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Regional **Skills** Partnership

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Yorkshire Alive with Opportunity!



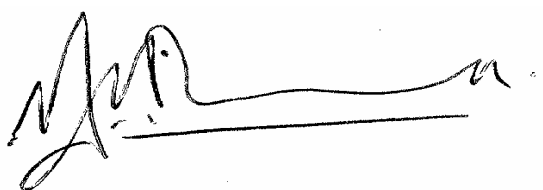
Forward

In March 2007 Government Office Yorkshire and the Humber requested that the Regional Skills Partnership develop a Framework to support the delivery of the national European Social Fund (ESF) Operational Programme 2007 – 2013 in Yorkshire & the Humber.

Following this, the Yorkshire & the Humber Regional ESF Framework Task and Finish Group was set up to develop and oversee the drafting of the framework. Membership of this group included GOYH, Yorkshire Forward, the LSC, Jobcentre Plus, the Regional Assembly, South Yorkshire Partnership, Sector Skills Development Agency (SSDA) and the Regional Forum. This document is the result of these organisations and networks working in partnership.

The regional ESF Framework will inform the delivery of ESF funded activities so that they add value to regional employment and skills priorities, complement other regional funding streams and contribute to the objectives of the ESF Operational Programme for England. It complements and will align with the Regional Skills Plan for Yorkshire & the Humber and support the delivery of the Regional Economic Strategy (RES).

The Regional Skills Partnership Board would like to thank all the organisations and individuals who worked on the development of this Framework, as without this commitment this document would not have been possible.



Martin O' Connell
Chair
Regional Skills Partnership Yorkshire and the Humber

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1. OVERVIEW

Introduction

- 1.1 The Regional Skills Partnership (RSP) in Yorkshire and the Humber (Y&H) has a leading role in the development of the regional Framework for the England European Social Fund (ESF) Operational programme for 2007-2013. The Framework will inform the delivery of ESF funded activities so that they add value to regional employment and skills priorities, complement other regional funding streams and contribute to the objectives of the ESF Operational Programme for England. It will complement and align with the Regional Skills Plan for Y&H and support the delivery of the Regional Economic Strategy (RES).
- 1.2 The ESF National programme is currently being negotiated with the European Commission. Within this overarching ESF national programme, the Y&H ESF Framework sets the agenda for European investment in the region's employment and skills priorities over the next seven years.
- 1.3 Total ESF funds for the Programming period in Y&H amount to €395,671,754 (£258,294,524).¹ South Yorkshire will receive €173,446,449 (£117,957,186) transitional support as a phasing-in region. The remainder of the region will receive €206,378,436 (£140,337,338).
- 1.4 The ESF National Programme priorities have been shaped within the context of a robust analysis of national labour market/skills trends, and the Lisbon agenda and European Employment strategies which aim to generate sustainable economic growth and create more and better quality jobs. The UK ESF National Strategic Reference Framework sets out 2 key priorities for competitiveness regions such as Yorkshire and the Humber:
 - Priority 1: extending employment opportunities; helping the unemployed and economically inactive people enter jobs *especially* those at a disadvantage in the labour market.
 - Priority 2: developing a skilled and adaptable workforce; improving the skills of the current and potential workforce with an *emphasis* on reducing the numbers of those without basic skills or qualifications.

A third priority relates to Technical Assistance, some of which is held nationally and proportions are available for regions. This finances management, monitoring, evaluation, information and administration.

Programme level requirements

- 1.5 To ensure that Ministerial priorities and outputs and results targets in the Operational Programme are met, there are some parameters on the range and levels of ESF activity that can be supported at regional level. Regional ESF frameworks will need to work within these parameters in determining how ESF resources can be best targeted to meet regional skills and employment priorities.

