

**European Social Fund**

**Community Support Framework**  
**for Great Britain**

**Objective 3 2000-2006**

Reference Number: 1999 GB 05 03 CC 001

Mid-term Review Revision

Commission Decision of 29 October 2004

Amending Decision C (2000) 854

# European Social Fund

## Community Support Framework for Great Britain

### Objective 3 2000-2006

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# Plan for the European Social Fund in Great Britain<sup>1</sup>

## Introduction and executive summary

- i. This document has been drawn up in response to the British (GB) plan for a *Community Support Framework* (CSF) to support employability and human resource development activities through Objective 3 of the European Social Fund. The plan was submitted to the Commission by the UK authorities on 29 October 1999. The programming period for Objective 3, in line with all European Union Structural Funds, is 2000 to 2006. At a time of dynamic policy development, to meet Britain's skills and employment needs in the next millennium, the CSF should be seen as a starting point for innovation in the use of British and EU funds. It is not intended to constrain the way in which ESF can add value to programmes but to respond to the real needs of real people in an inclusive society.
- ii. The *policy context* in which the CSF is presented is one of rapid change and increased globalisation. The European Employment Strategy has defined guidelines for increasing employment in each of the Member States of the EU. It has also introduced peer assessment of national policies in order to examine effectiveness. As the EU's main employment instrument, the ESF supports the European Employment Strategy and the annual National Action Plans for employment. The CSF therefore shows how priorities for ESF funding across Great Britain link to the guidelines in the UK's 1999 National Action Plan.
- iii. As an EU Structural Fund, the ESF is subject to the *United Kingdom's Policy Frame of Reference* for all human resource activities supported by the Structural Funds in each of the countries of the UK. The Policy Frame of Reference will guide all partnerships responsible for programming Structural Funds in the UK and will form a basis for ensuring coherence across and within the employability agenda.
- iv. The *Objective 3 Community Support Framework for Great Britain* will be supplemented by more detailed Operational Programmes for England and Gibraltar, Scotland and Wales; each with an associated programme complement setting out measure-level support and agreed by the partnership responsible for monitoring that programme. The Department for Education and Employment (the Department for Work and Pensions from June 2001) is the managing authority for the CSF and for the Operational Programme for England while the Scottish Executive and the National Assembly for Wales will act as managing authorities for Operational Programmes in those countries. For Great Britain, the CSF provides:
  - an assessment of the *economic and labour market context, including aspects of the ex ante evaluation*, for Objective 3 support, including an assessment of labour market weaknesses and those parts of the population most in need of help to gain and retain employment;

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<sup>1</sup> The Community Support Framework for Great Britain covers England with Gibraltar, Wales and Scotland. Northern Ireland will programme its Structural Funds separately. The Policy Frame of Reference links closely to the UK National Action Plan for employment and covers Great Britain plus Northern Ireland.

- a description of the *national strategy for an inclusive and prosperous society*, with high employment levels founded upon people valuing learning and continuously developing the skills they need to make an effective contribution; Annex 1 describes the *EU policy backdrop to the British Community Support Framework*, comprising, in particular, its relationship to the National Action Plan for employment;
- an assessment of priorities for Objective 3 support in Britain which shows indicative funding allocations by ESF priority and ranks areas for support within those priorities, together with links to existing British programmes and the related guidelines in the UK's National Action Plan for employment. This chapter also recalls lessons learned from evaluation of the 1994/99 ESF programmes and includes elements of the ex ante evaluation;
- a description of *how Objective 3 will be implemented in Great Britain*. This is intended to show the broad thrust of common practice across Great Britain: detailed descriptions of operational and financial arrangements will be contained in the Operational Programmes.

This chapter is in two parts;

- a description of the practical framework within which the Operational Programmes will be delivered, monitored and evaluated;
  - an assessment of the likely impact of Objective 3 in Great Britain and the indicators which will be used to monitor progress at the level of the CSF and which will form the core indicators for Operational Programmes.
- v. The priorities agreed between the UK authorities and the Commission, set out in the Community Support Framework were devised following extensive discussion with all parts of Government in Great Britain and consultation with the wider partnership, including national bodies, Scottish Welsh and English regional partnerships and individual responses via an Internet website. Annex 2 to the CSF describes the consultation on the plan for an Objective 3 CSF.
- vi. Priorities described in the CSF are based upon an analysis of the strengths and relative weaknesses of the British labour market:
- strong growth in employment, in particular the employment of women, matched by falling unemployment rates and a dynamic jobs market;
  - employment rates remaining low compared with the 1960s, particularly for men and unacceptably high levels of long-term unemployment;
  - high level of jobless households, lower activity rates for older workers and poor labour market opportunities for disadvantaged groups requiring action to combat labour market – and social – exclusion.
- vii. A full report of the Objective 3 ex-ante evaluation was published in 1999, following the completion of the final evaluation Objective 3 activities. The final evaluation of Objective 4 activities will not be available until 2001 as Objective 4 began later in Britain than in the rest of the EU.

- viii. inclusion and skills deficits; with overall aims of improving both the ability of individuals to achieve their potential and the British economy to improve its productivity – both now and in the future.
- ix. The UK Government's *strategy for human resources* "Learning and working together" was based on wide consultation. Its vision for an inclusive and prosperous society is one where people value learning and continuously develop the skills they need to make an effective contribution. This will be achieved, through a wide range of programmes and policies to:
- ensure that all young people reach 16 with the skills, attitudes and personal qualities that will give them a secure foundation for their future in a rapidly changing world;
  - develop in everyone a commitment to lifelong learning; and
  - help people without a job into work.
- x. The European Social Fund in Great Britain will be used to add value to the policies introduced to make a reality of the UK Government's vision for an inclusive society. It will be fully integrated with the UK's response to the European Employment Strategy set out in the annual National Action Plan for employment. A total of €10.781 billion (€4.948 billion ESF) will be allocated to each of the five *European Social Fund priority areas* as follows:
- active labour market policies – 25%;
  - equal opportunities for all, promoting social inclusion – 28%;
  - lifelong learning – 26%;
  - adaptability and entrepreneurship – 14%;
  - improving women's labour market participation – 6%;
  - technical assistance – 1%.
- xi. As with the current ESF programme, the UK Government's aim will be to ensure that selection and delivery of projects is fair, transparent and consistent with the national employment agenda. When designing the new implementation system one of the key considerations must be to ensure that bureaucracy is minimised whenever this is possible. *Implementation of Objective 3* will be managed in partnership with the GB Monitoring Committee, which will agree, inter alia:
- overall strategy for implementing the CSF;
  - project selection criteria and processes;
  - applications for technical assistance;
  - publicity strategy;
  - design of evaluation projects.

- xii. The *partnership* to oversee the CSF will comprise representatives of the European Commission, Scotland, Wales and the English regions and Gibraltar, social partners and national Commissions with particular interests in Objective 3 client groups. Monitoring Committees for England, Scotland and Wales will agree arrangements for national projects and increased concentration of assistance for Objective 2 areas within the context of their agreed country budget allocations. Regional Committees in England will include representatives of RDAs and will ensure that agreed regional strategy informs the delivery of Objective 3.
- xiii. An Equality Sub Committee of the Monitoring Committee will be responsible for ensuring equality issues are taken into account within the implementation mechanisms and evaluation and monitoring systems. Within this sub committee, working groups will be charged with specific responsibilities for gender, ethnicity and disability equality issues.
- xiv. An *Evaluation Steering Group* will co-ordinate evaluation activity relating to the CSF across the three countries of Great Britain. This Group will also provide the basis for a coherent approach to evaluation and for sharing research findings in ESF in all parts of the United Kingdom. It will therefore comprise representatives from the ESF Unit, the ESF Evaluation Team, the European Commission, England and Gibraltar, Scotland, Northern Ireland and Wales and other key partners. This Steering Group will make recommendations to the GB Monitoring Committee and will contribute towards the overall strategy to improve awareness of the European Social Fund across Great Britain.

# Chapter 1

## Economic and labour market context for Objective 3 support in Great Britain

### Introduction

1.1 This chapter assesses recent developments in the labour market and helps to identify priority areas for ESF funding. It finds that although the overall current labour market position in the UK is favourable the picture hides a number of weaknesses. Against a backdrop of greater economic stability, priorities for increasing employment opportunities should be focused on these areas of weakness and disadvantage.

1.2 This chapter identifies the strengths of the UK labour market:

- strong employment growth to record levels of employment;
- female employment rate at its highest ever level;
- falling female inactivity rates;
- falling unemployment to its lowest level for nearly twenty years;
- long-term unemployment falling faster than overall unemployment, taking it to a new twenty year low;
- youth unemployment is the lowest for a generation;
- diverse employment opportunities;
- dynamism; lots of jobs come up all the time and are quickly taken by the unemployed;

highlights the weaknesses where action to improve outcomes is essential:

- employment rates still below those seen in the past;
- falling male employment rates since the 1950s;
- rising male inactivity rates over the recovery;
- long-term unemployment rate still high – 30% of ILO unemployed have been unemployed for one year or more;
- youth unemployment rate still high – unemployment rate for 18-24 year olds is 12.2%, almost twice as high as overall rate;
- increase in proportion of workless households to 17% of all households;
- deterioration of employment, unemployment and activity rates of older workers;
- poor labour market opportunities for disadvantaged groups, particularly those on benefits;

- barriers to female participation and progression in the labour market still exist e.g. childcare and training opportunities;
- high proportion of people without basic skills;

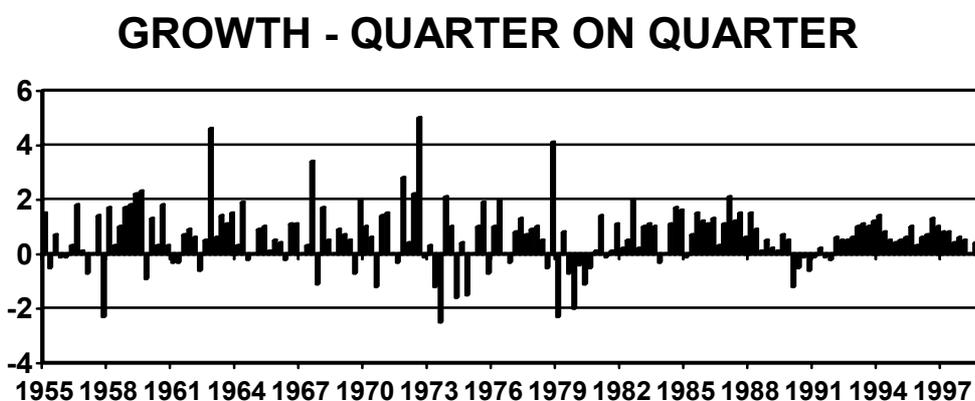
and sets its analysis within the context of Objective 3 by:

- analysing national labour market developments within each of the five ESF policy fields;
- commenting upon key labour market policies within the ESF policy fields;
- drawing conclusions about priority areas for Objective 3 support in the light of identified labour market weaknesses.

## General economic context

1.3 Over the last three decades the UK economy has exhibited high volatility in output and inflation. This has generated instability and has made it hard for individuals and firms to plan and invest; it has damaged the long-term growth of the UK economy. The chart below shows quite clearly the magnitude of economic cycles and the swings between boom and bust.

**Chart One**

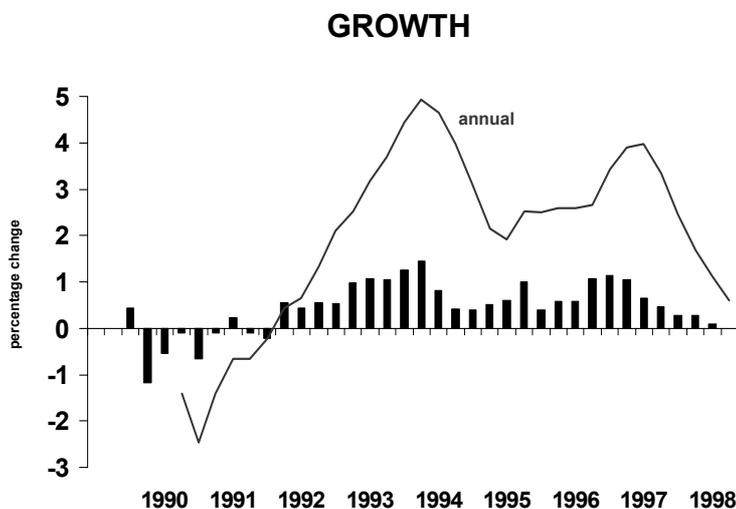


1.4 Britain's economic performance has also been poor in comparison with other G7 countries. In each of the last two economic cycles, the UK had one of the highest average inflation rates and below average growth. Fluctuations in output and inflation were higher than elsewhere, and interest rates and fiscal deficits were almost twice as volatile as those in France, Germany and the US. The level of GDP per head in the UK is currently below that in all other G7 countries. Weak growth performance is not just due to instability. It also partly reflects under-investment: the UK's ratio of investment to GDP is low by both historical and international standards.

1.5 To address this instability, the UK Government has reformed the framework for macroeconomic policy and is working to promote sustainable development. The aim is to maintain high and stable levels of economic growth and employment, through the promotion of employment opportunities for all. Stability should help businesses and people to plan for the long-term. It will also allow everyone to share high living standards and greater job opportunities and will promote inclusion rather than exclusion. Alongside the aim of high and stable levels of growth and employment sustainable development also means social progress which recognises the needs of everyone, whilst protecting the environment and making best use of natural resources.

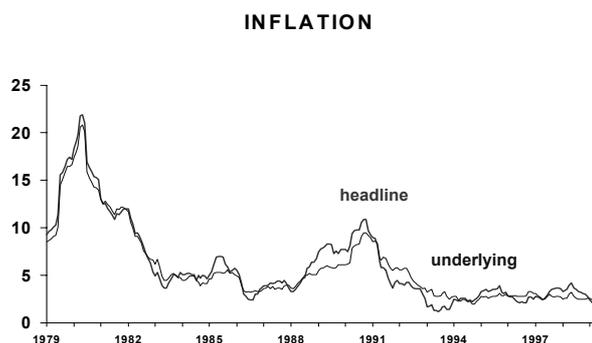
1.6 Already there are signs that a stable macroeconomic framework is having an effect. Although economic cycles are still evident, the magnitude and volatility of the cycles has been reduced. We have not seen boom followed by bust, but more of a steady rate of growth. Since 1992 the UK economy has avoided periods of negative growth or recession. Indeed, this is quite a striking feature of the current economic cycle. Despite pessimistic forecasts and media coverage suggesting the UK economy would be in recession during the early part of 1999, growth has not only continued but accelerated. GDP growth on a year earlier slowed to 1.4% in 1999 quarter 1 before picking up again to reach 1.9% in quarter 3. Most forecasters expect growth of around 3% in 2000 with the economy continuing to grow in subsequent years.

### Chart Two



1.7 This stability is even more evident if we look at inflation. Over the last six years or so inflation has been both lower and more stable than it has in the past. It is now two years since the Bank of England was handed responsibility for monetary policy – making decisions about interest rates – and was set an underlying inflation target of 2.5%. So far, the monetary policy committee has broadly met its inflation target – in November 1999 underlying inflation was 2.2% and is forecast to remain on target for the foreseeable future. This contrasts with the experience of the early 1980s when inflation rose to over 20% and the early 1990s when it rose to almost 10%.

### Chart Three



- 1.8 Achieving further success means building on the strengths of the UK labour market and tackling the weaknesses. While a stable macroeconomic environment is an essential precondition for employment opportunities, stability alone cannot guarantee these opportunities. There are other factors which are equally important.
- 1.9 The government is committed to the goal of high and stable levels of growth and employment. Its aim is employment opportunities for all – the modern definition of full employment. The government wants to ensure that there is work for those who can, whilst providing security for those who cannot. Employment is the best route out of poverty and hence opportunities for all are essential to break the inter-generational cycle of poverty and welfare dependence. Moreover, expanding the effective supply of labour will allow the economy to grow more rapidly without running into skills shortages and inflationary pressures.
- 1.10 Reform, to achieve high levels of labour market participation and hence employment, should focus on policies to re-integrate people outside or on the margins of the labour market (such as women, the young and older workers). In autumn 1999, 74.4% of people of working age were in employment<sup>2</sup>. There were around 36 million people of working age, of which over 26 million were in employment, almost 1.7 million were ILO unemployed and 7.2 million were not available or looking for work (economically inactive). Of those who were economically inactive, a large percentage were unlikely to seek work soon and living on benefits. The number of workless households and long-term unemployed people remains at a relatively high level. Providing employment opportunities for all and helping people to take up those opportunities is the single most effective means of tackling poverty and social exclusion.
- 1.11 As well as providing employment opportunities there is an increasing need to improve the basic employability of the labour force and to maintain that employability on a long-term basis. Success, in what is becoming a knowledge driven economy, requires a skilled and motivated workforce. The basic skill level of the whole economy also needs to be raised to improve competitiveness and to overcome the risk of social exclusion for the unskilled. Britain is aiming to boost skills and competitiveness and to provide opportunities for the jobs which are essential to break individuals' cycles of poverty and dependence on welfare.

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<sup>2</sup> Working age refers to those aged 16-59 (women) and 16-64 (men)

## Labour market overview

- 1.12 The current labour market position in the UK is favourable. Recent economic growth and low inflation has resulted in strong employment growth and a corresponding fall in unemployment. Employment is at record levels – 27.5 million are in jobs and the employment rate, at over 74%<sup>3</sup>, is second only to Denmark in the EU. High employment has been combined with unemployment below the lowest level reached in the last cycle in 1990, when inflation was in excess of 9%. 1.16 million were unemployed and claiming benefit in December 1999, the lowest level for nearly twenty years. Long-term unemployment is also at its lowest level for nearly twenty years and over the past two years has fallen faster than total unemployment. Youth unemployment is the lowest for 25 years.
- 1.13 However, there remain many areas of concern. Of the 1.7 million people currently unemployed using the ILO definition, almost 30% have been unemployed for one year or more. The unemployment rate for 18-24 year olds ( 10.8%) is almost twice as high as the unemployment rate for all those aged over 16 ( 5.9%). And although employment has been rising the concentrations of unemployment are now more extreme than in 1979. There are now, for example, more workless households. Since 1979, the proportion of working-age workless households has risen from around 1 in 10 to close to 1 in 5. Joblessness is now more concentrated amongst those on benefits and among those deserving most help.
- 1.14 It is these weaknesses where action to improve outcomes is essential. Ensuring that employment opportunities are spread more equally, that the concentration of unemployment amongst certain groups in society is reduced, that the perils of long-term unemployment and inactivity are removed and that welfare dependency is reduced is essential in the drive to achieve a sustained and permanent increase in employment.
- 1.15 This section gives an overview of employment and unemployment rates before going on to analyse labour market performance in terms of the five ESF policy fields. It concludes with a discussion of UK labour market policy.

### Employment

- 1.16 UK employment continues to grow strongly. The Labour Force Survey (LFS) for September-November 1999 shows that employment was 27.52 million, up 260,000 on the previous year and more than half a million above its last peak in 1990. Employment is at record levels. The employment rate, as measured by the proportion of the working age population (age 16-59/64) in work, was 74.2%, up 0.4 percentage points over the year.
- 1.17 The male employment rate has increased and now stands at 79.2% in the UK. However, it remains below past rates – as recently as 1990 the male employment rate was 82.1%. The female employment rate is at its highest ever rate of 68.8 %.
- 1.18 While the UK labour market – with over 70% of the working age population in work – compares favourably with other EU countries, the rate of employment is below the rates for Japan and the US.

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<sup>3</sup> The employment rate for 16-59/64 is 74%

1.19 Across Great Britain, employment rates vary by country and within countries by gender. In autumn 1999 the employment rate in Great Britain as a whole was 74.4%, with regional disparities evident in the rate of 75% for England, 71.8% for Scotland and 69.4% for Wales. This disparity is also evident when broken down by gender. Male employment rates are higher than female rates in each area. The male employment rate was 79.4% in Great Britain with country disparities evident in the rate of 80.2% for England, 75% for Scotland and 73.4% for Wales. The female rate was 69% in Great Britain, with country disparities evident in the rate of 69.3% for England, 68.2% for Scotland and 65.1% for Wales.

1.20 The growth in employment has been seen in both full-time and part-time jobs: since spring 1992 full-time employment has increased by almost 870,000, and part-time employment by 790,000. In the past year, however, most of the growth in employment has been full-time employment (almost 90 per cent). Part-time employment currently accounts for a quarter of all employment which is high relative to other EU countries.

**Chart Four**

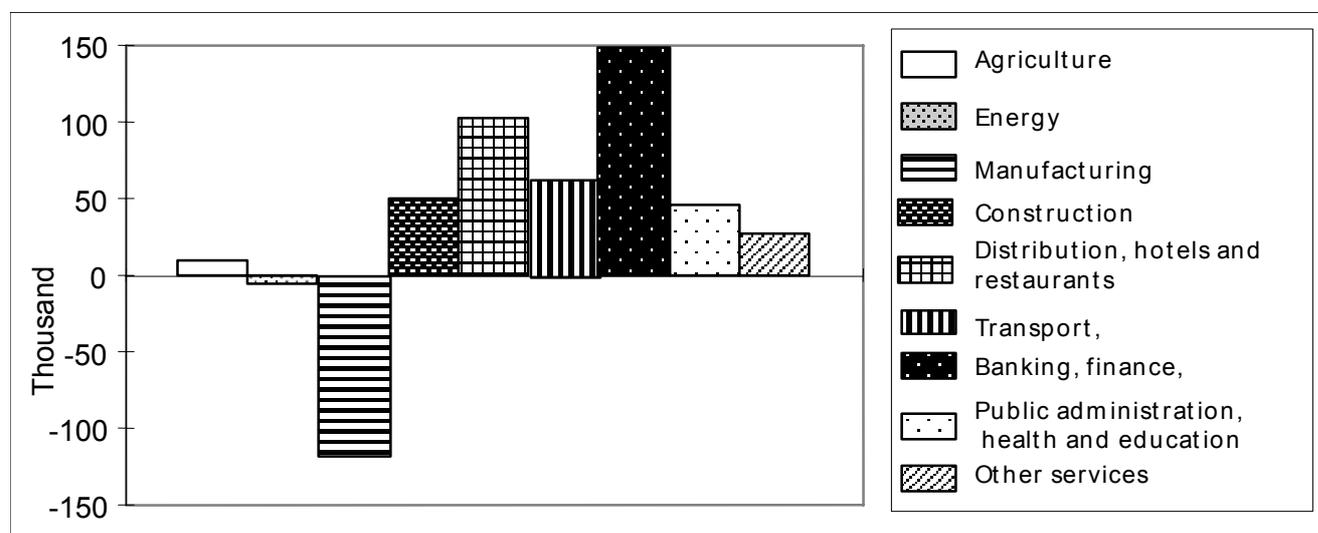


1.21 There was a steady growth of temporary jobs in the UK in 1990-1997. Since then the number has fallen and is low relative to other EU countries. Temporary employment fell over the last year and so its proportion of all employees also fell to 6.9 per cent – a low proportion compared to other European countries. Self-employment, which grew rapidly during the 1980's, has experienced little growth during the 1990s, and currently accounts for around 11% of all in employment.

## Chart Five

### EMPLOYMENT GROWTH BY INDUSTRY 1997-1998

SOURCE: EMPLOYER SURVEYS



1.22 Over the last year, employment growth was concentrated in the service sectors, in particular in finance and business services and in transport and communications. Employment declined notably in manufacturing as well as in primary sectors.

## Unemployment

1.23 Another strength of the labour market is the relatively low rates of ILO and claimant unemployment. Unemployment is now at its lowest for nearly twenty years. For the first time since the 1960s unemployment peaked at a lower level in 1992 than the previous peak in 1986. Now unemployment has fallen below its previous trough and is at its lowest level since the early 1980s. ILO unemployment is currently 5.9% of the active labour force (or 1.7 m). This is 0.3 percentage points lower than a year ago, representing a reduction of 75,000 in the number of unemployed people. The current rate is almost one percentage point lower than it was in 1990 and is at its lowest rate since the early 1980s.

1.24 Claimant unemployment has been falling more rapidly than ILO unemployment, standing at 1.16 m (4.0 % of the workforce) in December 1999, 147,000 lower than the previous year. Long-term claimant unemployment was 272,000 (24%) in December 1999. This is below the last peak in 1994, which in turn was below the previous peak, but is still well above the levels in the 1950s and 60s.

1.25 ILO unemployment also varies by country. England fairs better than the GB average and Scotland has a higher unemployment rate than both England and Wales. In autumn 1999 unemployment was 5.9% in Great Britain, with regional disparities again evident in the rate of 5.7% for England, 7.1% for Scotland and 7.5% for Wales. This trend is still evident when broken down by gender. The GB average male unemployment rate of 6.4% with underlying figures of 6.1% for England, 8.2% for Scotland and 8.9% Wales. A similar disparity exists for female unemployment rates although it is not as stark. The female rate is 5.2% for GB and England and 5.7% for Scotland and Wales.

## Labour market developments in the ESF policy fields

1.26 The UK labour market has changed substantially over the last 50 years. The traditional approach to employment was geared towards full-time male employment in traditional industries and could be achieved largely through macroeconomic management. Active welfare to work policies were not so important when the majority of those seeking work found it relatively quickly and were not dependent on benefits. Skills and training mattered less when there were plentiful job opportunities for those without qualifications. Flexible and family-friendly working practices were not as important when male full-time work was the norm and female employment was less relevant. Similarly, work incentives presented by the tax and benefit system were less important when workless households were the exception and when take home pay from work took households significantly above benefit levels. Finally, focusing on the registered unemployed was not an issue since those not registered were not excluded or denied employment opportunities.

1.27 The situation has now changed. Social and demographic changes have generated an increase in female employment and a growing demand for family-friendly employment that allows men and women to combine work with parental and other caring responsibilities. Demographic, structural and institutional changes have led to an increase in the numbers of older people, necessitating a change in labour market policy. Industrial change brought about by technology and globalisation have increased the importance of skills in the labour market. Employment opportunities have expanded and the diversity of employment makes it easier for individuals to combine work and other responsibilities but only those with good overall employability are able to exploit the opportunities fully. There is a need for active labour market policies that keep the unemployed in touch with employment opportunities, that help those without the necessary basic skills, to acquire them and that help those in work to stay in work, by improving and updating their skills. Policies that promote employment opportunities for all are necessary to maintain a thriving and competitive economy, and so help not just the registered unemployed, but others on benefits (such as the disabled and lone parents) so that they are not denied the chance of employment opportunities.

## 1. Active labour market policies

*Aims: Developing and promoting active labour market policies to combat and prevent unemployment, to prevent both women and men from moving into long-term unemployment, to facilitate the reintegration of the long-term unemployed into the labour market, and to support the occupational integration of young people and of persons returning to the labour market after a period of absence.*

1.28 Despite the current UK record of employment and unemployment there remain areas of concern. Employment rates are below the level of 1990 and below rates seen in the past. Unemployment remains well above the levels seen between the 1950s and 1970s. Since 1980 unemployment has averaged 8½%, but from 1950 to the middle of the 1970s it fluctuated between 1% and 3% of the workforce. Of the 1.7 million people currently unemployed according to the ILO definition, almost 30% have been unemployed for one year or more. And the unemployment rate for 18-24 year olds (11%) is almost twice as high as the unemployment rate for all those aged over 16 (5.9%). Since 1979, the proportion of working-age workless households has risen from around 10% to around 17%. Clearly there is a substantial role for active labour market policy to restore employment and unemployment rates to those of the 1950s to 1970s.

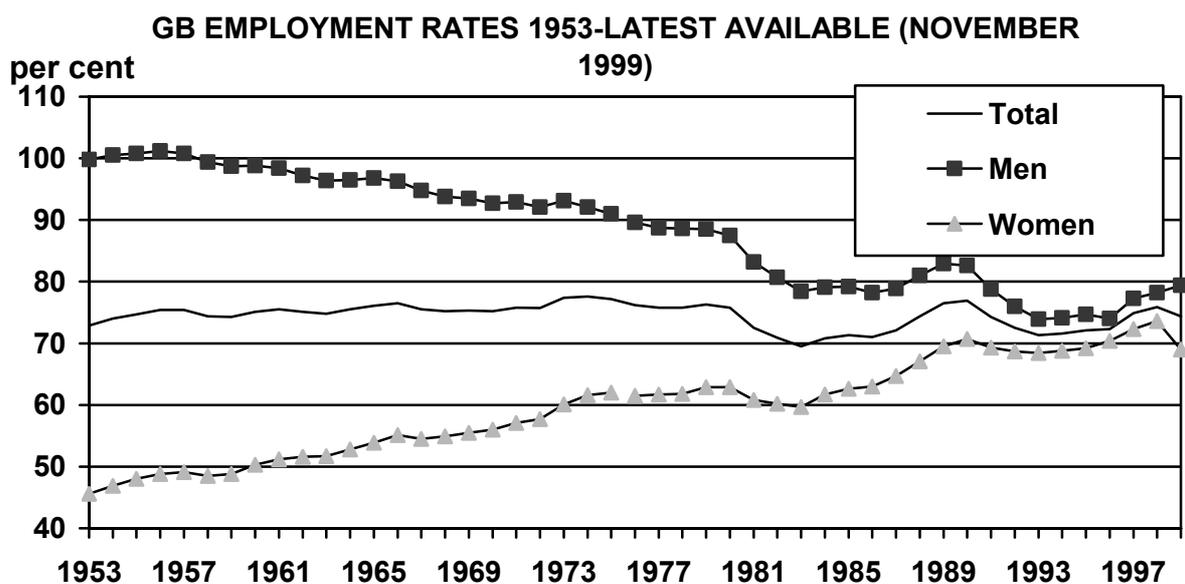
### Employment

1.29 As chart six shows the employment rate remains below its most recent peak in 1990 (77%) and below the rates achieved in the past. The total employment rate has varied over the past 50 years – ranging between 70% and 78% – the female rate is at its highest ever level but the male employment rate has fallen since the 1950s from around 100% to around 75%. As recently as 1990 the male employment rate was above 80%. If the male rate from the immediate post-war period could be reproduced there would be 4.6 million more men in work and the total employment rate would be raised from around 74% to around 87% – the highest in the world.

1.30 It is unlikely, however, that male employment rates could return to their post war level. Work above retirement age used to be much more common than now (which is why the employment rate can exceed 100%) and staying on rates in education are now much higher. It may, however, be possible to move towards the position where more males aged 25-65 are in work. The total employment rate remains below its peak of the previous cycle in 1990 despite its increase over this cycle and male employment rates, although high relative to 1993, remain below the rate achieved in 1979. The effect of the welfare to work agenda and other policies aimed at improving the functioning of the labour market (e.g. raising skills and standards in education) should allow for further improvements.

1.31 Accordingly the UK Government does not consider the employment rate or the instability of employment over successive boom and bust cycles to be good enough. This is why it has re-established the key aim of achieving a high and stable level of employment.

