

European Social Fund

Operational Programme for England & Gibraltar

Objective 3 2000-2006

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European Social Fund

Operational Programme for England & Gibraltar

Objective 3 2000-2006

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Introduction and executive summary

This document is the England and Gibraltar Operational plan to support employability and human resource development activities through Objective 3 of the European Social Fund. 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, the plan should be seen as a starting point for innovation in the use of British and EU funds to meet England's skills and employment needs in the next millennium. 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.

There are 4 interlinked programming documents which guide how Objective 3 will be delivered in England:

- **Policy Frame of Reference:** Based on the National Action Plan, it informed all Structural Fund expenditure to promote employability and human resource development in the UK.
- **The Objective 3 Community Support Framework for Great Britain (CSF):** The CSF provided a rationale for the use of EU funds to support national policies, in line with both the European and national employment agenda. It also provided a detailed analysis of Great Britain's labour market needs. The DfEE carried out a nation-wide consultation exercise to determine the priorities for ESF funding to feed into the CSF.
- **Objective 3 Operational Programme (OP):** This document is the Operational Programme for England. It has been developed in line with the CSF and sets out how Objective 3 money is to be targeted in England.
- **Programming Complement:** This will be linked to the OP and will be agreed by the England Monitoring Committee responsible for the programme. The Programming complement is the document which details the implementation of the programme.

Three main factors have driven the development of this plan: a thorough analysis of the English labour market, the UK and EU policy priorities and responses from stakeholders to an extensive consultation process.

The English labour market

England has benefited from a combination of low inflation and strong recovery in the labour market since the recession of the early 1990s. The employment rate has increased to 75.1 per cent at the end of 1999, the ILO unemployment rate has fallen to 5.6 per cent (its lowest rate since the early 1980s) and the economic activity rate has increased to 79.6 per cent.

Registered unemployment has fallen significantly, by 1.4 million since its peak in 1993, and across all regions, to stand at just 960,000 at the end of 1999. Unemployment and worklessness, however, remain concentrated amongst particular groups and households. In December 1999, for example, claimant unemployment included 230,000 young people aged 18-24 and 250,000 men and women who had been unemployed for twelve months or more.

Action is required to remedy these weaknesses and to improve outcomes and to ensure that employment opportunities are spread more evenly across and within the regions of England. It is also important to ensure that all, including those currently unemployed or inactive, have access to the employment opportunities and the skills and attributes they need to exploit these opportunities. This is essential if England is to achieve a sustained increase and fairer distribution of employment.

The policy context

The 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 flexible labour market, underpinned by minimum standards of fairness and decency, including a national minimum wage. The Government is committed to helping young people and the long-term unemployed move from welfare to work. It is also committed to making work pay – ensuring that take home pay after taxes and benefits is greater than the income from benefits which would have been received outside employment.

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.

The European Employment Strategy has defined guidelines for employability 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 plan therefore shows how priorities for ESF funding across England link to the guidelines in the UK's 1999 National Action Plan.

The consultation process

The Government has carried out an extensive 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. The consultation exercise informed the Community Support Framework and this Operational Plan for England.

The consultation pack consisted of a letter requesting views on how ESF should be implemented from 2000, a draft Policy Frame of Reference for promoting employability in the labour market and developing human resources in the United Kingdom and a questionnaire.

The Government invited 150 national organisations to complete the questionnaire. Each of the Government Offices for the English regions also carried out their own 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 publicised on the Internet and through a mailshot to ESF News recipients (5000).

In addition, as the plan became more detailed, a special meeting was held in early November which presented draft proposals and ideas to the Objective 3 and 4 monitoring committee for discussion and comments.

Implementation

A total of €9,291m (€4,289m ESF) will be allocated to each of the five European Social Fund priority areas. A small amount of the fund will be set aside for technical assistance to support the implementation of the programme. The financial distribution will be as follows:

- active labour market policies – 25.5%;
- equal opportunities for all, promoting social inclusion – 26%;
- lifelong learning – 28%;
- adaptability and entrepreneurship – 13%;
- improving women's labour market participation – 6%;
- technical assistance – 1.5%.

Minor adjustments were made to the programme at the mid-term review in 2004 following discussion in the Monitoring Committee. The adjustments took account of the findings of the mid-term evaluation, the revised European Employment Strategy, and domestic labour market and policy developments since 2000.

Under each Policy Field there are two or three measures which detail the areas where ESF will be concentrated in order to maximise the impact of EU funds and show coherence with domestic policy aims.

A common approach to project selection will be agreed with the English Programme Monitoring Committee. Projects will be encouraged to take account of a number of horizontal issues identified in Chapter 3 of this plan, the ESF Regulation and the General Regulation governing the Structural Funds described in the CSF. In addition projects will be expected to take account of the added value which partnerships can add to ESF projects.

Chapter 1

England's labour market

1.1 Introduction

This chapter describes the main aspects of the English labour market which have shaped the development of this plan. In particular:

- the key features such as employment, unemployment and economic activity rates;
- an overview of the situation in terms of skills and performance;
- a comparison of the performance in each of the English regions.

The concluding section relates the labour market and skills information to each of the Policy Fields under this plan and highlights the main messages arising from the analysis in terms of priorities for ESF support.

1.2 Active labour market policies

1.2.1 Overview

The labour market in England has changed substantially over the last fifty years. The traditional approach to employment was geared towards full-time male employment in traditional industries and could be achieved through macroeconomic management. Active welfare to work policies were less important as the majority of those seeking work found it. Skills, education and training mattered less when there were plentiful job opportunities for those with few or no qualifications and there was little need to re-train, refresh and upgrade skills. Flexible and family friendly working practices were not important when male full-time work was the norm and female work was limited. Work incentives presented by the tax and benefit system were less important when workless households were an exception and rewards from work took households significantly above benefit levels. Finally, focusing attention and help on the unemployed did not raise issues of exclusion since those not registered as unemployed were not excluded or denied employment opportunities.

This situation has now changed. Social and demographic changes have led to an increase in female employment and increased the need for family-friendly employment that allows men and women to combine work with other responsibilities, such as raising families. The number of single person households and single parent families has increased, necessitating a change in policy to embrace all within the labour market and to tackle social exclusion and poverty. Demographic changes have also increased the number and proportion of older workers in the population, requiring a change in employment policy.

Industrial change, brought about by new technologies and globalisation, has increased the opportunities available. It has also increased the importance of skills in the labour market. This means, in particular, that everyone needs to have basic skills and the opportunity to train, re-train or refresh their skills and qualifications over their lifetime. The expansion of employment opportunities and the diversity of employment in the UK make it easier for individuals to combine work and other responsibilities but those with good overall employability are better able to exploit these opportunities fully. There is a need for active labour market policies to keep those out of work in touch with employment opportunities, policies that promote employment opportunities for everyone and which help all in society, both unemployed or inactive.

Since the recession of the early 1990s, England has experienced a strong recovery in the labour market, combined with low inflation. At the end of 1999, the working age employment rate is 75.1 per cent, with 23.5 million people in work – almost 1.8 million more than at the end of 1994. This increase in employment has come about through a fall in unemployment to 5.6 per cent as well as a fall in inactivity to 20.4 per cent.

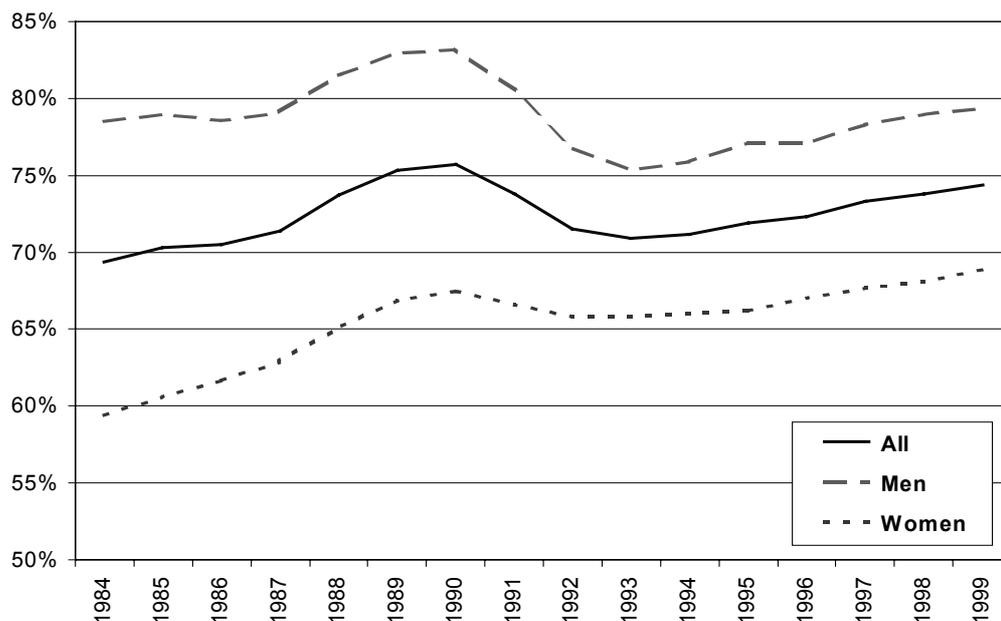
Claimant unemployment in England was just under a million at the end of 1999. Unemployment has fallen significantly – by 1.4 million since 1993 – and across all regions of England. However, unemployment and worklessness remain concentrated amongst particular groups and households. The youth claimant unemployment rate is almost double that for all ages and almost a quarter of claimants have been unemployed for a year or more.

Action is required to tackle these issues, to improve outcomes and to ensure that employment opportunities are spread more evenly across and within the regions of England. It is also important to ensure that all, including those currently unemployed or inactive, have access to the employment opportunities and the skills and attributes they need to exploit these opportunities. This is essential if England is to achieve a sustained increase in and fairer distribution of employment.

1.2.2 Employment levels

At the end of 1999, there were 23.5 million people of all ages in employment in England, representing 75.1 per cent of the working age population. This proportion has increased from a low of 71.0 per cent in 1993 but still remains the 1990 peak of 75.7 per cent. Further improvement is, therefore, both possible and achievable.

Working age employment rates in England 1984-1999



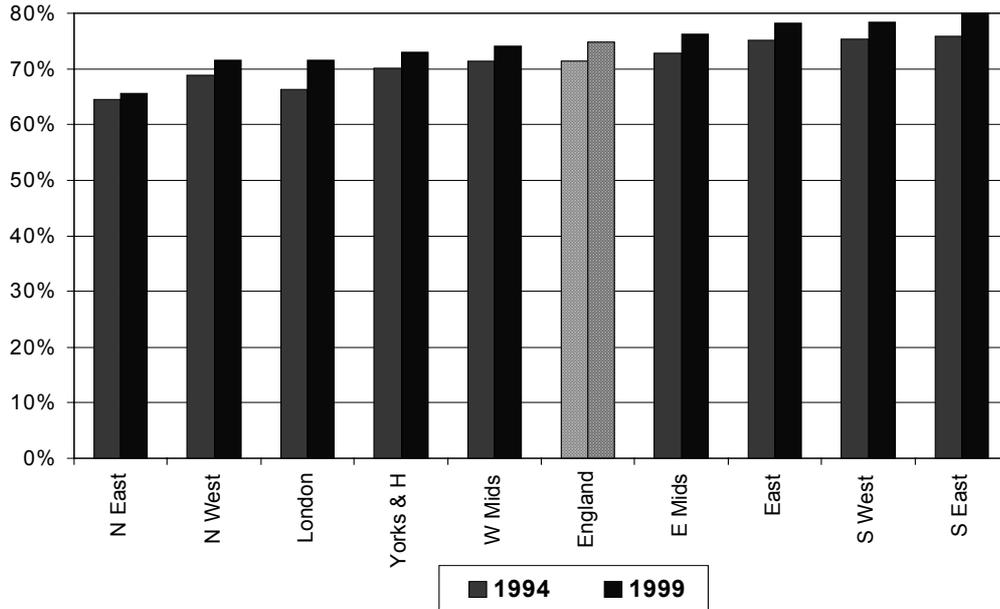
Source: Labour Force Survey, spring quarters

The increase in employment has benefited both men and women, although men continue to be more likely to be in employment than women. At the end of 1999, 80.1 per cent of working age men are in employment compared with 69.5 per cent of women. This gap has narrowed over time, however, and now stands at 10.6 percentage points compared with 19 percentage points fifteen years ago.

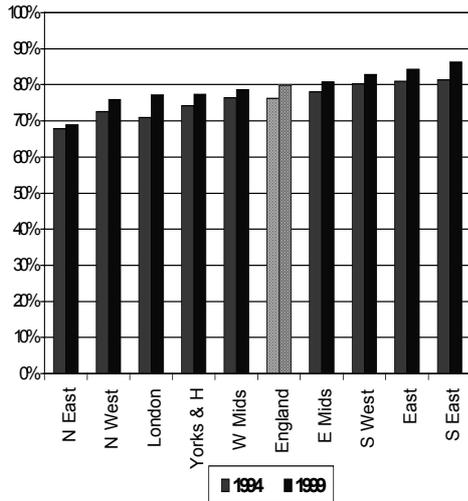
The growth in employment has occurred across all of England, with all regions recording an increase in their employment rates since 1994. Stronger employment growth in those regions with above average employment rates, the difference between the employment rates of the best and worst performing regions has increased slightly from 11.3 percentage points in 1994 to 14.4 percentage points in 1999 (80 per cent in the South East compared with 65.6 per cent in the North East).

It is, however, important to note that although employment disparities exist between regions, the greatest differences are within rather than between regions. The local authority with the highest employment rate is, for example, in Yorkshire and the Humber (Craven at 88.2%) whereas the lowest is in London (Tower Hamlets at 51.3%). The areas that most tend to experience low employment are inner city areas (especially London), ex-coalfield sites and some coastal resorts. These local problems cannot be reflected in regional comparisons.

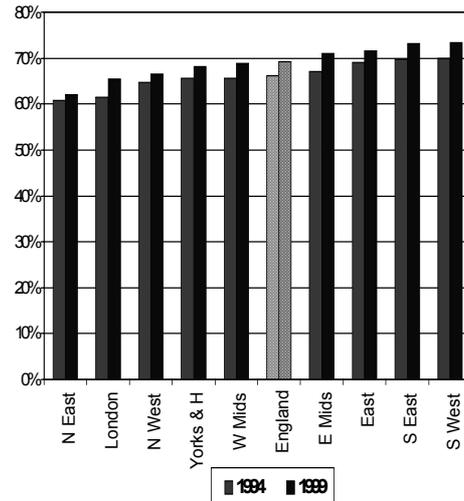
Working age employment rates by region 1994-1999



Male employment rates



Female employment rates



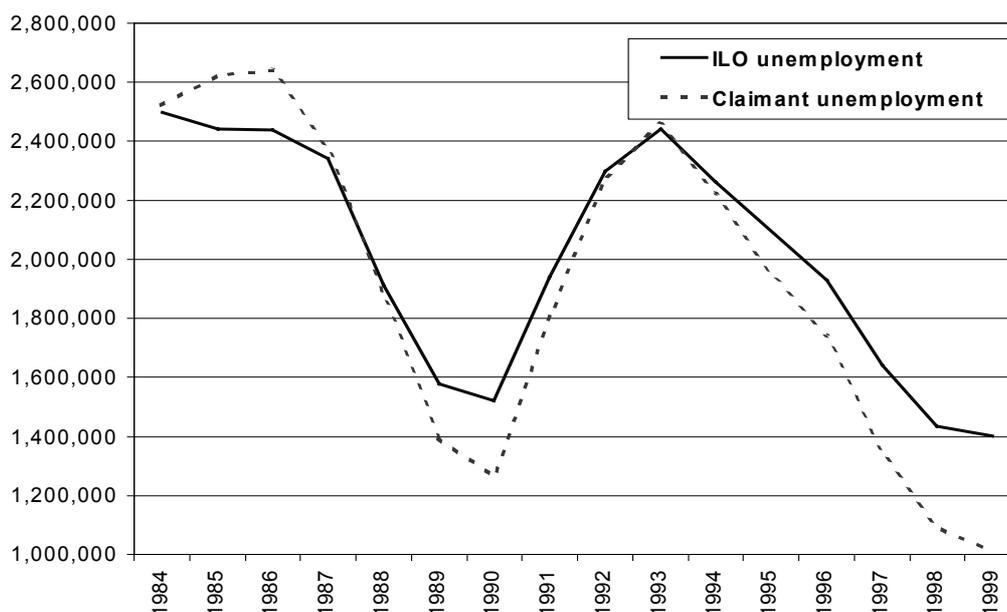
Source: Labour Force Survey, spring quarters

Despite the recent good record of employment growth in England, there remains much room for improvement. Employment rates remain below those achieved at the last peak and below those achieved in the post-war era. This is at least in part due to increases in the staying on rates in education amongst young people which represent a positive explanation. The withdrawal of older people, particularly men, from the labour force and into early retirement or benefit dependence is less positive, however, and so represents an area to focus improvements. More work is also necessary to continue to increase employment amongst women and so further narrow the gap with men.

1.2.3 Unemployment rates

At the end 1999, there are just under 1.4 million ILO unemployed people in England. This represents a fall of almost 1.2 million or 46 per cent since the peak of almost 2.6 million in 1993. Unemployment is now at its lowest level for nearly twenty years, having fallen below its previous trough in 1990. The ILO unemployment rate at the end 1999 is 5.6 per cent, down 5.1 percentage points from 10.7 per cent in 1993. Women continue to be less likely to be ILO unemployed than men, with an ILO unemployment rate of 5.0 per cent for women against 6.0 per cent for men. This gap has narrowed from over 4 percentage points in 1993 to just one percentage point now.

ILO versus claimant unemployment in England 1984-1999



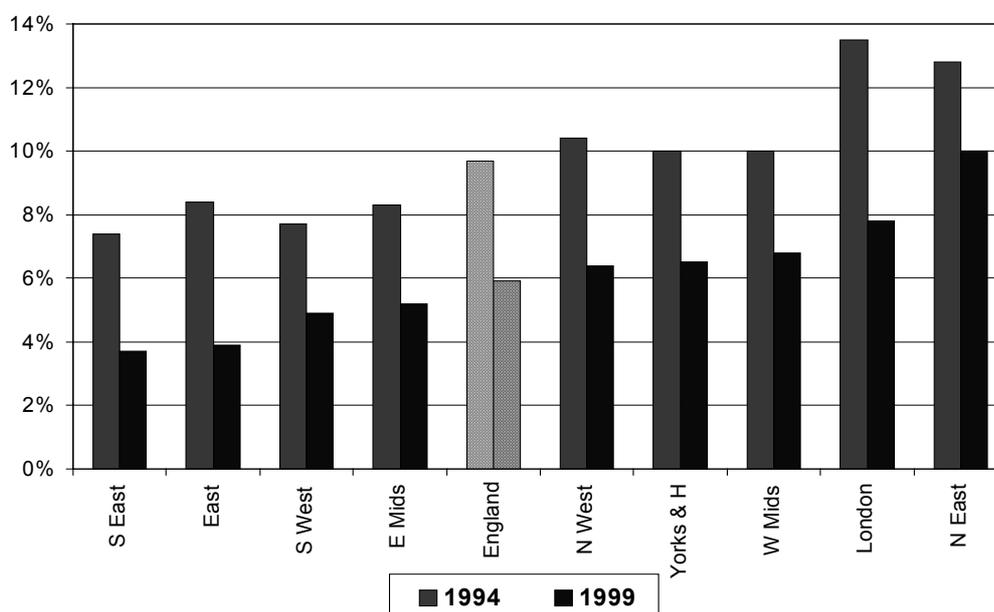
Source: Labour Force Survey and claimant statistics

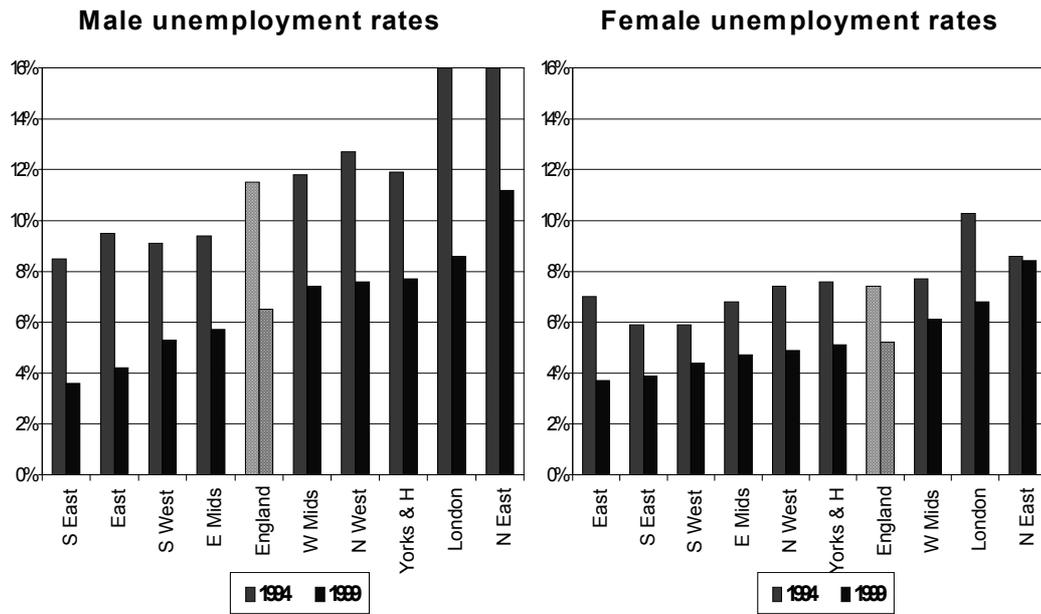
The trends in claimant unemployment in England are broadly similar, although unemployment has fallen faster on the claimant than ILO measure. This is usual during an upswing as the expansion of the labour market brings people into ILO but not claimant unemployment as they are not eligible for JSA – they be in receipt of another benefit or their partner may be in work, for example.

At the end of 1999, there were 960,000 unemployed claimants in England. Claimant unemployment has fallen by 1.4 million or 59 per cent since it peaked at almost 2.5 million in 1993. The unemployment rate has fallen by 6.5 percentage points, from 10.4 per cent in 1993 to stand at 3.9 per cent at the end of 1999. Women are less likely to be unemployed than men, with the female claimant unemployment at 2.1 per cent compared to a male rate of 5.4 per cent.

Since 1994, ILO unemployment has fallen across all regions, with the difference between the best and worst performing regions remaining at about 6 percentage points – 3.7 per cent in the South East and 10.1 per cent in the North East. Most areas saw a fall of between 3 and 4 percentage points in their ILO unemployment. The fall was much larger in London, at 5.3 percentage points, although the unemployment rate in London remains particularly high at almost 8 per cent. The North East and the South West saw the smallest falls, of 2.4 and 2.5 percentage points respectively.

ILO unemployment rates by region 1994-1999



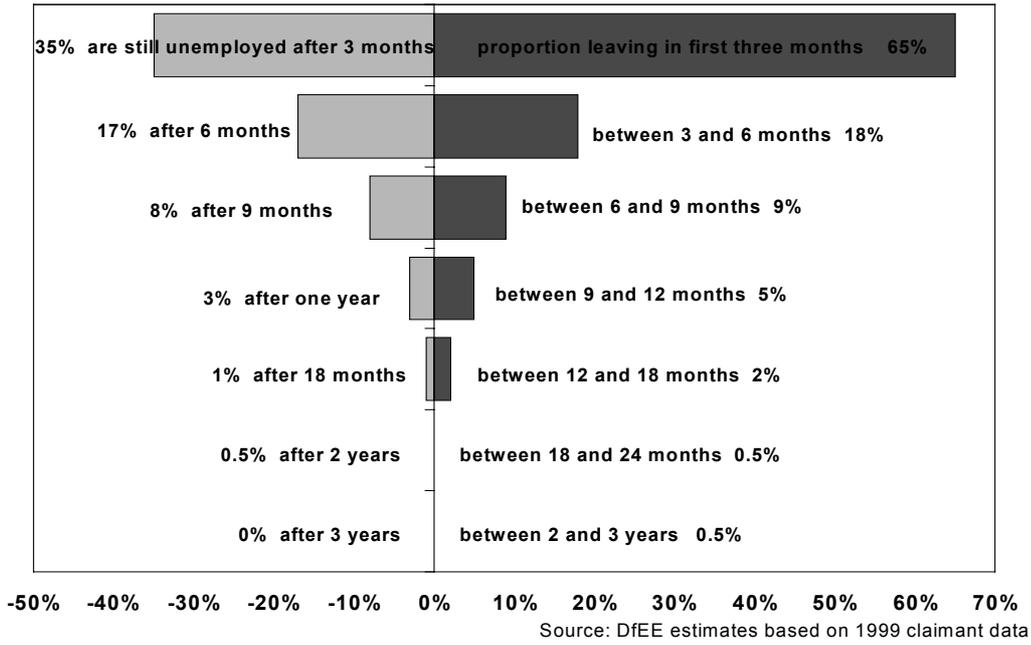


Source: Labour Force Survey, spring quarters

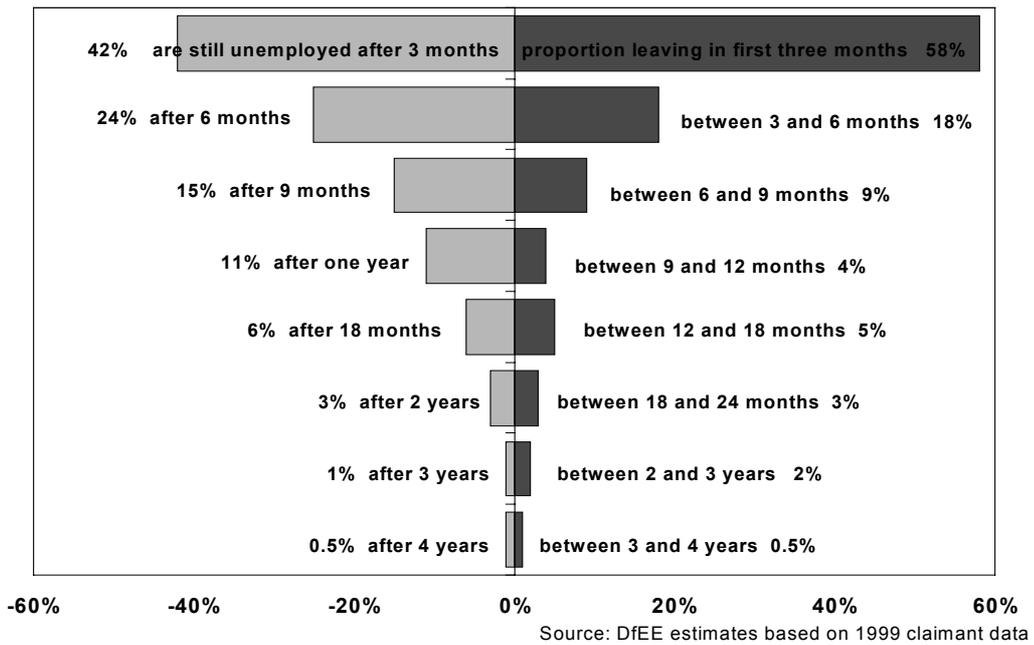
One significant feature of both the English and the UK labour market is that they are highly dynamic. Around 200-250 thousand people joining and leaving the claimant count in England every month. This represents flows of 2.5 to 3 million into and out of the claimant count every year, much larger than the unemployment stock.

Most people who join the claimant count leave again very quickly, largely due to the very active nature of the unemployment benefit regime. Over half of those joining the register leave within three months, so that between 80-100 thousand flow through three months unemployment each month. Seventy per cent of new claimants leave within six months, so about 40-60 thousand flow through six months unemployment each month, and 85 per cent leave within a year so that just 20-25 thousand become 12 months unemployed each month. Young claimants tend to leave the count more quickly than older claimants, as the charts below show. These proportions also tend to vary very little either over the cycle or across the country.

Of those aged 18-24 becoming claimant unemployed...



Of those aged 25 or over becoming claimant unemployed...



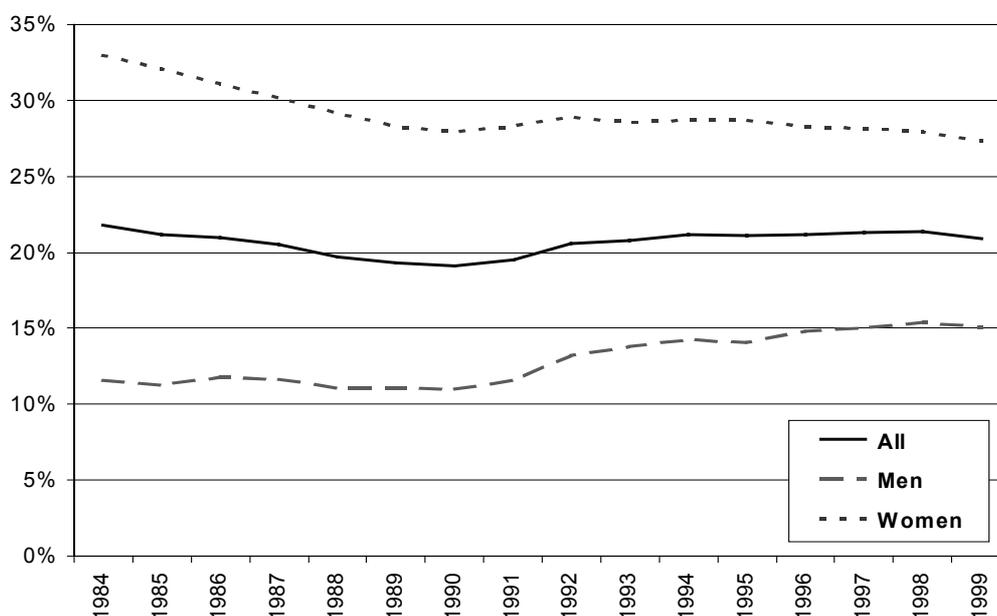
The probability of leaving the claimant count for work decreases significantly with duration of unemployment as people become increasingly detached from the labour market. Of those unemployed for less than 13 weeks, 84% leave the count for jobs (when we know their destinations) whilst for those unemployed 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 find and retain a job.

1.2.4 Inactivity rates

The trend in inactivity rates¹ further supports the need for an active labour market approach. Despite strong and sustained economic growth since the early 1990s, the proportion of people of working age who are inactive has remained fairly constant over the 1990s at just over a fifth of the working-age population. At the end of 1999, there were 6.3 million people of working age in England who were economically inactive, 21 per cent of all of working age. Just under 1.8 million of these wanted a job but were classed as inactive because they were either not actively seeking work and/or not available to start work.

This generally flat overall trend hides some important compositional changes. Men continue to be less likely to be inactive than women, with the male inactivity rate of 15 per cent some 12 percentage points lower than the female rate of 27 per cent. This difference has narrowed from 15 percentage points in 1993, however, comprising a slight fall in female inactivity and a slight rise in male inactivity.

Working age inactivity rates in England 1984-1999



Source: Labour Force Survey, spring quarters

¹ Inactivity rate: proportion of working age population who are neither in employment or ILO unemployed.

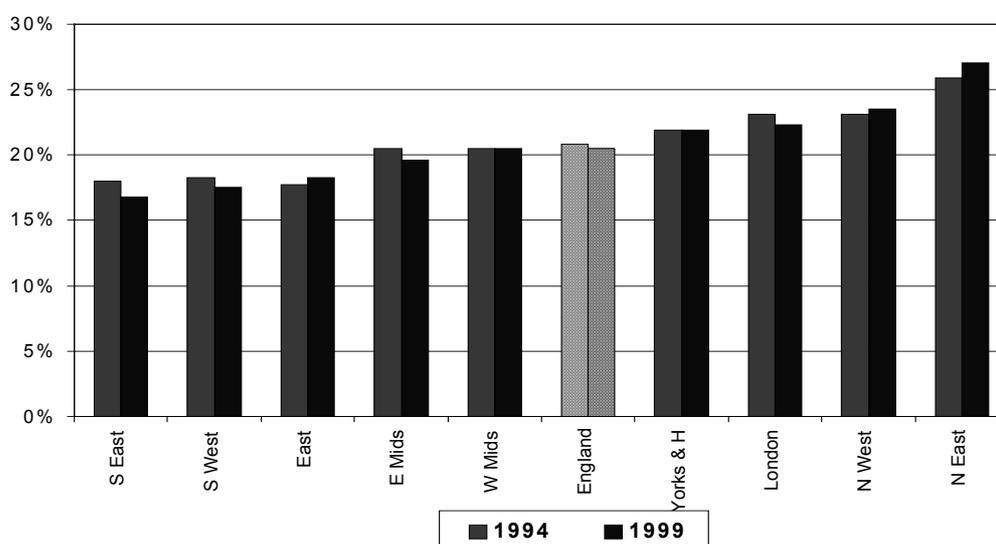
There are also important differences between age groups. Inactivity amongst young people (aged 18-24) has increased over the 1990s, from 21.8 per cent in 1992 to 24.3 per cent in 1999, reflecting the increase in participation in higher and further education.

