



Department  
for Work &  
Pensions

# EUROPEAN SOCIAL FUND OPERATIONAL PROGRAMME FOR ENGLAND 2014-2020

Public consultation

**April 2014**

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European Structural and Investment Funds  
Growth Programme for England (2014-2020)

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## EXECUTIVE SUMMARY

The European Social Fund Operational Programme is part of the European Structural and Investment Funds Growth Programme for England in 2014-2020. The Growth Programme brings together the European Social Fund, European Regional Development Fund and part of the European Agricultural Fund for Rural Development in an integrated package that will be delivered in Local Enterprise Partnership areas in England.

The European Social Fund will deliver the Growth Programme's objectives to promote employment, social inclusion and skills. The Operational Programme identifies the challenges that the European Social Fund will address and the activities that it will support. The main investment priorities will be:

- helping more unemployed and inactive people to enter and progress in employment;
- increasing the number of young people who are in education, employment or training;
- tackling barriers to work faced by the most disadvantaged groups;
- helping more people improve their skills;
- making skills provision more responsive to the needs of the local economy.

The activities supported by the programme will contribute to the Europe 2020 strategy for smart, sustainable and inclusive growth. The activities will complement or enhance support available through national programmes. They will be tailored to the needs of Local Enterprise Partnership areas as identified by European Structural and Investment Funds strategies.

Key features of the delivery of the programme will be:

- integration with the European Regional Development Fund and part of the European Agricultural Fund for Rural Development in the Growth Programme;
- strong partnership structures at national and local level;
- the option to use national delivery organisations to procure European Social Fund provision to meet local needs and provide the required national 'match' funding;
- the mainstreaming of equal opportunities and sustainable development;
- the option to support community led local development.

The programme will incorporate additional funding from the Youth Employment Initiative for areas with very high youth unemployment rates.

## INTRODUCTION

1. This document sets out the key elements of the European Social Fund Operational Programme 2014-2020 proposal that will be submitted to the European Commission.
2. The programme will cover three of the European Union's thematic objectives for European Structural and Investment Funds in 2014-2020:
  - Thematic objective 8: Promoting sustainable and quality employment and supporting labour mobility.
  - Thematic objective 9: Promoting social inclusion, combating poverty and any discrimination.
  - Thematic objective 10: Investing in education, training and vocational training for skills and life-long learning.
3. The other thematic objectives will be addressed by the European Regional Development Fund. The European Social Fund will be able to complement activities under these objectives.
4. The programme will cover the whole of England. It covers three of the 'categories of region' defined by the European Union:
  - less developed (GDP per capita is less than 75% of the EU average): Cornwall and the Isles of Scilly;
  - transition (GDP per capita is between 75% and 90% of the EU average): Cumbria, Devon, East Yorkshire and North Lincolnshire, Lancashire, Lincolnshire, Merseyside, Shropshire and Staffordshire, South Yorkshire, and Tees Valley and Durham;
  - more developed (GDP per capita is above 90% of the EU average): the rest of England.
5. The programme contains the following sections:
  - 1. Strategy: sets out the challenges and needs, and how the European Social Fund will be used to address these in a way that complements and adds value to national programmes.
  - 2. Investment priorities: sets out the activities that the European Social Fund will support to address the challenges and needs, and the results that will be achieved. The ESF Regulation requires that most ESF funding is concentrated on up to five of the investment priorities in the Regulation.
  - 3. Territorial development: considers community led local development, sustainable urban development and transnational co-operation.
  - 4. Partnership: sets out the arrangements for involving partners in the preparation and implementation of the programme.
  - 5. Co-ordination with other Funds: outlines the principles for co-ordinating the European Social Fund with other relevant European

Union and national funds.

- 6. Administration: outlines the action that is being taken to simplify delivery systems and reduce burdens on beneficiaries.
  - 7. Cross cutting principles: describes how sustainable development, equal opportunities and gender equality will be mainstreamed within the programme.
6. The consultation document has been informed by informal consultations with partners over the past two years on the delivery of European Structural and Investment Funds in England, and the local strategies developed by local partners in each Local Enterprise Partnership area.
  7. The responses to the consultation will inform the version of the Operational Programme which is submitted to the European Commission in June or July 2014. This version will also contain financial tables and technical information required by European Union regulations. The financial tables will be based on information provided in the local strategies.

# 1. STRATEGY

## 1.1 Introduction

8. The European Social Fund (ESF) Operational Programme is part of the European Structural and Investment Funds Growth Programme for England in 2014-2020. It will deliver the Growth Programme's priorities to increase labour market participation, promote social inclusion, and develop the skills of the potential and existing workforce. The programme will incorporate Youth Employment Initiative (YEI) money for areas with very high rates of youth unemployment.
9. The ESF and YEI funds for England are significant but are modest in the context of public expenditure on employment, social inclusion and skills. The ambitions for what the ESF and YEI funding can achieve must therefore be realistic. The ESF and YEI will need to be aligned and co-ordinated with other national and local employment, skills and social inclusion activity.
10. The funding must be concentrated on a number of issues which will enable it to tackle barriers and achieve real benefits for individuals, enterprises and local communities, building on needs identified by local partnerships in their European Structural and Investment strategies. All activities funded by the ESF and YEI will need to contribute and add value to the programme's strategy, and this will be assessed when projects are selected.
11. The strategy section of the Operational Programme sets out how the ESF and YEI investment across England as a whole will contribute to the European Union's strategy for growth. It takes account of the relevant Europe 2020 objectives, 2013 Country Specific Recommendations to the UK and priorities identified in the UK National Reform Programme.
12. The strategy sets out the intervention logic for the ESF in England, building on the analysis in the UK Partnership Agreement. It identifies the needs and challenges that the ESF will address, and the thematic objectives and investment priorities that will be used. The investment priorities are set out in more detail in section 2. The intervention logic is summarised at annex B.
13. Disparities across different areas in England are often illustrated using Local Enterprise Partnership (LEP) level data, as these are the organisational units of delivery for the majority of England's European Structural and Investment Funds. However, LEP-level data is not available for several key indicators. In these cases, the geographical unit selected is the best to illustrate the point made in the narrative.
14. The ESF and YEI aim to address the needs of individuals. In most cases these do not vary significantly by geographical area or category of



region. The activities to address these needs are the same or similar across the three categories of region (less developed, transition, and more developed). The strategy therefore generally applies to all three categories of region. However where there are issues specific to a category of region these are highlighted. This is particularly the case in the less developed region of Cornwall and the Isles of Scilly. For the transition and more developed regions, there are often greater variations within each category than between each category. For example, the highest rates of unemployment are in areas that include major cities whether or not they are in the transition or more developed category.

## **Europe 2020 strategy**

15. The programme will contribute primarily to the inclusive growth dimension of the Europe 2020 strategy which covers the thematic objectives for employment, social inclusion and skills.
16. The Europe 2020 objectives relevant to the ESF are:
  - Employment: 75 percent of the population aged 20-64 should be in employment.
  - Social inclusion: 20 million less people across the EU should be at risk of poverty.
  - Education: The share of early leavers from education and training should be under 10%; and at least 40% of 30-34 year-olds should complete third level education.
17. The Country Specific Recommendations relevant to the ESF are:
  - Building on the Youth Contract, step up measures to address youth unemployment, for example through a Youth Guarantee. Increase the quality and duration of apprenticeships, simplify the system of qualifications and strengthen the engagement of employers, particularly in the provision of advanced and intermediate technical skills. Reduce the number of young people aged 18-24 who have very poor basic skills, including through effectively implementing the Traineeships programme.
  - Enhance efforts to support low-income households and reduce child poverty by ensuring that the Universal Credit and other welfare reforms deliver a fair tax-benefit system with clearer work incentives and support services. Accelerate the implementation of planned measures to reduce the costs of childcare and improve its quality and availability.

## **1.2 Labour Market**

### **Economic context**

18. England represents up to 85% of the UK's output and workforce. The UK economy is recovering from the biggest financial crisis in generations,

which led to one of the deepest recessions of any major economy. Signs of recovery are now starting to emerge with positive growth in 2013. Forecasters also expect this growth to continue and strengthen. The Office for Budgetary Responsibility economic and fiscal outlook is forecasting steady year on year increases in growth. Its expectation is that growth will rise to 2.6% of GDP by 2017.

### **Employment, unemployment and inactivity rates**

19. During the recession the level of employment remained resilient, although the rate of employment fell. The employment rate is now increasing and unemployment is falling.
20. The Europe 2020 objective is 'to raise to 75% the employment rate for women and men aged 20-64, including through greater participation of young people, older workers and low-skilled workers and better integration of legal migrants'. Using the 20-64 age range as in the Europe 2020 objective, the UK employment rate was 74.2% in 2012 and the England employment rate was 74.0%. So the rate in England is only one percentage point below the Europe 2020 objective, and higher than the European Union average of 68.5%.
21. In the UK, the 16-64 age range is commonly used in labour market statistics, and so is used in this section. Using this age range the employment rate in the UK is 72.3% and in England is 72.4% (November to January 2014).<sup>1</sup> In England the employment rate has increased by 0.5 percentage points in the past year. However, the comparable figure before the last recession was 73.1% in the three months to January 2008. The number of people in employment is currently 25,433,000, an increase of 330,000 over the past year.
22. The unemployment rate for those aged 16 and over in England is 7.2% (November to January 2014). This is the same as the rate for the UK as a whole, but lower than the EU average of 10.8%.<sup>2</sup> It has declined by 0.5 percentage points in the past year. The comparable figure before the last recession was 5.3% in the three months to January 2008. The number of people unemployed in England is 1,970,000, a decrease of 148,000 over the past year.
23. The number of long-term Jobseeker's Allowance (JSA) claimants is also an issue. Defined as those claiming JSA for over 12 months there are currently 289,495, less than a third of the total number of claimants.
24. Currently 21.9% of people aged between 16 and 64 in England are not active in the labour market, just below the 22.1% rate in the UK as a whole (November to January 2014).<sup>3</sup> The inactivity rate has been

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<sup>1</sup> ONS, *Labour Market Statistics*, March 2014

<sup>2</sup> ONS, *Labour Market Statistics*, March 2014

<sup>3</sup> ONS, *Labour Market Statistics*, March 2014,

relatively stable over time. In the past year it has remained unchanged. The number of economically inactive people aged 16-64 in England is 7,403,000, and has increased by 15,000 over the past year. There are many reasons why an individual may need to be inactive in the labour market, and not all are problematic. The main reasons include looking after family and home, full-time education, long-term sickness and retirement. The number inactive because of full-time education has increased over the past year, while numbers inactive because of the other reasons have declined. Increasing the number of people actively seeking work is likely to help to boost the employment rate.

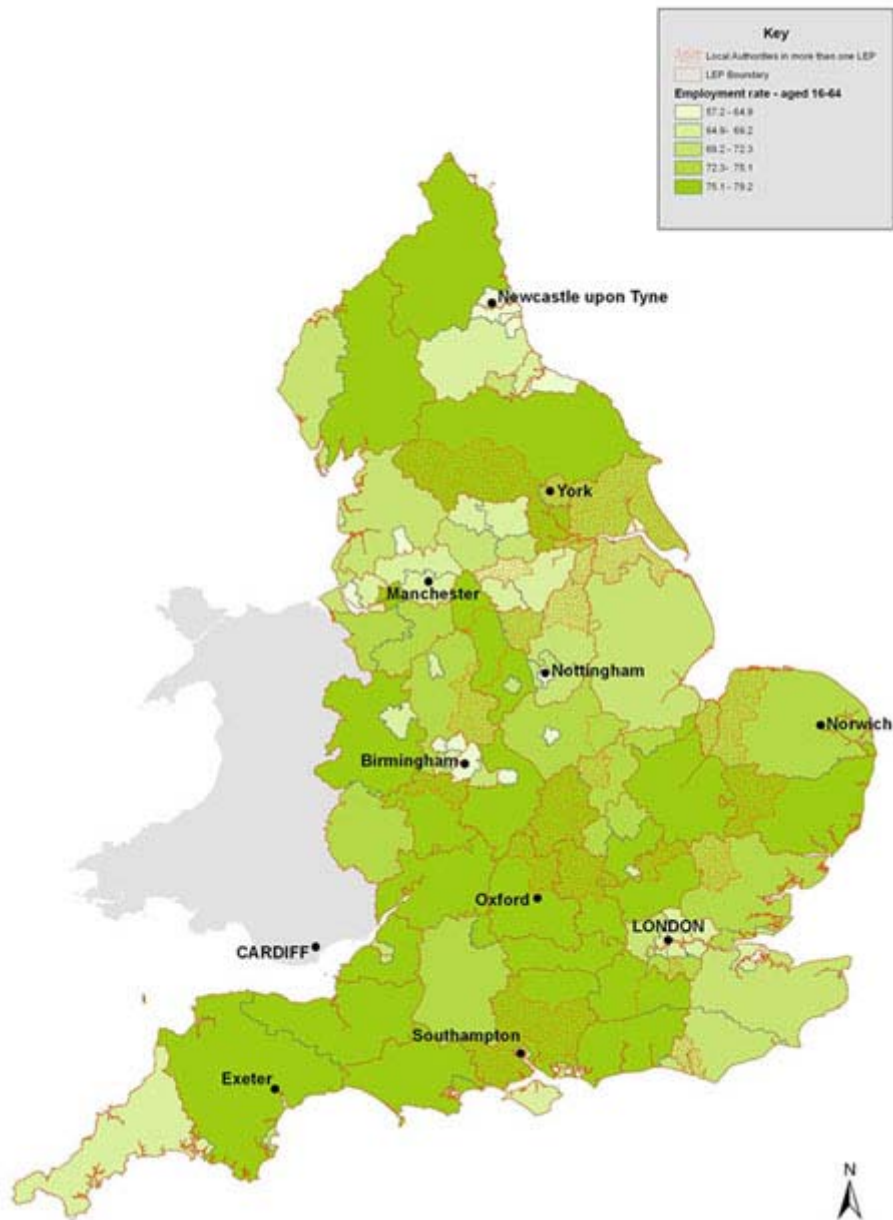
25. The fall in unemployment is happening alongside welfare reform to transfer unemployed people off 'passive' benefits (where no conditionality is attached) and onto 'active' benefits (where claimants are obliged to seek employment).
26. Employment is lower among groups who are at a disadvantage in the labour market including young people, disabled people, people from some ethnic minorities and older people. These are considered in the sections on young people and equal opportunities.
27. Lack of qualifications and skills is a major barrier to work for many people. Since the economic downturn in 2008, the employment rate has decreased the most for those with qualifications at level 2 or below. Individuals with no qualifications have an employment rate of around 40%. Those with an additional disadvantage fare worst: only 32.1% of disabled people who do not have a level 2 qualification are employed compared to 63.4% of disabled people with a qualification at level 2 or higher.

### **Territorial variations**

28. Improving labour market participation is an issue in all parts of England. However in some areas the issues are more significant than in others.
29. LEP areas with rates below the national employment rate are northern or midlands LEP areas with the exception of London and Cornwall and the Isles of Scilly. Those with the lowest rates are also mainly urban (Tees Valley 65.5%, Greater Birmingham and Solihull 65.6%, Black Country 66.3%, North Eastern 66.5%, Liverpool City Region 66.8%, Greater Manchester 67.5%).<sup>4</sup>

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<sup>4</sup> ONS, *Annual Population Survey*, October 2012-September 2013, Employment rate for people aged 16-64



**Figure 1: Employment rate (age 16-64) by LEP area**  
**Source: Office for National Statistics**

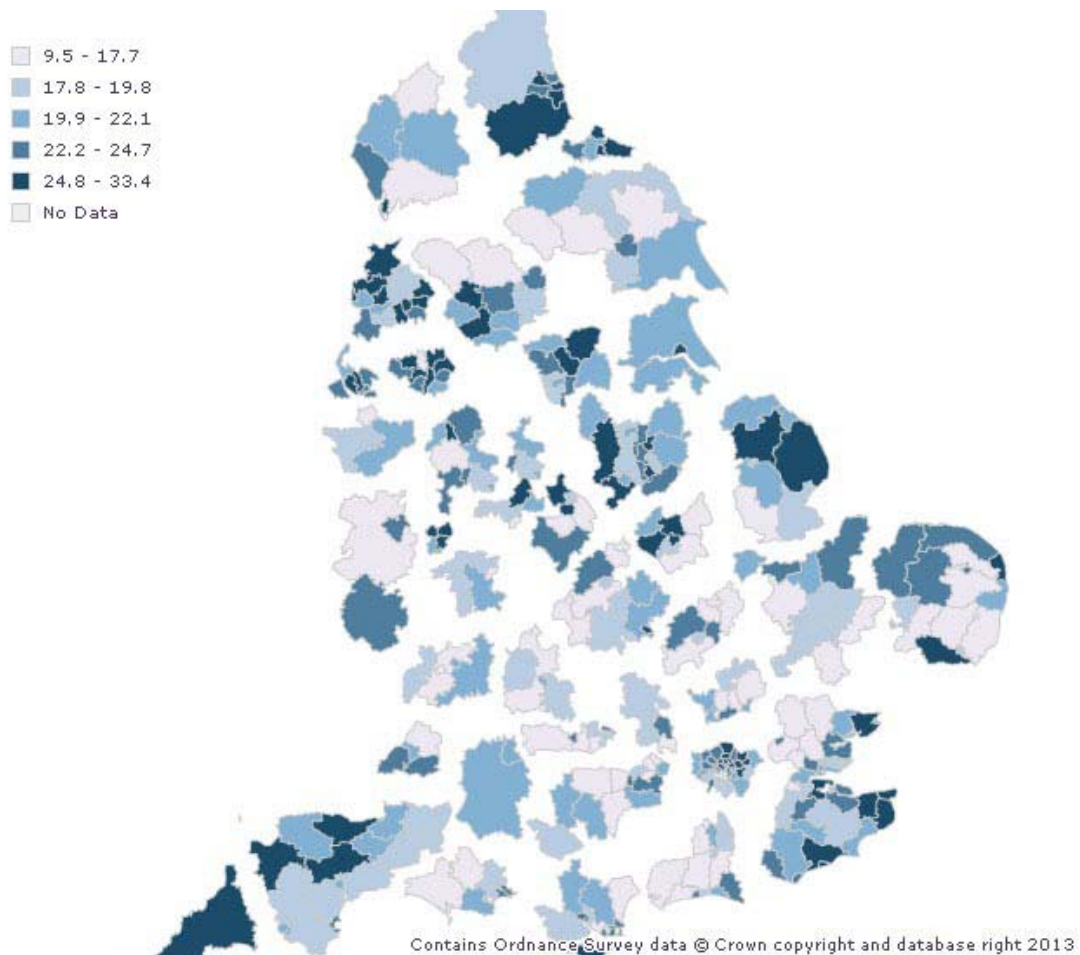
30. The highest rates of unemployment (over 9%) are in urban northern LEP areas (Tees Valley LEP 11.9%, Humber LEP 9.7%, Sheffield City Region 10%, Liverpool City Region 9.7%, Greater Manchester LEP 9.1% and North Eastern LEP 9.8%) and some midlands LEP areas (Greater Birmingham and Solihull LEP 11.4%, Black Country LEP 11.1%).<sup>5</sup> The remainder of the areas with above average unemployment rates are again mostly northern LEPs, with the exception of London LEP.

31. Within LEP areas, employment rates tend to be lowest in inner city areas, former industrial areas and some coastal towns. The employment

<sup>5</sup> ONS, *Annual Population Survey*, October 2012 - September 2013, Unemployment rate for those aged 16 and over

rate in 2011 was higher in rural areas (74.6%) than in urban areas (69.2%), but has fallen for both in recent years. It was highest in less sparse rural villages and hamlets (75.0%) and lowest in less sparse urban areas (69.2%). Concentrations of relatively low employment are found across less developed, transition and more developed regions and are not confined to one of these categories.

32. Across England, there are significant territorial variations in rates of economic inactivity. The highest inactivity rates (aged 16-64) are in Cornwall and the Isles of Scilly LEP (26.4%), North Eastern LEP (26.2%), Liverpool City Region LEP (25.8%), Greater Birmingham and Solihull LEP (25.7%), Greater Manchester LEP (25.7%), Tees Valley LEP (25.4%), Black Country (25.3%) and Lancashire LEP (25.3%).<sup>6</sup> The lowest levels are mainly located in the southern LEPs. The higher levels of inactivity are mainly in areas which have seen a significant decline in heavy industries such as steel production, coal mining and shipbuilding.



**Figure 2: Economic inactivity rate (age 16-64) by LEP area**  
**Source: Office for National Statistics**

<sup>6</sup> ONS, *Annual Population Survey*, October 2012-September 2013, Percentage who are economically inactive aged 16-64

## National policies and programmes

33. The employment rate will be increased primarily through job creation as a result of the Government's work to facilitate economic growth. Low levels of taxation and a carefully balanced approach to labour market regulation mean that firms have incentives to create new jobs alongside new business opportunities. In addition, employers can offer flexible working arrangements to workers, which help with recruitment, retention and productivity.
34. In order to help unemployed people take up the employment opportunities resulting from growth, the Government is reforming the welfare system to ensure that work pays and every jobseeker gets the support they need to find a job. The National Reform Programme<sup>7</sup> describes the measures that the Government has put in place to help unemployed people move quickly into work and to address longer-term detachment from the labour market. Key measures include:
- Welfare reforms are making sure that jobseekers are better off in work than on benefits. Universal Credit is replacing existing benefits with a simpler monthly payment to claimants who are out of work or on a low income, and will help claimants to progress.
  - Jobseekers who are ready to work are receiving support including: help with job search; careers advice; boosting literacy, numeracy and language skills; other skills training; work experience; training in setting up a business. Through the Work Programme, those at risk of long-term unemployment are given personalised support to find and stay in work. Participation on the Work Programme is mandatory for certain groups of claimants.
  - Claimants of Jobseeker's Allowance and those in the work related activity group of Employment Support Allowance are eligible for fully funded training where it has been identified that a lack of skills is a barrier to finding work. This also applies to people claiming Universal Credit who are unemployed. Irrespective of employment status, people aged 19 to 23 are eligible for fully funded training towards a first level 2 or a first level 3 qualification.

## Use of the ESF

35. The ESF will be used to complement these national policies so that more unemployed or inactive people enter jobs, and more inactive people engage in job seeking. In particular it will provide additional support to people who are at a disadvantage in the labour market and who need to improve their skills.
36. The ESF will be used to align with and build on national policies and programmes, particularly the Work Programme and any future

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<sup>7</sup> HM Government, 2013, *UK National Reform Programme*

employment programmes. Although the Work Programme is mandatory for some claimants, there may be scope for the ESF to fill gaps where the Work Programme or other national interventions do not tackle key barriers at local level.