## Chart Six



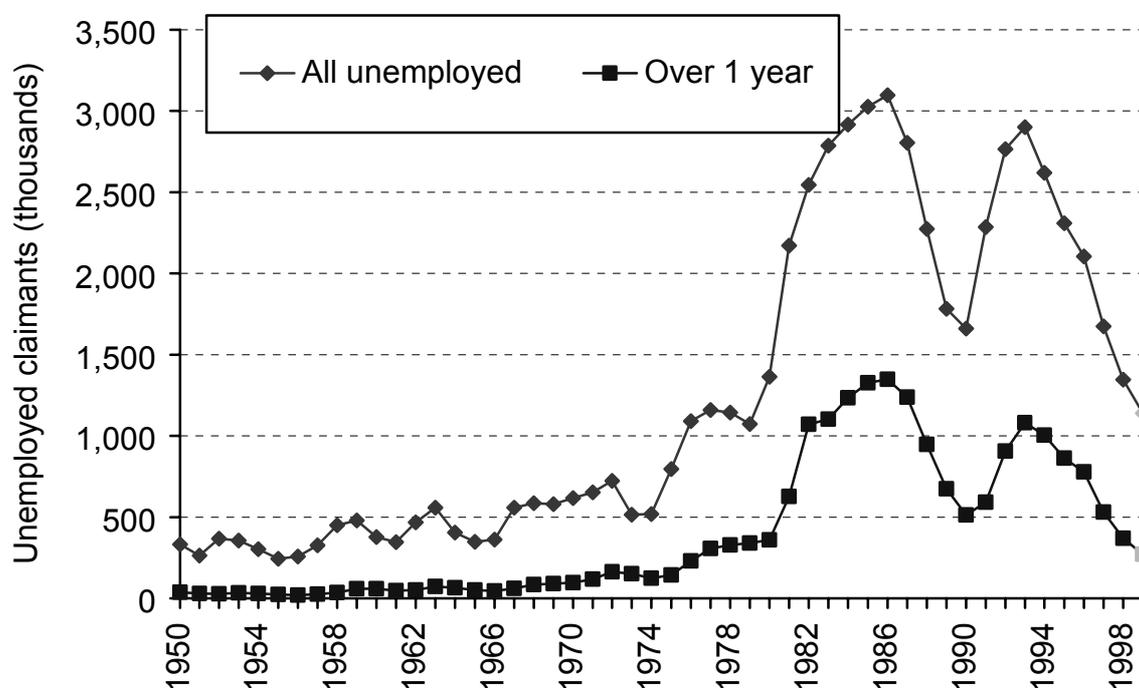
### Long-term unemployment

1.32 Long-term unemployment remains a problem: in September-November 1999, 29% of the ILO unemployed had been out of work for a year or more. The problem is more severe for men: 35% of unemployed men are long-term unemployed compared to 20% of women. Long-term unemployment is immensely damaging for individuals. It can destroy their connections with the labour market, reduce their skills and employability and therefore make it harder to obtain employment. Most long-term unemployed are men, from older age groups, with few or no qualifications, heavily concentrated in urban areas and seaside/coastal towns.

## Chart Seven

### CLAIMANT UNEMPLOYMENT: TOTAL AND LONG-TERM

1950- DECEMBER 1999



1.33 Total unemployment peaked in late 1992, some 5% below its previous peak but the falls amongst those in longer spells of unemployment were much greater – 20% fall for all unemployed over 2 years and over 40% fall for all over 4 years. In the year to September-November 1999, Long-term unemployment (2 years and over) fell by 13%, more than the 4% fall in total unemployment.

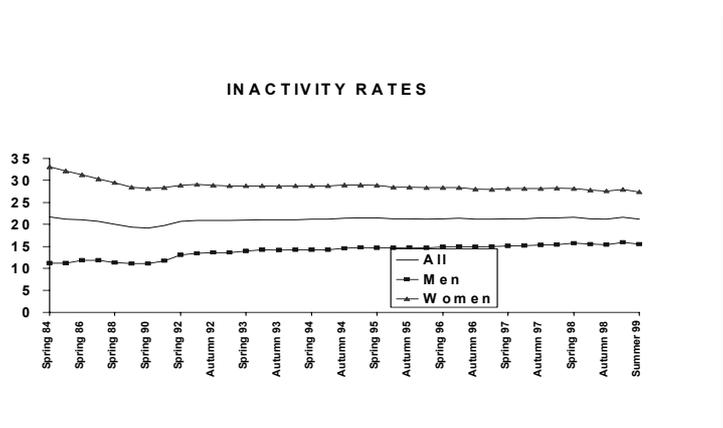
1.34 The UK labour market is very dynamic, with lots of jobs becoming available all the time. Each month over 200,000 new vacancies are notified to Employment Service Jobcentres. This means around two and a half million new vacancies coming up each year. And many more vacancies are notified through other routes – such as newspapers, private employment agencies and the Internet. Many of these vacancies are taken by unemployed people and so most people leave unemployment very quickly – currently over half within three months, three quarters within six months and over 90% within a year. Though not all of these people leave unemployment for a job, most do. The probability of leaving the claimant count decreases with duration of unemployment – for those unemployed less than 13 weeks, 84% leave the count (when we know their destinations) for jobs whilst for those unemployed over a year the proportion going into jobs falls to 47%. Clearly those individuals who remain on the count longest require most help to improve their employability and help to find and retain a job.

## Chart Eight

### Inactivity rates

1.35 Worklessness comprises not just unemployment but also inactivity and the trend in UK inactivity rates<sup>4</sup> further supports the need for an active labour market approach. Despite seven years of strong and sustained economic growth the proportion of people of working age who are inactive has remained relatively constant between 1984 and 1999, at just over a fifth of the working-age population. Almost 7.6 million people in the UK of working age are inactive, of whom 2.3 million want a job but are classed as inactive because they are not actively seeking work and/or are not available to start work.

## Chart Nine



1.36 The overall trend hides significant compositional changes within inactivity and unemployment amongst men. Particularly noteworthy is the increase in inactivity among those aged 50-64. Male inactivity increased as a result of the recessions in the early 1980s and 1990s but over the past year that trend has been reversed. Between spring 1984 and spring 1999 rate has gradually risen from 12% to 15.4%. The main reason for the increase in male inactivity was the rise in the number on long-term sickness and disability benefits. The female rate has fallen from 34% to 27.5% with the majority of this fall occurring between spring 1984 and spring 1991.

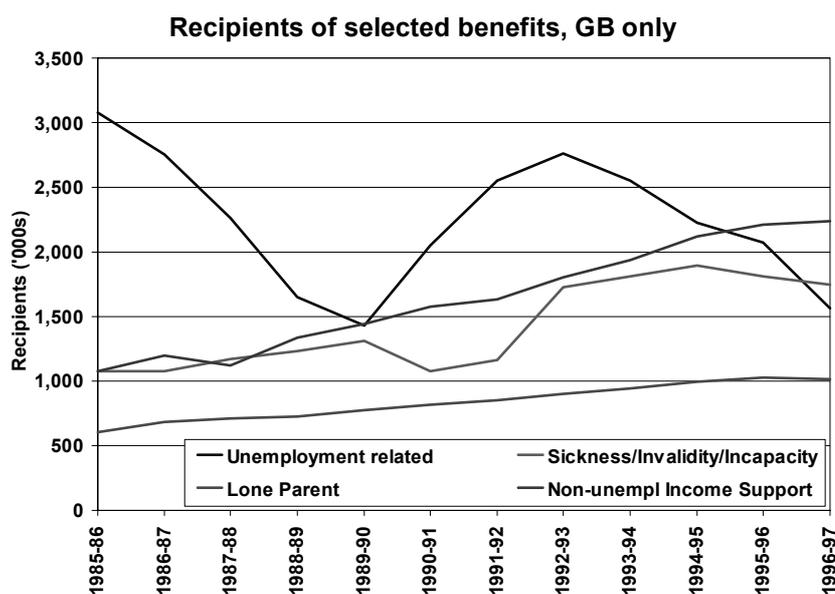
1.37 Long-term unemployment and dependency on benefits are key issues in the UK Government's welfare to work policy to address unemployment and inactivity. In the UK, in December 1999 around 133,000 people had been claiming Jobseeker's Allowance for more than two years, one in eight claimants. There has also been a growth in the numbers of people receiving non-unemployment related benefits, such as incapacity and lone parent benefits. There are currently almost one million lone parents on income support, most of them women, and almost 2.5 million people claiming Long-term sickness and disability benefits, most of them men. The primary reason for the growth in numbers is not more people taking up the benefit but rather those on benefit staying on for very long periods.

<sup>4</sup> Inactivity rate: proportion of working age population who are neither in employment or ILO unemployed.

1.38 Those people on lone parent benefits or receiving sickness and incapacity benefit are usually further removed from the labour market than the unemployed and they can face poverty, welfare dependency and social exclusion. One of the key challenges facing the UK Government is to promote social inclusion by reducing welfare dependency and ensure that those who are currently inactive are not denied access to employment opportunities. Helping those people who can work, find and retain work, whilst providing security to those who are unable to work, is a goal.

### **Chart Ten**

#### **RECIPIENTS OF NON-UNEMPLOYMENT RELATED BENEFITS, 1985-1997**



Note: before 1988, Income Support figres relate to Supplementary Benefit

1.39 As inactivity has risen amongst men the number of households with no-one in work has increased. People are likely to suffer hardship most where all members of their household are without work; such households are more likely to live in poor quality housing, have poor diets and suffer from poor health, both physical and mental. In spring 1999, there were over 3 million households in the UK with at least one person of working age but no-one in employment: around 1 in 5 of all households. Although the proportion has fallen over the last two years it is still significantly higher than the 1 in 10 of 1979. In spring 1999, approximately two-fifths of all lone parent households were workless.

### **Older workers**

1.40 Unemployment and employment rates vary considerably by age group. Amongst older male workers (those aged 50-64 years) the change is striking – employment rates have fallen from around 95% in the 1950s/1960s to around 69% now – if 1951 rates were to be reproduced today then there would be around one million more men aged 50-64 in employment. For women the picture is masked by the large scale increase in female labour force participation over the post war period. So although employment rates for older females did not fall, the rise amongst the pre-retirement age was much more subdued compared to other age-groups.

## Chart Eleven

### EMPLOYMENT RATE OF 50 TO 59/64 YEAR OLDS, GB (SPRING LFS)



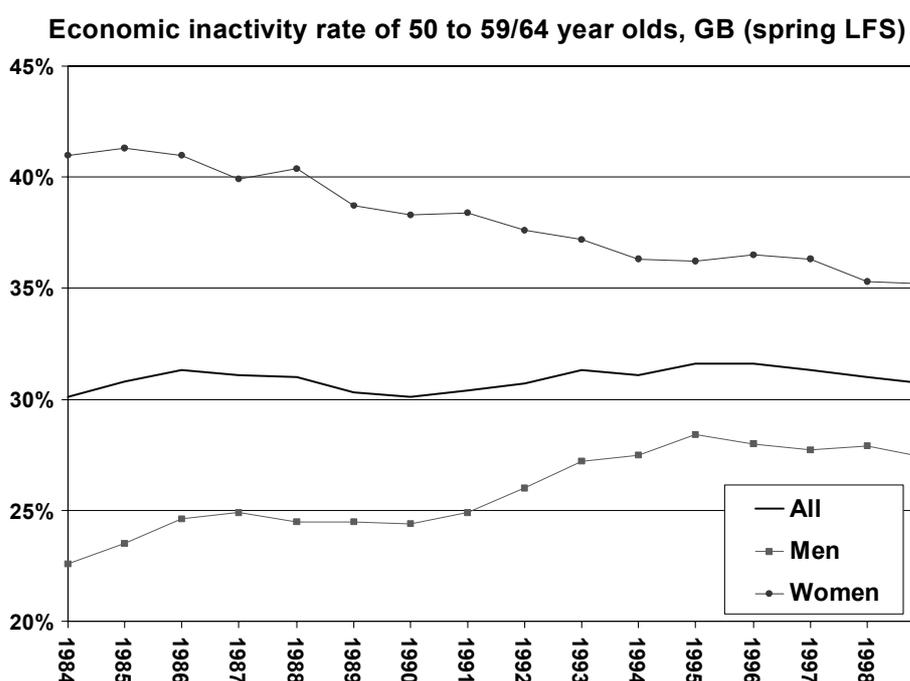
1.41 Although employment rates amongst older workers have fallen, there has not been a corresponding rise in unemployment. ILO unemployment for those aged 50 and over, at 4.1% is less than the national average of 5.9%. However, the proportion of the unemployed who are long-term unemployed is much higher – 45% of unemployed people aged 50 and over compared to 29% of all unemployed people. Long-term unemployment is also higher for men than women. The falls in employment have been mirrored by a substantial rise in inactivity. The inactivity rate amongst men aged 50-64 has risen from 22.6% in 1984 to 27.8% now. This compares with an economic inactivity rate amongst men of working age of 15%. Female inactivity rates have fallen substantially – by almost ten percentage points since 1979 – but inactivity rates of women over 55 years of age have not fallen as much.

1.42 People born during the post-war baby boom are now just entering their 50s. Over the next two decades people over 50 will form an increasing proportion of the population – currently 1 in 5 people are aged 60 and over. This will rise to 1 in 4 by 2010 and 1 in 3 in 2025. Policies geared to maintaining labour market attachment and improving the employability of older workers as well as reducing duration of unemployment if they become unemployed will be crucial in the drive to improve employment rates overall.

## Chart Twelve



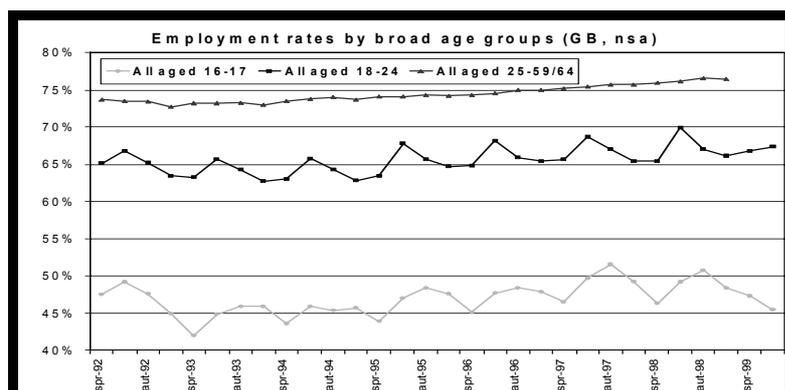
## Chart Thirteen



## Young workers

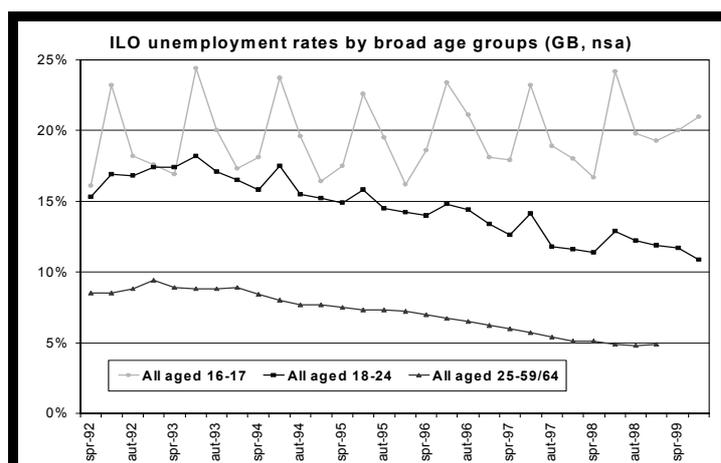
1.43 The employment rate for 18-24 year olds has increased gradually over the mid- to late-90s. At 68 per cent in autumn 1999 the employment rate is higher than the low of 63 per cent in winter 1993. This increase has occurred despite a significant increase in the number of 18-24 year olds in full-time education. Employment has grown for both students and those not in full-time education.

## Chart Fourteen



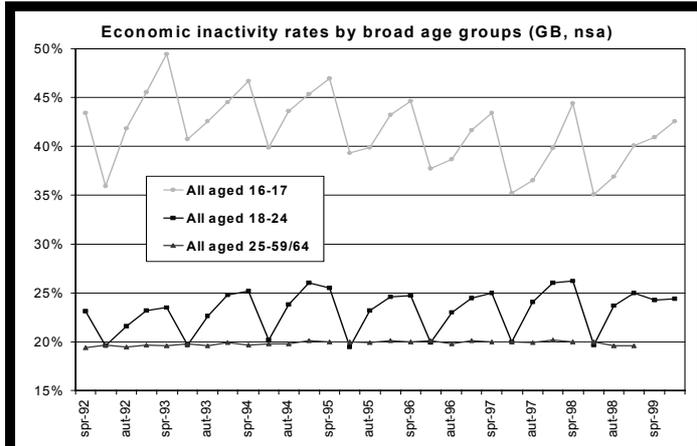
1.44 ILO unemployment for 18-24 year olds has fallen since 1992, to stand at 10.8% in autumn 1999. Long-term unemployment has fallen more quickly with the proportion of all ILO unemployed 18-24 year olds who have been unemployed for 12 months or more having fallen from over half in winter 1992 to 15% now.

## Chart Fifteen



1.45 The inactivity rate of young people has increased slightly over the 1990s, from around 21% in 1992 to 24% now. This largely reflects the increasing numbers staying in further and higher education.

## Chart Sixteen



## 2. Equal opportunities for all and promoting social inclusion

***Aims: Promoting equal opportunities for all in accessing the labour market, with particular emphasis on those exposed to social exclusion.***

1.46 Ensuring that people who are disadvantaged, or others who face particular difficulties, are no longer excluded from social and economic activity is key to improving overall employment rates.

### **Disabled workers**

1.47 There are around 6.2 million disabled people in Great Britain accounting for nearly a fifth of the working-age population. The level of disability increases with age. Disabled people are only half as likely as non-disabled to be in employment; 2.9 million disabled people are in employment (11% of all people in employment) and are more likely to work part-time or be self employed. The unemployment rate for disabled people is nearly twice that of non-disabled people, 10.7% compared with 5.7% for non-disabled people, and 38% of unemployed disabled people have been unemployed for a year or more compared with 25% of non-disabled unemployed.

1.48 Opportunities to improve employability are also more difficult. Disabled people have fewer qualifications than their non-disabled counterparts. They are more than twice as likely to have no formal qualifications: 31% of disabled people compared with 14% of non-disabled people. This may appear to be due to the different age profiles of the two populations but even when comparing the same age group (50-59) a similar difference emerges.

### **Ethnic minority workers**

1.49 In 1998 2.2 million people of working age in Great Britain belonged to ethnic minority groups, accounting for 6.4 per cent of the working population. Ethnic minorities are less likely to be employed; employment rates for ethnic minorities are 57% compared to 75.1% for non ethnic minorities. The unemployment rate for ethnic minorities is more than double that of non ethnic minorities, 13% compared with 5.8% for non-ethnic minorities. Part of the explanation for poorer participation rates is access to training and education. Ethnic minorities have fewer qualifications than their non ethnic minority counterparts; 23% of ethnic minorities had no qualifications compared with only 19% for non ethnic minorities.

1.50 The pattern varies by age group, by gender and by type of ethnic minority. Young people from ethnic minorities were, on average, twice as likely (27%) to be unemployed as whites (13%), increasing to three times as likely for young black people (39%).

1.51 The unemployment level for ethnic minority male adults (15%) is also more than twice that for white male adults (7%). The pattern was similar for women with unemployment levels for black African (24%) and Pakistani (22%) women more than four times that of white women. One factor in higher unemployment rates is the concentration of ethnic minority groups in urban areas where unemployment levels are generally much higher than the national average.

1.52 Labour market participation also varies by ethnic minority group. Black Caribbeans are more involved in the labour market than other minorities whereas only about half of Bangladeshi and Pakistani adults of working age are economically active. This implies severe economic deprivation for these groups with poverty rates four times those of whites.

### **Ex-offenders**

1.53 As ex-offenders are not required to tell the Employment Service about their criminal record, official unemployment figures for ex-offenders are difficult to obtain. The figure generally relied upon is provided by the Association of Chief Officers of Probation (ACOP). The figures suggest that about 55% of offenders are unemployed (compared to about 6.2% of the general population.) Evidence suggests that ex-offenders are probably twice as likely to be Long-term unemployed as unemployed people as a whole. There is also evidence to suggest that the rate at which ex-offenders move into employment is significantly lower. Ex-offenders often have a range of interconnected problems such as poor basic skills, low self esteem, behavioural or health problems which will further reduce their employability.

### **Homeless**

1.54 Being homeless makes it difficult to enter the employment market. Even if homeless people do manage to find a job, the impermanence of their lifestyle can make it almost impossible to retain it. One survey showed that state benefits were the most common source of income for homeless people (79%) and that other sources provide income for only small proportions of the single homeless population (wages/salary 9%). Homeless young people are one of the most disadvantaged groups in the labour market. Their problems include low skills, lack of job readiness and inadequate information on suitable employment and again when they do find jobs there can be problems with sustaining employment.

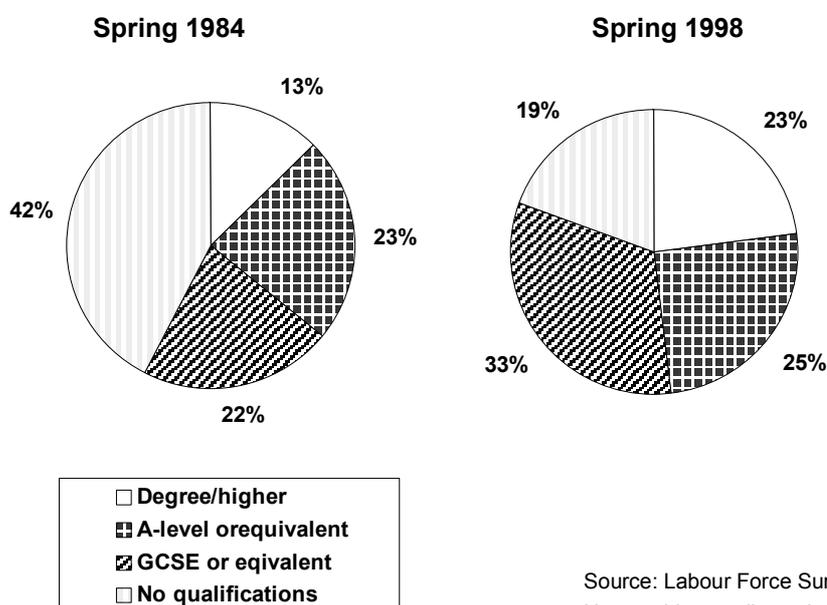
### 3. Lifelong learning

**Aims:** Promoting and improving training, education, counselling as part of lifelong learning policy to facilitate and improve access to, and integration into the labour market, improve and sustain employability, and promote job mobility.

- 1.55 Improving skills levels is critical to improving UK productivity and therefore growth and higher living standards for all. Globalisation and technological advances have brought change and reinforced further the need for improved skills. They have increased employment opportunities, but they have also shifted opportunities to those with skills and education. To meet the challenge of global competitiveness and to keep pace with rapidly advancing needs of technology, the economy needs more and better skilled people. In turn, this requires training that is flexible, innovative and responsive to the needs of business and employees. It is therefore vital that young people leave the formal education system with the basic skills needed by commerce and industry. But it is also vital that learning becomes a reality for all, throughout working life.
- 1.56 Access to education, prior to and during employment, is essential to improve the UK's competitive position and to maintain high employment rates and reduce the duration of unemployment. Investment is two part. An investment in initial education and training can help improve employment rates but the potential for raising the employment rate through raising skills levels across the labour force depends also on the availability of, and easier access to, education and training throughout working life. There is a need to improve the basic employability of the labour force and to maintain that employability on a Long-term basis.
- 1.57 Standards of education and training have been rising in the UK. The population of working age is now much better qualified than it was as little as 10-15 years ago, as chart seventeen below shows. The proportion of the workforce holding any qualification has risen substantially from 60% in 1985 to 87% in 1997. This is partly due to the enormous increase in the staying-on rate and the consequent fall in the proportion with no qualifications. It is, however, also due to the older generation with less schooling retiring from the labour force.
- 1.58 The proportion of 16 year olds gaining 5 or more GCSEs at grades A\*-C is now 45% compared to under 35% in 1989/90. Progress in the number of young people entering higher education has been even more dramatic with a doubling of numbers since 1979- almost one in three young people now goes into HE compared to one in eight in 1979.
- 1.59 Although the level of qualifications has increased substantially it was from a low base and standards in many respects are still behind European countries and the Pacific Rim. There remains much more to do. There are still around 18% of the population of working age with no qualifications and in 1997/98 over 6% of 16 year olds left school without any formal qualifications. A recent survey showed that between one in four and one in five adults in the UK have the lowest level of basic skills. Improving the qualifications and skills of the working age population is a priority. A recent report also suggested that at any one time 161,000 16-18 year olds – one in nine – are not in education, training or work. About 300,000 are in full-time jobs without formal training. The success of the UK's education policies and their role in the welfare to work agenda will be central to increasing employment rates.

## Chart Seventeen

### QUALIFICATIONS OF GB WORKING AGE POPULATION



1.60 The level of qualifications varies across different groups. Men are more likely than women to have qualifications from higher education or to possess A-level or equivalent qualifications. Younger people tend to be better qualified than older people. The differences between men and women are much less marked for younger people than they are for older age groups. Economic activity rates tend to be higher among the better qualified groups and unemployment rates tend to be lower among the better qualified groups.

1.61 Work force ageing also means that the UK will have to rely increasingly on mid- and late- career workers to meet emerging skill demands. This reinforces the importance of increasing skills amongst older workers. Improved job skills and access to training will be vital to increase the employability of older workers. The limited evidence available suggests older workers with adequate educational attainment and participation of on-the-job training appear to have good employment prospects.

1.62 The UK Government has established a National Skills Taskforce, made up of representatives from industry, TECs and trade unions to help identify where the main skills gaps are and how they can be bridged. In response to its recommendations the Government announced a £38 million package to improve the UK's skills for the millennium which included the development of a regional skills strategy as well as a rapid response fund to re-train those involved in large- scale redundancies. A national IT strategy has been announced to encourage the wider use of computers.

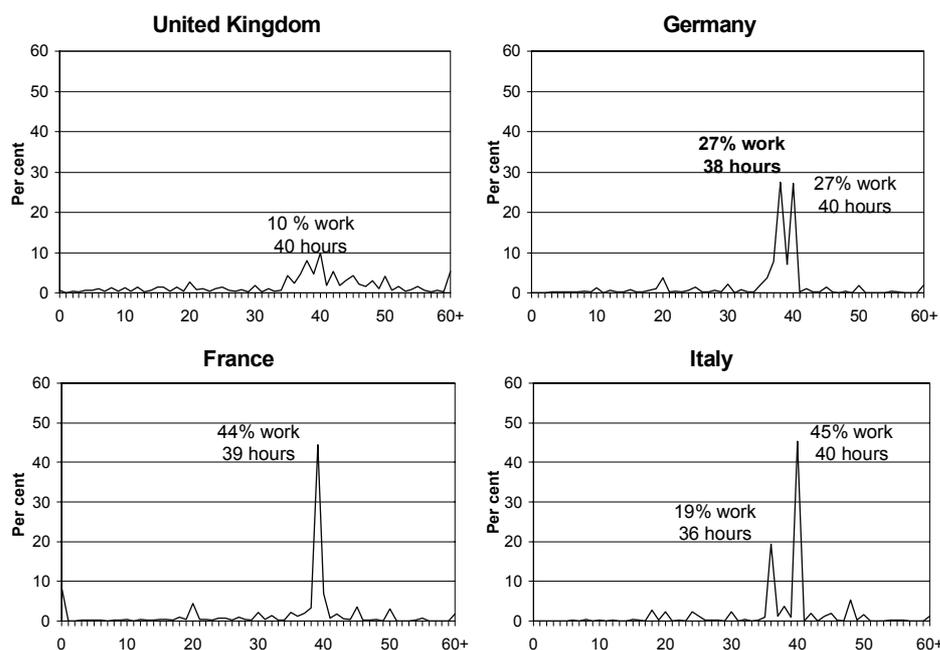
## 4. Adaptability and entrepreneurship

**Aims:** Promoting a skilled, trained and adaptable workforce, innovation and adaptability in work organisation, developing entrepreneurship and conditions facilitating job creation, and enhancing skills and boosting human potential in research, science and technology.

- 1.63 The productivity gap in the UK is substantial. UK workers produce less than their counterparts in the US, France and Germany. Whichever measure is used UK productivity lags behind other major economies and has done so for decades. Improving productivity performance is therefore a challenge the UK must meet if it is to reach full potential. The UK Government's strategy is based on five key areas – raising investment, encouraging enterprise and innovation, improving skills, promoting competition and better regulation and raising public sector productivity. Ensuring that the UK performs well in each of these areas is vital to improving the UK's productivity performance.
- 1.64 The UK labour market is noted for the diversity of work and hours it offers, a product of its low levels of labour market regulation and statutory prescription on terms and conditions of work. This diversity has enabled employment to grow despite social and occupational changes. For instance, since the mid-1960s there has been an ongoing decline in the number and share of jobs in manufacturing and an increase in the importance of services, accompanied by an increase in managerial, technical and professional employment. Traditional male jobs have been lost and male employment rates, particularly amongst those aged 50-64 years, have declined, whilst female employment rates have increased (from 50% in 1975 to 69% in 1999).
- 1.65 The range of jobs available is wider than anywhere else in the EU. In addition, the range of hours worked is wider and there are more shifts and weekend working. This range of jobs is one of the reasons why the UK has always had a high proportion of its population in work. More people can find a job that suits their requirements. Over the past two decades this has been supplemented by the promotion of free trade, product market competition and entrepreneurship so that now a wide range of opportunities is available. This decentralisation of the production process has led, amongst other things, to a growth of over a million in the number of self employed people over the past 20 years. A high proportion of part-time work is also further evidence of a flexible labour market.
- 1.66 Part-time work forms a high proportion of all work. In 1999 5.9 million people were part-time employees in their main job, and part-time work comprised 25% of all employment. In the past year the number of part-time employees has increased although most of the growth in employment has been full-time employees. Provision of part-time work, providing those undertaking it are happy to do so, is one way of ensuring that a high proportion of the population can find employment. It enables more people to find a job that suits their requirements. A recent report found evidence that movement from part-time to full-time employment is much more flexible in the UK than most other OECD countries.

## Chart Eighteen

### Employees' total usual weekly hours in main job (Eurostat 1995)



- 1.67 Despite the increase of recent years temporary work is still a marginal area of employment in the UK. Almost 1.7 million people are temporary employees in their main job and temporary work comprises 6.9% of employment. The proportion of employees in temporary work has fallen recently, reversing the trend of the 1990s. Temporary jobs are a significant share of turnover and so are important for job seekers new to the labour market. Two-thirds of employers who recruit temporary staff go on to recruit permanent staff from them.
- 1.68 During 1999 employment growth was concentrated in the service sector industries, in particular in finance and business services and in transport and communications. Employment declined notably in manufacturing but also in primary sector industries. The service sector in the UK in particular was already very well developed and continued to grow strongly. Service sector employment comprises almost 75% of total employment in the UK (source employer surveys and SIC 92 classification). Over the year to September 1999, employment in the service sector increased by 330,000 (1.6%).
- 1.69 Both employees and the number of self-employed reached a peak in 1990 having increased through the 1980s. Between 1979 and 1990 self-employment actually increased faster than total employment but since the recession of the early 1990s it has fallen. After falling in the early 1990s, then rising in more recent years, the number of employees has since increased above the 1990 peak. The number of self-employed, however, was lower than in 1990 at 3.2 million. Self-employment now accounts for 11.5 per cent of all in employment. Men account for 74 per cent of the self-employed, slightly lower than the 76 per cent in 1990.

## 5. Improving the participation of women in the labour market

**Aims:** Specific measures to improve women's access to and participation in the labour market, including their career development, their access to new job opportunities and to starting up of businesses, and to reduce vertical and horizontal segregation on the basis of gender in the labour market.

- 1.70 There have been many positive labour market developments for women over the past 30 years. The number of women participating in the labour market has increased substantially in recent years and the female employment rate is now at its highest ever level. The female proportion of the labour force has risen from 36% in 1971 to 45% today, and more than two thirds of working age women are employed. With expectations of a continuing expansion in the service sector there is potential for this rate to go higher still. The proportion of women going into higher education has increased. The pay gap has shrunk from 37% to 19% over the last 30 years, and is continuing the narrowing trend.
- 1.71 However, analysis shows that barriers still exist that not only prevent women from entering the labour market – e.g. inadequate childcare – but also prevent them progressing within the labour market – e.g. inadequate access to training.
- 1.72 681,000 women (5.3%) of economically active women were unemployed on the ILO definition in the autumn of 1998 (seasonally adjusted) compared with 1,110,000 men (6.9%). These ILO unemployment rates have fallen since autumn 1997 from 5.7% for women and from 7.4% for men. Also, women's participation in the labour market is increasing faster than that of men, and women represent one in four of the self-employed.
- 1.73 More girls are staying on into post-16 education, and more women are entering higher education than men. Since 1985 the number of female first degree graduates has risen by 178% (compared with 100% for men) and women now form 53% of the graduate population and the proportion of women science graduates as a proportion of all women graduates has risen from 21% in 1990/91 to 27% in 1997/98.
- 1.74 Since the Equal Pay Act 1970, there has been steady progress in narrowing the gap between the relative pay of men and women. When the Act was introduced women's average hourly full-time earnings were 63% of men's. The New Earnings Survey showed rises ten years in a row until 1997 (79.9% in 1996, 80.2% in 1997). At 80.0% in 1998 the result last year was disappointing, as the first widening in the pay gap between the sexes for over ten years. However, the narrowing trend has now been re-established, at 80.9% in October 1999. It is important to note that these figures do not show the difference in rates of pay for comparable jobs, only average women and men.
- 1.75 In addition to the improvement in the year on year hourly average, the Survey's findings are that over the last ten years women's average earnings have increase in real terms by 24% while men's average earnings have increased by 14%. Women's average hourly earnings excluding overtime were £8.70 in 1999 compared with the average hourly rate for men of £10.75. Average full-time **weekly** earnings in 1999 for women were just under 74 per cent of those for men, up almost one and a half percentage points from the previous year. This reflects the fact (among others) that women work on average 3.9 hours per week less than men, including 1.9 hours less overtime.