Priority 1 (Extending employment opportunities)

- At least 70 % of ESF funding to improve the employability and skills of unemployed and inactive people, particularly disadvantaged groups such as people with disabilities, health conditions, lone parents, older workers, ethnic minorities and people with low or no qualifications. Of this amount, at least half should be aligned with and complement DWP employment programmes that focus on helping the target groups identified in the Operational Programme and described above.
- At least 23% of ESF funding is ring-fenced for work with young people aged 14 to 19 who are not in education, employment or training (NEET) or at risk of becoming NEET. This is the funding that has been 'moved' from Priority 2 to Priority 1

¹ 2006 exchange rate

compared with the draft NSRF, as a result of the Commission's requirement to move the NEET target group from Priority 2 to Priority 1.

- Up to 2.5% of ESF funding to be distributed as small grants to community groups. This is broadly similar to the proportion of funding for Global Grants in 2000-06.

Priority 2 (Skilled and adaptable workforce)

- At least 35% of ESF funding to support basic skills training
- At least 35% of ESF to support training at level 2
- Up to 28% of ESF to support training at level 3 and above (no more than 5% of priority 2 ESF money should be spent on activity at level 4 and above)

- 1.6 The Y&H ESF Framework aligns with these priorities and also adds value to the skills, employment and learning priorities for the region identified by the Regional Skills Partnership in the context of the RES.
- 1.7 The vast majority of ESF funding will be administered through Co-financing arrangements with the LSC, and DWP/Jobcentre Plus, except in exceptional circumstances in South Yorkshire as a phasing-in area, where CFOs might not be able to deliver the full range of activities. In such cases, the Managing Authority can commission activity with specific providers.

Background on the Regional Skills Partnership (RSP)

- 1.8 Following a review commissioned by the Regional Skills Alliance, a new RSP for Y&H was established in April 2006. At the centre of this Partnership is a non-executive Board, independently chaired and with three broad constituent parts: the key funding agents (Learning and Skills Council, Yorkshire Forward, Jobcentre Plus); employer (public and private sector) and employee interests and the Skills for Business Network (SfBN); and the supply side including Higher Education, Further Education and independent provider interests. Membership of the Board is at director/chief executive level and is detailed at Annex A.
- 1.9 The RSP has agreed that its purpose is to bring together the key agencies and sectors in Y&H and to work in partnership to give collective leadership to the skills agenda. The aim is to improve skills outcomes and productivity for the region through a demand led approach, aligned with the RES. The RSPs Terms of Reference are at Annex A.
- 1.10 By "demand-led", the RSP recognises that demand originates from employers as well as from individuals. Informed demand, based on an analysis and diagnosis of need, is at the heart of a demand-led approach. Where employers and individuals are able to exercise effective economic demand, their needs can be met through market processes. In circumstances where this cannot happen, often termed as 'market failures', public sector intervention, including investment of ESF resources where it can add value, aims to correct or moderate the effects of market failure to achieve policy goals. In addition to regional strategic demand imperatives, Local Authorities and the Works and Skills Board of Local Strategic Partnerships will assist in ensuring responsiveness of ESF to demands that are locally specific.
- 1.11 The RSP Board has established priorities in 3 key areas:
- Employability: to enhance the employability of individuals, improving basic skills and skills for everyday work
 - Higher level skills: to promote, develop and deliver skills training and development in line with labour market needs
 - Business support: to refine and develop the offer to employers, providing integrated support in response to customer needs

- 1.12 The RSPs first priority, Employability, aligns well with the ESF priorities of tackling worklessness and low skills, with the Board committed to:
- ensuring that information on job and career opportunities is up to date and being utilised;
 - ensuring that education and training provision meets both present needs and anticipates future opportunities;
 - delivering the 14-19 strategy to increase the number of young people with the skills and qualifications needed for employment;
 - engaging employers in the planning and development of education and training provision;
 - increasing understanding of NVQ qualifications and what they mean for both individuals and employers;
 - increasing awareness and understanding of the full range of job and career opportunities available;
 - engaging employers and schools in tackling perceptions of some sectors, e.g. manufacturing;
 - improving generic employability skills, including ESOL;
 - building on the strengths of diversity and narrowing the gaps in achievement.
- 1.13 This ESF framework describes how ESF priorities will be delivered in the context of those of the RSP, the RES and the progression of the skills agenda within the region as set out in the Regional Skills Plan. It is intended to guide partners and Co-financing organisations in the task of using ESF allocations to best effect the regional economic and inclusion agenda.