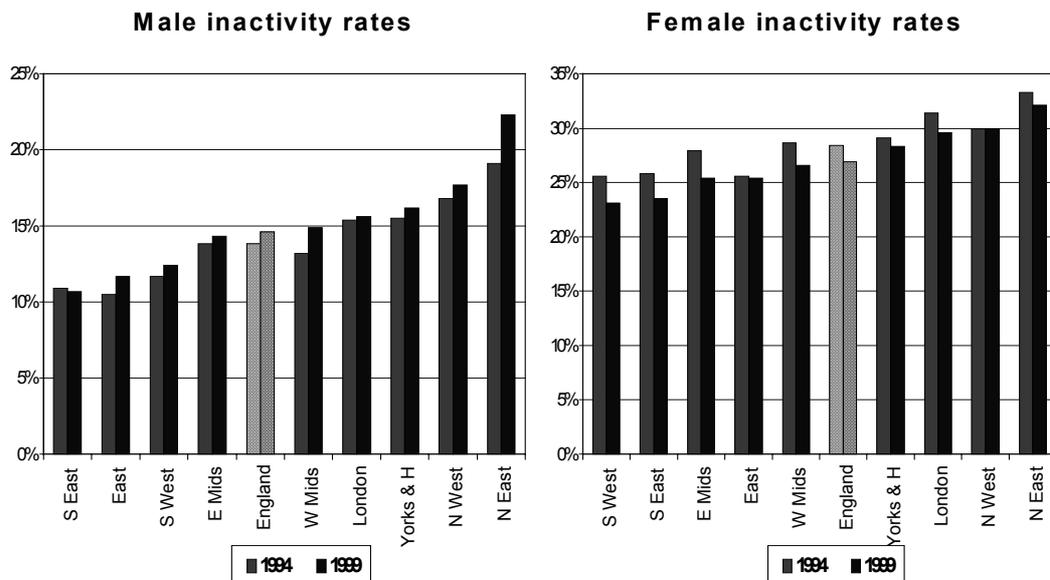
Amongst those aged 50 to state retirement age (59 for women and 64 for men) the proportion who are economically inactive has remained roughly constant at around 30 per cent although the increase in the population aged 50 to 59/64 means that the numbers inactive has increased. This hides an important gender difference. The proportion of older men who are inactive has increased gradually from 22 per cent 15 years ago to 27 per cent now, largely as men have left the labour market for early retirement or incapacity benefits. By contrast, the proportion of older women who are inactive has fallen, from two-fifths 15 years ago to a third now, although they remain more likely than men to be inactive.

Inactivity fell in four of the nine regions in England between 1994 and 1999 and the difference between the highest and lowest rates widened from 8 to 10 percentage points. The falls were in the South East, the East Midlands, London and the South West whilst the largest increase was in the North East.

The female inactivity rate fell across all regions except the North West where it was unchanged, with the largest falls in the East Midlands and the South West (both by 2.5 percentage points) and the South East (2.3 percentage points). The male inactivity rate increased in all regions except the South East, with the largest increases in the North East (3.2 percentage points) and the West Midlands (1.7 percentage points).

Economic inactivity rates by region 1994-1999



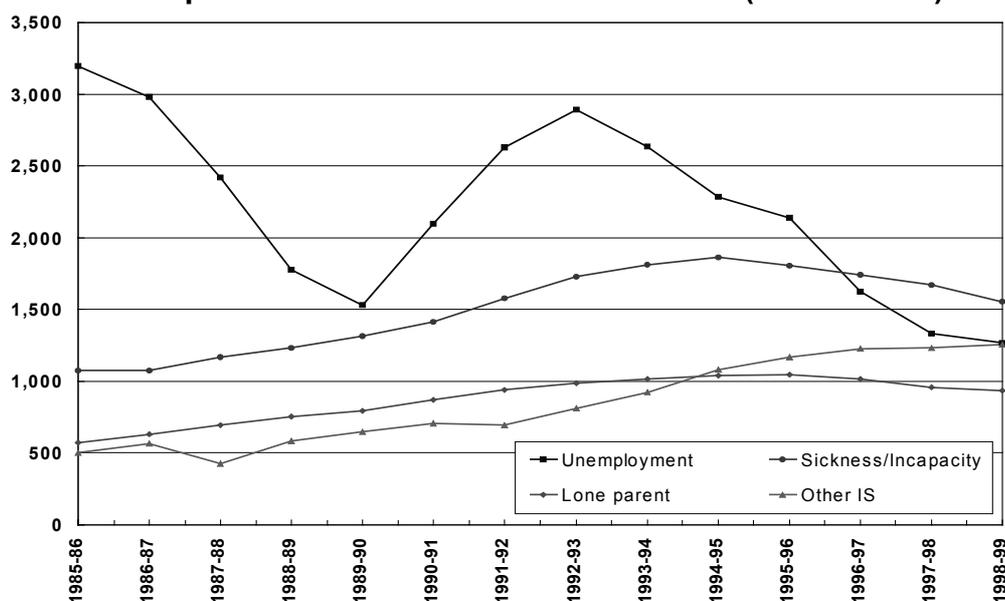


Source: Labour Force Survey, spring quarters

Long-term unemployment and benefit dependency are key issues in the Government's Welfare to Work agenda. In 1999, there were almost 250,000 men and women in England who had been claiming Jobseeker's Allowance for one year or more. There has also been a growth in the number of people receiving non-unemployment related benefits, such as incapacity and lone parent benefits. In 1999, there were 780,000 lone parents, most of them women, and over two million sick and disabled, most of them men, claiming benefits in England. The primary reason for the growth in numbers on these benefits is not more people taking up the benefit but rather, once on these benefits, people rarely leave.

Those lone parents and sick and disabled on benefits are usually further removed from the labour market than the unemployed and so are at greater risk of poverty and social exclusion. One of the key challenges facing the Government is to promote social inclusion and ensure that those who are currently inactive are encouraged to return to labour market to take advantage of the employment opportunities. The goal is work for those who can and security for those who cannot.

Recipients of selected benefits in GB (thousands)



Note: Before 1988, Income Support figures relate to Supplementary Benefit.
These figures are indicative of the scale of benefit dependency in England.

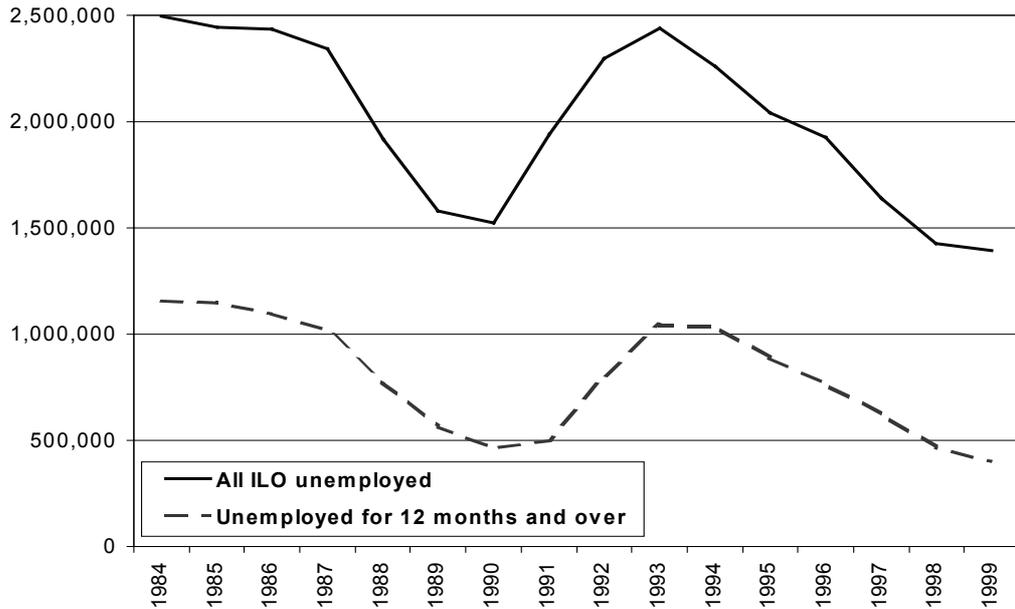
As inactivity has risen amongst men, worklessness has also become more concentrated amongst particular households. In 1999, there were just over three million workless households in the UK – 17 per cent of all households. Although the proportion has fallen recently, it is still significantly higher than 1 in 10 in 1979. Approximately 40 per cent of all lone parent households were workless. This is a concern as hardship is likely to be greater in households where no-one is in work; such households are more likely to live in poor quality housing, have poor diets and suffer from poor health, both physical and mental.

1.2.5 Long-term unemployment

Long-term ILO unemployment (of 12 months or over) has fallen significantly since it peaked at just over a million in 1993 to stand at just over 400,000 in 1999 – down by 640,000 or 60 per cent. As a result of the faster fall in long-term unemployment, the share of long-term unemployment has fallen significantly from 43 per cent in 1993 to 29 per cent in 1999. Women are less likely to be long-term unemployed, with 22 per cent of ILO unemployed women unemployed for 12 months or more compared to 33 per cent of ILO unemployed men.

Long-term claimant unemployment has also fallen more quickly than total claimant unemployment (by 72 per cent compared with 59 per cent since 1993) and thus the share of JSA claimants unemployed for 12 months or more has fallen from 36 per cent in 1993 to 24 per cent in 1999. Long-term claimant unemployment is also less common amongst women, with just 18 per cent of female claimants unemployed for 12 months or more compared with 26 per cent of male claimants.

Working age ILO unemployment in England 1984-1999



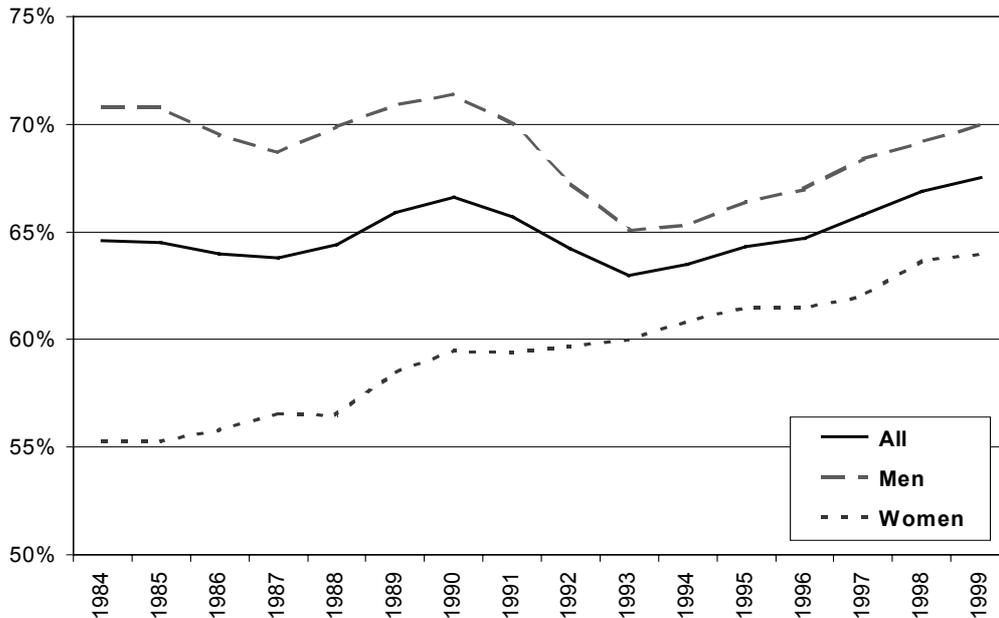
Source: Labour Force Survey

Although long-term unemployment has fallen significantly, it remains too high especially compared to the post-war period. Long-term unemployment is particularly damaging for individuals, reducing their attachment to the labour market and depreciating their skills and employability, therefore, making it harder for them to obtain employment. It is also concentrated amongst certain groups – men, older people, those with few or no qualifications and in inner cities and coastal towns – and this is where support needs to focus.

1.2.6 Older workers

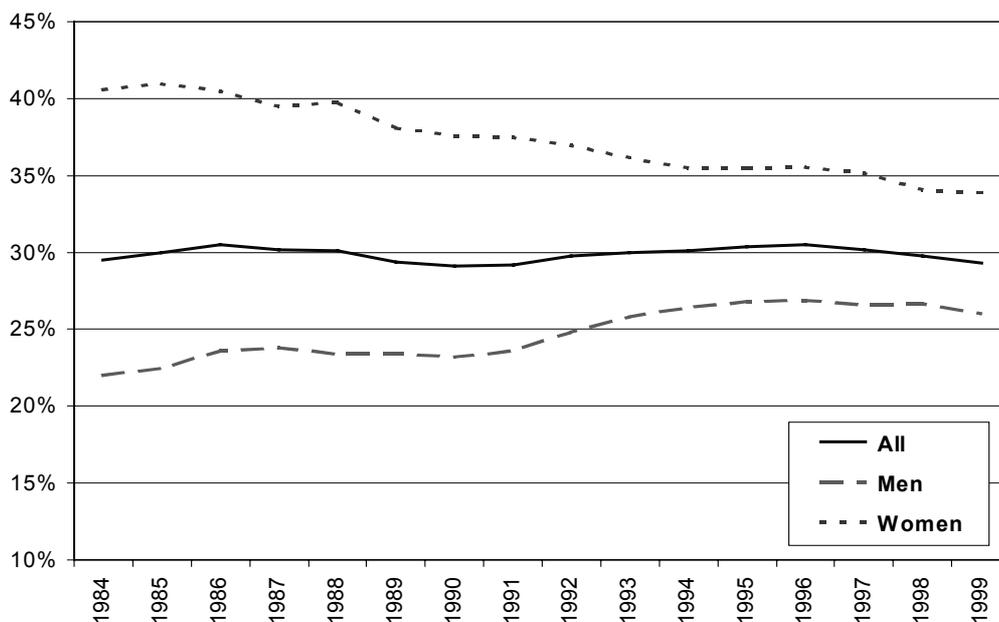
Trends in employment and unemployment rates vary considerably by age group. The most striking change is perhaps amongst older men (aged 50-64) for whom employment rates have fallen from around 95 per cent in the 1950s/1960s to a low of 65 per cent in the early 1990s before recovering to 70 per cent now. Employment has increased amongst older women (aged 50-59), although by less than amongst younger women, and hence the employment gap between older men and women has narrowed.

Employment rate of 50-59/64 year olds in England 1984-1999



The different trends in employment rates amongst older men and women reflect differences in wider labour market trends. The fall in employment amongst older men comprises large cyclical fluctuation in unemployment plus a gradual rise in inactivity, as men withdraw from the labour market to early retirement or incapacity benefits. The increase in employment since the early 1990s has come almost entirely from a fall in unemployment – from 12 per cent in 1993 to 5 per cent now – with inactivity largely unchanged. By contrast, the increase in employment amongst older women has come from a combination of reductions in both unemployment and inactivity.

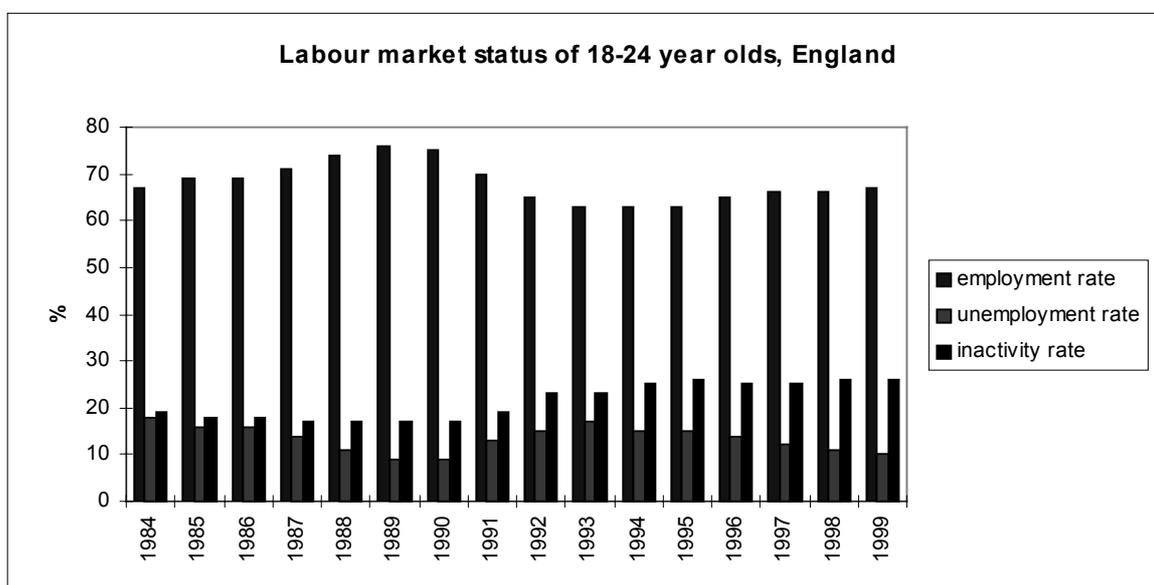
Inactivity rate of 50-59/64 year olds in England 1984-1999



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 improving the employability of older workers and helping them to return to work quickly if they become unemployed will be crucial in the drive to improve employment rates overall.

1.2.7 Young workers

The employment rate for 18-24 year olds has increased slightly since the early 1990s but at 67 per cent in 1999 is significantly below the peak of 76 per cent in 1989. The reason for this lower employment is large increase in the participation of young people in further and higher education, reflected by large increase in inactivity – up from around 17-18 per cent over the 1980s to 26 per cent now. The gap between young men and women is closer than for all men and women with the employment rate for young women seven percentage points below than for young men compared to a gap of 10 percentage points between men and women of working age.



Unemployment amongst young people, however, remains too high. Although the youth ILO unemployment rate has fallen significantly from 17 per cent in 1993 to 10 per cent in 1999, it remains some 4 percentage points above the rate for those of working age. Long-term unemployment is less common amongst young people, however, reflecting the greater dynamics of the youth labour market with young people tending moving to move between jobs fairly quickly, building up skills and experience as they progress.

1.3 Equal opportunities for all and promoting social inclusion

Ensuring that people who are disadvantaged, or who face particular difficulties, are no longer excluded from the labour market is key to improving overall employment rates and to improving the opportunities they face.

1.3.1 People with disabilities

There were over 5.5 million disabled people of working age in England in 1999, accounting for slightly less than one-fifth of the working age population. Proportionately more older people are disabled than young people – across the UK, 10 per cent of men and women aged 16-19 had a disability, compared with 21 per cent of those aged 45-49 (19 per cent of men and 23 per cent of women) and just over a third of those aged 55-59 (32 per cent of men and 37 per cent of women).

Disabled people are less likely to be economically active than non-disabled people with an economic activity rate of 54 per cent compared with 86 per cent. The employment rate of those with disabilities stood at 49 per cent in 1999, compared with 81 per cent for non-disabled people; the unemployment rate of disabled people was almost twice that of the working age population (9.4 per cent compared with 5.5 per cent).

Disabled people have fewer qualifications than non-disabled people and are more than twice as likely to have no formal qualifications: 30 per cent of disabled people compared with 14 per cent of non-disabled people have no qualifications. Even allowing for the differences in age-profiles, differences in qualifications are apparent.

1.3.2 Ethnic minority groups

In 1998 over 2.2 million people of working age in England belonged to ethnic minority groups, accounting for 7.4% of the working population of England. Ethnic minorities are less likely to be employed: employment rates for ethnic minorities are 57% compared to 75% for non ethnic minorities. The unemployment rate for ethnic minorities is more than double that of non ethnic minorities, 13% compared with 6% 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 with 23% of men and women of ethnic minorities having no qualifications compared with 19% of those of non ethnic minorities.

The unemployment rate for ethnic minority male adults (14%) is more than twice as high as that for white male adults (6%). The pattern is similar for women with unemployment rates of 12% compared with 5%.

Significant variations occur between ethnic minority groups in labour market participation rates, employment and unemployment rates. Working age ethnic minority people (66%) are on the whole less likely than white people (80%) to be economically active, although Black Caribbeans are more involved in the labour market than other minorities. The fact that only about half of Bangladeshi and Pakistani adults of working age are economically active implies severe economic deprivation for these groups with poverty rates four times those of whites.

There are also clear gender and age-related differences between ethnic groups. For cultural reasons, Black Caribbean women have traditionally high rates of economic activity, while the reverse is true for Bangladeshi and Pakistani women. Among all ethnic groups, economic activity rates are highest for people aged 25 to 44, but lower among the younger and older age groups. Among young people, differences in activity rates reflect participation in full-time further education, and therefore whites, Black Caribbeans and Black Others have greatest involvement in the labour market. For people aged 45 to retirement age, low activity is likely to be due to the effects of early retirement, loss of industrial jobs and age discrimination, although in the case of older Pakistani and Bangladeshi men, nearly 70% of those who are inactive have a work-limiting disability compared to some 40% of inactive men in this age group nationally.

Economic status by ethnic origin and sex, Great Britain – average summer 1998 to spring 1999

	Economic Activity rate (%)		Employment rate(%)	ILO unemployment
	16 & over	16-59/64	16-59/64	16 & over
All				
All ethnic groups (1)	63.1	79.0	74.0	6.2
White	63.3	79.9	75.2	5.8
All ethnic minority groups	61	66	57	13
Black	67	73	62	15
Black Caribbean	66	76	66	13
Black African	66	68	57	16
Other Black	76	78	63	19
Indian	64	71	65	9
Pakistani/Bangladeshi	47	50	40	19
Pakistani	48	51	42	18
Bangladeshi	43	46	36	22
All other groups	63	66	58	12
Chinese	55	59	55	8
Other/mixed origins (2)	65	68	59	13
Men				
All ethnic groups (1)	72.0	84.8	78.9	6.9
White	72.0	85.4	79.8	6.5
All ethnic minority groups	71	76	65	14
Black	73	79	66	16
Black Caribbean	70	80	68	15
Black African	74	77	65	16
Other Black	78	78	60	*
Indian	74	80	73	9
Pakistani/Bangladeshi	67	70	57	19
Pakistani	67	71	58	18
Bangladeshi	64	68	54	21
All other groups	70	73	63	13
Chinese	58	60	55	*
Other/mixed origins (2)	74	76	66	14
Women				
All ethnic groups (1)	54.7	72.7	68.7	5.3
White	55.0	73.9	70.1	4.9
All ethnic minority groups	51	56	49	12
Black	61	68	58	14
Black Caribbean	62	72	63	12
Black African	57	59	49	16
Other Black	74	77	66	*
Indian	53	61	56	9
Pakistani/Bangladeshi	25	27	22	21
Pakistani	28	30	25	18
Bangladeshi	19	20	14	*
All other groups	57	60	53	12
Chinese	53	59	54	*
Other/mixed origins (2)	58	61	53	13

Source: Labour Force Survey. Reproduced from Sly, F. et al. 'Trends in the labour market participation of ethnic groups'. Labour Market Trends, December 1999.

Whilst these figures refer to Great Britain, they are indicative of England
Annual estimates less than 6,000 are too small to be reliable.

(1) Includes those who did not state their origin.

(2) Includes black/mixed.

1.3.3 Ex-offenders

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 6.4% 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.

1.3.4 The homeless

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 maintain 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%).

1.3.5 Refugees

It is estimated that there are 345,000 refugees and asylum seekers in England, particularly concentrated in the Greater London area. Assistance will be needed to help these individuals become integrated.

1.3.6 Drug and alcohol misusers

50,000 people present for rehab treatment each year, and the Government has a stated public target to double this figure by 2008. Figures from the Department of Health regional drugs misuse database show that an estimated 80% of drug and alcohol misusers are unemployed. Many drug and alcohol misusers suffer from increased labour market disadvantage due to problems such as poor health, a chaotic lifestyle and/or a criminal record.

1.4 Improving training and education and promoting lifelong learning

1.4.1 Overview

A skilled labour force is critical for productivity and economic growth. Globalisation and technological advances have brought change and reinforced the need for improved skills. They have increased employment opportunities, but they have also shifted opportunities to those with skills and education. To keep pace with the rapidly advancing needs of technology all countries, including England, need more and better skilled people. Our vision is of a Learning Age. To build a new culture of learning and aspiration which will underpin national competitiveness and personal prosperity, encourage creativity and innovation and help build a more cohesive society. We want to stimulate action towards widening participation and build a learning society in which people from all walks of life routinely expect to learn and upgrade their skills.

To meet these challenges, it will be vital that young people leave the formal education system with the skills needed for the next century. Standards of education and training have been rising in England – the proportion of the population aged 16 and over with only NVQ1 (or equivalent) as their highest level of qualification has decreased by six percentage points between 1994 and 1999. However 17% of people have just the basic level of qualifications (NVQ1 or equivalent). There is still more to be done if England is to have the skilled workforce it needs; if men and women are to have the skills they need to benefit from current and future employment opportunities; if young people are to fulfil their potential.

The 1999 National Curriculum review has already begun to address this skills gap. From September 2000 Information Communication Technology will be a statutory subject at all key stages. The range of qualifications available to 14-16 year olds is to be widened, and the provision of programmes of work-related learning at key stage 4 is being encouraged, preparing secondary age pupils for employment.

However, a basic formal education will not be enough. Education and training needs to continue throughout working life. It is vital that lifelong learning becomes a reality for all, that education and training systems deliver what individuals and businesses require, at times and places that suit them.

Action is needed to help individuals acquire and retain the skills they need to succeed in and adapt to a changing world. We begin from a position in which there are groups within the population of working age who lack formal qualifications and others whose skills have been rendered obsolete by technological change. Older men, many of whom worked in traditional industries, and returners to the labour market – women and those with disabilities and long-term sickness – need to be provided with the opportunities that allow them to train, retain and adapt to a changing world of work. Suitable childcare is needed in order to help people take up such opportunities for training and jobs.

1.4.2 Proportion of people with qualifications

The proportion of the workforce holding any qualification has risen substantially from 60% in 1985 to 88% in 1999. This is partly due to the enormous increase in the proportion of people staying on at school after the age of 16 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. The proportion of 16 year olds gaining 5 or more GCSEs at grades A*-C (NVQ 2 equivalent) is now 48% (August 1999) compared to under 35% in 1989/1990. The increase 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 higher education compared to one in eight in 1979.

1.4.3 Level of qualifications

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 are still around 12 per cent of the population of working age with no qualifications and, in 1997/98 over 6% of 16 year olds in England 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.

Raising standards in school is part of the answer. Action also needs to be taken to reduce the number of young people who leave school early and inadequately prepared for working life. Help also needs to be provided to; young people who are, or who are at risk of becoming, disaffected with the education system or with society at large; young people in employment who receive no training; those who have left school but who are neither attached to the labour market nor in full-time education. Improving the qualifications and skills of the working age population is a priority. The success of the UK's education policies and their role in the welfare to work agenda will be central to increasing employment rates.

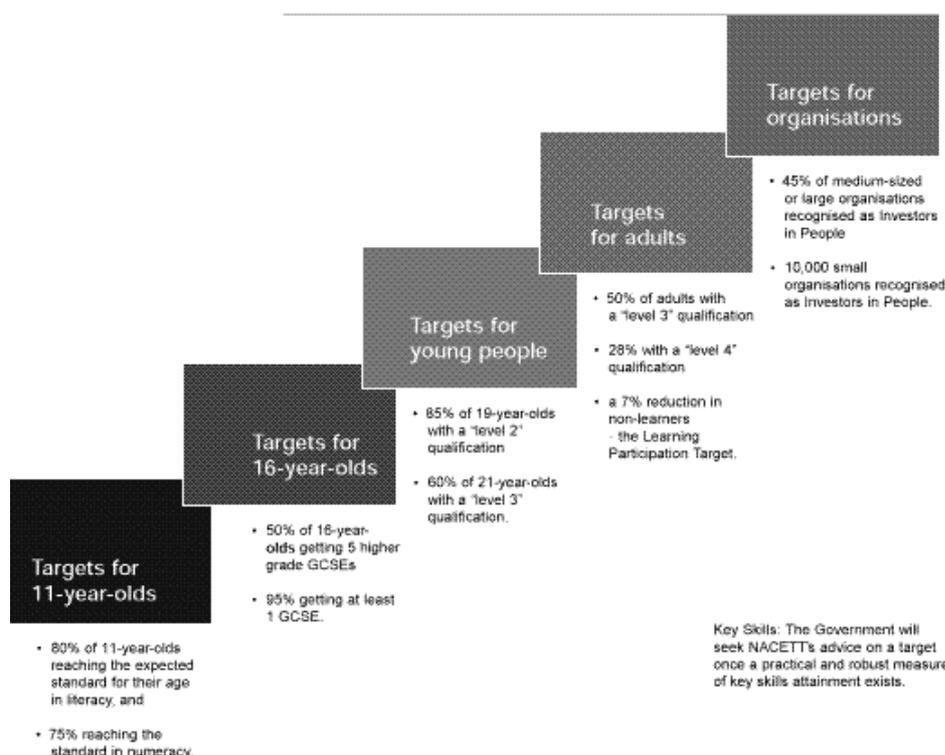
In October 1998 National Learning Targets for England for 2002 were published. These targets are ambitious, but achieving them is necessary for the benefits of change and growth to be realised. The inclusion of a participation target aims to ensure that these benefits can be felt by everyone and bridge the Learning Divide.

The Labour Force Survey (LFS) is used to measure progress towards four of the National Learning Targets; the 19-year-old target, the 21-year-old target and two of the adult targets. The England figures for 1999 are:

- 19-year-olds qualified to level 2 **74.5%**
- 21-year-olds qualified to level 3 **53.8%**
- Economically active adults qualified to level 3 **45.3%**
- Economically active adults qualified to level 4 **26.2%**

Attainment against all four of these targets has increased from spring 1998.

National Learning Targets for England for 2002



Progress Towards the LFS National Targets

Progress since 1995 towards the targets for England is shown in the table below.

Progress towards the four LFS measured National Learning Targets, England, 1995-1999.

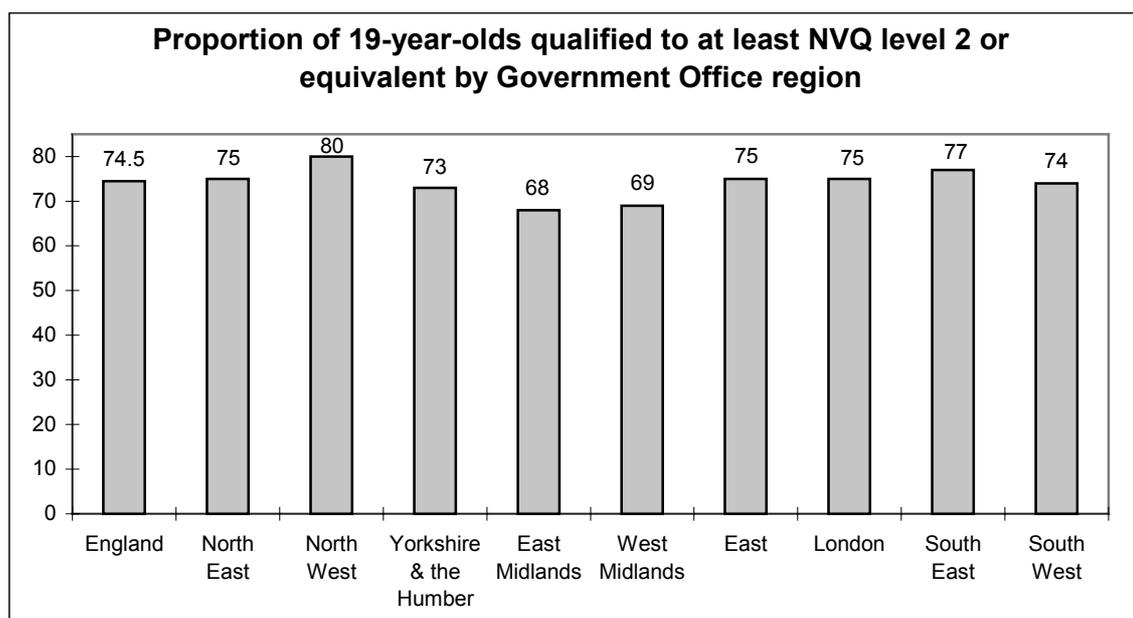
		19-year-olds at level 2	21-year-olds at level 3	Economically active adults at level 3	Economically active adults at level 4
Target 2002	for	85	60	50	28
1995		66.6	44.9	39.5	22.8
1996		67.9	43.8	40.5	23.6
1997		70.9	48.2	42.0	24.1
1998		72.1	50.3	43.5	25.1
1999		74.5	53.8	45.3	26.2
Change previous year	from	+2.4	+3.5	+1.8	+1.1

Source: Labour Force Survey, spring quarters

Note:

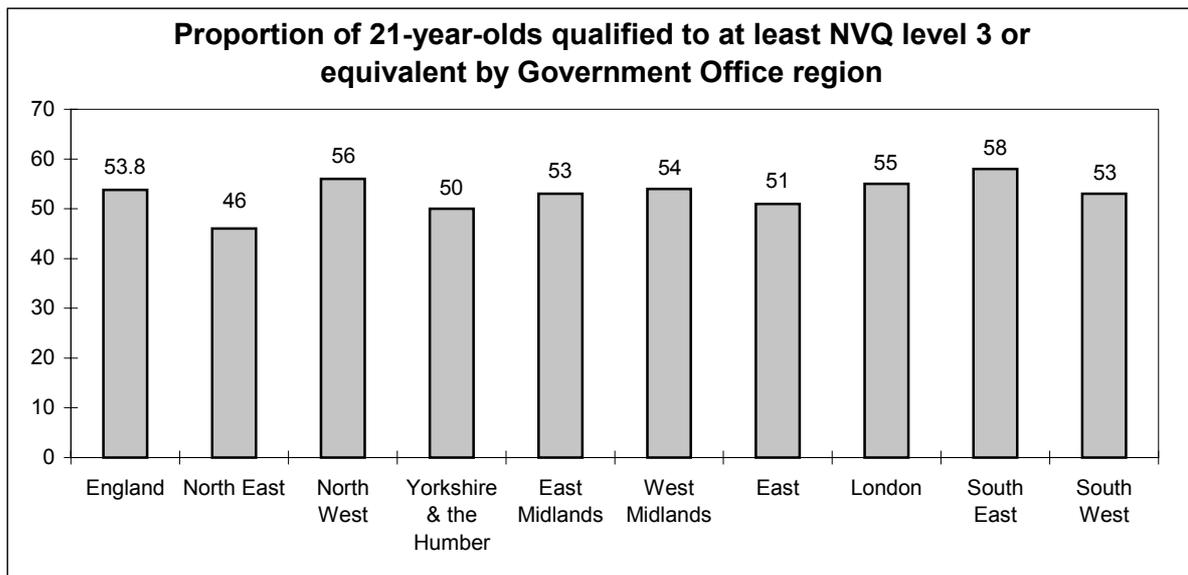
- Changes in the qualification questions in spring 1996 have caused a discontinuity in these data.
- Economically active adults refers to men aged 18-64 and women aged 18-59 who are in employment or ILO unemployed.