37. The ESF will support additional activities to help jobless people, tailored to the needs of individuals and businesses in local labour markets. It will help to tackle barriers to entering work, staying in work or making progress at work, including by providing skills training and other support; in particular paying attention to transitions between unemployment and work. This will be done through integrated packages of support which include training to tackle and address skills barriers as well as help with jobsearch. ESF will help unemployed people acquire the skills they need to compete for new jobs created by economic growth.
38. The main activities will include:
  - additional and innovative approaches to pre-employment training;
  - additional support for long-term unemployed people, including those who have left the Work Programme, and including new approaches to work experience and training;
  - training workless people and those facing redundancy who need to upgrade their skills or learn new skills (including basic skills and English for speakers of other languages);
  - responding flexibly to employer demand in local labour markets where LEPs and their partners identify specific needs;
  - as part of wider packages of support, using self-employment as a route out of worklessness;
  - support activities to encourage the unemployed to start and grow businesses (including social enterprises).
39. Additional opportunities will be provided to disadvantaged groups who face the greatest difficulties in accessing the labour market, as identified in LEP area European Structural and Investment Strategies. The needs of disadvantaged groups are considered further in the sections on social exclusion and equal opportunities.
40. Activities to help more unemployed and inactive people into work will be supported through the access to employment investment priority under thematic objective 8 (employment). This may include activities focused on specific disadvantaged groups. Activities to help the most disadvantaged groups who are a long distance from the labour market and have significant barriers to address will be supported through the active inclusion investment priority under thematic objective 9 (social inclusion). These activities will contribute to achieving the Europe 2020 employment objective.

### 1.3 Young People

41. The vast majority of young people continue in education or training when they leave school, and make a successful transition to either Further or

higher education or employment. But there are still too many who either 'drop out' or struggle to make the transition to the labour market at age 18-19. As a result, the proportion of young people NEET rises sharply at age 18-19. At age 16 3.2% are NEET, at age 17 4.9%, at age 18 14.2% and at age 19-24 17.2%.<sup>8</sup>

42. Northern areas tend to have higher NEET rates than those in the south. In the final quarter of 2013, Yorkshire and the Humber, the North West and West Midlands had the highest NEET rates at age 16-24, with the lowest being in the South East, East of England and London.
43. Information on gender, ethnicity and territorial variations is available for ages 16 and 17 from local authority information. In England, 85.2% of 17 year olds participate in education or training (86.6% female, 83.8% male). By ethnic group the lowest participation rates among 16-17 year olds are among white and mixed race people. The following local authorities have participation rates below 80% at age 17: Birmingham, Blackpool, Bristol, Derby, Oxfordshire, Redcar and Cleveland, Salford and Stoke-on-Trent. These are in both more developed and transition areas. The rate in Cornwall is 88.1%.<sup>9</sup>
44. The youth unemployment rate (16-24) in England is currently 20.9% (October 2012 - September 2013).<sup>10</sup> The rate has been steadily increasing since 2007. Before the last recession it was 14.2% in the 12 months to September 2008. However, youth unemployment is showing early signs of improvement with the number of young people on Jobseeker's Allowance down 27% over the past year. Youth unemployment is lower than the EU average of 23%. In terms of gender, the youth unemployment rate for males is 23.3% and for females is 18.3%.
45. Youth unemployment is highest in northern, midland and urban LEP areas. There is a particular need to tackle youth unemployment in NUTS2 areas<sup>11</sup> which had youth unemployment rates above 25% in 2012 and therefore qualify for the Youth Employment Initiative, in the following LEP areas: Birmingham and Solihull, Black Country, Coventry and Warwickshire, Liverpool City Region, London, North Eastern and Tees Valley. This is an issue in both more developed and transition regions. The rate in Cornwall and the Isles of Scilly is 13.1%.

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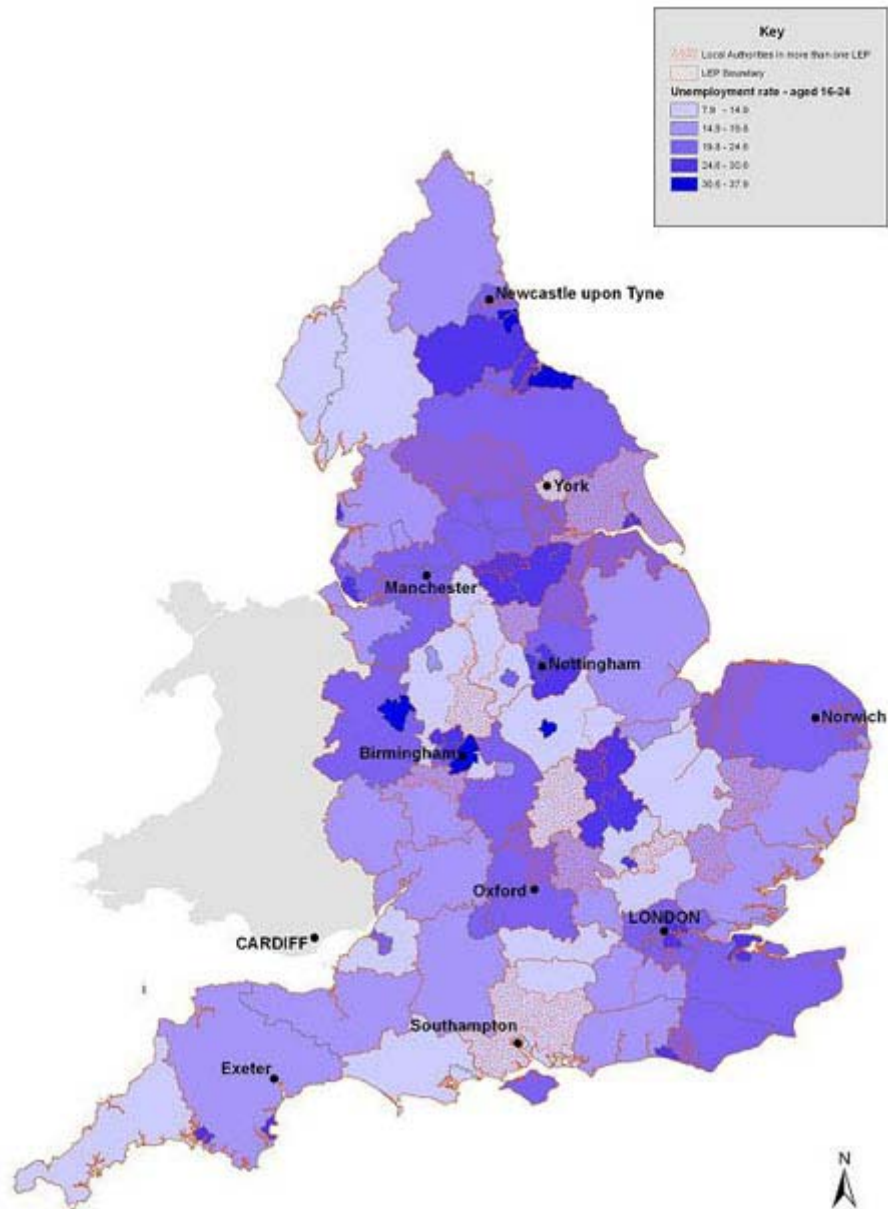
<sup>8</sup> DfE, *Statistical First Release 07/2014*, Labour Force Survey October-December 2013

<sup>9</sup> Proportion of 16-17 year olds recorded in education and training, June 2013. DfE based on Local Authority client databases (CCIS)

<sup>10</sup> ONS, *Annual Population Survey*, October 2012 – September 2013

<sup>11</sup> West Midlands, Merseyside, Inner London, and Tees Valley and Durham





**Figure 3: Youth unemployment rate (age 16-24) by LEP area**  
**Source: Office for National Statistics**

46. Lack of skills, particularly basic skills, is a key barrier for many young people who are NEET. Despite some progress in recent years, a significant minority of young people do not have the skills and qualifications they need to compete successfully in the labour market. The unemployment rate of low skilled 15-25 year olds is 37.2%.

### **National policies and programmes**

47. There are a range of national policies in place to help young people who are NEET and to tackle youth unemployment, as set out in the National Reform Programme and the 'Building Engagement, Building Futures' paper.

48. The Government has raised the participation age so that all young people in England are now required to continue in education or training for longer. This means that pupils who left year 11 in summer 2013 need to continue in education or training for at least a further year until 27 June 2014 and pupils starting year 11 or below in September 2013 will need to continue until at least their 18th birthday. Young people can participate through full-time education, work/volunteering combined with part-time education or training, or by undertaking a Traineeship or Apprenticeship.
49. The Department for Education, through the Education Funding Agency, funds education and training for young people aged 16-19, and 20-24 with a learning difficulty or disability, in England. This might be in a school, college, training provider or Traineeship/Apprenticeship provider. From August 2013, many young people will be enrolled on 16-19 study programmes which will bring together a substantial qualification, English and maths, and work experience. In August 2013, Traineeships were launched to provide a new training opportunity for young people aged 16 to 23 to develop the skills and attributes they need to compete for an Apprenticeship or good job. Traineeships have three elements: a focused period of work preparation training; a high quality work placement with an employer; and English and maths for those without a level 2 in the subjects. Traineeships can last up to six months, with the content and duration tailored to the needs of individual trainees. For those not yet ready for mainstream education or training, re-engagement programmes - often run by the voluntary and community sector - may be offered. Local authorities are responsible for ensuring there are sufficient places to meet the needs of young people, and work with the Education Funding Agency (which provides them with data) to identify and fill any gaps that emerge.
50. All local authorities have a duty to help 16-19 year olds, and 20-24 year olds with learning difficulties and disabilities, to participate in education or training and to provide targeted support to those who are NEET. They have flexibility to do this in a way that best meets local needs; services may be delivered either 'in house' or contracted out to an external provider, under a range of local brands. Additional support for 16 and 17 year old young people NEET who have low qualifications is available through the Youth Contract.
51. The Youth Contract was launched in April 2012 to provide new opportunities to unemployed 18 to 24 year olds. It builds on existing support to provide young people with more intensive adviser support and work experience, as well as providing employers with wage incentives and Apprenticeship grants to encourage them to recruit young people.
52. The Government's response to Ofsted's thematic review of careers guidance challenged employers, schools, colleges, social enterprises, local authorities and others to do more to inspire young people about the

world of work.<sup>12</sup> A key commitment is to develop the role of the National Careers Service to act as a facilitator to bring schools and employers closer together. This will build on existing relationships with employers, LEPs, local authorities and schools, colleges and training providers. Information provided by LEPs on local skills priorities is already published on the National Careers Service website.

### **Use of the ESF**

53. The ESF and the Youth Employment Initiative (YEI) will be used to support additional measures to increase the number of young people who are in education, employment and training, and to reduce the number who are NEET or at risk of being NEET. The ESF and YEI will complement and enhance national measures at local level. The YEI will be targeted on areas with very high rates of youth unemployment.
54. Youth unemployment has been identified as a priority issue by the European Council and there is a 2013 Country Specific Recommendation to the UK on youth unemployment. Support from the ESF and YEI will be used to: fund additional basic skills provision in areas such as literacy and numeracy, help disadvantaged young people access Traineeships and Apprenticeships, and where relevant provide intermediate and advanced skills at level 3 and above.<sup>13</sup> This will directly address the Country Specific Recommendation. In particular the ESF will provide more intensive, specialised support for the most marginalised and disadvantaged young people such as care leavers.
55. The ESF will also be able to enhance local services to help young people make a successful transition from education to working life by improving careers advice and guidance, and strengthening engagement with employers. This will require close coordination with local authorities. It should take account of the Government's response to Ofsted's thematic review of careers guidance.
56. The ESF is not directly relevant to addressing structural issues around simplifying the system of qualifications identified in the Country Specific Recommendation.
57. The measures which the Government is taking and which the ESF and YEI will complement are along lines that are the same as or very similar to the kind of measures suggested in the Council Recommendation on Establishing a Youth Guarantee. However, these measures do not include a guarantee to all those aged under 25 of an offer of employment, continued education, an apprenticeship or a traineeship within a four months of their becoming unemployed or leaving formal education. In the UK over 80 per cent of 18-24 year olds flow off

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<sup>12</sup> HM Government, 2013, *Careers Guidance Action Plan*

<sup>13</sup> Advanced level skills are usually known as higher level skills in England and are generally at level 3 and above.

Jobseeker's Allowance within six months, and over 65 per cent flow off within three months so a rigid four month period would incur significant deadweight loss and would not be a cost effective use of public funds<sup>14</sup>. Instead the Government prefers the flexibility to provide individualised support, in line with local circumstances focusing resources on those who need it most. The ESF and YEI will be focused on improving and enhancing existing approaches, and providing intensive and specialised support for marginalised young people.

58. The ESF and YEI will support young people aged 15 to 24 who are NEET or at risk of being NEET through the sustainable integration of young people investment priority under thematic objective 8 (employment). The investment priority on early school leaving will not be used as domestic interventions such as Raising the Participation Age have been put in place to address this issue, and the most significant challenge is to re-engage those who have become NEET.
59. The ESF will not support general education in schools. However ESF will be able to provide additional support, through the sustainable integration of young people investment priority, to at risk young people from age 15 to prevent them from becoming NEET. The 2007-2013 ESF programme has shown how ESF can support localised, targeted provision in a way that complements existing provision, helping young people to meet the requirement to participate in education or training until their 18<sup>th</sup> birthday.
60. Activities to promote partnerships between education providers and businesses in order to improve the labour market relevance of education, address employers' skills needs and increase participation will be supported within investment priority on labour market relevance. These are expected to contribute to reducing early school leaving, as well as reducing the number of young people who are NEET.

#### 1.4 Social Exclusion and Poverty

61. In 2012, 24.1% of the UK population were considered to be at risk of poverty or social exclusion according to the EU definition.<sup>15</sup>
62. Figure 4 gives a regional breakdown of the number and percentage of individuals in relative low income before housing costs. A person is considered to be in relative low income if their household income is less than 60% of the median household income. Household income is adjusted for the size and composition of the household. The areas most affected by poverty are in Yorkshire and the Humber, the North East and West Midlands.

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<sup>14</sup> Off-flow rates calculated as a proportion of inflows using claimant flows data available from [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

<sup>15</sup> Eurostat, 2013, *People at risk of poverty or social exclusion*

Region	Number (millions)	Percent
North East	0.5	19
North West	1.2	18
Yorkshire and the Humber	1.0	20
East Midlands	0.7	17
West Midlands	1.0	19
East of England	0.8	14
London	1.2	16
South East	1.0	12
South West	0.8	15
England Total	8.3	16

**Figure 4: Number and percentage of individuals in relative low income before housing costs, in 2009/10-2011/12, by region and country, three year average**<sup>16</sup>

**Source: DWP/Office for National Statistics**

63. Poverty, as measured by income relative to the national average, is often a symptom of deeper, more complex problems. Many of these problems are passed on from one generation to the next. The Government's Social Justice Strategy sets out the scale of the challenge, looking at disadvantage in terms of: worklessness; family problems; low educational attainment; drug and alcohol dependency; debt and crime.<sup>17</sup> These disadvantages often interact.
64. Analysis from household survey data found that 11% of adults experience, at any one time, three or more of six areas of disadvantage (education, health, employment, income, social support, housing and local environment).<sup>18</sup> In addition they may also fall into other groups experiencing relative disadvantage such as older people (aged 50 and above), people with English as a second language, and carers. This population is constantly changing, with people moving in and out of disadvantage and poverty according to the impact of these economic, social, and environmental factors. In some cases these disadvantages can be exacerbated by factors such as ethnicity, gender or disability. For instance, disabled people are substantially more likely to experience material deprivation than people who are not disabled.<sup>19</sup> Issues such as gender, age, ethnicity and disability are considered in the equal opportunities section.

<sup>16</sup> DWP/ONS, 2013, *Households Below Average Income: An analysis of the income distribution 1994/95 – 2011/12*

<sup>17</sup> HM Government, 2012, *Social Justice: Transforming Lives*

<sup>18</sup> Analysis using BHPS 2007 data cited in HM Government, 2010, *State of the nation report: poverty, worklessness and welfare dependency in the UK*.

<sup>19</sup> ONS, Labour Force Survey, Quarter 2, 2010 McKay, S. and Atkinson, A., 2007, *Disability and caring among families with children: Family employment and poverty characteristics*, Department for Work and Pensions

65. The number of households in England where no-one works stands at around 2.8 million, in which about 1.3 million children are present.<sup>20</sup> Children are around three times as likely to be in poverty if they live in a workless family compared to families where at least one adult is in work. Workless households are more likely to be in poverty and be dependent on benefit, and research suggests that growing up in a workless household has a negative effect on children's future labour market outcomes.<sup>21</sup> The highest proportions are in the North East and North West of England.

Region	Workless households	
	Number	Per cent
North East	201,000	22.8
North West	459,000	20.1
Yorkshire and the Humber	314,000	17.5
East Midlands	251,000	17.4
West Midlands	321,000	18.8
East of England	261,000	13.6
London	396,000	15.3
South East	342,000	12.7
South West	271,000	16.3
England Total	2,815,000	16.6

**Figure 5: Workless Households in England**

**Source: Office for National Statistics**

66. The proportion of children in poverty from families where at least one adult is in work has been on the increase over the last decade.<sup>22</sup> The risk of in-work poverty is much higher for children in couple families where one parent works full time compared to those where both parents are in work. In 2011/12, around 30% of children living in families with one full time worker fell below the poverty line (this includes both couple and lone parent families).
67. People at risk of social exclusion include prisoners and ex-offenders. There are 83,485 prisoners in England of whom over 95% are male, and 260,199 ex-offenders on probation case loads of whom over 92% are male.<sup>23</sup>

<sup>20</sup> ONS, 2014 *Working and workless households, 4th Quarter 2004 to 2013*

<sup>21</sup> National Audit Office, 2007, *Helping people from workless households into work*

<sup>22</sup> DWP/ONS, 2013, *Households Below Average Income: An analysis of the income distribution 1994/95 – 2011/12*

<sup>23</sup> National Offender Management Service

68. Two years after being released from prison in 2008, 47% of offenders were on out-of-work benefits. During the two year period overall, 75% of offenders made a new claim to an out-of-work benefit at some point. On average, offenders leaving prison in 2008 spent 48% of the next two years on out-of-work benefits. Evidence shows that having a job is a major factor in preventing future offending. Yet many offenders face significant barriers to entering the labour market even when they are committed to changing their lives. In a recent survey of prisoners almost half (47%) said they had no qualifications compared with 15% among a similar age group in the general population. 13% said that they had never had a job.<sup>24</sup>
69. The challenge is particularly acute when people are experiencing multiple problems that compound each other to create deep disadvantage. So whilst there are clear links between debt and mental health problems, between drug use and crime, and between depression, homelessness and offending, all too often the most severely disadvantaged individuals lack the systematic, wrap-around support they need to overcome their problems in the long-term.<sup>25</sup>

### **National policies and programmes**

70. The Government considers work to be the best route out of poverty. It is committed to tackling poverty and welfare dependency; helping people without jobs to find work and support themselves and their families; and ensuring that the most vulnerable in society are protected.
71. The Government's strategy, 'Social Justice: Transforming Lives', sets out the Government's commitment to giving individuals and families facing multiple disadvantages the support and tools they need to turn their lives around. A new set of principles inform this approach:
- a focus on prevention and early intervention;
  - where problems arise, concentrating interventions on recovery and independence, not maintenance;
  - promoting work for those who can as the most sustainable route out of poverty, while offering unconditional support to those who are severely disabled and cannot work;
  - recognising that the most effective solutions will often be designed and delivered at a local level;
  - ensuring that interventions provide a fair deal for the taxpayer.
72. Government published the 'Social Justice Outcomes Framework' in October 2012. Comprising seven key indicators, it explains what the Government wants to achieve and sets the benchmark against which progress can be judged. In April 2013, it published 'Social Justice:

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<sup>24</sup> From a sample of 1,435 reception prisoners sentenced to between one month and four years in prison, in England and Wales, in 2005/06. Ministry of Justice, 2010, *Compendium of reoffending statistics and analysis*

<sup>25</sup> HM Government, 2013, *Social Justice: Transforming Lives – One Year On*

73. The new Universal Credit system, progressively being rolled out nationally from October 2013, plays a key role in ensuring that being in work pays. Helping families move off benefits and into work is an important priority for the Government. Universal Credit will aim to: improve work incentives; smooth the transitions into and out of work; support a dynamic labour market; simplify the benefits system, making it easier for people to understand and administer; reduce in-work poverty; and reduce child poverty by helping more families move into employment.
74. The Government remains committed to eradicating child poverty and published a consultation on its latest Child Poverty Strategy on 27 February. Universal Credit will help to reduce child poverty through making work pay and providing an effective route out of poverty.
75. Through the Troubled Families programme, the Government is working with local authorities to help troubled families that have problems and cause problems to the community around them, putting high costs on the public sector. This involves: getting children back into school; reducing youth crime and anti-social behaviour; putting adults on a path back to work; and reducing the high costs these families place on the public sector each year.
76. In 2010 the Government published 'Breaking the Cycle Effective Punishment, Rehabilitation and Sentencing of Offenders' which sets reforms to the treatment of offenders. This is based on four principles: protecting the public; punishing and rehabilitating offenders; transparency and accountability; and decentralisation. Offenders who have been punished and show a willingness to reform are able to access services which will include:
- reformed and revitalised training that involves employers and education providers working closely with senior prison managers to tailor their training to the needs of the labour market;
  - the roll-out of a 'virtual campus' across the prison estate – a cost-effective and secure means of delivering IT-based individualised learning and employment services for prisoners that can also be available after their release;
  - a greater number of employer-led training workshops to increase offenders' work skills and establish working relationships with employers prior to release.
77. Offenders leaving prison and claiming Jobseeker's Allowance are also now referred on Day One to the Work Programme where they will receive specialist support to help them find work.



78. The Government has set out its plans to help families meet the costs of childcare and to increase the amount of affordable provision in 'More Affordable Childcare', its response to the Childcare Commission.<sup>26</sup> The Government will increase childcare support to improve work incentives and ensure that it is worthwhile for parents to work up to full-time hours. An additional £200 million will be available within Universal Credit to fund childcare support for parents working fewer than 16 hours a week for the first time. From 2016 the Government also intends to offer a further £400 million to increase the rate of childcare support to 85% for all working families, up from 70% in the current working tax credit system where both parents (or the lone parent) earn enough to reach the minimum tax threshold. This builds on the current offer of up to 70 per cent of childcare costs for working families being met by government through the childcare element of Working Tax Credit (that will continue in Universal Credit).
79. The Government also announced a new Tax-free Childcare offer for working families not receiving tax credits or Universal Credit, to help parents who want to work but cannot currently make work pay. The new Tax-free Childcare scheme will be phased in from autumn 2015. In March 2014, the Government announced plans to increase the value of the scheme, and to accelerate its implementation.
80. In addition, the Department for Education is extending funded early education already available to three and four-year-olds, to two-year-olds from lower income families over the next two years. Around 20 per cent of two-year-olds will be eligible from September 2013, and around 40 per cent from September 2014. This means that from September 2013, 130,000 two-year-olds from lower income families will have access to an early learning place, increasing to 260,000 from 2014.
81. The Government's response to the Childcare Commission also sets out proposals to improve the regulation of childcare, to make providers more responsive to parents' needs and give parents the right information so they can make informed choices about childcare.