- 1.76 There have also been sectoral pay changes which tend to favour women. Over the last ten years, manual workers have seen a 7% pay rise and non-manual workers a 17% rise (this is real terms and refers to full-time gross weekly earnings). The New Earnings Survey scarcely yet shows the impact of the National Minimum Wage, due to its timing, although we expect 12% of female compared to 4% of male employees will benefit from the National Minimum Wage (2 million people to benefit from the Minimum Wage, of whom 1.4 million are women).
- 1.77 Whether or not a woman has a child affects her labour market activity. Between the mid-1980s and 1999 the economic activity rate for women of working age (16-59) increased from 60 per cent to 69 per cent; for those with children aged under 5 it rose from 42 per cent to 55 per cent. For men, it remained at around 78 per cent. In autumn 1999 44 per cent of all those of working age in employment were women, up from 42 per cent in 1987. Evidence shows that women with young children are much more likely to work fewer hours than other women. Some 25 per cent of women whose youngest child was less than 11 years of age worked up to 15 hours per week compared with only 15 per cent for mothers whose youngest dependent child was aged 11-18; as compared to 13 per cent for women without dependent children and only 4 per cent for men. At the other extreme, only 7 per cent of women in employment with dependent children worked more than 45 hours per week compared with 13 per cent of women without dependent children, and 40 per cent of men.
- 1.78 A number of surveys suggest that the provision and cost of childcare remains one of the major barriers preventing more women entering the workforce. The 1994 British Social Attitudes Survey found that that four in five non-working mothers would work (whether part-time or full-time) if they had childcare of their choice. The 1996 Childcare in the Balance survey showed that for a third of non-working lone parents the cost of childcare prevented them from taking up full-time work, and one in eight said blamed the lack of childcare.
- 1.79 Women tend to work in specific occupations and the majority are in part-time work. Over half of all working age women in employment worked in three major occupational groups – clerical/secretarial, personal and protective services, and sales. These occupations account for only a fifth of employed men. Almost 90 per cent of employed women worked in the service industries compared with 65 per cent of men. The percentage of women in employment who were in the two top social classes (professional and managerial/technical) rose from 24 per cent in 1984 to 34 per cent in 1997. The increase for men was from 32 to 39 per cent. In 1997 women represented 33 per cent of all those working full-time and 81 per cent of all those working part-time. Some 44 per cent of women in employment worked part-time (1 percentage point higher than in 1986) compared with 9 per cent of men (up from 5 per cent).
- 1.80 Women's position in the labour market has a direct impact on their access to training with those who are most at a disadvantage having the least access to job-related training. Working part-time is a particular disadvantage. Findings suggest that, over a lifetime, the average woman is likely to receive less training than a man in similar circumstances. Having a child under two reduced women's chances of employer funded training, but marital status and children aged between two and five had no effect. Women in the public service sector were more likely to be training towards a qualification than those in any other sector, as were professionals, associate professionals and technicians.

# Labour market policy

## Active labour market policy and promoting social inclusion

- 1.81 The UK Government's objective is high and stable levels of growth and employment, through the promotion of employment opportunities for all. The employability initiative is about promoting job creation and social cohesion. It focuses on the need for a skilled, trained and adaptable labour force, and a flexible labour market, underpinned by basic minimum standards of fairness and decency, including a national minimum wage. The Government is particularly committed to helping young people and the long-term unemployed move from welfare to work and re-engaging other welfare recipients with the labour market. It is also committed to making work pay<sup>5</sup>.
- 1.82 There have been extensive labour market reforms since the mid-1980s, now taken further by the introduction of the ONE initiative to provide a single, work-focused gateway to active labour market measures for all newly unemployed people and through the various New Deals. The wide range of help in place ensures individuals are encouraged and enabled to participate in the labour market, and discouraged from resting on state benefit.
- 1.83 There is a nation-wide network of over 1,000 Employment Service (ES) Jobcentres providing individualised help for all jobseekers. Under the Jobseeker's Allowance (JSA) benefit claims are actively managed. Every claimant must agree a 'Jobseeker's Agreement' with ES; all claimants are advised and guided on job seeking activity as long as they remain unemployed; and each claimant is regularly reminded of the obligation, as a condition of benefit receipt, to undertake active job search.
- 1.84 The range and intensity of available help broadens the longer a person remains unemployed. Restart interviews, which ensure that the individual is maintaining jobsearch activity and knows about the provision available to help them back to work, take place every six months. Jobclubs (for 6 month plus unemployed), provide help in jobsearch skills, including access to newspapers and telephones.
- 1.85 The UK Government has also changed the way in which benefits are claimed, providing a seamless and coherent service across welfare providers. Information is provided on work, benefits and other government services in one place. Claimants are given a personal adviser who will assess their needs and work with the individual to plan a pathway to independence through work where practical.
- 1.86 Jobplan Workshops (for one year plus unemployed aged 25+) is a five day programme of individual assessment, job search guidance and confidence building. Programme Centres offer an individualised approach in which participants undertake a flexible package of activity, incorporating elements of traditional programmes such as Jobclubs. Work Trials enables those who are 6 month plus unemployed an opportunity to try out a job for up to 3 weeks. Work based learning for adults (6 month plus unemployed aged 25+) helps long-term unemployed gain the skills they

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<sup>5</sup> Ensuring that take home pay after taxes and benefits is greater than the income from benefits which would have been received outside employment.

need to get back to work. The Jobfinder's Grant, available to 2 year plus unemployed, is a one-off payment of £200 when a person takes a job, to help with the transitional costs jobseekers can face.

- 1.87 In addition there is a wide range of employment and training programmes targeted mainly on the long-term unemployed. These are designed to enable individuals to overcome specific barriers that have prevented them competing for jobs in the regular labour market.
- 1.88 A series of policies providing additional and intensive help for groups that are particularly disadvantaged in the labour market has also been launched: the New Deal for young people (aimed at the 18-24 year old six month plus unemployed group) was launched nationally on 6 April 1998 and the New Deal for the long-term unemployed (2 year plus aged 25 and over) started in June 1998. Further piloted measures for those aged 25 plus and unemployed for 1 year or 18 months started in November 1998. The New Deal for Lone Parents was launched nationally in October 1998; other elements of welfare to work initiative include the New Deal for Disabled People, the New Deal for Partners, Employment Zones and the New Deal for Communities. Prior to 1997 active labour market policy tended to focus on unemployed claimants rather than all those on welfare.
- 1.89 The Government is committed to tackling age discrimination. On 14 June 1999, the UK Government launched its Code of Practice for Age Diversity in Employment, along with supporting detailed guidance for employers and illustrative case studies. The Code and the guidance were developed with the advice and expertise of some key social partners, such as the TUC, CBI, Age Concern and the Employers Forum on Age.
- 1.90 Following the Government consultation on the Code the Government introduced key labour market indicators which are published annually. These indicators monitor changes and trends in the labour market activity of older people in order to evaluate the success of Government measures. Employment of those aged 50 to 64 has risen by 210,000 almost 4% over the past year, according to figures published in July 1999.
- 1.91 A New Deal for people aged 50 and over is a major new £270m programme and was announced by the Chancellor in his March 1999 budget. It is aimed at people over 50 who are unemployed or economically inactive in receipt of benefit for six months or more, and their dependent partners. It comprises:
  - an employment credit of £60 a week; guaranteeing a minimum income of at least £170 a week or £9,000 a year for those going into full-time work;
  - help with training, personal advice, and jobsearch.
- 1.92 In publishing the Code of Practice on Age Diversity in Employment and introducing the New Deal 50plus the Government is fulfilling its Manifesto Commitment that older people should not be discriminated against because of their age.
- 1.93 Policies to make work pay have also been introduced. The National Minimum Wage came into effect on 1 April 1999, the Working Families Tax Credit will be introduced from October 1999 and the 10p starting rate for income tax comes into effect from April 2000. Single Work Focus Gateway pilots will be introduced from June 1999.

## Lifelong learning

- 1.94 The world economy reveals a number of processes – some entirely new, others that have developed over many years – which are transforming the way in which businesses, individuals and policy makers operate. This calls for a renewed focus on knowledge as the means of improving economic performance. This theme was at the heart of the White Paper 'Our Competitive Future: Building the Knowledge Driven Economy'. A knowledge driven economy is one in which the generation and exploitation of knowledge have come to play the predominant part in the creation of wealth.
- 1.95 Knowledge has always been important; but now, four mutually-reinforcing processes are increasing its importance for prosperity. The first, and most conspicuous, is the speed of scientific and technological advance, of which the extraordinary progress of Information and Communications Technology (ICT) is the widest known. The second is the increase in global competition, based in part on reduced communication costs and the corresponding increase in the available market but also on the ease of information transfer. As knowledge spreads more quickly, businesses need to innovate more quickly and make use of their distinctive know-how. And those businesses who see this as a phenomenon that affects only those 'at the cutting edge' will find that the tide of this particular change will, sooner or later, be eroding their safe haven. The final driver is changing demand, associated with rising incomes and changes in tastes and attitudes. There is a need to improve the basic employability of the labour force and to maintain that employability over the long-term.
- 1.96 The UK Government's National Learning Targets for England are intended to increase the numbers leaving the education system with good qualifications by 2002 (50% of 16-year-olds to have at least five GCSEs at Grades A-C; 60% of 21-year-olds to have a level 3 qualification). The targets also cover economically active adults: 50% should have a GNVQ level 3 and 28% a level 4 qualification. New measures such as the University for Industry and Individual Learning Accounts will also help people to improve their skills while programmes such as the Teaching Company Scheme and the Shell Technology Enterprise Programme will continue to give small businesses the chance to improve their competitiveness through people and technology transfer.
- 1.97 Success in the knowledge-driven economy also requires a skilled and motivated workforce led by a committed and outward-looking management. The effects of this are already clearly visible in the labour market and in the changing skills mix in the economy. The services share of employment is increasing and, within the services sector, the largest increases in employment have been in finance, insurance, real estate and business services – sectors that are all relatively knowledge-intensive.
- 1.98 Splitting employment by type of worker, the most pronounced growth has been in high-skilled, white-collar employment within UK services. Within manufacturing, growth in employment has occurred only in white-collar, high-skilled workers. Employment has actually fallen for other groups. More rapid and skill-biased technological change has contributed to a shift in the demand for labour away from those without skills. The fact that the electronics in a mass production car now costs more than the steel starkly illustrates the position.

1.99 More rapid innovation and shorter product lives affect firms' incentives to provide specific training. The need to innovate gives firms a greater incentive to train their staff. However, obsolescence of skills often encourages firms to concentrate on narrow, sector specific skills where they can see a pay-off. This has considerable implications for basic education and key skills development. The basic skill level of the whole workforce needs to be raised to improve our competitiveness and to overcome the risk of social exclusion for the unskilled.

## **Adaptability and entrepreneurship**

1.100 The UK Government values all forms of employment and has created a framework to allow all sectors to flourish without favouring growth in one sector over another. However, it is keen to foster entrepreneurship and small businesses. The Government has continued to reduce the tax burden and simplify the tax system for SMEs and provide accessible advice and support. A wide range of business support initiatives has been fostered responding to local needs. Nationally, action to reduce statutory burdens on SMEs has been taken across a broad spectrum of issues affecting establishment and growth and access to finance and expert advice, especially in exporting, has been greatly improved. Special emphasis has been placed on the encouragement of self-employment, especially through its inclusion as an option in the New Deals. Job creation at local level has been promoted through a range of regional initiatives and Territorial Employment Pacts. Various initiatives to introduce the concept of Entrepreneurship through the school system have been put in place.

1.101 The UK already enjoys a dynamic and flexible labour market underpinned by a statutory framework with effective basic minimum standards of fairness at work. These will be further extended in the current Employment Relations Bill to cover workers in flexible, non traditional contracts. The UK taxation system offers incentives to both companies and individuals for training and further incentives exist through low cost training loans and the introduction of Individual Learning Accounts. The UK labour market is already relatively lightly regulated, but the Government is participating in a number of initiatives to ensure that such regulation is simplified and balanced both at national and European level.

1.102 Small businesses are the key to the future of the economy. We look to them to identify new market opportunities and create new jobs. They are the chief element in the demand side of the employment equation and are therefore crucial to the overall competitiveness of the UK. The creation of the Small Business Service will establish a single organisation within Government that is dedicated to the interests of small business. Among its key tasks will be to simplify and improve the quality and coherence of UK Government support for small business. The Government will also address deficiencies in entrepreneurial skills through the business advice services provided by Business Link partnerships.

1.103 The University for Industry (Ufi) will be a new national distributed open and distance learning network aimed at both individuals and businesses. Using modern information and communications technologies, it will broker high quality learning products and services and make them available at home, in the workplace and at learning centres country-wide. Ufi will promote learning ranging from basic skills of literacy and numeracy to specialised technological skills and business management. It will play a key role in improving the nation's competitiveness by raising people's skill levels and employability. Ufi will establish around 1000 learning centres across England, Wales and Northern Ireland by March 2001. The Scottish Ufi (SUfi) will be a parallel but distinct organisation operating in Scotland.

1.104 Investors in People is the UK Government's widely recognised tool for organisations to plan the current and future development of their people to improve business competitiveness. Already, a third of all UK employees work in organisations involved with Investors in People and over 14,500 organisations have achieved the Standard. The UK Government wants Investors in People to become the general Standard for British employers, and in particular, for many more small organisations to become Investors in People. The new National Learning Targets for organisations require that by 2002, 45% of all organisations with 50 or more employees and 10,000 organisations with 10-49 employees will be recognised as Investors in People.

### **Improving the participation of women in the labour market**

1.105 The principles of equal opportunity for all its citizens and social inclusion are central to UK policy, not least in relation to the labour market. In November 1998, the Government issued new mainstreaming guidelines to all its Departments and Agencies, detailing action necessary to identify, assess and where appropriate take action to reduce or remove differential impact on disadvantaged groups, including women. A special Women's Unit in the Cabinet Office plays a leading role in the articulation of women's perspectives in the design, delivery and evaluation of policy initiatives. The Social Partners (TUC and CBI) and the TECs/LECs also play an important part in ensuring that equal opportunities issues are considered and addressed across all policies and training programmes.

1.106 Equality of opportunity for women means enabling them to fulfil successfully their roles as parents and contributors to society, and helping them achieve a rewarding and financially secure life. Various UK Government policies address the issue of improving women's participation in the labour market:

- Women who register as unemployed and are available for work are given help in finding work on the same basis as men in a similar position.
- Women and men with sole care of young dependant children are not required to be available for work in order to claim means-tested benefits: if they choose to make themselves available they are offered help in finding work through the New Deal for Lone Parents.
- Partners of JSA claimants can also be helped to find work through the New Deal for Partners.

- The Working Families Tax Credit, the Childcare Tax Credit and the Minimum Wage are expected to have a disproportionately beneficial impact on women's pay and labour market participation.
- Women earning below the lower earnings limit for National insurance Contributions are now eligible for Maternity Allowance for 18 weeks.

1.107 The Employment Relations Act and Part Time Workers Directive will make significant improvements for workers, especially women. The UK Government is also encouraging businesses to go beyond the legal minimum set out in the Employment Relations Act. For some years employers who provided childcare on the premises for staff have had tax relief and there are already high-profile public awards for the most family-friendly employers. Now leading employers who have themselves benefited from flexible working arrangements will work with the Government to deliver the message through practical advice and guidance, case studies, and seminars.

1.108 The UK Government continues to support the widely respected Equal Opportunities Commission, and is increasing its grant in 1999-2000. The EOC helps individual women with advice and information, and helps increasing numbers of employers. DfEE is working with the EOC to publicise their Code of Practice on Equal Pay and is a member of the campaign 'Valuing women'. On 26 October 1999 the Secretary of State announced at the EOC re-launch a new equal opportunities strategy on careers information and guidance with emphasis on positive steps to tackle stereotyping.

1.109 Fair Play Consortia operate at regional and local level to improve the participation of women in work and public life. Fair Play projects have developed mentoring, social credit, employment, and the compilation and publication of information. Priority areas identified for the next years include equal pay and occupational segregation, promoting family friendly employment practice, small and medium sized enterprises and co-ordinated local delivery of equal opportunities services.

1.110 The UK Government is determined to help people balance the demands of work and home by promoting high quality care services for children. The National Childcare Strategy (NCS) was launched in May 1998. The NCS aims to ensure good quality, affordable childcare for children aged 0-14, and for children up to the age of 16 with special educational needs in every neighbourhood. It includes both formal childcare and support for informal arrangements. The three steps in the strategy are raising the quality of care, making childcare more affordable and making childcare more accessible by increasing places and improving information. In the longer term, the Government has given a commitment that all three year olds will have access to an early education place and that, over the next five years, out-of-school childcare will become available for every community which needs it, helping up to one million children.

## Summary

The following table summarises the strengths, weaknesses, opportunities and threats for the UK labour market:

### Strengths of the UK labour market

- strong employment growth to record levels of employment
- female employment rate at its highest ever level
- falling female inactivity rates
- long-term unemployment falling faster than overall unemployment, taking it to a new twenty year low
- youth unemployment is the lowest for a generation
- falling unemployment to its lowest level for nearly twenty years

### Weakness of UK labour market

- employment rates still below those seen in the past
- falling male employment rates since the 1950s
- rising male inactivity rates over the recovery
- long-term unemployment rate still high – 30% of ILO unemployed have been unemployed for one year or more
- youth unemployment rate still high – unemployment rate for 18-24 year olds is 12.2%, almost twice as high as overall rate
- increase in proportion of workless households to 17% of all households
- deterioration of employment, unemployment and activity rates of older workers
- poor labour market opportunities for disadvantaged groups, particularly those on benefits
- barriers to female participation and progression in the labour market still exist e.g. childcare and training opportunities
- high proportion of people without basic skills

### **Opportunities of UK labour market**

- strong Local Partnership arrangements
- significant pool of experienced older workers available
- increasing participation rates in post 16 education.
- rapid growth in participation in higher education which is predicted to continue
- Further encouraging female participation rates given their labour market flexibility (willingness to work part-time)
- some reduction in the gap in unemployment rates between the best and worst performing regions

### **Threats to the UK labour market**

- employers reporting skills gaps within their workforce
- productivity still below that of many competitors
- barriers to female participation and progression in the labour market still exist e.g. childcare and training opportunities
- deterioration of employment, unemployment and activity rates of older workers

## Chapter 2

# Strategy for a prosperous, learning society in the new millennium

## Introduction

2.1 This chapter describes the national strategy for ensuring a skilled and prosperous workforce for the future. A great deal has been done during the past two years to address the needs of individuals and businesses in ways which will modernise our society. The UK Government recognises that it is not enough to seek to ensure that businesses are competitive and that more able pupils and students are able to gain access to the best possible opportunities in education. We are building an inclusive society; a learning society: a society in which each individual should be enabled to contribute and to participate fully. This chapter is in two parts:

- the first part describes the UK Government's vision and notes milestones set by relevant White and Green Papers. It explores the policy context within which Objective 3 will add value to domestic provision, notes the particular challenges faced, identifies the need for new ways of working and sets out the case for change to meet the needs of a learning society;
- the second part comprises the strategic framework and encompasses national policies and programmes which were designed to achieve the Government's three key learning and employment objectives.

## The Vision

2.2 The UK Government is working to transform Britain into a society which is

- **inclusive;** giving everyone the chance to fulfil their potential and in particular offering a future to those who have suffered disadvantage; and
- **prosperous;** where individuals continuously develop the skills they need to remain employable and help businesses to be internationally competitive.

2.3 Learning, skills, jobs and equal opportunities are at the heart of this programme. The aim is to give everyone the chance, through education, training and work, to realise their full potential, and thus build an inclusive and fair society and a competitive economy.

2.4 Raising educational standards is the Government's number one priority. All children should leave school with the knowledge and skills to succeed in the world and with a passion for self-development that sustains them through life. The Government wants to widen participation in learning so that people have access to the skills that will keep them employable. It also wants to help people, particularly those at a disadvantage in the labour market, to find and retain work so that they can lead satisfying lives and play a full part in society.

2.5 The Government's vision of a new culture of learning will underpin national competitiveness and personal prosperity, encourage creativity and innovation and help build a cohesive society. The principles on which the vision is based were first set out in the 1998 Green Paper 'The Learning Age':

- investing in learning to benefit everyone;
- lifting barriers to learning;
- putting people first;
- sharing responsibility with employers, employees and the community;
- achieving world class standards and value for money;
- working together as the key to success.

2.6 The National Learning Targets and the new strategy for basic skills will underpin this commitment. To achieve them there needs to be significant improvement in participation and attainment beyond the age of 16. In particular, there need to be improved mechanisms for planning and funding learning: too many administrative layers have reduced the proportion of money invested that reaches learners and employers; there is insufficient focus on skill needs, a lack of innovation; and the inspection system does not deliver consistent approaches to drive forward higher standards and clear accountability. The 1999 White Paper "Learning to Succeed – A new framework for Post-16 Learning" was guided by the following principles:

- change should promote excellence and participation;
- employers should have a substantial stake in shaping post-16 education and training;
- systems must be learner-driven and responsive to the needs of individuals, businesses and their communities;
- equal access to education, training and skills opportunities should be a priority, with equal opportunity in the mainstream of provision;
- people should have access to support in the form of good advice and guidance and, where appropriate, financial help;
- accountability, efficiency and probity should be promoted at every level.

## The context and challenges

2.7 The world in which people learn and work is changing rapidly. The Government's policies and priorities take that into account. Key challenges are:

- **globalisation** – an increasingly interconnected global economy, where goods, services, capital and information are highly mobile, and where problems in one area, such as the Far East, can have rapid knock-on effects elsewhere. This offers trading opportunities in many new markets but also challenges us to be competitive, something which in an increasingly knowledge-based economy means that success depends more and more on the skills of our people, in particular higher level skills;
- **the information revolution** – ever more powerful and cheaper digital technology, bringing together telecommunications, IT and broadcasting. This has major implications for how we communicate, manage information, educate ourselves and provide services to the public;
- **continuing rapid change in the economy, technology and the nature of work** –requiring organisations to adjust equally rapidly, and individuals to commit themselves to lifelong learning so their skills remain relevant;
- **major social and cultural changes** – an ageing population and increased early retirement; high divorce rates and very high numbers of lone parents; increasing numbers of mothers of young children in employment; growing concern about the environment and sustainable development; and an increasing expectation that people will be treated as individuals, with products and services tailored to their particular needs;
- **the threat of growing inequality** – the risk that globalisation, uneven access to new technologies, and social changes could widen the gap between the successful and the least skilled, and lead to the social exclusion of disadvantaged groups unless headed off by strong Government action;
- **an increasing concern with values** – with standards of morality and integrity in business and public life, and with the need for people to recognise the link between rights and responsibilities;
- **enduring limits on public expenditure** – reflecting global economic pressures, which reinforce the need to set clear priorities, develop additional sources of funding, and invest public resources in ways that achieve modernisation and reform.

2.8 Together these trends pose **major challenges for society**: to create a society that is inclusive and in which individuals learn throughout life; and an economy which can compete in the global market-place.

2.9 Learning is of particular importance to the **socially excluded**, who suffer from a combination of lack of skills, no work, low self-esteem, low expectations, fragmented communities, poor housing, crime, ill-health and drugs; problems which have often persisted for several generations.

- 2.10 The challenge for the Government is to create an effective learning society in which everyone recognises the need to **learn throughout life**. This approach should engage all parts of the population from the highly-educated who need professional up-dating to those without qualifications and lacking basic skills. It should start by reducing the numbers of children excluded from school or truanting; raise achievement in schools so that young people continue in education and training; encourage young people or adults who were failed by their schools to get back into learning. It should also help those without jobs to find ways back into work; continue up-skilling older workers; and promote equality of opportunity for people across all sections of society.
- 2.11 **An internationally competitive economy** requires firms that are adaptable, with the skills and enterprise to create and sustain competitive advantage. This means Government fostering an environment which supports and stimulates that agility – through economic policies that provide stability, not boom and bust, and that can handle external shocks. The challenge for the Government is to work with employers, education and training providers and the local community. The Government is introducing a national Learning and Skills Council and a network of Local Skills Councils to ensure that young people and adults are equipped for tomorrow – with the skills, attitudes and personal qualities that will match the changing jobs, and are able to enhance and update their skills as requirements intensify.
- 2.12 Meeting these challenges demands **joined-up Government** – close collaboration with the Government Offices and Regional Development Agencies in the regions, the Social Exclusion Unit and Departments such as the Department of Trade and Industry, the Small Business Service, British Trade International, Department of Social Security, the Treasury, Department for Environment, Transport and the Regions, Department of Health and the Home Office. It also demands active Government support for strong local partnerships that will knit together policies and programmes to deliver results on the ground.
- 2.13 In the light of these challenges, the UK Government has a single aim in the fields of education and employment: ***to give everyone the chance, through education, training and work, to realise their full potential, and thus build an inclusive and fair society and a competitive economy.***

## **The policy programme**

- 2.14 To achieve its objective, the UK Government has put in place a wide-ranging policy programme for the remainder of this Parliament, and set a number of specific targets for 2002. Underpinning the programme are six cross-cutting themes:
- **raising standards and attainment** – seeking throughout schools, colleges, universities and training providers to raise the quality and consistency of provision, and the achievements of pupils, students and trainees;
  - **encouraging innovation, diversity and new ways of working** – looking for new ideas to tackle the problems we face and being prepared to operate in different ways in order to achieve lasting results;

- **promoting inclusion and equality of opportunity** – working to overcome the barriers that exclude particular individuals and groups from learning and sustained employment;
- **increasing access and participation** – making learning much more easily accessible and encouraging a much wider proportion of the population to engage in learning;
- **enhancing employability and skills** – promoting learning that will enable individuals to develop the skills that will help them secure and retain jobs in the future;
- **developing a community focus** – seeking to develop policies and implement them in ways that support the efforts of local communities to manage their own regeneration.

## Horizontal issues

2.15 The Regulations governing the Structural Funds identify a number of horizontal issues to be taken into account when implementing each Fund. In practice, these factors will be given effect as part of the process for implementing Objective 3, which is described in Chapter 4. The domestic context for such issues is described briefly below:

- **local initiatives** – the UK Government is tackling social exclusion, reducing inequality and promoting regeneration. The improvement of local economies and people's employment prospects are driving the inclusion agenda. The Government has launched a series of specific area-based programmes and initiatives. Some of these are designed to support people in the move from welfare to work (Employment Zones, New Deal pilots) whereas others (Single Regeneration Budget, New Deal for Communities) offer a more holistic approach while also raising educational attainment and improving employability;
- **sustainable development** – the principles of sustainability underpin all UK Government policies, especially those concerned with the economy, health, the environment, education, welfare, employment, social exclusion, transport and agriculture. Sustainable development means meeting the needs of the present without compromising the ability of future generations to meet their own needs. To maintain high standards of economic growth and employment, the Government is determined to equip the workforce with the education and skills that will be needed in the 21<sup>st</sup> century;

- **environmental issues** – the UK Government is committed to the systematic appraisal of environmental impacts from projects and policies. Its policy guidance note “Policy appraisal and the environment” sets out the main considerations for policy-makers, including the need for environmental profiles when developing new policies;
- **equal opportunities for women and men** – although female participation in the British workforce is high, relative to many other European countries, there remain inequalities in earnings, status and representation in some sectors of the economy. The UK Government is working in partnership with others to remove barriers to female economic activity through its National Childcare Strategy and the development of family friendly policies; whilst also seeking to encourage employers – and women themselves – to overcome “glass ceilings” for women already in the labour market;
- **information society** – the Government wants Britain to take the lead in the information age, to benefit individuals and businesses in line with the targets set out in paragraph 2.20 et seq.

## **Modernising delivery**

### **New methods of working**

2.16 Success does not simply depend on well-designed policies. The UK Government recognises the need to modernise the way we work: to focus on outcomes to be achieved and not just on programmes to be put in place. We must be prepared to adapt our approach if it is not producing results. For example:

- tackling complex problems like social exclusion requires joint work across Government and with many other organisations, internationally, nationally, regionally and locally, to combine EU and national funding with local freedom to innovate, and to ensure our policies really make a difference to people’s lives. In particular a better mutual understanding of European and UK contracting and audit systems would aid effective delivery;
- work on policies such as the New Deal and New Start shows the importance of being able to operate not just as leaders but also as equal partners, and sometimes as a catalyst or facilitator, helping people to find their own solutions;
- as people become more concerned to influence the decisions that affect them we increasingly need to take them with us as we develop policies, winning their understanding and support for what we are doing. That requires more imaginative and effective approaches to communication with, for example, young people, parents, employers and teachers. Experience with initiatives such as the ‘Excellence in Schools’ White Paper shows the benefits that this can bring;
- the agenda for shared responsibility set out in “The Learning Age” Green Paper and the blueprint for systemic change in the White Paper “Learning to Succeed – A new framework for Post-16 Learning”.

2.17 Some examples of ways in which the UK Government is modernising its approach:

- Lifelong Learning Partnerships have a key role in taking forward social inclusion and regeneration by: widening participation in learning, increasing attainment, improving standards and meeting the skills challenge, including local targets linked to the new National Targets. Membership has to date included FE sector colleges, local authority and schools, Careers Service, the HE sector, the Employment Service, employers, Trade Unions, the Churches, voluntary and community bodies, the Youth Service, and statutory agencies.
- Local partnerships played a pivotal role in the design of the New Deal. TECs, Local Authorities, FE colleges, employers, training providers, careers services, voluntary organisations, trade unions and many other organisations, are now working with the Employment Service and the Government Offices to deliver the district plans which they helped to develop.
- High quality Task Forces, Advisory Groups and Implementation Groups have been created to help in the development and delivery of policies such as New Start, the University for Industry, and civil rights for disabled people.
- The Sure Start programme, to ensure that children are ready and able to learn by the time they reach school, was developed and delivered with the Department of Health.
- Further afield, the UK Government is playing a major role in two OECD initiatives – the ‘School to Working Life’ tracking study and the ‘Learning Cities’ global project.
- Working with British Trade International on the delivery of high quality training that meets the needs of SMEs to become and remain internationally competitive.

## **Exploiting the potential of technology**

2.18 This is critical to modernising policy making and delivery. The UK Government is:

- establishing the National Grid for Learning, which includes equipping all schools and colleges with appropriate technology, training all teachers in the use of ICT in the curriculum and developing the NGfL Website, providing access to online materials to support education and training and to contribute to raising standards;
- creating a Virtual Teacher Centre, which will become a key place for teachers to go to for inspiration and help in raising standards;
- setting up the Standards and Effectiveness database, to help disseminate good practice and provide information on target-setting, literacy, numeracy and benchmarking;
- increasingly using the Internet for consultation and to gather information for policy making;

- piloting large screen terminals in some Jobcentres to enable unemployed people to conduct their own search for available jobs.