19-year-olds: Attainment by Government Office region is shown below. Spring 1999 attainment varies from 68% in the East Midlands to 80% in the North West.



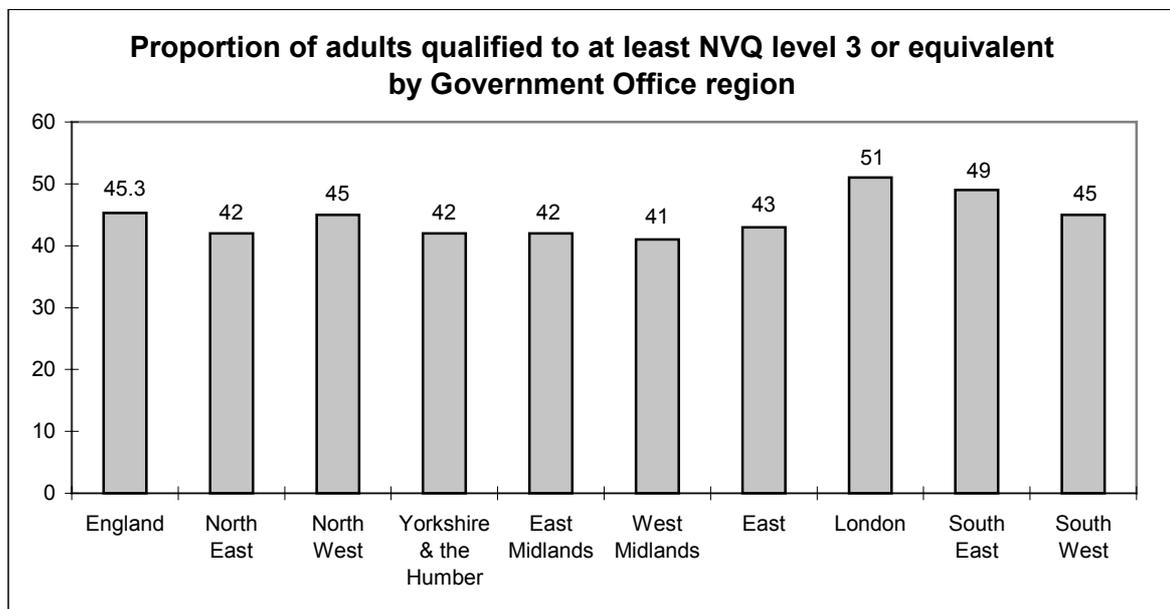
Source: Labour Force Survey, spring 1999

21-year-olds: Attainment by Government Office region is shown below. The South East has the highest proportion of 21-year-olds qualified to level 3 (58%), while the North East has the lowest (46%).



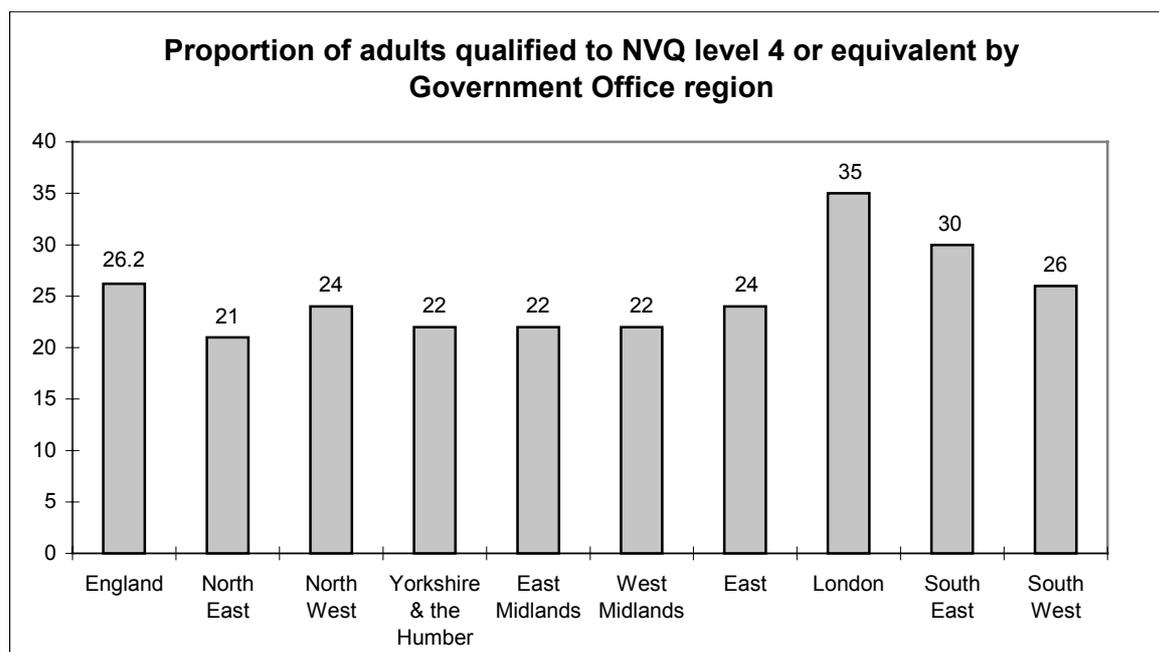
Source: Labour Force Survey, spring 1999

Level 3 Target: The data in the table below, show that the proportion of adults qualified to level 3 varies from 41% in the West Midlands to 51% in London.



Source: Labour Force Survey, spring 1999

Level 4 Target: A regional breakdown of attainment is given below. The proportion of adults qualified to NVQ level 4 ranges from 21% in the North East to 35% in London.



Source: Labour Force Survey, spring 1999

Literacy: In 1998, 65% of 11-year-olds reached at least level 4 in the Key Stage 2 English test. This is 2 percentage points ahead of the 1997 figure. An average annual increase of 3.8 percentage points over the next four years is required to reach the LFS target (80%) by the year 2002.

Numeracy: In 1998, 59% of 11-year-olds reached at least level 4 in the Key Stage 2 Mathematics test. This is 3 percentage points lower than the 1997 figure. An average annual increase of 4 percentage points over the next four years is required to reach the LFS target (75%) by the year 2002.

Five or more GCSEs grades A*-C: In the academic year 1997/98, 46.3% of 16-year-olds gained five or more GCSEs at grades A*-C or equivalent. This is 1.2 percentage points ahead of the 1996/97 attainment figure. An average annual increase of 1 percentage point over the next four years is required to meet the LFS target (50%) by the year 2002.

At least one GCSE at grade A*-G: 93.4% of 16-year-olds gained at least one GCSE at grade A*-G or equivalent in 1997/98. This is 1.1 percentage points ahead of the 1996/97 figure. An average annual increase of 0.4 percentage points over the next four years is required to achieve the LFS target (95%) by the year 2002.

National Targets for Organisations: In May 1999, 30% of organisations in England with 50 or more employees were recognised as Investors in People. In order to reach the LFS target of 45% by 2002, an average annual increase of 4.2 percentage points is needed over the next 3½ years. Of organisations in England with 10-49 employees, 2,781 were recognised as Investors, 7,219 short of the 10,000 target for 2002. An average annual increase of 2,015 recognitions is required over the next 3½ years to meet this target.

1.4.4 Skills and performance²

UK productivity (in terms of GDP per hour worked) is significantly lower than in (West) Germany (30%), France (26%) and the USA (20%).

Much of the UK's weaker productivity record can be accounted for by lower rates of investment and hence lower levels of capital per worker. However, research suggests that the lower skill levels which exist in the UK are also important. It estimates that the productivity gap between Germany and the UK is around 13%, even after allowing for lower capital per worker in the UK³.

Higher level skills improve business performance.

Between 1983-1989 the rise in skill shortages in manufacturing reduced productivity growth by 0.4%, compared to actual growth of 4.5%⁴. Skills Needs in Britain and Northern Ireland (SNIB) 1997 showed that 40% of firms with hard to fill vacancies reported increased running costs and 31% reported loss of quality in the service given to customers.

A lack of skills reduces an individual's effectiveness in the labour market.

Only 2% of the ILO unemployed have qualifications equivalent to NVQ level 5. Those without qualifications earn 1/5th less than average. People with degree or higher level qualifications earn about double those with no qualifications

1.4.5 Report of the Policy Action Team on Skills

The Social Exclusion Unit's report on the problems faced by people living in our poorest neighbourhoods, *Bringing Britain together: a national strategy for neighbourhood renewal* (1), set up 18 Policy Action Teams (PATs) to take forward further work in key policy areas. PAT 2 was asked to produce a report on Skills. Its recommendations will contribute to the National Strategy for Neighbourhood Renewal to be outlined by the Government during 2000.

² The figures in this analysis are preliminary and subject to revision as the Skills unit completes its work for the Task Force

³ O'Mahony, M., (1999), Britain's Productivity Performance 1550-1996: An International Perspective, The National Institute of Economic Research (NIESR), London

⁴ Haskel, J. and Martin, C., (1993), Do Skills Shortages Reduce Productivity? Theory and evidence from the UK Economic Journal, 103: 386-394

The remit for PAT 2, Skills, was to report on:

- the key skills gaps that need to be addressed in poor neighbourhoods to help those who are unemployed, in intermittent or unskilled employment, or lack basic skills and self confidence;
- how well institutions such as Training and Enterprise Councils, Further Education colleges, adult education services, schools and libraries meet these needs and whether there are any changes that would be cost-effective;
- how well alternative methods (e.g. informal learning, outreach units, IT and distance learning) work to motivate adults to re-engage in education and training, and how good practice could be spread better.

The goals were to assess the number of adults in poor neighbourhoods who do not have essential employment-related and other life skills and to draw up an action plan with targets to help them acquire these skills.

Key findings

- People who live in areas that suffer from severe social disadvantage are disproportionately likely to have few or no qualifications, poor literacy and numeracy skills and low self-confidence and 'coping' skills. Low levels of qualifications and skills do not only mean that people are more likely to be unemployed and hence poor. Low skill levels have a sapping effect on people's self-confidence and they also reduce individuals' capacity – and their willingness – to act.
- Action to improve skills in disadvantaged areas comes from a number of sources, such as the mainstream activity of the formal education and training system, investment by employers and regeneration programmes like the Single Regeneration Budget.
- Of the £33 billion of public funding invested each year in education and training, a significant amount is directed towards socially disadvantaged areas, some of which is specific to these areas. However, a recent study (2) of the destinations of Government spending found that, while disadvantaged areas receive proportionately more public education and training expenditure than more prosperous areas, the differential is significantly less than for most other types of public spending.
- Despite all the investment, there are areas of the country where the number of people who lack essential skills is extremely high. There are three main reasons why this situation persists:
 - the education and training system is not adequately addressing the needs of socially disadvantaged adults;
 - local capacity to develop and sustain initiatives which can help people improve their skills is usually weak and, as a result, local involvement in and ownership of learning activities equally so;
 - residents of socially disadvantaged areas believe they have nothing to gain from improving their skills and that, no matter what they learn, it will make no difference to their prospects, in the labour market or more generally.

Key recommendations

- To ensure that people in disadvantaged areas have access to the education and training they need, there should be a step-change in the level of 'first rung' provision that is available to them. Such provision should be delivered where people live through neighbourhood learning centres, which local people should have a role in managing where possible. The DfEE should publish a plan setting out an approach to the development of such centres.
- The DfEE should ensure that a strategic objective is set for the Learning and Skills Council and its local arms to ensure that adequate provision is made for people in socially disadvantaged areas, taking due account of the importance of outreach work and of 'first-rung' provision delivered through neighbourhood learning centres.
- A programme of training and support should be put in place to ensure that practitioners responsible for delivering learning in disadvantaged areas are better able to meet the needs of local people.
- By April 2001, the DfEE should revise its funding programmes and practices with a view to creating a funding and regulatory environment that allows for more community-generated initiative and enterprise in delivering education and training. The Home Office and the Treasury should together take the lead on the development of a code of good practice for Government funding programmes that are relevant to the community and voluntary organisations.
- The DfEE, working closely with the Home Office, should organise a number of pilot community leadership programmes designed for local residents. On the basis of evaluation of the programmes, the two Departments should consider the case for a national programme of training in community leadership.
- The DfEE should encourage employers to invest more in training for people from socially disadvantaged areas, who are likely to be low paid or employed on a part-time or insecure basis.
- Over-arching national aspirations need to be adopted to raise significantly the number of adults in severely disadvantaged areas who have level 3 qualifications; and to reduce significantly the proportion who are non-learners. The aim should be to bring indicators on both counts much closer to the national average.
- As part of their new remit to develop local learning targets, Learning Partnerships should work with local communities to develop specific learning targets that make sense to local people and which respond to real local needs.

1.4.6 Skills in the labour market

The 1980s and 1990s have witnessed a rapid expansion in white collar managerial and technical employment.

In 1981, nearly 7m jobs were in managerial and technical occupations. By 1998 this had increased by 45% to just over 10m. The share of employment accounted for by these jobs increased from 28% to 37%.

However, not all net job increases have been confined to higher skilled jobs. Personal service and sales occupations, many of which are low skilled, have increased by over 45% between 1981 and 1998.

There have been heavy employment losses in many traditional manual jobs.

Employment in manual jobs has fallen by 1.2m or just under 10% between 1981 and 1998. The biggest job losses have been in skilled craft level jobs where just under 20% or 700,000 jobs have been lost between 1981 and 1998.

In 1971, over half of all jobs were found in Standard Occupational Classification (SOC) groups 5 and 6 and groups 8 and 9 (broadly speaking, manual occupations). By 1998, the proportion of employment accounted for by these jobs had fallen to just over 40%. The decline has slowed in recent years and a more modest fall in manual jobs is expected through to 2010.

Employment trends by SOC 1971-1998 UK millions

Occupational group	SO C	1971	1981	1991	1998
All industries	-	24.4	24.5	26.0	27.1
Managers and administrators	1	2.6	3.4	3.8	4.8
Professional occupations	2	1.8	1.9	2.4	2.9
Associate professional and technical occupations	3	2.2	2.4	2.9	3.4
Clerical and secretarial occupations	4	3.5	3.8	4.0	4.0
Craft and skilled manual occupations	5	4.6	4.2	3.9	3.5
Personal and protective services	6	0.8	1.0	1.3	1.7
Sales occupations	7	1.3	1.4	1.6	1.8
Plant and machine operatives	8	3.8	3.2	2.8	2.6
Other occupations	9	3.8	4.0	3.6	3.2

Source: Unpublished data from IER (based on SOC 2000)

The shifts in employment shown above can be explained in part by the changing proportions employed in each industrial sector. In 1971, manufacturing accounted for 30% of employment, while in 1998 this had fallen to 16%. Conversely, employment in the service sector has risen from around 30% of employment in 1971 to 45% in 1998.

There has also been a significant shift towards white collar jobs in those sectors traditionally employing a large proportion of blue collar workers. The proportion of non-production workers in the manufacturing sector, for example, has grown from 28% in 1971 to 35% in 1998. This growth has been particularly marked among managerial occupations.

1.4.7 Skill trends

Skill levels are rising within occupations.

68% of firms believe that the skills needed in their average employees are increasing⁵. In addition, the proportion of workers saying that they needed some qualifications to get their job has increased from 62% in 1986 to 69% in 1997⁶. Between 1981-86, 52% of respondents thought the skills needed to do their job had increased, with only 9% saying they had decreased⁷. More recently, the 1999 Skills Survey found 59% of respondents thought their skills had increased over the last 5 years.

Increasing skills needs in average employee by industry sector (%)

	1994	1995	1996	1997	1998
Manufacturing	55	68	65	62	63
Mining, utilities and construction	48	67	64	71	59
Distribution and customer services	60	64	69	67	61
Finance and business services	64	71	78	76	70
Transport, public admin. and other services	69	76	80	70	74
Total	63	71	74	69	68

Source: SNIB (1998)

⁵ Skills Needs in Britain and Northern Ireland, 1998, IFF Research Ltd. For the DfEE

⁶ Green, F., Felsted, A., and Gallie, D., (1999), Computers are even more important than you thought: an analysis of the changing skill-intensity of jobs. Paper presented to the EEG Annual Conference, July 1999

⁷ Gallie, D, 1991, Patterns of skill change: upskilling, deskilling or the polarisation of skills?, Work, Employment and Society, vol. 5, no 3, September, 319-351 *SCELI* (*Social Change and Economic Life Initiative*)

Perception of skill change

By occupation in 1997	Proportion of people from perceiving an increase/decrease in the skills required to do their jobs	
	Increase	decrease
Managers	68.4%	6.6%
Professionals	62.5%	1.7%
Associate Professionals	71.7%	6.4%
Clerical & Secretarial	69.2%	10.7%
Craft & Related	51.8%	6.9%
Personal & Protective Services	56.4%	11.4%
Sales	46.5%	17.1%
Plant & Machine Operatives	46.6%	13.1%
Other	41.6%	12.8%

Source: Skills Survey 1997

Skills increases are not uniform across the labour market.

For example, non-skilled manual workers were much less likely to have experienced an increase in skills levels than their counterparts in intermediate and higher level occupations⁸. However, the Skills Survey (1997) found that this trend may have changed with skills for those at the bottom of the hierarchy rising faster than for those at the top.

Communication skills: The growth in service sector, managerial and personal service jobs coupled with an increased emphasis on customer care has led to higher demands for interpersonal and communication skills. Comparing 1992 with 1997, over-one third of employees thought their jobs needed more of these skills⁹.

Cognitive and problem-solving skills: Changes in processes and technologies have led to an increase in skills needs. The SNIB 1998 survey revealed that 46% of employers think that these types of changes have led to an increase in skill needs.

⁸ As 5 above and Gallie, D and White, M, 1993, Employment in Britain, Blackwell, Oxford.

⁹ Green, F., Felsted, A., and Gallie, D., (1999), Computers are even more important than you thought: an analysis of the changing skill-intensity of jobs. Paper presented to the EEG Annual Conference, July 1999.

Changes in work practices and developments such as multi-skilling have also contributed towards an increase in skills needs. A 1998 SNIB survey showed 38% of employers say this is leading to an increase in skill needs, in particular driving up cognitive and problem solving skill needs. In the 5 years to 1997 over one-third of employees thought jobs required more problem solving skills (working out causes of faults, analysing complex problems)¹⁰. Researchers have also found that increases in the need for cognitive and problem solving skills have been greater than average among professionals and craft and related occupations, and less than average among personal and protective services¹¹.

In 1996 72% of manufacturing firms used team-based working with 35% of firms using it entirely. 77% of firms introduced these new work-based practices in the 1990s¹².

Management skills: Recent changes in work practices have often resulted in pushing decision-making further down the hierarchy. The introduction of Total Quality Management, quality circles, Just-in-time and Empowerment has placed greater emphasis on teams of workers on the shop floor and therefore reduced the need for large numbers of middle managers and supervisors. These changes result in more employees needing management skills.

IT and new technology skills: The introduction of new technologies means there is a greater skills demand for people to build, maintain, develop and use these technologies. The IT National Training Organisation estimates that over 18m workers use IT equipment in their jobs. This recent phenomenon is increasing at a rapid rate. 42% of respondents to the Skills Survey (1997) said that their use of computers or other computing equipment had increased in the five years to 1997.

1.4.8 Skill gaps

Skills gaps exist where employers feel that their existing workforce have lower skills than necessary to meet their business objectives; or where employers (either consciously or not) adopt sub-optimal product or work practices because of a lack of skills in their workforce. According to SNIB (1998) 15% of employers say that there is a significant gap between the type of skills their current employees possess and those needed to meet current business objectives. The main cause of hard-to-fill vacancies is the lack of suitably skilled people (58%).

Causes of current hard-to-fill vacancies

	Any reason	Most important reason
Not enough suitably skilled people	58	41
Lack of work experience company demands	17	5
Lack of qualifications company demands	16	4
Lack of technical or practical skills	15	5

Source: SNIB (1998)¹³

¹⁰ Green, F., Felsted, A., and Gallie, D., (1999), Computers are even more important than you thought: an analysis of the changing skill-intensity of jobs. Paper presented to the EEG Annual Conference, July 1999.

¹¹ Green, F., (1999), The Market Value of Generic Skills, National Skills Task Force Research Paper 8, September 1999 (available from the DfEE: contact Chris Hurst – 0114 259 3489).

¹² Waterson, P.E. et al, 1999, The use and effectiveness of modern manufacturing practices: a survey of UK industry, Int. J. Prod. Res., vol. 37, no. 10, 2271-2292.

¹³ Skills Needs in Britain and Northern Ireland, 1998, IFF Research Ltd. For the DfEE.

Technical and practical skills are those where most employers feel there is a skills gap (64% of those reporting a gap) with significant proportions also saying that computer literacy, customer handling and communication skills were a problem (each with around 55% of those with gaps).

SNIB probably under-estimates the scale of the skill gap problem affecting the UK as significant numbers of employers will not be conscious of a problem. Compared to our main international competitors, the UK appears to have much fewer people with vocational qualifications in intermediate level (craft, technician and junior management) jobs. The Skills Audit showed that when compared to Germany a significantly smaller proportion of the UK workforce was qualified to level 2/3 with far fewer numbers holding level 3 vocational qualifications.

SNIB (1998) found that the main skills reported to be lacking were:

- technical or practical skills (64% of employers reporting a skills gap);
- computer literacy and IT skills (55% of employers reporting a skills gap);
- generic communication skills (55% of employers reporting a skills gap);
- customer handling and management skills (53% of employers reporting a skills gap).

Greatest incidences of a skills gap have been in the engineering, hotels and catering and financial sectors. The most frequently recurring occupational areas for internal skill deficiencies were managers and clerical staff together with some sector-specific areas of concern, e.g. personal service occupations in hotels; sales occupations in finance; and craft and operator occupations in some manufacturing sectors¹⁴. In 1998, a third of engineering establishments reported a gap between current skills of the workforce and skills required¹⁵.

1.4.9 Skill supply

Participation in higher education has increased dramatically in recent years.

This has occurred simultaneously with a rapid decline in the numbers of young people available. 33% of young people now enter HE compared to only 5% in the early 60s. This is projected to rise by a further 2% by 2001.

Increase in HE take up has not been uniform. Enrolments on first degree courses increased by just under 9% (73,000) between 1994 and 1998. Subjects which have seen greatest proportional increase in enrolments have been allied to medicine and Biology (both up 35%), Computer Science (up by one-third) and Creative Arts & Design (up 36%). Areas with the biggest falls have been Physical Sciences (down 3%) and Engineering & Technology (down 8%).

¹⁴ 1999 DfEE Skills Unit Project – Extent, Causes and Incidence of Skills Deficiencies – preliminary findings.

¹⁵ Labour Market Survey of the Engineering Industry in Britain, 1998, Engineering and Marine Training Association.

However, the fall in enrolments in applied science needs to be put in context. 13% of university level qualifications awarded in UK in 1996 were awarded in engineering and architecture, which was about average for OECD but below Germany (21%) and Japan (21%) – both countries have much larger engineering sectors than UK.

There has also been increasing participation in further education.

The proportion of 16 year-olds in full and part time education and training has risen from a level of 65.5% in 1998/7/8 to 84.8% in 1997/8, while for 16-18 year-olds the level has increased from 49.3% to 74.5% over the same period.

The proportion of the population holding qualifications has risen substantially.

Since the early 1980s, there has been a significant increase in the proportion of the population of working age holding qualifications: from 55% in 1979 to 87% in 1999. The rise in the proportion holding degrees or HNDs, has been even faster, doubling over this period. By 1998, some 45% of the employed workforce were qualified to at least NVQ 3, while in 1998, only 12% of the workforce had no qualifications compared to 45% in 1979 (LFS).

Percentage shares in employment

	Per cent		
Qualifications	1979	1988	1999
NVQ 4/5	13	16	26
NVQ 3	10	13	19
NVQ 2	18	23	23
NVQ 1	14	21	20
No Qualification	45	27	12
Total Employment (Total Population)	100.0	100.0	100.0

Source: LFS

A major contributor to the rising level of qualification among the workforce as a whole has been the level of qualification held by young people. Around 45% of 16 year olds now gain 5 or more GCSEs at grades A*-C compared to under 35% in 1989/90.

However, these improvements do hide underlying problems which need to be addressed.

Despite these improvements there is a need to do even better still. One in ten young people reach school leaving age with no qualifications and only about one-third of 15 year olds gain a GCSE grade C or better in Maths and English.

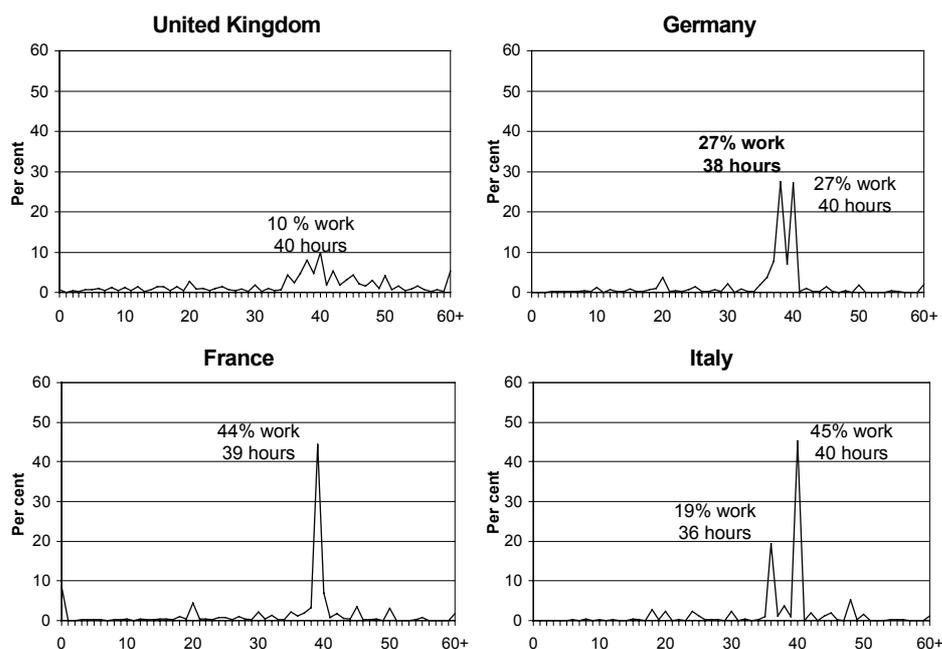
1.5 Adaptability and entrepreneurship

1.5.1 Overview

The UK labour market is characterised by the diversity of work and hours it offers. This is partly a product of its low levels of labour market regulation and statutory prescription, whilst retaining basic levels of protection in terms and conditions of work. This diversity has enabled employment to grow despite social and occupational changes. For instance, since the mid 1960's there has been continuous 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.

The range of jobs available is wider than anywhere else in the EU. In addition, the range of hours worked is wider, as illustrated in the following graph, and there is more shift and weekend working. This range of jobs is one of the reasons the UK has a high proportion of its population in work. More people can find a job that suits their characteristics. 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.

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



1.5.2 Areas of employment growth

After growing strongly over the 1990s, employment in England is at record levels. The growth in employment since the 1993 trough has been driven by employees with the number self-employed falling slightly. There were almost 20 million in 1999, 1.7 million more than the trough in 1993. As a result, employees now make up 88 per cent of all in employment, up from 86 per cent in 1993.

Self-employment, which grew rapidly during the 1980s, has been relatively unchanged during the 1990s, and currently accounts for around 12 per cent of all in employment. There were 2.6 million self-employed in England in 1999, down by 17,000 since the trough in employment in 1993 largely due to the toughening of tax regime for self-employment. Men are much more likely to self-employed, accounting for three-quarter of self-employment in 1999.

The growth in employment in England has been in both full-time and part-time jobs. Full-time employment has grown by over a million since the 1993 trough, representing almost three-quarters of the total employment growth, to stand at 17 million in 1999. Just over three-quarters of people in employment are in full-time work, with men much more likely to be so than women – 92 per cent of men in employment work full-time compared to 57 per cent of women.

In 1999, there were 5.3 million people in part-time employment, up by 800,000 since the 1993 trough, comprising almost a quarter of all in employment. part-time employment is much more common amongst women, accounting for over two-fifths of female employment compared with just 8 per cent of male employment. This is, however, largely through choice, with just 7 per cent of women in part-time employment saying they were because they could not find a full-time job.

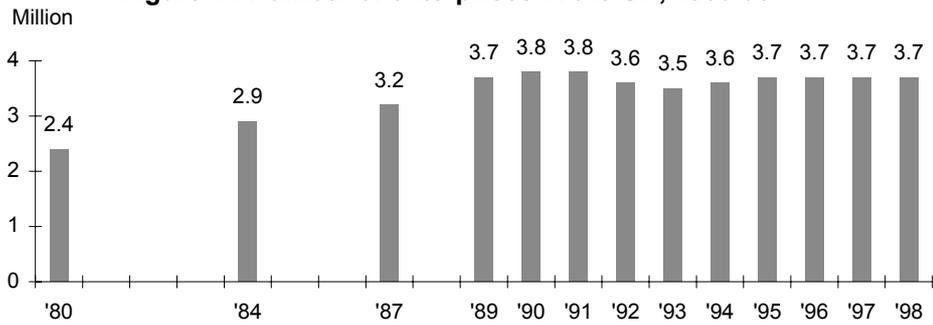
There were 1.3 million employees in temporary jobs in England in 1999, representing 6.6 per cent of all employees. This is up by 270,000 since the 1993 trough, with more working in temporary jobs through choice – the proportion of temporary employees who could not find a permanent job is down from 44 per cent in 1993 to 35 per cent in 1999. Temporary work is slightly more common amongst female employees, comprising 7.4 per cent of all female employees compared to 5.9 per cent of male employees.

The increase in jobs over 1999 has been driven by the services sector which now accounts for just over three-quarters of jobs. The largest increases in jobs were in Finance & Business Services and Transport & Communications with other large increases in Distributions. This has more than made up for the fall in jobs in manufacturing and primary industries.

1.5.3 Numbers of businesses

There were an estimated 3.7 million active businesses in England at the start of 1998, representing almost 84% of the stock of businesses in the UK. For the UK as a whole (representative of England) the stock of enterprises has now been at a similar level for the fourth successive year, following falls in 1992 and 1993 (see Figure 1). The business stock is 1.3 million higher than in 1980 (the first year for which comparable figures are available). Most of the growth in the business population has been in one-person businesses.

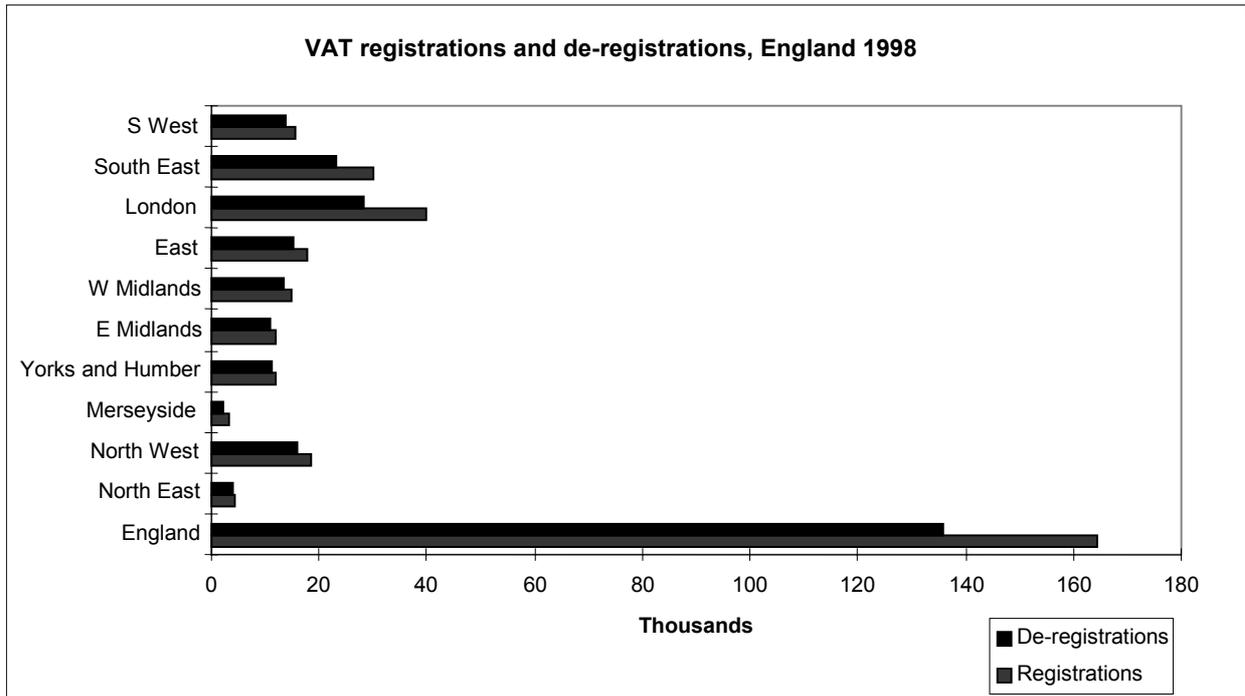
Figure 1 : Number of enterprises in the UK, 1980-98



At the start of 1998 1.3 million businesses were employers, an increase from the 1.2 million employers seen in the previous three years. The increase is mainly due to an increase in single employee companies to 220 thousand. 1997 also saw improved survival rates for businesses, an increase in the number of new business start-ups, and higher self-employment in sectors where the self-employed tend to employ people, such as retail.

Small businesses, including those without employees, accounted for over 99% of businesses and 45% of non-government employment. In contrast, the 7 thousand largest businesses accounted for 44% of non-government employment. Small and medium enterprises (businesses with less than 250 employees) accounted for over 99% of businesses in all regions.