Process undertaken to develop the Framework including who has been consulted

- 1.14 Following the RSP Board meeting of 17th January 2007, the Y&H Regional ESF Framework Task and Finish Group was set up to develop and oversee the drafting of the framework. Membership of this group included GOYH, Yorkshire Forward, the LSC, Jobcentre Plus, the Regional Assembly, South Yorkshire Partnership, Sector Skills Development Agency (SSDA) and the Regional Forum. An RSP Board member sponsored the group and it was chaired by the RSP Director. Details of group membership and its Terms of Reference are at Annex B.
- 1.15 A series of drafting meetings was held to develop the draft framework, taking into account key messages from the RES, Advancing Together and other relevant regional and sub regional sources and to contribute to the drafting of the final document. Each group member undertook to consult with linked organisations and sub regional bodies to develop the evidence base and over the priorities to be supported.
- 1.16 In addition, a consultant was commissioned to review existing evidence of skills gaps across the region and identify key areas for support. This report, 'Towards a Skills Plan', highlights the need to improve the employability and skills of unemployed and inactive people and move them into the labour market.
- 1.17 A regional consultation event was held on the 16th May 2007 in order to engage a wider audience in the process of developing the ESF framework. This event involved up to 200 individuals from public, private and third sectors. It was supplemented by a web based consultation which ran between the 11th May and 31st May 2007.
- 1.18 The ESF Framework was presented to the RSP Board who endorsed the framework and agreed the arrangements for consultation. The Task and Finish Group's recommendations regarding reviewing

and updating the framework were also discussed and agreed. Responses to the consultation were considered by the Task and Finish Group on 13th June when prioritisation was also reviewed. The RSP Board met on 12th July to consider and approve the Framework.

- 1.19 Management and governance arrangements for ESF will incorporate both a national and regional dimension.
- 1.20 The Department for Work and Pensions has overall responsibility for the ESF Programme and acts as the Managing Authority, with progress overseen by a national Programme Monitoring Committee. Delivery will take place at regional level, in line with national priorities and identified regional skill requirements. Within Y&H, implementation of ESF will be monitored and managed as follows.
- 1.21 The RSP has a strategic role in developing the Regional ESF Framework, consulting partners and reviewing and updating it as necessary in the light of changing regional circumstances and experience. The partnership has a strong employer focus and brings together the key funders/stakeholders, thereby helping to ensure that activities are demand-led and aligned with regional priorities and strategies. The ESF framework will act as a touchstone for Co-financing organisations who will procure and contract manage ESF activity, in line with identified skill and employment needs.
- 1.22 The Regional ESF Committee will be a sub-committee of the England and Gibraltar National Programme Monitoring Committee (PMC). The Regional Committee will endorse Co-financing organisations' plans for delivery of ESF and ensure that they align with the ESF Framework priorities. The Regional Committee will also have a key role in monitoring regional performance, the performance of the South Yorkshire phasing-in area and reporting to the PMC, and also the Regional Skills Partnership about implementation of ESF and of progress against the Framework's priorities.
- 1.23 Government Office for Yorkshire and Humber will carry out a range of Managing Authority Functions.
- 1.24 ESF makes a key contribution to the region's competitiveness, tackling worklessness and improving the skills and adaptability of the workforce. Membership of both the Regional Skills Partnership and Regional ESF Committee will reflect these wider economic and social inclusion interests. To align ESF with other European Programmes, including ERDF and the new Rural Programme, a member of the RSP will be represented on the Y&H ERDF PMC and other relevant groups. A widely voiced response to the framework consultation was the contrast in orientation between the ERDF Programme ambitions and the ESF Programme focus on Level 2 and below. This is acknowledged by the RSP as an issue, however both ERDF and ESF contribute to the delivery of the Lisbon objectives and the focus on both skills for life and level two is critical to the success of Lisbon. The ESF Programme aims to tackle some intransigent market failures with regard to worklessness, disadvantage and address inequalities in the labour market, while the returns from ERDF investment should stimulate a market response from employers and individuals who can see quicker and bigger returns on their investment.