2.19 Information and communication technologies offer the opportunity to revolutionise our quality of life and economic well being. The UK Government wants Britain to lead in the information age in a way which benefits everyone, individuals and businesses and has, itself, a role to play in five key areas:

- **transforming education** – to harness new technology so that all can gain the knowledge and skills they need for the information age;
- **widening access** – to ensure that the benefits of the information age are open to all, with no split between information ‘haves’ and ‘have nots’;
- **promoting competition and competitiveness** – to help business harness change and prosper, for the benefit of customers, jobs and the wider economy;
- **fostering quality** – to ensure that the content of new services matches and exceeds the best available today;
- **modernising government** – to ensure the Government uses new technology to deliver better, more convenient services.

2.20 The UK Government’s targets in this field are ambitious:

2.21 By **2000**:

- the whole of the country to have access to NHS Direct, a new 24 hour telephone advice line staffed by trained nurses;
- the University for Industry (Ufi) to be launched.

2.22 By **2002**:

- to have 1.5 million SMEs wired up to the digital market place, with 1 million actually trading on-line;
- to bring our smaller businesses up to the level of the international best;
- 25 per cent of government services to be available electronically;
- all schools, libraries, colleges and universities to be linked to the National Grid for Learning;
- all teachers to have had the chance to update their information and communications technology (ICT) skills.

2.23 Within five years of launch of the **University for Industry**:

- 2.5 million people and businesses a year to be using its information services;
- 600,000 people a year to be following programmes of learning it has brokered, including 200,000 in ICT skills.

2.24 These targets are interdependent and reinforce each other, especially in the context of human resource development. For example, the use of ICT can transform education, which in turn produces the skilled people who develop and apply the technologies. The information age will permeate all aspects of life – such as healthcare, leisure, running a business or delivering a public service. With competitive markets, demand will stimulate innovation and the development of products and services for the global market. But most of all, by reinforcing each other, the five areas identified above can create a culture where we all feel comfortable with these new technologies and can exploit them to make Britain a pioneer in the information age.

## The agenda for change

### A national strategy for basic skills

2.25 Basic skills are essential for the adult workforce. 56% of the current workforce left school at age 16 or under and some 75% of the workforce are now aged 28 or over – so that the majority of adults will have missed out on the expansion in educational opportunity which began in earnest in 1987. Also, they started in their working lives before many of the changes which we see today had become apparent: globalisation, the spread of ICT technologies, the decline in traditional manual jobs and the decline in the availability of ‘jobs for life’. This issue is particularly significant for people who have been in receipt of incapacity benefits for a number of years. To prosper in the economy of the future it is important that people not only have greater access to learning opportunities, but that they also obtain through these opportunities the key skills they need to ensure their future employability in a changing market. Simply getting the next job is not enough.

2.26 In June 1998 a Working Group chaired by Sir Claus Moser was appointed by David Blunkett, Secretary of State for Education and Employment, to look into basic skills in England. Entitled ‘*A fresh start, improving literacy and numeracy*’, the resulting report, published on 24 March 1999, reveals that roughly 20% of the population in England have more or less severe problems with basic literacy and numeracy. The report also demonstrates the serious consequences that poor or limited basic skills have on society, especially in terms of social exclusion. Individuals with poor basic skills are likely to be older and less involved in their local community, and to be unemployed or in receipt of state benefits. An improvement in basic skills would also have a positive effect on the economy, as people with better skills can earn and spend more.

2.27 Basic skills education is already included in the majority of mainstream education and training programmes: in **ConneXions** for 13-19 year olds, as part of the **New Deal** employment programmes and as part of the **Family Literacy and Numeracy** initiatives. It is also one of the four main objectives for the **University for Industry** in tackling learning in the workplace, in local learning centres and at home. However, the UK Government is committed to raising standards in basic skills as part of its aim to widen participation in learning; and to double the number of learners of basic skills to 500,000 by 2002.

2.28 A ministerial group considering the Moser proposals is supported by a technical implementation group with representatives from all key organisations with an interest. The Government is considering how participation can further be extended and the quality of programmes raised. Priorities for consideration include the areas

of assessment and diagnosis, to ensure that needs are correctly identified and that learning is targeted for individuals; diversification of provision to ensure that learning is available to individuals in the most disadvantaged communities and in places convenient to the learner; support for longer and more intensive provision to ensure that once on a course, individuals reach a standard sufficiently high to be self-supporting, and improving the quality of provision, to ensure that primary learning goals are met and individuals can progress to further education, training and employment.

## Learning post-16

2.29 The UK Government has already put in place many measures to improve the provision of learning:

- the Skills Task Force and the network of National Training Organisations have improved understanding of national skill needs in the economy. The Information Technology, Communications and Electronics (ITCE) sector was highlighted as having the most severe skills shortage in the first report from the National Skills Task Force;
- the Regional Development Agencies have skills budgets to identify regional skills needs and to pump prime innovative ways of meeting them;
- finance for increases of 700,000 and 100,000 in further and higher education students and a major increase in the opportunities for training;
- the *ConneXions* strategy to encourage and enable far more young people to stay in learning until they are at least 19. For example, introducing continuous support from age 13-19 through dedicated personal advisers;
- the introduction of a new employment right for employees aged 16-17 who did not achieve good qualifications at school, to study or train for approved qualifications, with the support of their employer;
- piloting, from September 1999, Education Maintenance Allowances for 16-19 year olds which will target support on young people from low income families who might otherwise be excluded;
- work with the National Education Business Partnership (NEBP) to establish a quality framework for Education Business Partnerships (EBPs);
- established local Learning Partnerships to create a more coherent, effective and accessible set of local arrangements for learning and driving forward local action on the National Targets;
- the New Deals for young and long-term unemployed people and people over 50 and out of work, each with greatly enhanced opportunities for education and training. The Government is also piloting schemes for disabled people in receipt of incapacity benefits;
- individual learning accounts, which will shortly be extended into a national framework;

- the University for Industry (Ufi), to be launched nationally in 2000, to stimulate demand for learning in businesses and individuals and to improve access to relevant, high quality learning opportunities;
- the introduction in 1999 of a three year programme to deliver information and advice services for adults locally;
- boosting opportunities for community learning through the Adult and Community Learning Fund;
- promoting the benefits of becoming a recognised Investor in People to small and medium sized firms, as a basis for improving learning at work.

2.30 These initiatives provide a solid foundation but Britain is still a long way from being a learning society as envisioned in “The Learning Age” Green Paper. Too many people are excluded from learning and aspirations and staying on rates are too low. People with low skills and poor qualifications are locked in a cycle of disadvantage. Quality of both learning provision and advice remain inconsistent and there are too many providers with low success rates.

2.31 The factors which will inform change are:

- strong demand side influence on provision. Individuals, employers and the wider community should decide on the mix of opportunities available, to meet the needs of local, regional and national labour markets and reflect the wishes of local communities;
- an equitable and inclusive system which takes account of the extra cost of meeting the needs of the most vulnerable groups, those who lack basic skills, or who require particular help in other areas, or who may require flexible and innovative approaches;
- commitment to mainstreaming equal opportunities throughout policy making, implementation and service delivery. It should involve systematic identification and action, backed up with appropriate monitoring and evaluation, and target setting wherever appropriate to address significant underachievement;
- integration of learning with support for business and regeneration in partnership and collaboration with the Regional Development Agencies, the new Small Business Service and British Trade International;
- availability of impartial advice and guidance to improve access to learning and make it easier to find out about the range of opportunities;
- learners should have support to help them complete their training and achieve a qualification, where appropriate, through high quality teaching, an easily understood qualification system, and standards in academic and work based learning which are equally demanding and highly valued;

- effective quality assurance so that providers respond to the views of students/clients about the opportunities/services offered; and rigorous independent inspection which reinforces continuous improvement by providers, ensures the provider is well governed and managed, with the probity required of a body receiving public funds, and offers value for money;
- evolutionary change to build on what works well now and ensure continuity and progression towards achieving targets;
- money should fund learning, not intermediate layers of bureaucracy.

2.32 Two further important features will be built into the new system. First, employers will have the opportunity to build better links with the wider education system and to use the knowledge they have about the skills they require to influence more effectively the types and nature of provision that institutions offer. Second, the system should meet the needs of customers rather than institutional convenience. This will require much greater use of Information Technology and the 'one stop shop' approach for business and individuals, for example through local outlets of the Small Business Service.

2.33 To ensure a planning and funding system which is responsive to the needs of individuals, communities and employers, the Government proposes to create a new post 16 planning and funding body for England, to be established – subject to the necessary legislation – in April 2001. This **Learning and Skills Council** would take over responsibility for funding colleges from the FEFC, Government funded training for young people and workforce development from the TECs and adult education and community education from Local Education Authorities. The Council will deliver all post-16 education and training (excluding HE) and will assume responsibility for:

- funding FE colleges;
- advising the UK Government on National Learning Targets for England;
- funding Modern Apprenticeships, National Traineeships and other government funded provision for young people;
- developing, in partnership with LEAs, arrangements for adult and community learning;
- providing information, advice and guidance to adults;
- working with the general education sector to ensure coherence across all 14-19 education.

2.34 The Council will work through a network of 40-50 Local Learning and Skills Councils, which will plan and co-ordinate provision locally and establish clear lines of accountability to the communities they serve. Regional Development Agencies will be asked to make proposals for the boundaries and coverage of the Local Learning and Skills Councils, in consultation with key local and regional partners, and taking account of certain specific considerations. The Local Councils will build on the knowledge and experience of local Learning Partnerships in their area.

2.35 A key aim of the new arrangements is to improve accountability and openness at both the national and local level. The Learning and Skills Council will therefore, as a public sector body, be subject to the range of measures set out in the Government's recently published policy statement entitled 'Opening up QUANGOs', which proposes a range of measures to make NDPBs more democratically accountable. The Learning and Skills Council, working with DfEE and following the advice of the Cabinet Office, will also be required to prepare a management statement for publication.

### **Links with the Small Business Service**

2.36 The Small Business Service will develop close working relationships with a wide range of UK Government Departments, regulators and national and regional small business support organisations, including the Local Learning Skills Council. The Small Business Service will be a single gateway for all Government support to small business and will be responsible for delivering or providing access to all Government Department schemes aimed at small business, for example the workforce development schemes, such as Modern Apprenticeships, National Traineeships, Investors in People, University for Industry and the Teaching Company Scheme. Significantly, the Small Business Service's local service delivery outlets, which will operate as franchises, will have coterminous boundaries with those being proposed for the local Learning Skills Councils.

## UK Objectives

2.37 The UK Government has three overarching objectives to ensure that the people of the United Kingdom are equipped for the labour markets of the future. It is also developing a new strategy to improve basic skills throughout life.

1. ***Ensuring that all young people reach 16 with the skills, attitudes and personal qualities that will give them a secure foundation for lifelong learning, work and citizenship in a rapidly changing world***, in particular by substantially improving literacy and numeracy skills in primary schools, and pupil achievement in secondary schools, and support for the family through early education and the availability of affordable, good quality childcare in every neighbourhood.

2.38 UK Government initiatives to meet this objective include:

- extending nursery education;
- ensuring that all childcare is of good quality and accessible;
- reducing infant class sizes;
- raising standards of literacy and numeracy in primary schools;
- increasing achievement at age 16;
- ensuring throughout school that young people develop the skills, attitudes and personal qualities – such as flexibility, enterprise, self confidence, communication skills, moral awareness and sense of citizenship – which will enable them to be successful and fulfilled adults in the next century;
- providing a meaningful introduction to working life, particularly for those who want to join it straight from school;
- establishing models of best practice from which others can learn;
- expanding out of school hours learning activities (study support) and ensuring these are of good quality;
- involving business in providing work-related learning, including work experience.

## Targets for 2002

- Nursery education for 66% of 3 year olds
- No children aged 5-7 in classes of more than 30 pupils
- 80% of 11 year olds reaching the expected standard for their age in literacy
- 75% of 11 year olds reaching the expected standard for their age in numeracy
- Reducing the annual rate of unauthorised absence to 0.5% of half days missed
- Less than 8,400 children a year permanently excluded from school
- 50% of 16 year olds getting 5 higher grade GCSEs
- 95% of 16 year olds getting at least one GCSE

### Policies

#### Standards and attainment

- Baseline Assessment
- Testing, inspection, performance data
- Intervention in underperforming schools
- School Standards Tack Force
- Headteacher training
- Developing a better paid, higher performing, more professional teaching force
- General Teaching Council
- Standards database

#### Innovation, diversity and new ways of working

- National Grid for Learning
- Lottery funds for teacher training in ICT
- Advanced Skills Teachers
- Specialist Schools
- Beacon Schools
- Education Action Zones

#### Inclusion and equality of opportunity

- Sure Start
- Early Years Development and Childcare Partnerships and Plans
- Meeting special educational needs
- Supporting ethnic minority pupils
- Tackling truancy and reducing exclusions

#### Access and participation

- National Childcare Strategy
- Family Literacy
- Summer Literacy Schools
- Improving school buildings
- School Access Initiative
- School security

#### Employability and skills

- National Literacy and Numeracy Strategies
- National Year of Reading
- Business Involvement in schools

#### Community focus

- Lottery funds for out-of-school hours learning activities (study support)
- [Playing for Success' Football Clubs and study support
- New guidance for encouraging school community links
- Community Champions Fund

**2. Developing in everyone a commitment to lifelong learning, so as to enhance their lives, improve their employability in a changing labour market and create the skills that our economy and employees need**, in particular by making learning attractive and accessible, improving the relevance and quality of provision, and persuading employers to invest in those they employ.

2.39 The UK Government aims to develop a learning society in which everyone routinely expects to learn and upgrade their skills throughout life. In the continually changing world of work, and to meet the challenge of international competitiveness, individuals need to be prepared constantly to improve their skills, learning new ones that will help them secure and retain jobs in the future. Employers need school leavers with the right attitudes and skills to succeed in working life, and also need to be able to recruit from a workforce that is up-to-date with necessary skills. But the vision of 'The Learning Age' is about more than employment: the development of a culture of learning will build a united society, assist in the creation of personal independence and encourage creativity and innovation. Learning encompasses basic literacy to advanced scholarship and can be done in many different ways: formal study, reading, watching television, going on a training course, taking an evening class, at work and with family and friends.

2.40 The lifelong learning vision is built on the following principles:

- investing in learning to benefit everyone;
- lifting barriers to learning;
- putting people first;
- sharing responsibility with employers, employees, and the community;
- achieving world class standards and value for money;
- working together as the key to success.

2.41 The UK Government has set out its proposals for increasing and widening access, participation and levels of attainment by all, to help reduce inequality, improve employability and contribute to community development and social inclusion. Other key objectives are to invest in young people so that more continue to study; double the number of learning places for adult literacy and numeracy, develop learning in the workplace and develop an easily understood system.

2.42 The UK Government has set a number of targets to develop in everyone a commitment to lifelong learning:

**Targets for 2002**

- 85% of 19 year olds qualified to level 2 or above
- 60% of 21 year olds qualified to level 3 or above
- 50% of adults qualified to level 3 or above
- A 7% reduction in non learners (the Learning Participation Target)
- 28% of adults qualified to level 4 or above
- 45% of organisations with 50 or more employees, and 10,000 organisations with 10-49 employees recognised as Investors in People

<b>Policies</b>		
<b>Standards and attainment</b>	<b>Inclusion and equality of opportunity</b>	<b>Employability and skills</b>
<ul style="list-style-type: none"> <li>• Modernising the 14-16 curriculum</li> <li>• Upgrading vocational qualifications, broadening the post 16 curriculum and establishing key skills</li> <li>• Helping young people manage their own learning both inside and outside mainstream education</li> <li>• Raising standards in FE</li> <li>• New quality assurance methods in HE</li> <li>• Institute of Teaching and Learning for HE</li> <li>• Quality Assurance in TEC delivered programmes</li> <li>• Research funding</li> </ul>	<ul style="list-style-type: none"> <li>• Tacking adult basic skills- literacy and numeracy</li> <li>• Single school leaving date</li> <li>• Legislation to give all young employees time to study</li> <li>• Careers Service focusing on those who need it most</li> <li>• New Start for disaffected young people</li> <li>• Piloting Education Maintenance Allowances</li> <li>• Millennium Volunteers</li> <li>• Code of Practice for Age Diversity in Employment</li> </ul>	<ul style="list-style-type: none"> <li>• National Traineeships as work-based route to NVQ Level 2</li> <li>• Modern Apprenticeships</li> <li>• Strengthening links between HE and employers</li> <li>• Addressing skills shortages</li> <li>• Information, advice and guidance for adults</li> <li>• Career Development Loans</li> <li>• Small Firms Trading Loans</li> <li>• Investors in People</li> </ul>
<p><b>Innovation, diversity and new ways of working</b></p> <ul style="list-style-type: none"> <li>• Promoting effective use of IT</li> <li>• University for Industry</li> </ul>	<p><b>Access and participation</b></p> <ul style="list-style-type: none"> <li>• Learning Card</li> <li>• Creating a Pre-vocational Gateway for young people</li> <li>• Expanding participation in FE and HE</li> <li>• Improving information to potential students</li> <li>• Increasing access funds for students</li> <li>• Individual Learning Accounts</li> <li>• University for Industry</li> <li>• Reforming Maintenance Grants</li> </ul>	<p><b>Community focus</b></p> <ul style="list-style-type: none"> <li>• New Deal for Communities and other area-based initiatives</li> <li>• Community access to lifelong learning fund of the New Opportunities Fund (NOF)</li> <li>• Adult and Community Learning Fund</li> </ul>

2.43 The UK Government will provide support for organisations bringing certification to existing workers: the NVQ system provides certification to workers who improve their skills at the workplace as well as, or instead of, attending formal courses. Many larger companies offer such opportunities to their workers. Partnership approaches can help smaller firms to address perceived difficulties.

2.44 Lasting regeneration of deprived areas cannot be achieved by top down action alone. It is vital that the local community can manage the process of its own regeneration. One key element of this is getting adults to re-engage in learning to recover their self confidence and begin to take responsibility for their own lives and the sustainable development of their community. Another is the creation of durable and committed local partnerships to tackle key problems. National policies and programmes need to be designed, developed and implemented in ways that support the efforts of local communities.

2.45 The basis for lifelong learning – enthusiasm for self-development – has to be laid early, with careers education helping individuals to make the link between self-development and achievement, and all young people encouraged to continue in education or training after 16, complete their course and achieve further qualifications. To establish the habit of lifelong learning amongst adults the UK Government will:

- encourage broader programmes of education and training for 16-19 year olds, including the development of key skills;
- have active policies to persuade those whose schooling was not a success to re-engage in learning;
- encourage individuals to invest in their own development;
- offer them better information, advice and guidance throughout life about the skills that will improve their employability;
- make learning more accessible;
- have credible qualifications that allow them to demonstrate their growing skills;
- promote high quality and standards in universities and colleges;
- get those providing education and training to be more responsive to individual needs, and to widen access;
- persuade employers to invest in the skills of all those they employ, regardless of age.

**3. Helping people without a job into work**, in particular by helping young people, the long-term unemployed and others at a disadvantage in the labour market, including single parents, to move into sustainable jobs, within a fair and diverse employment market.

2.46 Five million people of working age live in homes where nobody works. Over a million people have never worked since leaving school. Many single parents and disabled people want to work but have felt trapped in a benefit system that has not encouraged work or independence. The increasing importance of skills is steadily widening the gap between those in and those out of work. Transforming this situation requires:

- a tax and benefit system that makes work pay;
- the development of strong local partnerships between public agencies and private companies to help unemployed people;
- sustained help and advice for those that have been out of work a long time provided increasingly on an individual basis by personal advisers;
- a variety of possible routes back into work;
- education and training to build the skills that will enable individuals to keep the jobs they get;
- flexible working arrangements which recognise caring responsibilities;
- equality of access to job opportunities regardless of gender, race, disability or age.

2.47 The UK Government has set a number of targets to help people without a job into work:

#### **Targets**

- 100,000 New Deal 18-24 participants placed into work
- 1.3 million unemployed people placed into work
- 250,000 JSA claimants unemployed for more than 6 months placed into work
- 80,000 people with disabilities placed into work

<b>Policies</b>		
<b>Standards and attainment</b>	<b>Inclusion and equality of opportunity</b>	<b>Employability and skills</b>
<ul style="list-style-type: none"> <li>• Accredited training programmes through NTOs</li> </ul>	<ul style="list-style-type: none"> <li>• Fairplay for Women</li> </ul>	<ul style="list-style-type: none"> <li>• Jobseekers' Allowance</li> </ul>
<p><b>Innovation, diversity and new ways of working</b></p> <ul style="list-style-type: none"> <li>• Employment Zones</li> <li>• ES programme centres</li> </ul>	<ul style="list-style-type: none"> <li>• Race Relations Employment Advisory Service</li> <li>• Equal opportunities Commission</li> <li>• Commission for Racial Equality</li> <li>• Disability Rights Commission</li> <li>• Implementation of the Disability Discrimination Act</li> <li>• Family Friendly employment, including the National Childcare strategy</li> <li>• New Deal for Lone Parents</li> <li>• New Deal for Disabled People</li> </ul>	<ul style="list-style-type: none"> <li>• Job placing</li> <li>• Programme Centres (including Jobclub and Jobplan Workshops)</li> <li>• Jobfinder Plus</li> <li>• Jobfinders Grant</li> <li>• Work Trials</li> <li>• Youth Enterprise Initiative</li> <li>• The Gateway to Work</li> <li>• New Deal for Young People</li> <li>• New Deal for those aged 25 years and over</li> <li>• Work-Based Learning for Adults (including Basic Employability Training)</li> <li>• New Deal for Partners</li> <li>• New Deal 50 plus</li> </ul>
<p><b>Access and participation</b></p> <ul style="list-style-type: none"> <li>• Access to Work</li> <li>• Supported employment programme</li> <li>• Targeting New Deal on group detached from the job market</li> </ul>		<p><b>Community focus</b></p> <ul style="list-style-type: none"> <li>• New Deal partnerships</li> </ul>

2.48 In addition to substantial early Employment Service intervention to prevent long-term unemployment, notably the ONE programme for a single work-focused gateway to employment, the UK Government has initiated an array of measures to address the particular needs of those in danger of exclusion from the labour market and from society more generally. The employment New Deals provide a significant break from the past in terms of the scale of help offered to those people who most need help to get back into the labour market. They also represent a substantial qualitative improvement over earlier programmes: they have a clear focus on employability, based on accredited training through National Training Organisations; are targeted at groups detached from the labour market, linked to other New Deals and other policies to promote social and economic inclusion; and are developing innovative delivery methods through New Deal partnerships in order to achieve the desired outputs. In 1998/99, over 1.2 million people will be placed in work by the Employment Service. These include 100,000 young New Deal participants and 80,000 people with disabilities.

- 2.49 The UK Government is working to remove the barriers to participation, for example by developing the **National Childcare Strategy**. It is also working towards removing occupational stereotyping of women and ensuring equality of opportunity to enter all professions and occupations, as well as encouraging the development and adoption of family-friendly policies. The emphasis on avoiding gender stereotyping throughout schooling and in the provision of careers advice will help to ensure that both men and women have a real choice of careers. The Government will also ensure that mainstreaming of equality between women and men is embedded into policies and programmes.
- 2.50 Lack of work leads to low income and, if it persists, to poverty and disengagement/detachment from the world of work and to social exclusion. We need to **empower people** to break out of this cycle. Being in work can lead to social inclusion in other ways: social contacts are easier to develop; there may be greater opportunities to take up training or to learn new skills; increased ability to plan and save. Ability to cope with life's contingencies, e.g. children, retirement and access to financial services, may also improve as people gain employment. Women as well as men are affected by lack of work, and whilst more women are now in work, fewer women – especially mothers – have a working partner.
- 2.51 Being out of work can have permanent detrimental effects on people's lives, it can lead to low self esteem, poor health, isolation, loss of skills, loss of social contacts, and loss of motivation – leading to the likelihood of increased unemployment in the future. That is why the UK Government has placed learning, skills and jobs at the top of its agenda. Only by giving everyone the chance to reach their full potential – through education, training and work – can we achieve an inclusive, fair society and a competitive economy.

## Chapter 3

# How Objective 3 will help to develop a prosperous learning society in Great Britain: priorities for support

## Introduction

3.1 This chapter:

- sets out a broad rationale for Objective 3 support;
- explains how the priorities for support set out here relate to other Structural Fund plans;
- describes the consultation process which informed priorities for support in this CSF;
- establishes indicative funding for each ESF policy field laid down by the Regulation governing the Fund;
- describes the target groups and priority activities for support within each ESF priority field;
- links priorities for Objective 3 support with the Employment Guidelines and actions described in the UK's 1999 National Action Plan for employment; and
- describes the horizontal issues which will be taken into account by projects receiving Objective 3 support in Great Britain.

## Rationale for support

3.2 The European Social Fund Objective 3 programme in Great Britain will support UK Government policies and programmes, identified in the National Action Plan for Employment, to tackle the problems of worklessness, inadequate qualifications and social exclusion in a coherent way. In particular, Objective 3 will support national approaches to:

- welfare reform;
- active labour market measures for unemployed people;
- promoting social inclusion;
- lifelong learning;
- adaptability and entrepreneurship; and
- promoting equal opportunities.

This support will be structured on the basis of the five priority fields laid down by the Regulation setting up the European Social Fund for 2000-2006 (see below).

3.3 The European Employment Strategy provides the framework for an increasing emphasis on employment across the European Union, and intensifying co-operation between Member States in order to fight unemployment and promote employability. The annual Employment Guidelines form the basis of Member States' employment policies, as set out in their national employment action plans, and the UK's National Employment Action Plan (NAP) sets out the UK's response to the European employment guidelines. The NAP also sets out key domestic policy measures and initiatives used to tackle the problems and challenges in the UK labour market. Objective 3 – with ESF in Objective 1 and 2 areas and strands of the other EU Structural Funds – will support many aspects of the strategy set out in the UK National Action Plan.

### **The ESF policy fields from the ESF Regulation**

*(a) Active labour market policies*

Developing and promoting active labour market policies to combat and prevent unemployment, to prevent both women and men from moving into long-term unemployment, to facilitate the reintegration of the long-term unemployed into the labour market, and to support the occupational integration of young people and of persons returning to the labour market after a period of absence.

*(b) Equal opportunities for all and promoting social inclusion*

Promoting equal opportunities for all in accessing the labour market, with particular emphasis on those exposed to social exclusion.

*(c) Lifelong learning*

Promoting and improving training, education and counselling as part of lifelong learning policy to facilitate and improve access to, and integration into the labour market, improve and sustain employability, and promote job mobility.

*(d) Adaptability and entrepreneurship*

Promoting a skilled, trained and adaptable workforce, innovation and adaptability in work organisation, developing entrepreneurship and conditions facilitating job creation, and enhancing skills and boosting human potential in research, science and technology. Creating new employment opportunities to meet the challenges of international competitiveness and globalisation.

*(e) Improving the participation of women in the labour market*

Specific measures to improve women's access to and participation in the labour market, including their career development, their access to new job opportunities and to starting up of businesses, and to reduce vertical and horizontal segregation on the basis of sex in the labour market.

## **Relationship between the Policy Frame of Reference and other Structural Fund plans**

3.4 The ESF Policy Frame of Reference sets out the United Kingdom's policy for the use of all EU Structural Fund support for human resource development to promote employability and to develop human resources in all parts of the country the period 2000-2006. The framework provides a planning tool and a policy rationale for Structural Fund support and guides partnerships in all parts of the UK to programme Structural Fund resources. The European Social Fund, and aspects of other EU Structural Funds, support the strategy set out in the UK National Action Plan for Employment. ESF already makes a major contribution towards activities relating to almost all of the individual guidelines. While not all Employment Guidelines are relevant to the European Social Fund, ESF will increasingly be used to reinforce action undertaken in the context of the National Action Plan for Employment.

### **Links between Objective 3 and Objective 2**

3.5 Objective 3 will fund activity in all areas of Great Britain outside the Objective 1 areas. Objective 2 Programme Management Committees may also allocate Objective 2 funds to ESF for activities which are linked to ERDF and are part of the Objective 2 strategy. As a consequence, Objective 2 and 3 monitoring committees will be required to meet at the beginning of the programming period and as necessary thereafter, to clarify at local level the targeting of resources and agree how best to avoid double funding and overlap.

### **Consultation on Objective 3 priorities**

3.6 The UK Government carried out a nation-wide consultation to inform the priorities for funding set out in this CSF. This was undertaken at four levels:

- consultation of 150 national organisations;
- separate consultations, based on the common papers/questions, of the partnerships in Scotland, Wales and each of the English regions;
- invitations to participate in the consultation were sent to 3,500 ESF partners; and
- individual responses were accepted through two websites.

### **The 1999 Joint Employment Report and recommendations**

3.7 The 1999 Joint Employment Report (JER) endorsed the UK's labour market policies and congratulated the UK on its high levels of employment and low levels of unemployment. In the light of the JER, the Council identified particular areas where increased emphasis would be valuable:

- Focus on the issue of gender pay gap and develop appropriate policies to address this, building inter alia on the positive effects to be expected from the introduction of the minimum wage in 1998.

- Encourage a partnership approach in order to enable social partners at all appropriate levels to reach agreement on the modernisation of work organisation, with the aim of making undertakings more productive and competitive while achieving the required balance between flexibility and security.
- Upgrade the statistical monitoring system, so that policy indicators on prevention and activation will be provided by 2000 in accordance with agreed definitions and methods.
- Pursue efforts to expand and improve the quality of child care provision, in order to enable particularly women to participate more in part-time as well as full-time work, according to their preferences.

## **Active labour market policies**

3.8 One of the key challenges facing the Government is to promote social inclusion and ensure that those who are currently inactive are not denied access to employment opportunities – helping those people that can work, find and retain work, whilst providing security to those who genuinely are unable to work. Employability is at the heart of the UK's Welfare to Work programme.

### **Preventing long-term unemployment**

3.9 As described in Chapter 1, our active benefits regime forms a key part of the UK's strategy to prevent long-term unemployment. It combines benefit payment with active and continuous job search, supplemented where necessary and according to individual needs by other, more intensive interventions, such as training or work experience. An individualised job plan is agreed for every recipient of the Jobseekers Allowance (JSA) from their first day of unemployment. This sets out an individual's rights and responsibilities and focuses attention on employment. This is part of the transformation from passive receipt of benefit to an active labour market programme and is appropriate for the UK given the dynamism of the labour market: 250-300,000 jobseekers leave benefit each month and around half of all new claimants leave JSA within three months.

### **Combating long-term unemployment**

3.10 In addition to the active benefits regime, the UK provides support through a range of active labour market measures to assist the long-term unemployed and those facing greater barriers to labour market entry into employment. A key priority of work-based training is to maximise opportunities for young people not in full-time education to achieve qualifications through work based training, which will enhance their employment prospects. This involves improving the quality of such training, progression within training initiatives and access to the available opportunities for demotivated and under-achieving young people who need additional help and encouragement in making the transition from school to subsequent learning or work. A priority of Modern Apprenticeships and National Traineeships has been to focus on 16-18 year olds, and Time for Study or Training is specifically for 16 and 17 year olds.

3.11 The UK Government recently announced an enhanced strategy called *ConneXions* – for making sure that far more young people continue in education and training until they are at least 19. This includes:

- introducing progressively a Learning Gateway for 16 and 17 year olds who need extra guidance and support to benefit from mainstream learning. Central to this will be the development of a network of personal advisers;
- encouraging employees aged 16-17, who did not achieve good qualifications at school, to take advantage of the new right to study or train for approved qualifications;
- ensuring that the range of qualifications and courses is attractive and motivating, both to individuals and employers;
- tackling barriers to learning, including financial barriers, e.g. through Education Maintenance Allowances, to target financial support on young people from low income families who might otherwise be excluded.

3.12 Some jobseekers face significant barriers to work. More intensive help is available from the start for people with severe disadvantages: disabled people, those who lack basic skills, the homeless and rough sleepers, ex-offenders, older workers and people for whom English is a second language. The UK's holistic approach to improving employability means that some of these groups (such as the homeless and older workers) may also receive support under the second policy field which concentrates on promoting social inclusion.

3.13 A more intensive programme of interventions is also available for those people who are unemployed for six months or more. Young people aged between 18-24 enter the New Deal, which involves an extensive programme tailored to the specific needs of the individual. The New Deal is having a real impact on the labour market, with youth unemployment at its lowest level since July 1974. Those aged 25 and above gain access to work-based learning opportunities or to Programme Centres which combine jobsearch help with training modules aimed at improving employability. Extra help is available at 12 and 18 months of unemployment, and adult JSA recipients who are unemployed for two years then enter the New Deal. From 2000, New Deal 50plus will provide an employment cash credit and training grant, as well as personal advice and jobsearch help for older workers.

