneurial activity was higher than the UK average and, between 2004 and 2005, the share of the population considering starting a business increased against a decline for the UK as a whole.
- 2.1.11 The East of England has one of the strongest labour markets in the country however the region needs to ensure that it maintains its relative position. Since 2004, the region’s labour market performance has deteriorated and the gap between the East of England and the UK average has narrowed. There has also been a shift in the nature of employment with a decline in both full-time and part-time employment, whilst the number of temporary employees and self-employed is growing.
- 2.1.12 Although the Region has lower than average levels of unemployment, there are areas with persistently high unemployment rates. Certain groups of people are also more likely to experience barriers to employment, particularly older people, lone parents, the low skilled, disabled people and certain ethnic minority groups. Further detail is provided within the Priority 1 section of the Framework.
- 2.1.13 As outlined in the RES, the East of England displays characteristics of a low skills equilibrium labour market, where an economy becomes trapped in a spiral of low value added, low skills and low wages. This contrasts with much stronger performance against the other drivers of productivity and employment indicators. The East of England’s skills base compares unfavourably to the UK as a whole. The region has a higher percentage of working age adults with low level skills and lower percentages of adults with intermediate and high level skills than the UK average. However, whilst relatively few businesses report skills gaps among their workforce or difficulties in recruitment, trends suggest that, as the knowledge economy becomes increasingly more important in the region, improving our skills base will be necessary to make a significant difference to business performance.
- 2.1.14 For the East of England economy to grow it needs people with skills that match the available employment opportunities. The quality and quantity of skills provision is vital and impacts on all the productivity drivers in determining how businesses innovate and respond to rapidly changing and global markets, boosting business start-up rates and making sure that people are able to access good jobs. The East of England needs people and businesses to understand the value of learning and skills and develop education and training to better meet the needs of the regional economy.

⁴ http://www.hmg.gov.uk/media/41730/jobs_of_the_future.pdf

2.2 Spatial Context

- 2.2.1 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 Bedford, Cambridgeshire and along parts of the Suffolk/Norfolk coastline.
- 2.2.2 The East of England encompasses many successful local economies but also deprived areas in need of economic development and regeneration. The region 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.
- 2.2.3 In the context of the Sustainable Communities Plan and the emerging Regional Spatial Strategy (RSS), many parts of the region are set for substantial population and housing growth. This includes the three Growth Areas of Thames Gateway South Essex⁵, the London-Stansted-Cambridge-Peterborough corridor, and the Bedford and Luton area which is within the Milton Keynes-South Midlands growth area which were formally designated in 2003⁶, together with the recently-designated Growth Points (Haven Gateway, Norwich and Thetford). The proposed changes to the draft RSS suggest a total of 21 Key Centres for Development and Change and the proposal is that these should provide the spatial focus for growth in the period to 2021.

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 and other regional funding programmes delivered by LSC, Jobcentre Plus, EEDA and Higher Education Funding Council for England (HEFCE) such as:

- Future Jobs Fund
- Economic Participation Programme
- Rural Development Programme for England
- Aimhigher

⁵ Part of the wider Thames Gateway which is both a Growth Area and a national priority for regeneration

⁶ 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

European Regional Development Fund

2.3.2 It is desirable that linkages between ESF and ERDF 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 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 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 To determine ESF priorities for the East of England, this Framework presents the key issues and opportunities facing the region by drawing on evidence from a range of regional documents⁷.

3.2 Priority 1: Extending Employment Opportunities

3.2.1 The objective of Priority 1 is to increase employment and to reduce unemployment and inactivity. It will help to tackle barriers to work faced by disadvantaged groups, with a particular focus on those with multiple disadvantage. These include people with disabilities and health conditions, lone parents and other disadvantaged parents, older workers, ethnic minorities, and people with no or low qualifications. It will also help young people make a successful transition to the world of work, in particular those not in education, employment or training (NEET), or at risk of becoming NEET.