In 1998 there were 164,700 business registrations in England, equal to 42 registrations per 10,000 adults. The number of registrations was higher than in 1997 in all English regions except the East of England (down 2%) and the South East (down 1%), both of which had seen large growth in registrations in 1997. In 1998 registrations outnumbered deregistrations in all regions of England. London and the South-East saw the largest net gains (11,300 and 6,900), whilst the North East and Yorkshire and the Humber saw a small rise in the stock of VAT registered businesses for the first time in recent years.



1.6 Improving the participation of women in the labour market

1.6.1 Overview

The number of women participating in the labour market has increased substantially in recent years and the female employment level and rate are now at their highest ever. Women now make up 44 per cent of the labour force in England and over 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.

1.6.2 Women with care responsibilities

Whether or not a woman has a child has a bearing on her labour market activity. Between 1987 and 1999 the economic activity rate for women of working age (16-59) increased from 69 per cent to 73 per cent; for those with children aged under 5 it rose from 42 per cent to 57 per cent. Although the activity rate for men fell by three percentage points from 88 per cent to 85 per cent, the male activity rate is still much higher than the female.

Evidence shows that women with young children are much more likely to work shorter 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; 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. These figures refer to the UK, but they are indicative of England.

1.6.3 Areas of employment

Women are more likely to be in part-time work and in specific occupations. In 1999 women comprised 33 per cent of all those in full-time work and 80 per cent of all those in part-time work. Some 44 per cent of women in employment worked part-time, the same as in the employment trough in 1993, compared with 8 per cent of men (up from 5 per cent in 1993). The majority of women who work part-time do so through choice, with only 7 per cent saying that they could not find a full-time time job (down from 11 per cent in 1993).

Of all women in employment, 70 per cent work in non-manual occupations compared to half of all men in employment. This is largely explained by women being much more likely than men to work in three particular occupations – clerical/secretarial, personal and protective services, and sales. These three occupational groups account for 54 per cent of female employment but just 19 per cent of male employment. The percentage of women in employment in the top three occupational groups (managerial, professional and technical) rose from 24 per cent in 1984 to 33 per cent in 1999. The increase for men was from 32 to 40 per cent.

Although employment and unemployment rates for women have improved, there still remains more to be done. A number of surveys suggest that the provision and cost of childcare continue to be major factors 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 it was the availability of childcare.

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 disadvantage. Findings suggest that, over a lifetime, the average woman is likely to receive less training than a man in similar circumstances, due to most women marrying or having children. 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.

The UK Government has introduced a raft of women-friendly policies: the New Deal for Lone Parents is intended to get women in particular back into the workforce; the working families' tax credit is meant to ensure that the low-paid keep more of their wages; the National Childcare Strategy aims to make childcare more affordable and accessible.

1.6.4 Gender pay gap

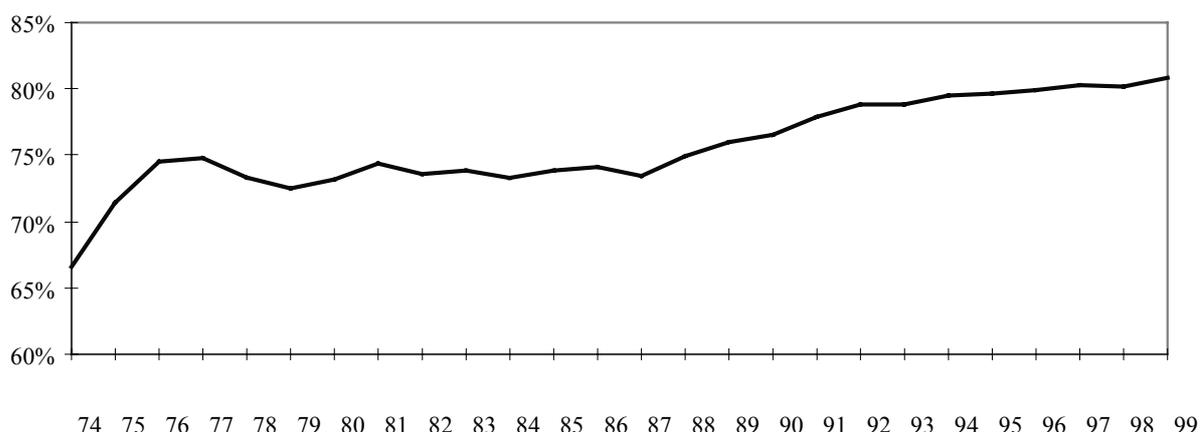
The gender gap narrowed significantly in the year to April 1999, more than at any time since the early 1990s, though even now, a full-time female only earns on average 80.9% of a full-time male (excluding overtime payments).

Earnings statistics continue to demonstrate a narrowing in the gender pay gap. It is expected that this narrowing will continue as the implementation of family friendly policies including the National Childcare Strategy, the New Deal for Lone Parents, the Working Family Tax Credit and the reduction the level of National Insurance Contributions take effect. The National Minimum Wage should also have an impact.

Women's average hourly wage excluding overtime payments has risen as a proportion of men's average hourly wage excluding overtime payments: from just 66.6% in April 1974 to 80.9% in April 1999. As the chart below shows, most of this increase occurred during the middle of the 1970s and in the years after 1987. Over the last 10 years, women's average earnings have increased in real terms by 24% while men's average earnings have increased by 14%.

The most significant narrowing in the gap came during the 1970s after the implementation of the Equal Pay legislation. It seems likely that some of the pay gap remains because of the effects of occupational segregation and child rearing which affects female participation and career progression. Other factors such as changes in the composition of employment, increasing female participation in the labour market and qualification differences and discrimination may also have an effect.

Women's hourly full time wage excluding overtime as a proportion of men's



While women have made significant progress in closing the gender pay gap for full-time employees, they still only represent a relatively small proportion of the full-time employee labour market.

Occupational segregation

Occupational segregation can occur both within, and across, industries, contributing to the gender pay gap. Where men and women work in the same occupational or industrial sector but men progress up the career ladder more quickly, women are then in jobs which are less senior, lower graded and therefore generally lower paid. This is sometimes referred to as vertical occupational segregation.

Other industrial or occupational sectors tend to have a predominance of one sex – such as engineering for men or nursing and retail for women. The sectors where women work command relatively low levels of pay and have done so historically. This is sometimes known as horizontal occupational segregation. Women working full time in the 10 most feminised occupations earn 78.4% of men's average full time wages while women working outside those 10 occupations earn 92% of men's wages.

Further reasons for the gender pay gap – study commissioned by the Cabinet Office Women's Unit

In spring 1999 the Cabinet Office Women's Unit commissioned a research report into women's incomes over their lifetimes. The research set out to examine the key features of women's incomes over their lifetimes, and to identify, and quantify, the factors behind men's and women's lifetime incomes, drawing on existing research and undertaking new analysis, constructing illustrative biographies.

This research quantifies those parts of the lifetime earnings gap of equally-skilled men and women due to being female (the gender gap) and to motherhood (the mother gap). The overwhelming conclusion is that the level of a woman's educational achievement has the biggest single impact on her likely lifetime's earnings, but the hours she works, how many children she has and when she has them, and whether she divorces all have significant impacts on her lifetime income.

For example:

- the mid-skilled childless woman is estimated to experience a lifetime gender earnings gap of £241,000. The mid-skilled mother of two experiences an additional earnings penalty (a mother gap) of £140,000;
- the low-skilled mother of two is estimated to earn around half a million pounds less than her low-skilled husband;
- women are likely to lose out financially as a result of divorce as they lose at least some access to the husband's income. For the mid-skilled mother of two the initial income loss of divorce is estimated to be £169,000 where the marriage is short (seven years) and £127,000 for a long marriage (17 years). Even with remarriage women can be net losers from divorce;
- low-skilled mothers of two lose 42% of their earnings-related pension (84% if they have four children) as a result of having children, while the mid-skilled lose 21% if they have two children (69% with four children);
- the low-skilled, never-married teenage mother of two children forgoes £300,000 in gross earnings, compared to what she is estimated to earn had she remained childless.

The findings relate to hypothetical individuals with given characteristics, not averages of all actual cases. A constructed at three levels: 'Mrs Low-skill' who has no qualifications; 'Mrs Mid-skill' who has qualifications at GCSE level; and 'Mrs High-skill' who has a degree level qualification.

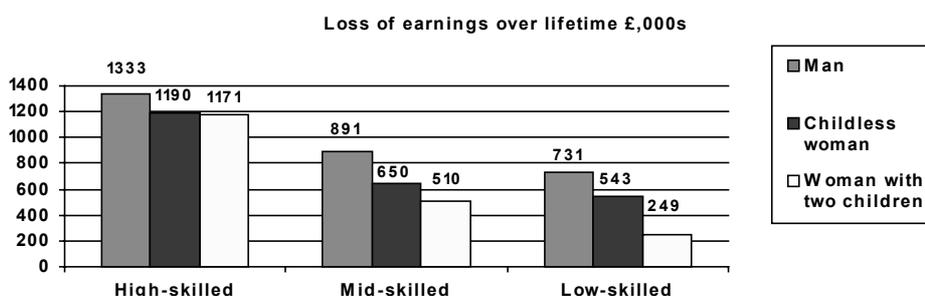
Summary of findings

The earnings gap between men and women

The earnings gap measures the difference in total gross earnings and therefore is based on both hourly pay rates and the number of hours worked. The lifetime gap has a number of components which this study quantifies for the first time.

- **The gender earnings gap**

This represents the difference in lifetime earnings between equivalently-skilled childless women and men, at current rates of pay and patterns of work. The table below shows estimates of this gap by education level. Mrs Mid-skill is estimated to incur an earnings gap of £241,000 over her lifetime.



Around half of the gender earnings gap relates to the fact that married, childless women work fewer hours over their lifetimes than equivalent men; and around half is due to the hourly pay gap which exists between men and women.

The size of the gender earnings gap varies by educational level. For Mrs Low-skill and Mrs Mid-skill the gender gap represents over a third (37%) of their lifetime earnings, compared to Mrs High-skill who experiences a shortfall of around an eighth (12%). In absolute terms, the gap is largest for Mrs Mid-skill (£241,000) with Mrs Low-skill experiencing a gender earnings gap of £197,000 and Mrs High-skill of £143,000.

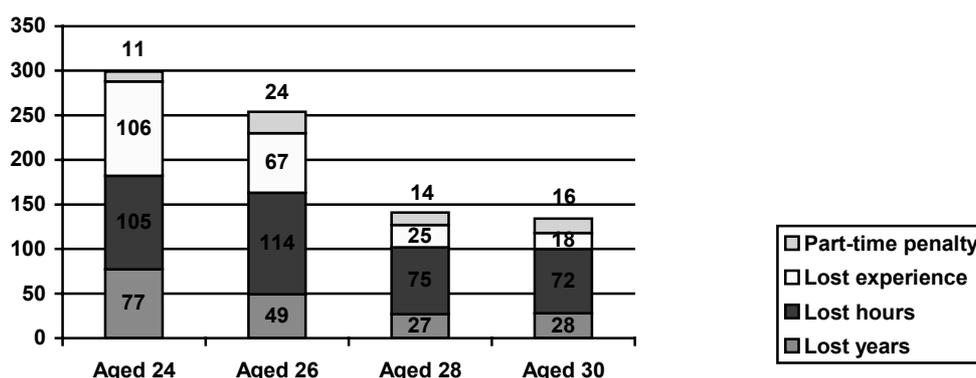
- **The mother gap**

In addition to the gender earnings gap, women who have children experience a ‘mother gap’ which represents the difference in lifetime earnings between equivalently-educated women with and without children. For two children these figures are: Mrs Low-skill, £285,000; Mrs Mid-skill, £140,000; and Mrs High-skill, £19,000. Although there is some impact, high-skilled mothers forgo much less income than low- or mid-skilled mothers as they largely retain their place in the employment market. However, they may incur very high childcare costs. (Childcare costs were left outside the scope of this study, along with all other expenditures on children.)

For Mrs Mid-skill and Mrs High-skill, motherhood has a smaller impact than that of being a woman. For Mrs Low-skill, on the other hand, the effect of becoming a mother exceeds the already large impact of gender on her lifetime earnings. Delaying childbirth has a significant, positive impact on lifetime earnings. For example, it is estimated that if Mrs Mid-skill starts her family at 24 and has two children she forgoes more than twice the earnings than if she started her family at age 30.

The table below illustrates how Mrs Mid-skill’s mother gap is made up at different ages of first birth.

**Breakdown of mother gap for a mother of two children
by age of mother at first birth: mid skilled woman**

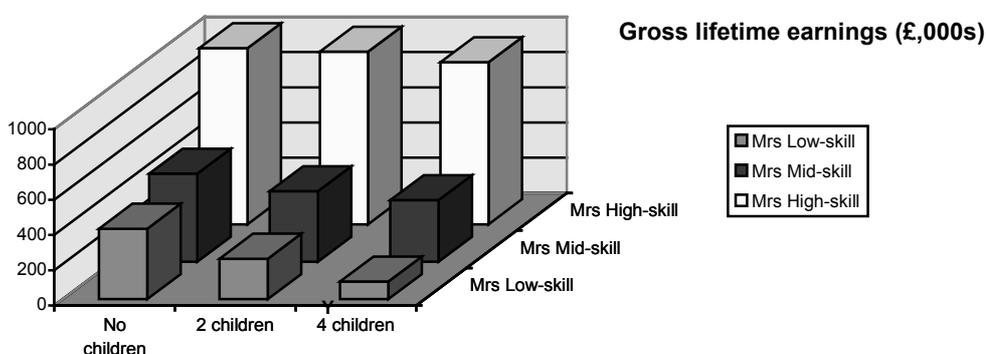


- **The parent gap**

The combined effect of both the gender and the mother gap can be thought of as the difference in lifetime earnings between the mother and father in a family. The parent gap is substantial across the skills spectrum. Mrs Low-skill with two children earns around half a million pounds less than her low-skilled husband. For Mrs Mid-skill the equivalent figure is £380,000, and for Mrs High-skill, £160,000. However, the parent gap is much more significant for Mrs Low-skill, whose husband has lifetime earnings nearly double hers. Mrs Mid-skill’s husband has earnings 75% greater than her while Mrs High-skill’s husband has lifetime earnings just 14% higher.

Women’s lifetime earnings and educational attainment

The most important source of variation on women’s lifetime earnings is the level of educational attainment. The impact of educational level on lifetime earnings is illustrated in the table below. Looking from front to back, this shows the dramatic difference between women of different educational levels whatever the number of children they have. Looking from left to right, it also shows that having children has a very different impact on women of different educational levels.



These differences are a consequence of the levels of earnings commanded by women at different educational levels, and of the different labour supply behaviour simulated for women at different educational levels. If Mrs Low-skill has two children she takes nine years out of the labour market and works part-time for a further 28 years. Mrs Mid-skill is out of the labour market for just two years and works part-time for a further 12. Mrs High-skill works part-time for just one year, working full-time for the rest of her working life.

Partnership, divorce and income

The table below shows the contribution women’s earnings make to a couple’s joint lifetime earnings. If Mrs Mid-skill remains childless she contributes 42% of a couple’s lifetime earnings; this figure is 41% and 49% for Mrs Low-skill and Mrs High-skill respectively. The percentage earned by the woman falls if she has children, most significantly for Mrs Low-skill, again reflecting the large ‘mother gap’.

Average contribution of wife's earnings to a couple's joint lifetime earnings	
Mrs Low-skill	
No children	41%
Two children	24%
Mrs Mid-skill	
No children	42%
Two children	35%
Mrs High-skill	
No children	49%
Two children	47%

Note: 'lifetime' runs from marriage until first retirement

Income sharing within families can be an important component of women's lifetime incomes. If couples share their incomes equally, then this family transfer can provide 30% of the lifetime incomes of Mrs Low-skill and Mrs Mid-skill if they have two children. This figure reaches 60% for Mrs Low-skill during the childbearing years.

The impact of divorce on women's lifetime incomes

Many women lose out financially on divorce. If Mrs Mid-skill with two children gets divorced, her income loss is £169,000 where the marriage is short (seven years) and £127,000 for a long marriage (17 years). However, increased earnings and net transfers from the state and, if they are made, child support payments and a share in the ex-husband's pension, can make a big difference to the income loss due to divorce. In these examples, the income loss is reduced to £25,000 for the short marriage and £41,000 for the long marriage.

Compared to the women who remain married, the effect on earnings comes about in the following way. Divorcees who do not remarry are more likely to stay out of the labour market while their children are young but when they do return are more likely to work full-time. The net effect is to add to their lifetime incomes. Mrs Mid-skill is estimated to end up with £28,000 more from earnings if she experiences an early divorce than either her non-divorced counterpart or the late divorcee.

Even if women remarry some can still be net losers from divorce. Mrs Low-skill who has two children and who remarries is calculated to gain £102,000 in family transfer from her second husband, replacing only two-thirds of what she would have lost on divorce.

Teenage motherhood

Among women, the teenage mother pays huge economic penalties. These are due both to less employment over the lifetime, and, if she does not get married, to the loss of shared income from a partner. The low-skilled, never-married teenage mother of two forgoes £300,000 in gross earnings (60% of the lifetime earnings of a childless, never-married woman).

This shortfall is substantially, although not completely, compensated for by the tax-benefit system: in the case of this teenage mother this would represent about 54% of her forgone earnings.

The impact of the tax and benefit system

The tax-benefit system (the analysis included the effect of Child Benefit, the Children's Tax Credit, Working Families' Tax Credit (WFTC) and the Basic Pension and SERPS) effectively reimburses parents of some of the gross earnings costs of having children (or in the case of WFTC childcare credit, helps mothers with the expenses of going out to work). If Mrs Mid-skill has two children she receives £65,000 more from the tax-benefit system than her childless counterpart, reducing her net income forgone to £80,000.

1.7 Labour market summary

1.7.1 Overview

England has experienced a strong recovery in the labour market, combined with low inflation, since the recession of the early 1990s. Where possible, this section uses figures which relate the previous ESF programming period which started in 1994, to focus on the key changes which occurred between the ESF programmes. Since 1994, the working age employment rate has increased to 74.4%, up by 3.2 percentage points from 71.2 per cent in 1994. This represents 1.4 million more people are in work with employment, at 22.4 million at record levels. This increase in employment has come about through a fall in unemployment to 5.9 per cent, its lowest rate since 1980, as well as a fall in inactivity to 20.9 per cent.

Claimant unemployment in England was just over a million in 1999 (1.01 million). Unemployment has fallen significantly – by 1.2 million since 1994 – and across all regions of England. However, unemployment and worklessness remain concentrated amongst particular groups and households. The youth claimant unemployment rate is almost double that for all ages and almost a quarter of claimants have been unemployed for a year or more.

Action is required to tackle these issues, to improve outcomes and to ensure that employment opportunities are spread more evenly across and within the regions of England. It is also important to ensure that all, including those currently unemployed or inactive, have access to the employment opportunities and the skills and attributes they need to exploit these opportunities. This is essential if England is to achieve a sustained increase in and fairer distribution of employment.

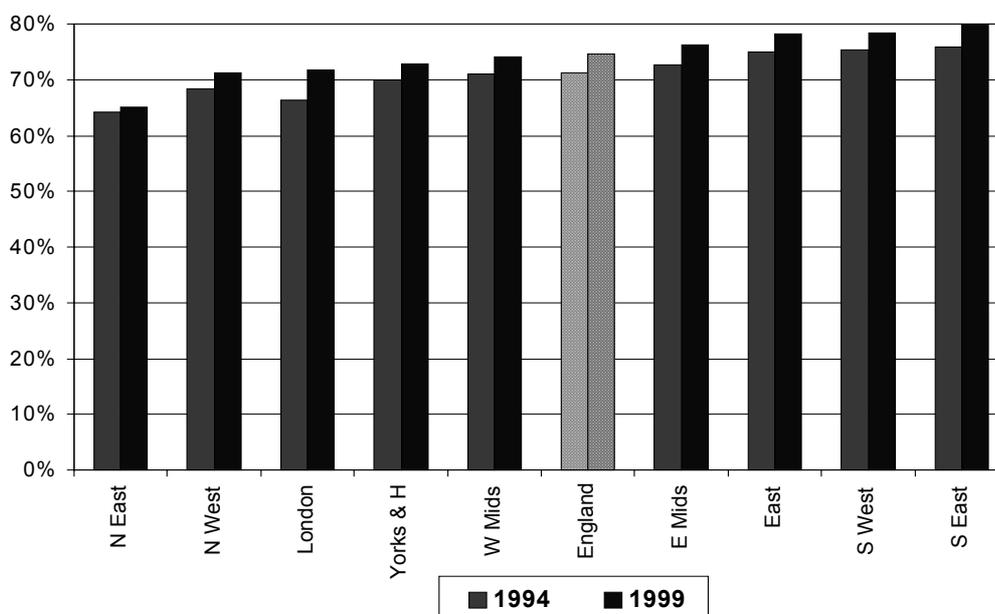
1.7.2 Employment

Employment in England continues to grow strongly

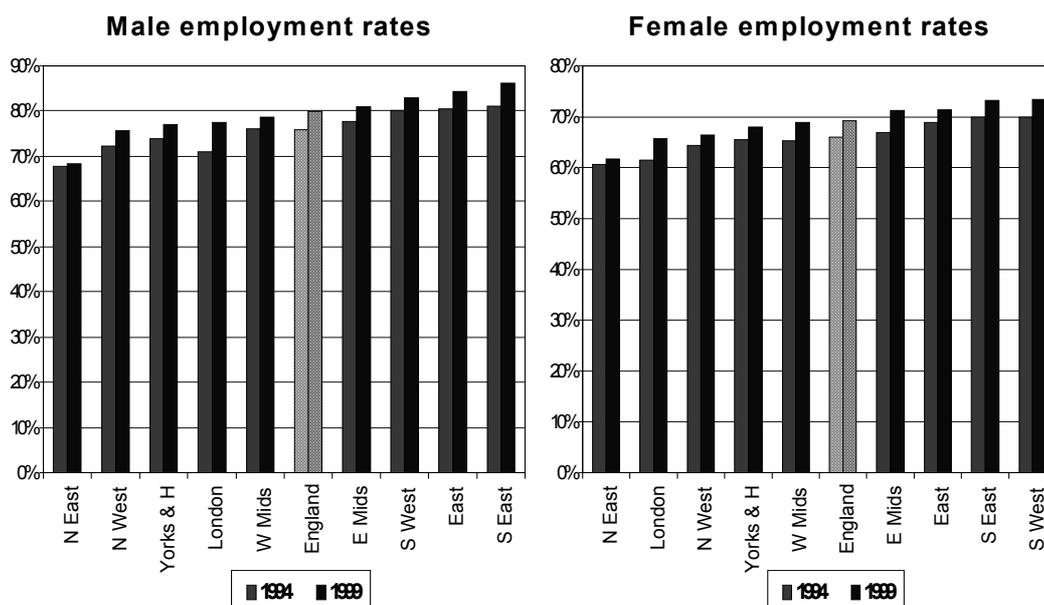
Since 1994, employment in England has increased by 1.4 million to a record level of 22.4 million. In 1999, 74.4 per cent of working age people in England were in employment, up from 71.2 per cent in 1994. This employment growth has benefited both men and women. The male employment rate has increased by 3.5 percentage points from 75.9 per cent in 1994 to 79.4 per cent in 1999, with the female rate increasing by 2.9 percentage points from 66.0 per cent in 1994 to 68.9 per cent in 1999.

The growth in employment has been spread relatively evenly across England and all regions have recorded an increase in their employment rates. However, with stronger employment growth experienced in those regions with better than average employment rates, the difference between the employment rates of the best and worst performing regions has increased slightly from 12 percentage points in 1994 to 15 percentage points in 1999 (80 per cent in the South East compared with 65.2 per cent in the North East).

Working age employment rates by region 1994-1999



Working age employment rates by region 1994-1999



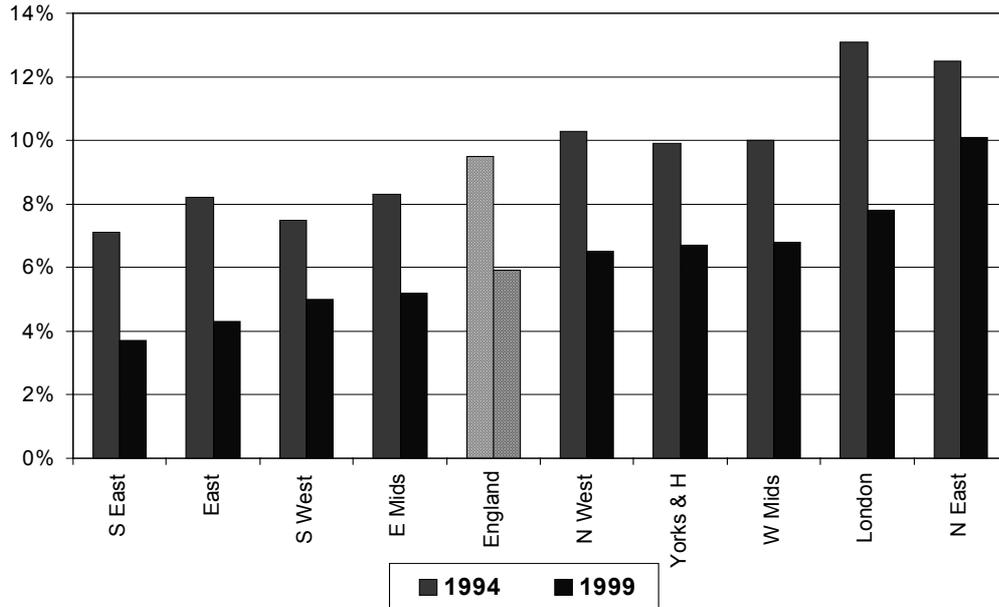
1.7.3 Unemployment

Unemployment in England has fallen significantly and remains below the GB average.

The ILO unemployment rate in England stood at 5.9 per cent in 1999, down by 3.6 percentage points from 9.5 per cent in 1994. Unemployment is now at its lowest level for nearly twenty years, having fallen below its previous trough of 6.4 per cent in 1990. Claimant unemployment has fallen more rapidly than ILO unemployment. The claimant unemployment rate fell by 5.2 percentage points from 9.4 per cent in 1994 to 4.2 per cent in 1999.

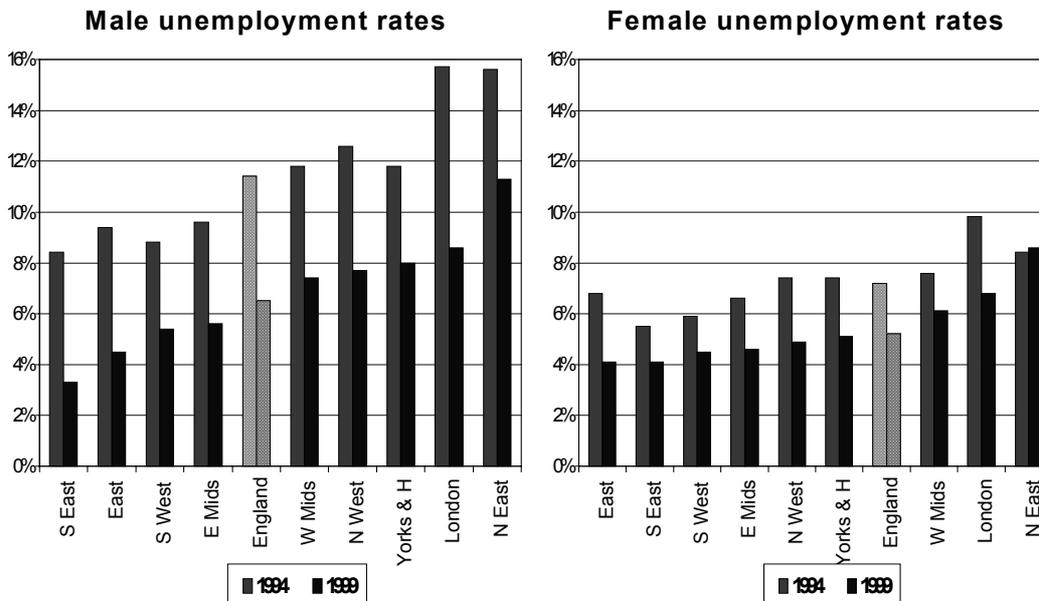
Although men continue to be more likely to be unemployed than women. A faster fall in male than female unemployment has narrowed this differential. In 1999, the male ILO unemployment rate was 6.5 per cent compared to the female rate of 5.2 per cent – a difference of 1.3 percentage points. Since 1994, the male unemployment rate has fallen by 4.9 percentage points compared to a fall of 2 percentage points in the female rate and so the differential has reduced from 4.2 percentage points in 1994 to 1.3 percentage points in 1999.

ILO unemployment rates by region 1994-1999



Since 1994, ILO unemployment has fallen across all regions, with the difference between the best and worst performing regions remaining at about 6 percentage points – 3.7 per cent in the South East and 10.1 per cent in the North East. Most areas saw a fall of between 3 and 4 percentage points in their ILO unemployment. The fall was much larger in London, at 5.3 percentage points, although the unemployment rate in London remains particularly high at almost 8 per cent. The North East and the South West saw the smallest falls, of 2.4 and 2.5 percentage points respectively.

ILO unemployment rates by region 1994-1999

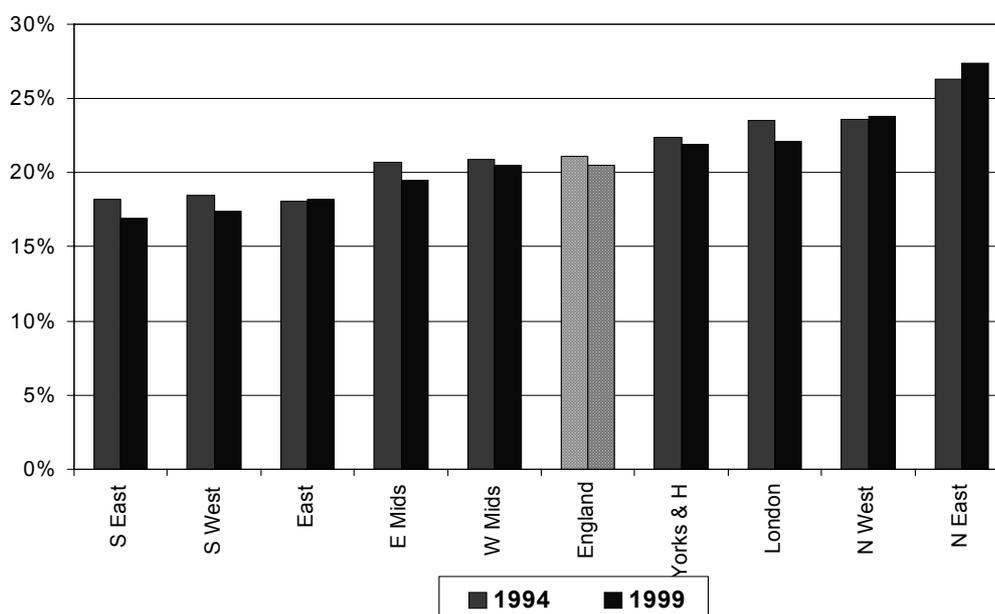


1.7.4 Economic activity

Although some of the increase in employment has come from unemployed people finding work, some has also come from people moving from inactivity into the labour market, encouraged by the buoyancy of the jobs market. This is reflected by a slight fall in the proportion of working age people in England who are economically inactive from 21 per cent in 1994 to 20 per cent in 1999.

This slight fall overall hides a fall in inactivity amongst women but an increase amongst men thus narrowing the difference between men and women. The female inactivity rate fell from 28.7 per cent in 1994 to 27.4 per cent in 1999 whilst the male rate increased from 14.3 per cent to 15.1 per cent.

Economic inactivity rates by region 1994-1999

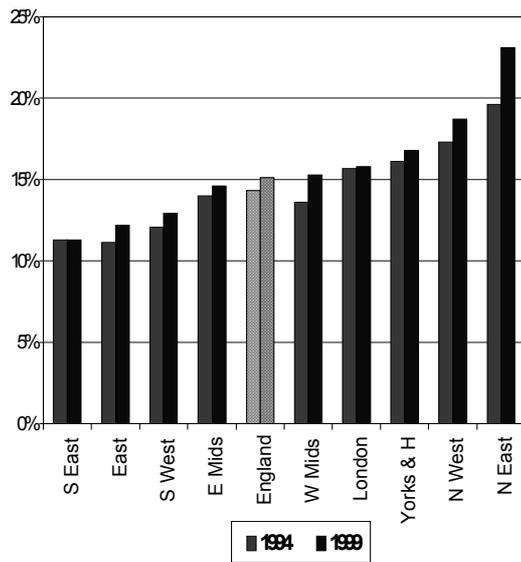


Inactivity fell in six of the nine regions in England between 1994 and 1999 and the difference between the highest and lowest rates widened from 8 to 10 percentage points. The largest falls were in London, the South East, the East Midlands and the South West whilst the largest increase was in the North East.

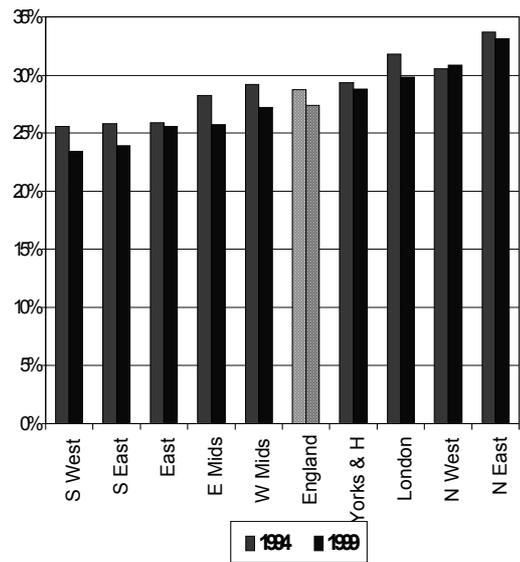
The female inactivity rate fell across all regions except for the North West where it increased by 0.3 percentage points, with the largest falls in the East Midlands (2.5 percentage points), the South West (2.2 percentage points) and London (2 percentage points). The male inactivity rate increased in all regions, with the largest increases in the North East (3.5 percentage points), the West Midlands (1.7 percentage points) and the North West (1.4 percentage points).