3.14 The New Deals and other active labour market interventions will meet the needs of unemployed people. The "ONE" service, formerly the Single Work Focused Gateway, and the continuing programme of fundamental tax and benefit reform will also help the economically inactive. The Small Business Service will also give advice on starting new businesses.

3.15 The Objective 3 programme in Great Britain will encourage local partnerships to find approaches to reach and help people who are most disadvantaged in the labour market. Solutions worked out at local level and policies based on what is relevant within a particular area together with community leadership, are essential blocks in building the capacity of communities to respond to the needs of local labour markets. Empowering people and communities and using their skills, experience and know-how will help secure long-term sustainable improvements.

## **Lessons from existing provision**

The review of evaluation conducted as part of the ex ante evaluation has highlighted a number of pointers to the development of ESF support for active labour market policies post 2000. The continued use of more integrated packages of support appears to offer a successful means of helping people back to work – particularly for those facing significant labour market disadvantage. However, the approach is more costly. Careful targeting of this more resources-intensive approach on those most likely to gain most from it will help maximise the potential scale and effectiveness of ESF support. Those elements of particular projects which the evaluation suggest work best are: effective job search activity, help finding contacts to look for a job, and wage subsidies. Evidence from other domestic and OECD studies broadly confirms the value of these sorts of activities. Analysis of targeting under the current Objective 3 programme suggests that more could be done to support the needs of older workers and, in particular, the longer-term unemployed. This finding mirrors the conclusions of a Commission report on evaluation results from across all Member States which recommended greater concentration on the long-term unemployed.

## **Priorities for support**

3.16 25% of available Objective 3 resources will be allocated to measures aimed at labour market activation. In order to concentrate ESF support where it will achieve the greatest impact, activities supported under this policy field will further one of the following objectives:

- To reduce long-term unemployment through the use of active labour market measures and assist the unemployed and economically inactive (back) into employment.
- To reduce the flows into long-term unemployment through the use of active labour market measures targeted at those recently unemployed or about to become unemployed.

3.17 To maximise the effectiveness of ESF support and reduce the risk of duplication with mainstream provision or other policy fields, ESF support under this policy field will have a particular emphasis on the following target groups and activities:

### **Broad target groups**

- Unemployed people, especially the long-term or very long-term unemployed.
- People who lack appropriate skills to return to work, or have no or outdated qualifications.
- Older workers.
- Young people without skills, or with low levels of skills, or who have not worked.
- Young people leaving care.
- People living in rural communities.
- People working in declining industries

- Adults who have been unemployed for less than one year facing the risk of long-term unemployment.

### **Priority activities**

- To build the capacity of local partnerships.
- Enhance advice and guidance at the start of unemployment.
- Improve employability of the long-term unemployed.
- Widen access to adult basic skills.
- Strengthen local multi-agency partnerships.
- Remove barriers to labour market entry.

## **Examples of the types of provision that could be supported under this Policy Field**

### **Widen access to adult basic skills**

- widening access to basic skills, advice, guidance and adult and community education provision through innovative and different qualification systems
- developing new methods of delivering basic skills to young people and the unemployed
- increasing mobility and flexibility among jobseekers

### **Remove barriers to labour market entry**

- encouraging innovative approaches to involving business in schools to enhance employability and motivation
- integrated childcare/early education and out of school childcare for children of returners to work or people new to the labour market
- extending the human/management/creative skills of science and technology professionals
- encouraging people to set up their own businesses and providing support to help these businesses survive and grow
- job rotation for very long-term unemployed people

### **To build the capacity of local partnerships**

- encouraging local partnership approaches to intermediate labour market projects, including support for capacity for community development

### **Strengthen local multi-agency partnerships**

- encouraging local multi-agency/multi-fund partnerships
- improving job brokerage to create a better match between supply and demand

### **Enhance advice and guidance at the start of unemployment**

- innovative early interventions, including advice and guidance, with new use of Information Technology and the ONE Service
- enhancing New Deal provision so that it may provide assistance earlier in unemployment for those most likely to become long-term unemployed
- training for ES staff to deliver an improved and modernised service; particularly relating to ES's increased involvement in ESF – monitoring, contracting, European issues

3.18 The European Social Fund reinforces and complements national policies described in Chapter 2 on the United Kingdom Strategy. The objectives of many UK Government programmes and policies are relevant to achieving this priority. Many of these programmes and policies are linked to several of the 1999 European Employment Guidelines. Within integrated projects many of these programmes and policies can form part of the different elements of assistance. For example, ESF has been used in the current programme to enhance provision available under the New Deal and to extend it to unemployed people outside its usual client group. This has received support from local New Deal partnerships and project promoters will be encouraged to continue to use ESF to complement and enhance mainstream provision, for example, New Deal for Adults.

**Programmes and policies relevant to this priority (reference to 1999 United Kingdom Employment Action Plan where appropriate)**

***To reduce long-term unemployment through the use of active labour market measures and assist the unemployed and economically inactive (back) into employment***

- New Deal for Young People (Guidelines 1, 2, 3, 9, 11, 19)
- New Deal for Musicians (in England) (Guidelines 3, 9)
- New Deal for Creative Artists (in Scotland) (Guidelines 3, 9)
- New Deal for People Aged 25+ (Guidelines 1, 2, 3, 9, 11, 19)
- New Deal 50Plus (Guidelines 1, 2, 4b, 6, 9, 19)
- New Deal for Partners of unemployed people (Guidelines 1, 2, 9, 19, 22)
- New Deal for Disabled People (Guideline 9)
- New Deal for Lone Parents (Guidelines 19, 22)
- Employment Zones (Guidelines 1, 2, 4b, 11, 12)
- Work Based Learning for Adults – including Basic Employability Training (Guidelines 3, 4b, 11)

***To reduce the flows into long-term unemployment through the use of active labour market measures targeted at those recently unemployed or about to become unemployed***

- Specialist help provided by the Employment Service including (Placings into jobs, Retention, Work Preparation, Access to Work, Job Introduction Scheme, Supported Employment Programme, the Disability Symbol Initiative)
- Work Based Training for Young People (including Modern Apprenticeships, National Traineeships, Other Training and Time for Study or Training (Guidelines 6, 7, 8))
- Employment Service programme centres (Guideline 3)
- Job placing, Jobclubs, Jobfinder (Guideline 3)
- The ONE Service (Guidelines 4a, 9)
- *ConneXions* (Guidelines 2, 4, 7, 8)

### **Programmes covering both objectives**

- National Childcare Strategy (Guideline 21)
- University for Industry and Learning Direct national telephone helpline (Guidelines 6, 13)
- Individual Learning Accounts (Guidelines 6, 13)
- Adult and Community Learning Fund (Guideline 6, 9)
- Information, advice and guidance Partnerships (Guideline 6)
- Learning centres (Guidelines 6, 13)
- Teaching Company Scheme

3.19 Activities supported under this policy field will be encouraged to take account of the horizontal issues: Gender Mainstreaming, Sustainable Development and the Information Society. The horizontal issues are addressed in sections 3.53-3.74 below, which also include examples of horizontal activities relevant to each policy field.

## **Equal Opportunities for all and promoting Social Inclusion**

3.20 Promoting an integrated labour market that is open to all is central to UK policy. It will encourage mainstreaming to ensure that policies and programmes provide equality of opportunity for all. Jobseekers facing particular difficulties, including discrimination in the labour market, can be assisted effectively to access employment. Given appropriate sustained support, these people can be integrated into ordinary jobs or start their own businesses. Some of these jobseekers may need further periods of training or re-training and help with accessing these opportunities; and ESF can form a valuable means of adding value to individually-tailored provision.

3.21 Increasing the participation of disabled people in working life is a high priority for the UK Government. A clear strategy comprises welfare reform, legislation and the provision of appropriate employment support for disabled people. The majority of unemployed disabled people are supported through mainstream employment and training measures to which they have priority access (e.g. to the New Deals).

3.22 People from ethnic minority groups also face disadvantages in the labour market. The UK Government ensures that policies and programmes for unemployed and economically inactive people both promote race equality and help ethnic minority people into work. The Government will continue to emphasise to employers that racial diversity in the workforce is good business practice through “Race for the Future” and other initiatives. Advice is also provided to employers and others so that they can develop and implement policies and practices for racial equality among the workforce.

3.23 Some unemployed people suffer multiple disadvantage – a history of offending, drug or alcohol abuse, chronically low self-esteem, lack of motivation, very poor levels of literacy/numeracy, dysfunctional work related behaviour (inadequate key skills) and a lack of relevant occupational skills. These not only prevent them from competing effectively within the labour market, but also make them unable to participate effectively in occupation training programmes. Basic Employability Training (within Work Based Learning for Adults) provides individually tailored help to enable clients to acquire the kind of generic personal and occupational skills needed to get and keep a job. Targeted support will also be aimed towards those who are homeless and rough sleepers and ex-offenders. Refugees and asylum seekers with access to the labour market will also be eligible for assistance tailored to their particular needs.

### **Lessons from existing provision**

Evaluation of the current Objective 3 programme endorsed the focus on specific disadvantage groups in the 1997-99 SPD. This and the preceding analysis of the UK labour market provide a sound basis on which to target resources within this policy field. The research underlines the valuable contribution of a more integrated package of support to those facing the greatest labour market disadvantage. Single parents, those over 50, disabled people and particularly the long-term unemployed appear to gain most from more intensive help, in terms of subsequent labour market success.

Research suggests that efforts to support the most disadvantaged gain significantly from activities designed to promote and enhance the capacity of local support services. Both the evaluation of Objective 3 Priority 4 and research into Community Economic Development activities under Objective 2 emphasised the valuable contribution of ESF in helping disadvantaged communities. However, to be successful in this, research stresses the need to maintain a clear focus on the specific labour market problems faced by the potential end users of the local groups and organisations which benefit from any capacity building activity.

### **Priorities for support**

3.24 Ensuring that all people near or of working age who are on the margins of society or facing particular employment difficulties are no longer excluded from social and economic activity is a key ESF priority in Britain. Special emphasis will be placed on activities which equip people with the skills they need to make effective choices; prevent social exclusion; intervene early to prevent long-term unemployment and seek to mainstream equal opportunities issues into every-day life. 26% of available Objective 3 resources will be allocated to measures aimed at supporting equal opportunities for all and promoting social inclusion. This amount includes 1% of the total programme budget that will be used for access to small grants by the non-government sector (Global Grants). In order to concentrate ESF support where it will achieve the greatest impact, activities supported under this policy field will further one of the following objectives:

- To reduce the impact of disadvantage faced by excluded groups and support their integration into the labour market through target group or area based approaches.

- To promote equality through research into direct and indirect discrimination in the labour market and support follow on actions to combat the institutional aspects of discrimination.

3.25 To maximise the effectiveness of ESF support and reduce the risk of duplication with mainstream provision or other policy fields, ESF support under this policy field will have a particular emphasis on the following target groups and activities:

### **Broad target groups**

- Disabled people.
- People from ethnic minority groups.
- Older people.
- Those with caring responsibilities.
- Those with mental health difficulties.
- People with severe literacy and numeracy problems, or who lack key skills.
- People who need help to develop personal effectiveness to counter chronically low self-esteem and lack of motivation.
- People with substance abuse, alcohol and drug problems.
- Teenagers with children.
- Refugees and asylum seekers.
- The homeless and rough sleepers.
- People coming to the end of or who have completed a custodial sentence.
- People for whom English is a second language, and Welsh in Wales.
- Lone parents and partners of unemployed people, and households where no one is earning.
- People living in rural communities.
- Children and young people with learning difficulties.

### **Priority activities**

- Widen access to basic skills provision.
- Remove barriers to labour market entry.
- Develop local responses to local needs.
- Combat discrimination and tailor provision to individual needs.

## **Examples of the types of provision that could be supported under this Policy Field**

### **Widen access to basic skills provision**

- developing innovative ways of promoting basic skills to cover all age groups, for example activity directed at individuals at risk in the workplace

### **Remove barriers to labour market entry**

- fostering qualities of personal effectiveness in a work setting
- promoting family friendly policies

### **Develop local responses to local needs**

- building capacity for local development and for community delivery. Building durable and committed local partnerships with strong community participation, including local Learning Partnerships

### **Combat discrimination and tailor provision to individual needs**

- innovative approaches to rehabilitating drug-abusers and ex-offenders
- projects to improve the employability of older people
- innovative approaches to helping disabled people gain and retain employment
- improving the employability of ethnic minority groups, including those with lower employment rates and/or lower attainment rates, including basic skills and preparation for key public services
- rehabilitation courses, e.g. for ex-offenders, refugees and asylum seekers
- integrated projects to assist lone parents and returners in gaining entry to the labour market
- integrated projects, including provision of social and key skills, for young people, and those of school age, who are at risk of marginalisation
- projects to assist those at risk of exclusion and with multiple disadvantages, and teenage parents, especially in urban areas
- training for ES staff related to the social inclusion agenda, e.g. early and effective identification of basic skills needs and other barriers to employment
- research into institutional discrimination
- changing recruitment and promotions systems to eliminate institutional discrimination
- training for trainers

3.26 The European Social Fund reinforces and complements national policies described in Chapter 2 on the United Kingdom Strategy. The objectives of many UK Government programmes and policies are relevant to achieving this priority. Many of these programmes and policies are linked to several of the 1999 European Employment Guidelines. In particular, early intervention for the groups targeted under this priority contributes to the preventative approach set out in Guidelines 1 and 2 of the Employment Strategy. Within integrated projects many of these programmes and policies can form part of the different elements of assistance. Project promoters will be encouraged to use ESF to complement and enhance mainstream provision.

**Programmes and policies relevant to this priority (reference to 1999 United Kingdom Employment Action Plan where appropriate)**

***To reduce the impact of disadvantage faced by excluded groups and support their integration into the labour market***

- New Deal for Disabled People (Guideline 9)
- New Deal for Communities and other area-based initiatives (Guideline 12)
- Targeting New Deal on groups detached from the labour market (Guidelines 1, 2, 3, 6, 9, 19, 22)
- Specialist help provided by the Employment Service (including Placings into jobs, Retention, Work Preparation, Access to Work, Job Introduction Scheme, Supported Employment Programme, the Disability Symbol Initiative)
- Lottery funds for out-of-school hours learning (study support) and childcare activities
- “Playing for Success” – football clubs and study support
- Implementing the recommendations of the Social Exclusion Unit’s Policy Action Teams
- National Childcare Strategy (Guideline 21)
- Special Education Needs (Guidelines 7,8)
- Careers Service focusing on those who need it most (Guidelines 7, 8)
- University for Industry and Learning Direct national telephone line (Guidelines 6, 13)
- Sure Start
- Millennium Volunteers
- New Start (Guidelines 7,8)
- Youth Advocates (Guidelines 7,8)
- ConneXions (Guidelines 2,4, 7, 8)
- Youth Support Service
- Learning Gateway
- Adult Community Learning Fund (Guidelines 6, 9)

***To promote equality through research into direct and indirect discrimination in the labour market and support follow on actions to combat the institutional aspects of discrimination***

- Race Relations Employment Advisory Service, one stop advice shops for employers
- Supporting the activity of the Disability Rights Commission
- Supporting the work of the Commission for Racial Equality

3.27 Activities supported under this policy field will be encouraged to take account of the horizontal issues: Gender Mainstreaming, Sustainable Development and the Information Society. The horizontal issues are addressed in sections 3.41-3.134, below, which also include examples of horizontal activities relevant to each policy field.

## Lifelong learning

- 3.28 The UK Government is promoting the development of a learning society in which everyone routinely expects to learn and upgrade their skills throughout life. The sheer pace of change is adding to the need for people to train and re-train to maintain their employability. Those who lack the skills required, including those who, through lack of a basic education, are not even on the first rung of the training ladder – will become increasingly vulnerable. The pressure of change is not just affecting those of working age. The ability, through lifelong learning, to adapt to the increasing demands of modern society, is vital across all groups. The Government, through work-based training for young people, offers young people the opportunity to develop the skills that employers need and to achieve nationally recognised skills, from which they can continue to progress to achieve higher levels of skills.
- 3.29 All adults need the opportunity to continue to learn throughout their working life, to bring their qualifications up to date and, where necessary, to train for a different job. Now and in the future, individual employability is the best way to assure individuals' attachment to the labour market. Learning also brings broader benefits. It encourages and supports active citizenship, helps communities help themselves, and opens up new opportunities, such as the chance to explore art, music and literature. It helps strengthen families and encourages independence. That means that everyone must have access to high quality, relevant learning at a time, pace and place that suits them. Not only do individuals, families and communities benefit. Learning throughout life also delivers tangible results for business – improved productivity and competitiveness.
- 3.30 Much needs to be done to achieve this vision. Seven million adults have no formal qualifications and the number of jobs requiring low level skills is declining. 62% of the adult population does not have a qualification at or equivalent to NVQ level 3.
- 3.31 In this country there is a significant problem with the level of basic skills among adults – over 1 in 5 have real problems with literacy and numeracy. This places Britain well behind many competitor countries – 9<sup>th</sup> out of 12 countries covered in a recent OECD study. While this is partly the legacy of many years of under achievement in schools, it also results from the inadequacies of current opportunities for adult learning. In relation to basic skills there has been insufficient demand – too few adults wanting to learn – and supply has not always been organised around the needs and motivations of potential learners. In addition, there has been a failure to maintain learning opportunities amongst older workers when people continue to need up-skilling. The National Adult Learning Survey 1997 found that people aged 50 – 59 were half as likely as people aged 20 – 39 to have undertaken taught learning connected with their current job.

## **Lessons from existing provision**

Research on lifelong learning highlights the extent to which participation in lifelong learning is skewed towards particular groups: the relatively well qualified; those in higher level occupations; full-time workers; and people in larger companies. Linking this with the information on the scale of basic skills deficiencies highlighted in the labour market context chapter (Chapter 1) provides compelling evidence of the potential benefit of focusing significant attention on the needs of those who traditionally play little or no part in lifelong learning. To support the successful take-up of opportunities for lifelong learning, evaluation results from Objective 2 suggest the need for better marketing and information flows on ESF activities to promote higher levels of motivation among trainees.

## **Priorities for support**

3.32 26% of available Objective 3 resources will be allocated to activities aimed at increasing and widening access, increasing participation and levels of attainment by all, helping reduce inequality, improving employability and contributing to community development and social inclusion. In order to concentrate ESF support where it will achieve the greatest impact, activities supported under this policy field will further the following objective:

- ***To widen participation in lifelong learning so that more people continue throughout their lives to develop their knowledge, skills and understanding and improve their employability in a changing labour market.***

3.33 To maximise the effectiveness of ESF support and reduce the risk of duplication with mainstream provision or other policy fields, ESF support under this policy field will have a particular emphasis on the following target groups and activities:

### **Broad target groups**

- The recently unemployed.
- Disabled people.
- Those in and out of employment who lack basic or key skills.
- Those in and out of employment who have low level skills.
- Those less likely to think about or undertake further learning, for example older people, single parents, people with dependent children.
- Those with low incomes, especially unskilled workers.

### **Priority activities**

- Sharing responsibility for learning with employers, employees and the community.
- Supporting key policy developments in lifelong learning.
- Ensuring that learning provision is responsive to the changing needs of businesses.

## **Examples of the types of provision that could be supported under this Policy Field**

### **Sharing responsibility for learning with employers, employees and the community**

- expanding participation rates and access, through the University for Industry and Individual Learning Accounts
- encouraging community and family learning activities
- supporting training in business management skills for those wanting to start up their own businesses
- individual learning for teachers and trainers
- supporting adult learning promotional strategies and campaigns
- improving information, advice and guidance to learners and potential learners
- promoting basic skills for disaffected 14-17 year olds
- innovative approaches to helping young people and adults to develop key skills and manage their own learning
- improving quality and participation in HE and FE,
- bringing certification, through credits, S/NVQs and other qualifications, to existing workers
- providing recognition for attainment through learning at work

### **Supporting key policy developments in lifelong learning**

- expanding Employee Development Schemes into SMEs
- promoting access to learning for all, through Learning and Skills Councils
- encouraging local Learning Partnerships for lifelong learning
- taking forward the Moser report on basic skills, with activity directed at individuals at risk in the workplace

### **Ensuring that learning provision is responsive to the changing needs of businesses**

- helping individuals and businesses to become more internationally competitive
- supporting the establishment of clusters of small businesses who train their workforce or sector together
- supporting initiatives which spread learning through the supply chain or other business networks
- identifying and addressing skills shortages
- promoting education – business links
- supporting partnerships between local colleges, universities and small businesses on training
- widening business access to Science and Technology and other higher-level skills through people transfer
- supporting business efforts to help potential and existing managers improve their management skills to meet the challenges of international competitiveness and the globalisation of business

3.34 The European Social Fund reinforces and complements national policies described in Chapter 2 on the United Kingdom Strategy. The objectives of many UK Government programmes and policies are relevant to achieving this priority. Many of these programmes and policies are linked to several of the 1999 European Employment Guidelines. Within integrated projects many of these programmes and policies can form part of the different elements of assistance. Project promoters will be encouraged to use ESF to complement and enhance mainstream provision.

**Programmes and policies relevant to this priority (reference to 1999 United Kingdom Employment Action Plan where appropriate)**

***To widen participation in lifelong learning so that more people continue throughout their lives to develop their knowledge, skills and understanding and improve their employability in a changing labour market***

- University for Industry and the Learning Direct national telephone helpline (Guidelines 6, 13)
- Learning and Skills Council and local Learning and Skills Councils
- Individual Learning Accounts (Guidelines 6, 13)
- Investors in People (Guidelines 6, 9)
- Employee Development Schemes
- ConneXions (Guidelines 7, 8, 13, 14)
- Addressing skills shortages (Guideline 6)
- Information, advice and guidance for adults, learners and potential learners and Partnerships (Guideline 6)
- Employment Service Jobclubs, Jobfinder (Guidelines 1, 2, 3)
- Education Action Zones (Guidelines 7, 8)
- Adult and Community Learning Fund (Guidelines 6, 9)
- Family Literacy and Family Numeracy programmes (Guideline 6)
- Union Learning Fund (Guideline 6)
- Learning Cities
- Teaching Company Scheme
- College-Business Partnerships
- Virtual Automotive University and College
- National and area-based promotion campaigns, including those assisted through the proposed Learning and Skills Council
- Adult Learners' Week, Sign Up Now, Sign Up Again weeks, Maths Year 2000
- National Learning Targets (Guideline 6)
- IT for All (Guideline 13)
- Local Authority Lifelong Learning Plans

3.35 Activities supported under this policy field will be encouraged to take account of the horizontal issues: Gender Mainstreaming, Sustainable Development and the Information Society. The horizontal issues are addressed in sections 3.53-3.74, below, which also include examples of horizontal activities relevant to each policy field.

## **Adaptability and Entrepreneurship**

- 3.36 Entrepreneurship is about creating the right cultural and business conditions for commercial ideas to be created and exploited in the European and global marketplace. Promoting entrepreneurship is a key policy objective, and together with innovation, is central to the creative process in the economy. A dynamic small business community is crucial in making the UK a more enterprising nation. The emphasis of UK enterprise policy is on encouraging high-growth businesses.
- 3.37 The Small Business Service (starting from April 2000), which will work in association with British Trade International on the development of international competitiveness, will reinforce and co-ordinate support. It will act as a strong and effective voice for small business, improve the coherence and quality of UK Government support for small businesses, remove barriers, and provide assistance at key stages in the development of small business. All Government services directed primarily or mainly to small businesses will be accessible through a local Small Business Service outlet. Services and information from the local outlets will promote the transfer of knowledge, exploitation of the science base and improving competitiveness in industrial sectors.
- 3.38 The UK has a dynamic and flexible labour market underpinned with effective minimum standards of fairness at work. New forms of work organisation offer an opportunity to introduce more flexible patterns of work, which themselves allow businesses to become more responsive to markets, and can also benefit employees, particularly women and their families, through improved employability and a better quality of life. Developing the business skills that entrepreneurs need remains a high priority. Stimulation of job creation at the local level and of self-employment remains important. There is a need to improve the links between universities and SMEs, which can benefit from the great range of services that higher education provides. Higher education also needs to pay much greater attention to preparing those of its students who wish to become entrepreneurs.
- 3.39 Helping people with fewer skills join, or stay within, the labour market also requires them to adapt to changes in the economy. New technologies emerge constantly, with new markets being opened up. Exploiting the most valuable assets – knowledge, skills and creativity – will help achieve the UK Government's aim of a modern, knowledge driven economy. The changing economy also challenges businesses to be innovative and creative, to improve performance continuously, to build new partnerships, and to stimulate the creation of new businesses by new entrepreneurs. In a fast moving world economy, knowledge and skills must be continuously upgraded or competitiveness will decline. In businesses of all sizes, the importance of skills is all too often underestimated, including management skills.

## Lessons from existing provision

The ESF evaluation evidence on this policy field is more limited than that on other policy fields given the relatively late start of the Objective 4 programme. However, evaluation of both ADAPT in the UK and Objective 4 in other Member States provides some pointers to future provision. A key element under this policy field is the development of effective links between labour market analysis, industry and the recruitment of beneficiaries. The most successful ADAPT projects tended to be those with a fairly close relationship with small and medium sized enterprises (SMEs). However, strong links were too often absent. Evaluation of Objective 4 across the EU points to the importance of maintaining a focus on SMEs, to maximise the impact of ESF support. The research also argued strongly for an emphasis on basic skills provision. Finally, given the importance placed in the regulations on mainstreaming equal opportunities, the finding that women appeared to be under-represented under Objective 4 in other Member States poses a challenge to project promoters working in this policy field.

## Priorities for support

3.40 Developing a modern, flexible labour market which can respond to economic change, creating businesses and achieving a balance between the needs of businesses and employees will be the focus of this priority. 14% of available Objective 3 resources will be allocated to this priority. In order to concentrate ESF support where it will achieve the greatest impact, activities supported under this policy field will further one of the following objectives:

- ***To improve the skills base and adaptability of the employed labour force.***
- ***To increase the level of entrepreneurship.***

3.41 To maximise the effectiveness of ESF support and reduce the risk of duplication with mainstream provision or other policy fields, ESF support under this policy field will have a particular emphasis on the following target groups and activities:

### Broad target groups

- Workers threatened with unemployment or redundancy.
- Workers affected by industrial change or changes in production systems.
- Workers recently made unemployed.
- Businesses needing higher levels skills to help growth.
- Technicians, owner managers.
- SMEs: managers, in-house trainers, mentors and key individuals.
- Business organizations.

- Organisations undertaking national, regional and sectoral research into adaptability, the effects of new technology, training needs.
- Partnerships encouraging networking on training and development among SMEs.
- Employers involved in improving employees' skills.

**Priority activities**

- Update and upgrade employees' vocational skills, including basic skills.
- Identify and meet emerging skills shortages, including higher level skills.
- Encourage entrepreneurship of individuals and competitiveness of businesses.

## **Examples of the types of provision that could be supported under this Policy Field**

### **Update and upgrade employees' vocational skills, including basic skills**

- promoting, updating and upgrading of skills for all workers, especially those in key economic sectors
- initiatives to encourage employers to invest in the development of their staff
- new methods of delivering basic skills to adult workers
- providing advice and guidance for adults
- promoting effective training investment by employers
- promoting employee development in SMEs
- capacity building for social partners to encourage dialogue on work organisation and training

### **Identify and meet emerging skills shortages, including higher level skills**

- identifying and addressing skills shortages
- helping teachers in schools to improve their awareness of business and enterprise
- identifying new skills and supporting the Knowledge Driven Economy
- strengthening the links between employers and science, technology and research

### **Encourage entrepreneurship of individuals and competitiveness of businesses**

- encouraging entrepreneurship in companies so that they can expand and create new employment opportunities
- equipping people to turn good ideas into viable businesses
- training of trainers and managers, including the promotion of mentoring, local supply chain activities, and other sector or area-based initiatives
- maximising the potential of new technology to enhance flexible working practices
- services to small businesses
- research into new forms of work organisation
- supporting innovation and creativity
- integrated childcare; helping employers develop strategies to overcome employees' childcare difficulties, working with Early Years Development and Childcare Partnerships
- promoting effective ICT use among SMEs to support business competitiveness, innovation and social inclusion
- research into labour market trends, skill shortages and future skill trends

3.42 The European Social Fund reinforces and complements national policies described in Chapter 2 on the United Kingdom Strategy. The objectives of many UK Government programmes and pilot actions are relevant to achieving this priority. Many of these initiatives are linked to several of the 1999 European Employment Guidelines. Project promoters will be encouraged to use ESF to complement and enhance existing provision. They will also be encouraged to use ESF to mainstream the lessons learnt from activities supported by the EU's ADAPT initiative or Government pilots relevant to this policy field.

**Programmes and policies relevant to this priority (reference to 1999 United Kingdom Employment Action Plan where appropriate)**

***To improve the skills base and adaptability of the employed labour force***

- New Deal for Communities and other area-based initiatives (Guideline 12)
- Community access to lifelong learning fund of the New Opportunities Fund (NOF)
- Adult and Community Learning Fund (Guidelines 6, 9)
- New Deal partnerships (Guidelines 1, 2, 3, 4b, 6, 9, 11, 19, 22)
- Information, advice and guidance for adults (Guideline 6)
- Investors in People (Guidelines 6, 9)
- Research Funding
- Local Learning and Skills Councils
- Addressing skills shortages (Guideline 6)
- Advanced Skills teachers
- Teacher training in ICT
- IT Learning Centres (Guideline 6)
- Information Society Initiative (Guideline 13)
- Teaching Company Scheme
- College-Business Partnerships
- LINK, SMART
- STEP
- Student Enterprise in HE
- Higher Education Reach-Out to Business and the Community Fund
- Graduate Apprenticeship scheme
- University for Industry and the Learning Direct national telephone helpline (Guideline 6)
- National Childcare Strategy (Early Years Development and Childcare Partnerships) (Guideline 21)
- Union Learning Fund (Guidelines 5,6)
- Individual Learning Accounts (Guidelines 5,6, 13, 18A)
- Employee Development Schemes
- PRIME (Guideline 11)
- Young Enterprise (Guideline 11)
- Graduate Enterprise

***To increase the level of entrepreneurship***

- Small Business Service
- Access Business – One Stop Shop (Guideline 18B)

3.43 Activities supported under this policy field will be encouraged to take account of the horizontal issues: Gender Mainstreaming, Sustainable Development and the Information Society. The horizontal issues are addressed in sections 3.53-3.74, below, which also include examples of horizontal activities relevant to each policy field.

## Improving the participation of women in the labour market

- 3.44 The UK Government believes strongly in equality of opportunity for all citizens and in action to help all individuals at a disadvantage in the labour market. Equality of opportunity for women means enabling them to fulfil their potential at work whilst also undertaking successfully their roles as parents and contributors to society. There is continuing encouragement for lone parents to get out of the benefit trap and into work. Women must also be helped to retain lifelong contact with the labour market, break out of stereotypical employment roles and overcome their current under-representation in certain sectors of the economy, and learn new skills.
- 3.45 Despite considerable progress, persistent inequalities remain in the workforce, including occupational segregation and lack of progression among women. While women make up 51% of the UK population of 58.7 million<sup>6</sup>, and continue to increase their share of the UK labour force (representing, by spring 1997, 44% of the total labour force) some 53% of all working age women in employment work in three major occupational groups which account for only 19% of employed men – clerical/secretarial, personal and protective services, and sales. Around 86% of employed women work in the service industries compared with 59% of men<sup>7</sup>.
- 3.46 The UK Government will put in place the necessary legislative framework to secure a flexible labour market underpinned by minimum standards for all, with maximum flexibility and genuine freedom of choice, consistent with proper protection.
- 3.47 Moreover, while anti-discrimination legislation and legal redress is important, attitudinal and cultural change is also necessary. Non-legislative options for influencing employers include supporting and promoting research and dissemination of the case for equal-opportunities-for-all by Government and industry representatives; general exhortation by Ministers and government departments; conferences and other means of presenting, exchanging and disseminating views and good practice; co-ordinated and consistent presentation of the overall equal-opportunities-for-all strategy; central Government acting as an exemplary employer; and Codes of Practice.
- 3.48 During the previous programming period, 60 projects funded through the NOW stream of the ESF EMPLOYMENT programme tested ideas which could contribute to the promotion of equal opportunities between men and women. ESF will support the mainstreaming of NOW in the programming period 2000-2006.