Target Groups

3.2.2 Unemployed and economically inactive people are eligible for support within Priority 1. In line with regional priorities, there will be a particular focus on the target groups listed below. It is recognised within the Framework that some of the issues faced by these target groups will be more prevalent in certain areas of the region and it is expected that CFOs will take this into account when developing their plans.

- People with disabilities and health conditions
- Black and minority ethnic groups
- Women

⁷ including the Regional Economic Strategy, Integrated Regional Strategy, the LSC's East of England Regional Strategic Analysis, EESCP's Framework for Action, the European Operational Programme 2007-13 and the Comprehensive Spending Review evidence base

- Older adults (aged over 50)
- Lone parents
- Ex-offenders and offenders
- Young People Not in Education, Employment or Training (NEET) and those at risk of becoming NEET

3.2.3 A sub-regional study⁸ identified older people, women and people with disabilities as offering the greatest potential for increasing the regional workforce. The analysis behind EESCP's Framework for Action 2006-2009 also identified lone parents, people with disabilities, black and minority ethnic groups in disadvantaged areas and older adults as target groups for increasing employment.

Unemployment and Economic Inactivity

3.2.4 In February 2009, there were 433,000 claimants in the East of England, broken down as follows:

- Job Seekers Allowance (JSA) claimants (25%)
- Incapacity Benefits/Employment Support Allowance (ESA) claimants (43%).
- Lone parents claiming Income Support (13%).
- Other claimant groups, which include carers, the bereaved and others on income related benefits (19%).

3.2.5 The proportion of JSA claimants has increased from 16% in 2008 to 25% in 2009 due to the impact of the economic recession. Nevertheless, the fact that 43% of claimants are on Incapacity Benefits/ESA is significant as these individuals are often further from the labour market and require more time and resources to increase their economic participation. Furthermore, the increase in JSA claimants, who tend to be closer to the labour market, intensifies the competition for job opportunities and puts those further from the labour market at a greater disadvantage.

3.2.6 The recession has affected localities in different ways reflecting their industrial structure, existing levels of unemployment, and their relationship to surrounding area economies. Since July 2008 there has been significant variation in the incidence of claimant unemployment amongst localities in the East of England.

3.2.7 The areas experiencing the biggest increase in the claimant count rate over the year to August 2009 were:

- Peterborough (2.6%)
- Basildon (2.4%)
- Southend-on-Sea (2.3%)
- Harlow (2.3%)
- Thurrock (2.2%)
- Stevenage (2.1%)
- Luton (2.1%)

⁸ 'Regional Economic Strategy Sub-regional Study - Stage 1 Final Report,' Bone Wells Associates, Colin Buchanan and Partners and Business Strategies, July 2002

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)⁹:
- 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.
- 3.2.10 Part of the Government's response to Black has been to set out a number of actions to support individuals, healthcare professionals and employers including the integration of health support with employment and skills provision for those out of work and raising awareness and understanding of the business case for employers to invest in the health and well-being of their workforce.
- 3.2.11 The Annual Population Survey (APS) 2008 shows the proportion of the working age population who have a limiting long-term illness and the proportion who have a disability. In theory, there should be no difference in the proportions across England's regions but, in practice, the regions with the stronger economies 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.
- 3.2.12 The APS 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.
- 3.2.13 Mental health is more prevalent than other disabilities in those claiming Incapacity Benefit (IB) (40% or more of those claiming IB) and the rates of employment are lower than other forms of disability.

Black and Ethnic Minority Groups

- 3.2.14 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, the ethnic minority population varies significantly within the region, with ethnic minorities making up 35% of the population in one area (Luton).