### **Use of the ESF**

82. ESF will help to address the root causes of poverty that are barriers to work, and so help more people move closer or into employment. ESF will support additional and more intensive actions that contribute to the national Social Justice Strategy, and complement the Work Programme, the effective implementation of Universal Credit and services delivered by local authorities.

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<sup>26</sup> HM Government, 2013, *More Affordable Childcare*

83. ESF will finance integrated packages of support that address gaps in provision to disadvantaged groups and reach those who are not currently receiving support. This support will be tailored to the needs of local areas and will include: early intervention before problems become entrenched; thorough needs assessment so that effective tailored support can be offered; and outreach activities.
84. The ESF will be able to tackle a range of issues including: caring responsibilities; debt; digital exclusion; drug and alcohol dependency; poor basic skills; as well as life skills; lack of motivation and confidence; family, parenting and relationship problems; health and well-being problems; homelessness; learning difficulties and disabilities; offending; and access to transport, a key issue in rural areas; and where needed support for childcare. All activity requires close coordination between local services and must align and enhance with other local provision and interventions.
85. Through these measures, the ESF will contribute to the response to the 2013 Country Specific Recommendation to enhance efforts to support low-income households and reduce child poverty. ESF will not be used directly to implement welfare reforms or the tax-benefit system, but will be used for activity that complements reforms such as the introduction of Universal Credit by enhancing services for those with complex barriers. This may include help to access Universal Credit and other support as well as to move towards work, and to progress, in work. Specific activities will include:
- tackling barriers faced by people in workless households and troubled families or with multiple disadvantages, so that they can move towards, enter and make progress at work;
  - targeting inactive people who have the potential to enter the labour market but who may need considerable support to enter work;
  - targeting people who face barriers such as homelessness, debt, drug or alcohol problems, and mental health issues;
  - targeting disadvantaged communities and deprived areas in line with local needs;
  - tackling discrimination and barriers faced by ethnic minorities and disabled people;
  - integrating ex-offenders into the labour market;
  - skills training for people facing in work poverty to help them increase their pay and working hours and move out of poverty;
  - supporting the development and growth of social enterprises;
  - tackling barriers faced by disadvantaged people in rural communities who lack access to services;
  - supporting community-based action including Community Grants and community led local development.
86. Building on the success of the 2007-2013 programme, ESF will continue to support additional activities through the National Offender Management Service to prepare offenders to access mainstream

employment, training and education opportunities. This will complement existing provision, particularly the Offender Learning and Skills Service in prisons as well as other existing mainstream employment and skills services. It is expected that there will be an increased focus on prison delivery, to ensure a complementary service to the Ministry of Justice Transforming Rehabilitation agenda. Through the gate work (continuation of provision from custody into the community) will remain an essential element for those offenders who are approaching release and require specialist support. Community delivery will also continue, with a focus on specialist provision for particular priority groups, including young people and women.

87. There will be a focus on offenders with multiple barriers and those who fall into a designated hard to reach category with provision designed to address multiple barriers to work and preparation for accessing mainstream interventions. This will also include a focus on improving accommodation, families provision and additional education/training support. A strong focus on hard to reach groups will remain, with potential target groups including lifers, sex offenders, vulnerable women, offenders involved in gang activity, dual diagnosis offenders and women with low level mental health needs.
88. Actions for the most disadvantaged will be supported through the active inclusion investment priority under thematic objective 9 (social inclusion). The Operational Programme will contribute to the Europe 2020 objective of lifting more people out of poverty by helping people at risk to access the additional support they need to address barriers to labour market participation.
89. The Country Specific Recommendation also identifies the need to accelerate the implementation of planned measures to reduce the costs of childcare and improve its quality and availability. Since the Recommendation was agreed, the Government has announced the additional measures on childcare set out above. The ESF will not be invested directly in implementing these childcare measures, and there will not be a need for significant ESF intervention in response to the Country Specific Recommendation. However the ESF will be able to finance supporting measures, such as training for childcare workers where a local need is identified. All ESF providers will also be able to provide support with childcare where this is identified as a barrier to participation and support is not otherwise available.

## **Civil Society**

90. Civil Society organisations (voluntary, community and social enterprise) have a strong track record in reaching, engaging and supporting the most vulnerable through multi-sectoral partnerships to ensure achievement of positive outcomes for the socially excluded in terms of employability and 'distance travelled'. They will play an important role in the delivery of ESF provision for vulnerable groups, developed and

delivered within local communities themselves and through grass-root approaches.

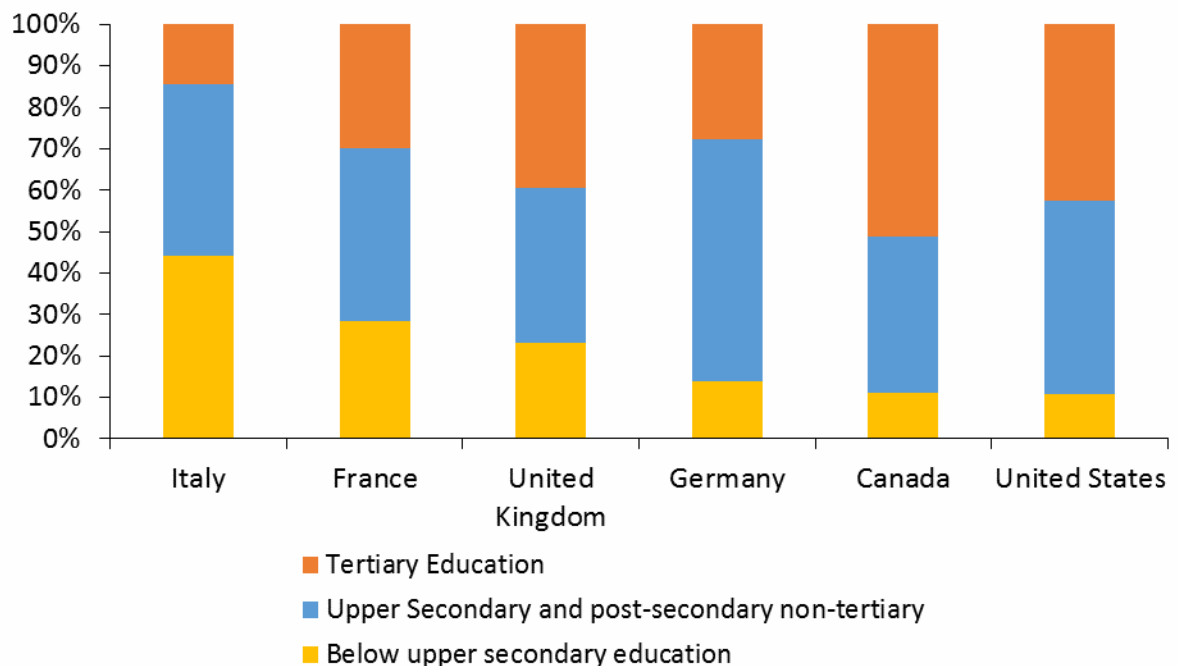
91. The principles of the Renewed Compact<sup>27</sup>, will be respected to ensure that the Government and Civil Society Organisations work effectively in partnership to achieve common goals and outcomes for the benefit of communities and citizens in England.
92. Social enterprises and charities can also be important stimulators of jobs and growth and help address market failures, and ESF can play a role in supporting their development. These organisations are able to operate in areas where private and public organisations do not or cannot operate. Their primary objective is social impact, not returning profit, and they are able to develop social innovation to tackle difficult contemporary problems, while providing solutions relevant to the local community. They are making a growing contribution to the rural and urban economies. The investment priority on active inclusion will support the development of social enterprises and their capacity to tackle social exclusion and help disadvantaged people into work.

## 1.5 Skills

93. Productivity is a key driver of growth. As set out in the Partnership Agreement, historically, UK productivity has lagged behind that of other advanced economies, in particular the US, Germany and France. UK productivity performance has been particularly poor since the financial crisis. UK GDP has fallen 3.3% since the financial crisis while employment has been remarkably resilient (hours worked have risen by 0.4%). As a consequence, UK productivity has fallen dramatically and has shown little sign of recovery.
94. Productivity is strongly linked with skills where the UK underperforms on the international stage, particularly in relation to mid-level skills (upper secondary and post-secondary non-tertiary). Comparisons of educational attainment show that the UK has a relatively well-skilled population compared to Italy and France, but does less well compared to the USA and Canada. In particular, while the UK has a high share of tertiary educated workers (graduates), the proportion of the workforce with below secondary level education is higher than that in Germany, Canada and the USA – suggesting that the lack of mid-level skills is a weakness in the UK workforce.

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<sup>27</sup> An agreement between the Coalition Government, and their associated Non-Departmental Public Bodies, Arms Length Bodies and Executive Agencies, and civil society organisations



**Figure 6: Educational Attainment (25-64)**

Source: Organisation for Economic Co-operation and Development

95. England's performance on basic skills has been historically weak and although recent improvements in literacy are welcome, there is a long way to go to match the best in the world. A recent OECD survey showed England ranked 11<sup>th</sup> in literacy and 17<sup>th</sup> in numeracy out of 24 countries and is declining. In contrast to other countries it is the skills of the youngest adults that are particularly bad; for 16-24 year olds England ranks 22<sup>nd</sup> in literacy and 21<sup>st</sup> in numeracy.<sup>28</sup>
96. In 2012, 9.5% of 16-64 year olds in England had no qualifications.<sup>29</sup> As set out in the labour market section, lack of skills is a key barrier to entering, and then progressing at, work. For those who are already in the labour market there is also a need to focus on up-skilling and re-skilling the workforce as well as supporting those made redundant or who are at risk of redundancy particularly in sectors where there is little local growth.
97. England is seen as particularly weak in intermediate technical skills that are increasingly important as jobs become more highly skilled and technological change accelerates.<sup>30</sup> Skills shortages vary across the country – in England the number has nearly doubled since 2009, from 63,000 to 124,000. Almost three in 10 vacancies are reported to be hard to fill; representing more than one in five of all vacancies (and up from

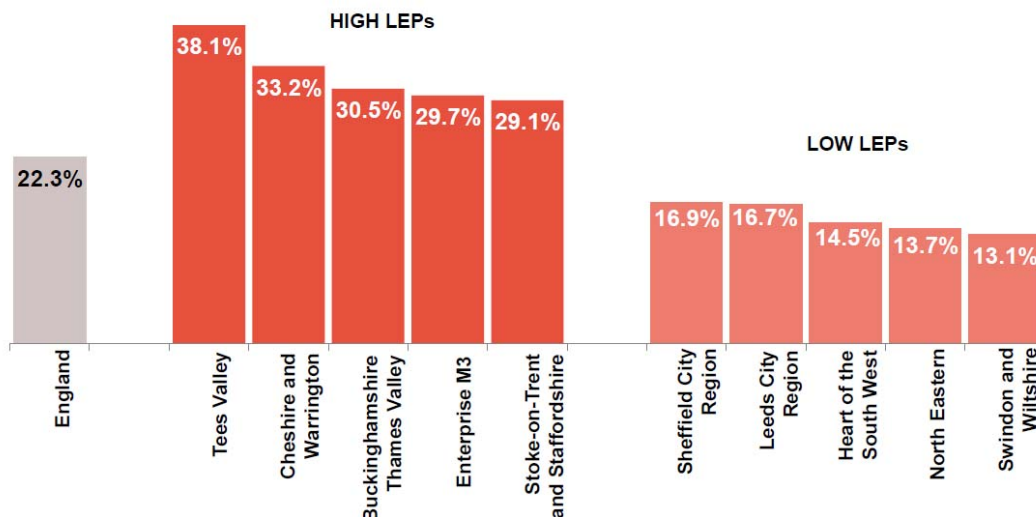
<sup>28</sup> International Survey of Adult Skills 2012

<sup>29</sup> ONS

<sup>30</sup> BIS, 2010, *Skills for Sustainable Growth*

one in six in 2011). Skilled trades show the highest level of skills shortages followed by machine operatives, managerial and professional roles, caring, leisure and other services.<sup>31</sup> In a survey, 20% of manufacturers reported skills gaps, while 31% of high tech manufacturers have recruited from outside the UK because of a lack of suitably qualified people within the UK.<sup>32</sup>

98. Figure 7 shows that one in five vacancies (22%) is proving difficult to fill due to skills shortages, up from one in six vacancies (16%) in 2011 (an increase in volume of 60%). The intensity of skills shortage vacancies is being more widely felt in some sectors, occupations, and local areas. For example, 38% of vacancies in the Tees Valley LEP area had arisen due to skill shortages compared to 13% in the Swindon and Wiltshire LEP area. And although England has one of the most successful higher education systems in the world, businesses regularly report difficulties in recruiting graduates with suitable skills.<sup>33</sup>



**Figure 7: Percentage of vacancies that are difficult to fill due to skills shortages**

99. In terms of employer investment there is evidence of less training being provided on an individual basis and total employer investment in training decreased by 5% over 2011-2013.<sup>34</sup> More employees are being trained, but time spent training is shorter. Spend on training has fallen overall but there are local and regional variations.

<sup>31</sup> UK Commission for Employment and Skills, 2014, *Employer Skills Survey 2013*

<sup>32</sup> UK Commission for Employment and Skills, 2010, *National employers skills survey for England 2009*

<sup>33</sup> HM Government, 2011, *The Plan for Growth*

<sup>34</sup> UK Commission for Employment and Skills, January 2014, *Employer Skills Survey 2013*

## Investment in Training by region

Total spend:

2011:	£2.3bn	£3.9bn	£10.1bn	£1.4bn	£4.9bn	£6.1bn	£3.6bn	£4.0bn	£2.4bn
2013:	£2.7bn	£3.9bn	£7.1bn	£1.4bn	£3.9bn	£7.2bn	£3.1bn	£3.4bn	£3.4bn

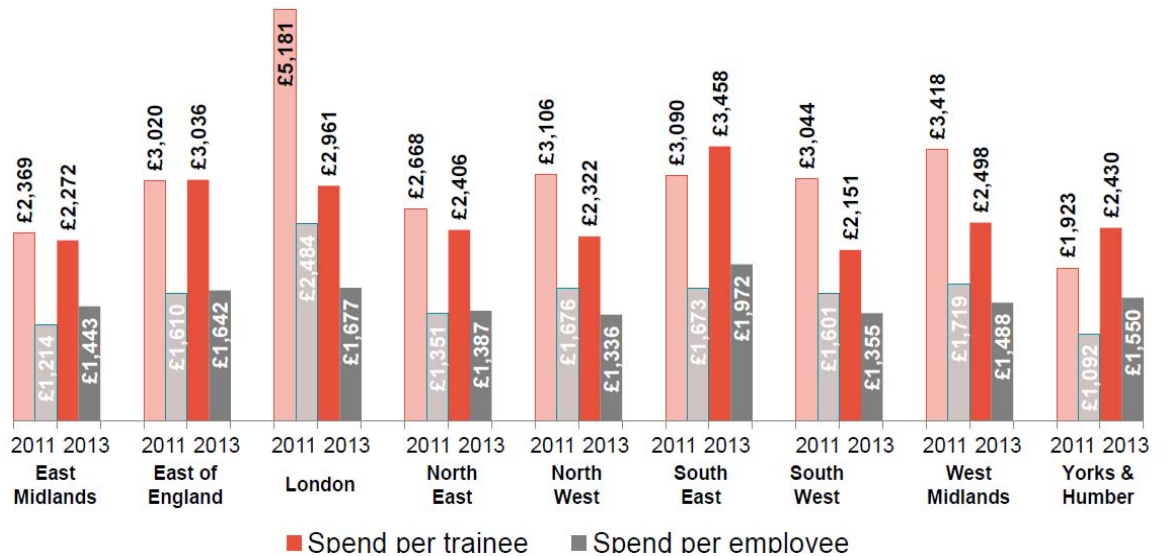
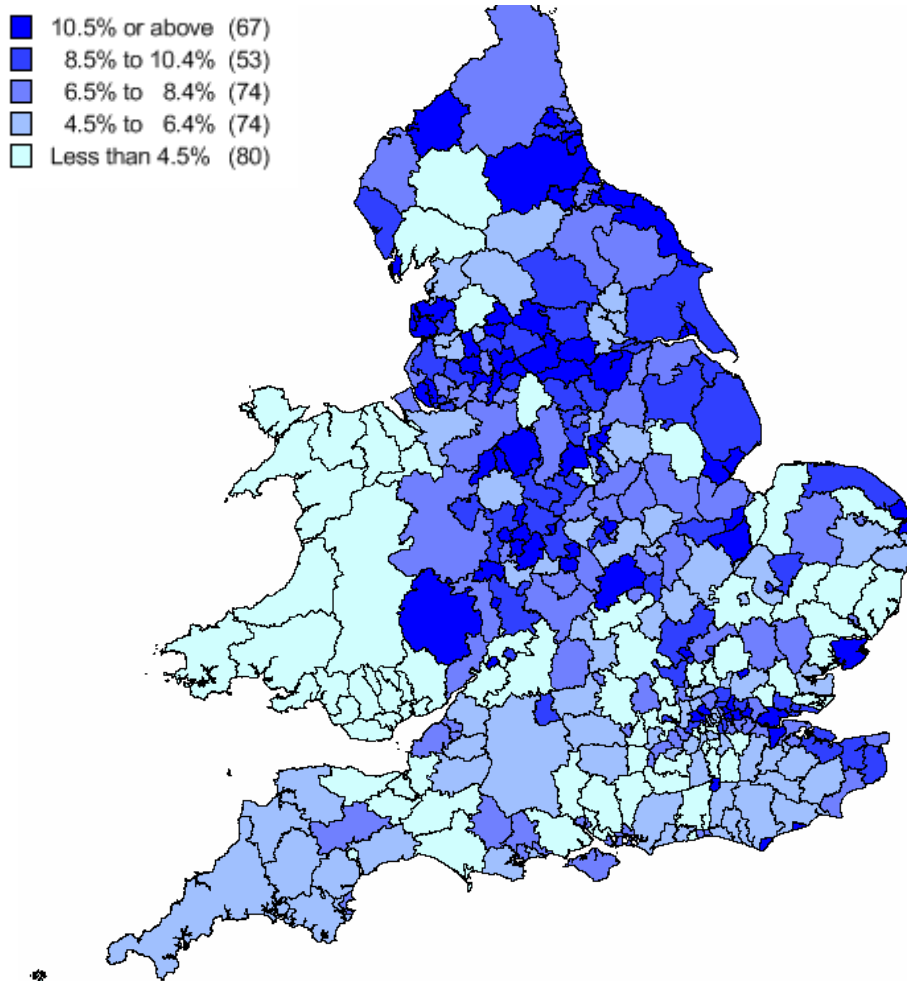


Figure 8: Investment in training by region

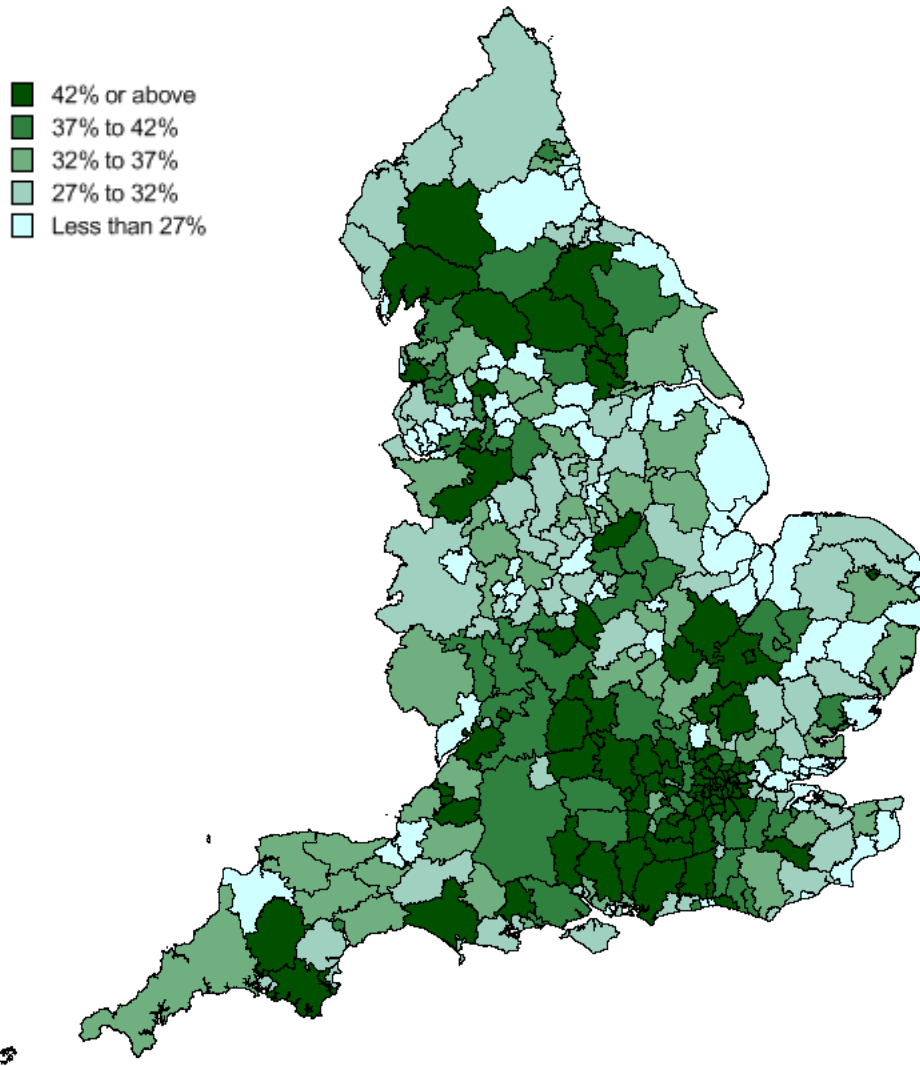
100. Local labour market intelligence reveals that business and industry are increasingly demanding and recruiting people with high level skills – a trend which is set to continue. Skilled graduates and post graduates are central to economic growth, and the Government has encouraged universities and business to work in partnership to ensure that supply meets demand.
101. Skills levels vary significantly across England. For example, in 2012, 13.7% of adults aged 16-24 in Greater Birmingham had no qualifications compared to 5.1% in Buckinghamshire and Thames Valley. The comparable figures for level 4 and above are 28.1% and 41%. This is partly attributable to higher school achievements in areas covered by southern LEPs (particularly the South East) and also probably a net movement of graduates into London. An inability to retain graduates has been highlighted by many LEPs outside London. Some of the regional variation in the level and type of skills is also likely to reflect differences in sectoral specialisation across LEP areas. People will move to those areas where their skills are most needed, and this is particularly the case for relatively high skilled people. Higher proportions of people with low or no qualifications are mainly concentrated in large urban LEP areas and some rural LEP areas.
102. The less developed region of Cornwall has a lower proportion of people with no qualifications than the national average, but at level 4 and above

it is some percentage points higher than the national average. All transition areas except Devon are well below the national average for level 4 and above, but the picture for those with no qualifications is more mixed, with some areas below the national average and some a long way above. For the more developed regions, the picture is even more mixed with variation between local areas within the same broad region.