Economic inactivity rates by region 1994-1999

Male inactivity rates



Female inactivity rates



2. The policy context – UK labour market policy and the employment action plan

2.1 Introduction

This chapter sets out the policy context that has shaped the development of this plan. It provides:

- a summary of the EU policy context;
- an overview of the Government's policy in this area and details recent major developments that will improve learning and skills policy implementation in England.

The final section draws on the UK Employment Action Plan and shows the links between Government policy initiatives and the EU Employment Strategy.

2.2 The European Employment Strategy

The main goals of the European Employment Strategy have been defined as:

- to achieve a high level of employment in the economy and for all groups in the labour market;
- to move away from a passive fight against unemployment towards promoting sustained employability and job creation;
- to favour a new approach to work organisation in such a way that EU firms are able to cope with economic change while reconciling both security and adaptability, and allowing individuals to participate in lifelong training;
- to provide equal opportunities for everyone in the labour market to participate and have access to work.

The main policy principles are:

- a shift towards prevention and early activation in employment policies. This means helping people before or as soon as they become unemployed, rather than addressing their needs only once they have been out of a job for some time;
- a new management-by-objectives approach. Member States will set concrete targets and objectives, in some cases at EU level, as benchmarks for evaluation of the success or failure of their employment policies;
- annual multilateral mechanisms for monitoring and evaluating the progress of the strategy. Member States, together with the Commission, will set up institutional mechanisms and common employment indicators to allow for systematic assessment of action taken;
- integrating employment policy with other policy areas. Other policies, at both national and Community level, must take account of the employment impact;
- progress towards an employment pact; and

- employment policy is not the responsibility of governments alone. Social partners, regional and local partners, and NGOs all have a role to play by committing themselves to meeting the employment objectives.

2.3 UK policy overview

2.3.1 The Government's aim

Education, Training and Employment are at the heart of the Government's agenda, as set out in the Department for Education and Employment's aims.

'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'.

To further this aim, three objectives have been identified:

Objective 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.*

This means raising standards of education to internationally competitive levels. Too many young people have been leaving school without the basic preparation they need for life. Support for learning in the early years in particular is critical to give children a sure start in life.

There is a need to:

- extend nursery education more widely;
- ensure that all childcare is of good quality and accessible;
- reduce infant class sizes;
- raise standards of literacy and numeracy in primary schools;
- increase achievement at age 16;
- ensure 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;
- give a meaningful introduction to working life, particularly for those who want to join it straight from school;
- try out new ideas and establish models of best practice from which others can learn.

Objective 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 employers need.*

The basis for lifelong learning – enthusiasm for self-development – has to be laid in schools. Careers education should help individuals to make the link between self-development and achievement and all young people should be encouraged to continue in education or training after 16, complete their courses and achieve further qualifications. To establish the habit of lifelong learning amongst adults, there is a need for action to:

- 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 increase 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.

Objective 3: Helping people without a job into work.

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 work and those out of work. Transforming this situation requires:

- a tax and benefits 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 who 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.

To achieve these objectives, the 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 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.

Tackling social exclusion

The concept of social exclusion attempts to capture the many reasons and processes by which people become shut off from or marginalised within society – those people who lack the means, material or otherwise, to participate fully in economic, social, cultural and political life.

Tackling social exclusion is one of the Government's highest priorities and it has introduced a range of actions and measures to further its aim. For example, the Welfare to Work programme, the emphasis on school improvement and raising standards of literacy and numeracy, the National Childcare Strategy, the review of pensions, the setting up of the Low Pay Commission and the review of tax and benefits.

The Cabinet Office Social Exclusion Unit was set up to co-ordinate and improve government action to reduce social exclusion. It has so far reported on Truancy and Exclusions; Rough Sleeping; Bringing Britain together – A National strategy for Neighbourhood Renewal; Teenage Pregnancy; Bridging the Gap – New Opportunities for 16 to 18 year olds not in education, training or employment. The Unit has established an intensive cross-Whitehall work programme to develop policies leading to a national strategy for neighbourhood renewal. A number of Policy Action Teams have been charged with taking the work on these areas even further.

2.3.2 Future developments in delivery systems

The Post 16 education and training system in England is undergoing radical change. These changes have been designed to improve and update mechanisms to further the Government's main policy objective. The objective is 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.

In order to integrate future ESF support with Government policy priorities, ESF will be congruent not only with the policy aims but also the new implementation mechanisms that have been developed to deliver the policy priorities.

Changes to the English post-16 education and training system

The Government's vision is to build a new culture of learning which will underpin national competitiveness and personal prosperity, encourage creativity and innovation and help build a cohesive society. The principles which underpin this vision are those first set out in the green paper *The Learning Age*. They were:

- 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; and
- working together as the key to success.

Whilst significant progress has already been made, there is still a long way to go towards achieving this vision of a learning society. Too many people are excluded from the benefits that learning can bring. Aspirations and staying-on rates remain too low. The system fails a significant section of the community, often the most vulnerable. People with low skills and poor qualifications are locked into a cycle of disadvantage. Education and training must also become more relevant and accessible to both individuals and employers. People need better advice and support and more flexible ways of learning. There are also too many providers whose quality is not up to scratch and where success rates are therefore very poor.

In drawing up proposals for change, the Government has been 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; and
- accountability, efficiency and probity should be promoted at every level.

The Government White Paper 'Learning to Succeed' sets out a new structure for education and training in England which brings together post 16 learning across all routes.

This new structure will provide a more coherent planning and funding system, and higher quality learning opportunities which focus much more sharply on the economy's needs for skills. It will also provide an improved framework of support to individuals, and will encourage wider participation in all forms of education and training, particularly among non-traditional learners and those at risk of dropping out, and will ensure that everyone has an equal opportunity to reach their potential.

The main elements of the White Paper are summarised below:

- A national Learning and Skills Council will replace the Further Education Funding Council and the Training and Enterprise Councils. The Council will be a Non-Departmental Public Body, with responsibility for planning £5 billion of public money, and over 5 million learners. It will have a broad remit covering further education, work based training for young people (including Modern Apprenticeships and National Traineeships), and workforce development. It will also take over responsibility for adult and community education, and act as a champion for promoting and driving up demand for lifelong learning.
- The Council will operate through 47 local arms with responsibility for co-ordinating area plans, building on the work of local Learning Partnerships.
- A new integrated youth support service will be established which will be responsible for the advice and support of young people between the ages of 13-19.
- A new independent inspection regime will be established with responsibility for assessing adult provision and work based training. In addition, the inspection processes for young people learning in schools and colleges through to the age of 19 will be brought together, with OFSTED taking responsibility for the inspection of this provision. The two inspectorates will work closely together to ensure a common approach.
- Responsibility for work based Learning for Adults will transfer to the Employment Service, so as to provide an integrated package of support for unemployed adults.
- The UK government is also changing the way in which benefits are claimed, providing a seamless and coherent service across welfare providers. Information will be provided on work, benefits and other government services in one place. Claimants will be given a personal adviser who will assess their needs and work with the individual to plan a pathway to independence through work where practical.

The Regional Development Agencies

The Regional Development Agencies (RDAs) in England co-ordinate economic development and regeneration activity in the regions and have been fully operational from April 1999 (except in London, where the London Development Agency will operate from April 2000 and be responsible to the new elected mayor and assembly). RDAs are the lead bodies at regional level for co-ordinating inward investment, raising people's skills, improving the competitiveness of business, and social and physical regeneration. Their key task will be to develop a strategy to cover all these issues, which will insure an integrated, sustainable and cohesive approach to improving regional economic performance. RDAs will work closely with a wide range of partners.

The Small Business Service

The UK Government is in the process of setting up the new Small Business Service to operate from April 2000. For the first time, there will be a single organisation within Government that is dedicated to the interests of small business.

This new organisation will have three main functions:

- a strong voice for small business at the heart of Government;
- improving the coherence and quality of Government support for small businesses;
- helping small firms on regulation.

Value for money

The Government is committed to developing delivery systems to improve efficiency. This will involve cutting out fragmentation, bureaucracy and duplication. By reducing waste and increasing value for money the Government plans to release resources and deliver improvements that benefit the learner.

2.4 UK policy initiatives and the Employment Action Plan

2.4.1 The UK Employment Action Plan

Following the adoption of the Amsterdam treaty, which introduced a new title on employment, it was agreed at the Luxembourg Jobs Summit in November '97 that the EU Employment Strategy should be built on four main pillars: employability, entrepreneurship, adaptability and equal opportunities.

Every year, a set of Guidelines are adopted for each of the pillars, which set out a number of specific targets for Member States to achieve in their employment policies. The Employment Guidelines are then transposed into concrete and administrative measures by each Member State, through their National Action Plans for Employment.

The 1999 Employment Action Plan details the main UK policies and initiatives that share the same aims as those set out in the Guidelines. 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.

In order to ensure consistency with the Policy Fields approach set out in the ESF regulation, the main Government policies and initiatives detailed in the Employment Action Plan have been aligned with their relevant policy field heading below.

2.4.2 Active labour market policy

The 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 minimum standards of fairness and decency, including a national minimum wage. The Government is committed to helping young people and the long-term unemployed move from welfare to work. It is also committed to making work pay¹⁶.

The growth of inactivity among people of working age has also contributed to a growing concentration of worklessness, with one household in five having no adult in work – double the number of twenty years ago.

There have been extensive labour market reforms since the mid-1980s, now taken further by the introduction of New Deal. 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.

¹⁶ Ensuring that take home pay after taxes and benefits is greater than the income from benefits which would have been received outside employment.

There is a nation-wide network of over 1,000 Employment Service (ES) Jobcentres providing individualised help for all jobseekers. 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.

Jobplan Workshops (for one year plus unemployed aged 25+) are five day programmes 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 Trial enable 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 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.

Under the Jobseeker's Allowance (JSA) benefit claims are actively managed. Every claimant agrees 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.

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 barriers that have prevented them competing for jobs in the regular labour market.

The New Deal for 18-24 year olds was introduced nationally in April 1998. It aims to help young people who have been unemployed and claiming Jobseekers' Allowance (JSA) for six months or more to find work and improve their prospects of remaining in sustained employment. Local partnerships are working to achieve a sustainable reduction in levels of long-term unemployment and an improvement in the employability of young people. Where childcare is identified as a barrier to participation in training schemes, childcare facilities will be provided or payment towards childcare made.

Between January 1998 and December 1999, over 400,000 young people have joined the New Deal. Of these, 185,000 young people moved into jobs, 135,000 of which were sustained jobs (i.e. without going back on JSA within 13 weeks). Of the sustained jobs 115,000 were unsubsidised and 20,000 were subsidised. 66,000 employers have now signed employer agreements.

The New Deal for long-term unemployed people aged 25 and over was introduced in June 1998 to help them find work or to improve their prospects of doing so. People in this age group who have claimed Jobseeker's Allowance (JSA) continuously for 2 years are automatically eligible to join New Deal.

Between June 1998 and the end of December 1999, 216,000 people started on New Deal 25 plus. Of these, 29,000 have moved into sustained jobs (22,000 of which were unsubsidised and 7,000 subsidised). The total funding commitment to the New Deal 25 plus national programme is £424 million.

Policies to make work pay have also been introduced. The National Minimum Wage came into effect on 1st April 1999, the Working Families Tax Credit was introduced in October 1999 and the 10p starting rate for income tax comes into effect from April 2000.

2.4.3 Equal opportunities for all and promoting social inclusion

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. An important goal is helping those people that can work, find and retain work, whilst providing security to those who genuinely are unable to work.

New Deal for Lone Parents (NDLP) is a voluntary programme designed to ensure that all lone parents who want to work are given help and encouragement to do so. NDLP has been developed in partnership between the DfEE and DSS and offers a package of opportunities including jobsearch, training, childcare and in-work benefit information, to help lone parents into work.

Personal advisers provide practical help and support to assist lone parents find and apply for jobs, identify and access training opportunities and suitable childcare provision, and support them during the transition from benefit into work. Payment for childcare expenses is available for courses up to NVQ Level 2 (exceptionally Level 3) which can be completed within a year and lead directly into employment. Lone parents on Income Support whose youngest child is in their second term of full-time education are invited to meet with a personal adviser. Lone parents on Income Support with younger children can join the programme if they put themselves forward.

The full national programme was launched on 26 October 1998, making the NDLP available to all lone parents on Income Support. The Government has committed over £190m to the programme over the lifetime of the Parliament.

Between October 1998 and the end of December 1999, 116,000 lone parents had attended an initial interview. Of these, 90 per cent have agreed to participate and 35,000 of those participating in the programme have found employment. People with disabilities and those from ethnic minority groups are just as likely to join the caseload.

The New Deal for Disabled People (NDDP) is piloting a range of initiatives to help disabled people and those with long-term illness into work and training, through the Government's Welfare to Work approach. In his July 1997 Budget, the Chancellor set aside £195 million over the lifetime of this Parliament to improve opportunities for them to move into, and remain in, work. The New Deal is a joint initiative between the Department for Education and Employment and the Department of Social Security.

The programme includes the following elements: a Personal Adviser Service to help disabled people and those with a long-term illness to overcome barriers to work; Innovative Schemes to explore how best to help people move into or stay in work; an Information Campaign to improve knowledge of existing help available to help people into work and to change attitudes of benefit recipients, employers and the public; and a programme of Research and Evaluation.

Employment Zones will combine resources from different funding strands currently devoted to getting the long-term unemployed back to work. At this stage, the Zones are for people aged 25 years and over in receipt of Jobseekers Allowance (JSA) who:

- have been out of work for at least a year in Southwark; Haringey; Nottingham City; Birmingham; Newham; and Plymouth; and
- have been out of work for at least eighteen months in Tower Hamlets; Liverpool & Sefton; Brent; Brighton & Hove; Doncaster; Middlesbrough, Redcar & Cleveland; City of Glasgow; North West Wales; and Heads of the Valleys (Caerphilly, Merthyr Tydfil & Blaenau Gwent).

Employment Zones address the intractable problems of long-term unemployment in the areas in which it is concentrated. £112m is available over two years for the new Employment Zones.

The Neighbourhood Support Fund is a new initiative aimed at helping some of the most disadvantaged teenagers overcome the barriers that impede their progress in life. It will tackle the many problems faced by some of the most disaffected and disengaged 13-19 year olds living in some of England's most deprived areas.

ONE is a new programme helping to deliver the government's principle of work for those who can, security for those who cannot. ONE will provide a more integrated and efficient benefits system, tailored to the needs of the individual. ONE will help more benefit recipients into work, providing each client with a personal adviser to help them overcome barriers to work.

There are already 4 pilots that have been operating since June 1999. At the end of November 8 more pilots were launched. The Government is investing £112 million in the 12 pilot schemes and the pilots will run for about 3 years and will be fully evaluated.

About 400,000 people across the 12 pilots will be affected. This includes about 300,000 Jobseekers Allowance clients, 50,000 sick and disabled people and 20,000 lone parents.

A New Deal for people aged 50 and over was announced in March 1999. It will provide a range of support including employment credit, help with training, personal advice and jobsearch. It was introduced in pathfinder areas on 25 October 1999 and will be offered nationally from April 2000. The programme is aimed at unemployed and economically inactive people in receipt of benefit for six months or more, and their dependent partners.

The New Deal 50plus is part of a wider government campaign to address age discrimination and improve prospects of older people. The New Deal 50plus will help over 100,000 people with advice and jobsearch and help 45,000 people into work in a full year

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.

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.

The Code and the supporting guidance for employers were developed with the advice and expertise of some key social partners, such as the TUC, CBI, Institute of Personnel and Development, Age Concern, Institute of Management, Employers Forum on Age and Federation of Recruitment and Employment Services. Although it is non-statutory, the Code sets the standard for non-ageist approaches to recruitment, training and development, promotion, redundancy and retirement.

2.4.4 Lifelong learning

The Government is committed to encouraging lifelong learning so that more people can fulfil their potential and use their skills and knowledge effectively in a changing national and local labour market. The Government wants a learning society in which everyone, from whatever background, routinely expects to learn and upgrade skills throughout life. This means a revolution in popular culture towards attitudes to learning, participation levels and in delivery methods; it also means creating a demand for learning in the workplace, at home and in the community, as well as in traditional institutions. To establish the habit of lifelong learning amongst young people and adults, the Government has introduced a range of policy initiatives.

The ConneXions strategy, aims to support young people as they move from adolescence to adulthood. It will ensure that increasing numbers of young people access appropriate services, follow suitable and high quality learning opportunities and make a successful transition from adolescence to adult and working life.

The aim of the new Youth Support Service will be to deliver high quality, consistent and co-ordinated advice and support which meets the individual needs of young people. Services will be delivered through a network of personal advisers. The new service will provide appropriate advice and support to all young people aged 13-19 to help them gain the greatest possible benefit from education and training and to overcome any personal barriers to remaining in learning. This will mean working with both disaffected young people who have dropped out of learning, or who are at risk of dropping out, to help them return to learning; as well as with young people in schools and colleges to assist them in making appropriate choices. National arrangements will be set up in the autumn of 2000, with new local structures being put in place from April 2001.

Learning Partnerships are now established throughout England to improve the planning and coherence of local post-16 learning. They are supporting action to widen participation in learning, increase attainment, improve standards and meet the skills challenge, and are contributing the Government's social inclusion and regeneration agendas. Specifically they are developing local learning targets linked to the new National Learning Targets. They are co-ordinating local action in such a way as to create a more coherent, effective and accessible set of local arrangements for lifelong learning, careers advice and guidance, and student support, linking in with the social inclusion agenda in schools.

The Adult and Community Learning Fund is a small programme of small/planning and major grants running between September 1998 and March 2002. It is available to organisations working with adults i.e. people over 16 in England. Through the Fund the Government wants to:

- draw more people unaccustomed to education into learning activities of all kinds;
- open up access to learning in terms of location, delivery arrangements and content;
- improve basic skills among adults who have difficulties with them;
- build the capacity of community-based organisations to provide learning opportunities outside conventional educational structures;
- support effective partnerships between local people, community organisations, other voluntary bodies, education providers and other agencies in delivering learning;
- add value to activities supported by charities, trusts and private donors.

Individual learning accounts are aimed at encouraging individuals to see the benefits of investing in learning, and stimulating the desire to learn throughout life. Learning accounts will be a mechanism for funding continuous learning and will contribute to creating a better equipped workforce, enabling people to have a personal stake in society and greater control over their personal development. One million account holders will each receive £150 alongside a small contribution from the individual. Initially, accounts will be targeted at people who need learning and on groups such as women seeking to return to the labour market, younger workers, self employed people, non teaching school staff and ethnic minorities. The rest will be open to anyone aged 19 or over. Up to 100,000 accounts to be available during 1999-2000.

Information and Communication Technologies (ICT) Learning Centres will focus on people living and working in disadvantaged communities. The aim is to establish a range of around 700 ICT Learning Centres across England which will bring access to Information and Communication Technologies and learning into disadvantaged communities. The aim in establishing these centres is to bridge the gap between those in society who have access to ICT and those who do not. The centres will help people to develop ICT skills and offer access other learning opportunities. They will also provide free Internet and e-mail access.

Investors in People is the national Standard which sets a level of good practice for training and development of people to achieve business goals. The Standard was developed in partnership with leading national business, personnel, professional and employee organisations such as the Confederation of British Industry (CBI), Trades Union Congress (TUC) and the Institute of Personnel and Development (IPD). The Standard provides a national framework for improving business performance and competitiveness, through a planned approach to setting and communicating business objectives and developing people to meet these objectives.

Ufi is taking forward the Government's concept of the University for Industry. Ufi is using ICT and the Internet to create an innovative, flexible approach to learning, which will allow people and businesses to learn on-line at times and locations that suit them best. Ufi will cater for a very wide range of learners, from basic skills to post-graduate level, and from general management for SMEs to specific technical skills and knowledge for designated priority areas. It aims to provide information and advice to 2.5 million people a year by 2002, and create demand for up to one million courses and

learning packages a year by 2004 – to be met by the Ufi network and existing learning providers.

Learndirect is the brand name for the learning services of Ufi Ltd. Ufi's first 68 on-line learndirect centres were opened in England in November 1999. These centres are working with Ufi to develop and test learndirect services, including the on-line delivery of learning via the Internet. By spring 2000 there will be 250 learndirect development centres across England, Wales and Northern Ireland. By spring 2001, there will be up to 1000 learndirect centres, which will be operated by local learning providers, industrial sectors and employers.

2.4.5 Adaptability and entrepreneurship

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. Furthermore, 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.

The UK already enjoys a dynamic and flexible labour market underpinned by a statutory framework with effective minimum standards of fairness at work. These will be 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 Account

The UK labour market is already relatively lightly regulated, however the Government recognises the need to improve further and is taking or participating in a number of initiatives to ensure that regulation is simplified and balanced both at national and European level.

The UK has a long history of employers and workers working in partnership to reach agreements on matters relating to workplace issues, including work organisation. Due to the diverse nature of the workplaces concerned and the range of issues covered, such agreements are generally concluded at local level. The Social Partners work towards agreements in a range of areas towards the objective of modernising the workforce organisation.

At national level, the Government seeks to complement and build on existing local and regional activities, and involve or target the social partners as appropriate. The inclusion of the Social Partners as members of the Low Pay Commission (LPC), which advises Government on matters relating to the National Minimum Wage (NMW), has been particularly beneficial. The introduction of the NMW was a major change in employment relations in some workplaces, requiring changes to work organisation. The fact that the LPC was able to utilise the experience of both employers and workers

within its membership in formulating its recommendations to the Government was a key factor in the general acceptance of the NMW by both sides of industry and its successful introduction.

The active involvement of the Social Partners working together has also been important at the regional level. The establishment of the Regional Development Agencies will increase opportunities like this for Social Partners to promote economic regeneration, investment and employment.

There are other areas which in the future could impact on work organisation and where the Government is specifically seeking the views of the Social Partners, and the knowledge driven economy is a key one. The Social Partners contributed thinking towards the Government publication 'Our Competitive Future – Building the Knowledge Driven Economy' and are members of the Competitive Council set up by the Government to implement the commitments. They were also involved in *Knowledge 2000*, a conference held in March, at which both the Government and Social Partners presented the view that competitive advantage in the global economy would only be secured by working in partnership, with joint commitment to constant innovation, enterprise and enhanced performance.

The UK Government believes that a key factor to the social partners being able to reach workable agreements is for those agreements to be made and implemented at the most appropriate level. The benefit of this approach is that it enables agreements to take into account the context and specific circumstances of where they are to have effect. This is particularly useful on issues such as work organisation where the requirements of individual companies and their employees will differ. It is also consistent with the UK's devolved approach to handling employment relations issues more widely, and with the principle of subsidiarity.

2.4.6 Improving the position of women in the labour market

The principles of equal opportunity for all and social inclusion are central to UK policy, not least in relation to the labour market. Special emphasis is placed on the particular needs and requirements of women in pursuing satisfying, non-stereotypical careers. A 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.

The Government acknowledges that childcare costs and lack of provision can be barriers for parents, especially lone parents, wishing to enter training or employment, whether full- or part-time. This is particularly relevant to women, given that 90 per cent of lone parents are women. It is a barrier which must be addressed if we are to ensure that as many people as possible are able to play an active part in the labour market.

The Government is making progress through a number of routes. With regard to affordability, the Working Families Tax Credit and the Disabled Persons Tax Credit were introduced in October 1999 and include a childcare credit which will provide help with 70 per cent of eligible childcare costs. More than one million families are already in receipt of WFTC or are in the transition period from Family Credit. Other benefit changes have also been introduced to the tax and benefits system in order to offer greater financial support to families on low pay. The New Deal for Lone Parents' personal adviser will help find suitable childcare for a lone parent who wants to take up employment, education or training. Help with childcare costs for lone parents undertaking work focused education or training is also available through the programme.

The Government is also helping to increase the provision of childcare with 170,000 new places to date. The Childcare Strategies launched in England aims to ensure good quality, affordable childcare for children aged 0-14, and up to age 16 for children with special needs, in every neighbourhood. Local delivery of the strategy is led by Early Years Development Childcare Partnerships who carried out local audits of childcare provision in 1998-99. They are now implementing and developing their local childcare plans, with £66.75 million available for 2000-01. Partnerships have submitted their plans for 2000-2001 in which they propose to create a further 127,000 new places. Additional initiatives have been taken at national, regional and local level, especially in relation to a National Strategy for Childcare (NCS).

This will benefit parents and children. Through the Strategy, parents, especially women, are being helped to take up employment, education or training, giving them equal opportunities and more choice. £470 million will be available to support the Strategy from 1999-2003 in England, including £170 million from the New Opportunities Fund to support out-of-school provision. Recognising that good information on childcare services is a vital element in making it accessible, we are developing local information services through the Early Years Development Childcare Partnerships. In addition, a national website covering England and Scotland was launched in December 1999 to provide general information and guidance on what to look for when choosing childcare.

Good quality services depend on well-trained competent staff to deliver them. We are taking action to improve the status of the childcare profession and to increase the number of trained people available, by launching a national recruitment campaign. The aim of which is to attract more people into the sector. This will be achieved by targeting people who may not have thought about working in childcare, and encouraging those who have left jobs in the sector to return by pointing to the new support structures, and the increased availability of training and qualifications."

A campaign to raise awareness amongst employers of the benefits of voluntarily adopting sensible work – home balance policies will be launched in the New Year. The main messages will be that individuals should be free to choose for themselves, in consultation with their employer, what balance to strike between work and the rest of their lives. Work – home balance is for everyone, but parents and carers may face particular difficulties; sensible work home policies bring benefits to employers and their workforce; and that work is the best way for us to support ourselves and our families. 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.

The UK recognises the importance of narrowing the gender pay gap, thereby helping more women to move towards financial independence. Section 1.6.4 provides a detailed analysis of the current situation, and illustrates a narrowing gender pay gap. The UK's October 1999 figures show that women working full-time now earn 80.9 per cent of men's hourly full-time earnings and that the pay gap shrank from 20 per cent to 19 per cent in one year.

The introduction of the National Minimum Wage in April 1999 has been of particular benefit to female workers. Over two-thirds of NMW beneficiaries were women. Nonetheless, we are determined to make further progress. Action is underway in the following key areas to tackle some of the causes of the pay gap:

- Breaking down gender stereotypes – the ConneXions strategy, and a new equal opportunities strategy for the careers Service, will encourage young women to stay in education and consider careers in non-typical occupations.
- Help in reconciling work and family life – including through improved childcare and a major campaign to promote employment practices which support work-life balance.
- Working with the social partners and Non-Government Organisations to address discrimination in pay systems. This includes improving access to justice on equal pay. The UK are conscious that some pay cases, mainly those involving work of equal value, have taken a number of years to conclude. We are looking for ways to make the tribunal system simpler to operate, whilst remaining fair to employee and employer.
- The Equal Opportunities Commission's (EOC) 'Valuing Women' campaign aims to raise public and business awareness of the pay gap and the benefits of getting rid of it. It involves leaders of organisations across society in finding solutions to the problem of unequal pay through a business-led Task Force on Equal Pay, made up of senior figures from public and private sectors, trade unions, legal and academic communities. The EOC urges all employers to review their pay systems for evidence of gender bias.

The following table shows how ESF will be used in England to further the aims of the European Employment Strategy (EES) and the UK's National Action Plan for Employment. The first column details the guidelines within the 4 Pillars of the EES, improving employability, developing entrepreneurship, encouraging adaptability of business and their employees and strengthening equal opportunities policies for women and men. The next column summarises the key aspects of the English labour market that relate to the pillar and guideline whilst the last column shows how ESF will be used to address these issues and further the aims of the EES.

Labour market issues	Most relevant European Employment Strategy guideline	Key measure to address the issue and guideline
<p>Although the youth ILO unemployment rate has fallen significantly from 17 per cent in 1993 to 10 per cent in 1999, it remains some 4 percentage points above the rate for those of working age. Long-term unemployment is less common amongst young people.</p> <p>Around 200-250 thousand people joining and leaving the claimant count in England every month. This represents flows of 2.5 to 3 million into and out of the claimant count every year, much larger than the unemployment stock. Most people who join the claimant count leave again very quickly. Around half of those joining the register leave within three months, 70 per cent within six months and 85 per cent within a year.</p> <p>Of those unemployed for less than 13 weeks, 84% leave the count for jobs (when we know their destinations) whilst for those unemployed over a year the proportion going into jobs falls to 47%. Those individuals who remain on the count longest require most help to improve their employability and find and retain a job.</p>	<p>I. Improving employability</p> <p>Tackling youth unemployment and preventing long-term unemployment</p> <p>In order to influence the trend in youth and long-term unemployment the Member States will intensify their efforts to develop preventive and employability-oriented strategies, building on the early identification of individual needs; within a period to be determined by each Member State which may not exceed four years and which may be longer in Member States with particularly high unemployment, Member States will ensure that:</p> <ol style="list-style-type: none"> every unemployed young person is offered a new start before reaching six months of unemployment, in the form of training, retraining, work practice, a job or other employability measure; unemployed adults are also offered a fresh start before reaching twelve months of unemployment by one of the aforementioned means or, more generally, by accompanying individual vocational guidance. These preventive and employability measures should be combined with measures to promote the re-employment of the long-term unemployed. 	<p>Strategic objective: To reduce the flows into long-term unemployment in England through the use of active labour market measures targeted at those recently unemployed or about to become unemployed</p> <p>Policy Field 1 – Measure 1: To provide advice, guidance and support to enable people to develop active and continuous job search strategies and prevent them from moving into long-term unemployment.</p>

<p>The English labour market is highly dynamic.</p> <p>The probability of leaving the claimant count for work decreases significantly with duration of unemployment.</p> <p>Although rates of unemployment are declining in Great Britain, certain groups are harder hit than others through higher incidence of inactivity and unemployment (tending often towards long-term unemployment).</p> <p>The dynamism of the labour market means that blanket support for all those recently unemployed would result in a high level of deadweight. However, the likelihood of (re)gaining work decreases with the duration of unemployment. This means that it is necessary to focus support for those people most likely to become long-term unemployed in the early stages of their unemployment.</p>	<p>Youth unemployment rate still too high – almost twice as high as overall rate.</p>	
<p>Between 1994 and 1999, the employment rate has increased to 74.4 per cent, the ILO unemployment rate has fallen to 5.9 per cent (its lowest rate since the early 1980s) and economic activity rate has increased to 79.1 per cent.</p> <p>Unemployment has fallen significantly – In 1999, just over a million people were registered as unemployed in England.</p> <p>The proportion of people of working age who are inactive has remained fairly constant over the 1990s at just over a fifth of the working-age population. Approximately 1.7 million working age men and women in England want a job but are classed as inactive because they are not actively seeking work or are not available to start work.</p>	<p>Transition from passive measures to active measures</p> <p>Each Member State:</p> <p>3. will endeavour to increase significantly the number of persons benefiting from active measures to improve their employability. In order to increase the numbers of unemployed who are offered training or any similar measure, it will in particular fix a target, in the light of its starting situation, of gradually achieving the average of the three most successful Member States, and at least 20%.</p>	<p>Policy Field 1 – Measure 2: To improve the employability of the unemployed, returners and young people of working age through targeted intervention to enhance vocational and other key skills and removing external barriers to labour market entry.</p>

<p>Deterioration of employment, unemployment and activity rates of older workers.</p> <p>Employment rates below those seen in the past.</p> <p>Falling employment rate and rising inactivity rate for men.</p> <p>Long-term unemployment still too high.</p> <p>Youth unemployment rate still too high – almost twice as high as overall rate.</p> <p>Increase in proportion of workless households.</p>		
<p>The proportion of the workforce holding any qualification has risen substantially from 60 per cent in 1985 to 88 per cent in 1999. 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.</p> <p>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 are still around 12 per cent of the population of working age with no 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.</p>	<p>Encouraging a partnership approach – The actions of the Member States alone will not suffice to achieve the desired results in promoting employability. Consequently:</p> <p>5. The social partners are urged, at their various levels of responsibility and action, to conclude as soon as possible agreements with a view to increasing the possibilities for training, work experience, traineeships or other measures likely to promote employability.</p>	<p>Policy Field 4 – Measure 3: includes “capacity building for social partners to encourage dialogue on work organisation and training” in it’s types of actions to be supported. It also covers “Research into new forms of work organisation....and strengthening the links between employers and educational/training institutions, especially in the fields of science, technology and research”.</p>

<p>The proportion of 16 year olds gaining 5 or more GCSEs at grades A*-C is now 48% compared to under 35% in 1989/1990. Progress in the number of young people entering higher education has been even more dramatic – almost one in three young people now goes into HE compared to one in eight in 1979.</p> <p>Help needs to be provided to young people who are, or are at risk of becoming, disaffected with the education system or with society at large; young people in employment and who receive no training; and those who have left school but who are neither attached to the labour market nor in full-time education.</p> <p>6% of young people leave school with no formal qualifications.</p>	<p>6. In order to reinforce the development of a skilled and adaptable workforce, both Member States and the social partners will endeavour to develop possibilities for lifelong learning, particularly in the fields of information and communication technologies, and, in consultation with the Employment and Labour Market Committee, define lifelong learning in order to set a target according to national circumstances for participants benefiting from such measures. Easy access for older workers will be particularly important.</p>	<p>Policy Field 3 – Measure 1: Promoting wider access and participation in life long learning (especially for those groups least likely to take part in lifelong learning activities and lacking basic and key skills)</p> <p>Supporting the key policy developments in lifelong learning to improve participation.</p>
<p>The proportion of 16 year olds gaining 5 or more GCSEs at grades A*-C is now 48% compared to under 35% in 1989/1990. Progress in the number of young people entering higher education has been even more dramatic – almost one in three young people now goes into HE compared to one in eight in 1979.</p> <p>Help needs to be provided to young people who are, or are at risk of becoming, disaffected with the education system or with society at large; young people in employment and who receive no training; and those who have left school but who are neither attached to the labour market nor in full-time education.</p> <p>6% of young people leave school with no formal qualifications.</p>	<p>Easing the transition from school to work</p> <p>Member States will:</p> <p>8. make sure they equip young people with greater ability to adapt to technological and economic changes and with skills relevant to the labour market, where appropriate by implementing or developing apprenticeship training.</p>	<p>Policy Field 2 – Measure 2: To provide help to improve the employability and remove barriers to labour market entry for those groups disadvantaged in the labour market, including 13-17 year olds who have opted out of the educational system;</p> <p>Other measures (described in following sections) also target young people</p> <p>Policy Field 1 – Measure 2.</p> <p>Policy Field 3 – Measures 1</p> <p>Policy Field 3 – Measure 2</p>