⁹ Black, C (2008) Working for a Healthier Tomorrow

- 3.2.15 As outlined in the 'liC Regional Prioritisation¹⁰' report, 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. There are also 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 whereas people of Caribbean, African, Pakistani or Bangladeshi backgrounds tend to have very high rates of unemployment. 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.
- 3.2.16 Increasing economic participation levels amongst the growing 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.
- 3.2.17 In 2008, the East of England's non-white working age population was 273,400, which is an increase of 108,000 since 2003. The proportion is smaller than the England average.
- 3.2.18 In terms of the ethnic groups which make up the non-white working age population, the APS figures show the ethnicity breakdown as follows:
- Other ethnic group, which includes the Chinese ethnic group, is the largest ethnic group in the East of England at 35%.
 - Black or Black British, Indian, and Pakistani/Bangladeshi ethnic groups all make up between 16% and 22%.
- 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):
- Black or Black British, Indian and Other ethnic groups all have rates close to the East of England average at 72% or more.
 - 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.
 - Overall, the East of England has higher employment rates for each ethnic group than the national average.
- 3.2.20 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.

¹⁰ Roger Tym and Partners, 2006

Women

- 3.2.21 Women offer significant potential for increasing the region's employment rate and have been identified in the RES as a key group for which to tackle barriers to work and promote access to employment. The APS shows that over a quarter of working age women in the East of England are economically inactive. This compares unfavourably to the male inactivity rate of 13.3%. The key reason for female inactivity is looking after the family or home. Of the 408,900 women that are economically inactive, 114,000 want a job.
- 3.2.22 As a barrier to economic participation, gender does not appear to be a greater issue in the East of England than in other parts of England.
- The East of England female employment rate is 73% compared with the male employment rate of 81%.
 - The England female employment rate is 70% compared with the male employment rate of 78%.
- 3.2.23 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 38.6% of women worked in the highest paid managerial, professional and associate professional occupations compared to 47.1% of men while 35.6% of women worked in the lowest paid elementary, personal service and sales and customer service occupations compared to just 17.6% of men.
- 3.2.24 A national study¹¹ suggests that labour market rigidities are 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 that have been identified 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+

- 3.2.25 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.

¹¹ 'The impact of women's position in the labour market on pay and implications for UK productivity', Women and Equality Unit, November 2002

3.2.26 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

3.2.27 The report, 'Disadvantage and Multiple Disadvantage in the East of England'¹², 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).

3.2.28 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

3.2.29 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.

3.2.30 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 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.

3.2.31 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.

¹² Annette Jäckle, Institute for Economic and Social Research, University of Essex, 2003

3.2.32 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.

3.2.33 The following figures indicate the number of commencements of probation service orders in the region between July 2008 and June 2009:

- 11,204 community orders commenced in the region
- 3,642 Suspended Sentence Orders.

3.2.34 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%.

3.2.35 Women represent 51% of the national population and 6% of the prison population. Approximately 14% of offenders in the community are females. Female offenders have a higher proportion of employment, training and education (ETE) need than males (55%).

3.2.36 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 need also becomes increasingly likely for higher tier offenders, but not to the same extent. Data provided in the Reducing Re-offending through Skills and Employment: Next Steps published in December 2006 indicates that lack of education and skills is higher on all the following indicators:

	General Population	Offenders
Unemployed	5%	67%
No qualifications	15%	52%
Reading below Level 1	16%	38%

3.2.37 This shows that although offenders have fewer qualifications and lower reading levels than the rest of the population, levels of unemployment among this group are disproportionately high.

3.2.38 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

3.2.39 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. NEETs are far more likely to commit a crime, to be a teenage mother and to leave education because of the need to earn money or because parents cannot afford for them to stay on even with provision of education maintenance allowance.