**Figure 9: Population with No Qualifications**  
Source: 2012 Annual population Survey





**Figure 10: Population with Skills at Level 4 and Above**  
**Source: 2012 Annual population Survey**

103. Addressing skills not only helps improve employability and productivity but can also contribute to breaking the deprivation cycle. The English Indices of Deprivation show that there is a high degree of correlation between skills levels and other indicators of deprivation, particularly income, employment, and health. There is also a high degree of correlation between skills 'stock' indicators which focus on the skills levels of adults in an area and skills 'flow' indicators which focus on the educational attainment of young people and children. This suggests that areas with a prevalence of low skills tend to remain so.

### **National policies and programmes**

104. One of the four overarching ambitions in the Government's 'Plan for Growth' is to 'create a more educated workforce that is the most flexible in Europe'. The ultimate objective of national support is to secure a high

quality, rigorous and diverse range of provision that responds to the needs of individuals and businesses.

105. The further education skills system is being reformed. The priorities remain a broad range of current government initiatives including: Traineeships to improve young people's chances in gaining employment; a core offer of Apprenticeships to all young adults and English; and maths for those that need it up to GCSE grade C or better standard (level 2). English and maths is embedded in all major programmes and within study programmes for 16-19 year olds.
106. The skills offer must meet the needs of employers and this will include clear vocational routes, valued as highly as academic routes, to higher education study. The vocational route for young people should provide an equally valued ladder of aspiration to that of a purely academic route. Government policies are also encouraging innovation in the use of available educational technologies to promote online learning alternatives to traditional delivery routes and blended learning.
107. The Government is committed to improving the quality of careers information, advice and guidance, and has introduced a statutory duty on schools and equivalent requirements on colleges to help deliver this. The National Careers Service offers a high quality face-to-face service to unemployed adults and those with greatest need, as well as telephone and web services for all ages. The focus will continue to be on motivation, raising aspirations and successful customer outcomes.
108. These policies are designed to tackle national issues such as: the relatively high proportion of people with low levels of qualifications; young people who are NEET; skills shortages at all levels; and developing qualifications and skills that meet employers' needs. All these skills issues occur in varying degrees of intensity across LEPs and all categories of region.
109. In terms of higher education, student choice and provider opportunity is a cornerstone of government policy. In 2011/12 the Government spent approximately £14 billion on teaching, research and student support.
110. Skilled graduates are central to economic growth, and the Government has encouraged universities and business to work in partnership to ensure that supply meets demand. The National Centre for Universities and Business, launched in 2013, brings together university and business leaders to consider issues around skills needs, work experience and graduate recruitment.
111. The Government wants to get more people from disadvantaged backgrounds into higher education. A new framework is being established with increased responsibility placed on universities to widen participation. The Government has also asked the Higher Education Funding Council for England and Office for Fair Access to develop a

national strategy for access and student success at undergraduate level; but also has an interest in participation at postgraduate level.

112. In terms of post-graduate activity, one year Masters level degrees have become an increasingly important bridge between undergraduate education and specific areas of employment, meeting a growing requirement for the highest levels of knowledge, skills and techniques, and for innovation in relation to addressing increasingly complex issues. Also as the research careers pipeline has evolved, the postgraduate taught sector has become the most common platform for postgraduate research.
113. Business and industry value the high level skills, subject specific knowledge and innovative approaches that individuals with a postgraduate qualification bring to the workplace. Some employers recognise its value by requiring it as a standard qualifying criterion and are themselves investing in financing postgraduate education as being integral to workforce development and employee retention. Seven out of 10 employers seek out Masters students.<sup>35</sup>
114. The 2012 Wilson Review of Business-University collaboration highlighted the importance of higher education institutions working closely with the business community in their local area.<sup>36</sup>

### **Use of the ESF**

115. The ESF will be used to complement and build on national skills activities including through support for informal and community learning and skills needs identified through European Structural and Investment Fund strategies and Strategic Economic Plans. Through local labour market intelligence, LEPs have the best knowledge of local growth potential, skills needs and gaps where the market is not providing the training required. Their links within their communities will provide the potential and opportunity for collaborative working. The Government has encouraged them to find innovative ways of providing additionality to national programmes to help meet local skills needs. It also wants them to go further and use their specialised knowledge and networks to develop new activities to address local skills gaps, disadvantage and employers' needs.
116. Almost all LEP areas highlight the need to enhance access to key lifelong learning and skills programmes, and to increase the labour market relevance of education and training. There is a particular focus on the following across the great majority of LEP areas:
- support for activities to start and grow a business and support for local SMEs' skills needs (especially management and leadership)

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<sup>35</sup> CIHE, 2010, *Talent Fishing: What businesses want from postgraduates*

<sup>36</sup> Dr Tim Wilson, 2012, *A review of business-university collaboration*

particularly in new and growth sectors, and to encourage diversification in rural and coastal areas;

- support for improving the skills levels, and therefore employability, of people with low or no qualifications, particularly young people NEET;
- skills support for those made redundant or unemployed;
- expanding and enhancing Apprenticeships and Traineeships to meet local needs;
- support for intermediate, technical and advanced level skills for specific local industries and sectors, especially in STEM (Science, Technology Engineering and Mathematics), including new and emerging technologies, and in support of other thematic objectives such as low carbon;
- promoting and developing better links between business and educators, including developing post graduate opportunities;
- enhancing information, advice and guidance services and inspiring and encouraging learning.

117. In 2007-2013 the ESF was used to enhance provision and services provided by the National Careers Service, including increasing the number of face to face guidance sessions with individuals in priority groups, such as the low skilled, the unemployed and those in work who are at risk of, under notice of or facing redundancy. In 2014-2020, where there is a local need, the ESF will be able to improve or enhance adult careers advice provision in a way that complements National Careers Service provision.

118. The STEM workforce is vital to growth and the economy and the research base misses out when it is not drawing scientists and engineers from as wide a talent pool as possible. LEP areas have included activity in their strategies aimed at increasing their STEM skills base, some particularly targeting women to address the gender gap that exists in many localities.

119. There are already a wide range of activities led by government, businesses, universities and other members of the STEM community aimed at increasing the number of young people studying STEM subjects and entering the STEM workforce. However, despite positive progress, there are still too many groups under-represented in this sector. This includes the economically disadvantaged as well as those from groups with protected characteristics.

120. LEP areas have proposed activity which includes promoting links between employers and educators to expand and enhance skills provision and to improve information, advice and guidance to inspire and engage learners and promote STEM careers. This provides an opportunity to enhance existing national activity, engaging employers and other stakeholders to join forces and build the capacity of existing provision and schemes in their localities. This could include activity to: increase employer awareness and engagement in the STEM Ambassadors Programme; increase the network of volunteer

ambassadors; provide inspirational activities and speakers to enthuse and promote STEM careers particularly to under represented groups; work with the National Careers Service to improve information, advice and guidance; and provide opportunities for industry visits and work experience opportunities.

121. The ESF will be able to support links between higher education and businesses, both to meet local business needs and to improve the employability of students. Although England already exceeds the Europe 2020 objective for at least 40% of 30-34 year olds to complete tertiary or equivalent education, with an estimated rate of 46.8% in 2012, the ESF has the potential to increase attainment further and help meet the need for higher skilled employees. The ESF will be able to support local initiatives to widen participation in higher education to the most disadvantaged people including for example taster courses. This will also address the Country Specific Recommendation on increasing the provision of advanced and intermediate technical skills.
122. Improving links between business and education providers will contribute to the Europe 2020 objective that the share of early school leavers should be under 10%, whereas the estimated England rate in 2012 was 13.3%. However, as set out in the section on young people, the bulk of the action to reduce early school leaving is being taken and financed at national and local level, including reforms to the national curriculum, the 'Building Engagement, Building Futures' strategy for maximising the participation of young people, and reforms to vocational education.
123. Activities to improve the skills of individuals will be supported within the access to lifelong learning investment priority under thematic objective 10 (skills). Activities to improve partnership working between business and providers will be supported within the labour market relevance investment priority under thematic objective 10.

### **Concentration and conditionality**

124. It is important that the ESF complements and does not duplicate existing policies and provision, and does not displace the investment that employers and individuals make in training and provides a focus on areas where the market is not delivering the skills needs of the area. The ESF will not subsidise training that would otherwise be funded by business.
125. Therefore the ESF will respect the national frameworks for Apprenticeships and Traineeships, and policies on grants and loans in further and higher education for tuition for skills activities. Funding for lifelong learning in SMEs will focus on activities to support sectors within thematic objectives where there are skills gaps in that area or where the market does not provide for that learning. The ESF will be used to expand or enhance provision within these frameworks and policies in ways that must be tailored to address local needs. For example, the ESF

may be used to complement, enhance or build on existing and planned provision through wrap-around activity, such as mentoring individuals and outreach activity to increase the participation of particular groups. This might range from encouraging female take-up of STEM provision to supporting the most disadvantaged groups such as care leavers and disabled people, to engage or continue learning. It might also cover skills for innovation (aligning with other European Structural and Investment Funds), provision in remote locations to disadvantaged groups or activity to develop self-employment or entrepreneurial skills to start and grow a business or social enterprise. Activities should reflect closely patterns of disadvantage and local employer skills needs in local areas.

126. Exemptions to the funding policy on grants and loans will only be considered where a local specific need and/or market failure has been demonstrated and where these fall within the ESF priority objectives. Any case submitted for consideration will be considered on its individual merits but exemptions are expected to be limited.

## 1.6 Gender Equality and Equal Opportunities

127. This section sets out key issues for the programme to address to promote gender equality and equal opportunities. Information about how gender equality and equal opportunities will be mainstreamed in the delivery of the programme is in the section on cross cutting principles.

### Gender

128. In the year to September 2013, the employment rate for men was 76.6% and for women was 66.2%.<sup>37</sup> However, whereas the rate for men has fallen since the mid-2000s, the female employment rate has been growing consistently, in part attributable to the equalising upwards of the women's pension age and the introduction of benefit conditionality for lone parents of older children.
129. The unemployment rate for men (aged 16-64) was 8.3% and for women was 7.5%. The proportion of men (age 16-64) who were economically inactive was 16.4% and the proportion of women was 28.4%.
130. A higher proportion of women work part-time (42%) than men (11%) in England,<sup>38</sup> however this does not necessarily imply that these jobs are of lower quality as overall in the UK over 80% of people work part-time because it suits them.<sup>39</sup>

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<sup>37</sup> ONS, *Annual Population Survey*, October 2012-September 2013, employment rate for those aged 16-64

<sup>38</sup> ONS, *Annual Population Survey*, October 2012-September 2013, part-time employment rates 16-64

<sup>39</sup> ONS, *Labour Market Statistics* January 2014

131. Older women and women from some ethnic minority groups face particular challenges, which are set out in the sections on age and ethnicity. However among many of the main disadvantaged groups, there are higher proportions of men than women.
132. The Government has a comprehensive action plan 'Women and the Economy' (November 2013). This sets out the structural changes the Government is making to address the barriers faced by women in the labour market and in business. These include:
- introducing shared parental leave to give families more choice and control;
  - extending the right to request flexible working for all;
  - increasing child tax credits for lower income families;
  - extending the free entitlement to early education;
  - encouraging and supporting more women to start their own business, through mentoring, financial help and cutting red tape.
133. The plan also sets out the following actions:
- improved guidance on careers which will include raising aspirations and challenging stereotypes;
  - help for parents to ensure their children make well-informed career and subject choices;
  - a new drive to promote careers in science, technology and engineering;
  - support for those with caring responsibilities to stay in work where they wish or to set up their own small business;
  - a new business champion for older workers.
134. There is also a joint government-business voluntary initiative 'Think Act Report', which helps companies think about gender equality in their workforces, particularly in relation to recruitment, retention, promotion and pay. This framework strongly encourages companies to publish progress on gender equality issues. More than 140 major companies are already supporting the initiative, which now covers two million employees in the workforce.
135. Improving women's participation requires legislative or structural action such as more flexible working, and changes to practices within individual businesses. The ESF will not be used directly to support these actions – which are more appropriately and better delivered by government and the business community. However the ESF may be used to support additional actions at local level that align with or complement those set out in 'Women and the Economy'. For example, this could include encouraging women to access science, technology, engineering and mathematics courses, or re-skilling and re-training older female workers.
136. In general, ESF actions will address the needs of each person as an individual. Where men or women face specific barriers because of their gender, the ESF will be used to tackle these. For example, there may be

actions to help men or women enter sectors or occupations where they are under-represented, in order to increase their employment rate and career opportunities, and to help employers address their need for skilled labour. There will also be the scope to support actions focused solely or mainly on women where they face specific barriers to labour market participation, for example lone parents and people with caring responsibility (although these groups are not exclusively female).

137. Where men or women face specific barriers because of their gender, it will be possible to support actions to address these within any investment priority, rather than use the specific investment priority on equality between men and women.
138. Activities aimed at helping unemployed and inactive women into work and to progress at work, especially in sectors or occupations where they may be under-represented, will be supported through the investment priority on access to employment. Activities focused on the most disadvantaged women will be supported through the active inclusion investment priority. Activities to help women improve skills and progress at the workplace will be supported within the access to lifelong learning investment priority, especially in sectors or occupations where they are under-represented. These activities will contribute to achieving the Europe 2020 employment and poverty targets.

## **Disability**

139. People with disabilities and health conditions face particular discrimination and disadvantage in the labour market. About half of disabled people of working age are not in employment. Of these two in five would like to work. In January-March 2013, there were around 3.9 million people in the UK with a long-term health problem or disability that were in employment; while around 3.1 million were economically inactive and around 0.5 million were unemployed (age 16-64).<sup>40</sup>
140. Disabled people are more than twice as likely not to hold any formal qualifications than are non-disabled people. Disabled people are also less likely to participate in adult learning than non-disabled people. In the last three months of 2013 about 39.6% of non disabled people aged 16-64 participated in adult learning compared with 30.2% of disabled people.<sup>41</sup>
141. All activities funded by the programme will need to be accessible to disabled people and be responsive to their individual needs. The investment priorities on access to employment and active inclusion will be able to support activities focused on improving the employability of disabled people and those with health conditions. The active inclusion investment priority will help those with the greatest distance to travel and

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<sup>40</sup> ONS, *Annual Population Survey*.

<sup>41</sup> ONS, *Annual Population Survey*, Quarter 3 2013



who often experience other disadvantages. The investment priority for the sustainable integration of young people will help those who are NEET or at risk of being NEET and have learning difficulties and disabilities.

## **Ethnicity**

142. Certain ethnic minority groups (notably those from Pakistani, Bangladeshi and Black African groups) face greater difficulties in accessing work compared to the majority of the population.
143. The employment rate for people (aged 16-64) of white ethnic origin in England is 73.4%.<sup>42</sup> The employment rate for all ethnic minorities is 59.4%. Among ethnic minorities the lowest employment rate is for people of Pakistani or Bangladeshi ethnic origin at 48.4%, and the highest is for people of Indian ethnic origin at 69.5%. The employment rate for ethnic minority women is 68.8%, and is particularly low for women of Pakistani or Bangladeshi origin at 29.3%.
144. The unemployment rate for people (aged over 16) of white ethnic origin in England is 6.9%.<sup>43</sup> The unemployment rate for all ethnic minorities is 13.9%. Among ethnic minorities the highest unemployment rates are for people of Pakistani or Bangladeshi ethnic origin at 18.1% and Black or Black British groups at 17.6%. The rates are particularly high for Black or Black British men at 20.1% and women of Pakistani or Bangladeshi origin at 23.4%.
145. The proportion of people of white ethnic origin who are economically inactive is 21% and the proportion of ethnic minorities is 30.9%. Among ethnic minorities the highest rate of economic inactivity is for people of Pakistani or Bangladeshi ethnic origin at 40.9%, with a particularly high rate among women of Pakistani or Bangladeshi origin at 61.5%.
146. It will be important that people from ethnic minorities are able to access ESF provision in all investment priorities. Interventions must be tailored to the needs of people from different ethnic minority groups in each locality, and where appropriate targeted on specific groups. There is a particular case for interventions targeted at groups with low employment and high inactivity rates in the access to employment and active inclusion investment priorities, particularly women of Pakistani and Bangladeshi origin. This will be particularly important in areas such as London with high concentrations of people from ethnic minorities.

## **Age**

147. The lowest employment rates are faced by young people (who are considered separately). However, older people over 50 face lower than

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<sup>42</sup> ONS, *Annual Population Survey*, October 2012-September 2013

<sup>43</sup> ONS, *Annual Population Survey*, October 2012-September 2013

average employment rates and face particular difficulties re-engaging in the labour market if they become unemployed or economically inactive.

148. The employment rate for people aged 50-64 is 67.5%, the unemployment rate is 4.7%, and the proportion who are economically inactive is 29.1%.<sup>44</sup> The employment rate for men aged 50-64 is 73.4% and for women is 61.9%. The unemployment rate for men is 5.4% and for women is 4%. The proportion of men who are economically inactive is 22.5% and women is 35.5%.
149. Demographic trends are likely to make retaining and re-engaging older people in the workforce more important during the course of the programme. Overall, England's population of 53.1 million in 2011 is set to increase in the next decade just as the population will become older. Projections for 2021 are for up to 20 per cent of England's population to be over the age of 65.
150. This points to the need for activities to re-engage older people who have become unemployed and economically inactive (through activities in the access to employment investment priority) and to retain older people already in the workforce, particularly by adapting and updating their skills (through activities in the access to lifelong learning investment priority).
151. The Women's Business Council has identified that older women face particular challenges in reskilling and retraining as well as balancing work with caring responsibilities. Older women have lower average levels of qualification than any other group and are less likely than younger workers to engage in training.<sup>45</sup> They are particularly concentrated in certain sectors: three in five female employees aged 50 and over work in just three sectors – education, health and retail. Although unemployment is relatively low for older women, those who do lose their jobs tend to find it harder to get back in the labour market: 43% of unemployed women aged 50 or over have been unemployed for a year or longer, and re-employment rates for those made redundant are lower for the over 50s.<sup>46</sup>
152. Activities in the access to employment, active inclusion and access to lifelong learning investment priorities should be responsive to the needs of older women. Specific activities may be delivered to help improve the participation of older women depending on the needs of local areas.

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<sup>44</sup> ONS, *Annual Population Survey*, October 2012-September 2013

<sup>45</sup> ONS, *Annual Population Survey*, April 2011-April 2012; OECD, 2013, *Employment Outlook*

<sup>46</sup> ONS, *Labour Market Statistics*, May 2013

## 1.7 Other Thematic Objectives

153. Although all the ESF will be invested in the employment, social inclusion and skills objectives, it will also contribute to other thematic objectives by increasing the supply of labour to, and the skills of the workforce in, sectors covered by these thematic objectives. The following activities will contribute to these thematic objectives when focused on relevant sectors:

- improve the employability and skills of unemployed, inactive and disadvantaged people;
- developing leadership and management skills;
- developing intermediate and advanced skills;
- supporting the delivery of employer owned training solutions;
- enhancing access to Apprenticeships and Traineeships;
- promoting opportunities for entrepreneurship, business start up, self employment and social enterprise;
- developing better links between education/training providers and business.

154. Specific ways in which the ESF will contribute to other thematic objectives are set out below.

### **Thematic objective 1: strengthening research, technological development and innovation)**

155. The ESF could contribute by developing science and technology skills, including by creating centres of excellence in key sectors and stronger links between higher education and business.

### **Thematic objective 2: enhancing access to, and use and quality of, ICT**

156. The ESF could contribute by improving ICT skills, and developing and delivering skills provision relevant to the use and exploitation of digital technology.

### **Thematic objective 3: enhancing the competitiveness of SMEs**

157. The ESF could contribute through skills programmes aimed at SMEs; leadership and management training; mentoring/coaching initiatives; and advice, guidance and information; and providing placement or internship opportunities.

158. The promotion of self-employment and growth of SMEs will help to increase employment opportunities. While the proportion of adults in the process of setting up or running a new business has increased<sup>47</sup>, there are particularly low levels of entrepreneurial ambition in some parts of

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<sup>47</sup> Global Entrepreneurship Monitor UK 2011 Monitoring Report

the country and some groups are particularly under-represented in enterprise, relative to their share of the overall population, notably women and black ethnic groups. The ESF can contribute to fostering a more entrepreneurial society, by reducing barriers to entrepreneurship and self employment.

**Thematic objective 4: supporting the shift towards a low-carbon economy in all sectors**

159. The ESF could contribute by developing skills to deliver innovation and adoption of low carbon technologies; developing more training provision for low carbon transition; and developing new and alternative skills for construction. ESF could also train unemployed and inactive people in skills needed for jobs in a low carbon economy which would enable them to benefit from employment opportunities generated by thematic objective 4.

**Thematic objectives 5: promoting climate change adaptation, risk prevention and management and 6: preserving and protecting the environment and promoting resource efficiency**

160. The ESF could contribute through skills training for green jobs and technologies.

**Thematic objective 11: enhancing institutional capacity of public authorities and stakeholders and efficient public administration**

161. Investments under the institutional capacity thematic objective are designed primarily for the less developed countries and regions of the EU that may need additional support to enhance their institutional capacity and improve the efficiency of their public administrations. This is not identified as an objective for the ESF to address in England in the Country Specific Recommendations, National Reform Programme or LEP area strategies. The Operational Programme does not therefore use this thematic objective or its investment priorities.

162. Capacity building activity may take place within other objectives, particularly where there is a need to facilitate the participation of Civil Society and the social partners in less developed and transition regions. Capacity building will also be supported through community led local development. Action to support the effective delivery of the programme will be financed by Technical Assistance.