<p>Although rates of unemployment are declining in Great Britain, certain groups are harder hit than others through higher incidence of inactivity and unemployment (tending often towards long-term unemployment).</p> <p>People with Disabilities: The employment rate of those with disabilities stood at 49% in summer 1999, compared with 81% for non-disabled people and the unemployment rate of disabled people was almost twice that of the working age population.</p> <p>Ethnic Minority Groups are less likely to be employed and their unemployment rate is more than double that of non ethnic minorities.</p> <p>Ex-offenders: Figures suggest that about 55% of ex-offenders are unemployed (compared to about 6.4% of the general population).</p> <p>Homeless People: 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%).</p> <p>Refugees: It is estimated that there are 345,000 refugees and asylum seekers in England, particularly concentrated in the Greater London area. Assistance will be needed to help these individuals become integrated into the workforce.</p> <p>Drug and Alcohol Misusers: Figures from the Department of Health regional drugs misuse database show that an estimated 80% of drug and alcohol misusers are unemployed.</p>	<p>Promoting a labour market open to all</p> <p>9. Give special attention to the needs of the disabled, ethnic minorities and other groups and individuals who may be disadvantaged, and develop appropriate forms of preventive and active policies to promote their integration into the labour market.</p>	<p>Policy Field 2 – Measure 1: To widen access to basic skills provision: through the development of innovative and effective ways of promoting and providing basic skills, directed at those groups disadvantaged, excluded from or under-represented in the workplace.</p> <p>Policy Field 2 – Measure 2: To provide help to improve the employability and remove barriers to labour market entry for those groups disadvantaged in the labour market, such as: people with disabilities; ethnic minorities; 13-17 year olds who have opted out of the educational system; lone parents; older workers; ex-offenders; the homeless, refugees; those recovering from addiction.</p> <p>To develop local responses to assist individuals with multiple disadvantage in the labour market who face the risk of exclusion.</p> <p>Policy Field 2 – Measure 3: To combat discrimination in the labour market, in particular to combat race, disability and age discrimination and improve the employability of these groups.</p>
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<p>Self-employment, which grew rapidly during the 1980s, has been relatively unchanged during the 1990s at around 12 per cent of all in employment.</p> <p>UK productivity (in terms of GDP per hour worked) is significantly lower than in West Germany, France and the USA.</p> <p>Between 1983-1989 the rise in skill shortages in manufacturing reduced productivity growth by 0.4%, compared to actual growth of 4.5%.</p>	<p>II. Developing entrepreneurship</p> <p>Making it easier to start up and run businesses</p> <p>11. Encourage the development of self-employment by examining, with the aim of reducing, any obstacles which may exist, especially those within tax and social security regimes, to moving to self-employment and the setting up of small businesses as well as by promoting training for entrepreneurship and targeted support services for entrepreneurs.</p>	<p>Policy Field 4 – Measure 3: Encourage entrepreneurship of individuals and competitiveness of businesses, particularly SMEs. It includes “capacity building for social partners to encourage dialogue on work organisation and training” in it’s types of actions to be supported. It also covers “Research into new forms of work organisation....and strengthening the links between employers and educational/training institutions, especially in the fields of science, technology and research”.</p>
<p>The UK labour market is characterised by the diversity of work and hours it offers. This diversity has enabled employment to grow despite social and occupational changes. 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.</p> <p>The growth in employment has been in both full-time and part-time jobs. The service sector now accounts for just over 75 per cent of total employment. The growth of jobs in services has more than made up for the fall in jobs in manufacturing and primary industries</p>	<p>12. Promote measures to exploit fully the possibilities offered by job creation at local level, in the social economy, in the area of environmental technologies and in new activities linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles in the way of such measures. In this respect, the special role of local authorities and the social partners should be taken into account.</p>	<p>Policy Field 2 – Measure 2: To provide help to improve the employability and remove barriers to labour market entry for those groups disadvantaged in the labour market, such as: people with disabilities; ethnic minorities; 13-17 year olds who have opted out of the educational system; lone parents; older workers; ex-offenders; the homeless, refugees; those recovering from addiction.</p> <p>To develop local responses to assist individuals with multiple disadvantage in the labour market who face the risk of exclusion.</p>

<p>The UK labour market is characterised by the diversity of work and hours it offers. This diversity has enabled employment to grow despite social and occupational changes. 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.</p>	<p>III. Encouraging adaptability of businesses and their employees</p>	
	<p>Modernising work organisation</p> <p>16. The social partners are invited to negotiate at all appropriate levels agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive and competitive and achieving the required balance between flexibility and security. Such agreements may, for example, cover the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time working, lifelong training and career breaks.</p> <p>18. Re-examine the obstacles, in particular tax obstacles, to investment in human resources and possibly provide for tax or other incentives for the development of in-house training; they will also examine new regulations and review the existing regulatory framework to make sure they will contribute to reducing barriers to employment and helping the labour market adapt to structural change in the economy.</p>	<p>Policy Field 4 – Measure 3: Encourage entrepreneurship of individuals and competitiveness of businesses, particularly SMEs. It includes “capacity building for social partners to encourage dialogue on work organisation and training” in it’s types of actions to be supported. It also covers “Research into new forms of work organisation....and strengthening the links between employers and educational/training institutions, especially in the fields of science, technology and research”.</p> <p>Policy Field 4 – Measure 1: To update and upgrade employees’ vocational skills, including basic and key skills.</p> <p>Policy Field 4 – Measure 2: To identify and meet emerging skills shortages, including higher levels.</p>

<p>The percentage of women in employment in the top three occupational groups (managerial, professional and technical) rose from 24 per cent in 1984 to 33 per cent in 1999. The increase for men was from 32 to 40 per cent. In 1999, women represented 33 per cent of all those working full-time and 80 per cent of all those working part-time. Some 44 per cent of women in employment worked part-time compared with 8 per cent of men, although most women worked part-time through choice.</p> <p>Around half of the gender earnings gap relates to the fact that married, childless women work fewer hours over their lifetimes than equivalent men; and around half is due to the hourly pay gap which exists between men and women.</p> <p>The size of the gender earnings gap varies by educational level. For married low-skill and Mid-skill women the gender gap represents over a third (37%) of their lifetime earnings, compared to high-skill women who experience a shortfall of around an eighth (12%).</p>	<p>IV. Strengthening equal opportunities policies for women and men</p> <p>20. attempt to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women and will take action to bring about a balanced representation of women and men in all sectors and occupations. They will initiate positive steps to promote equal pay for equal work or work of equal value and to diminish differentials in incomes between women and men. In order to reduce gender gaps, Member States will also consider an increased use of measures for the advancement of women.</p> <p>21. design, implement and promote family-friendly policies, including affordable, accessible and high quality care services for children and other dependants, as well as parental and other leave schemes.</p> <p>Facilitating reintegration into the labour market</p> <p>The Member States will:</p> <p>22. give specific attention to women, and men, considering a return to the paid workforce after an absence and, to that end, they will examine the means of gradually eliminating the obstacles in the way of such return.</p>	<p>Policy Field 5 Measure 1: To improve access to learning and remove barriers to employment</p> <p>Policy Field 5 – Measure 2: To research into issues related to gender discrimination in employment such to recruitment, pay, segregation and progression</p> <p>Policy Field 5 Measure 1: To improve access to learning and remove barriers to employment</p> <p>Policy Field 5 Measure 1: To improve access to learning and remove barriers to employment</p>
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2.4.7 Summary: strengths, weaknesses, opportunities and threats

The following tables summarise the English labour market. Its strengths and weaknesses and the opportunities and threats.

Strengths of the English labour market

- employment rates up on 1994
- female employment rate at its highest ever level
- rising female activity rates
- falling unemployment to its lowest level for nearly twenty years
- long-term unemployment falling fast
- youth unemployment is the lowest for a generation
- increasing proportion of people with qualifications
- employment forecast to rise by 2.2 million between 1998 and 2009
- stock of business is 1.3 million higher than in 1980
- diverse employment opportunities
- dynamism: lots of jobs come up all the time and are quickly taken by the unemployed

Weakness of English labour market

- employment rates below those seen in the past
- falling employment rate and rising inactivity rate for men
- long-term unemployment still too high
- youth unemployment rate still too high – almost twice as high as overall rate
- increase in proportion of workless households
- poor labour market opportunities for disadvantaged groups
- high proportion of adult population without basic skills
- 6% of young people leave school with no formal qualifications
- incidence of self-employment relatively unchanged in the 1990s
- although some improvements in recent years, there still remains a gap in the pay of men and women
- there is a learning divide between people who do and do not engage in learning. And those most in need of learning are least likely to participate in it

Opportunities

- 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

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

2.4.8 The 2003 European Employment Strategy

The Council of Ministers adopted new guidelines for Member States' employment policies in July 2003. The table below shows how the Operational Programme contributes to the new employment guidelines.

How the Operational Programme contributes to the 2003 employment guidelines	
Employment guideline	Key measures to address the guideline
<p>1. Active and preventative measures for the unemployed and inactive</p> <p>Member States will develop and implement active and preventative measures for the unemployed and the inactive designed to prevent inflow into LTU and to promote sustainable work.</p>	<p>ESF adds value to active labour market policies under Priority 1 of this Operational Programme.</p> <p>Measure 1.1 aims to prevent people from drifting into long-term unemployment and economic inactivity by encouraging them to develop continuous job search strategies. ESF supports additional measures to enhance the UK's strategy for moving people from welfare to work, including supporting advice, guidance and improvements to job-brokering (such as modernisation of services).</p> <p>Measure 1.2 aims to improve the employability of the unemployed, particularly: long-term unemployed people; returners; those inactive in the labour market and young people. ESF under this measure supports integrated, beneficiary-focused support including vocational and social skills support.</p>
<p>2. Job creation and entrepreneurship</p> <p>Member States will encourage the creation of more and better jobs by fostering entrepreneurship, innovation and a favourable business environment. Particular attention will be given to exploiting the job creation potential of new businesses. Support to include promoting education and training in entrepreneurial and management skills.</p>	<p>One of the strategic objectives of Priority 4 is to increase the level of entrepreneurship in England.</p> <p>Measure 4.3 encourages the entrepreneurship of individuals and competitiveness of business, especially SMEs. ESF is used to support individuals setting up their own business as well as helping SMEs innovate and expand into new markets which will help them create new jobs.</p> <p>Measure 4.2 is used to fund research into skill needs, particularly those of SMEs, as well as funding follow-up actions such as training to meet skills needs identified.</p>

<p>3. Address change and promote adaptability and mobility in the labour market</p> <p>Member States will facilitate the adaptability of workers and firms to change, taking account of the need for security and flexibility.</p>	<p>One of the main strategic aims of Priority 4 is to improve the skills base and adaptability of the labour force in England.</p> <p>Measure 4.3 supports research into new forms of work organisation, including the introduction of improved/enhanced flexible working practices (with consideration to work-life balance).</p> <p>Measure 4.1 supports training for workers threatened with redundancy as well as promoting employee development by updating and upgrading vocational skills, including basic skills and ICT skills.</p> <p>Measure 4.2 supports research needed to predict and anticipate skill needs of existing businesses and future sectors with high employment growth potential.</p>
<p>4. Promote development of human capital and lifelong learning</p> <p>Member States will implement lifelong learning strategies, including through improving the quality and efficiency of education and training systems in order to equip all individuals with the skills required for a modern workforce in a knowledge-based society, to permit their career development and to reduce skills mismatch and bottlenecks in the labour market.</p>	<p>The strategic aim of Priority 3 is to support the Government's agenda 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, as well as easing any skills mismatches/bottlenecks arising in the economy.</p> <p>Measure 3.1 promotes wider access and participation in lifelong learning, especially for those groups least likely to take part in lifelong learning activities.</p> <p>Measure 3.1 supports collaborative action through Learning and Skills Councils, local learning partnerships, FE and HE establishments and other innovative means of opening up access to learning for adults least engaged in the education system.</p>

5. Increase labour supply and promote active ageing

Member States will promote an adequate availability of labour and employment opportunities to support economic growth and employment.

Priority 1 supports and adds value to a raft of measures which are designed to move people who are at different stages of unemployment into the labour market, thereby adding to the supply of labour.

A key strategic objective of Priority 2 is to reduce the impact of disadvantage faced by excluded groups, especially the economically inactive, and support their integration into the labour market through target group or area based approaches. Measure 2.1 is particularly concerned with addressing basic skills needs, the main barrier to employment for people who are socially excluded. Older people are one of a range of key target groups under this measure.

Measure 3.2 aims to improve the employability of those in work through lifelong learning provision which develops their skills and helps them meet the changing needs of employers. Older people are one of the key target groups for this measure, along with other groups who are less likely to engage with learning, such as: single parents; low skilled people on low incomes, and young people in work without training.

Measure 4.3 includes support for improved working practices as well as helping companies develop new forms of work organisation, including active ageing company policies, thereby providing greater flexibility for employees such as older workers.

<p>6. Gender equality</p> <p>Member States will, through an integrated approach, combine gender mainstreaming and specific policy actions, achieve a substantial reduction in gender gaps in employment rates unemployment rates.</p>	<p>The English programme has adopted a <u>dual approach</u> to mainstreaming equal opportunities, which includes gender mainstreaming.</p> <p>The dual approach consists of:</p> <p>a) general mainstreaming of equal opportunities by integrating it into all aspects of the programme – from planning, implementation, through to monitoring and evaluation; and</p> <p>b) support for specific actions such as those measures under policy field 5 which aims to reduce the level of disadvantage faced by women (and men) in the labour market.</p> <p>Priority 5 tackles barriers to the labour market – such as childcare and out of date skills as well as supporting measures which help women and men move into ‘non-traditional’ occupations.</p> <p>Priority 5 also support research and follow-up actions related to gender discrimination in employment such as recruitment, pay, segregation and progression. Tackling the UK pay gap was a key recommendation from the 2003 Joint Employment Report.</p>
<p>7. Promote the integration of and combat the discrimination against people at a disadvantage in the labour market.</p> <p>Member States will foster the integration of people facing particular difficulties in the labour market such as early school leavers, low skilled workers, people with disadvantages, people from ethnic minorities and immigrants, by developing their employability, increasing job opportunities and preventing all forms of discrimination against them.</p>	<p>Policy field 2 aims 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. It also aims to promote equality through research into direct and indirect discrimination in the labour market and support follow-up actions to combat the institutional aspects of discrimination.</p> <p>Measure 2.1 funds intensive and integrated basic skills provision for disadvantaged groups as well as vocational guidance and employment support measures.</p> <p>Measure 2.2 develops local and area based responses to assist individuals with multiple disadvantages in the labour market that face the risk of exclusion as well as</p>

	<p>providing help to improve the employability and remove barriers to entry for disadvantaged groups.</p> <p>Measures 2.2 and 2.3 recognise that 'supply side' measures are not enough – and that institutional discrimination needs to be tackled. These measures aim to combat discrimination in the labour market by funding research into institutional discrimination and any follow-up actions which need to be taken. These measures also support initiatives to improve recruitment and promotion systems to eliminate institutional discrimination.</p>
<p>8. Making work pay through incentives to enhance work attractiveness</p> <p>Member States will reform financial incentives with a view to making work attractive. Member States should develop appropriate policies with a view to reducing the number of working poor.</p>	<p>Priority 1 will contribute to this by providing additional support to help people move from unemployment and inactivity into work.</p> <p>One of the main routes out of poverty is work – and progression within work. Measure 3.2 aims to improve the employability of those in work through lifelong learning provision which develops their skills and helps them meet the changing needs of employers.</p>
<p>9. Transform undeclared work into regular employment</p>	<p>Not relevant to the Operational Programme</p>
<p>10. Address regional employment disparities</p> <p>Member States should implement broad approach towards reducing employment and unemployment disparities.</p>	<p>Although Objective 3 is a national programme, much of it is delivered through the network of Government Office regions.</p> <p>The different levels of unemployment across the regions was one of the key factors which helped determine the levels of ESF funding allocated to each region. The whole programme therefore contributes to addressing regional disparities by addressing local needs within the context of a national programme.</p> <p>Although Objective 3 funds cannot be spent in Objective 1 regions (regions lagging behind) they can help reduce disparities in a number of ways.</p> <p>For example, Co-financing Organisations prepare business plans which are based upon regional consultation and set out how they will use ESF within the regions. The</p>

	<p>CFO plans need to cross-refer to Regional Development Plans which set-out regional priorities for support within the context of the English Operational Programme. Some of these local employment and skills priorities may have been originally identified by the Frameworks for Regional Employment and Skills Action (FRESAs)</p> <p>There are two measures which refer specifically to areas or regions:</p> <ul style="list-style-type: none">• measure 2.2 which promotes area-based responses to combating disadvantage; and• measure 4.2 which seeks to identify and address regional skills needs.
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3. Priorities for action

3.1 Introduction

This chapter sets out the priority areas for ESF support in England from 2000-06. It highlights:

- the key elements that have shaped the Priorities, measures and cross cutting horizontal issues of the Operational Plan;
- each of the Priority areas for action, the main drivers for their selection and their component measures, and an indicative split between the resources that will be allocated to each measure.

The concluding section details the main horizontal issues that will drive the selection of ESF supported activities across the policy fields.

3.2 Rationale for support

The selection and development of the priority areas and measures has been driven by four main factors. These are:

- UK and EU policy priorities drawn from Government Policy Documents, the Community Support Framework, the European Employment Strategy and the United Kingdom Employment Action Plan;
- a thorough analysis of the English labour market;
- the results of previous evaluations of European Social Fund implementation in the UK;
- responses from stakeholders to an extensive consultation process.

3.2.1 The policy context and labour market needs

The Government believes that, in order to maximise impact, it is essential to ensure a 'joined-up' approach to implementing policy – where all actors in the policy area work to a common set of aims and objectives. UK and EU policies have been the main drivers in the selection of strategic objectives and measures and will also be key factors in the selection of initiatives for support. The UK and EU Policy context is set out in Chapter 2 of this plan.

The labour market analysis undertaken during the preparation of this plan has been instrumental in deciding the areas where ESF should be concentrated in order to maximise the effectiveness of support. Chapter 1 details the main findings from the analysis.

Regional activities supported by ESF will share the same aims and objectives as the overall UK strategy and will be informed by their Regional Development Strategy. Activities supported at the national level will be congruent with UK policies and England's labour market needs.

It is anticipated that many ESF supported activities will work to further UK policy aims by complementing and enhancing the key Government policy initiatives; the policies and initiatives set out in this chapter illustrate the key areas which exist at the time of writing. The initiatives will change throughout the life of the programme as policy is developed – for example, to take on board recommendations from the reports of Policy Action Teams, in particular those reporting on Jobs and Training.

Whilst all three objectives are closely linked to the aims of Objective 3, ESF will be used to add value. For example, it would not be appropriate to substitute ESF for the general education of those of compulsory school-age. However, there may well be a case to use ESF to enhance provision and develop new support mechanisms in areas of disadvantage, where early years developments or improved provision to re-engage young people would enhance their long-term job prospects and minimise the risk of social exclusion.

3.2.2 Consultation process

The Government carried out an extensive 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. The consultation exercise informed the Community Support Framework and this Operational Plan for England. It also identified a range of operational issues which will be addressed separately in the programming complement.

The consultation pack consisted of a letter from Andrew Smith, (then Minister for Employment, Welfare to Work and Equal Opportunities) requesting views on how ESF should be implemented from 2000, a draft Policy Frame of Reference for promoting employability in the labour market and developing human resources in the United Kingdom and a questionnaire.

The Government invited 150 national organisations to complete the questionnaire. Each of the Government Offices for the English regions, the Scotland Office and Office for Wales carried out their own 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 publicised on the Internet and through a mailshot to ESF News recipients (5000).

A special meeting was held in early November which presented draft proposals and ideas to the Objective 3 and 4 monitoring committee for discussion and comments.

Regional responses

The key concern for the regions was that the new Objective 3 programme should be able to meet regional needs, rather than being a standard prescription for the whole of Great Britain. Whilst all regions recognise the need to work with those who are most disadvantaged in the labour market the priority groups for support will differ in each region. In addition, the priority given to different policy fields will differ in each region in response to the economic and labour market conditions. As the Community Support Framework and Operational Plan set out the planned work for the next 7 years, regions were mindful of the need to allow re-prioritisation during this period to reflect changes to the labour market or national policies.

Another key concern expressed by most regions was the need to ensure that indicators are developed which are appropriate to the individual. Not all people are able to move quickly to full, formal qualifications. If progress is to be made with the most disadvantaged groups, rather than simply with those who are most able, appropriate measures of 'distance travelled' must be developed.

Although all regions recognised the need to ensure that all policy fields should be targeted on those in greatest need, Objective 3 should also provide the scope to work to develop the higher level skills which are required to improve competitiveness. This was of particular concern to the West Midlands and South East. The South East response highlighted the contribution which Objective 3 could make to the fields of lifelong learning, employability and adaptability with a strong focus on those in employment rather than the unemployed.

Regions would like to be able to develop projects with links between the policy fields rather than require applicants to develop separate projects for different fields. The current approach is perceived as bureaucratic.

3.3 Active labour market policies

3.3.1 Strategic objectives

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

3.3.2 Labour market analysis

Between 1994 and 1999, the employment rate has increased to 74.4 per cent, the ILO unemployment rate has fallen to 5.9 per cent (its lowest rate since the early 1980s) and economic activity rate has increased to 79.1 per cent.

Unemployment has fallen significantly – by 865,000 since 1994 – across all regions of England. In 1999, just over a million people were registered as unemployed in England. This includes 233,000 unemployed young people (aged 18-24 years) and 246,000 men and women who had been unemployed for twelve months or more. Unemployment and worklessness remains concentrated amongst particular groups and households.

The proportion of people of working age who are inactive has remained fairly constant over the 1990s at just over a fifth of the working-age population. Approximately 1.7 million working age men and women in England want a job but are classed as inactive because they are not actively seeking work or are not available to start work.

One significant feature of both the English and the UK labour markets is that they are very dynamic, with around 250-300,000 people joining and leaving the UK claimant count each month. Most people who join leave again quickly: over half leave within three months, three quarters within 6 months, and nine out of ten within a year. The probability of leaving the claimant count decreases significantly with duration of unemployment.

3.3.3 Evaluation results

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 suggests 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.

Summary of consultation response

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, over a third of those replying asked for support to be broadened to those in employment, especially those threatened with redundancy.

Types of support: the most common response was to support activities which widen access to and develop skills. Several identified the need to focus on real needs of employers and work with young people at risk of exclusion.

3.3.4 Measure 1

To provide advice, guidance and support to enable people to develop active and continuous job search strategies and prevent them from moving into long-term unemployment or economic inactivity.

Justification

The dynamism of the labour market means that blanket support for all those recently unemployed would result in a high level of deadweight. However, the likelihood of (re)gaining work decreases with the duration of unemployment. This means that it is necessary to focus support for those people most likely to become long-term unemployed in the early stages of their unemployment.

The evaluation of the 1997-99 programme suggests support for this target group should be focussed on effective job search activity, help finding contacts to look for a job and wage subsidies.

In keeping with the European Employment strategy, adults unemployed for less than one year and young people unemployed for less than six months are the broad target group for this measure.

Broad target groups

- Adults who have been unemployed for less than one year facing the risk of long-term unemployment.
- Economically inactive people of working age including lone parents and people on Sickness, Disability and Incapacity Benefits.
- People with caring responsibilities.
- Young people who have been unemployed for less than six months facing the risk of long term unemployment especially: people who lack appropriate skills to return to work, or have no or outdated qualifications
- Older people.
- Young people without skills, or with low levels of skills, or who have not worked.
- Young people leaving care.
- Unemployed people living in rural communities.
- People who previously worked in declining industries.

Types of actions

- Supporting additional measures to enhance the UK's comprehensive active benefits regime.
- Enhancing advice, guidance and community education through innovative systems and approaches.
- Promoting links between businesses and schools to encourage employability and motivation.
- Early interventions, including advice and guidance, using new forms of IT.
- Training for Jobcentre Plus and Connexions Service staff to deliver improved modernised services.
- Improving job brokerage to enable a better match between supply and demand.

Examples of related Government policies or initiatives

ConneXions

Education Business Links

Employment Service Programme Centres

Information advice and guidance partnerships

The Job Seekers Allowance regime

The Neighbourhood Support Fund

New Deals

ONE

Specialist help provided by Jobcentre Plus

Youth Support Services

National Childcare Strategy

3.3.5 Measure 2

To improve the employability of the unemployed, particularly the long-term unemployed, returners, those inactive in the labour market and young people through targeted intervention to enhance vocational and other key skills and removing external barriers to labour market entry.

Justification

Many of the target groups for this measure will have already received support from the UK's active benefits regime and Welfare to Work initiatives but still need additional support before they can (re)enter the labour market. The target groups below are those groups more likely to be long term unemployed.

The Objective 3 evaluation underlines the benefits of a more integrated, flexible package of support to those facing the greatest labour market disadvantage. The long term unemployed appear to gain most in terms of subsequent labour market success from more intensive personalised help. Whilst this measure focuses on those who have been out of work for a long time, support will also be available to assist other target groups who require more intensive support.

Broad target groups

- Long-term unemployed people especially people who lack appropriate skills to return to work, or have no or outdated qualifications.
- Older people.
- 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 who previously worked in declining industries.
- Economically inactive people of working age including lone parents and people on Sickness, Disability and Incapacity Benefits.
- People with caring responsibilities.

Types of actions

- Providing support through integrated approaches, including the provision of vocational social and key skills.
- Encouraging unemployed and economically inactive people of working age to start their own businesses.

- Encouraging local partnership approaches to Intermediate Labour Market projects to assist unemployed people and economically inactive people of working age into the open labour market.
- Support to improve the capacity for community development, where this leads to improved labour market access for those excluded from the labour market.

Examples of related Government policies or initiatives

Employment Zones

The Job Seekers Allowance regime

National Traineeships

The Neighbourhood Support Fund

New Deals

ONE

Specialist Jobcentre Plus schemes

Teaching Company Scheme

Work Based Training for Adults

Modern Apprenticeships

National Childcare Strategy

Short Job Focused Training

Longer Occupational Training

Self-employment Support

Advisor Discretion Fund

Step UP

Ambition

Work Trials

Ethnic Minority support schemes

3.3.6 Indicative financial allocation

It is anticipated that the resources allocated to each of the measures will be in the region of:

Measure 1: 11%

Measure 2: 89 %

3.4 Equal opportunities for all and promoting social inclusion

3.4.1 Strategic objective

- *To reduce the impact of disadvantage faced by excluded groups especially economically inactive people of working age and support their integration into the labour market through target group or area based approaches and through basic skills training.*
- *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.*

3.4.2 Labour market analysis

Although rates of unemployment are declining in Great Britain, certain groups are harder hit than others through higher incidence of inactivity and unemployment (tending often towards long term unemployment).

People with disabilities: There are 5.5 million disabled people in England, accounting for slightly less than one-fifth of the population of working age. Proportionately more older people are disabled than young people. The employment rate of those with disabilities stood at 49% in summer 1999, compared with 81% for non-disabled people and the unemployment rate of disabled people was almost twice that of the working age population. Disabled people have fewer qualifications than non-disabled people.

Minority Ethnic Groups: In 1998 2.2 million people of working age in England belonged to ethnic minority groups, accounting for 7.4% of the working population of England. Ethnic minorities are less likely to be employed and their unemployment rate is more than double that of 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. Significant variations occur between ethnic minority groups in terms of labour market participation rates, employment and unemployment rates.

Ex-offenders: The labour market figures generally relied upon are provided by the Association of Chief Officers of Probation (ACOP). The figures suggest that about 55% of ex-offenders are unemployed (compared to about 6.4% of the general population). Evidence also suggests that ex-offenders are probably twice as likely to be long term unemployed as unemployed people as a whole. 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 people: 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 maintain. 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%).

Refugees: It is estimated that there are 345,000 refugees and asylum seekers in England, particularly concentrated in the Greater London area. Assistance will be needed to help these individuals become integrated into the workforce.

Drug and alcohol misusers: 50,000 people present for rehab treatment each year, and the Government has a stated public target to double this figure by 2008. Figures from the Department of Health regional drugs misuse database show that an estimated 80% of drug and alcohol misusers are unemployed. Many drug and alcohol misusers suffer from increased labour market disadvantage due to problems such as poor health, a chaotic lifestyle and/or a criminal record.

3.4.3 Evaluation results

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, people with a disability and particularly the long term unemployed appear to gain most in terms of subsequent labour market success from more intensive help.

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 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.

Summary of consultation response

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, in particular to combat race discrimination.

3.4.4 Measure 1

To widen access to basic skills provision: through the development of innovative and effective ways of promoting and providing basic skills, directed at those groups disadvantaged, excluded from or under-represented in the workplace.

Justification

Although rates of unemployment are declining in Great Britain, certain groups are harder hit than others through higher incidence of inactivity and unemployment (tending often towards long term unemployment). This measure targets those groups.

In many cases, it is a lack of basic any skills which are the main barriers to employment. This Measure focuses on developing those skills.

Broad target groups

- Economically Inactive people of working age including lone parents and people on Sickness, Disability and Incapacity Benefits.
- 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.
- Asylum seekers (limited to pre-vocational activities).
- 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.
- People living in rural communities.
- Young people with learning difficulties.

Broad target groups to undertake research and other follow-up activities

Commission for Racial Equality

Disability Rights Commission

Equal Opportunities Commission

Local employment or regeneration consortia

Social partners

Policy research organisations

Types of actions

- Supporting intensive interventions to meet the needs of the client group through vocational guidance, training and employment support measures with an emphasis on developing basic and key skills.
- Research into providing basic skills for people at a disadvantage in the labour market.

Examples of related Government policies or initiatives

Adult and Community learning fund

Careers Service

learndirect Help Line

Learning Gateway

The Neighbourhood Support Fund

University for Industry

Skills for Life (Adult Basic Skills)

Work Based Learning for Adults

Ethnic Minority Support Schemes

English for Speakers of Other Languages Training

Race relations employment advisory services

The Advisory Committee for Disabled People in Employment and Training (ACDET)

Code of Practice on Age Diversity in Employment

3.4.5 Measure 2

- ***To develop local and area based responses to assist individuals with multiple disadvantage, especially economically inactive people of working age, in the labour market who face the risk of exclusion.***
- ***To provide help to improve the employability and remove barriers to labour market entry for those groups disadvantaged in the labour market, including economically inactive people of working age, with particular emphasis on combating race, disability and age discrimination.***

Justification

In certain parts of England, whole communities and neighbourhoods are characterised by social exclusion (low educational achievement, crime, high levels of unemployment and poor housing). This requires locally driven solutions to improve employment prospects sensitive to the needs of the community. These local approaches will particularly benefit those target groups which are concentrated in these areas.

Other target groups also face exclusion, though may be less geographically concentrated. This required intensive and integrated packages of support tailored to the needs of the individual to develop their employability and help them (back) into the labour market.

Broad target groups

- Economically Inactive people of working age including lone parents and people on Sickness, Disability and Incapacity Benefits.
- 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.
- The homeless and rough sleepers.
- Prisoners and ex-offenders.
- People coming to the end of or who have completed a custodial sentence.
- People for whom English is a second language.
- Lone parents and partners of unemployed people, and households where no one is earning.
- People living in rural communities.
- 13-17 year olds who are not in education, employment or training (NEET) or who are at risk of becoming NEET.

Broad target groups to undertake research and follow up activities

Commission for Racial Equality

Disability Rights Commission

Equal Opportunities Commission

Policy research organisations

Local employment or regeneration consortia

Social partners organisations working in the training or employment area

Types of actions

- Providing intensive support to enable target groups to reach levels of basic employability.
- Delivery through 'Pathway' approaches.
- Supporting pre-entry training related to identified labour market needs.
- Providing integrated packages which meet the needs of lone parents and returners.
- Customised training related to labour market opportunities.
- Capacity building actions to ensure that ESF reaches those groups in greatest need and to encourage local development and community delivery of ESF activities.
- Area based approaches to complement ERDF activities in Objective 2 and Objective 2 phasing out areas.
- Initiatives to encourage young people from disadvantaged communities and groups to progress to Higher Education.
- Researching into institutional discrimination and follow on actions to combat discrimination.
- Supporting initiatives to improve recruitment and promotion systems to eliminate institutional discrimination.

Examples of related Government policies or initiatives

ConneXions

Employment Zones

Millennium Volunteers

The Neighbourhood Support Fund

New Deal for 50plus

New Deal for Communities

New Deal for Lone Parents

New Deal for the Disabled

Playing for Success

Specialist support provided by Jobcentre Plus

Youth Advocates

Youth Support Service

Skills for Life (Adult Basic Skills)

Aimhigher

Work Based Learning for Adults

Action Teams for Jobs

Ethnic Minority Support Schemes

English for Speakers of Other Languages Training

Specialist Support provided by Jobcentre Plus

Race relations employment advisory services

The Advisory Committee for Disabled People in Employment and Training (ACDET)

Code of Practice on Age Diversity in Employment

3.4.6 Measure 3

To combat discrimination in the labour market, in particular to combat race, disability and age discrimination and improve the employability of these groups.