- 3.2.40 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%).
- 3.2.41 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). Comparing NEET figures within these groups of statistical neighbours gives a more meaningful snapshot of their performance than a comparison of authorities within the region that may not have much in common other than their location.
- 3.2.42 DCSF's¹³ 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.
- 3.2.43 The recession continues to have an adverse effect, particularly among 18-year-olds. Luton and Southend are the top performers in terms of NEET in the region, but their figures for 18 year-old NEETs in August 2009 were negative showing a 36% and 17% rise respectively.
- 3.2.44 In terms of participation and attainment, those 17 year-olds in education or work-based learning for 2007/8 rose year on year in most authorities in the region. The most marked improvement was Peterborough with a year on year increase of nearly 2%. Suffolk's figure has reduced by just over 1%.

Migrant Workers

- 3.2.45 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% of the total NINo registrations across England.
 - 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

¹³ 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.

measure, the East of England has the third highest concentration of migrant workers across England's regions.

3.2.46 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.

3.2.47 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

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

3.2.49 Activities 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 Level 3 and Level 4; 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 By developing a skilled and adaptable workforce, this priority will help to improve productivity, innovation, enterprise and competitiveness. The East of England enjoys a particularly strong comparative advantage in the knowledge-based sector but trends suggest that this sector will become increasingly important and the percentage of the population with high level qualifications will need to increase to meet demand. The East of England needs people and businesses to understand the value of learning and skills and develop education and training to better meet the needs of the regional economy. By focussing on those who lack basic skills and level 2 qualifications, this priority will also promote sustainable development and social inclusion. By improving the qualifications of low skilled and part-time women workers, it will help to promote gender equality and reduce gender gaps in the workforce.

Basic Skills

- 3.3.3 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. 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.
- 3.3.4 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).
- 3.3.5 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.
- 3.3.6 The survey showed that Luton, where the share without functional numeracy is the regions worst, includes National Indicator 162 (Learners achieving an Entry Level 3 qualification in numeracy) in its Local Area Agreement (LAA). It is the only LAA in the East to include a Basic Skills national indicator.
- 3.3.7 The East of England's share of working-age people who have no qualifications is 11.8%, lower than the England average of 12.3%, and the share qualified to at least Level 1 is in line with the national average at 78.8%.

- 3.3.8 Women tend to have poorer numeracy skills although there is little difference between the genders in terms of literacy skills. In attempting to improve basic skills in the region, it is important to recognise the strong correlation between poor literacy and numeracy and different dimensions of deprivation, including poor health, crime, employment prospects and teenage pregnancy.

Levels 2 and 3

- 3.3.9 The East of England's skills base compares unfavourably with the average for England as a whole, especially in intermediate (Level 3) skills. Whilst the level of working-age people in the region qualified to Level 1 is in line with the national average, the region lags behind the rest of England on the proportion of skills levels above that. For the proportion of people with at least Level 2+ the difference is 1.8%, for Level 3+ it is 3.1% and the gap is 2.8% at Level 4 and above.
- 3.3.10 The 2008 APS showed that over 1.2 million (37.2%) of the regions working age adults do not have a Level 2 qualification. Almost 57% of the region's working age population are not qualified to Level 3.
- 3.3.11 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.
- 3.3.12 The East of England also slightly underperforms the national average in terms of the percentage of adults qualified to Level 3
- 3.3.13 Out of the Region's LAAs, only Southend on Sea does not include a target for Level 2 qualifications (NI 163). Southend on Sea and Essex are the LAAs which include a target for Level 3 (NI 164).
- 3.3.14 The 2004-14 Working Futures¹⁴ projections for the East of England set out a picture where an even 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

Higher Level Skills (Level 4+)

- 3.3.15 Higher level skills are increasingly important in the global economy. They drive growth, facilitate innovation and are crucial for world-class management and leadership. The region has an adverse gap in higher level skills where 26.1% of working-age adults have this level compared to the England average of 28.9%. At district level, the range is very wide, varying from under 15% to over 50%. Four of the region's LAAs include targets for Level 4 qualifications: Bedford, Central Bedfordshire, Hertfordshire and Suffolk.