**1.8 Localism**

163. The wide variations in GDP and productivity across England, and the myriad and complex reasons for these variations, has prompted the Government to take a new approach to local growth policy in England, shifting power away from central government to local communities, citizens and independent providers. Government believes in local

solutions for local growth, designed by those who best know their local areas.

164. At the heart of this new approach are Local Enterprise Partnerships (LEPs), introduced after the abolition of Government Offices and Regional Development Agencies. A LEP is a private sector-led partnership between local authorities and local businesses which sets the strategy for achieving economic growth in its area. There are 39 LEPs covering England. They are formed around functional economic areas (see figure 11) and are much smaller than the areas covered by the Regional Development Agencies, reflecting need for greater local differentiation.

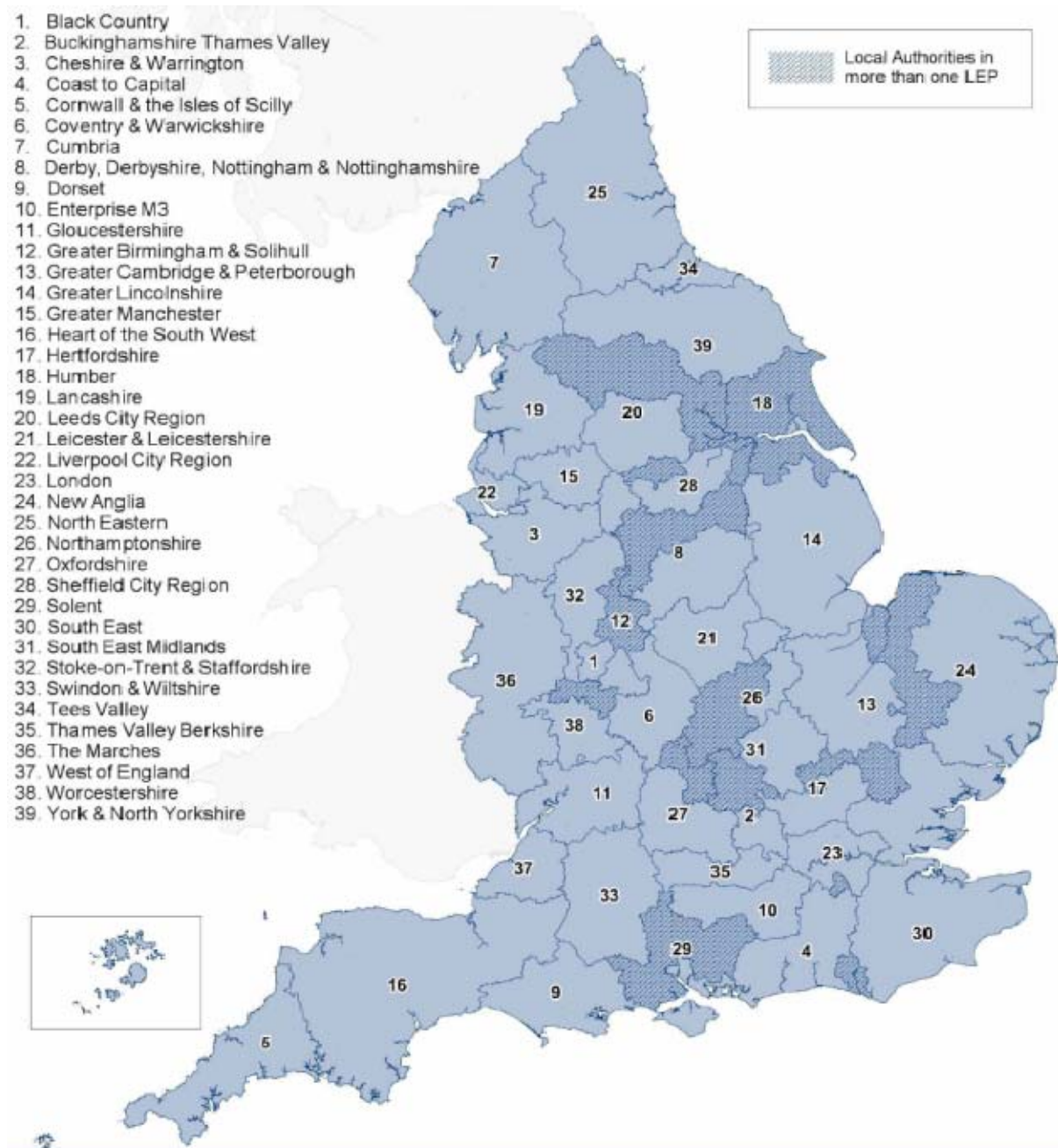


Figure 11: LEP areas in England

165. The Government is devolving functions and budgets to LEPs where it makes sense to do so. This will include most structural funds money in England. The Government has invited LEPs and partners to develop European Structural and Investment Funds strategies for use of this money.
166. LEPs and partners must develop their European Structural and Investment Funds strategies in accordance with guidance from government. This guidance sets out the list of priority activities that European Structural and Investment Funds might be used to support in England. While LEPs and partners will select priorities for investment within the Government's guidance, their selections and the overall pattern of activities and impact will to a large extent be defined by the scale of the needs.
167. The Government's localism agenda encourages communities to take control of their own issues and shape their own solutions with power in the hands of citizens and neighbourhoods and decision-making passed down to the lowest possible level. In relation to the wider economic growth agenda the Government is further committed to ensure that local partners are at the centre of efforts to drive forward economic growth in England and ensure all residents benefit from it. The use of community led local development offers an opportunity for even greater determination of issues and solutions at a local level.

## 1.9 Contribution to Country Specific Recommendations

168. The Operational Programme will contribute mainly to the inclusive growth dimension of the Europe 2020 strategy and to the thematic objectives for employment, education and social inclusion. The Country Specific Recommendations on sustainable public finances, the housing market, access to finance and investment infrastructure are not relevant to ESF.
169. The table below summarises how the programme will respond to the 2013 Country Specific Recommendations.

<ul style="list-style-type: none"> <li>• <b>2013 Country Specific Recommendations</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Summary of Response of England ESF Programme</b></li> </ul>
<ul style="list-style-type: none"> <li>• Building on the Youth Contract, step up measures to address youth unemployment, for example through a Youth Guarantee.</li> </ul>	<ul style="list-style-type: none"> <li>• The sustainable integration of young people investment priority will support additional measures to tackle youth unemployment, but will not support a Youth Guarantee as the Government has already put in place similar measures to tackle youth unemployment.</li> </ul>

<ul style="list-style-type: none"> <li>• Increase the quality and duration of apprenticeships,</li> </ul>	<ul style="list-style-type: none"> <li>• The access to lifelong learning investment priority will support activities to expand and enhance Apprenticeships.</li> </ul>
<ul style="list-style-type: none"> <li>• simplify the system of qualifications</li> </ul>	<ul style="list-style-type: none"> <li>• This is a matter for national policy and will not be addressed by the ESF</li> </ul>
<ul style="list-style-type: none"> <li>• and strengthen the engagement of employers,</li> </ul>	<ul style="list-style-type: none"> <li>• The labour market relevance investment priority 2.2. will strengthen the engagement of employers through activities to ensure that skills provision meets the needs of local employers.</li> </ul>
<ul style="list-style-type: none"> <li>• particularly in the provision of advanced and intermediate technical skills.</li> </ul>	<ul style="list-style-type: none"> <li>• The access to lifelong learning investment priority 2.1 will provide training in intermediate and advanced skills to meet employer needs, in line with the Government's policy on grants and loans. The sustainable integration of young people investment priority will also fund skills at these levels for young people.</li> </ul>
<ul style="list-style-type: none"> <li>• Reduce the number of young people aged 18-24 who have very poor basic skills, including through effectively implementing the Traineeships programme.</li> </ul>	<ul style="list-style-type: none"> <li>• The sustainable integration of young people investment priority will tackle basic skills need among young people who are NEET or at risk of becoming NEET. They will also complement, enhance and build on Traineeships by offering wrap-around activity and additional support for disadvantaged participants. The access to lifelong learning investment priority will be able to train those in the workforce who lack basic skills.</li> </ul>
<ul style="list-style-type: none"> <li>• Enhance efforts to support low-income households and reduce child poverty by ensuring that the Universal Credit and other welfare reforms deliver a fair tax-</li> </ul>	<ul style="list-style-type: none"> <li>• ESF funds will not be used directly to implement welfare reforms or the tax-benefit system, but ESF activities, particularly in the active inclusion investment priority</li> </ul>

<p>benefit system with clearer work incentives and support services.</p>	<p>will complement reforms such as the introduction of Universal Credit by enhancing services for those with complex barriers. Additional opportunities will be provided for disadvantaged groups with the greatest difficulty in accessing the labour market, with more intensive local provision tailored to local needs. These will support progression both into and within work.</p>
<ul style="list-style-type: none"> <li>Accelerate the implementation of planned measures to reduce the costs of childcare and improve its quality and availability.</li> </ul>	<ul style="list-style-type: none"> <li>The Government has announced measures to provide help with the costs of childcare and improve its quality and availability. ESF will not be invested in these directly. However ESF will be able to finance supporting measures, such as training for childcare workers in the access to lifelong learning investment priority. All ESF providers in all Investment Priorities will be able to provide support with childcare where this is identified as a barrier to participation and support is not otherwise available.</li> </ul>

## 1.10 Selection of Objectives and Priorities

170. The table below provides an overview of the justification for the selection of thematic objectives and investment priorities.

<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b>
Promoting sustainable and quality employment and supporting labour mobility	Access to employment for jobseekers and inactive people, including the long-term unemployed and people far from the labour	Unemployment yet to fall substantially.  Low employment rates in certain geographical areas and among



<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b>
	market, also through local employment initiatives and support for labour mobility	<p>certain groups (for example, those with low or no qualifications, disabled people, certain ethnic minority groups).</p> <p>UK Partnership Agreement identifies focus on increasing employment levels.</p> <p>UK National Reform Programme action on increasing participation in the labour market, including Jobcentre Plus regime and Work Programme.</p>
Promoting sustainable and quality employment and supporting labour mobility	Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through implementation of the Youth Guarantee	<p>Youth unemployment still too high, with concentrations in particular local areas.</p> <p>2013 Country Specific Recommendation calls on the UK to step up measures to address youth unemployment.</p> <p>UK Partnership Agreement identifies need to focus on young people not in education, employment or training.</p> <p>UK National Reform Programme action to support young people, especially the Youth Contract.</p>
Promoting social inclusion, combating poverty and any discrimination	Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability	<p>People with multiple disadvantages face greatest barriers to work.</p> <p>Social Justice Strategy identifies need to help</p>

Selected thematic objective	Selected investment priority	Justification for selection
		<p>individuals and families facing multiple disadvantage.</p> <p>2013 Country Specific Recommendation on support to low-income households and welfare reforms.</p> <p>UK Partnership Agreement identifies need to increase employment with a focus on those at a disadvantage in the labour market.</p> <p>UK National Reform Programme action on jobless households, welfare reform (for example, Universal Credit) and tackling barriers to inclusive employment.</p>
Promoting social inclusion, combating poverty and any discrimination	Community-led local development strategies	<p>The Government's 'Plan for Growth' and commitment to 'Local Growth: Realising Every Place's Potential' support investment in places and people to tackle barriers to growth and to ensure that the spatial challenges of recovery (such as in areas of deprivation) are accessible to all areas and groups.</p> <p>UK Partnership Agreement identifies need to mobilise local actors, assets and resources to provide long term, coherent and</p>

<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b>
		<p>sustainable interventions in support of growth and that add value to mainstream programme activity – particularly in areas where disparities exist.</p> <p>Supports Social Justice strategy.</p>
<p>Investing in education, training and vocational training for skills and life-long learning</p>	<p>Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences</p>	<p>Need to focus on up skilling the population particularly in relation to intermediate skills.</p> <p>2013 Country Specific Recommendation on provision of advanced and intermediate technical skills.</p> <p>UK Partnership Agreement identifies need to focus on increasing the productivity of those in work by improving skill levels.</p> <p>UK National Reform Programme action on developing human capital. Skills for growth strategy.</p>
<p>Investing in education, training and vocational training for skills and life-long learning</p>	<p>Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula</p>	<p>Disconnect between labour force skills and those required by employers.</p> <p>2013 Country Specific Recommendation on strengthening engagement of employers in education.</p> <p>UK National Reform Programme action on</p>

<b>Selected thematic objective</b>	<b>Selected investment priority</b>	<b>Justification for selection</b>
	and the establishment and development of work-based learning systems, including dual learning systems and Apprenticeship schemes	developing human capital.  Review of business-university collaboration.

## 2. INVESTMENT PRIORITIES

171. This section describes the investment priorities that the programme will support to address the needs and challenges set out in the strategy. The ESF Regulation requires that most ESF funding is concentrated on up to five of the investment priorities. In England these will be:

- **Access to employment for jobseekers and inactive people:** will help unemployed and inactive people enter, progress in and sustain employment (thematic objective 8: employment).
- **Sustainable integration of young people:** will help young people, particularly those not in education, employment or training (NEET), participate in the labour market and learning. There will be a parallel investment priority for the Youth Employment Initiative (thematic objective 8: employment).
- **Active inclusion:** will help people who are some distance from the labour market and who may face multiple disadvantages, to tackle their barriers to moving towards and progressing in employment (thematic objective 9: social inclusion).
- **Enhancing equal access to lifelong learning:** will help more people gain the skills they need to meet their goals and the needs of the local economy. This is primarily about training, advising or supporting individuals (thematic objective 10: skills).
- **Improving the labour market relevance of education and training systems:** will improve employer participation and engagement in learning so that it is responsive to the needs of the local economy and helps individuals progress into or within learning. This is primarily about improving partnerships and systems (thematic objective 10: skills).

172. Each investment priority describes the objective, the main results that will be achieved and the indicative activities that will be supported. They are informed by and are intended to cover the scope of eligible activities proposed in Local Enterprise Partnership (LEP) area European Structural and Investment Funds strategies.

173. The allocations to priorities will be based on the needs and financial allocations identified in local European Structural and Investment Funds strategies. Overall at least 20% of the programme's resources will be allocated to active inclusion and community-led local development under the social inclusion thematic objective.

174. The common EU indicators that will apply to all investment priorities are set out at annex A. There are additional indicators for the Youth Employment Initiative.

## 2.1 Access to Employment for Jobseekers and Inactive People

### Objective

175. More unemployed or inactive people enter jobs (including self-employment) or engage in job searching, especially those who are at a disadvantage or who need to improve their skills.

### Results

176. The additional support from this investment priority will help unemployed and inactive people to tackle their barriers to work and move into sustainable employment.
177. The main result that will be achieved is that more participants will be in employment (including self-employment) on leaving. There will be a quantified target set for this result indicator in each category of region (less developed; transition; more developed).
178. This investment priority will also contribute to other results indicators (without quantified targets) such as: inactive participants engaged in job searching upon leaving; and participants gaining a qualification upon leaving.
179. The longer term impact of the investment priority will be measured through evaluation activity including surveys of a sample of participants. As well as measuring the common longer-term result indicators, they will also look at issues such as in-work progression.
180. There will be an output target set for the number of participants who were unemployed or inactive (not in education and training) on starting provision, in each category of region (less developed; transition; more developed).

### Actions

181. The Government is committed to increasing employment opportunities for all by providing support mechanisms and benefits systems that incentivise work and reduce worklessness, to ensure that individuals can fulfil their potential within the labour market. It has put in place national policies to help people move from welfare to employment. The policies are designed to ensure that jobseekers get the support they need to find a job and in return jobseekers are expected to do all they can to find work.
182. To complement national policies in England, the ESF will provide additional and more intensive support to help unemployed and inactive people move towards work, enter work and progress in work, in a way that responds to local needs. ESF funding will complement or add value to support available within government programmes. ESF will not support activities that duplicate or replace existing support within

government programmes, but may be used to support additional activities or target groups, including provision co-designed with local partners. This could range from additional early interventions for people who are newly unemployed, to support for very long-term unemployed or inactive people. It may include piloting new approaches to improving access to employment, alongside mainstream provision.

183. Examples of actions which may be supported for all unemployed and inactive people are:
- additional and innovative approaches to pre-employment training;
  - training for those who need to upgrade their skills or learn new skills (including basic skills and English for speakers of other languages) to compete in the local labour market and adapt to changes in the economy;
  - helping people access or benefit from Apprenticeships;
  - providing advice, guidance and support, adding value to National Careers Service where appropriate;
  - using self-employment as a route out of worklessness, including providing advice and support for self-employment.
184. The investment priority will also provide additional support for long-term unemployed people, including those who have completed the Work Programme. This will include new approaches to work experience and training, intermediate labour market activity and volunteering opportunities.
185. The investment priority may also provide additional support to specific target groups such as people with disabilities or health barriers (including mental health issues), people with caring responsibilities, lone parents, ethnic minorities, ex-service personnel, and those from households with inter-generational worklessness. It will also help older workers to re-train, re-enter or stay engaged in the labour market.
186. The investment priority will respond flexibly to employer demand in local labour markets where Local Enterprise Partnerships and their partners identify specific needs. This may include demands highlighted by Universal Credit Local Support Service partnerships and health and wellbeing boards to help Universal Credit claimants progress into the labour market, support their career progression (better pay/ work/ hours), and move from the hidden economy to legitimate work.
187. As well as unemployed and inactive people, those who have made the transition to work will also be eligible for support to help them sustain their employment and progress. Those in work who are at risk of, under notice of or facing redundancy will also be able to receive support, including training to upgrade their skills or learn new skills.
188. Activities will usually target both men and women. There may be some activities targeted at women to increase their participation and support

their progression, particularly in occupations or sectors where women are under-represented.

189. Where activities involve wage subsidies and work incentives they must be additional to support provided through government programmes. Any proposals for wage subsidies and work incentives must provide an evidence base for using them locally and ensure that deadweight is avoided. They should be targeted on groups where there is evidence that they are cost effective and can have an impact in terms of sustainable employment.
190. The investment priority will also help overcome the challenges brought about by the limited range of employment in some rural areas, complementing actions supported by the European Agricultural Fund for Rural Development.
191. It will also support activities to support labour mobility, including national EURES activities.

## 2.2 Sustainable Integration of Young People

### **Objective**

192. More young people are in education, employment or training, and fewer young people are NEET or at risk of being NEET.

### **Results**

193. This priority will help to integrate more young people into the labour market. The main result will be young participants aged 15 to 24 who were NEET on starting provision, and in employment (including self-employment), education or training upon leaving. There will be a quantified target set for this result indicator in each category of region (less developed; transition; more developed).
194. The longer term impact of the investment priority will be measured through evaluation activity including surveys of a sample of participants.
195. There will be an output target set for the number of participants below 25 years of age who are unemployed, including long term unemployed OR inactive (not in education or training) on starting provision.

### **Actions**

196. This investment priority will support additional provision that complements existing government programmes to tackle youth unemployment and reduce the number of young people NEET or at risk of being NEET. The ESF will support additional and more intensive provision that meets the needs of individuals and local labour markets. It will not support activities that duplicate or replace existing provision.
197. Examples of actions for all young people who are NEET or at risk of



becoming NEET include:

- additional literacy, numeracy, ICT and employability provision;
  - training and vocational qualifications;
  - community and informal learning that help people access more formal learning;
  - intermediate labour market activity;
  - using self-employment as a route out of worklessness, including providing advice and support for self-employment.
198. The investment priority will help to re-engage marginalised young people NEET, including through innovative approaches, customised training and support and volunteering activities. Activities may be focused on specific target groups such as: young lone parents; looked after children and care leavers; carers; ex-offenders; those involved in gangs; and young people with learning difficulties and disabilities.
199. The ESF will be able to support Traineeships so long as it is not displacing already planned (and funded) provision and it adheres to the Traineeship Framework for Delivery. In terms of Apprenticeships, any activity must comply with the Apprenticeship Framework or standard as set out by primary legislation.
200. The investment priority will be able to complement Traineeships by enhancing or building on existing and planned Traineeship provision through wrap-around activity. It will also be able to provide additional support for disadvantaged young people beyond the core elements of training (work preparation, English and maths) and work experience.
201. The investment priority will be able to complement Apprenticeships (but not provide direct funding of training or wage costs). This will include supporting improvements to recruitment, assessment and training.
202. Support for both Traineeships and Apprenticeships may include increasing uptake through dedicated marketing or outreach work and supporting individuals to remain on the programme (for example mentoring and paying trainees' costs such as transport).
203. The investment priority will enhance local careers guidance services for young people, including where appropriate providing education and training providers and careers guidance professionals with information on local job options, business developments and local skills shortages.
204. It will broker opportunities with local employers to take on young people who are NEET (including those with complex barriers) - including through Traineeships, Apprenticeships, work experience, supported internships for young people with learning difficulties, and support for employers to take on young people NEET. It will also help to improve the employability of unemployed or inactive graduates, including through graduate placements.

205. ESF funding for young people can be used to help those aged 15 to 24 on starting provision. Any interventions targeting young people still at school must not substitute for provision that schools or local authorities would be expected to provide and must be targeted at those who are at risk of being NEET.

### **Youth Employment Initiative**

206. There will be a parallel investment priority for the Youth Employment Initiative which will contain the same actions as those listed above.
207. The Youth Employment Initiative includes additional money from the dedicated Youth Employment Initiative budget line and an equivalent amount of ESF money from within each Member State's structural fund allocation. The Youth Employment Initiative allocation is front-loaded to 2014 and 2015. These allocations must be spent by 2017 and 2018 respectively.
208. At least 90% of the Youth Employment Initiative money will be targeted on NUTS2 regions with youth unemployment rates above 25% in 2012. The four NUTS2 regions eligible in England are: Inner London, Merseyside, Tees Valley and Durham, and West Midlands.
209. Participants in Youth Employment Initiative provision must be aged 15 to 24, and be residing in an area eligible for the Youth Employment Initiative. Participants must be unemployed or inactive. Usually they will be NEET (i.e. not in education or training as well). However, in certain cases young people in education or training may participate, if they are not on full time education or training courses and are at risk of becoming NEET (for example they have no qualifications, or are from disadvantaged groups or marginalised communities). European Commission guidance excludes full time students from Youth Employment Initiative support.
210. The ESF Regulation requires that targets are set for all the common results indicators for the Youth Employment Initiative, which are listed at annex A.

## **2.3 Active Inclusion**

### **Objective**

211. To address the root causes of poverty which create barriers to work so more people move closer or into employment.

### **Results**

212. This investment priority will help more disadvantaged people to move towards or into employment by tackling the barriers they face. This will be demonstrated by participants either entering employment, or being engaged in job search, or being engaged in education or training, or

gaining a qualification upon leaving. The main result indicator will capture all of these. There will be a quantified target set for this result indicator in each category of region (less developed; transition; more developed).