Justification

Social exclusion from the labour market cannot be tackled using supply side measures alone. Work also needs to be done to overcome institutional discrimination and prejudice in the labour market, for example in recruitment, progression and behaviour in the world of work.

This measure will support research into these issues and the follow up actions necessary to identify and combat the causes and effects of discrimination.

Broad target groups to undertake research and follow up activities

Commission for Racial Equality

Disability Rights Commission

Equal Opportunities Commission

Policy research organisations

Local employment or regeneration consortia

Social partners

Organisations working in the training or employment area

Types of actions

- Researching into institutional discrimination and follow on actions to combat discrimination.
- Supporting initiatives to improve recruitment and promotion systems to eliminate institutional discrimination.

Examples of related Government policies or initiatives

Race relations employment advisory services

The Advisory Committee for Disabled People in Employment and Training (ACDET)

Code of Practice on Age Diversity in Employment

Specialist Support provided by the Employment Service

3.4.7 Indicative financial allocation

It is anticipated that the resources allocated to each of the measures will be in the region of:

Measure 1: 17%

Measure 2: 80%

Measure 3: 3%

3.5 Lifelong learning

3.5.1 Strategic objective

To widen participation in lifelong learning so that more people, including economically inactive people of working age, continue throughout their lives to develop their knowledge, skills and understanding and improve their employability in a changing labour market.

3.5.2 Labour market analysis

A skilled labour force is critical for productivity yet current economic growth and productivity in the UK is lower than in other major economies. The hallmark of our inadequate performance is the lower skill levels at intermediate and technician levels of our workforce. There have been improvements. The proportion of 16 year olds gaining 5 or more GCSEs at grades A*-C is now 48% compared to under 35% in 1989/1990. 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. Consequently – in part at least – the proportion of the workforce holding any qualification has risen substantially from 60 per cent in 1985 to 88 per cent in 1999.

However this increase in qualifications held is also partly due to the older generation with less schooling retiring from the labour force. Further, 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 are still around 12 per cent of the population of working age with no qualifications and in 1997/98 over 6 per cent of 16 year olds left school without any formal qualifications. The 'Fresh Start' Report showed that between one in four and one in five adults in the UK have the lowest level of basic skills. And whilst the scale of the problem is similar between the ages of 16 – 45, the percentage with the lowest level of basic skills rises even further with people over 45. This is compounded by research that shows that participation in learning by people over 50 is considerably lower than those aged below 50. (PAL survey)

Many young people too need support. Over 160,000 people aged 16-18 (around one in 11 of the age group) are not in learning or in work. This proportion is virtually unchanged since 1994, whilst over a quarter of young people do not achieve level 2 qualifications.

A report by the Institute for Employment Studies 'Employment of Disabled People: Assessing the extent of participation', July 1998 found that disabled people have lower overall levels of qualification than their non-disabled counterparts. There is a tendency for those with more severe disabilities to be less well qualified.

	All disabled people	Non-disabled people
Degree or equivalent	19%	22%
A level or equivalent	16%	27%
O level or equivalent	17%	20%
No qualifications	38%	16%

There is a strong association between qualification level, and whether a disabled person is economically active. Only 8% of economically inactive disabled people have a degree, compared with 24% of economically active disabled people; by contrast, 59% of inactive disabled people have no qualifications at all, compared with only 29% of economically active disabled people.

Only 10% had participated in job-related training in the 3 months prior to the survey, a lower proportion than among the overall population. This difference between disabled and non-disabled people applied irrespective of employment status. Among employees for example, 20% of disabled people have received training in the last 3 months, compared with 28% of non-disabled people. 54% of disabled people not having received training say that their employer has never offered them training. In some cases this reflects the nature of their job, but in a minority of cases (22% of those never having been offered training), they report that non-disabled colleagues in similar jobs are offered training.

3.5.3 Evaluation results

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 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.

Summary of consultation response

Target groups: The most common groups were: those with low basic skills, young people, disadvantaged groups, the employed and employers.

Types of support: the range of suggested activities was broad, ranging from continued professional development of teachers to training of voluntary sector employees. The key point which was welcomed was the scope for flexibility to enable the learning to be tailored to the needs of the individual and the local circumstances.

3.5.4 Measure 1

Promoting wider access and participation in life long learning (especially for those groups least likely to take part in lifelong learning activities and lacking basic and key skills, including economically inactive people of working age).

Supporting the key policy developments in lifelong learning to improve participation.

Justification

The urgent need to improve skill levels to increase competitiveness is clear. Around 12 per cent of the population of working age have no qualifications. And between one in four and one in five adults in the UK have the lowest level of basic skills. This measure prioritises support to activities seeking to develop peoples' basic and key skills. But there is a 'Learning Divide'. Some people – usually those more likely to need some learning and training – are far less likely to take part in lifelong learning than others. Our vision of an inclusive learning society underpins this measure. It targets those people who are at the wrong side of the Learning Divide, and includes people with no academic qualifications, those not in paid employment, or those in work in lower status and /or declining occupations.

Older people are especially precarious however as they are: more likely to have basic skills needs; more likely to have outdated skills; but less likely to undertake training.

But we also need to increase the number of young people who want to learn and to improve their success in getting skills and qualifications. It will make the difference between a lifetime of low skills and low wages, and making a real contribution to society and gaining a proper reward for it. Help therefore needs to be provided to: young people who are, or are at risk of becoming, disaffected with the education system or with society at large; young people in employment and who receive no training; young people who have left school but who are neither attached to the labour market nor in full-time education.

Broad target groups

- Economically Inactive people of working age including lone parents and people on Sickness, Disability and Incapacity Benefits.
- People with caring responsibilities.
- People who lack basic or key skills (either in or out of employment).
- People with low incomes, especially unskilled workers.
- Young people aged 16 and over not undergoing training or education (either full time or through employment).
- Young people aged 16 and over who are, or may become, disaffected.

- People less likely to think about or undertake further learning, such as older people, single parents and people with dependent children.
- Disabled people.
- The recently unemployed.

Types of actions

- Supporting collaborative action through Learning and Skills Councils, Local Learning Partnerships, Further and Higher Education Establishments and through SMEs.
- Providing individuals with ICT skills.
- Providing individuals with basic and key skills and reducing the risk of those with inadequate skills falling behind.
- Extending access through more innovative means, including community and family, and through helping individuals develop and manage their own learning.
- Identification and promotion of means which can open up access to learning for those adults currently least engaged with the education system.
- Initiatives to widen participation in Higher Education as part of lifelong learning strategies.

Examples of related Government policies or initiatives

Adult and Community Learning Fund

Adult Learner's week

Adult Learning Grant (Level 2 Entitlement)

Aimhigher

College-Business Partnerships

Education Action Zones

Employee Development schemes

Family Literacy and Family Numeracy programmes

Investors in People

IT for all

Learning Cities

University for Industry and the *learndirect* Help Line

Local Authority Lifelong Learning Plans

Local Lifelong Learning Partnerships

National and Area Business Promotion

National Learning Targets

National Traineeships
Skills for Life(Adult Basic Skills)
The Neighbourhood Support Fund
Teaching Company Scheme
Time Off for Study
Union Learning Fund

3.5.5 Measure 2

Improving the employability of those in work through lifelong learning provision which develops their skills and helps them meet the changing needs of employers, such as in the fields of IT, management and the environment.

Justification

This measure aims to encourage lifelong learning, particularly in the fields of information and communication technologies, management and the environment. There has been a rapid expansion in managerial and technical employment up from 28% of jobs in 1981 to 37% in 1998. This expansion has caused a significant skills gap – yet people at this level are critical to the competitiveness of organisations. As the 3rd report of the Skills Task Force identifies, people at this level are often responsible for the successful introduction of for example, new ways of working or providing informal training to others. The importance of a skilled workforce to raising competitiveness is particularly evident in relation to IT. The dramatic increase in the number of jobs demanding computer literacy has not been matched by an increase in people with the right IT skills. In 1997 over 80% of IT companies had recruitment difficulties. More generally, 55% of employer reported skill gaps relate to IT yet the Skills Task Force reported that 50% of the population have never used a computer.

This measure focuses its support on individuals in work, particularly those in SMEs. The achievement of the Learning Age vision depends on everyone taking an active role. Employers will be expected to take responsibility for improving the skills of their workforce and this is reflected in Adaptability Priority Measure 1. But individuals also have a responsibility to develop the skills necessary to meet the changing needs of employers, and will also be expected to take responsibility for their own future. But some are more likely to seize the opportunities offered by the learning age than others. To meet our aspirations for a society in which everyone can achieve the highest levels of capability, this measure is aimed at those least likely to take advantage of these opportunities and targets support to those who are most vulnerable in a rapidly changing labour market. It particularly focuses on those who do not usually receive training. As SMEs are significantly less likely to train their workforce than large organisations, people working in SMEs are targeted, along with those in low-skilled and low-income jobs, and older people.

Broad target groups

- Employees in SMEs including:
- People with low incomes, especially unskilled workers;
- People less likely to benefit from in-work training including unskilled and semi-skilled;
- Young people in work without training;
- People less likely to think about or undertake further learning, for example older people, single parents, people with dependent children.

Types of actions

- Training for employees, especially in SMEs. Skills forecasting and ensuring that skills training relates to the RDA regional economic strategy. This may include training in higher-level skills where this is justified by national or regional skills needs.
- Lifelong learning for public sector workers employed in traditionally low skilled work who need career development in their current posts.

Examples of related Government policies or initiatives

Adult and Community learning Fund

Employer Training Pilots

Business Education Links

Employee Development schemes

European Computer driving license

ICT learning Centres

Investors in People

Learning Partnerships

Level 2 Entitlement (and Adult Learning Grant)

Local Learning and Skills Councils

Modern Apprenticeships/National Traineeships

Skills for Life

National Skills Task Force

Ufi and the *learn*direct helpline

Virtual Automotive University and College

3.5.6 Indicative financial allocation

It is anticipated that the resources allocated to each of the measures will be in the region of:

Measure 1: 70%

Measure 2: 30%

3.6 Adaptability and entrepreneurship

3.6.1 Strategic objective

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

3.6.2 Labour market analysis

The UK labour market is characterised by the diversity of work and hours it offers. This diversity has enabled employment to grow despite social and occupational changes. 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.

The growth in employment has been in both full-time and part-time jobs. Self-employment, which grew rapidly during the 1980s, has been relatively unchanged during the 1990s at around 12 per cent of all in employment.

Employment growth has been concentrated in the services sector which is already very well developed and continued to expand. The service sector now accounts for just over 75 per cent of total employment. The growth of jobs in services has more than made up for the fall in jobs in manufacturing and primary industries.

UK productivity (in terms of GDP per hour worked) is significantly lower than in West Germany, France and the USA. Research by NIESR suggests that the lower skill levels which exist in the UK are important – the productivity gap between Germany and the UK is around 13%, even after allowing for lower capital per worker in the UK.

Higher level skills improve business performance. Between 1983-1989 the rise in skill shortages in manufacturing reduced productivity growth by 0.4%, compared to actual growth of 4.5%. Only 2% of the ILO unemployed have qualifications equivalent to NVQ level 5.

3.6.3 Evaluation results

The ESF evaluation evidence informing this policy field is more limited than other policy fields because of 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 in 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 companies (SMEs). However, strong links were too often absent. Evaluation of Objective 4 across the EU points to the importance of maintaining a clear focus on SMEs. The research also argued strongly for an emphasis on basic skills provision. Finally, given the importance in the regulations on mainstreaming equal opportunities, the finding that women appear to be particularly under-represented in Objective 4 poses a challenge to project promoters working in this policy field.

Summary of consultation response

Target groups: the broad thrust was to target support on those who were disadvantaged in the labour market. Other target groups identified included provision for graduates, freelancers and public sector employees.

Types of support: the general support was for upskilling, with a particular focus on SMEs, However there was concern that the resources should also be available to support higher-level skills training.

3.6.4 Measure 1

To support companies, especially SMEs to update and upgrade their employees' vocational, basic and key skills.

Justification

A skilled labour force is critical for productivity and economic growth. Globalisation and technological advances have brought change and reinforced the need for improved skills. To keep pace with the rapidly advancing needs of technology companies need more and better skilled people.

15% of employers say that there is a significant gap between the type of skills their current employees possess and those needed to meet current business objectives. This measure seeks to address these skills gaps.

The support directed through this measure will also enable workers threatened with redundancy to improve their prospects of retaining their jobs or finding alternative employment.

Employees in large firms will also be able to benefit from funding especially in the context of local or regional partnerships with SMEs.

Broad target groups

- Employers involved in improving employees' skills.
- Workers affected by industrial change or changes in production systems.
- Workers threatened with unemployment or redundancy.

Types of actions

- Supporting business by equipping the workforce with the right skills.
- Promoting employee development by updating and upgrading vocational skills, while considering new methods of delivering basic skills.

- The provision of advice and guidance and training trainers and managers.
- Promoting the effective use of ICT in SMEs.
- Equipping workers threatened with redundancy with training and funding to turn good ideas into viable businesses and supporting innovation and creativity.
- Forging links between businesses and support networks.
- Working with the social partners to improve work based training.
- Improving skills in micro-firms which are least likely to develop and train their employees, including through clusters being sponsored by RDAs.
- Supporting regional initiatives to improve skills and productivity.

Examples of related Government policies or initiatives

Community access to lifelong learning fund of the New Opportunities Fund (NOP)

College-Business Partnerships

Employer Training Pilots

Employee Development schemes

Investors in People

Level 2 Entitlement; Adult Learning Grant

Modern Apprenticeships/National Traineeships

National Grid for Learning

Sector Skills Councils

Skills for Life

University for Industry

3.6.5 Measure 2

Research to identify emerging skills shortages and follow up actions.

Justification

Given the rapidly changing needs of employers, and the time it takes to train people with the right skills, research will be necessary to identify emerging skill needs.

This research needs to predict skill needs of both existing businesses and future sectors with high employment growth potential.

Follow up actions will then seek to train people to be able to meet the skill needs of the future as they arise. The training needs to be delivered in a way that meets the needs of companies, particularly SMEs.

Broad target groups

- Organisations undertaking national, regional and sectoral research into adaptability, the effects of new technology, training needs.
- Businesses needing higher levels skills to help growth.
- Technicians, owner/managers.
- SMEs: managers, in-house trainers, mentors and key individuals.
- Business organisations and trade unions.
- Partnerships encouraging networking on training and development among SMEs.
- Clusters sponsored by RDAs.
- Regional partnerships to develop skills and productivity.

Types of actions

- Identifying skill shortages within all sectors throughout each region, including new skills emerging from the knowledge driven economy.
- Providing training to meet identified skills shortages, including innovative methods of training delivery.
- Promoting effective training investment by employers and improving the awareness of identified skill shortages with teachers in schools.
- Involving the Social Partners in developing ways to identify and meet emerging skills shortages.
- Research into new forms of work organisation.

Examples of related Government policies or initiatives

Adult and Community Learning Fund

Advanced Skills teachers

Employee development Skills

Employer Training Pilots

Information Society Initiative

IT Learning Centres

Modern Apprenticeships/National Traineeships

National Grid for learning

Sector Skills Councils

Teacher training in ICT

University for Industry

3.6.6 Measure 3

Encourage entrepreneurship of individuals and competitiveness of businesses, particularly SMEs.

Justification

The development of new companies and the growth of SMEs, needs to be an important part of the job creation strategy. It is also important to examine and improve working practices so that they enable more people to play an active part in the labour market.

This measure will also support people wishing to start their own enterprise as well as existing SMEs to develop their business and create new employment opportunities.

In order to improve working practices, it will also help companies develop new forms of work organisation and provide greater flexibility for its employees.

Broad target groups

- Companies trying to expand and create new employment opportunities.
- People with good ideas for new businesses.
- Micro-firms and clusters supported by RDAs.
- Trainers and managers.
- SMEs.
- Employers seeking to develop strategies to overcome employees' childcare difficulties.
- Rural communities.

Types of actions

- Supporting small and medium sized companies to help them innovate to expand and create new employment opportunities.
- Research into new forms of work organisation; introduce/improve/enhance flexible working practices (with consideration given to work – home balance) and strengthening the links between employers and educational/training institutions, especially in the fields of science, technology and research.
- Capacity building for social partners to encourage dialogue on work organisation and training.
- Supporting individuals setting up their own businesses with, for example, advice on regulatory aspects, recruitment and business planning.
- Supporting regional initiatives to improve skills and productivity.

Examples of related Government policies or initiatives

College-Business Partnerships

Employer Training Pilots

LINK

SMART

STEP

Young Enterprise

Graduate Enterprise

Sector Skills Councils

Small Business Service.

3.6.7 Indicative financial allocation

It is anticipated that the resources allocated to each of the measures will be in the region of:

Measure 1: 39%

Measure 2: 45%

Measure 3: 16%

3.7 Improving the participation of women in the labour market

3.7.1 Strategic objective

To reduce the level of disadvantage faced by women in the labour market and to improve equal opportunities for men and women in the labour market.

3.7.2 Labour market analysis

The number of women participating in the labour market has continued to increase in recent years and the female employment rate is now at its highest ever level. Women now account for 44 per cent of the labour force in England and almost three quarters 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.

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. Action to remove such barriers is essential to improve women's employment potential.

The percentage of women in employment in the top three occupational groups (managerial, professional and technical) rose from 24 per cent in 1984 to 33 per cent in 1999. The increase for men was from 32 to 40 per cent. In 1999, women represented 33 per cent of all those working full-time and 80 per cent of all those working part-time. Some 44 per cent of women in employment worked part-time compared with 8 per cent of men, although most women worked part-time through choice.

3.7.3 Evaluation results

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 greater support to be focused on specific groups of women who face greatest difficulty i.e. lone parents, women with no qualifications and returners to the labour market.

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.

Summary of consultation response

Target groups: those responding highlighted the need to focus on those in greatest need such as returners, lone parents ethnic minority groups and carers.

Types of support: childcare provision and strategy, flexible training, careers information and guidance, employer training support. Remove obstacles to entry to the labour market and progression within it.

3.7.4 Measure 1

To improve access to learning and remove barriers to employment, and to research issues related to gender discrimination in employment such as recruitment, pay, segregation and progression, and to support follow up activities arising from the research.

Justification

Women still face particular problems in gaining access to the employment market, particularly to areas where they are under-represented. Once in work, they often face barriers in terms of their career advancement, in earnings and in reconciling professional and family life.

This measure will support activities to help women overcome these barriers so that they gain employment, maximise their potential in the labour market and develop successful careers.

Broad target groups

- Women and men training or working in areas where they are under-represented (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.
- Lone parents.
- Women returners.
- Women and men care workers.
- Women from disadvantaged groups and communities.
- Women prisoners.

Broad target groups to undertake research and follow-up activities

Equal Opportunities Commission

Policy research organisations

Local employment or regeneration consortia

Social partner organisations working in the training or employment area

Types of actions

- Improving the quality and flexibility of local training including participation in lifelong learning partnerships.
- Improving the relevance of skills training to local employment needs and opportunities.
- Tackling barriers, such as childcare and other caring responsibilities, raising awareness and promoting family friendly policies.
- Providing vocational training, mentoring and related support services to help women and men to enter occupations in which they are under-represented in order to break down gender segregation (i.e. women in occupations which are traditionally male, and men in occupations which are traditionally female).
- The development of entrepreneurs, especially amongst those who have been out of the labour force.
- Training men and women care workers.
- Providing gender diversity and equal opportunities training to women and men employers, managers and trainers.
- Preparing women prisoners to enter the labour market and helping to integrate them into the labour market.

- Research and development of practical recommendations to combat occupational segregation, gender stereotyping and institutionalised discrimination on recruitment, pay, progression and other aspects of employment.
- Activities to implement the recommendations arising from the above research.

Examples of related Government policies or initiatives

Local learning Partnerships

New Deal

New Deal for Lone Parents

New Deal for Partners

National Childcare Strategy

Work of the Equal Opportunities Commission

New Deal 50plus

Work of the Equal Opportunities Commission

Fair Play Consortia

Child Tax Credit

Working Tax Credit

Children's Centres

3.7.5 Measure 2

To research into issues related to gender discrimination in employment such to recruitment, pay, segregation and progression and follow up activities arising from the research.

Justification

Gender discrimination from the labour market cannot be tackled using supply side measures alone. Work also needs to be done to overcome discrimination and prejudice in the labour market, for example in requirement, progression and behaviour in the world of work.

This measure will support research into these issues and the follow up actions necessary to identify and combat the causes and effects of discrimination.

Broad target groups to undertake research and follow up activities

Equal Opportunities Commission

Policy research organisations

Local employment or regeneration consortia

Social partners

organisations working in the training or employment area

Types of actions

- Research and development of practical recommendations to combat occupational segregation, gender stereotyping and institutionalised discrimination on recruitment, pay, progression and other aspects of employment.
- Activities to implement the recommendations arising from the above research.

Examples of related Government policies or initiatives

Work of the Equal Opportunities Commission

Fair Play Consortia

3.7.6 Indicative financial allocation

It is anticipated that the resources allocated to each of the measures will be in the region of:

Measure 1: 90%

Measure 2: 10%

3.8 Horizontal issues

3.8.1 Local development and global grants

Local initiatives have been a key feature of the Government's approach to tackling social exclusion, reducing inequality and promoting regeneration. The improvement of local economies and people's employment prospects are driving the inclusion agenda and 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. The ESF regulation raises the profile of local development initiatives by specifying that the ESF policy fields should take account of local initiatives concerning employment.

The establishment of the Learning and Skills Council in 2001, with the network of Local Councils will ensure that there is an increasing focus on the skills provision for post 16s to be closely related to an identified local need. Work will continue during the life of the programme to ensure greater synergy between ESF and national domestic initiatives which are targeted and delivered at local level.

Guidelines for implementation

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.

Small grants to non-Governmental organisations

The UK Government is committed to implementing a reasonable share of the England programme by means of small grants, in line with the requirements of the Article 4.2 of the ESF Regulation (EC) No 1262/99 and paragraph 4.1.9 of the GB Community Support Framework. Global grants are made to intermediary bodies to fund small organisations or individuals, in order to achieve one or more objectives of the programme. The small organisations assisted do not need to find funding to match the ESF grant. The grants are particularly suited to local social capital projects. Under the terms of the England OP, the match funding will be provided by the organisation making the grant.

Intermediary organisations will be able to apply to make grants to small organisations or individuals, within any of the priorities and measures. Selection of the applications by the intermediaries will take place as part of the normal regional selection round, and the application will be in competition with other applicants across the whole priority/measure. The intermediary organisation must be able to provide the match funding (at 55% of the total project costs) and undertake to monitor the use of the grant and provide the necessary beneficiary and outcome information for monitoring and evaluation purposes. The reasonable administrative costs of operating the system may be included in the total project costs, and an intermediary contributing its own staff to the administration may count the costs of such staff as contributing match funding in kind.

There will be no upper limit to the share of the programme which can be implemented via global grants. The proportion will depend on the range, number and quality of the applications received by the Government Offices and their appraisal by the GOs and the partners. If, at the mid-term review, the share of the programme devoted to global grants is found to be less than 1%, a minimum share of 2% will be observed in the second half of the programme.

The work will build on the experience of domestic and European initiatives with similar objectives – such as the ESF Article 6 Local Social Capital project . Although global grants will have a wider focus, the work will draw on the lessons learnt from Objective 3 Priority 4, which was designed to improve access to ESF by those groups which were most in need in the labour market.

The aim is to target resources on those who find it difficult to access mainstream ESF and would benefit from a simplified system. The focus will be to increase employability and encourage sustainable development.

Implementation

Intermediary organisations, which are able to provide the required match-funding, will make grants available to non-governmental organisations. The intermediary organisations will have to demonstrate a proven track record in working with the target group, they will also need to ensure that the majority of the funds are spent on the direct grant, with a maximum of 20% of the total project budget being spent on the running costs and 80% being received by the NGO.

The grants will be made available for the following type of projects:

- responding to an identified need which cannot be met through mainstream ESF funding;
- development of enterprise and the social economy: individual business start ups; micro-businesses; co-operative ventures; initiatives which seek to develop the wealth of the area for the benefit of the local community;
- projects which seek to restore social cohesion. Socially useful activity could be encouraged to improve the quality of life and of the local environment or to strengthen mutual assistance communities or networks of exchanges of products and local services.

Given the focus of the grants, a significant amount of the work will fall within the remit of social exclusion and equal opportunities, however regions will not be restricted to this policy field.

The evaluation of Objective 3 Priority 4 showed that those regions which had carried out a needs analysis were able to ensure that projects were more closely focused on communities of place or interest, and were able to demonstrate more clearly the labour market justification for the activity to be supported. Each region will identify the communities of place or interest to be targeted, the way in which small grants can be used most effectively within their region and will be expected to promote these grants alongside any other ESF promotional work.

This work will 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.

3.8.2 Equal opportunities

The UK definition of equal opportunities goes 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.

The UK's more inclusive approach to equal opportunities received support from the final evaluation's analysis. The evaluation's sophisticated analysis 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.

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. Analysis of the occupations for which men and women were being trained suggested that gender stereotypes were actually being reinforced through the 1997-99 Objective 3 programme. Although the Priority 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.

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.

Mainstreaming in the new programme

Gathering and analysing data on equal opportunities is not a new process in Great Britain. Much of the ESF evaluation data which has been 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.

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. The review will need to consider indicators to use as well as agreeing a methodology for target setting and reviewing targets. Mainstreaming will form a key component of the new English programme's evaluation strategy. The shadow ESF Evaluation Standing

Group – which will include representatives across Objectives as well as territorial offices, Government departments and the European Commission – will agree an evaluation strategy – which will include a mainstreaming action plan for the new Objective 3 programme. The strategy will be put before the new Monitoring Committee for approval.

Whilst we will develop and implement a comprehensive mainstreaming action plan in order to fulfil policy appraisal requirements and our legal obligations, the information we have obtained from labour market analysis and the evaluation of the previous programme provides some important general ‘horizontal’ issues which can be used to influence project selection criteria. The equal opportunities horizontal issues affecting selection criteria are listed below. These will be considered alongside other criteria by partners in the English regions involved in the selection process.

Horizontal equal opportunities issues: options to consider when developing selection criteria

Targeting those most in need: It is important to identify disadvantage *within* target groups as well as *between* target groups. A simple generic focus may not be enough to target resources on those most in need. Regional committees should use local labour market information to help identify those who should be targeted. Those who are multiply disadvantaged should obviously be given priority.

As well as helping to fulfil legal requirements, equal opportunities makes sound business sense. Projects and employers involved in ESF programmes should be asked if they have a formal written equal opportunities policy and how this policy will operate. The policies could be assessed by comparing them with various models or good practice guides produced by organisations such as the Equal Opportunities Commission and DfEE’s Race relations Employment Advisory Service. Selection of projects will obviously be carried out in a way which is compatible with equal opportunities legislation.

Equal Opportunities training for applicant organisations: Ideally, applicant organisations – and the people who manage them – should have received equal opportunities training. Applicants could be asked the extent to which managers and staff have received equal opportunities training.

Self-evaluation: Projects should be self-evaluating. It is essential that providers and their partners undertake their own evaluations – and this could include follow-up of beneficiaries. Self-evaluation could include a review of the success of the organisation’s equal opportunities policy.

Exemption From race/sex discrimination acts: Providers should provide assurances that, where they are taking “positive action” to help certain groups, they have obtained legal advice confirming that this is in accordance with the provisions of relevant equal opportunities legislation.

Integrated projects: Evaluation evidence suggest that integrated projects which tailor provision to meet the needs of the most disadvantaged are successful. Good practice guidance also suggests that integrated projects should consider ‘pastoral’ assistance as well as vocational assistance.

Letting beneficiaries/clients have a say in project design: Projects should explain how their clients will help inform project design. This process could be undertaken as part of any 'self-evaluation'. For example, follow-up questionnaires sent out by the projects could be used to ask questions about project design. The feedback could then be used for amending future projects / courses.

Positive steps to comply with Disability Discrimination Act: Has the project taken any positive steps to comply with the DDA? Have they had to change policies/practices/procedures which would have made it impossible for disabled to use their service? Have they provided any aids which can help disabled people? Any attempt to overcome physical barriers?

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

Policy fields	Analysis	Activities which particularly benefit women and examples of gender mainstreaming	Anticipated results
Active labour market policies	<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>
Equal opportunities for all and promoting social inclusion	<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>Improving training and education and promoting lifelong learning</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 woman 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>Adaptability and entrepreneurship</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 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>

3.8.3 Sustainable Development

'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.

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.

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.

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.

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.

Many of the socio-economic aspects of sustainable development are by their nature included within the ESF Objective 3 remit. For example, 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.

The CSF set out the European and domestic context for promotion of sustainable development and includes provisions for environmental appraisal in England.

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.

In May 1999, the UK Government published 'A Better Quality of Life: A Strategy for Sustainable Development for the UK', which deals with all three aspects of sustainable development: environmental, social and economic. Furthermore, each region in England is addressing sustainable development through the Regional Development Agency Strategy, the Regional Planning Strategy and the Regional Sustainable Development Framework, which together provide an environmental profile for the region.

The English Operational Programme will aim to promote sustainable development in England 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.

Detailed 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.

The evaluation strategy will set out broad plans to assess the contribution of ESF support to sustainable development and the wider programme objectives.

3.8.4 The Information Society

The Information Society has considerable potential for strengthening economic and social cohesion by reinforcing England's competitiveness. The latter is increasingly determined by England's ability to integrate the new technologies made available by the Information Society. These technologies can help England retain a larger share of total value added and attract and develop new activities with high value added.

The Information Society can also help break down the barriers to location of business outside urban centres, attracting increased investment to rural areas and areas dependent on fisheries. It offers a 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.

Furthermore, the Information Society opens up opportunities for new ways of working such as teleworking, potentially providing wider access to jobs and more flexible working time; it provides a basis for overcoming mobility and access problems arising, for example, from remoteness and/or poor transport infrastructure; it opens 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; and it provides for increased transparency in public administration.

The CSF sets out the European and domestic context for encouragement of ICT and includes evaluation of ICT activity in England. The Information Society is identified as a horizontal theme in the European Employment Strategy and is included in the 1999 Employment Guidelines and the ESF Regulation of 21 June 1999. In the UK, there are several Government policies and programmes which encourage and improve use of ICT, both in lifelong learning and in schools. The record for ICT activity in England is relatively good; however, there is room for both increased coverage and effectiveness.

The English Operational Programme will help to increase England'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.

However, 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 or key skills are also the most likely to have the poorest access to ICT services and facilities. 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 of the proposed training activities.

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.

The evaluation strategy will set out plans to assess the contribution of ESF support for ICT to the Information Society and the wider programme objectives.

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

Policy fields	Related priority in NAP strategy	Types of activity
<p>Active labour market policies</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>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</p> <p>Basic ICT skills/literacy actions for all relevant target groups</p>

<p>Equal opportunities for all and promoting social inclusion</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>Schemes to assist the home bound or disabled to distance-work or telework</p> <p>Basic ICT skills/literacy actions</p> <p>Schemes providing ICT access for the disabled (e.g. providing screen readers for blind people and those with learning difficulties or dyslexia)</p>
<p>Improving training and education and promoting lifelong learning</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>Schemes for developing and improving Multi Media education and training, and provision of distance learning</p> <p>Teacher and trainer ICT skill upgrading (possibly including placements in industry)</p>
<p>Adaptability and entrepreneurship</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>CT 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>Improving the participation of women in the labour market</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>

4. Delivery, monitoring and evaluation mechanisms

4.1 Introduction

This chapter is divided into two parts, the first section describes the process by which Objective 3 will be implemented in England and Gibraltar. This includes information about partnership, project selection, financial arrangements, evaluation and publicity.

The second section provides an explanation of monitoring and evaluation mechanisms, as well as the indicators that will be used to monitor the effectiveness of activities supported and a description of the expected impact of the interventions.

4.2 Delivery mechanisms

4.2.1 Managing authority

Objective 3 will be implemented in line with Council Regulations Nos. (EC) 1260/1999 and 1262/1999. The DfEE (the Department for Work and Pensions from June 2001) will act as the managing authority for Objective 3 in England and Gibraltar.

4.2.2 The Programme Monitoring Committee and the GB Monitoring Committee

The Great Britain Monitoring Committee (GBMC) will oversee strategy, policy, monitoring and evaluation of the Community Support Framework. It will also agree the broad framework for project selection and agree and oversee a GB-wide publicity strategy.

The English Programme Monitoring Committee (PMC) will be established to oversee the implementation of the programme and its evaluation. It will agree its own terms of reference, in line with those of the GBMC and will be chaired by a representative of the Department for Education and Employment (DfEE). 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 PMC will reflect the principles of partnership. It will comprise representatives from the Regional Committees for England and Gibraltar, the European Commission (as observers), the Department of Trade and Industry, social partners, the equality commissions and other national organisations with an interest in and contribution to make to the effective implementation of the Objective 3 programme. The monitoring committee will aim to have a gender balance amongst its members.

The PMC will normally meet at least three times each year and will manage the implementation of the 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 the GB CSF;

- by agreeing systems for monitoring and evaluating the programme in line with the broad framework described in the CSF;
- by agreeing arrangements for funding any national projects; and
- by co-ordinating publicity activity linked to the Operational Programme in line with the strategy agreed by the GBMC.

In addition, the PMC will agree, within the broad principles agreed by the GBMC, how best to allocate the English element of the 6.68% reserved from the GB allocation to enable a concentration of Objective 3 support in Objective 2 areas. The English PMC will also be responsible for decisions relating to implementation, policy and visibility of the programme.