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<sup>6</sup> Office for National Statistics 1993

<sup>7</sup> Labour Force Survey, spring 1997

## Lessons from existing provision

Evaluation of the current Objective 3 programme has highlighted the relatively favourable labour market position of women in the UK compared to many other EU countries on a number of labour market indicators. Too narrow a focus on gender alone may be misplaced. The message from the evaluation is that a better targeting of resources requires focusing greater support on specific groups of women who face greatest difficulty i.e. lone parents, women with no qualifications and returners. More generally, evidence on the types of activity followed by men and women on the current Objective 3 programmes suggests there is significant scope for improving the mainstreaming of equal opportunities under ESF. Two issues stood out as particular barriers to the participation of women on labour market programmes: a lack of affordable and reliable childcare and a lack of flexibility on projects. Tackling these issues will make a significant contribution to the success of both this policy field and mainstreaming gender equality. A by-product of the evaluation was some good practice material on how this might be pursued at the project level. These lessons remain valid for the 2000-2006 programme.

## Priorities for support

3.49 Promoting equal opportunities for all remains a high priority and is mainly dealt with in the policy field “Equal Opportunities for all”. Gender mainstreaming, as with mainstreaming for all equal opportunities issues, is a feature of UK policy-making. Encouraging women to retain lifelong contact with the labour market, break out of stereotypical employment roles and learn new skills are key features of this priority. 7% of available Objective 3 resources will be allocated to this priority. In order to concentrate ESF support where it will achieve the greatest impact, activities supported under this policy field will further the following objective:

- ***To reduce the level of disadvantage faced by women and to improve equal opportunities for men and women in the labour market.***
- ***To support the mainstreaming of gender equality initiatives.***

3.50 To maximise the effectiveness of ESF support and reduce the risk of duplication with mainstream provision or other policy fields, ESF support under this policy field will have a particular emphasis on the following target groups and activities:

### Broad target groups

- Women and men training or working in areas where they are underrepresented (i.e. women in occupations which are traditionally male, and men in occupations which are traditionally female).
- Women in part-time or job share employment.
- Women seeking to start their own businesses, or to expand their SME.
- Women and men employers, managers and trainers.
- All employers aiming to support and deliver family friendly working practices.
- Women and men care workers.

- Women from disadvantaged groups and communities.
- Women returners.
- Lone parents.

**Priority activities**

- Improve access to learning.
- Remove barriers to employment.
- Research into issues related to pay, segregation, promotion and discrimination in employment.
- Training men and women care workers.

***Examples of the types of provision that could be supported under this Policy Field:***

**Improve access to learning**

- encouraging women to participate in local lifelong learning partnerships
- encouraging women to participate in 2<sup>nd</sup> and 3<sup>rd</sup> level ICT courses
- skills training for occupations where women are under-represented in the workforce
- training in non-traditional occupations

**Remove barriers to employment**

- helping those excluded from work to gain and retain work
- promoting entrepreneurship among women, especially those who have been out of the labour force
- promoting new forms of work to take account of family or caring commitments
- strengthening links between employers and childcare services/Early Years Development and Childcare Partnership
- raising awareness of and promoting family friendly employment policies

**Research into issues related to pay, segregation, promotion and discrimination in employment**

- influencing employer attitudes
- research into institutional discrimination
- changing recruitment and promotions systems to eliminate institutional discrimination
- research into the causes of the pay gap
- research into the factors tending to maintain occupational segregation and the possible levers for change
- evaluation of the impact and relative effectiveness of the range of legislative and non-legislative measures which contribute to the narrowing of the pay gap

3.51 The European Social Fund reinforces and complements national policies described in Chapter 2 on the United Kingdom Strategy. The objectives of many UK Government programmes and policies are relevant to achieving this priority. Many of these programmes and policies are linked to several of the 1999 European Employment Guidelines. Within integrated projects many of these programmes and policies can form part of the different elements of assistance. Project promoters will be encouraged to use ESF to complement and enhance mainstream provision. They will also be encouraged to use ESF to mainstream the lessons learnt from activities supported by the EU's NOW initiative.

**Programmes and policies relevant to this priority (reference to 1999 United Kingdom Employment Action Plan where appropriate)**

***To reduce the level of disadvantage faced by women in the labour market***

- New Deal for Lone Parents (Guidelines 19, 22)
- New Deal for Partners (Guidelines 19, 22)
- Targeting New Deal on groups detached from the job market (Guidelines 1-4b, 6, 9, 11, 19, 22)
- Local Learning Partnerships (Guidelines 6, 7, 8)
- National Childcare Strategy (Early Years Development and Childcare Partnerships) (Guideline 21)
- Fair Play Consortia (Guideline 20)

3.52 Activities supported under this policy field will be encouraged to take account of the horizontal issues: Gender Mainstreaming, Sustainable Development and the Information Society. The horizontal issues are addressed in sections 3.53-3.74, below, which also include examples of horizontal activities relevant to each policy field.

## **Horizontal issues**

3.53 A number of principles will inform Structural Funds support for United Kingdom priorities, in the context of regional and employment policies. In the case of all Funds, emphasis must be placed upon:

- sustainable development. Structural Funds must contribute towards long-term economic growth, social cohesion and the protection of the environment;
- equal opportunities. In particular, specific measures to improve female labour market participation and to mainstream gender equal opportunity policies in the programme.

3.54 In addition, a number of factors will be taken into account when formulating Structural Fund support for UK policies within each of the priority areas set out in this framework. These will include diverse policy considerations, such as:

- a broader definition of equal opportunities, beyond gender issues, than has previously applied to the Structural Funds (especially ESF);
- the need to take account of the labour market effects and employment potential of the Information Society;
- an increasing emphasis upon local development, decentralised delivery and broad partnerships;
- the need to enable older workers to participate in fulfilling employment for as long as they wish or feel able to;

- the potential to develop links between work, education and research establishments in order to develop human resources and promote employability;
- the need to remove barriers to employment associated with caring for children or other dependants.

3.55 These horizontal factors will be given priority through the operational processes of application rounds and project selection described in Chapter 4.

## **Equal Opportunities and Gender Mainstreaming**

3.56 The UK definition of **equal opportunities** is wider than that used by EU institutions (which is confined to equality between the sexes). The UK uses this term to encompass equality between different groups in society. For example, initiatives to promote equality between ethnic groups, people with and without disabilities as well as between men and women could be classed within the equal opportunities arena.

3.57 The UK's more inclusive approach to equal opportunities received support from the final evaluation of Objective 3. The evaluation of job prospects suggested that, after taking into account the range of personal characteristics, women were more likely than men to be in work around 6 months after completing their Objective 3 projects. Other groups within the labour market faced greater difficulties than women in finding work even after ESF support. Although the analysis said little about the nature and quality of this work, it suggested that a narrow focus on gender alone was misplaced. The evaluation suggested a need for better targeting of resources – the focus being greater support on specific groups of women who face the greatest difficulty i.e. lone parents, women with no qualifications, returners.

3.58 Evidence on the participation of women in the programme suggested that women in general were successfully targeted. However, there appeared to be scope for further action to ensure more effective mainstreaming of equal opportunities. Although the gender-specific strand of Objective 3 could claim great success in encouraging movement of men and women into non-traditional areas, the same could not be said for Priorities 1 and 2 under the last programme. Given the balance of resources devoted to each Priority, it was clear that Priority 3 carried the weight of support for gender equality without the financial clout to have a significant impact across the programme as a whole.

3.59 The final evaluation explained that integration of support had a greater impact on those from disadvantaged groups i.e. it produced a greater increase in positive outcomes for the most disadvantaged. In particular, improvement in positive outcomes from following a more integrated package of support was greatest for single parents, those over 50, people with a disability and, in particular, the long-term unemployed. Women were more likely than men to be in part-time work six months after leaving (around three-fifths of all jobs obtained by women were part-time compared with less than a third of jobs obtained by men). Women were also more likely to be in temporary employment (over a quarter of all jobs obtained by women were temporary compared with 19% of jobs obtained by men).

## **Mainstreaming in the new programme**

3.60 Gathering and analysing data on equal opportunities is not a new process in Great Britain. Much of the ESF evaluation data which was gathered during the last programme has been broken down by sex as well as by target group. Nevertheless, the European Commission's guidance on gender impact – combined with the DfEE's own mainstreaming guidance issued in late 1998 – demands a wide ranging 'holistic' approach to equal opportunities.

3.61 As we begin a new programme we have the opportunity to begin a 'root and branch' review of how gender impact and wider equal opportunity issues can best be assessed. The approach should reflect both the European Commission's broad approach to gender impact as well as the DfEE's own equal opportunities mainstreaming guidance. In order to help take mainstreaming forward we plan to take the following steps:

- i) prepare a mainstreaming action plan which proposes:
  - a) how gender / equal opportunities data should be gathered;
  - b) identification of good practice and how best to disseminate good practice and generally promote equal opportunities across all ESF programmes;
  - c) that reports are timed to inform policy development;
- ii) consult partners and other experts on the proposals made in the mainstreaming plan;
- iii) agree an evaluation strategy and mainstreaming action plan at the UK Evaluation Standing Group;
- iv) ensure that all monitoring data is collected separately for men and women where appropriate;
- v) ensure that appropriate links are made with EQUAL programme [to help disseminate good / innovative practice in equal opportunities].

**Gender mainstreaming activities:** The tables below illustrate the ways in which women could be targeted through the first four policy fields.

<b>Policy fields</b>	<b>Analysis</b>	<b>Activities which particularly benefit women and examples of gender mainstreaming</b>	<b>Anticipated results</b>
<b>Active labour market policies</b>	<p>Increase in female employment</p> <p>22% of ILO-defined unemployed women are long-term unemployed compared to 33% for men</p> <p>BUT need for more family friendly employment, particularly for returners. Women make up the majority of the returners target group (about 95%)</p>	<p>Support to organisations with an effective Equal Opportunities Strategy</p> <p>Support for Returners</p> <p>Improved access to training/job opportunities through teleworking/long distance learning/transport initiatives/flexible provision</p> <p>Projects which consult beneficiaries about project design/delivery</p> <p>Childcare provision</p>	<p>It is anticipated that at least 10% of the funds allocated to this policy field will be spent on returners. It is likely that the gender split for funds spent on returners will reflect the labour market situation, with women making up the majority of beneficiaries</p> <p>Childcare costs will be an eligible cost for all projects in this policy field. It is anticipated that 5% of ESF support used under this policy field will be spent on childcare</p>
<b>Equal opportunities for all and promoting social inclusion</b>	<p>Women who have specific disadvantages in the labour market (for example female ethnic minorities, lone parents) can be doubly disadvantaged. Unemployment levels for black African women and Pakistani women is four times higher than that for white women</p> <p>Increase in number of single household/single parent families. 1 million lone parents on income support, 90% of lone parents are women</p>	<p>Projects which target specific groups of women</p> <p>Support to organisations with an effective Equal Opportunities Strategy</p> <p>Support for lone parents</p> <p>Improved access to training/job opportunities through teleworking/long distance learning/transport initiatives/flexible provision</p> <p>Childcare provision</p>	<p>It is anticipated that at least 10% of the funds allocated to this policy field will be spent on lone parents. It is likely that the gender split for funds spent on lone parents will reflect the labour market situation, with women making up the majority of beneficiaries</p> <p>Childcare costs will be an eligible cost for all projects in this policy field. It is anticipated that 10% of ESF money used for this policy field will be spent on childcare</p>

<p><b>Improving training and education and promoting lifelong learning</b></p>	<p>Part-time workers are likely to have reduced access to training. There are 6 million part-time workers in the UK: 79% of these are women</p> <p>During a lifetime, the average women is likely to receive less training than a man in similar circumstances, due to most women marrying or having children. Two key barriers to women participating in training programmes are: a lack of affordable and reliable childcare and a lack of flexibility by projects in terms of hours / delivery methods</p>	<p>Improved access to training for part-time workers</p> <p>Childcare provision</p> <p>Improved access to education and vocational training for people with restricted mobility, through flexible delivery methods, including support for distance-learning, and transport and care initiatives</p>	<p>It is anticipated that at least 20% of the funds allocated to this priority policy field will be spent on part-time workers. It is likely that that the gender split for funds spent on returners part-time workers will reflect the labour market situation, with women making up the majority of beneficiaries</p> <p>Childcare costs will be an eligible cost for all projects in this policy field. It is anticipated that 5% of ESF support used under this policy field will be spent on childcare</p>
<p><b>Adaptability and entrepreneurship</b></p>	<p>New forms of work organisation offer an opportunity to introduce more flexible patterns of work which allow businesses to become more responsive to markets but can also benefit employees, particularly women and their families, through improved employability and a better quality of life</p> <p>Working part-time is a particular disadvantage in relation to access to training and therefore in relation to updating and upgrading of employees' vocational skills</p> <p>Nearly 75% of all self employed people are men – so women are very much underrepresented.</p>	<p>Support for companies offering flexible working hours, training hours, guidance and support</p> <p>Support to companies and organisations which develop and implement employment equality plans and which have formal equal opportunities policies</p> <p>Encouragement of awareness-raising and training measures on equality for managers and advisors of enterprise support services</p> <p>Research into new forms of work organisation including introducing improved/enhanced flexible working hours practices (with consideration to work/home balance)</p> <p>Improved access to training and updating of skills of part-time workers</p> <p>Support for women's entrepreneurship</p> <p>Childcare provision</p>	<p>It is anticipated that women will particularly benefit from activities promoting and supporting home-work balance</p> <p>It is anticipated that at least 10% of the funds allocated to this policy field will be spent on part-timers. It is likely that that the gender split for funds spent on part-time workers will reflect the labour market situation, with women making up the majority of beneficiaries</p> <p>Childcare costs will be an eligible cost for all projects in this policy field. It is anticipated that 5% of ESF support used under this policy field will be spent on childcare</p>

## **Sustainable Development**

3.62 'Sustainable development' was defined by the Brundtland Commission as 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs' (1987). It is development which preserves and enriches economic, social and environmental capital. It entails preserving the overall balance and value of the natural capital stock, redefinition of short-, medium- and long-term cost/benefit criteria and instruments to reflect the real socio-economic effects and values of consumption and conservation, and the equitable distribution and use of resources.

3.63 Sometimes discussion of sustainable development has focused mainly on environmental limits. But economic and social boundaries must also be recognised. An economy in long-term recession is not sustainable. Nor is a situation where many people are denied opportunity and face poverty and exclusion. Implementation of sustainable development issues must deal with all aspects of sustainable development: environmental, social and economic, and the interaction between them.

### **UK context**

3.64 In May 1999 the UK Government published 'A Better quality of life: A Strategy for Sustainable Development for the UK'. This identifies four broad objectives for sustainable development:

- Effective protection of the environment.
- Prudent use of natural resources.
- Social progress which recognises the needs of everyone.
- Maintenance of high and stable levels of economic growth and employment.

3.65 The Sustainable Development Strategy covers the full breadth of sustainable development issues and provides UK environmental statistics as well as information on progress and priorities. It sets out guiding principles and approaches to building a sustainable economy, sustainable communities and managing the environment and resources. It also highlights sustainable development issues within current UK Government policies and programmes.

3.66 In September 1999 a set of Fact Sheets was published that look at sustainable development issues for business, the voluntary and community sector, the health sector and local authorities. Guidance is also given on monitoring indicators of sustainable development. There is also a Sustainable development SLA between Government Offices and DETR/DTI.

## Environmental aspects

- 3.67 The UK Government offers the Environmental Task Force option as part of the New Deal for Young People. This specifically offers the opportunity to improve young people's employability and deliver environmental benefits at the same time. Types of projects can include: restoring and renovating buildings and facilities for use by local people; protecting and enhancing the environment; conserving energy and water; environmental audit and waste management; recycling schemes. Project providers must provide high quality work for up to six months for a minimum of 30 hours per week, including a short period of induction. Participants spend the equivalent of one day a week on training or education, which must enable them to work towards an approved qualification, such as a National Vocational Qualification (NVQ).
- 3.68 The UK Government is committed to systematic appraisal of environmental impacts from projects and policies. Its policy guidance note 'Policy appraisal and the environment' sets out the main considerations for policy-makers, including the need for environmental profiles when developing new policies.
- 3.69 This environmental appraisal is not a formal, rigid system, but a common sense approach to policy making and programmes to ensure that significant direct and indirect impacts on the environment are properly considered. The level of resources devoted to each appraisal should be proportionate to the policy or programme; it would not be cost-effective to devote resources to appraising insignificant environmental aspects.
- 3.70 The ESF programme can have positive or negative effects on the environment in several ways, including the following:
- promote environmentally-friendly work practices or employment in environmentally-friendly industries, thereby reducing demand for natural resources;
  - increase travel due to provision of training courses, and reduce travel as a result of extension of teleworking.
- 3.71 However, the ESF programme will not have 'significant environmental effects' within the remit of 'Policy Appraisal and the Environment' on natural resources, waste and pollution or climate change. It will not, for example, have effects on the environment comparable to a policy of building new prisons, hospitals or schools on greenfield sites. For this reason, a full environmental appraisal is not included here; applicants are instead encouraged to refer to the information and requirements identified at regional level in drawing up their projects.

## **Socio-economic aspects**

3.72 The UK government's sustainable development objectives on socio-economic aspects of sustainable development are:

- Social progress which recognises the needs of everyone. Everyone should share in the benefits of increased prosperity and a clean and safe environment. Aims within this objective include improving access to services, tackling social exclusion, and reducing the harm to health caused by poverty, poor housing, unemployment and pollution. The needs of the present must not be met by treating others, including future generations and people elsewhere in the world, unfairly.
- Maintenance of high and stable levels of economic growth and employment, so that everyone can share in high living standards and greater job opportunities. The UK is a trading nation in a rapidly changing world. For the UK to prosper, businesses must produce the high quality goods and services that consumers throughout the world want, at prices they are prepared to pay. To achieve this, the following are needed: a workforce that is equipped with the education and skills for the 21st century, businesses ready to invest, and an infrastructure to support them.

3.73 Progress must be made towards creating a more sustainable economy. This involves: making better use of resources; developing skills and rewarding work; efficient production and use of goods and services; Government, producers and consumers working together to achieve long-term change.

3.74 Sustainable communities must be built in cities, towns and rural areas by: strengthening regional and local economies; meeting people's social needs: promoting better health, housing and access to services and recreation; improving local surroundings: revitalising town centres, tackling degraded urban environments, and ensuring that development respects the character of the countryside; reducing crime and the fear of crime; addressing problems of poverty and social exclusion in the most deprived communities; making it easier for people to get involved in their communities; co-ordinating policies to bring these objectives together.

## **European context**

3.75 Sustainable Development is identified as a horizontal theme in the European Employment Strategy and is included in the 1999 European Employment Guidelines and the ESF Regulation of 21 June 1999. There is also a considerable body of European legislation designed to protect the environment.

## **Sustainable development and ESF – implementation**

3.76 At all levels, from the European Commission through the UK Government to local authorities, there is broad agreement about the physical environmental issues which need to be addressed. Tackling these issues will require action on the part of all enterprises, which can only be delivered through increasing levels of awareness of both problems and solutions.

- 3.77 The environment not only represents a challenge but is also a key opportunity for business development and improved competitiveness through improved resource efficiency. The development of eco-products, environmental services, energy and waste saving measures, and clean production technologies provides a key market opportunity. The provision of environmental training and awareness raising can be a factor for economic advantage, improving businesses' image and reputation, and can result in cost savings.
- 3.78 Education and training supported by ESF can make a considerable contribution to addressing environmental issues – especially where linked to ERDF, EAGGF and FIFG projects – and to delivering the environmental component of sustainable development in the longer term.
- 3.79 Many of the socio-economic aspects of sustainable development are by their nature included within the ESF Objective 3 remit, for example, that all activities must enhance the social development and cohesion of the area concerned and provide for equality of access and opportunity. Awareness/encouragement/promotion of sustainable development as a cross-cutting horizontal issue will help to ensure the implementation of these socio-economic aspects.
- 3.80 The CSF will aim to promote sustainable development in Britain by emphasising the importance of sustainable development for all policy fields and all projects. The focus on sustainable development has been a characteristic of a number of ESF projects in previous programmes. However, for many of those involved in projects which seek to improve employability this is a relatively new field. During the 2000-2006 period, the ESF will consider how best to improve project design and develop best practice. It is therefore possible that the first half of this ESF programming period will be largely devoted to the education process, while the second half of the programming period will see more widespread implementation of best practice.
- 3.81 Guidelines for implementation will be developed with the wider partnership. The options for implementation of environmental aspects of sustainable development include supporting projects which aim to promote job creation in the field of environmental technologies and encouraging projects to demonstrate that environmental measures, education, skills creation and/or awareness-raising form part of their content. The options for implementation of socio-economic aspects of sustainable development include encouraging projects to demonstrate that they are self-sufficient, and that they lead to sustainable employment and/or contribute to the formation of sustainable communities. These implementation measures would need to be agreed nationally and are expected to change over time, as best practice is developed.
- 3.82 The evaluation strategy will set out broad plans to assess the contribution of ESF support to sustainable development and the wider programme objectives.

## **Information Society**

3.83 The Information Society has considerable potential for strengthening economic and social cohesion by reinforcing Great Britain's competitiveness. This same competitiveness is increasingly determined by Britain's ability to integrate the new technologies made available by the Information Society.

3.84 Information and Communication Technologies (ICTs) offer the following benefits:

- They provide a basis for overcoming mobility and access problems arising, for example, from remoteness and/or poor transport infrastructure. For example, they can help break down the barriers to location of business outside urban centres, attracting increased investment to rural areas and areas dependent on fisheries.
- They offer the opportunity of new ways of working such as teleworking, potentially providing wider access to jobs and more flexible working time.
- They offer great potential for the development of new forms of employment and high skilled jobs, especially by providing SMEs with the instruments to innovate and adapt to a rapidly changing economic environment.
- They open up new opportunities in the areas of education and training, health and caring activities, tourism and access to Europe's cultural heritage, environment as well as emergency management.
- They provide for increased transparency in public administration.

### **UK context: Government policies and programmes**

3.85 ICTs offer the opportunity to revolutionise quality of life and economic well-being. The Government wants Britain to lead in the information age in a way which benefits everyone, individuals and businesses.

### **European context**

3.86 Since the early 1990s the Commission has repeatedly emphasised the strategic role of the Information Society for Europe. Commission papers on this subject include the White Paper on Growth, Competitiveness and Employment (1993), the Bangemann Report (1994), the Action Plan 'Europe's Way to the Information Society' (1994), 'Living and working in the Information Society: People First', COM(96)389, 'Cohesion and the Information Society', COM(97)7, and 'Job Opportunities in the Information Society', COM(98)590. Furthermore, the Information Society is identified as a horizontal theme within the European Employment Strategy and is included in the 1999 Employment Guidelines and the ESF Regulation.

### **Information Society and ESF – implementation**

3.87 The CSF will help to further increase Britain's competitiveness by increasing relevant skills at all levels in relation to ICT. This will cut across support for both employees and the unemployed. Projects in all policy fields will be encouraged to demonstrate how ICT is integrated into their activities.

3.88 There is always a danger that the Information Society will increase the divide between those already possessing basic qualifications, and those not. This should be countered by a systematic integration of ICT skills into all types of activities, but especially for activities which seek to develop basic and key skills. Those who lack basic and/or key skills are also the most likely to have the poorest access to ICT services and facilities and this lack of familiarity with ICT is likely to increase the difficulty that individuals have in accessing opportunity, both now and in the future. Therefore, projects supported under basic and key skills priority areas will be especially encouraged to demonstrate how ICT skills have been taken into account in the content and delivery (the demonstration effect) of the proposed training activities.

3.89 Detailed guidelines for implementation will be developed with the wider partnership. The options include the setting of minimum endorsement standards for course content and materials and the establishment of minimum outcomes. These minimum standards and outcomes would need to be agreed nationally. They are expected to change over time, in line with developments in ICT and policy changes.

Examples of ICT-related training grouped according to policy field include:

<b>Policy fields</b>	<b>Related priority in NAP strategy</b>	<b>Types of activity</b>
<b>Active labour market policies</b>	Investing in the employability and adaptability of people to create an inclusive information society  Ensuring access to the tools for the job	Schemes to improve performance of employment services and anticipation activities, especially through interconnecting labour market actors through ICTs and the establishment of distributed databases to match labour supply and demand  Basic ICT skills/literacy actions for all relevant target groups
<b>Equal opportunities for all and promoting social inclusion</b>	Investing in the employability and adaptability of people to create an inclusive information society  Ensuring access to the tools for the job	Schemes to assist the home bound or disabled to distance-work or telework  Basic ICT skills/literacy actions  Schemes providing ICT access for the disabled (e.g. providing screen readers for blind people and those with learning difficulties or dyslexia)
<b>Improving training and education and promoting lifelong learning</b>	Investing in the employability and adaptability of people to create an inclusive information society  Ensuring access to the tools for the job	Schemes for developing and improving Multi Media education and training, and provision of distance learning  Teacher and Trainer ICT skill upgrading (possibly including placements in industry)

<p><b>Adaptability and Entrepreneurship</b></p>	<p>Revitalising the enterprise environment</p> <p>Maximising the potential of Information Society technologies</p> <p>Investing in the employability and adaptability of people to create an inclusive information society</p> <p>Ensuring access to the tools for the job</p>	<p>ICT skill development for target groups within firms (both basic level and more advanced)</p> <p>Access to ICT hardware for microfirms and start-up companies</p> <p>Support for schemes developing employment in electronic commerce, and multi-media curriculum development (particularly for low population or rural regions)</p>
<p><b>Improving the participation of women in the labour market</b></p>	<p>Investing in the employability and adaptability of people to create an inclusive information society</p> <p>Revitalising the enterprise environment</p> <p>Ensuring access to the tools for the job</p>	<p>Support for schemes encouraging women to follow second and third level ICT courses</p>

3.90 Evaluation of ICTs for ESF Objective 3 will be addressed in the Operational Programmes and the Programming Complements.

## **Chapter 4**

# **How Objective 3 will be delivered, monitored and evaluated in Great Britain**

## **Introduction**

4.1 This chapter is divided into two parts, as follows:

- a description of the framework for the implementation of Objective 3 across the countries of Great Britain. This includes information about partnership, project selection, financial arrangements, evaluation and publicity;
- an explanation of the indicators that will be used to monitor the effectiveness of activities supported by the Community Support Framework and a description of the expected impact of the interventions described.

## **Subsidiarity**

4.2 Implementation of Objective 3, across the countries of Great Britain, will be undertaken within a common framework but will also pay regard to the principle of subsidiarity especially in the light of devolution of powers to the Scottish Executive and the National Assembly for Wales. Objective 3 will be implemented in line with Council Regulations Nos. (EC) 1260/1999 and 1262/1999.

4.3 In many cases, details relating to implementation will be set out in the Operational Programme and programming complements submitted by each of the countries of Great Britain. However, this chapter provides the overarching framework within which the priorities described in this plan will be implemented and within which each of the Operational Programmes will operate.

## **Partnership**

4.4 Partnership is a cornerstone of British policies to improve employability and to promote human resources development. The partnership for the 1994-1999 European Social Fund programmes has broadened and deepened during the life of the programmes. In addition to the British public authorities and the European Commission, it is expected that the Objective 3 partnership will build on previous experience and include representatives of workers and employers, the education and training communities, the voluntary and social economy sectors and the management authorities for each country. The partnership will take account of the need to promote equality between men and women and the need for sustainable development in the funding of projects. It will also enable co-ordination between Structural Funds.

## Monitoring committees

4.5 A Great Britain Monitoring Committee (GBMC) will be established to oversee strategy, policy, monitoring and evaluation. It will agree its own terms of reference and will be chaired by a representative of the Department for Education and Employment (DfEE) – the Department for Work and Pensions from June 2001 – which will be the managing authority for Objective 3 in Great Britain. The GBMC will, among other tasks:

- oversee the overall strategy for implementing the Community Support Framework;
- periodically monitor progress towards achieving the specific objectives of the Community Support Framework;
- examine the results of implementation, particularly the achievement of the targets set for the priorities and the mid term evaluation referred to in Article 42;
- consider and approve the annual and final implementation reports before they are sent to the Commission;
- consider and approve any proposal to amend the contents of the approved CSF;
- agree the broad framework for project selection;
- agree the design of evaluation projects;
- agree and oversee a GB-wide publicity strategy;
- agree a common framework for audit and control.

4.6 The GBMC will reflect the principles of partnership set out above. It will comprise representatives from the Monitoring Committees for England and Gibraltar, Scotland and Wales, the Department for Trade and Industry, social partners and representatives of the Equal Opportunities Commission, the Commission for Racial Equality and the Disability Rights Commission. The European Commission will participate in the Monitoring Committee in an advisory capacity.

4.7 The GBMC will normally meet at least twice a year. It will be assisted by a permanent secretariat responsible for the preparation of papers for discussion by the Committee or for clearance by written procedure, agendas and minutes of meetings. The GBMC will be assisted by working groups, which will be established as required. This will include a working group to monitor the implementation of equality issues.

4.8 The GBMC will strive to have a balanced participation of women and men. The UK Government is working hard towards the goal of balanced participation by women and men in decision-making, and has set itself challenging targets for areas within its influence, where there are public committees. It may not be practical or deliverable to achieve or maintain a 50/50 balance, as people leave and join organisations and it should be the best person that is chosen for any job at any particular moment. However, an equally strong voice, and an equal weight being given to women's interests, are achievable and possible to maintain.

4.9 Within each policy field, analysis and prior evaluation indicate support for specific groups of people and for specific activities which will address identified labour market weaknesses. The model in this plan is for Great Britain as a whole. Separate Operational Programmes will reflect more detailed English, Scottish and Welsh priorities. Target groups and priorities are not intended to be exclusive – or set in stone over the life of the programme. Consultation has shown that our partners wish to work within priorities that are as open as possible, whilst remaining consistent with national and regional strategies.

4.10 The Operational Programmes will describe the multi-annual measures needed to implement priorities for each policy field. They will also describe the links between the measures and the allocation of funds from the European Social Fund. Separate Operational Programmes for England, Scotland and Wales will allow for different measures to tackle specific priorities in each country within the overall framework of British policy priorities set out in this Community Support Framework. Such differences would reflect differences in demographic and economic trends and be consistent with English regional priorities set out in Regional Development Plans and the Small Business Service strategy for small business users.

## **Implementation**

### ***Country Operational Programmes***

4.11 Separate Objective 3 Operational Programmes will be agreed with the European Commission for England (and Gibraltar), Scotland and Wales following consultation with key regional partners. The DfEE – the DWP from June 2001 – will act as the managing authority for Objective 3 in England and Gibraltar. The Scottish Executive and the National Assembly for Wales will act as the managing authorities for Scotland and Wales respectively.

4.12 Monitoring Committees will be formed to manage the implementation of each Operational Programme. They will each agree their terms of reference and will manage the implementation of their country Operational Programme, in particular:

- by agreeing an indicative annual financing plan for each ESF priority;
- by approving the programme complement and adjustments to that complement;
- by agreeing relevant monitoring indicators within the broad framework described in this plan;
- by agreeing systems for monitoring and evaluating the programme in line with the broad framework described in this Plan;
- by agreeing arrangements for funding any national projects from their country funding allocation; and
- by co-ordinating publicity activity linked to the Operational Programme in line with the strategy agreed by the GBMC.

4.13 In addition, the Operational Programme Monitoring Committees will agree, within the broad principles described below, how best to allocate an increased concentration of assistance for Objective 2 areas from within the context of their country funding allocation. The Operational Programme Monitoring Committees will also be responsible for decisions relating to implementation, policy and visibility of the programme.