213. The longer term impact of the investment priority will be measured through evaluation activity including surveys of a sample of participants. This will capture other softer outcomes and participation in volunteering activities.
214. There will be an output target for the number of participants who are long-term unemployed or inactive (not in education or training) on starting provision, in each category of region (less developed; transition; more developed).

### **Actions**

215. The ESF will complement policies and initiatives to promote social justice by supporting additional and more intensive provision tailored to local needs. Investments will help to tackle inactivity particularly by helping disadvantaged groups overcome barriers, improve their employability and move towards employment. There will be a particular focus on workless households, including working through local authority partnerships delivering the extended Troubled Families programme.
216. The investment priority will tackle barriers to work in a holistic and integrated way, including through supporting early action before problems become entrenched, outreach activities and access to locally provided services. This may include addressing issues such as:
- access to flexible and affordable childcare
  - access to transport
  - caring responsibilities
  - debt and money management
  - digital exclusion
  - drug and alcohol dependency
  - educational attainment (particularly lack of basic literacy and numeracy and English for speakers of other languages skills)
  - family, parenting and relationship problems
  - health problems (including mental health)
  - gangs
  - homelessness
  - learning difficulties and disabilities
  - life skills
  - offending.
217. The investment priority will complement and add value to other services and funds locally, especially helping those with more complex barriers move closer to employment. This may include helping those in greatest need of a more consistent service offer and who may require extra support to transfer to Universal Credit.

218. The investment priority may provide additional and more intensive and flexible support identified by Universal Credit Local Support Service partnerships and health and wellbeing boards. This may include actions to help Universal Credit claimants progress into the labour market, support their career progression (better pay/work/hours), and move from the hidden economy to legitimate work.
219. Activities at a local level may target specific communities or ethnic minorities with high levels of poverty and social exclusion. This may include spatial targeting in key neighbourhoods where worklessness is persistent, high and inter-generational. These actions should raise aspirations and tackle core economic barriers.
220. The investment priority will promote equal opportunities and combat discrimination in the labour market. Activities should be designed to respond to the specific needs of participants with disabilities or health conditions, older workers, participants from ethnic minorities and women. Some participants will experience multiple disadvantages, for example older workers with a disability may face barriers related to their age and disability. Providers should take such multiple disadvantages into account when assessing the needs of participants, and when they are designing and delivering activities. Providers should work with employers to help integrate people with disabilities and ethnic minorities into the workplace.
221. The investment priority may support activities to retain in employment older workers and workers who have, or who develop, disabilities and health conditions. These activities will provide support to prevent workers becoming unemployed or inactive because of age, disability or a health condition.
222. The investment priority will also provide additional support through the National Offender Management Service to prisoners and to ex-offenders without work, especially from very hard to help groups.
223. The investment priority may also help to tackle specific barriers faced by refugees and migrants and to integrate them into the labour market.
224. The investment priority will be able to support capacity building for voluntary, community and social enterprise sector organisations to enable them to deliver ESF activities for people at a disadvantage in the labour market. This may include developing the capacity of community groups.
225. The investment priority will also promote social enterprises, including providing advice and information and support to access social investment; and develop the capacity of social entrepreneurs to address the needs of their local communities. It will also encourage closer collaboration between businesses and the voluntary, community and social enterprise sector to address social exclusion.

226. Examples of some of the activities that may be supported include:

- basic skills and ESOL training;
- money management support and advice and financial literacy programmes
- digital and internet literacy courses to aid job searching, access to benefits and progress in work;
- local 'Community Grant' type activity;
- first contact engagement activities (for example, arranging events in places that people feel comfortable to visit);
- local networks and groups to support people to get a job or access learning (for example, Jobs Club or Learning Champion type activity);
- softer skills development (for example, assertiveness, anger management and motivation);
- volunteering, which is recognised in general terms as a good way to re-engage those furthest from the labour market.

227. The investment priority may also encourage Social Investment models by providing (matched) outcome funding that enables payment by results programmes to be established to support the Government's agenda on Social Justice and encourage innovative delivery models within local communities. The focus would be on disadvantaged individuals and families, in areas such as those not in education, employment or training, employment and training, drug addiction and other issues which are usually part of the cycle of deprivation.

228. To complement other thematic objectives, the investment priority may support activities that are designed to promote social inclusion whilst also tackling environmental issues such as environmental protection, waste recycling, energy efficiency, and renewable energy.

### **Complementarity with Local Impact Funds**

229. The active inclusion investment priority will be able to use ESF to complement European Regional Development Fund (ERDF) financed Local Impact Funds. The ESF would provide support in the form of grants and would not be part of the Local Impact Fund financial instrument.

230. The Growth Programme provides the opportunity to promote investment in the social economy to deliver social and environmental as well as economic benefits. The term 'social economy' covers a diverse range of organisations delivering social, environmental and economic benefits such as community organisations, charities, social enterprises, co-operatives and mutuals. As with private businesses such organisations require access to affordable finance to build capacity and resilience.

231. The Local Impact Funds model can unblock projects that would otherwise not proceed whilst leveraging private and social sector expertise and investment. Social investment approaches can support the

successful delivery of EU investments by redirecting the power of mainstream financial markets to help grow a sustainable social economy. This aligns with the Government's ambitions for creating a devolved, localised and empowered society.

232. The proposal for Local Impact Funds includes a mix of investment in the social economy together with a programme of tailored business and investment readiness support to ensure that organisations are able to take on and manage repayable finance, and thereby achieve sustainable social, environmental and economic outcomes for their areas.
233. Investing in the social economy helps deliver local regeneration: social enterprises for instance have their greatest concentration in areas of the greatest deprivation, with almost 40% of social enterprises working in the 20% most deprived communities in the UK
234. Each Local Impact Fund could be a revolving a mix of loan, equity and grant finance, managed by a private or voluntary, community and social enterprise sector fund manager, but with Local Enterprise Partnership and public sector involvement in the governance structures.
235. The loan or equity would be delivered through the ERDF financial instrument whilst the ESF contribution, in the form of a grant, would provide complementary 'investment readiness' actions. This would include support tailored to the needs of future investees to ensure they are equipped with the business, financial and managerial skills needed to access, manage and repay the investment.
236. Local Impact Funds will be funded by a range of national and local investors and national and local grant makers and, when combined with the appropriate 'wrap around', investment readiness and capacity building support largely from the ESF, will enable:
- start up, incubation, scale up and growth of Social Sector Organisations in deprived areas;
  - communities to invest in local assets;
  - capacity building and investment readiness support for individuals, teams and organisations.
237. Learning from two pilots launched in 2014 will shape the future design of future planned Local Impact Funds.

## 2.4 Enhancing Equal Access to Lifelong Learning

### **Objective**

238. More people gain the skills they need to achieve their goals and support local growth.

## Results

239. This investment priority will support local growth by increasing the number of people with the skills and qualifications that they need to progress in local labour markets and that local businesses need.
240. The main results that will be achieved are that participants gain a qualification or a unit of a qualification upon leaving, or successfully complete their course, or progress into or within education or training. These will be captured in a results indicator for which a target will be set for each category of region (less developed; transition; more developed).
241. The results indicator will not be limited to the achievement of qualifications because some participants will be improving their skills on provision that may not lead to a qualification or a unit of a qualification. The provision may be aimed at responding to a specific local business need, or may be aimed at supporting progression or engagement within education. In these the result may be that the intervention has been successfully completed or that progression has been achieved.
242. This investment priority will also lead to other results under other indicators which will not have quantified targets including: participants in employment (including self-employment) upon leaving; and participants in education/training upon leaving.
243. The longer term impact of the investment will be measured through evaluation activity including surveys of a sample of participants. As well as measuring the common longer-term result indicators, they will also look at issues such as in-work progression.
244. It is proposed that there should be an output target for the number of participants who are women, over 54, ethnic minorities or disabled, in each category of region (less developed; transition; more developed). This reflects the importance of ensuring that support is focused on those groups who face particular barriers in progressing at work, are more likely to be in lower paid or non-permanent full time employment, and in the case of older people and disabled people are less likely to participate in adult learning. It does not mean that people who do not fall within these groups are excluded and clearly they will participate in the investment priority. The targets will be set at a level to reflect this.

## Actions

245. ESF will complement the Government's national skills policies and programmes to raise skill levels through additional activities that address local skills gaps and needs. ESF will be able to support skills at all levels.
246. ESF will not fund activity that duplicates or cuts across national policy on grants and loans for tuition for skills activities. Exemptions to this principle will be considered only where a local specific need and/or

market failure has been demonstrated and where the activity falls within the scope of the Operational Programme.

247. Subject to the principle set out in the previous paragraph, there are no restrictions on the level of training that can be supported, and the programme will be open to individuals whatever their employment status. However, ESF funding must be targeted where there is clear justification for intervention financed by public expenditure. This may include:

- skills shortages or needs in particular sectors or local areas which are not currently being addressed by employers or individuals;
- training in small and medium size enterprises (up to 250 employees);
- training for people who lack basic skills or qualifications, or for whom a skills need is a barrier to progression at work;
- training for people in low paid, part-time or non-permanent jobs; training for people who may face disadvantage or discrimination in the labour market including disabled people, people from ethnic minorities and older people;
- training for women in sectors or subjects where they are under-represented.

248. ESF will not substitute for investment in training that would otherwise be funded by employers or individuals, or is a statutory requirement. The specific need for intervention in each local area is set out in LEP area European Structural and Investment Funds strategies.

249. Examples of activities that will be supported within this investment priority are:

- basic skills interventions for the existing workforce;
- additional or innovative approaches to training in a vocational context for those with low level skills in Maths, English and ICT, to support them in finding work or progressing in work; and to enable them to achieve vocational qualifications and continue to upskill;
- support for intermediate, technical and advanced vocational provision for the unemployed and for career progression;
- supporting low skilled people in low paid work to help them progress;
- support for intermediate, technical and advanced skills for specific industries and sectors identified as driving growth in local economies in support of other relevant thematic objectives;
- support for generic skills such as customer handling, team working, and communication;
- tailored training and lifelong learning opportunities for older people;
- skills and training packages in response to redundancies (including earlier support to companies, as well as when redundancy occurs);
- skills support for Traineeships and Apprenticeships (but not direct funding of training or wage costs) including improvements to the recruitment, assessment and training;
- support for informal learning and community based learning;
- training women to enter non-traditional sectors (for example,



construction) in order to provide the skilled labour needed for growth and providing support to address barriers to their entry to these sectors;

- initiatives to promote participation by women in science, technology, engineering and mathematics (STEM) provision;
- training to support the career progression of women including to leadership and management roles, especially in SMEs;
- support for specific activities to promote equality and diversity, retention, progression and employability in further and higher education; particularly related to the raising of aspirations towards improved economic and social outcomes;
- improving or enhancing information, advice and guidance provision, in a way that complements National Careers Service provision and increases awareness of career opportunities.

250. In relation to advanced (higher level) skills, examples of activities that could be supported are:

- Increase access to advanced skills for the most disadvantaged through:
  - funding the delivery of outreach activity including taster courses to under-represented groups to help improve take up and retention. This might for example include the cost of participation in summer schools or work-based access course delivery;
  - funding the development of new outreach activity including taster or access courses, particularly where this is being co-designed with intermediaries or representatives of the target groups and/or involves developing innovative approaches;
  - funding the development of new methods of delivering learning to reach remote learners (including e-learning and local delivery of provision in non traditional venues) where this does not duplicate mainstream activity;
  - offering financial/bursary support targeted at under-represented groups, specifically for course related costs (but not tuition fees) demonstrated as being a barrier to accessing learning. Additional funding would supplement existing government grants and loan schemes, and learning and learner support packages.
- Support retention and reduce drop out rates for the most disadvantaged from advanced skills provision: by funding additional learning support for under-represented groups where this activity can be demonstrated to enhance retention and attainment.
- Increase participation where there are current or predicted skills shortages, particularly where this addresses the needs of SMEs with growth potential or includes targeting under-represented groups. ESF could fund the development and delivery of outreach activity including access and taster programmes to increase the participation of particular groups (for example, female take-up of STEM provision).

- Support intermediate and advanced vocational provision for the unemployed and for career progression (but not tuition costs at level 3 and above, and not where mainstream provision is available):
  - funding the development costs and contribute to the delivery costs of specific vocational short courses designed to enable the unemployed to progress onto advanced courses or access good quality employment;
  - funding the development costs and contribute to the delivery costs of specific vocational short courses designed to help low skilled employees to progress to higher value employment; (particularly where this targets groups under-represented in higher skill roles).
  
- Develop skills to meet future needs (for example, in relation to new technology, construction or production methods). This will include developing skills for innovation in companies including aligning with ERDF supported activities and in line with local growth priorities.
  
- Support employability and the transition into employment including:
  - funding the costs of specific modules (additional to the core credit-bearing element of higher education programmes) designed to better prepare under-graduates and graduates for employment or self-employment or to increase the effectiveness of those recently securing employment in SMEs;
  - funding specific activity (development or delivery) targeted at increasing the employability of particular groups (including graduates) who are under-represented in the workforce or who face particular barriers to gaining employment (for example, those with a disability);
  - supporting activity to develop self-employment or entrepreneurial skills to start and grow a business or social enterprise.

251. Where appropriate training may complement activities delivered within the thematic objectives relating to innovation, low carbon, climate change, ICT and SME competitiveness, especially where improving intermediate, technical and advanced skills can contribute to these thematic objectives.

## 2.5 Improving the Labour Market Relevance of Education and Training Systems

### **Objective**

252. Skills provision is more responsive to the needs of the local economy and helps more individuals progress into or within skills provision, through increased employer engagement and participation in the planning, design and delivery of vocational education provision.

## Results

253. This investment priority will lead to better skills interventions which are more effective in supporting employer needs for economic growth. Unlike the previous investment priority which focuses on the training of individuals, this investment priority will focus on improving partnerships, capacity and systems. Projects will improve provision so that more individuals progress into or within provision that is relevant to the labour market and addresses employers' skills needs.
254. The main result will be the number of projects that are successfully completed. There will be a quantified target set for this result indicator in each category of region (less developed; transition; more developed).
255. There will be an output target for the number of projects within this investment priority with a quantified target set for each category of region (less developed; transition; more developed).

## Actions

256. ESF will complement the Government's national skills policies and programmes to raise skill levels through additional activities that address local skills gaps and needs. ESF will support projects that make education and training provision more responsive to the needs of the economy, and particularly to support local growth. This will include projects to increase the number of people who progress into or within provision that addresses employers' skills needs.
257. ESF will not fund activity that duplicates or cuts across national policy on grants and loans for tuition for skills activities. Exemptions to this principle will be considered only where a local specific need and/or market failure has been demonstrated and where the activity falls within the scope of the Operational Programme.
258. Examples of activities that will be supported within this investment priority are:
- support for collaborative projects, placements, internships or other activities with SMEs that enable students and graduates to gain industry relevant experience and skills;
  - building capacity in SMEs to provide project/placement/internship opportunities and enhance the contribution of advanced skills to SME growth. In particular this could include programmes to specifically engage the most disadvantaged groups or those who face particular local disadvantages in advanced skills;
  - brokering opportunities to encourage and increase work experience, work placements, Traineeships, Apprenticeships, and graduate placements, including through wider employer engagement;
  - promoting Apprenticeships (especially at advanced levels in manufacturing and other priority sectors) by developing a supportive environment for employer engagement;

- developing better links between business and schools, further and higher education and other education partners to equip students with the skills to start and grow a business to meet local business needs;
- support for activities to start and grow a business, including promoting entrepreneurship, social enterprise and self-employment, providing leadership and management training/advice within SMEs mentoring with existing businesses and entrepreneurs and developing internal capabilities and growth potential;
- capacity building activities, in the form of training, networking measures and activities jointly undertaken by the social partners (employers and trade unions);
- complementing mainstream funding to boost demand from young people to study mathematics and develop innovative provision at level 3 which can be combined with vocational qualifications to meet local skills and shortages, for example in engineering;
- supporting the capacity of education providers (including schools, further education and higher education) to deliver better focused provision for employers and to innovate.

259. Where appropriate training may complement activities delivered within the thematic objectives relating to innovation, low carbon, climate change, ICT and SME competitiveness, especially where improving intermediate and advanced skills can contribute to these thematic objectives.

### 3. TERRITORIAL DEVELOPMENT

#### 3.1 Community led local development

260. Community led local development (CLLD) will be an optional delivery mechanism available to local areas. The main focus of CLLD within the ESF Operational Programme will be on reducing barriers to participating in the labour market, particularly in deprived areas and for marginalised groups.
261. CLLD will be able to support activities within the investment priorities that cannot be delivered through other ESF delivery mechanisms such as opt-in organisations. CLLD will be financed within thematic objective 9 (social inclusion) but can be used to support relevant activities that fall within the scope of objectives 8 (employment) and 10 (skills).
262. The Government's localism agenda encourages communities in England to take control of their own issues and shape their own solutions. During the development of local European Structural and Investment strategies, Local Enterprise Partnerships (LEPs) were asked to consider the use of CLLD.
263. The Government is seeking a co-ordinated, multi-fund approach to CLLD at local level. Where justified it will support a lead fund arrangement for the management and administration costs of a CLLD strategy, up to 25% of total public investment. Government has committed to align any proposed CLLD under the Growth Programme funded by the ESF, European Regional Development Fund (ERDF) and European Agricultural Fund for Rural Development (EAFRD) with any future EAFRD LEADER and European Maritime and Fisheries Fund (EMFF) CLLD investment outside the Growth Programme.
264. LEP areas have been advised that CLLD should be focused on the specific needs and opportunities of a particular area, typically much smaller than the average Local Enterprise Partnership area, and be based on communities with a population size of between 10,000 and 150,000.<sup>48</sup> Plans could be related to a particular theme or target group. CLLD can be used across urban, rural and coastal areas, and in all categories of region (less developed, transition and more developed).
265. It is therefore envisaged that within the Growth Programme CLLD will be implemented through the following funds and areas:

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<sup>48</sup> Subject to agreement of the UK Partnership Agreement.

<b>European Structural and Investment Fund</b>	<b>Area targeted</b>
ERDF/ESF	Urban based Local Action Groups
ERDF/ESF/EAFRD	Urban/rural based Local Action Groups
ERDF/ESF/EAFRD	Non-LEADER rural based Local Action Groups

266. It is also envisaged that EAFRD LEADER or EMFF Fisheries Local Action Groups may, where appropriate and with the agreement of Managing Authorities and local partners, bid into Growth Programme resource to supplement their activity.<sup>49</sup>

### **Coordination and administration**

267. CLLD will be based on a partnership of public, private and civil society sectors coming together to form a Local Action Group that will develop and drive the delivery of a CLLD strategy. CLLD funded by Growth Programme resource will adapt the LEADER approach used in the 2007-2013 Rural Development Programme for England.

### **Funding**

268. The funding for CLLD will come from the LEP area's notional allocation. In order to provide an indication of scale, those LEP areas that wish to use CLLD should consider a minimum total public sector investment of €3 million per Local Action Group. Subject to a robust rationale and intervention logic being set out at local level, including clear added value, local partners may consider allocating up to 5% of their notional allocation to CLLD activity.

### **Commissioning of CLLD activity**

269. Local partners in consultation with the Managing Authority will agree whether CLLD is an appropriate mechanism to respond to the development needs identified in each European Structural and Investment Funds strategy. Where a robust case has been made that CLLD is an appropriate response, the Managing Authority will work with the LEP and local partners to commission CLLD type activity and invite expressions of interest from existing or new Local Action Groups to develop CLLD strategies. The following issues will be considered when assessing strategies:

- fit with the local European Structural and Investment Funds strategy;

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<sup>49</sup> The Managing Authority is the body within central government that is responsible for managing the operational programme as a whole.

- clear socio-economic rationale underpinning proposed use of CLLD in targeted geographic areas;
- clear explanation as to the rationale for the use of CLLD over and above mainstream programme activity;
- demonstration of value for money;
- identification of thematic objectives and results and outputs;
- identification of the population to be targeted;
- demonstration of robust governance and partnership arrangements;
- demonstration of capacity and resource.

270. The Managing Authority will consider reimbursing the preparatory costs of developing and designing CLLD strategies and for facilitation and capacity building activity. This will be subject to activities and expenditure being compliant with EU rules, and to the funding of retrospective activity being agreed within the ESF Operational Programme.

### **Local Action Groups**

271. The Local Action Group is an essential feature of CLLD. The Local Action Group's responsibilities will include as a minimum:

- design and implementation of CLLD strategies;
- selecting a lead partner in administrative and financial matters or to come together in a legally constituted common structure;
- building the capacity of local partners to develop and implement operations including fostering their project management responsibilities;
- drawing up a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations, which avoid conflicts of interest, ensure that at least 50% of the votes in selection decisions are cast by partners which are not public authorities, and allow selection by written procedure;
- ensuring coherence with the CLLD strategy when selecting operations, by prioritising those operations according to their contribution to meeting that strategy's objective and targets;
- preparing and publishing calls for proposals or an ongoing project submission procedure, including defining selection criteria;
- receiving and assessing applications for support;
- selecting operations and fixing the amount of support and, where relevant, presenting the proposals to the body responsible for final verification of eligibility before approval;
- monitoring the implementation of the CLLD strategy and the operations supported and carrying out evaluation activities linked to that strategy.

272. Any additional tasks are subject to discussion and agreement by the Managing Authority.

### 3.2 Sustainable urban development

273. In England, the Government is giving England's cities new powers and freedoms through City Deals. These are agreements between government and a city that give the city control to take charge and responsibility of decisions that affect its area.
274. Building on this devolution of responsibility, England's cities are playing a leading role within LEP areas in the development of European Structural and Investment Funds strategies. These strategies include many examples of integrated investments in city regions.
275. Sustainable urban development will be financed through the ERDF. It will be possible to align the ESF with ERDF support for sustainable urban development where there is a clear need and intervention logic at local level.

### 3.3 Transnational Co-operation

276. The Operational Programme will support transnational co-operation with the aim of promoting mutual learning and thereby increasing the effectiveness of policies supported by the ESF. Transnational co-operation activities will involve partners from at least one other Member State as well as the UK. Transnational co-operation may be implemented within any investment priority. There will not be a specific priority dedicated solely to transnational co-operation.
277. The Managing Authority will decide whether to participate in co-ordinated or joint action at EU-level. If it does take participate, it will consult the relevant sub-committee of the Programme Monitoring Committee on the themes in which the programme will participate.