4.2.3 Reporting

Annual report

In accordance with art. 37, the managing authority will submit to the Commission within six months of the end of each full calendar year of implementation an annual implementation report. The first report will be due by 30 June 2002. The report must be examined and approved by the Monitoring Committee before it is sent to the Commission.

Once the Commission has received the report, it shall indicate within a period of two months if the report is considered unsatisfactory, giving its reasons; otherwise, the report shall be deemed to be accepted.

The annual report shall include the following information:

- any change in general conditions which is of relevance to the implementation of the programme, in particular the main socio-economic trends, changes in national, regional or sectoral policies or in the frame of reference (i.e. the document which sets the context for assistance concerning employment and human resource development throughout the UK territory, and which identifies the relationship with the priorities set out in the National Action Plan for Employment), and, where applicable, their implications for the mutual consistency of assistance from the different Funds and consistency between Fund assistance and that from other financial instruments;
- the progress in implementation of priorities and measures in relation to their specific targets, with a quantification, wherever and whenever they lend themselves to quantification, of the physical indicators and indicators of results and of impact referred to in Article 36 at the appropriate level (priority or measure);
- the financial implementation of the programme summarising for each measure the total expenditure actually paid out by the paying authority and a record of the total payments received from the Commission and quantifying the financial indicators referred to in Article 36.2.c;

- the steps taken by the managing authority and the Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:
 - monitoring, financial control and evaluation measures, including data collection arrangements;
 - a summary of any significant problems encountered in managing the programme and any measures taken, including action on recommendations for adjustments made following the review between the Commission and the Member State or requests for corrective measures;
 - the use made of technical assistance;
- the measures taken to ensure publicity for the programme in accordance with the requirements of Council Regulation (EC) No 1260/1999, notably Article 46, and Commission Regulation (EC) No.1159 /2000 on information and publicity measures;
- the steps taken to ensure compatibility with Community policies and to ensure co-ordination of all the Community Structural Assistance, having regard to the frame of reference;
- a separate section, where appropriate, on the progress and financing of major projects and global grants;
- a description of how ESF has been used to support Objective 2 areas.

Final report

A final report will be submitted to the Commission at the latest six months after the final date of eligibility of expenditure.

The same content and procedure (submission to the Commission by the managing authority after examination and approval by the Monitoring Committee) for annual reports apply to the final report.

In the case of a final report, the Commission will indicate if the report is considered acceptable within a period of five months from receipt of the report.

Annual implementation review

In accordance with Art. 34.2, every year, when the annual implementation report is submitted, the Commission and the Managing Authority shall review the main outcomes of the previous year, in accordance with the following arrangements agreed between the Commission and the UK within six months of the approval of the programme.

After this review, the Commission may make comments to the UK Government and the managing authority. The UK shall inform the Commission of the action taken on these comments. Where in duly substantiated cases the Commission considers that the measures taken are inadequate, it may make recommendations to the UK Government and the managing authority for adjustments aimed at improving the effectiveness of the monitoring or management arrangements for the programme, together with the reasons for any such recommendations. If it receives any such recommendations, the managing

authority shall subsequently demonstrate the steps taken to improve the monitoring or management arrangements or it shall explain why such steps have not been taken.

According to Art.32.3, the acting upon the Commission recommendations within the specified time period (or the communications by the United Kingdom of the reasons why no measures have been taken), where those recommendations are intended to remedy serious shortcomings in the monitoring or management system which undermine proper financial management of the programme, is one of the conditions subject to which interim payments shall be made by the Commission.

4.2.4 Implementation

Regional committees and regional development plans

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 with key players such as Regional Development Agencies (RDAs). 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 these committees, and their terms of reference will be in line with national guidance agreed by the English PMC. However, as a minimum the Regional Committees will be required to have a representative from the following: RDA; each of the social partners; appropriate organisation with responsibility for equal opportunities; Employment Service; Learning and Skills Councils – when established, and the Commission as adviser.

The Government Offices will provide a secretariat for the Regional Committees, and the Committees will report to the English PMC on implementation and other relevant issues.

Each region will produce a Regional Development Plan which will identify regional priorities for support and explain the links between Objective 3 and domestic and other European funded provision. The regional development plans will seek to ensure that Objective 3 provides coherent and strategic support which is linked to the overall needs of the region. The regional plans will provide the crucial link to enable regional targeting within a national programme – regional priorities will be reflected in the selection system to ensure that Objective 3 is able to meet real needs of the region. An overview of the regional plans will be presented to the first meeting of the England and Gibraltar Monitoring Committee for approval and annual updates on progress will be provided thereafter.

Project selection and horizontal issues

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. The criteria for selecting projects to be supported through ESF will support the five policy fields detailed in the ESF Regulation (EC) 1262/99.

A common approach to project selection will be agreed with the English PMC. Projects will be invited to take account of a number of horizontal issues identified in Chapter 3 of this plan, the ESF Regulation and the General Regulation governing the Structural Funds described in the CSF. In addition projects will be expected to take account of the value which partnerships can add to ESF projects. Partnerships provide a strong basis on which to improve employability and to promote human resources development. This has been recognised in domestic policies and the European Social Fund programmes of 1994-99 where partnerships have broadened and deepened during the life of the programmes. The project selection system for 2000-2006 will be designed to encourage and reward strategic partnerships which share common objectives and work together effectively. Whilst the nature of the partnership will vary between policy fields, the value will be apparent in most cases.

Capacity building

Work in this area should build on that introduced under Priority 4 of the GB Objective 3 programme in 1997. This aimed 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 organisations target the disadvantaged groups more effectively.

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 identify the groups to be targeted for support and clarify the ways in which ESF could be used to help improve access to the labour market.

ESF and Colleges of Higher and Further Education

Revised draft guidance on the use of ESF in Colleges of Further Education and guidance on the use of ESF in Higher Education Institutions under the new European Structural Fund programmes will be submitted to the Commission within six months of the adoption of the OP. This guidance will seek to satisfy Commission audit requirements without imposing excessive administrative burdens on institutions and will come into force as and when it is agreed with the Commission. Guidance on the use of ESF in Colleges of Further Education will be reviewed when the new Learning and Skills Councils are established from April 2001. Agreement will be sought from the Commission to any material changes to agreed guidance on the use of ESF in Colleges of Further Education and Higher Education Institutions.

Amendments of the Operational Programme

As a general rule, modifications of the OP approved by the Monitoring Committee, have to be made following the procedures applied for its adoption. However, any amendments to the decision approving the OP, which does not alter the total Community contribution, can be approved by the Commission in agreement with the UK Government, if the modification of the total cost or Community financing to any priority is up to a maximum of 25% of the total Community Contribution to the OP throughout the programme period or up to 60 million euro, whichever is the greater. Any modification is subject to the availability of funds and must remain compatible with the Commission's budgetary rules. It may entail transfers of resources between the Community Structural Funds and a change in the rate of assistance.

Whenever the amounts of finance are altered, the notification shall be accompanied by the revised financing plan of the OP. The Monitoring Committee may in any event propose to the management authority any adjustment or review of the programme likely to make possible the attainment of the Objective set out in Art. 1, or to improve the management of programme, including financial management.

Any financial adjustment shall be accompanied by the revised financing plan.

Any amendment of the OP shall be decided by the Commission, in agreement with the UK Government, within four months of delivery of the Monitoring Committee's approval.

Amendments of the programme complement

According to Article. 34.3, the management authority may, at the request of the Monitoring Committee or on its own initiative, adjust the programme complement, without changing the total amount of the contribution from the Funds granted to the priority concerned nor its specific targets.

After approval of this adjustment by the Monitoring Committee, the management authority shall inform the Commission of the adjustment within one month."

Publicity

The managing authorities will be responsible for ensuring that the requirements of Council Regulation (EC) No 1260/1999, notably Article 46, and Commission Regulation (EC) No 1159/2000 on information and publicity are met. In accordance with article 18.3(d) of Council Regulation 1260/1999, the programme complement for the Objective 3 Programme will include – in addition to an overall communications action plan – a detailed description of the publicity and information measures to be carried out.

4.2.5 Financial arrangements

Country allocation

The Objective 3 allocation to England and Gibraltar is €4,130m at constant 99 prices, 86.69% of the GB budget . In current prices this corresponds to €4,289,993,842.

The formula used to allocate resources within GB was based on the process by which allocations were made to member states. The figures include transitional support which will be made available to Scotland and Wales for the first three years of the programme.

Regional allocations

The allocations to each region will be based on needs of each region in relation to the five ESF policy areas. This formula will need to be based on data sources which are consistent across all regions, it will be informed by the indicators used by the European Commission to allocate Objective 3 to Member States and must reflect the size of workforce, relative skills levels and concentrations of deprivation. The formula will be agreed with the English PMC . In addition a limited budget will be allocated to support projects which are managed at national level; the precise amount and guidelines for implementation will be agreed with the English PMC.

Concentration of assistance – Objective 2

The principle set out in Article 19 of Regulation 1260/1999, that aid should be concentrated where it is needed most, will be applied. It has been decided not to vary intervention rates for Objective 3 between Objective 2 and 3 areas. 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, in addition to the amounts these regions would otherwise have received through the normal distribution of the Objective 3 budget.

The English PMC will agree the overall framework for the distribution and use of Objective 3 in Objective 2 areas, taking account of the need to avoid overlap and duplication of funding and ensure that the activities to be supported are within the scope of the Objective 3 Operational Programme but also take account of the needs of the Objective 2 areas.

The detailed arrangements for implementation will need to be agreed within each region. All regions with Objective 2 programmes will be expected to hold a joint meeting at the start of the programming period which involves key players involved in the Objective 3 and Objective 2 partnerships. This meeting will agree the interface between the Objective 3 in Objective 2 areas and the use Objective 2 ESF resources. The final decision on the amount and the use of Objective 3 in Objective 2 areas will need to be agreed with the Objective 3 Regional Committee, having consulted the Objective 2 PMC.

With a view to avoid duplication and overlap between Objective 2 and 3 provision on a regional level, the Objective 3 regional committees should ensure that the following issues are covered:

- provide for cross-membership between Objective 2 and 3 Monitoring Committees;
- set up a common project data-base for all programmes in the region (based on applications, not only approvals);
- ensure consistency of project application forms and give plain guidance in relation to the appropriate programme for different applicants;
- ensure consistency between selection criteria for both programmes;
- ensure cross-membership in project selection panels;

- prepare guidance for potential Objective 2 applicants to help them verify that the provisions/activities that they propose are not provided under the Objective 3 Programme;
- ensure that a list of rejected projects under Objective 3 (2) is made available to the Objective 2 (3) scoring panel through a shared database of rejected projects;
- ESF Objective 2 and Objective 3 is being dealt with in a consistent way by the GO management team.

Distribution between policy fields

Although the GB Community Support Framework identifies the broad allocation of funds to policy fields at GB level, there are regional characteristics within the English labour market. Regions need to ensure that Objective 3 is able to address the issues which are specific to that particular region. Each region was invited to identify the way in which they would like to target Objective 3. This will be reviewed each year, as it must be able to respond to the changes.

Technical assistance

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 before the start of the new programme. Thereafter, Technical Assistance for studies, exchange of experience, monitoring, evaluation, exchange of best practice and improving awareness of ESF will be commissioned following agreement of the relevant Monitoring Committee, in accordance with Articles 17 and 18 of the General Regulation governing the Structural Funds.

2% of the budget will be allocated for Technical Assistance. A proportion will be reserved for publicity, evaluation and monitoring activities conducted at a national level.

The types of activity to be covered by technical assistance will include:

- servicing committees;
- communicating decisions and policy to partners;
- implementation of a common monitoring and evaluation framework and provision of regular monitoring reports;
- support for the selection and appraisal process and provision of advice to applicants;
- promotion of a positive public image for Objective 3 in England and awareness raising through appropriate publicity measures;
- production of the annual reports for the programme;
- research into future labour market trends to inform programme development and
- the commissioning of relevant studies, such as an annual study of the impact of the lifelong learning strategy.

Table 3: Financial Table for Operational Programme by Priority and Year

The revised financial table takes account of virements agreed by the Monitoring Committee and the allocation of the Performance Reserve.

Virement

The Committee agreed that €40.322,581 ESF would be vired from Policy Field 5 and €24,193,548 ESF vired from Policy Field 6. ESF Funds have been vired to Policy Field 1 (€8,064,516), Policy Field 2 (€48,387,097) and Policy Field 4 (€8,064,516) taking account of recommendations from the mid-term evaluation. Corresponding virement of match funding have also been made.

Performance reserve

The Performance Reserve allocation of €178,401,239 is distributed amongst Policy Field 1-4 as follows:

Policy Field 1 – €49,436,433

Policy Field 2 – €48,812,555

Policy Field 3 – €55,138,570

Policy Field 4 – €25,013,681

There has been no increase in national match funding as a result of Performance Reserve allocations as it is considered that revised outputs arising from the Performance Reserve allocations can be achieved with the additional community contributions. These remain within the ceiling of 50% intervention rate for Objective 3.

Table 3: Financial table for Operational Programme by priority and year

Commission Reference No: 1999GB053PO003

Title: Objective 3 England Operational Plan

Euro – current prices

Priority	Year	Total cost	Public			Private	Cohesion fund	Other	EIB loans
			Total	Community participation	National participation				
Active labour market policies	2000	316,783,500	314,010,923	142,607,025	171,403,898	2,772,577			
	2001	326,881,178	323,757,632	147,148,025	176,609,607	3,123,546			
	2002	337,269,600	333,780,996	151,819,800	181,961,196	3,488,604			
	2003	347,415,656	343,590,148	156,382,850	187,207,298	3,825,508			
	2004	339,999,457	336,678,256	161,925,504	174,752,752	3,321,200			
	2005	346,718,906	343,331,545	165,129,435	178,202,110	3,387,361			
	2006	353,511,045	350,060,055	168,369,010	181,691,045	3,450,990			
Equal opportunities	2000	310,535,320	308,029,617	139,786,454	168,243,163	2,505,703			
	2001	321,979,529	318,980,183	144,934,178	174,046,005	2,999,346			
	2002	333,777,200	330,263,385	150,239,940	180,023,445	3,513,815			
	2003	345,182,038	341,197,960	155,370,092	185,827,868	3,984,078			
	2004	365,721,323	362,126,564	173,391,031	188,735,533	3,594,759			
	2005	372,356,639	368,694,816	176,548,441	192,146,375	3,661,823			
	2006	379,050,926	375,327,254	179,737,612	195,589,642	3,723,672			

Access by non-governmental organisations and local partnerships

The UK Government is committed to implementing a reasonable share of the England programme by means of small grants, in line with the requirements of the Article 4.2 of the ESF Regulation (EC) No 1262/99 and paragraph 4.19 of the GB Community Support Framework. Global grants are made to intermediary bodies to fund small organisations or individuals, in order to achieve one or more objectives of the programme. The small organisations assisted do not need to find funding to match the ESF grant. The grants are particularly suited to local social capital projects. Under the terms of the England OP, the match funding will be provided by the organisation making the grant.

Intermediary organisations will be able to apply to make grants to small organisations or individuals, within any of the priorities and measures. Selection of the intermediaries will take place as part of the normal regional selection round, and the application will be in competition with other applicants across the whole priority/measure. The intermediary organisation must be able to provide the match funding (at 55% of the total project costs) and undertake to monitor the use of the grant and provide the necessary beneficiary and outcome information for monitoring and evaluation purposes. The reasonable administrative costs of operating the system may be included in the total project costs, and an intermediary contributing its own staff to the administration may count the costs of such staff as contributing match funding in kind.

There will be no upper limit to the share of the programme which can be implemented via global grants but we will aim to ensure that at least 1% of the programme is spent through global grants.

Performance reserve

Article 7 of the General Regulation 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.

Financial flows

All payment claims will be made to the Commission by the Department for Education and Employment (DfEE) – the Department for Work and Pensions (DWP) from June 2001. Interim and final claims will be derived from declarations of expenditure submitted by final beneficiaries.

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

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.

Payment systems

The Managing Authorities for the England Operational Programme will be responsible for ensuring that the 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 funds. Procedures will be established to ensure that, on submission of valid and properly completed claims, applicants are paid promptly.

Differentiation of rates of contribution

In accordance with Article 29.3, the contribution of the Funds shall be subject to the following ceilings: a maximum of 50% of the total eligible cost, and at least 25% of the eligible public expenditure.

4.2.6 Compatibility with Community policies ('State Aids')

According to Article 12 of Council Regulation 1260/1999, measures financed by the Structural Funds or the FIG 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

Co-financing by the Community of systems of State aid for undertakings is subject to the aid being approved by the Commission, in accordance with Articles 87 and 88 of the Treaty.

Under Article 88(3) of the Treaty, the Member States must inform the Commission of any plans to grant, extend or alter State aid to undertakings.

In order to fulfil the above requirements, the UK authorities have provided a list of *state aids* by measure, according to the format requested by the Commission. The list of state aids is attached to this programme

However, State aid meeting the "de minimis" conditions laid down by the Commission at Community level for State aid to SMUs¹⁷ does not need to be notified and therefore requires no prior approval. The aid is covered by the implementing provisions set out in the Commission's notice on the de minimis rule for State aid.

By Council Regulation No 994/98 of 7 May 1998, the Commission has been enabled for the first time to adopt regulations declaring certain categories of State Aid compatible with the common market and exempting them from the notification

¹⁷ OJ No C 68 of 6.3.1996, p9

requirements laid down in Art. 88(3) of the EC Treaty. At the same time, this regulation has provided a legal basis for the "de minimis" rule.

Guidelines and frameworks from the Commission have during recent years governed the categories covered by the future block exemption regulations. These will be abolished once the block exemption regulations will have been adopted.

Three draft block exemptions are being prepared. These are the following:

"De minimis"

Small and Medium-Sized Enterprises

Training Aid

Until block exemptions on SMEs and training aid are adopted, notification will be required.

Specific obligations as regards notification apply to aid granted in certain industrial sectors (see Competition Law in the European Communities: Rules applicable to State Aid, volume IIA):

- Steel
- Coal
- Shipbuilding and repair
- Synthetic fibres
- Motor vehicle Industry
- Transport
- Agriculture
- Fisheries and Aquaculture

As regards new aid schemes and new notifiable ad hoc grants not foreseen in the initial decision approving the OP, the following provisions shall apply:

- the UK will notify to the Commission (DG Competition) for approval any new aid schemes and ad hoc grants;
- once the new aid schemes or ad hoc grants have been approved, and following the approval by the Programme Monitoring Committee of the insertion of these additional approved aid schemes and ad hoc grants in the OP, the UK will submit a revised list of state aid schemes and ad hoc grants to the Commission (DG EMPL);
- in accordance with Art 30 of the General Regulation, the starting date for eligibility of expenditure will be the date on which the UK submits to the Commission the request to modify the assistance by a formal Commission decision.

The Commission notice on the *de minimis* rule for State aid (OJ C 68, 6.3.1996, p. 9) requires the English authorities to establish “adequate machinery” to facilitate the Commission’s control of cumulation of *de minimis* aid. Where aid is given to the same recipient under separate measures, all of which are covered by the *de minimis* rule, the total amount of aid must not exceed EUR 100.000 over a period of three years. The control mechanism must also enable the English authorities “to answer any question the Commission might wish to ask”.

Application of more than one aid scheme to a given investment project must respect the rules set forth in the Commission Communication on the cumulation of aids for different purposes (OJ C 3, 5.1.1995). Significant cases of aid cumulation (*i.e.*, projects in which the investment exceeds EUR 12 million or where the cumulative intensity of the aid exceeds 25% of the net grant equivalent) must be notified to the Commission unless exempted under the Communication.

Total public aid, independent of its origin in State resources, Community funding or a combination of both, should not exceed the aid intensity ceiling determined by the map of assisted areas for the UK. Structural Fund support to aid schemes can be granted only once the Commission has approved the new Regional Aid map for the UK (2000-06)

No State aid may be paid out under a measure until the Commission has approved the notification of the aid scheme.

The Managing Authority has decided to cover relevant parts of the Objective 3 programme under the training aid and employment aid block exemption regulations (Commission regulations 68/2001 of 12 January 2001 and 2204/2002 of 12 December 2002 respectively). These block exemptions do not replace the use of *de minimis* aid but provide an additional option for dealing with state aids.

The training aid block exemption was introduced in 2002 and covers the following:

- Priority 3, Measure 1
- Priority 3, Measure 2
- Priority 4, Measure 1
- Priority 4, Measure 3
- Priority 5, Measure 1

The employment aid block exemption was introduced in 2003 and covers all priorities and measures.

Award of contracts

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.

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.

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.

In the case of other projects, in particular those forming part of operational programmes and relating to works¹⁸ 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

The basic principles and objectives relating to the environment and sustainable development set out in the Council Decision of 1 February 1993¹⁹ 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.

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.

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/EEC²⁰.

¹⁸ "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.

¹⁹ OJ No C 138. 17.05.1993

²⁰ OJ No L 175 of 5.07.1998.

Equal opportunities for men and women

Operations and measures co-financed by the Structural Funds 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

Operations and measures co-financed by the Structural Funds and the FIG 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, 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.

The England Rural Development Plan (ERDP) under Regulation 1257/99 also proposes a measure on training to be financed by the EAGGF. Co-ordination arrangements will be put in place to ensure coherence between the two programmes to avoid any scope for duplication.

General provisions

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.

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.

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.

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

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

4.3 Framework for monitoring and evaluation

4.3.1 Overview

Greater 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.

The Objective 3 Community Support Framework set out plans to establish an Evaluation Steering Group (ESG) to co-ordinate common evaluation activity across all European Social Fund activities in all parts of the United Kingdom. The English Operational Programmes will work within the broad framework for evaluation established by this group, to work towards a consistent approach to ESF evaluation in the UK. The ESF Evaluation Team will co-ordinate evaluation work of both the ESG and the English Objective 3 Programme. All evaluation work will take place on the basis of a partnership in which Monitoring Committee members will be encouraged to take part in steering groups for individual evaluation studies. In addition, the ESF Evaluation Team will feed emerging results from evaluation and monitoring into the work of the English Monitoring Committee to inform decision-making.

4.3.2 Developing measures of performance

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. The proposed indicators for the Operational Programme reflect those set out in the Community Support Framework. They follow the broad approach outlined in Commission guidelines²¹ by mapping out a chain of indicators covering inputs, outputs, results 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.

²¹ The New Programming Period 2000-2006: methodological working papers. Working Paper 3: Indicators for Monitoring and Evaluation

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.

In addressing these concerns, the development of indicators post-2000 follows the main recommendations made in the final evaluation of Objective 3²². This report recommended that the monitoring system post-2000 should be characterised by requirements for greater stability and transparency of information. 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 promote 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.

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 results 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.

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.

To provide information on the impact of mainstreaming equal opportunities, where appropriate, each of the indicators will need to split out results by gender. Other information on beneficiary characteristics (e.g. ethnicity, disability, previous educational attainments) and the type of ESF activities funded will be gathered either through the monitoring system or a beneficiary survey. The full list of proposed indicators for the Operational Programme are set out in table 1 at the end of this section.

²² Final Evaluation of Objective 3 in Britain (1994-99), DfEE Research Report (164)

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 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, 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 is 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.

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. The ESF Evaluation Team has commissioned external researchers to carry out further work in this area. They will produce suggestions for qualitative indicators to monitor distance travelled by the end of June 2000.

4.3.3 Expected impacts

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, the forecasts themselves focus primarily on outputs derived from assistance to individuals (e.g. unemployed, employees, companies). As hard evidence on the quantitative 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 report²³.

Commission guidelines²⁴ stress the need to avoid setting too 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 a typical year of the programme²⁵. Overall, the figures suggest that there could be around 520,000 individual beneficiaries in England and Gibraltar each year.

Quantifying the impact of the Operational Programme 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 programme as a whole. Consequently, it is important to view the estimates as indicative.

Table 1: Proposed indicators for England and Gibraltar

Overall OP performance indicators		
Indicator	NAP Guideline	Frequency
% in work on leaving	Pillar I	mid-term
% gaining positive outcome on leaving	Pillar I, III	mid-term
% 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

²³ 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."

²⁴ page 14

²⁵ Assumed to be 2002 (at £0.61/Euro) for costing purposes.

Active labour market policies			
Type	Indicator	NAP Guideline	Frequency
Resource	Funding (£)	1, 2, 3	annual
Output	Number of beneficiaries	3	annual
	Number participating in ESF ' <i>training</i> '	3	annual
	% of young people receiving help before 6 months	1	annual
	% of women receiving support	19	annual
	% of beneficiaries completing their courses	-	annual
	% of adults receiving help before 12 months	2	annual
	% working towards a qualification	Pillar I	annual
Results	% positive outcomes on leaving (and at 6 months)	1, 2	mid-term
	% in work on leaving (and at 6 months)	1, 2	mid-term
	% moving into self-employment	1, 2, 11	mid-term
Impact	Number of unemployed in work after ESF support (net of deadweight)	Pillar I	mid-term

Social inclusion			
Type	Indicator	NAP Guideline	Frequency
Resource	Funding (£)	9	annual
Output	Number of beneficiaries	9	annual
	Number receiving ESF ' <i>training</i> '	9	annual
	% of women receiving support	19	annual
	Number of trainers trained	5	annual
	% working towards a qualification	Pillar I	annual
	Number of capacity building projects	5,6	annual
	Number of research projects	5,6	annual
Results	% positive outcomes on leaving (and at 6 months)	9	mid-term
	% in work on leaving (and at 6 months)	9	mid-term
	% moving into self-employment	9,11	mid-term
Impact	Numbers in work after ESF support (net of deadweight)	Pillar I	mid-term

Lifelong learning			
Type	Indicator	NAP Guideline	Frequency
Resource	Funding (£)	5, 6	annual
Output	Numbers participating in lifelong learning	5, 6	annual
	% of women receiving support	19	annual
	% completing their courses	-	annual
	% working towards a qualification	Pillar I	annual
	Number of research/labour market analysis projects	6	annual
	Number of trainers trained	6	annual
	Number of capacity building projects	5,6	annual
Results	% of leavers gaining a qualification	6	annual
	% in work or further study on leaving	6, Pillar III	mid-term
Impact	Net increase in participation in lifelong learning from ESF support	6	mid-term

Adaptability/entrepreneurship			
Type	Indicator	NAP Guideline	Frequency
<u>Resource</u>	Funding (£)	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 (given ESF 'training')	11	annual
	Number of trainers trained	18	annual
	% of women receiving support	19	annual
	% working towards a qualification	18	annual
	Number of research/labour market analysis projects	18	annual
<u>Results</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 II	mid-term

Gender equality			
Type	Indicator	NAP Guideline	Frequency
<u>Resource</u>	Funding (£)	Pillar IV	annual
<u>Output</u>	Number of beneficiaries	19	annual
	% women beneficiaries	19	annual
	% of projects offering childcare facilities	21	annual
	Number of research projects	19	annual
<u>Results</u>	% positive outcomes for women	20	mid term
	% of parents with children under 5 in work 6 months after ESF	20, 21	mid term
	% of women trained in non-traditional occupations	20	mid term
<u>Impact</u>	Net % increase in female labour market participation of beneficiaries after ESF support	20	mid term

Table 2: Expected average annual outcomes and impact of OP

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

Overall OP expected impact	
Indicator	Forecast
% 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%

Expected impact

Active labour market policies	
Funding (£)	90,631,300
Number of beneficiaries	169,107
Number receiving ESF 'training'	74,302
% 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%
% working towards a qualification	55%
% positive outcomes on leaving	70%
% positive outcomes at 6 months	79%
% in work on leaving	40%
% in work at 6 months	40%
% moving into self-employment	3%
Number of unemployed in work after ESF support (net of deadweight)	4,458

Social inclusion	
Funding (£)	96,175,900
Number of beneficiaries	231,727
Number receiving ESF ' <i>training</i> '	61,040
% of women receiving support	42%
Number of trainers trained	4,336
% working towards a qualification	60%
Number of capacity building projects	195
Number of research projects	109
% positive outcomes on leaving	63%
% positive outcomes at 6 months	72%
% in work on leaving	27%
% in work at 6 months	35%
% moving into self-employment	3%
Numbers in work after ESF support (net of deadweight)	4,822

Lifelong learning	
Funding (£)	102,255,800
Numbers participating in lifelong learning	70,526
% of women receiving support	50%
% completing their courses	85%
% working towards a qualification	85%
Number of research/labour market analysis projects	389
Number of trainers trained	19,858
Number of capacity building projects	125
% of leavers gaining a qualification	57%
% in work or further study on leaving	92%
Net increase in participation in lifelong learning from ESF support	33,680

Adaptability/entrepreneurship	
Funding (£)	46,882,285
Number of beneficiaries getting self-employment help	2,752
Number of companies helped	10,272
Number of employees helped (given ESF ' <i>training</i> ')	19,812
Number of trainers trained	5,850
% of women receiving support	45%
% working towards a qualification	60%
Number of research/labour market analysis projects	330
Survival rate of self-employment at 18 months	50%
% of beneficiaries gaining a qualification	55%
Net number of new businesses running after 18 months	647
Net number of jobs safeguarded by ESF support	932
Net number of jobs created through support for self-employment	1,705

Gender equality	
Funding (£)	20,096,000
Number of beneficiaries	9,780
% women beneficiaries	85%
% of projects offering childcare facilities	75%
Number of research projects	153
% positive outcomes for women	88%
% of women with children under 5 in work 6 months after ESF	30%
% of women trained in non-traditional occupations	6%
Net % increase in female labour market participation of beneficiaries after ESF support	10%

Objective 3 Operational Programme and State Aids

The State aid granted under ALL priorities and measures will be 1) either compatible with the *de minimis* rule or 2) it will be applied under an exemption Regulation in accordance with Council Regulation No 994/98 of 07.05.1998 (O.J.E.C.L 142 of 14.05.1998) or 3) it will operate in conjunction with the notified and approved State aids as set out below. There may be a need to submit ad hoc State Aids notifications for specific projects as the programme is implemented – it is too soon to identify measures under which such ad hoc schemes might fall.

OP priorities and measures	Title of the State aid scheme or ad hoc State aid	State aid number	Approval letter reference	Duration of the scheme
1 Developing active labour market policies to prevent and combat unemployment (Measures 1 to 3)	<ul style="list-style-type: none"> • UK support for maritime training scheme • LINK collaborative research • Local Enterprise Agencies-Local Enterprise Programme (LEP) • Single Regeneration Budget (SRB) • Business Links/TECs • Use of discretionary resources by TECs and CCTEs • Regional Development Agencies 	<ul style="list-style-type: none"> • N322/97 • N585/95 • NN80/89 • N31/95 • NN245/94 • NN161/97 • N130/99 	<ul style="list-style-type: none"> • SG(97) D/033947 • SG(95) D11286 • SG(91) D/2382 • SG(95) D5602 • SG(94) D/12589 • SG(98) D/5245 • SG(00) D/103181 	<ul style="list-style-type: none"> • ongoing
2 Equal opportunities for all and promoting Social Inclusion (Measures 1 to 4)	<ul style="list-style-type: none"> • UK support for maritime training scheme • LINK collaborative research • Local Enterprise Agencies – Local Enterprise Programme (LEP) • Single Regeneration Budget (SRB) • Business Links/TECs • Use of discretionary resources by TECs and CCTEs • Regional Development Agencies 	<ul style="list-style-type: none"> • N322/97 • N585/95 • NN80/89 • N31/95 • NN245/94 • NN161/97 • N130/99 	<ul style="list-style-type: none"> • SG(97) D/033947 • SG(95) D11286 • SG(91) D/2382 • SG(95) D5602 • SG(94) D/12589 • SG(98) D/5245 • SG(00) D/103181 	<ul style="list-style-type: none"> • ongoing

3	Lifelong learning (Measures 1 and 2)	<ul style="list-style-type: none"> • UK support for maritime training scheme • LINK collaborative research • Local Enterprise Agencies-Local Programme (LEP) • Single Regeneration Budget (SRB) • Business Links/TECs • Use of discretionary resources by TECs and CCTEs • Regional Development Agencies 	<ul style="list-style-type: none"> • N322/97 • N585/95 • NN80/90 • N31/95 • NN245/94 • NN161/97 • N130/99 	<ul style="list-style-type: none"> • SG(97) D/033947 • SG(95) D11286 • SG(91) D/2382 • SG(95) D5602 • SG(94) D/12589 • SG(98) D/5245 • SG(00) D/103181 	<ul style="list-style-type: none"> • ongoing • ongoing • ongoing • ongoing • ongoing • ongoing
4	Promoting business competitiveness (Measures 1 to 5)	<ul style="list-style-type: none"> • UK support for maritime training scheme • LINK collaborative research • Local Enterprise Agencies-Local Programme (LEP) • Single Regeneration Budget (SRB) • Business Links/TECs • Use of discretionary resources by TECs and CCTEs • Regional Development Agencies 	<ul style="list-style-type: none"> • N322/97 • N585/95 • NN/80/89 • N31/95 • NN245/94 • NN161/97 • N130/99 	<ul style="list-style-type: none"> • SG(97) D/033947 • SG(95) D11286 • SG(91) D/2382 • SG(95) D5602 • SG(94) D/12589 • SG(98) D/5245 • SG(00) D/103181 	<ul style="list-style-type: none"> • ongoing • ongoing • ongoing • ongoing • ongoing • ongoing

5	Promoting gender equality in the labour market (Measures 1 and 2)	<ul style="list-style-type: none"> • UK support for maritime training scheme • LINK collaborative research • Local Enterprise Programmes (LEP) • Single Regeneration Budget (SRB) • Business Links/TECs • Use of discretionary resources by TECs and CCTEs • Regional Development Agencies 	<ul style="list-style-type: none"> • N322/97 • N585/95 • NN/80/89 • N31/95 • NN245/94 • NN161/97 • N130/99 	<ul style="list-style-type: none"> • SG(97) D/033947 • SG(95) D11286 • SG(91) D/2382 • SG(95) D5602 • SG(94) D/12589 • SG(98) D/5245 • SG(00) D/103181 	<ul style="list-style-type: none"> • ongoing
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