### **English regional development plans**

4.14 The English Objective 3 programme will be delivered on a regional basis, and will be managed by the Government Offices for the regions in partnership as appropriate with Regional Development Agencies who will be taking over some other Structural Fund functions from 2001. (The Government of Gibraltar will manage the delivery of Objective 3 within that territory.) Each region will establish a Regional Committee which will be responsible for decisions relating to regional implementation of the programme within the national framework. The membership of the Regional Committees will be determined by the regional partnership in line with national guidance and will include representatives of Regional Development Agencies. It is expected that the terms of reference and membership will reflect those of the GBMC and the English Monitoring Committee.

### **Financial arrangements**

#### **Country allocations**

4.15 The Objective 3 allocation to Great Britain is €10,781 million (€4,948 million ESF). The formula used to allocate this sum to England, Scotland and Wales is based on the process by which allocations were made to member states. In addition it takes account of the need to concentrate Objective 3 resources in Objective 2 areas. On this basis the funds would be allocated as follows: England 87.55%, Scotland 9.86%, Wales 2.59%. Transitional support will be made available to Scotland and Wales for the first three years of the programme which results in the following final distribution: England 86.69%, €9,291 million (€4,290 million ESF); Scotland, 10.53%, €1,017 million (€520 million ESF); and Wales 2.78%, €306 million (€138 million ESF). These figures include the performance reserve which was awarded to Objective 3 in Great Britain by the European Commission Decision of 23 March 2004. At its meeting on 9 December 2003 the Great Britain Monitoring Committee agreed the allocation of the performance reserve as follows:

<b>Policy field</b>	<b>CSF (€)</b>	<b>England OP</b>	<b>Scotland OP</b>	<b>Wales OP</b>
Active labour markets	<b>49,436,433</b>	49,436,433	NIL	NIL
Equal opportunities	<b>76,210,616</b>	48,812,555	21,660,376	5,737,685
Lifelong learning	<b>55,138,570</b>	55,138,570	NIL	NIL
Adaptability & entrepreneurship	<b>25,013,681</b>	25,013,681	NIL	NIL
<b>Total</b>	<b>205,799,300</b>	178,401,239	21,660,376	5,737,685

## **Allocations to policy fields**

4.16 The distribution of funds across policy fields principally reflects labour market needs and domestic policy priorities while maintaining scope for addressing the full range of needs within individual Operational Programmes. The split was based on the following factors:

- evaluation of the 1997/99 GB Objective 3 and 4 programmes;
- response to the national consultation exercise on the CSF priorities for support;
- response to the consultation process with Scotland, Wales and the English regions on the priorities for support and relative priority which should be given to each policy field;
- the overall national priorities as set out in the UK National Action Plan for Employment.

There must be flexibility to review the balance between the Policy Fields, the key stage for review will be the mid-term evaluation. However, should an earlier review be necessary this will need to be agreed by the Monitoring Committee.

### ***Concentration of assistance – Objective 2 regions***

4.17 The principle set out in Article 17 of Regulation 1260/1999, that aid should be concentrated where it is needed most, will be applied. Practical details and applications to concentrate resources upon those areas facing problems of economic and social conversion will be handled within the context of country allocations and in agreement with the respective Operational Programme Monitoring Committees. However, throughout GB at least 6.68% of the budget (equivalent to 3 euro per capita) will be reserved to address the needs of particular areas. It has been decided not to vary intervention rates for Objective 3 between Objective 2 and non Objective 2 areas. In the financial tables, an indicative amount is shown for the total ESF Objective 3 allocated to Objective 2 regions (30.72%). This amount is composed of a per capita share of Objective 3 resources (24.04%) and the concentration amount (6.68%). The actual allocation to Objective 2 regions will be determined by the Monitoring Committees.

4.18 Operational Programme Monitoring Committees will oversee the interface between the use of Objective 3 in Objective 2 areas and other plans to use ESF in Objective 2 areas. In particular, they will assure: the avoidance of overlap and duplication of funding and consistency of Objective 3 funding with the Community Support Framework and relevant Operational Programme. Any Objective 2 funded ESF will be required to be used to support integrated initiatives which link ESF to ERDF funded activity.

### ***Access by non-governmental organisations and local partnerships***

4.19 The GB Monitoring Committee will agree a framework arrangement for England, Scotland and Wales for access to small grants by the non-government sector. These special arrangements will be based upon the selection of intermediary bodies to disburse grants in the context of the Operational Programme for each country of Great Britain. A minimum of 1% of the budget for each Operational Programme will be set aside for this purpose. The detailed arrangements will be agreed by each PMC but it is expected that this work will include systems to distribute local social risk capital.

### **Project selection and horizontal issues**

4.20 ESF support should form part of a coherent approach to developing human resources, improving ways of working and tackling exclusion from the labour market and society more generally.

4.21 The criteria for selecting projects to be supported through ESF will support the five policy fields detailed in the ESF Regulation (EC) 1262/99. Projects will also be invited to take account of a number of horizontal issues identified in the ESF Regulation, the General Regulation governing the Structural Funds, as follows:

### **Environmental issues and sustainable development**

4.22 Projects may demonstrate how they support national approaches to environmental improvement and sustainable development either through the content of their provision e.g. support for the Environmental Task Force option of New Deal for 18-24; or through aspects of their delivery e.g.. an emphasis upon the need to up-date skills in order to build economic and employment sustainability. Operational Programmes for England, Wales and Scotland will describe the coherence of activities to be supported in those areas with national and EU legislation

### **Information Society**

4.23 Information and communication technologies offer the opportunity to revolutionise both quality of life and economic well being. Objective 3 of the ESF can support the development of the Information Society in several key areas: transforming education to enable learners to gain the knowledge and skills they need for the information age; widening access for example to disadvantaged groups; and improving quality of learning products. Objective 3 will reward projects which harness the learning and employment potential of the Information Society.

### **Equal opportunities between men and women**

4.24 The participation rate of women in the UK labour force is now much higher than in most other EU countries. Despite this progress, persistent inequalities remain in the workforce, including occupational segregation and poorer progression of women. Some 53 per cent of all working age women in employment worked in three major occupational areas which account for only 19 per cent of employed men – clerical/secretarial, personal and protective services, and sales. There also continues to be inequality between average levels of pay for men and women.

Objective 3 projects in all priority areas should promote equal opportunity for women and, in particular, the mainstreaming of best practice in equal opportunities.

### **Local development**

4.25 Objective 3 will provide support for local development linked to the aims of the programme, especially in the policy fields concerned with active labour market policies and equal opportunities/promotion of social inclusion. Areas and groups to be supported will be specified at regional level but will share common characteristics:

- communities with a need for priority action;
- genuine local partnerships to oversee project delivery;
- involvement of local people and communities in developing projects;
- capacity building support so communities participate fully in programmes and initiatives;
- greater flexibility and responsiveness in implementation to improve the impact of provision;
- well-developed strategies at local and regional level to develop synergy and co-ordination.

4.26 Local development in Objective 3 will also continue to be informed by on-going work such as the pilot project on Local Social Capital funded through Article 6 of the 1994-99 ESF Regulation.

### **Capacity building**

4.27 Work in the context of this CSF should build on that introduced to the GB Objective 3 programme in 1997 as a route to integration. This aims to build the capacity of those organisations best placed to access groups in greatest need in the labour market and thereby to improve access to ESF for the target groups. Capacity building through Priority 4 support could be used in two ways: firstly, to help organisations which had good links with the target groups, but lacked the skills and expertise to access ESF; and secondly, to help those organisations which already had access to ESF to target the disadvantaged groups more effectively.

4.28 Capacity building was well received and thought to add value by enabling improved access to ESF. In some cases there was an inadequate link to the aims of Objective 3, however those regions which carried out a regional audit to identify target groups had a clearer focus. In order to get the best result in 2000-2006, regions will be expected to clarify the priority groups for support to help target resources effectively.

## **Technical assistance**

4.29 Specific Technical Assistance to prepare for 2000-2006 will be agreed between the managing authority for the Objective 3 Community Support Framework in Great Britain and the European Commission in advance of the new programme beginning. Thereafter, the broad arrangements for GB level Technical Assistance relating to studies, exchange of experience, monitoring, evaluation, exchange of best practice and improving awareness of ESF will be agreed at the first meeting of the Monitoring Committee and will be reviewed each year. Detailed information will be submitted to the Commission following the agreement of the Monitoring Committee having the prime interest in the task to be supported, in accordance with Articles 17 and 18 of Regulation 1260/1999 governing the Structural Funds. Expenditure incurred in managing and implementing the European Social Fund will comply with the eligibility rules adopted by the Commission in accordance with Article 30(3) of the same Regulation.

## **Performance reserve**

4.30 Article 7 of Regulation 1260/1999 governing the Structural Funds requires that 4% of the commitment appropriations from the indicative Member State allocations for each of the Structural Fund Objectives are reserved. In accordance with Article 44 of that Regulation, each Member State, with the Commission, will assess performance of Operational Programmes no later than 31 December 2003. The assessment will be on the basis of agreed indicators for each Operational Programme. In Great Britain those indicators will be agreed by the Monitoring Committees for England, Scotland and Wales within the framework of the core indicators described in this Plan.

## **Payment systems**

4.31 The Managing Authorities for each Operational Programme which will operate under this Community Support Framework will be responsible for ensuring that payments systems used have robust financial controls. Standards of probity and propriety consistent with those used for UK government expenditure will be applied to the management of ESF grant funds while these are under the control of the Managing Authority (MA). Procedures will be established to ensure that on submission of valid and properly completed claims, applicants are paid promptly.

## **Financial flows**

4.32 All payment claims will be made to the Commission by the Paying Authority for each Operational Programme. Interim and final claims will be derived from declarations of expenditure submitted by final beneficiaries.

4.33 All payments made by the Commission will be paid to the Paying Authority. The money received is routed through the Bank of England onto the Authority's accounts. Separate accounts are reserved for EC money. These accounts do not bear interest. The Paying Authority will pay the final beneficiaries on receipt of valid claims.

4.34 Systems will be maintained to clearly identify all receipts from the Commission and individual payments to final beneficiaries. Procedures will be set up to ensure that EC regulations on prompt payments are complied with.

4.35 The Paying Authority for England will be the DfEE (DWP from June 2001). The Paying Authority for Scotland will be the Scottish Executive. The Paying Authority for Wales will be the National Assembly for Wales.

### **Annual reports**

4.36 In accordance with Article 37 of Regulation 1260/1999, the managing authority shall, within six months of the end of each full calendar year, submit to the Commission an annual implementation report as provided for in Article 34(1)(c). A final report shall be submitted to the Commission at the latest six months after the final date of eligibility of the expenditure. The reports shall include all the information set out in Article 37(2). The reports shall be examined and approved by the Monitoring Committee before they are sent to the Commission. The Commission shall indicate within two months of receipt if a report is unsatisfactory, giving its reasons. In the case of a final report the Commission shall respond within a period of five months from the date of receipt.

### **Annual meeting**

4.37 An annual meeting will take place between the managing authority and the Commission from 2001 onwards, in the context of Article 34(2), to examine, amongst other matters, the implementation of the ESF in the preceding calendar year and the planned activities for the current year.

### **Financial control**

4.38 Checks shall be carried out in accordance with Article 38 of Regulation 1260/1999 both by the Member State and the Commission to ensure that funds are being spent in accordance with the objectives laid down, the rules in force and the principles of sound financial management. The Member State and the Commission will exchange immediately all relevant information concerning the results of these checks. The responsibility for carrying out checks and their scope will be set out in the Operational Programmes.

4.39 The Member State's responsibility for investigating irregularities and making the necessary financial corrections is set out in Article 39(1) of Regulation 1260/1999. Articles 39(2) and (3) lay down the circumstances under which the Commission may suspend or reduce the payment on account if a Member State has not complied with its obligations under paragraph (1), or if all or part of the operation justifies neither part nor the whole of the contribution from the funds, or if there are serious failings in the management or control systems which could lead to systematic irregularities.

### **Compatibility with Community policies ('State Aids')**

4.40 According to Article 12 of Council Regulation 1260/1999, measures financed by the Structural Funds or the FIFG must be in keeping with the provisions of the Treaties, Community legislation based on the Treaties, and Community policies. This compatibility is checked when funding applications are examined and while the measures are being carried out. In this connection, the following principles must be observed.

## Rules on competition

4.41 As it is required in Article 12 of the General Regulation for the Structural Funds (EC) No 1260/1999, in the framework of this programme State aid provisions of Articles 87 and 88 of the EC Treaty will be respected. The responsible authorities of the Member State concerned confirm that any aid granted under this programme will be in conformity with the provisions laid down in one of the Commission regulations adopted under Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 of the Treaty, establishing the European Community to certain categories of horizontal State Aid (OJ L 142, 14. 5. 1998, p.8).

So far, the Commission has adopted four such block exemption regulations. These are:

- Commission Regulation (EC) No 68/2001 of 12. 1. 2001 on the application of Articles 87 and 88 of the EC Treaty to training aid (OJ L 10, 13. 01. 2001, p. 20)<sup>8</sup>;
- Commission Regulation (EC) No 69/2001 of 12. 1. 2001 on the application of Articles 87 and 88 of the EC Treaty to de minimis aid (OJ L 10, 13. 01. 2001, p.30);
- Commission Regulation (EC) No 70/2001 of 12. 1. 2001 on the application of Articles 87 and 88 of the EC Treaty to State Aid to small and medium-sized enterprises (OJ L 10, 13. 01. 2001, p. 33); and
- Commission Regulation (EC) No 2204/2002 of 12. 12. 2002 on the application of Articles 87 and 88 of the EC Treaty to State Aid for employment (OJ L 337, 13. 12. 2002, p. 3).

Special rules may apply for the following sectors: steel, coal, ship-building and repair, synthetic fibres, motor vehicle industry, transport, production, processing and marketing of agriculture and fisheries products.

4.42 Assistance going beyond this within the framework of competition related assistance guidelines or programmes is generally not envisaged. In such cases individual notification, approval by the European Commission and registration is required.

4.43 A State aid table indicates the measure's number, the title of the measure and the title of the applicable block exemption regulation. In conformity with its duties under Article 34(1)(g) of Council Regulation No 1260/1999, the Managing Authority will keep the State aid table up-to-date and will inform the Commission of any modification of the table. The introduction of a new aid scheme or ad hoc aid requires a modification of the assistance by a formal Commission decision. Suspensive clause concerning State aid applies to measures which contain State aid that is subject to appropriate measures or has not yet been authorised by the Commission.

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<sup>8</sup> Regulations (EC) No 68/2001 and No 70/2001 have been amended by virtue of Commission Regulations (EC) No 363/2004 and No 364/2004 respectively (OJ L 63, 28.2.2004, p.20; OJ L 63, 28.2.2004, p.22)

4.44 The responsible authorities under this programme are reminded that in case of aid granted under de minimis rule an obligation exists to establish an adequate machinery to facilitate the control of the accumulation of such aid. A monitoring system containing information on all State aid granted under the programme is required. The information system should be broke down by individual enterprise and by individual project.

### **Award of contracts**

4.45 Operations and measures co-financed by the Structural Funds or the FIG are carried out in line with the Community policy and Community directives on the award of contracts.

4.46 In accordance with Article 12 of Regulation 1260/1999, notices sent for publication in the Official Journal of the European Communities in accordance with the above mentioned directives must specify those projects for which Community assistance has been applied for or granted.

4.47 Applications for grants in respect of major projects, as referred to in Article 25 of Regulation 1260/1999, must contain a complete list of the contracts already awarded and details of the award procedures employed, insofar as these are required under the directives on public contracts. An updated version of this information must be forwarded to the Commission together with the application for payment of the balance for contracts awarded in the intervening period.

4.48 In the case of other projects, in particular those forming part of operational programmes and relating to works<sup>9</sup> whose total cost exceeds the upper limits set out in Article 25(b) of Regulation 1260/99, details of the award procedures used for all contracts awarded, insofar as these are required under the directives on public contracts, must be made available to the Monitoring Committee and forwarded to the Commission on request.

### **Environmental protection**

4.49 The basic principles and objectives relating to the environment and sustainable development set out in the Council Decision of 1 February 1993<sup>10</sup> on a Community programme of policy and action in relation to the environment and sustainable development apply to operations and measures co-financed by the Structural Funds or the FIG. The Community provisions on environmental matters must also be complied with. Where it affects the planned regional development measures, priority is to be given to achieving the objectives set out in these provisions.

4.50 In the case of programmes and other like measures (global grants or aid schemes) which are likely to have a considerable impact on the environment, applications for assistance submitted by the Member States to the Commission must, under Article 12 of Regulation 1260/99, include all the relevant information that the Commission needs in order to assess the environmental impact.

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<sup>9</sup> "Work" is the outcome of building or civil engineering works taken as a whole that is sufficient in itself to fulfil a technical or economic function.

<sup>10</sup> OJ No C 138. 17.05.1993

4.51 In the case of the major projects referred to in Article 25 of Regulation 1260/1999, applications for assistance must be accompanied by an environmental impact assessment form, as required under Directive 85/337/EEC<sup>11</sup>.

#### **Equal opportunities for men and women**

4.52 Operations and measures co-financed by the Structural Funds and the FIGF must be in harmony with, or contribute to, the Community policy and Community legislation on equal opportunities for women and men. Particular attention should be paid to the need for establishments and training schemes which facilitate the occupational integration of people with children.

#### **Other Community policies**

4.53 Operations and measures co-financed by the Structural Funds and the FIGF must be compatible with all other Community policies referred to in the Treaties, with particular reference to the creation of an area without internal frontiers, all aspects of the common agricultural policy including the exclusions listed under points 1.2 and 2 of the Annex to Commission Decision 94/174/EC<sup>12</sup>, all aspects of the common fisheries policy, social policy, industrial policy, and the policy areas of energy, transport, telecommunications, information technology, trans-European networks, research and development.

#### **General provisions**

4.54 When Community aid measures are being carried out, the Member States must take all appropriate steps of a general or specific nature to ensure that the obligations resulting from the Treaty or from actions of the Community institutions are fulfilled.

4.55 For its part, the Commission ensures that the Community provisions adopted under the Treaties are complied with. The Member States make it easier for the Commission to perform this task by providing it, on request and in accordance with the requisite procedures, with all the relevant information.

4.56 If the Commission considers that Community provisions were not complied with in a particular operation or measure, it conducts a suitable examination of the case in the framework of the partnership in particular requesting that the Member State or other authorities designated by it to implement the operation submit their comments within a specified period.

4.57 Should this examination confirm that an irregularity exists, the Commission may initiate an infringement procedure under Article 169 of the Treaty. As soon as this takes place (despatch of the letter of formal notice), the Commission suspends the Community aid granted for the project in question.

#### **Current provision**

4.58 Currently, no notifications are being or have been prepared. Notifications will be sent as and when appropriate.

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<sup>11</sup> OJ No L 175 of 5.07.1998.

<sup>12</sup> OJ No L 79 of 23...03.1994.

## Objective 2 and 3 Ex-ante additionality table (subject to amendment)

### CSF 2000-06

Annual average 1994-99								Annual average 2000-06							
Expenditure type  £m	Public national & comm.			Private	CSF contribution		Tot pub net of SF	EIB	Public (national & comm)			Private	CSF contribution		Total public net of SF
	Total	Of which			SF	Nat			Total	Of which			SF	National	
		Budget	Non- Budget							Budget	Non- budget				
1	2=3 plus 4	3	4	5	6	7	8=2-6	9	10=11 plus 12	11	12	13	14	15	16=10-14
Early years and schools	1096.48	1096.48	0	0	0	0	1096.48		2630.67						
Lifelong learning	10,955	10,282	673		673	587	10,874.30		13,663.20						
Helping people find work	1764.8	1736.8	28		28	34	1736.8		1561.5						

- NB:
- \* Welsh Office programme expenditure missing from 1994-99 figures;
  - \* Allocations of Welsh spend are subject to possible amendment by Welsh Assembly
  - \* 12% deduction has been made on Departmental Report figures (representing Departmental expenditure in Objective 1 areas);
  - \* As planned expenditure figures not available after 2002, the table extrapolates the spend on the basis that annual expenditure will remain at annual average for 2000-2002 in the period to 2003-2006. This information is illustrative to comply with the Regulatory requirements, the actual figures will need to be incorporated when they become available. Structural changes in the economy may lead to changes in expenditure which cannot be foreseen at the present time. A revised table based on OECD data will be provided in due course.

Sources of data – Departmental reports, DfEE, WO, SO and additionality returns made in 1998

**Table: Indicative financial table for the CSF**  
**Commission reference no CSF: 1999 GB 05 3 CC001**  
**Objective 3 Annual allocations at current prices**

in euros current prices

Priority	Total	Public			Private	Cohesion Fund	Other	EIB Loans
		Total	Community participation	National participation				
Active labour market activities	2,683,933,015	2,633,948,785	1,234,259,349	1,399,689,436	49,984,230			
Equal opportunities	3,015,612,740	2,941,206,972	1,383,522,409	1,557,684,563	74,405,768			
Lifelong learning	2,749,969,465	2,545,936,963	1,267,813,266	1,278,123,697	204,032,502			
Adaptability and entrepreneurship	1,535,302,916	1,179,223,167	704,644,341	474,578,826	356,079,749			
Improving women's participation	639,383,819	626,623,486	287,530,491	339,092,995	12,760,333			
Technical assistance	157,018,643	154,325,751	70,659,044	83,666,707	2,692,892			
<b>Total</b>	<b>10,781,220,598</b>	<b>10,081,265,124</b>	<b>4,948,428,900</b>	<b>5,132,836,224</b>	<b>699,955,474</b>			
<i>Total ERDF-related</i>								
<i>Total ESF-related</i>	10,781,220,598	10,081,265,124	4,948,428,900	5,132,836,224	699,955,474			
<i>Total EAGGF-related</i>								
<i>Total FIG-related</i>								
<i>For Objective 3: the share of Objective 2 regions</i>			1,520,157,358					
<b>Total for CSF</b>	<b>10,781,220,598</b>	<b>10,081,265,124</b>	<b>4,948,428,900</b>	<b>5,132,836,224</b>	<b>699,955,474</b>			

**Table: Indicative financial table for the CSF**  
**Commission reference no CSF: 1999 GB 05 3 CC001**  
**Objective 3 Annual allocations at current prices**

**Year 2000**

in euros current prices

Priority	Total	Public			Private	Cohesion Fund	Other	EIB Loans
		Total	Community participation	National participation				
Active labour market activities	369,790,500	362,817,023	166,405,725	196,411,298	6,973,477			
Equal opportunities	384,582,453	375,770,361	173,061,954	202,708,407	8,812,092			
Lifelong learning	384,582,120	355,410,029	173,061,954	182,348,075	29,172,091			
Adaptability and entrepreneurship	207,082,569	157,611,162	93,187,206	64,423,956	49,471,407			
Improving women's participation	103,541,340	101,550,805	46,593,603	54,957,202	1,990,535			
Technical assistance	29,583,796	29,055,298	13,312,458	15,742,840	528,498			
<b>Total</b>	<b>1,479,162,778</b>	<b>1,382,214,678</b>	<b>665,622,900</b>	<b>716,591,778</b>	<b>96,948,100</b>			
<i>Total ERDF-related</i>								
<i>Total ESF-related</i>	1,479,162,778	1,382,214,678	665,622,900	716,591,778	96,948,100			
<i>Total EAGGF-related</i>								
<i>Total FIFG-related</i>								
<i>For Objective 3: the share of Objective 2 regions</i>			204,479,355					
<b>Total for CSF</b>	<b>1,479,162,778</b>	<b>1,382,214,678</b>	<b>665,622,900</b>	<b>716,591,778</b>	<b>96,948,100</b>			

**Table: Indicative financial table for the CSF**  
**Commission reference no CSF: 1999 GB 05 3 CC001**  
**Objective 3 Annual allocations at current prices**

**Year 2001**

in euros current prices

Priority	Total	Public			Private	Cohesion Fund	Other	EIB Loans
		Total	Community participation	National participation				
Active labour market activities	377,186,167	370,073,332	169,733,825	200,339,507	7,112,835			
Equal opportunities	392,273,396	383,284,839	176,523,178	206,761,661	8,988,557			
Lifelong learning	392,274,173	362,518,199	176,523,178	185,995,021	29,755,974			
Adaptability and entrepreneurship	211,224,981	160,763,592	95,050,942	65,712,650	50,461,389			
Improving women's participation	105,612,380	103,581,813	47,525,471	56,056,342	2,030,567			
Technical assistance	30,175,346	29,636,279	13,578,706	16,057,573	539,067			
<b>Total</b>	<b>1,508,746,443</b>	<b>1,409,858,054</b>	<b>678,935,300</b>	<b>730,922,754</b>	<b>98,888,389</b>			
<i>Total ERDF-related</i>								
<i>Total ESF-related</i>	1,508,746,443	1,409,858,054	678,935,300	730,922,754	98,888,389			
<i>Total EAGGF-related</i>								
<i>Total FIG-related</i>								
<i>For Objective 3: the share of Objective 2 regions</i>			208,568,924					
<b>Total for CSF</b>	<b>1,508,746,443</b>	<b>1,409,858,054</b>	<b>678,935,300</b>	<b>730,922,754</b>	<b>98,888,389</b>			

**Table: Indicative financial table for the CSF**  
**Commission reference no CSF: 1999 GB 05 3 CC001**  
**Objective 3 Annual allocations at current prices**

**Year 2002**

in euros current prices

Priority	Total	Public			Private	Cohesion Fund	Other	EIB Loans
		Total	Community participation	National participation				
Active labour market activities	384,729,889	377,474,796	173,128,500	204,346,296	7,255,093			
Equal opportunities	400,120,311	390,951,429	180,053,640	210,897,789	9,168,882			
Lifelong learning	400,118,867	369,768,560	180,053,640	189,714,920	30,350,307			
Adaptability and entrepreneurship	215,448,022	163,978,301	96,951,960	67,026,341	51,469,721			
Improving women's participation	107,724,511	105,653,448	48,475,980	57,177,468	2,071,063			
Technical assistance	30,777,844	30,227,995	13,850,280	16,377,715	549,849			
<b>Total</b>	<b>1,538,919,444</b>	<b>1,438,054,529</b>	<b>692,514,000</b>	<b>745,540,529</b>	<b>100,864,915</b>			
<i>Total ERDF-related</i>								
<i>Total ESF-related</i>	1,538,919,444	1,438,054,529	692,514,000	745,540,529	100,864,915			
<i>Total EAGGF-related</i>								
<i>Total FIG-related</i>								
<i>For Objective 3: the share of Objective 2 regions</i>			208,568,924					
<b>Total for CSF</b>	<b>1,538,919,444</b>	<b>1,438,054,529</b>	<b>692,514,000</b>	<b>745,540,529</b>	<b>100,864,915</b>			

**Table: Indicative financial table for the CSF**  
**Commission reference no CSF: 1999 GB 05 3 CC001**  
**Objective 3 Annual allocations at current prices**

**Year 2003**

in euros current prices

Priority	Total	Public			Private	Cohesion Fund	Other	EIB Loans
		Total	Community participation	National participation				
Active labour market activities	392,424,667	385,024,248	176,591,050	208,433,198	7,400,419			
Equal opportunities	408,122,204	398,770,404	183,654,692	215,115,712	9,351,800			
Lifelong learning	408,120,648	377,163,888	183,654,692	193,509,196	30,956,760			
Adaptability and entrepreneurship	219,757,751	167,258,074	98,890,988	68,367,086	52,499,677			
Improving women's participation	109,878,987	107,766,505	49,445,494	58,321,011	2,112,482			
Technical assistance	31,393,631	30,832,786	14,127,284	16,705,502	560,845			
<b>Total</b>	<b>1,569,697,888</b>	<b>1,466,815,905</b>	<b>706,364,200</b>	<b>760,451,705</b>	<b>102,881,983</b>			
<i>Total ERDF-related</i>								
<i>Total ESF-related</i>	1,569,697,888	1,466,815,905	706,364,200	760,451,705	102,881,983			
<i>Total EAGGF-related</i>								
<i>Total FIG-related</i>								
<i>For Objective 3: the share of Objective 2 regions</i>			216,995,082					
<b>Total for CSF</b>	<b>1,569,697,888</b>	<b>1,466,815,905</b>	<b>706,364,200</b>	<b>760,451,705</b>	<b>102,881,983</b>			

**Table: Indicative financial table for the CSF**  
**Commission reference no CSF: 1999 GB 05 3 CC001**  
**Objective 3 Annual allocations at current prices**

**Year 2004**

in euros current prices

Priority	Total	Public			Private	Cohesion Fund	Other	EIB Loans
		Total	Community participation	National participation				
Active labour market activities	379,084,180	372,140,736	179,241,904	192,898,832	6,943,444			
Equal opportunities	467,826,807	455,405,639	219,184,418	236,221,221	12,421,168			
Lifelong learning	380,622,214	353,241,015	181,187,579	172,053,436	27,381,199			
Adaptability and entrepreneurship	222,896,855	173,169,389	104,798,053	68,371,336	49,727,466			
Improving women's participation	69,204,852	67,690,331	31,079,346	36,610,985	1,514,521			
Technical assistance	11,111,555	10,950,467	5,000,400	5,950,067	161,088			
<b>Total</b>	<b>1,530,746,463</b>	<b>1,432,597,577</b>	<b>720,491,700</b>	<b>712,105,877</b>	<b>98,148,886</b>			
<i>Total ERDF-related</i>								
<i>Total ESF-related</i>	1,530,746,463	1,432,597,577	720,491,700	712,105,877	98,148,886			
<i>Total EAGGF-related</i>								
<i>Total FIFG-related</i>								
<i>For Objective 3: the share of Objective 2 regions</i>								
<b>Total for CSF</b>	<b>1,530,746,463</b>	<b>1,432,597,577</b>	<b>720,491,700</b>	<b>712,105,877</b>	<b>98,148,886</b>			

**Table: Indicative financial table for the CSF**  
**Commission reference no CSF: 1999 GB 05 3 CC001**  
**Objective 3 Annual allocations at current prices**

**Year 2005**

in euros current prices

Priority	Total	Public			Private	Cohesion Fund	Other	EIB Loans
		Total	Community participation	National participation				
Active labour market activities	386,552,617	379,472,645	182,777,635	196,695,010	7,079,972			
Equal opportunities	476,570,360	463,897,639	223,287,428	240,610,211	12,672,721			
Lifelong learning	388,244,126	360,315,906	184,818,189	175,497,717	27,928,220			
Adaptability and entrepreneurship	227,232,203	176,513,406	106,840,388	69,673,018	50,718,797			
Improving women's participation	71,066,302	69,527,938	31,915,868	37,612,070	1,538,364			
Technical assistance	11,692,176	11,520,678	5,261,692	6,258,986	171,498			
<b>Total</b>	<b>1,561,357,784</b>	<b>1,461,248,212</b>	<b>734,901,200</b>	<b>726,347,012</b>	<b>100,109,572</b>			
<i>Total ERDF-related</i>								
<i>Total ESF-related</i>	1,561,357,784	1,461,248,212	734,901,200	726,347,012	100,109,572			
<i>Total EAGGF-related</i>								
<i>Total FIFG-related</i>								
<i>For Objective 3: the share of Objective 2 regions</i>								
<b>Total for CSF</b>	<b>1,561,357,784</b>	<b>1,461,248,212</b>	<b>734,901,200</b>	<b>726,347,012</b>	<b>100,109,572</b>			

**Table: Indicative financial table for the CSF**  
**Commission reference no CSF: 1999 GB 05 3 CC001**  
**Objective 3 Annual allocations at current prices**

**Year 2006**

in euros current prices

Priority	Total	Public			Private	Cohesion Fund	Other	EIB Loans
		Total	Community participation	National participation				
Active labour market activities	394,164,995	386,946,005	186,380,710	200,565,295	7,218,990			
Equal opportunities	486,117,209	473,126,661	227,757,099	245,369,562	12,990,548			
Lifelong learning	396,007,317	367,519,366	188,514,034	179,005,332	28,487,951			
Adaptability and entrepreneurship	231,660,535	179,929,243	108,924,804	71,004,439	51,731,292			
Improving women's participation	72,355,447	70,852,646	32,494,729	38,357,917	1,502,801			
Technical assistance	12,284,295	12,102,248	5,528,224	6,574,024	182,047			
<b>Total</b>	<b>1,592,589,798</b>	<b>1,490,476,169</b>	<b>749,599,600</b>	<b>740,876,569</b>	<b>102,113,629</b>			
<i>Total ERDF-related</i>								
<i>Total ESF-related</i>	1,592,589,798	1,490,476,169	749,599,600	740,876,569	102,113,629			
<i>Total EAGGF-related</i>								
<i>Total FIFG-related</i>								
<i>For Objective 3: the share of Objective 2 regions</i>								
<b>Total for CSF</b>	<b>1,592,589,798</b>	<b>1,490,476,169</b>	<b>749,599,600</b>	<b>740,876,569</b>	<b>102,113,629</b>			

## Framework for monitoring and evaluation

- 4.59 An increased emphasis will be placed on the use of research and evaluation to assess the progress and impact of ESF in the 2000-2006 programming period. The UK will build on existing arrangements for monitoring and evaluation to work towards maintaining some consistency in data collection across the UK while acknowledging the move towards decentralisation of programme planning. The aim is to develop a robust and reliable system which imposes the minimum possible burden on projects while still having the maximum impact on policy formulation.
- 4.60 An Evaluation Steering Group (ESG) will co-ordinate common evaluation activity across all European Social Fund activities in all parts of the United Kingdom. This Group will provide a basis for sharing emerging research results and will focus in particular upon issues relating to the Community Support Framework for Objective 3 in Great Britain. It will include representatives from the managing authorities for the CSF and for the Operational Programmes for England, Scotland and Wales as well as from Northern Ireland, the European Commission, external partners and the ESF Evaluation Team.
- 4.61 The ESF Evaluation Team will co-ordinate the work of the ESG. It will also provide a single point of contact with the European Commission on general evaluation issues and manage any common external evaluation contracts, such as leavers' surveys. Representatives from individual Operational Programmes will be involved in project steering groups.
- 4.62 The over-arching aim of the ESG will be to ensure that all structural fund programmes in the UK carry out an effective evaluation of the ESF interventions which both satisfies the information needs of programme managers, partners and the European Commission and provides information for the NAP. In more detail, the group will:
- provide a forum for the discussion of ESF evaluation in the UK to ensure all programmes take full account of ESF in their evaluation strategies;
  - agree on and co-ordinate any common areas of evaluation of ESF activity;
  - support the implementation of evaluation and track progress in delivering ESF evaluation requirements;
  - agree the broad approach to the development of a limited number of core indicators and definitions. All Operational Programmes will aim to use this core and add to them any other programme specific measures agreed through the relevant Monitoring Committees;
  - discuss the emerging findings from various evaluations to both share knowledge and experience of programme performance and the approach to evaluation;
  - make recommendations to Monitoring Committees on common areas of interest on evaluation and future policy development;

- ensure that evaluation results are effectively and widely disseminated beyond programme Monitoring Committees;
- raise the capacity of implementing bodies to carry out evaluation of their programmes.