## 4. PARTNERSHIP

### 4.1 Preparation of the Operational Programme

278. The Government engaged extensively with partners during the development of the 2014-2020 European Structural and Investment Funds Growth Programme for England, which includes the ESF Operational Programme.

279. The Government began the process of consulting substantively with partners in April 2012 with an informal written consultation. Key messages from the informal consultation were support for:

- flexible programme boundaries allowing for place based and thematic programmes as necessary and including local engagement;
- integrating and aligning the European Structural and Investment Funds;
- better use of local and national match funding;
- reducing the administrative burden on beneficiaries and project developers.<sup>50</sup>

280. This was followed by a series of road show events that included over 1,000 local partners across England, in November and December 2012, to seek views on a new streamlined approach for delivering EU funds.

281. The Government's proposition was that Local Enterprise Partnerships (LEPs) should bring together local authorities and local businesses based on natural economic areas and design and deliver European Structural and Investment Funds strategies that target the needs of their local area and the businesses based there. There was general support for this approach. Key messages from stakeholders included:

- There should be flexible working across functional economic areas and for new opportunities to collaborate.
- Advice from Managing Authorities through the local teams must be co-ordinated, consistent and of a high standard.
- Communications and stakeholder engagement should be clear and co-ordinated.
- The requirements on LEPs for partnership, consultation and collaboration must be clearly set out as soon as possible.
- Clear mechanisms should be put in place to ensure that partners – especially SMEs – are able to take part in developing the European Structural Investment strategies.
- Lessons learnt and best practice from current programmes and other areas need to be incorporated into programme design.
- Pooling and capturing existing local and national expertise, knowledge and ideas will be crucial in the delivery of appropriate local strategies.

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<sup>50</sup> Beneficiaries are the organisations which are responsible for initiating, or both initiating and implementing, operations or projects within the programme.

- Government should take action to ensure best use of national and local funding sources.
- Government needs to take bold and innovative steps to harmonise and simplify the Funds in order to align them administratively.
- Allocations methodology should be made transparent.
- An effective transition from the current to future programmes is necessary.
- Rural and fisheries interests should be safeguarded.

282. Following this input from local partners a formal consultation on the delivery of 2014-20 European Structural Investment Funds was undertaken in spring 2013.

283. In summer 2013 Government commissioned each LEP area to produce a local European Structural and Investment Funds strategy based on Europe 2020 strategic priorities, national policy goals and local needs and opportunities. These strategies were developed by local partners in two stages and submitted to Government in October 2013 and January 2014. The Government's approach of asking all LEPs to produce European Structural and Investment Funds investment strategies against an indicative allocation of ERDF and ESF funding has produced a locally coherent and prioritised set of strategies which have provided the building blocks for the ERDF and ESF Operational Programmes. In producing their local European Structural and Investment Funds strategies, LEPs have engaged with and consulted the widest possible range of local stakeholders.

284. The Department for Work and Pensions has co-ordinated the production of the ESF Operational Programme. This has been informed by:

- consultations on the delivery of European Structural and Investment Funds in England co-ordinated by BIS.
- LEP area European Structural and Investment Funds strategies;
- input from Government policy experts and analysts;
- informal consultations with a working group of partners on drafts of the strategy and priorities (including representatives from government departments, local authorities, the voluntary, community and social enterprise sector, social partners, Equality and Human Rights Commission and further and higher education);
- the ex-ante evaluation.

## 4.2 Implementation, Monitoring and Evaluation

285. The partnership working arrangements for delivering the programme once it has been agreed with the European Commission are described below.

## **Partnership working: governance**

286. Government has established a European Structural and Investment Funds Growth Programme Board to act as a shadow national Programme Monitoring Committee (PMC) for EU funds in the England Growth Programme. Once the Programme moves into an operational phase following agreement by the European Commission of the Operational Programmes within the Growth Programme, the Board will review its membership and terms of reference and act as the Programme Monitoring Committee for the ESF and ERDF in England.
287. The PMC will be chaired by the Managing Authority for the programmes and the secretariat will be provided by the Managing Authority. It is foreseen that it will meet four times a year. Membership will be drawn from a wide range of partners across the public, private and voluntary sector. The remit of the PMC is to oversee the programmes in line with the requirements set out in the regulations.
288. The PMC will be supported by a number of sub-committees. It is envisaged that these will include:
- thematic committees covering innovation, SMEs, low carbon and skills, employment and social inclusion;;
  - cross cutting thematic committees for equalities and sustainability;
  - functional committees for communications, evaluation and other relevant topics;
  - a Technical Assistance sub-committee;
  - a performance and accountability sub-committee to oversee delivery of the programme, guard against conflicts of interest and provide a forum for holding both partners and the Managing Authority to account.
289. It is further envisaged that the PMC will be supported by 39 local sub-committees, one for each LEP area. The Government will seek recommendations from LEPs and partners in their area on the membership of the local sub-committee in accordance with the Code of Conduct on Partnership. Local sub-committees will be chaired by local partners and supported by the Managing Authority. They will report to the PMC and by extension to its sub-committees. Their membership must include the full range of local partners as set out in EU regulations. The exact format of such groups and its fit with local governance is a matter for partners provided arrangements are compliant with EU regulations.
290. The local sub-committee will in relation to funds within the scope of the Growth Programme:
- publicise and promote the opportunities that the funds provide for economic growth;
  - develop a pipeline of operations that meet the local needs in line with European Structural and Investment Funds strategies;

- develop and agree the breadth, scope and timing of calls required in each local area;
- develop and agree with the Managing Authority selection of operations, especially in regard to prioritisation, the additional opportunities and the fit with local needs;
- agree with the Managing Authority the level and detail of information required to monitor the progress of European Structural and Investment Funds implementation against spend, milestones and results agreed in their European Structural and Investment Funds strategy, recommending remedial actions where necessary.

291. The Rural Development Programme will be overseen by the European Agricultural Fund for Rural Development (EAFRD) PMC. The PMC for the ESF and ERDF will advise the EAFRD PMC on issues concerning growth, such as those that may require modifications be made to the Rural Development Programme.

### **Partnership working: roles and responsibilities**

292. The successful delivery of funds within the Growth Programme will depend on close working between the Managing Authority and LEPs who will co-ordinate and bring in local partners on a fully inclusive basis. This will be based on a clear split of roles and responsibilities, and on close and frequent communication at working level. The local sub-committee will provide a formal basis for this relationship. It will be chaired by a locally-determined partner organised through the LEP with the Managing Authority as Deputy Chair. Provided that the membership and functions meet the regulations for the programme, the exact form of the local sub-committee can vary with local need.

293. The Managing Authority is responsible for managing the Operational Programmes in accordance with the principle of sound financial management.

294. The Managing Authority will do so by working in partnership with economic and social partners and bodies representing civil society at national, regional and local levels throughout the whole programme cycle consisting of preparation, implementation, monitoring and evaluation.

295. For the funds within the EU Growth Programme LEPs will be responsible for coordinating these partners and driving the production and delivery of a strategy which makes best use of the Funds in delivering growth in their area and reflects the aims set out in the Strategic Economic Plan. This LEP organised partnership will collectively bring forward operations which deliver the best balance of outcomes and agree those with the Managing Authority.

296. In outline Government envisages the process working as follows:

- Local partners will undertake a role in publicising and communicating

opportunities for investment; the Managing Authority will ensure requirements on publicity and communications are met.

- Local partners co-ordinated by the LEP will promote desired investments for key local priorities and how they might be met through the Funds on a basis agreed by the local sub-committee. They will develop a pipeline of operations.
- The local sub-committee will develop and agree Annual Implementation Plans and will work with the Managing Authority on developing and designing commissioning and bidding arrangements for their area in line with EU regulations. The local sub-committee will agree with the Managing Authority what calls should take place and when: the Management Authority will ensure compliance and carry out the calls agreed with the local sub-committee.
- The local sub-committee will receive all bids, and discuss strategic fit, value for money and fit with achieving the overall local objectives in the European Structural and Investment Funds strategies. It will also consider the technical appraisal carried out by the Managing Authority. It will then agree which bids it regards as priorities and areas in which further work may be needed for example on compliance. The Managing Authority will then invite full bids.
- Bids which reach this stage will be considered by the Local sub-committee, which will also consider the full technical appraisal carried out by the Managing Authority. Again the local sub-committee will agree which bids it regards as priorities. The Managing Authority will then issue funding agreements for all compliant operations which are supported by the local sub-committee. The Managing Authority will not approve any operations that have not been approved as meeting the European Structural and Investment Funds strategy by the local sub-committee; and of course it will not approve any operation which is not compliant.
- The local sub-committee will be responsible for overseeing the delivery of investments and outputs, and as such will have access to project data for its area. The Managing Authority will be responsible for managing tenders and contracts.
- The local sub-committee will have the ability to challenge the Managing Authority and beneficiaries, to hold projects and providers to account, and have involvement in any corrections or sanctions arising from irregularities.
- The local sub-committee will help design and oversee programme evaluation, which will be carried out on its behalf by the Managing Authority.

297. Managing Authorities will (amongst other tasks) ensure that:

- A single standardised business process is used for all ESF and ERDF operations using standard documentation and a shared information system. The administration of EAFRD will follow similar principles but the processes will rest within the larger EAFRD administrative processes which will be aligned to the ESF and ERDF processes where possible.

- Coordination between ESF and ERDF is effectively ‘hard-wired’ into the system. The system will allow collaboration across LEP geographic areas and allow applicants to bring funds together to achieve desired outcomes. For example, local communities might support new businesses in a food supply chain, using ERDF to provide support for local companies, ESF to help build local skills and EAFRD to support training. As the ERDF, ESF and part of the EAFRD Operational Programmes underpinning the Growth Programme sit at the national level, coordination between the European Structural and Investment Funds will not be constrained by variations between spatial boundaries of the Funds.
- Partners co-ordinated by the LEP will work to ensure that European Structural and Investment Funds investments are aligned and complementary to interventions funded through local public and private sector funding. Partners are close to the practical implementation and understand the local economic needs and are therefore very well placed to advise on this complementarity and alignment. At national level, relevant government departments and agencies have been involved in the development of the framework to bring national public funding as match funding alongside European Structural and Investment Funds to offer national ‘opt-in’ arrangements (the ‘opt-in model’).

### 4.3 Project Selection

298. The Government estimates that about 70% of the Operational Programme will be delivered through the ‘opt-in’ model.
299. Under the ‘opt-in’ model, existing Co-financing Organisations will have to re-apply for selection, which will include an assessment by the Managing Authority of previous performance. If any other eligible organisation wishes to apply, it will have to meet similar criteria to those used for Co-financing Organisations in the 2007-2013 programme. The proposed criteria for selection of organisations, which will be considered and approved by the national PMC, are:
- They are public bodies or equivalent to public bodies.
  - They fulfil their statutory functions in relation to one or more of the activities described in the Operational Programme.
  - They have sufficient match funding for an agreed duration within the time period of the Operational Programme.
  - They have sufficient infrastructure and expertise to carry out the duties.
  - The providers which will receive support from the European Structural and Investment Funds are selected in accordance with open and competitive bidding procedures.
300. Whilst the majority of ESF provision will be delivered through Co-financing, including the opt-in model, a significant minority will be delivered through the provision of grants to applicants responding to open bidding calls. The arrangements for selecting projects under open

bidding as set out below.

301. The national PMC will consider and approve the project selection criteria. The Managing Authority will apply these selection criteria to the assessment and appraisal on the basis of discussion with the local sub-committee as described in the previous section.
302. The Managing Authority will operate a two-stage application process in response to calls for applications:
  - Stage 1 – Outline Application: Outline application covering purpose of project, planned outputs and intended outcomes, strategic fit and value for money.
  - Stage 2 – Full Application: Full technical application with the Managing Authority undertaking a full technical appraisal against all of the criteria.
303. In order to ensure proposed projects are tested robustly and consistently, they will be tested against all the criteria at both the Outline Application and Full Application Stage, taking account of the level of information applicants can be reasonably expected to provide at each stage.
304. The selection process will have a two-stage approach.
  - 1. Gateway Criteria Assessment:** ensuring projects meet the basic eligibility criteria for European Structural and Investment Funds. Gateway criteria set out the minimum eligibility requirements which must be met in order for any project to be considered for European Structural and Investment Funds investment. Proposed projects which fail to meet any aspect of the minimum criteria will be rejected and will not be considered for European Structural and Investment Funds support. The gateway criteria are:
    - applicant is eligible;
    - proposed operation and associated expenditure is eligible;
    - evidence that the operation meets the objectives set out in the Operational Programme.
  - 2. Core European Structural and Investment Funds Selection Criteria:** Projects meeting Gateway criteria will progress to assessment against European Structural and Investment Funds core selection criteria. This will determine the degree to which the project proposal contributes to meeting the performance indicators, outputs and impacts of the programme. This stage will inform the prioritisation of investments. The core selection criteria are:
    - strategic fit
    - value for money
    - management and control
    - deliverability
    - procurement tendering
    - state aid compliance

- publicity
- contribution to cross cutting themes

305. Local sub-committees will want to consider the fit with their own strategic economic plans in coming to their views on the proposals which are the highest priority.

#### 4.4 Technical Assistance

306. Technical Assistance will facilitate robust governance, accountability and partnership engagement to support the efficient and compliant management and implementation of the ESF Operational Programme. It will help ensure that programme performance targets are achieved and that the delivery is compliant with EU regulations.

307. The Growth Programme represents a new approach in the delivery of the European Structural and Investment Funds in England. The Government proposes to make up to half of the ESF and ERDF Technical Assistance available to LEP and local partners to support the delivery of European Structural and Investment Funds strategies in 2014-2020 subject to the requirements set out in EU regulations. The Government's intention is that Technical Assistance should be available to partners to support activities which they undertake and which are eligible for Technical Assistance. It should be made available by means of open calls and will be appraised in the same way as other European Structural and Investment Funds.

308. In line with EU regulations, Technical Assistance will be available to support:

- actions for preparation, management, monitoring, evaluation, information and communication, networking, complaint resolution, and control and audit;
- actions for the reduction of the administrative burden on beneficiaries, including electronic data exchange systems;
- actions to reinforce the capacity of programme authorities and beneficiaries to administer and use the ESF.

309. Technical Assistance may also be used to support actions to reinforce the capacity of relevant partners and to support exchange of good practices between such partners, including voluntary, community and social enterprise networks. These actions may concern previous and subsequent programming periods.

310. There will be a Technical Assistance priority covering all three categories of region (less developed, transition and more developed).



## **5. COORDINATION WITH OTHER FUNDS**

311. Coordination between the European Structural and Investment Funds is an overarching principle of the Growth Programme which will combine the ESF and the European Regional Development Fund (ERDF). It will also include part of the European Agricultural Fund for Rural Development (EAFRD), and will be aligned with the objectives of the European Maritime and Fisheries Fund. Bringing the funds together in this way will allow much greater flexibility in the way money is spent.
312. There is also scope for ESF to be aligned with three other EU funding streams: ERASMUS for All, EURES and the Programme for Employment and Social Innovation

### **ERASMUS for All**

313. Within the Growth Programme, LEPs and partners have identified that ERASMUS for All has the potential to complement the skills thematic objective by supporting the development of STEM (science, technology, engineering and maths) skills identified by employers as crucial for future prosperity. Other activities identified include: developing projects to support staff mobility across all sectors of lifelong learning; tapping into the programme's knowledge alliances between higher education institutions and employers; sector skills alliances to promote creativity, innovation and entrepreneurship; mobility for students; and youth exchanges and youth volunteering.
314. To complement the employment thematic objective, LEPs and partners have identified how ERASMUS for All can improve employability through improving the links between education and training providers and businesses, and improving the skills and employment prospects for young people and the long term unemployed.
315. The ERASMUS for All knowledge alliance initiative is an area which could be explored to see if there is potential to make effective linkages to social inclusion activities to add value and greater impact.

### **EURES**

316. Within the Growth Programme, some LEP areas plan to utilise the EURES job matching initiative to complement activities around advice and guidance towards employment and skills. In addition, EURES has been identified as a programme to support initiatives and projects to assist activities to promote the mobility of workers.

### **Programme for Employment and Social Innovation**

317. LEP areas have identified the potential for complementarity in areas such as skills and employment for young people, improving the working conditions, addressing gender/age imbalances and tackling barriers faced by vulnerable people. It is possible that local partners may wish to

use ESF to test new approaches to employment and social inclusion developed through the Programme for Employment and Social Change, and to disseminate good practice.

### **National Funds**

318. National government-funded programmes have historically been a key source of match funding for, and drawn down, significant EU funds. The programme will retain the delivery of ESF through Co-financing which was introduced in 2000-2006 and further developed in the 2007-2013 programme. Co-financing has enabled public bodies such as the Skills Funding Agency, Department for Work and Pensions and National Offender Management Service to manage ESF and national funding together.
319. Co-financing has proved an effective means of delivering ESF investment, and the programme intends to build on this success by allowing local partners to 'opt-in' to Co-financing in 2014-2020. This will allow LEPs and local partners to access match funding and administrative support from key national delivery organisations while retaining influence and strategic control of how services funded by European funds are delivered locally. The model provides a mechanism for national bodies to deliver policy priorities that are part-funded by the European Structural and Investment Funds and which are tailored to local conditions.
320. The National Offender Management Service will continue as a Co-financing Organisation and because of the complex nature of its client group, will receive a national allocation from the ESF.

## 6. ADMINISTRATION

321. This section outlines the action that is being taken to reduce the administrative burden on beneficiary organisations.
322. The key focus of the approach to simplification has to been to review and apply the lessons learned from the 2007-2013 programmes and to introduce measures that reduce the administrative burden on beneficiaries.
323. Beneficiary feedback has indicated that partners wish the Managing Authorities to develop a process and approach that includes the following features:
- clearly defined roles and responsibilities;
  - approach aligned across different funds;
  - standard documentation within a single business process, where possible;
  - clear and unequivocal guidance;
  - better access to information.
324. The Managing Authority has taken this feedback into account and designed the business process to be employed for the 2014-2020 programme on the following principles:
- **a single process** for structural Funds (the ERDF and ESF) including a single point of access, single application documentation/process whilst maintaining separate management of funds;
  - the **customer journey is at the heart of the process** design – keeping things clear, simple and as accessible as possible. The emphasis is on clear and explicit information and guidance so that there are no surprises for the applicant/beneficiary;
  - doing the **right things at the right time and doing it well**. Avoiding duplication and focussing resources and effort where they deliver most impact/benefit;
  - **reducing compliance risk** through clear guidance and **early** and robust testing;
  - **digital by default** - design and implementation of a single accessible IT system holding all relevant information and operating on the principle of 'collect once, use often'.
325. The process design reflects the valuable learning from the 2007-2013 and previous programmes resulting in a process that incorporates:
- clearly defined roles and responsibilities at all stages of the process;
  - an IT system designed around the needs of the business process, and capable of meeting the varying needs of the programme life cycle;
  - review and continuous improvement a key component of the process;
  - systems designed to survive possible structural and organisational

changes.

326. Specific examples of how the process will help reduce administrative burden on beneficiaries whilst maintaining robustness in approach are set out below.

### **Standardisation of management arrangements**

327. A standard business processes will apply across all ERDF and ESF from the beginning of the programme. Applicants will have a single, clear route of entry into the European Structural and Investment Funds avoiding confusion and duplication

### **Application and appraisal process**

328. The application and appraisal process has been designed to focus on relevant and essential information appropriate to each stage in the application/approval process. Applications will be submitted through a single portal. Information should be provided once and tested at the appropriate time. The process has a strengthened focus on identifying and addressing potential compliance risk at the earliest stages. This will help mitigate risk to both the beneficiary and Managing Authority and ensure potential beneficiaries consider compliance more fully in developing applications.

### **Information technology**

329. A single IT system will underpin the new business process. The Managing Authority, the Certifying Authority, Intermediate Bodies and beneficiaries will all have access and use the same system as the primary source of data and reporting. Wherever possible all transactions will be done electronically. This will ensure greater transparency, greater and faster access to information and simplify reporting.

### **Support for applicants**

330. The Managing Authority will provide information, advice and support to local partners and applicants to ensure that all players are very clear of the requirements early in the process and are empowered to bring forward robust compliant applications capable of delivering the ambition of the Operational Programme

### **Regulations, guidance and procedures**

331. Guidance and information will be available from a single accessible portal. A single national set of controlled documents will be produced for the ERDF and ESF. The guidance will draw directly from the EU regulations and guidance as a minimum. Additional requirements will only be established where there is clear evidence from the lessons learned that additional requirements should be added. Guidance will be concise, clear and will avoid use of jargon.

## **Monitoring and audit**

332. The scheduling of monitoring and verification visits will be co-ordinated across the ERDF and ESF. This is intended to reduce the number of individual visit requests and promote greater consistency. Standardised documents will be used for all monitoring and the Audit Authorities will use a shared set of criteria for ERDF and ESF audits. This will enable beneficiaries to better plan for and understand the requirements of monitoring and verification visits.

## **Simplified costs**

333. Simplified costs will be the default approach for all indirect costs (following the EC recommendation that a rate of 15% of eligible direct staff costs can be claimed as indirect costs without the need for evidence of these costs or explanation of the methodology). This will provide greater clarity for applicants and beneficiaries and reduce the requirement for complex apportionment methodologies. This approach will also help reduce the risks of non compliance for beneficiaries.

## **Opt-in model**

334. The 'opt-in' model has been developed to allow local partners to access national 'match' funding and administrative support from key national delivery organisations. The model provides a mechanism for national bodies to deliver policy priorities that are part-funded by the European Structural and Investment Funds and which are tailored to local conditions. The 'opt-in' model builds on Co-financing which was introduced in the 2000-2006 European Social Fund programme and further developed in the 2007-2013 programme. Co-financing has enabled public bodies to manage ESF and public match funding together, and has proved an effective means of delivering European Social Fund investment. By providing and accounting for 'match' funding, the 'opt-in' model will reduce administrative burdens on providers. It will also allow providers who do not have 'match' funding to access European Structural and Investment Funds, thus removing a major barrier to participation.

## 7. CROSS CUTTING PRINCIPLES

335. This section describes the specific actions that will be taken to promote the cross cutting principles of sustainable development and equal opportunities within the England ESF Operational Programme. It describes how they will be integrated into the planning, implementation, monitoring and evaluation of the programme. It also sets out the approach to promoting social innovation.

### 7.1 Sustainable Development

336. The objectives of the ESF programme will be pursued in line with the principle of sustainable development and with the aim of preserving, protecting and improving the quality of the environment. The programme will build on the approach adopted in the 2007-2013 ESF programme and the lessons learned during that programme.

337. The ESF will support complementary activity, where possible, through skills enhancement and training, for sustainable development projects directly supported by other programmes such as the ERDF.