¹⁴ 'Working Futures 2004-14 Qualifications Report,' Institute for Employment Research, University of Warwick, September 2006

- 3.3.16 The RES 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 knowledge economy in the East of England. Projections¹⁵ 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.
- 3.3.17 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%).
- 3.3.18 The share of young students that remain in their home region of East of England to study is lower by far than in any other region and the share who study in the region that then remain here to work after graduation is also low.¹⁶ 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 and range of high skilled jobs in the region to encourage individuals to remain or return to the region after graduation.
- 3.3.19 A highly skilled workforce is adaptable to structural changes in the economy and is well positioned to grasp new opportunities. Higher-level skills lead to higher productivity for employers and higher incomes for employees, and are crucial to realising a higher standard of living for the region's residents. They also enable companies to better adapt to or anticipate global economic and industry trends.
- 3.3.20 The 'State of the Regional Economy' report states that the demand for higher-level skills is increasing and the share of jobs in sectors that use highly skilled labour intensively is set to rise. In the future, skills deficiencies could lead to a rise in structural unemployment.
- 3.3.21 The 2003 Skills for Life Survey found that the East of England has high levels of functional literacy and numeracy and, by working age qualifications, the Region has the highest proportion with NVQ Level 1 qualifications and the 3rd lowest proportion with no formal qualifications of the English regions.
- 3.3.22 The Region's higher level skills profile becomes progressively weaker the higher the qualification level. Comparing the East of England to the national average, it has:
- 97% of the English average at NVQ Level 2 or above.
 - 93% of the English average at NVQ Level 3 or above.
 - 91% of the English average at NVQ Level 4 or above.
- 3.3.23 There is now 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

¹⁵ 'Expansion Scenarios: Higher Education in the East of England', KPMG 2003

¹⁶ HEFCE Regional Profiles, 2007 http://www.hefce.ac.uk/pubs/hefce/2007/07_18/07_18.pdf

labour market but, for the region as a whole, a lower skills profile can deter potential inward investment and company expansions and hinder productivity increases as skills is a key determinant of increased productivity¹⁷

Leitch Review of Skills

- 3.3.24 The importance of rapidly enhancing the skills base of those in employment has been emphasised in the Leitch Review of Skills. The Review recommended that for the UK to become a world leader in skills by 2020, a number of targets would need to be achieved including: 95% of adults with functional literacy and numeracy skills, 90% of adults with at least a Level 2 qualification, 1.9 million more Level 3 attainments & 500,000 more Apprentices in the UK, and 40% of adults with at least a Level 4 qualification.
- 3.3.25 For the East of England to meet these targets, the percentage of adults with functional literacy and numeracy skills needs to rise by 8 % and 11% respectively, the percentage of adults with at least a Level 2 qualification needs to rise by 27% and the percentage of adults with at least a Level 4 qualification needs to rise by 14%.
- 3.3.26 The data on skills levels at Level 2 and Level 4 has a knock on effect on the projections made in the Leitch report. The 2009 UKCES report 'Ambitions 2020: A World Class Skills and Jobs for the UK' shows the scale of the gap nationally and suggests the targets will not be met.

Skills Requirements of the Olympics and Paralympics 2012

- 3.3.27 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.
- 3.3.28 The revised Nations and Regions East strategy and business plan¹⁸ 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

¹⁷ 2009 Economic Participation Study

¹⁸ Nations and Regions East strategy and business plan - 'The Power of Possibilities' - available at http://www.eeda.org.uk/files/EEDA_A4LandscapeF.pdf

- 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 (employed and volunteer) 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

- 3.3.29 **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.
- 3.3.30 **Level 2:** this support will be available to employees irrespective of the size of employer or sector but will be primarily targeted at EESCP priority sectors and workers without a level 2 qualification within their current occupation. Activity will focus on adding value to employer responsive branded provision.
- 3.3.31 **Level 3:** this support will be available for employees irrespective of the size of employer or sector but will primarily targeted at the EESCP priority sectors, where skills shortages have been clearly identified. Support will need to add value to the work undertaken by the relevant Sector Skills Councils in these sectors.
- 3.3.32 **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.