4.63 The Operational Programme Monitoring Committees will be responsible for delivering their own mid-term and final evaluations to the European Commission. These will be organised to meet the needs of each Operational Programme. However, there may be some common research work where there is scope for economies of scale, such as monitoring data or surveys of individuals/companies. The results of these shared studies will feed into the evaluation of individual Operational Programmes.

### **Mid-term review**

4.64 The mid-term review will provide the opportunity to review the allocations formula to Scotland, Wales and the English regions, as well as the balance between priorities. It will also take account of the need to provide support for the Highlands and Islands (Objective 1 transition area) in the final year of the programme. At the same time a review of the implementation systems will be carried out in line with requirements laid down in the regulations.

### **Monitoring**

4.65 Monitoring arrangements will reflect both the need to examine routine performance of projects and each Operational Programmes and the wider need to assess the impact of the programme. The Managing Authority for each Operational Programme will be responsible for ensuring that projects are monitored, with the level of financial and physical monitoring being tailored to an assessment of the risk posed by each project. The Managing Authorities for the Operational Programmes will also be responsible for ensuring that the requirements of Regulation 2064/97 are met and for reporting progress to the GBMC.

### **Publicity arrangements**

4.66 A coherent publicity strategy will be designed and implemented, building on the strategy already in place for improving the visibility of ESF. The thrust of the new strategy will be on regional actions within a broad GB framework. It will stress the synergy between ESF, the National Action Plan for Employment and the European Employment Strategy.

4.67 The aim is to develop a proactive information and communications system aimed at achieving a wider understanding of the ESF throughout Britain. This should make ESF more transparent to the general public and more readily accessible to potential beneficiaries. Greater publicity and clarity about the ESF's aims and objectives will enable project promoters and beneficiaries to see how ESF assistance is translated into practical action.

- 4.68 Publicity conducted at national level will complement activity at regional and local levels. The messages conveyed should spread general awareness about the role of the ESF, address the needs of potential trainees, spark interest in the output of ESF supported activities and make clear to beneficiaries that the ESF is the funding source from which they are benefiting.
- 4.69 The strategy will detail arrangements for the dissemination of publicity and information outputs, including methods such as the use of the Internet and videos as well as paper-based materials, and will aim to ensure that information products are being targeted effectively.
- 4.70 A database will be set up containing case studies of ESF projects which can be used in response to media interest. This will be regularly updated and will enable better targeted media campaigns at regional and national level by allowing easier access to ESF human interest stories which can be appended to relevant press releases. In addition, regular meetings with national Government Press Offices should be used as reminders of the need to include mention of ESF in press releases about domestic policies the Fund is supporting.
- 4.71 A corporate identity is being devised for all publicity and information outputs relating to ESF. This will give ESF outputs a common visual identity, will help to give them greater visibility and impact and will be built upon in order to develop both national and regional PR strategies.

## **Developing measures of performance**

- 4.72 The European Commission's Vademecum and ex ante evaluation guidelines emphasise the need to establish an effective system of indicators of programme performance. These will figure both in annual monitoring of programmes and in discussions over the allocation of the performance reserve. Although this exercise is primarily associated with the Programme Complements linked to individual Operational Programmes, some broad quantification of the CSF will also help focus attention on objectives and expected outcomes.
- 4.73 The proposed indicators for the CSF follow the broad approach outlined in Commission guidelines<sup>13</sup> by mapping out a chain of indicators covering inputs, outputs, outcomes and impacts. Indicators under each policy field closely mirror the sorts of indicators currently being developed as part of the National Action Plan guidelines. This task is not straightforward. Work to formalise the indicators to underpin the Employment Guidelines is still ongoing. It is therefore not possible to produce indicators which offer a perfect match to the guidelines. Nevertheless, the proposed policy field indicators will establish, as a minimum, the contribution of ESF activities to each Pillar of the European Employment Strategy.

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<sup>13</sup> The New Programming Period 2000-2006: methodological working papers. Working Paper 3: Indicators for Monitoring and Evaluation

- 4.74 The development of performance indicators has been informed not only by various Commission documents but also by experience of monitoring current ESF programmes. Learning from past successes and failures provides a useful basis for establishing a more effective system of monitoring post-2000. The evaluations of Objective 2 and 3 have highlighted a number of areas for improvement. These include: significant problems in mapping trends across time as a result of regular changes to the final claim monitoring form; a high incidence of missing or unknown data for certain pieces of information e.g. disability, ethnicity; some weaknesses in postal beneficiary surveys; and serious problems in forecasting expected outputs – particularly in Objective 2.
- 4.75 In addressing these concerns, the development of indicators post-2000 follows the main recommendations made in the final evaluation of Objective 3<sup>14</sup>. This report recommended that the monitoring system post-2000 should be characterised by greater stability and transparency of information requirements. Greater stability will help programme managers, evaluators and those within projects who are responsible for developing systems to provide monitoring data. It was suggested that “whatever monitoring system is developed, it should be guided by a commitment to promoting a robust and reliable system which is consistent over time and place and imposes the minimum burdens on projects necessary to have the maximum impact on policy development and monitoring.” More generally, it argued for: cuts in the volume of information asked of projects; research to track beneficiaries through ESF support to enrich understanding of the programmes; softer indicators of success to help record a wider range of achievements; and better information on what projects actually do.
- 4.76 To maximise its impact, it is particularly important to link data collection to key decision points. Consequently, the indicators also present a statement of the likely frequency for reporting. Much of the information could be generated on an annual basis to ensure closer monitoring of ESF activities and outcomes and to feed into annual progress reports on each programme and the National Action Plan. However other indicators, particularly those focusing on outcomes and impacts, will necessarily only feature at the time of the mid-term evaluation. This will dovetail into discussions over the distribution of the performance reserve.
- 4.77 In the UK, one of the preferred tools for tracking the longer term impact of labour market interventions is the follow-up or leavers’ survey. Typically, this monitors the labour market success of those benefiting from programmes around 6 months after they have left their particular type of labour market support. Although pursuing these longer term effects does add some delay into programme monitoring, it is a price worth paying to record a fuller picture of the impact of ESF support.
- 4.78 The CSF covers such a broad range of potential activities it would not be particularly useful or reliable to attempt to map out every possible measure indicator. The proposed indicators for the CSF do not close other avenues for indicators more closely attuned to the implementation of individual Operational Programmes. They simply establish a broad framework against which we might assess the impact of ESF activities at each policy field. Indicators at CSF level will provide the minimum

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<sup>14</sup> Final Evaluation of Objective 3 in Britain (1994-99), DfEE Research Report (forthcoming)

which should feature in individual Operational Programmes. We expect more fine-tuning to bring a closer match to the specific priorities and measures developed at this level. Indeed, to provide information on the impact of mainstreaming equal opportunities, where appropriate, each of the indicators will need to split out outcomes by gender. Other information on beneficiary characteristics (e.g. ethnicity, disability, previous educational attainments) and the type of ESF activities funded should also feature in the more detailed monitoring of Operational Programmes either through the monitoring system or a beneficiary survey. The full list of proposed indicators for the CSF are set out in table 1.

**Table 1: Proposed indicators for the Objective 3 CSF**

**All relevant monitoring data will be collected separately for men and women.**

<b>Overall CSF performance indicators</b>		
<b>Indicator</b>	<b>NAP Guideline</b>	<b>Frequency</b>
% in work on leaving	Pillar I	annual
% gaining positive outcome on leaving	Pillar I, III	annual
% young people unemployed less than 6 months	1	annual
% adults unemployed less than 12 months	2	annual
% beneficiaries completing their courses	-	annual
% gaining a qualification	6,11	annual

<b>Active labour market policies</b>			
<b>Type</b>	<b>Indicator</b>	<b>NAP Guideline</b>	<b>Frequency</b>
<u>Resource</u>	Funding (£M)	1,2,3	annual
<u>Output</u>	Numbers participating in active measures	3	annual
	Numbers receiving ESF "training"	1,2,3	annual
	% of young people receiving help before 6 months	1	annual
	% of women receiving support	19	annual
	% of beneficiaries completing their courses	-	annual
<u>Outcomes</u>	% of adults receiving help before 12 months	2	annual
	% positive outcomes on leaving (and at 6 months)	1, 2	mid-term
<u>Impact</u>	% in work on leaving (and at 6 months)	1,2	mid-term
	Number of unemployed in work after ESF support (net of deadweight)	-	mid-term

<b>Equal opportunities for all and promoting social inclusion</b>			
<b>Type</b>	<b>Indicator</b>	<b>NAP Guideline</b>	<b>Frequency</b>
<u>Resource</u>	Funding (£M)	9	annual
<u>Output</u>	Number of beneficiaries	9	annual
	Numbers receiving ESF "training"	9	annual
	% of women receiving support	19	annual
<u>Outcomes</u>	% positive outcomes on leaving (and at 6 months)	9	mid-term
	% in work on leaving (and at 6 months)	9	mid-term
<u>Impact</u>	Numbers in work 6 months after ESF support (net of deadweight)	Pillar I	mid-term

<b>Lifelong learning</b>			
<b>Type</b>	<b>Indicator</b>	<b>NAP Guideline</b>	<b>Frequency</b>
<u>Resource</u>	Funding (£M)	5,6	annual
<u>Output</u>	Numbers participating in lifelong learning	6	annual
	% of women receiving support	19	annual
	% completing their courses	-	annual
<u>Outcomes</u>	% of leavers gaining a qualification	6	annual
	% in work or further study on leaving (and at 6 months)	6, Pillar III	mid-term
<u>Impact</u>	Net increase in participation in lifelong learning from ESF support	6	mid-term
	Contribution of ESF support to national targets	6	mid-term

<b>Adaptability and entrepreneurship</b>			
<b>Type</b>	<b>Indicator</b>	<b>NAP Guideline</b>	<b>Frequency</b>
<u>Resource</u>	Funding (£M)	Pillar II,III	annual
<u>Output</u>	Number of beneficiaries getting self-employment help	11	annual
	Number of companies helped	11	annual
	Number of employees helped	11	annual
	% of women receiving support	19	annual
<u>Outcomes</u>	Survival rate of self-employment at 18 months	11	mid-term
	% of beneficiaries gaining a qualification	11	annual
<u>Impact</u>	Net number of new businesses running after 18 months	11	mid-term
	Net number of jobs safeguarded by ESF support	Pillar III	mid-term
	Net number of jobs created through support for self-employment	Pillar III	mid-term

<b>Improving the participation of women in the labour market</b>			
<b>Type</b>	<b>Indicator</b>	<b>NAP Guideline</b>	<b>Frequency</b>
<u>Resource</u>	Funding (£M)	Pillar IV	annual
<u>Output</u>	Number of beneficiaries	19	annual
	% women beneficiaries	19	annual
<u>Outcomes</u>	% positive outcomes for women	20	mid-term
	% of parents with children under 5 in work 6 months after ESF	21	mid-term
<u>Impact</u>	Net % increase in female labour market participation after ESF support	20	mid-term

4.75 It is important to stress that there are areas we cannot measure through a single point indicator. Consequently, there are some notable absentees from the list of CSF indicators. Certain forms of assistance to develop structures and systems do not lend themselves easily to quantification. Projects which focus on, say, generating specific improvements in local training infrastructure cannot easily be quantified at the CSF level. Even at Operational Programme level, this might be difficult to achieve particularly on an annual basis. More importantly, it may not even be desirable or justified to focus on annual outcomes for certain types of activity. Some areas are best left until mid-term evaluation when a more qualitative assessment of impacts can be carried out. Nevertheless, it important to recognise that these forms of ESF activity will contribute towards achievement of the wider objectives of the Structural Funds even if formal targets cannot be established at this stage. However, this type of activity will be evaluated under the auspices of the ESG, and these results will be used to inform programme design and development.

4.76 Project promoters have voiced concerns over the choice of performance indicators to assess the success of current ESF programmes. The traditional approach emphasises measures of positive outcomes (jobs, self-employment, further training) and qualifications. These will remain important indicators of success post 2000. However, it is important to acknowledge that, taken in isolation, they fail to take full account of the positive contribution which activities funded through ESF can make in helping to bring people closer to the labour market. Given the nature of labour market disadvantage faced by much of the typical ESF client group, a fuller assessment of the success of projects might come from looking at the progress of individuals against their own aims set while on the project. Some measure of the *distance travelled* towards labour market integration might provide a more complete measure of the wider contribution of ESF in supporting some of the more disadvantaged members of the Objective 3 target group. Although measures of *distance travelled* by the more disadvantaged beneficiaries could usefully feature in project monitoring, it would not be appropriate to set national targets at this stage given both the uncertainties over the degree of disadvantage beneficiaries might have and the need to establish a reliable method of measurement. Further work will need to take place to develop this area further.

## Expected impacts

4.79 ESF performance under current programmes provides much of the baseline information used in deriving output forecasts. Both monitoring data from the final claims database and leavers' survey data generated as part of the evaluation of Objective 3 underpin the forecast impact. These provide baseline information on unit costs, participation of particular groups and subsequent labour market outcomes. In taking the step beyond gross impacts towards an assessment of net impact, the forecasts also draw on research for both Objective 3 and other domestic programmes. Given the difficulty of establishing reliable indicators of measures to support systems and structures at CSF level, the forecasts themselves focus solely on outputs derived from take assistance to individuals (e.g. unemployed, employees, companies). As hard evidence on the impact of HRD activities is limited at the macro-economic level, impact assessment is at a more micro-economic level. Full details of the basis and interpretation of the forecasts feature in the ex ante evaluation report.

4.80 Commission guidelines<sup>15</sup> stress the need to avoid setting overly speculative targets. Lessons from previous evaluation – particularly for ESF under Objective 2 – suggest the scope for forecast error in target setting can be large. Consequently, the analysis of expected impact takes a fairly conservative view of potential impact of programmes. Table 2 presents the likely outcome of ESF provision in one year of the programme<sup>16</sup>.

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<sup>15</sup> page 14

<sup>16</sup> Assumed to be 2002 for costing purposes. The figures for those indicators marked 'net of dead-weight' under Active Labour Market policies, Equal Opportunities for All and Adaptability and Entrepreneurship are based on the number of beneficiaries receiving ESF *training*. There is no reliable evidence on which to base such calculations for individuals receiving, for example, advice and guidance."

**Table 2: Expected annual outcomes and impact of CSF**

*The revised forecasts take account of the allocation of the Objective 3 performance reserve and are consistent with the proposed mid-term review adjustments to the Operational Programmes.*

*(NOTE: The impact indicators in the table below may be subject to revision in view of the final evaluation of the Community Support framework)*

<b>Overall CSF expected impact</b>	
<b>Indicator</b>	<b>Forecast</b>
% in work on leaving	41%
% gaining positive outcome on leaving	80%
% young people unemployed less than 6 months	62%
% adults unemployed less than 12 months	36%
% beneficiaries completing their courses	75%
% gaining a qualification	45%

<b>Active labour market policies</b>	
Numbers participating in active measures	176,250
Numbers receiving ESF 'training'	90,985
% of young people receiving help before 6 months	60%
% of women receiving support	42%
% of beneficiaries completing their courses	71%
% of adults receiving help before 12 months	33%
% positive outcomes on leaving	70%
% in work on leaving	40%
Number of unemployed in work after ESF support (net of deadweight)	4,981

<b>Equal opportunities for all and promoting social inclusion</b>	
Number of beneficiaries	253,778
Numbers receiving ESF 'training'	77,940
% of women receiving support	42%
% positive outcomes on leaving	65%
% in work on leaving	27%
Numbers in work 6 months after ESF support (net of deadweight)	5,987

<b>Lifelong learning</b>	
Numbers participating in lifelong learning	77,241
% of women receiving support	50%
% completing their courses	85%
% of leavers gaining a qualification	57%
% in work or further study on leaving (and at 6 months)	92%
Net increase in participation in lifelong learning from ESF support	38,243

<b>Adaptability/entrepreneurship</b>	
Number of beneficiaries getting self-employment help	4,123
Number of companies helped	12,598
Number of employees helped (given ESF 'training')	31,309
% of women receiving support	45%
Survival rate of self-employment at 18 months	50%
% of beneficiaries gaining a qualification	55%
Net number of new businesses running after 18 months	881
Net number of jobs safeguarded by ESF support	1,269
Net number of jobs created through support for self-employment	2,322

<b>Gender equality</b>	
Number of beneficiaries	12,353
% women beneficiaries	85%
% positive outcomes for women	88%
% of women with children under 5 in work 6 months after ESF	30%
Net % increase in female labour market participation of beneficiaries after ESF support	10%

4.81 Quantifying the impact of the CSF is further complicated by the overlap between a number of policy fields. For example, an unemployed beneficiary with multiple labour market disadvantage carrying out some form of learning as part of a package of active labour market measures could arguably fall under three different policy fields. Disentangling the effects of any one is not therefore straight forward. To avoid double-counting, the forecasts look only at the impact of the ESF funding allocation within each policy priority. However, this may underestimate the actual impact of the policy field across the CSF as a whole. More generally, it is important to view the estimates as broad brush. The actual out-turn will depend on both the wider economic environment and decisions taken in drawing up detailed Operational Programmes for both Objective 2 and 3 in different parts of Britain. It is recommended that the Evaluation Steering Group revisits the issue of expected impact once the individual elements of the CSF are known in more detail and are written into specific Operational Programmes for Objective 2 and 3 in England, Scotland and Wales.

## **Annex 1**

### **The European Union policy context**

#### **National Employment Action Plans and the European Employment Strategy**

The UK Government has welcomed the development in Europe over the last two years of a new force for change, welcoming the political and social will shown by the European Union member states to tackle the serious and persistent problem of unemployment. The Luxembourg Process, now in its second year, is proving to be one of the most useful tools in bringing coherence to Government policies across a range of areas, all focusing on the job creation and helping individuals improve their employability.

In the UK – as in the rest of Europe – one of the key challenges we face is unemployment and the social exclusion that can follow in its wake. The UK labour market is changing constantly, adapting to new technologies and to new ways of working. Unfortunately, some individuals are not able to keep pace with change, and do not have the skills to match new demands, finding it harder to catch up and develop the skills and experience that employers are looking for. In the UK, unemployment is at its lowest for almost a generation, but is still unacceptably high. The UK Government believes that unemployment damages lives and causes poverty and ill-health, and that the deprivation it brings can affect the next generation, imposing low expectations and denying opportunities for achievement. The Government is committed to working with a range of partners in the public, private and voluntary sectors to break this destructive cycle.

The UK needs skilled and adaptable workforces and flexible labour markets which respond quickly to economic change: vital both for economic success and prosperity in increasingly competitive European and global markets, and for ensuring social cohesion and inclusion, preventing the creation of an under-achieving, disassociated “underclass”. The UK Government is therefore committed to helping people reconnect to work, helping them gain the skills they need to find real job security and encouraging them from welfare into work. The new Small Business Service is an example of such commitment, providing help for those wishing to become self-employed, taking action to foster enterprise in deprived communities and playing a role in tackling social exclusion.

The Luxembourg Process helps set this commitment into a medium term multi-annual European-wide strategy for employment, centred around Employment Guidelines for Member States’ employment policies and the National Action Plans which show their implementation. As required by the Employment title of the Amsterdam Treaty, Member States agree an annual set of Employment Guidelines, including some clearly identifiable and measurable targets. The Guidelines offer an integrated framework based on four pillars – improving employability, developing entrepreneurship, encouraging adaptability in businesses and their employees, and strengthening the policies for equal opportunities between women and men – within which member states’ national policies work coherently and in a mutually supportive way to combat

unemployment. At EU-level, the strategy works to exchange best practice and bring together various Community policies into a coherent tool to tackle unemployment.

The UK Employment Action Plan explains how the UK Government is meeting the challenge, setting out the UK response to the Employment Guidelines, and describes a strategy for tackling underachievement in schools and colleges; encouraging lifelong learning; initiatives like the New Deal; changes to the tax and benefits system to make work pay. It reflects the diversity of approach across the UK and recognises the importance of regional and local initiatives, and, most importantly, partnership, in making the strategy a success.

The key features of the UK Employment Action Plan for 1999 are set out below:

### **Improving employability**

Our key objectives are to promote economic growth and prosperity and to counter poverty by tackling social exclusion through increased labour market participation for everyone. The active benefits regime (the Jobseeker's Allowance) offers a new start for all unemployment benefit claimants, and our Welfare to Work strategy – the New Deal – aims to meet the specific needs of various groups of unemployed people. A number of innovative measures have been, and continue to be, implemented to address the specific requirements of young people, older workers, people with disabilities, ethnic and religious minorities and others at a disadvantage in finding and retaining work. We are also pursuing an innovative strategy to reform the educational/vocational interface to encourage young people to maximise their skills before entering the labour market. In co-operation with the social partners and through a rich variety of partnership arrangements, we are actively pursuing a comprehensive programme to promote and deliver lifelong learning. These objectives are supported and underpinned by radical reform of the tax and benefit regimes specifically designed to make work pay.

### **Encouraging entrepreneurship**

Whilst we value all forms of employment and have created a framework to allow all sectors to flourish, and do not favour growth in one sector over another, we are keen to foster entrepreneurship and small businesses. We continue to reduce the tax burden and simplify the tax system for SMEs, also providing readily accessible advice and support. A wide range of business support initiatives has been fostered responding to local needs. Nationally, action to reduce statutory burdens on SMEs has been taken across a broad spectrum of issues affecting establishment and growth, and access to finance and expert advice, especially in exporting, has been greatly improved. Special emphasis has been placed on the encouragement of self-employment, especially through its inclusion as an option in the New Deals. Job creation at local level has been promoted through a range of regional initiatives and Territorial Employment Pacts. Various initiatives to introduce the concept of Entrepreneurship through the school system have been put in place.

## **Encouraging adaptability**

The UK already enjoys a dynamic and flexible labour market underpinned by a statutory framework with effective minimum standards of fairness at work. These have been further extended in the Employment Relations Act to cover workers in flexible, non-traditional contracts. The UK taxation system offers incentives to both companies and individuals for training and further incentives exist through low cost training loans and the introduction of Individual Learning Accounts. The UK labour market is already relatively lightly regulated, but we are taking or participating in a number of initiatives to ensure that such regulation is simplified and balanced both at national and European level.

## **Equal opportunities for women and men**

The principles of equal opportunity for all its citizens and social inclusion are central to our policy, not least in relation to the labour market. Special emphasis is placed on the particular needs and requirements of women in pursuing lifelong, non-stereotypical careers. A special Women's Unit within the Cabinet now plays a leading role in the articulation of women's perspectives in the design, delivery and evaluation of policy initiatives and is thus in the vanguard of the pursuit of gender equality mainstreaming in the UK. Active labour market policies include specific strands addressing the special needs of women at greatest disadvantage and encouraging employers to adopt family-friendly policies. Additional special initiatives have been taken at national, regional and local level, especially in relation to a national strategy for childcare.

## **Other EU programmes and policies**

There are a great many EU programmes and policies in addition to the Structural Funds. The following paragraphs describe some of those which are complementary to the European Social Fund.

### **Leonardo da Vinci**

LEONARDO and ESF share many common goals, including: improving skills and employability; promoting access to high quality training; developing equal opportunities in training; combating social exclusion.

LEONARDO DA VINCI is the EC's action programme in the field of vocational training. It runs for 5 years from the 1995 to 1999 with a budget of 720 million EUROS. The programme aims to help member states prepare for the 21<sup>st</sup> Century by supporting policies to improve the quality of vocational systems and their capacity for innovation. It consists of a set of transnational measures which focus on sustaining quality and supporting innovation through : transnational pilot projects; placements and exchanges; surveys and analysis; exchange of comparable data.

LEONARDO II will last from January 2000 to December 2006. It strongly supports and complements the UK's priorities for the new millennium: *employability; lifelong learning; social inclusion*. The programme will be focusing on three main objectives to: improve the skills and competencies of people, especially young people, through initial vocational training and work linked training and apprenticeships; improve the quality of, and access to, continuing vocational training and lifelong learning; promote innovation through training, to improve competitiveness and entrepreneurship, and to foster co-operation and partnership.

## **Socrates**

SOCRATES is the EC action programme for co-operation in the field of education. The decision was adopted by the European Parliament and the Council of Ministers in March 1995 and will operate for 5 years until the end of 1999. The budget for the programme over 5 years is 920 million euros (approximately £640 million).

In 1998, the European Commission published a proposal for a second phase of the SOCRATES programme, to begin in 2000. The proposal is currently under negotiation.

SOCRATES aims to:

- develop a European dimension in education, drawing on the cultural heritage of each Member State;
- promote improvement in language competence;
- promote co-operation between institutions at all levels of education;
- encourage the mobility of teachers and students;
- encourage academic recognition of diplomas;
- encourage open and distance learning;
- foster an exchange of information and experience.

## **Action Programme on equal opportunities for men and women**

This programme built on earlier Action Programmes on equal opportunities for women and men and sets out a framework of legislative and non-legislative actions with the following aims:

- to promote mainstreaming of equal opportunities at all levels of policy making;
- to promote equal opportunities in the labour market;
- to promote reconciliation of work and family life;
- to promote gender balance in decision making;
- to enable women to exercise their rights of equality.

## Fifth Framework Programme (FPV)

The 'Information Society' theme for the Fifth Framework Programme (FPV) was agreed at the Council of Research Ministers on 22 December 1998.

The Programme has been developed in close consultation with the potential funding partners and participants which has resulted in over 500 ideas and suggestions for the work programme. The Key Actions outlined in the programme should generate activities to support the focuses detailed as follows:

- The main focus for the first year of the work programme is on enhancing the *user-friendliness* of the information society: improving the accessibility, relevance and quality of public services especially for the disabled and elderly; empowering citizens as employees, entrepreneurs and customers; facilitating creativity and access to learning; helping to develop a multi-lingual and multi-cultural information society and encouraging design for all.
- A second focus is on *integration and convergence* across information processing, communication and media.
- A third focus will be on the *globalisation* of RTD (Research, Training and Development) co-operation. With the new rules for 3<sup>rd</sup> country participation, it will be possible to build on the wider international co-operation already achieved in FPV to make FPV the framework and focus for European led global co-operation.

## Annex 2

# Consultation on the priorities for Objective 3 support

## Introduction

The UK Government carried out a consultation exercise in which individuals and organisations were invited to comment on the populations to be targeted and activities to be supported in each ESF policy field. This exercise has informed the plan for an Objective 3 Community Support Framework for Great Britain and has identified a range of operational issues which will be addressed separately in due course.

The consultation pack comprised:

- a letter from Andrew Smith, Minister of State for Employment, inviting views to inform the priorities for support for Objective 3;
- a draft Objective 3 Policy Frame of Reference which describes the UK Government's views on support for promoting employability in the labour market and developing human resources in the United Kingdom; and
- a questionnaire about priorities for support.

The Government invited 150 national organisations to complete the questionnaire. The Scottish and Welsh Offices and each of the Government Offices for the English regions carried out a consultation based on the same questionnaire. In some regions the consultation was facilitated by regional seminars, others aggregated regional responses to the questionnaires.

The consultation exercise was also conducted via the Internet and through a mailshot to 3,500 ESF News recipients.

This annex provides a brief overview of the responses, highlighting key points and any significant variations. A more detailed analysis can be obtained the ESF Unit at the Department for Education and Employment.

## Responses to the consultation

### 1. Active labour market policies

#### *Target groups*

There was a high level of support for the targeting in the draft Policy Frame of Reference on the needs of the unemployed and in particular young people. However, a significant number of respondents asked for support in this category to be broadened to those in employment, especially those threatened with redundancy. (This has been reflected in a higher allocation to the priority concerned with adaptability of the workforce.)

### ***Types of support***

The most common response was to support activities which widen access to and develop skills. Several identified the need for provision to respond to the identified skill needs of employers; and on work with young people at risk of exclusion.

## **2. Equal opportunities for all**

### ***Target groups***

The groups identified included : ethnic minorities, people with disabilities, women, young people, older workers, homeless, refugees, ex-offenders, lone parents, carers, returners, those in rural and urban areas.

### ***Types of support***

In addition to appropriate work with the groups who are disadvantaged in the labour market the responses highlighted the need to change the attitude of employers towards these groups of people, in particular to combat race discrimination.

## **3. Lifelong learning**

### ***Target groups***

The most common groups identified as needing particular help were: those with low basic skills, young people, disadvantaged groups, the employed and employers.

### ***Types of support***

The range of suggested activities was broad: from continuing professional development of teachers to training of voluntary sector employees. The key factor welcomed by most respondents was the stated scope for flexibility, to enable the learning to be tailored to the needs of the individual and the local circumstances.

## **4. Adaptability and entrepreneurship**

### ***Target groups***

The main concern of respondents was to ensure support is targeted on those who are disadvantaged in the labour market. Other priorities identified were: provision for graduates, freelancers and public sector employees.

### ***Types of support***

There was general support for upskilling, with a particular focus on SMEs, However there was considerable concern that the resources should also be used to support higher-level skills training to enhance the competitiveness of businesses.

## **5. Improving the position of women in the labour market**

### ***Target groups***

Respondents highlighted the need to focus on those in greatest need such as returners, lone parents ethnic minority groups and carers. Women graduates were also identified as a target group by some.

### ***Types of support***

Child-care provision and strategy, flexible training, careers information and guidance, employer training support. The removal of obstacles to entry to the labour market and progression within it.