338. The Managing Authority will prepare a programme-level sustainable development mainstreaming plan in consultation with the Programme Monitoring Committee (PMC) sub-committee for sustainable development. This will include ESF partners and experts in sustainable development. Progress towards the aims and objectives of the plan will be reviewed on a regular basis during the life of the ESF programme and reports will be submitted to the PMC.

339. The Managing authority will build on good practice identified in the 2007-2013 programme. The Managing Authority will produce a brief report which looks back at lessons learned and which also identifies good practice examples of projects which had a specific environmental focus. The report will also consider what types of project can be funded in the 2014-2020 period. The report will be publicly available to all partners and will also help inform the mainstreaming plan for 2014-2020.

340. The Managing Authority and Co-financing Organisations<sup>51</sup> will require all programme providers to have sustainable development policies and implementation plans which explain: a) their commitment to promoting sustainable development and complying with relevant EU and domestic environmental legislation; and b) how the commitment will be turned into action at project level. In this way, individual ESF projects will be taking the environment into account when delivering their activities. The approach to this work will be proportionate and developmental: it will take account of the size, experience and nature of the organisations being funded.

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<sup>51</sup> The Co-financing Organisations will include Opt-In Organisations and the National Offender Management Service.

341. The Managing Authority will require all Co-financing Organisations, Intermediate Bodies and Local Action Groups to ensure that sustainable development requirements are covered in their project selection/procurement arrangements, contract management and monitoring (for both ESF and match funding). This requirement will also apply to the selection and management of projects which contract directly with the Managing Authority.
342. The Managing Authority will use ESF technical assistance funding to part-fund a sustainable development awareness training programme for Managing Authority, Intermediate Body and Co-financing Organisation procurement, contract management and monitoring staff during 2014-2020.
343. Provider contracts will be monitored. This will include basic checks such as ensuring that sustainable development policies and implementation plans are in place and that appropriate action is being taken to implement them.
344. The Managing Authority and Co-financing Organisations will ensure that sustainable development requirements are embedded into the specifications and contracts for ESF-funded and match-funded support.
345. The Managing Authority and Co-financing Organisations will ensure that relevant calls for proposals will, wherever possible, actively and visibly encourage applications which: support ESF activities that have a specific environmental focus, whilst also supporting jobs or skills; and provide complementary training support for specialist sustainable development activities delivered by other programmes such as ERDF.
346. The Managing Authority will monitor the extent to which: projects and providers are using sustainable development policies and plans; the programme is supporting specialist environmental projects; and the programme is providing specialist complementary support for specialist sustainable development projects that are being delivered by other programmes such as the ERDF. Sustainable development mainstreaming will be covered in the evaluation strategy.

## 7.2 Equal Opportunities and Non-discrimination

347. The programme will promote equal opportunities and non-discrimination. The Managing Authority and all partners involved in managing and delivering the programme will adhere to the principles and processes set out in EU and UK equality legislation.
348. The UK Equality Act 2010 protects people from discrimination on the grounds of any of the nine 'protected characteristics' covered by the Act (disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation).

349. The Public Sector Equality Duty (Section 149 of the Equality Act 2010) requires public bodies in Great Britain to consider all individuals when designing and delivering their services, and have due regard to the need to eliminate discrimination, advance equality and foster good relations between different people when carrying out their duties.
350. By adhering to the principles and processes set out in domestic legislation, the UK Government will ensure that the programme will promote equal opportunities, non-discrimination and accessibility in accordance with EU requirements.
351. In line with domestic legislation and EU requirements, the UK Government has adopted the following principles to further integrate promotion of equality into the preparation, implementation, monitoring and evaluation actions of all the European Structural and Investment Funds programmes for 2014-2020:
- no individuals are excluded from participation in the programmes on the grounds of their protected characteristics;
  - the needs of all potential participants are considered at project design stage in order that the service is appropriately targeted and delivered;
  - services are responsive to the needs of all communities and under-represented groups;
  - support is targeted towards under-represented communities where relevant;
  - responsiveness to, and inclusiveness of, under-represented groups in delivery and management.
352. DWP commissioned an evaluation of the mainstreaming of gender equality and equal opportunities within the ESF in England in 2010<sup>52</sup>. The key findings of the final report were:
- Gender equality and equal opportunities legislation are valuable tools in the promotion of equalities, placing equalities issues high on the agenda of publicly funded bodies.
  - ESF stakeholders promote equality in line with their public duties but improvements in the quality of gender equality and equal opportunities policies should be encouraged.
  - Training on gender equality and equal opportunities for staff at all levels is highly desirable so that they can support and advise providers in mainstreaming gender equality and equal opportunities.
  - There were some concerns from niche providers that the dual approach was under threat from an increase in prime contracting.
  - Outreach, especially via community organisations, to disadvantaged groups is an important tool for meeting targets.

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/194251/667summ.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/194251/667summ.pdf)



353. The programme (and the related ex-ante evaluation) will consider the relevant lessons learned from the evaluation and the current ESF programme's dual mainstreaming approach (equalities are promoted as a cross cutting theme at project level and through specific projects for target groups). The programme will allow for niche projects and bottom-up interventions to be supported, and it is hoped that this will strengthen the dual approach to promotion of equality between men and women, non-discrimination and accessibility.
354. An equality assessment will be conducted as part of the ex-ante evaluation and will assess the likely impact that the programme will have on groups with protected characteristics. The findings from the ex-ante evaluation will inform the design of the programme and the equal opportunities and gender equality mainstreaming plan.
355. Equal opportunities will be considered in the preparation of the programme and appropriate partners will be consulted. The Managing Authority will prepare a programme-level equal opportunities and gender equality mainstreaming plan in consultation with the Programme Monitoring Committee (PMC) sub-committee for equal opportunities. This will include ESF partners and equality experts. Representatives from equality organisations, including disability organisations, will be invited to join the sub-committee or working group. The PMC sub-committee will review progress towards the aims and objectives of the plan on a regular basis and report on progress to the PMC. There will be a representative from the Government Equalities Office on the PMC.
356. The Managing Authority will ensure that equality is embedded in all relevant ESF guidance manuals, cross referring to existing good practice guidance and key lessons learned from the 2007-2013 programme. The guidance will include specific references to the need for disability and other equality organisations to be actively involved in preparing calls for proposals at local level so that specifications meet the needs of people with relevant protected characteristics.
357. The Managing Authority and Co-financing Organisations will require all programme providers to have equal opportunities policies and implementation plans which explain: their commitment to promoting equality in line with the Public Sector Equality Duty and the key principles set out in UK Partnership Agreement; and how the commitment will be turned into action at project level.
358. The Managing Authority will require all Co-financing Organisations, Intermediate Bodies and Local Action Groups to ensure that equal opportunities is embedded in project selection/procurement arrangements, contract management and monitoring. This requirement will also apply to the selection and management of projects which contract directly with the Managing Authority.
359. The Managing Authority will use ESF technical assistance funding to part-fund an equal opportunities awareness training programme for

Managing Authority, Intermediate Body and Co-financing Organisation procurement, contract management and monitoring staff during 2014-2020.

360. Provider contracts will be monitored and will include basic checks such as ensuring that equality policies and implementation plans are in place for delivery.
361. Wherever appropriate, providers will be required to undertake a holistic approach to project delivery, ensuring that participants each receive an initial assessment where necessary and receive tailored support as far as possible, based on their individual needs.
362. Providers will be required to ensure that their activities are fully accessible to disabled people in line with their public duty under the 2010 Equality Act.
363. The Managing Authority will ensure that there is regular monitoring of the participation rates by age, disability, ethnicity and gender. Results data will also be monitored and the Managing Authority will report on performance to the PMC and PMC sub-committee for equal opportunities. Equality will be embedded in the evaluation strategy.
364. The Managing Authority will make data on participation and results available to local sub-committees so that they can monitor progress in their areas. Equal opportunities will be a regular agenda item at these sub-committee meetings. Each local sub-committee will include experts with expertise in equal opportunities.

### 7.3 Equality between Men and Women

365. The EU regulations attach a particular importance to the equal treatment of men and women and the need to ensure that that women can access and benefit from ESF support. The promotion of gender equality is also a key legal requirement under the Equality Act 2010 and the Public Sector Equality Duty. The same approach and actions set out in section 7.2 will apply to equality between men and women.
366. The Managing Authority, Co-financing Organisations, Intermediate Bodies and Local Action Groups will be required to promote gender equality when preparing their calls for proposals or procurement rounds. Project applicants submitting tenders or applications will be required to explain how they will actively promote gender equality through the design and delivery of their projects. For example, a tender specification for in-work training should require the applicant organisation to explain how it will ensure that female employees will have access to support, including those who may be working part-time and or have child care needs.
367. Providers targeting disadvantaged people and other groups in the programme are also required under the Equality Act 2010 to do so with a

corresponding gender focus. This will include actively encouraging more women to take part in the programme, as well as making sure that the type and nature of support offered is appropriate and helps meet the needs of women, including disadvantaged women.

368. Programme providers will be expected to consider the needs of women in a number of key areas of design and delivery of their services, for example by:

- promoting gender equality throughout their recruitment process;
- offering information, advice and guidance;
- providing or procuring childcare support where this might be a barrier to participation;
- ensuring that the structure and content of the activities delivered are suitable and appropriate for women and men;
- ensuring that provision is accessible, flexible and gender-sensitive where necessary.

369. The Managing Authority will ensure that there is regular monitoring of the participation rates for women and men. Results data will also be monitored and the Managing Authority will report on performance to the PMC and local sub-committees. The Managing Authority will make data on participation and results available to local sub-committees so that they can monitor progress in their areas.

## 7.4 Social Innovation

370. The Operational Programme will promote social innovation, in particular with the aim of testing, evaluating and scaling up innovative solutions, including at local or regional level, to address societal challenges, in partnership with all the relevant partners from the private, public and voluntary, community and social enterprise sectors. Social innovation may be implemented within any investment priority.

371. Examples of themes for social innovation which may be supported are:

- supporting activities and initiatives to reduce the number of people at risk of poverty and exclusion by helping unemployed and inactive people enter sustainable employment and providing support to low skilled workers to increase their opportunities for better paid employment;
- developing provision and new opportunities for vulnerable and disadvantaged groups;
- developing innovative approaches to integrating young people into the labour market, especially those who are NEET;
- addressing labour market issues related to demographic change and health;
- promoting gender equality;
- supporting community-based approaches to promoting employment and social inclusion, including approaches focused specifically on

rural or urban areas;

- creating new tools, services, techniques and business models to increase labour market participation and promote social inclusion;
- support innovations in procurement in line with the Social Value Acts;
- creating new tools, services, techniques and business models to improve workforce skills;
- developing new approaches to delivering basic skills in a way that meets individual and business needs;
- developing new approaches to address the intermediate, advanced and higher skills needs of businesses;
- developing the local skills base;
- addressing the skills needs of an ageing population;
- supporting entrepreneurs, developing social enterprise, promoting self-employment and encouraging a culture of entrepreneurship.

372. Other themes, within the scope of the investment priorities, may emerge during the life of the programme.

# ANNEX A

## EU COMMON OUTPUT AND RESULTS INDICATORS FOR THE EUROPEAN SOCIAL FUND

This annex sets out the common output and results indicators from the European Social Fund Regulation. They apply to all Operational Programmes.

Data to measure these indicators will be collected through the management information system unless otherwise stated. The Managing Authority will provide technical guidance on the definition of the indicators within the England European Social Fund Operational Programme.

'Participants' refers to people benefiting directly from an ESF investment who can be identified and asked for their characteristics, and for whom specific expenditure is earmarked. Other people will not be classified as participants. All data on participants will be broken down by gender.

### Common output indicators for participants

- Unemployed (including long-term unemployed)
- long-term unemployed
- inactive
- inactive (not in education or training)
- employed (including self-employed)
- below 25 years of age
- above 54 years of age
- participants above 54 years of age who are unemployed, including long-term unemployed, or inactive not in education or training
- with primary (ISCED 1) or lower secondary education (ISCED 2)
- with upper secondary (ISCED 3) or post-secondary education (ISCED 4)
- with tertiary education (ISCED 5 to 8)
- participants who live in jobless households
- participants who live in jobless households with dependent children
- participants who live in a single adult household with dependent children
- migrants, people with a foreign background, minorities (including marginalised communities such as the Roma)
- disabled
- other disadvantaged
- homeless or affected by housing exclusion (this may be collected through a survey of a representative sample of participants)
- from rural areas.

### Common output indicators for entities

- number of projects fully or partially implemented by social partners or

- non-governmental organisations
- number of projects dedicated to the sustainable participation and progress of women in employment
- number of projects targeting public administrations or public services at national, regional or local level,
- number of supported micro, small and medium-sized enterprises (including cooperative enterprises and enterprises of the social economy).

#### **Common immediate result indicators for participants**

- inactive participants engaged in job searching upon leaving
- participants in education/training upon leaving
- participants gaining a qualification upon leaving
- participants in employment (including self-employment) upon leaving
- disadvantaged participants engaged in job searching, education/training, gaining a qualification, in employment (including self-employment) upon leaving.

#### **Common longer-term result indicators for participants are (which will be measured through follow-up surveys of a representative sample of participants)**

- participants in employment (including self-employment) six months after leaving
- participants with an improved labour market situation six months after leaving
- participants above 54 years of age in employment (including self-employment) six months after leaving
- disadvantaged participants in employment (including self-employment) six months after leaving.

#### **Additional common immediate result indicators for Youth Employment Initiative (YEI) participants**

- unemployed participants who complete the YEI supported intervention
- unemployed participants who receive an offer of employment, continued education, apprenticeship or traineeship upon leaving
- unemployed participants who are in education/training, gain a qualification, or are in employment (including self-employment) upon leaving
- long-term unemployed participants who complete the YEI supported intervention
- long-term unemployed participants who receive an offer of employment, continued education, apprenticeship or traineeship upon leaving
- long-term unemployed participants who are in education/training, gain a qualification, or are in employment (including self-employment) upon leaving
- inactive participants not in education or training who complete the YEI supported intervention
- inactive participants not in education or training who receive an offer

of employment, continued education, apprenticeship or traineeship upon leaving

- inactive participants not in education or training who are in education/training, gain a qualification, or are in employment (including self-employment) upon leaving.

**Additional common longer-term result indicators for Youth Employment Initiative participants (which will be measured through follow-up surveys of a representative sample of participants)**

- participants in continued education, training programmes leading to a qualification, an apprenticeship or a traineeship six months after leaving
- participants in employment six months after leaving
- participants in self-employment six months after leaving.

## ANNEX B

### SUMMARY OF INTERVENTION LOGIC

<b>Stage 1: Development Needs</b>	<b>Stage 2: Thematic Objective (TO) and Investment Priority (IP)</b>	<b>Stage 3: Specific Objective</b>	<b>Stage 4: Results indicators</b>	<b>Stage 5: Actions to be supported</b>	<b>Stage 6: Output indicators</b>
<p>Need to help people who are unemployed or inactive to tackle their barriers to work, including low skills, and move into employment which they can sustain and in which they can progress. People facing particular disadvantage including disabled people, certain ethnic minority communities and older people especially women.</p>	<p>TO8: Promoting sustainable and quality employment and supporting labour mobility</p> <p>IP: Access to employment for jobseekers and inactive people, including the long-term unemployed and people far from the labour market, also through local employment initiatives and support for labour mobility</p>	<p>More unemployed or inactive people enter jobs (including self-employment) or engage in job searching, especially those who are at a disadvantage or who need to improve their skills.</p>	<p>Participants in employment, including self employment, upon leaving</p>	<p>Additional and more intensive support to help unemployed and inactive people move towards work, enter work and progress in work, in a way that responds to local needs. For example: pre-employment training; specific support for long-term unemployed and disadvantaged target groups; advice and guidance; training and basic skills; using self - employment as a route out of worklessness.</p>	<p>Number of unemployed, including long term unemployed and inactive (not in education and training) participants</p>
<p>Youth unemployment still too high, with concentrations in particular local areas. Need to raise participation in employment and learning. Additional support needed for the most marginalised young people such as care leavers and those with learning difficulties and disabilities.</p>	<p>TO8: Promoting sustainable and quality employment and supporting labour mobility</p> <p>IP: Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and</p>	<p>More young people are in education, employment or training, and fewer young people are NEET or at risk of being NEET.</p>	<p>Participants (below 25 years of age) in employment, including self employment, OR education/training</p>	<p>Additional and more intensive local provision. For example: engagement and preparation activities; access to Apprenticeships; personal coaching; additional literacy and numeracy provision for young people; complementing, enhancing or building on</p>	<p>Participants below 25 years of age who are unemployed, including long term unemployed OR inactive (not in education or training)</p>



Stage 1: Development Needs	Stage 2: Thematic Objective (TO) and Investment Priority (IP)	Stage 3: Specific Objective	Stage 4: Results indicators	Stage 5: Actions to be supported	Stage 6: Output indicators
	young people from marginalised communities, including through the implementation of the Youth Guarantee			existing and planned Traineeship provision through wrap-around activity; innovative programmes for marginalised groups; brokering opportunities with employers.	
The level of inactivity and workless households is too high. People with multiple disadvantages face greatest barriers to work, including family problems, low educational attainment, drug and alcohol problems, debt and offending.	TO9: Promoting social inclusion, combating poverty and any discrimination  IP: Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability	To address the root causes of poverty which create barriers to work so more people move closer or into employment.	Long term unemployed and inactive (not in education training) participants engaged in job searching, education/training, gaining a qualification, or in employment, including self employment, upon leaving	Additional and/or more intensive local provision tailored to local needs, for example: tackling barriers to work in troubled families; early action before problems become entrenched; outreach activities; facilitating access to locally provided services; community grants; developing capacity of community groups.  Addressing issues such as: caring responsibilities; debt and money management; digital inclusion; reducing drug and alcohol dependency; educational attainment (particularly lack of basic literacy and numeracy	Participants who are long-term unemployed OR inactive (not in education or training)

Stage 1: Development Needs	Stage 2: Thematic Objective (TO) and Investment Priority (IP)	Stage 3: Specific Objective	Stage 4: Results indicators	Stage 5: Actions to be supported	Stage 6: Output indicators
				<p>and English for speakers of other languages skills); family, parenting and relationship intervention; access to flexible and affordable childcare; health problems (including mental health); gangs; homelessness; learning difficulties and disabilities; life skills; offending; and access to transport.</p> <p>Advice and support for the development of social enterprise. Developing the capacity of social entrepreneurs to address the needs of their local communities.</p>	
<p>Need for a mechanism to support locally led initiatives to tackle employment, skills and social inclusion issues.</p>	<p>TO9: Promoting social inclusion, combating poverty and any discrimination</p> <p>IP: Community Led Local Development</p>	<p>To facilitate the participation of people in community based activity, especially in deprived areas, so they move towards or into employment.</p>	<p>This indicator is under development.</p>	<p>Local activity under TOs 8, 9 and 10 that cannot be better delivered through other mechanism. This might include: tackling generational worklessness, low aspiration, low self confidence, low level skills and high levels of anti-social behaviour; training and capacity building; developing life</p>	<p>Number of participants.</p>

Stage 1: Development Needs	Stage 2: Thematic Objective (TO) and Investment Priority (IP)	Stage 3: Specific Objective	Stage 4: Results indicators	Stage 5: Actions to be supported	Stage 6: Output indicators
				skills; tackling specific local barriers to accessing employment and skills.	
Need to improve skills at all levels, particularly intermediate skills.	<p>TO10 Investing in education, training and vocational training for skills and life-long learning</p> <p>IP: Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences</p>	More people gain the skills they need to achieve their goals and support local growth.	Participants gaining a qualification or unit, or successfully completing a course, or progressing into or within education or training.	Activities that complement the Government's national skills policies and programmes to raise skill levels through additional activities that address local skills gaps and needs. For example: basic skills interventions; intermediate, technical and high level vocational provision for the unemployed and for career progression; supporting low skilled people in low paid work to help them progress; intermediate, technical and advanced skills for specific industries for industries and sectors identified as driving growth in local economies; training within SMEs, including leadership and management training; skills and training packages in response to redundancies; informal learning	Participants who are women, over 54, ethnic minorities or disabled.

Stage 1: Development Needs	Stage 2: Thematic Objective (TO) and Investment Priority (IP)	Stage 3: Specific Objective	Stage 4: Results indicators	Stage 5: Actions to be supported	Stage 6: Output indicators
				and community based learning; specific activities to promote equality and diversity, retention, progression and employability in further and higher education; information, advice and guidance.	
Disconnect between labour force skills and those required by employers. Need to improve links between education/training providers and business	TO10 Investing in education, training and vocational training for skills and life-long learning  IP: Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning systems, including dual learning systems and apprenticeship schemes	Skills provision is more responsive to the needs of the local economy and more individuals progress into or within skills provision, through increased employer engagement and participation in the planning, design and delivery of vocational education provision.	Successfully completed projects	Developing better links between business and education and training providers. Support for collaborative projects, placements, internships or other activities with SMEs that enable students and graduates to gain industry relevant experience and skills. Brokering opportunities to encourage and increase work experience, work placements, apprenticeships, Traineeships and graduate placements, including through wider employer engagement.  Capacity-building activities, in the form of training, networking measures and to	Projects to increase employer engagement and help more individuals progress into or within skills provision

<b>Stage 1: Development Needs</b>	<b>Stage 2: Thematic Objective (TO) and Investment Priority (IP)</b>	<b>Stage 3: Specific Objective</b>	<b>Stage 4: Results indicators</b>	<b>Stage 5: Actions to be supported</b>	<b>Stage 6: Output indicators</b>
				activities jointly undertaken by the social partners (employers and trade unions).	

## ANNEX C

### ABBREVIATIONS AND ACRONYMS

BIS	Department for Business, Innovation and Skills
CLLD	Community led local development
DfE	Department for Education
DWP	Department for Work and Pensions
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EMFF	European Maritime and Fisheries Fund
ERASMUS	European Community Action Scheme for the Mobility of University Students
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ESOL	English for speakers of other languages
EU	European Union
EURES	European Employment Service
FE	Further education
GDP	Gross Domestic Product
HE	Higher education
ICT	Information and communications technology
IP	Investment priority
ISCED	International Standard Classification of Education
JSA	Jobseeker's Allowance

## DRAFT

LEADER	Links between the rural economy and development actions
LEP	Local Enterprise Partnership
PMC	Programme Monitoring Committee
MoJ	Ministry of Justice
NEET	Not in education, employment or training
NOMS	National Offender Management Service
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics
SME	Small and medium sized enterprises
STEM	Science, technology, engineering and mathematics
TO	Thematic objective
VCSE	Voluntary, community and social enterprise sector
YEI	Youth Employment Initiative