Employer Skills Needs

- 3.3.33 Currently in the recession, the greatest challenge is lack of demand across the labour market, but skills gaps and skills shortage in the recent past may point to areas that may be problematical again when the economy enters recovery.
- 3.3.34 Although the region's skill base compares unfavourably to the national average, skills shortages and skills gaps reported by employers in the NESS 2007 are not out of line with the average figures for the country as a whole. 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.
- 3.3.35 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
- 3.3.36 Skills gaps were highest for those in sales occupations and elementary occupations, each accounting for 17% of the regions reported gaps. This share is higher than their share of employment. While associate professional occupations account for a lower share of skills gaps (11%) than managers or administrators (both 13%), unlike these latter two categories, for associate professionals the relation to employment profile is disproportionate. Associate

professionals account for just 6% of employment, and that 11% of skills gaps is proportionately the highest occupational group. 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

3.3.37 Relatively few employers in the region choose 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.

Priority Sectors and Sector Skills Needs

3.3.38 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

3.3.39 In addition, the second half of the ESF programme will focus on supporting the delivery of national “New Industry New Jobs” strategy within the region 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

3.3.40 The NESS 2007 showed the scale of establishments affected by Skill shortage vacancies (SSVs), by sector, as grouped by Sector Skills Councils (SSCs). In the East of England, 30% of establishments with SSVs were outside SSC coverage. Of establishments with SSVs, these SSCs all had shares higher than 5%:

- ConstructionSkills (12%)
- People First (7%) (hospitality, leisure, travel and tourism)
- SEMTA (7%) (science, engineering and manufacturing technologies); and
- Asset Skills (6%) (facilities management, housing, property, planning, cleaning).

3.3.41 Looking at intensity of SSVs, ranked by the share of its establishments that had SSVs, the most affected sectors were

- SEMTA (8.2%)
- Creative & Cultural (7.5%)
- Summit Skills (6.9%) (building services engineering)
- ConstructionSkills (5.8%)
- Financial Services (5.6%)

Participant Target Groups

3.3.42 Priority 2 target groups are:

- Employed people/ workers
- People with disabilities and health conditions
- Black and minority ethnic groups
- Older workers
- Women
- People facing redundancy
- Migrant workers
- Managers and employees
- The unemployed and economically inactive- (to address individual skills needs and specific skills shortages only)

Skills Needs of Disadvantaged Groups

3.3.43 Certain groups of people are more likely to be more poorly qualified than others. Evidence shows that this is the case for certain ethnic minority groups, whilst gender disparities seem to have disappeared.

Black and Minority Ethnic Groups

3.3.44 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%.

3.3.45 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

3.3.46 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 employees¹⁹.

¹⁹ Median, ASHE 2008

Older Workers

- 3.3.47 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.
- 3.3.48 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

- 3.3.49 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%.
- 3.3.50 Evidence from the 2005 secondary analysis of the National Adult Learning Survey 2001 and 2002²⁰ 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

- 3.3.51 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 growth employment sectors and be linked to sustainable job outcomes and be used as a springboard for uplifting skills and productivity within the workforce.

Migrant Workers

- 3.3.52 Migrant workers continue to provide an important contribution to the regional labour force. EEDA and ESF co-financed research²¹ indicates that even in a recession, there is an important role for a foreign-born work force to play. The numbers of migrants arriving in the region has reduced, although

²⁰ '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

²¹ Longitudinal study of migrant workers in the East of England, Interim Report, Jan 2009, Anglia Ruskin University Public Policy Consultancy Group – includes quantitative research with a sample of 161 migrant workers, 73% of whom felt their skills were not recognised; 63% felt language was a barrier, and 33% non-recognition of qualification.
http://www.eeda.org.uk/files/ARU_interim_report.pdf

there has not been a mass exodus of workers already here. The flexibility and range of skills that they bring remain important to assist businesses and the region to come out of recession. Unlocking those skills remains one of the key challenges as well as attracting further talent to support business development and growth.

3.3.53 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.

Indicative Activities

3.3.54 Activities 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

3.3.55 Limited scope to 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.

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:
- Equal opportunity 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, membership or non-membership of a trade union and being transgender. It includes a commitment to upholding the Human Rights Act. Under the UK Public Authorities duties, it will promote race, disability and gender equality and eliminate discrimination on these grounds.
- 4.1.5 This requirement will also apply to all organisations which provide a public service under contract. Consequently, all public (and private) bodies involved in the ESF Framework, from governance to delivery, must demonstrate that their employment practices are in line with the gender, race and disabilities duties.
- 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 are monitored and evaluated in order to meet output and result indicators. However, cross cutting themes support the programme, but will not be a key factor in determining its success.

4.2 Equality and Diversity

- 4.2.1 The Operational Programme identified groups which face particular disadvantage in the labour market (e.g. people with disabilities, lone parents, ethnically diverse people, older people), which are all relevant to the East of England. The RES sets out particular actions to promote equality, diversity and inclusion issues in the regional economy. In terms of skills, the RES identifies the under-represented in the labour market, including older people, people with disabilities, single parents, and ethnically diverse communities, as well as women, which correspond with those in the national ESF OP.
- 4.2.2 Evidence shows many people from the most disadvantaged regional

communities even if in employment, work in low pay, less skills and limited opportunity jobs. 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. Some issues around ethnicity require additional consideration.	Gender equality will be an integral part of all activity, with particular focus on supporting participation in the labour market.
Ethnicity	Disadvantage includes employment, earnings levels and progression. Differences in disadvantage across different 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	Lower levels of employment qualifications and participation in training	The Framework actively supports the provision of 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 draw on the skills of older people. This has implications for the economy.	The Framework promotes activity to support projects that tackle this issue.
Migrant workers	A large proportion of migrant workers are working below their technical skill level, usually through poor language skills. This is of particular significance in areas of major skills shortages. There have been examples of illegal exploitation.	The ESF programme will support activities that enable this group to maximise their potential (e.g. language training) and promote activity to enhance the co-ordination of support services for migrant workers to fully utilise their skills for the benefit of the region.
Employment Barriers	Practical barriers to access employment opportunities include; access to/take up of learning opportunities, language difficulties, access to child care/other care provision, access to services from more remote areas, reducing levels of public transport, negative attitudes of	The Framework aims to ensure that all ESF funding is targeted towards individuals needs to provide support in overcoming their specific barriers to employment and skills development.

	employers and training providers and lack of confidence.	
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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 projects - design, implementation arrangements, monitoring and evaluation.
- Co-financing plans will set out in more detail how the principles of sustainable development will be integrated.

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.

Year	Priority 1	Priority 2	TA Re-allocation*	TA Allocation	Total
2011	£15,497,867	£9,607,279	£784,535	£261,512	£26,151,193
2012	£15,822,142	£9,785,107	£800,227	£266,742	£26,674,218
2013	£16,152,901	£9,966,492	£816,232	£272,077	£27,207,702
Total	£47,472,910	£29,358,878	£2,400,994	£800,331	£80,033,113

*3% of the Technical Assistance allocation will be re-allocated to either Priority 1 or 2. A recommendation based upon region need, will be put before the EPSG to approve in conjunction with the approval of the Framework.

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
Outputs			
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%
Results			
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
Outputs			
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%
Results			
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%

7.1.2 Changes to the quantification of the regional targets for 2011-2013 may be considered in the light of any adjustments to regional context and priorities in the second half of the programme (for example to reflect the balance of funding between basic skills, level 2 and level 3+ in Priority 2). Also to take account the transfer of funds from Technical Assistance and any other changes to reflect changing economic circumstances.