How the Framework will contribute to the England Operational Programme, Regional Employment and Skills Needs

- 1.25 The purpose of the regional ESF framework is to set out how ESF spending can support regional priorities to tackle worklessness and low skills as stated in the Regional Skills Themes and the RES, within the parameters of the agreed ESF Operational Programme for England.
- 1.26 The regional ESF framework will therefore address the following national ESF objectives as outlined in the Operational Programme:
- support more people into employment with an emphasis on disadvantaged groups;
 - improving the skills of the existing workforce;
 - supporting the skills progression of individuals;
 - assisting businesses to become more productive
 - young people not in education, employment or training;
 - added value.

The Framework recognises that a great deal of activity is already delivered at regional level to tackle the issues of skills demand and worklessness. ESF will fund additional activity over and above that already delivered in the region.

How the Framework will be Reviewed and Updated

- 1.27 The role of the RSP will be strategic; the focus will be on developing, reviewing and, where necessary, updating the ESF framework. The Framework will be reviewed periodically and reports will be received from the Regional ESF Committee on implementation to be assured that ESF is addressing the identified priorities. Reviews will take place at no less than annual intervals, following advice and discussion with the Regional ESF Committee and the RSP Board.
- 1.28 Flexibility to be able to respond swiftly to unforeseen events, e.g. major redundancies and task force approaches to guidance, re-skilling, job search, business start-up support etc will be an important trigger principle for framework review.

2. REGIONAL EMPLOYMENT, SKILLS ISSUES AND POLICY CONTEXT

Overview and Policy Context

- 2.1 Delivery of ESF in the region will contribute to the Lisbon Agenda, the UK National Reform Programme and the RES. The RES ambition is to grow the Y&H economy faster and better than its main competitors by 2015.
- 2.2 The RES is structured through six linked objectives, two of which set the regional strategic context for the ESF framework. These are Objective 3 ‘Skilled People Benefiting Business’ and Objective 4 ‘Connecting People to Good Jobs’. The demand side driver objectives are Objective 1 ‘More businesses that Last’ and Objective 2 ‘Competitive Businesses’. Two further objectives are designed to create conditions conducive for sustainable development. These are Objective 5 ‘Transport, Infrastructure and Environment’ and Objective 6 ‘Stronger Cities, Towns and Rural Communities’.
- 2.3 The RES has three cross cutting themes to underpin its delivery. These are:
- Sustainable Development
 - Diversity
 - Leadership and Ambition
- 2.4 A feature of the RES is that it is implemented through an investment planning approach which coordinates all public sector funds to address agreed priorities in a manner which maximises value for money and economic added value. The ESF framework and its resources represent an integral part of this approach.
- 2.5 Two of the RES’ Strategy’s nine priorities are fundamental to the ESF Programme:
- Firstly the region will train people with the skills that businesses need, including rolling out Train to Gain.
 - Secondly, the region aspires to the goal of full employment. This includes ensuring that people involved in major job losses quickly re-enter the labour market, helping people get off incapacity benefit and into work, and addressing issues like health and inequalities that affect employment.
- 2.6 Further priorities around education for enterprise and diversity and renewal are also key here. Making sure that we use the talents of all people in all communities to improve economic opportunities is particularly important for the diversity and renewal ambitions. The region is also aligning its publicly funded business and skills development support, through the ‘Better Deal for Business’ framework which puts customer needs at the forefront.
- 2.7 Employment and skills improvements are fundamental to realising the RES ambition and are recognised nationally as central to raising long-term economic performance and living standards. Employment covers the numbers of people in employment and the wages that they earn. It, necessarily, extends to include entrants and returners to the labour market, some of whom face barriers to re-engagement but whose potential economic contribution is vital for the Lisbon Agenda and for their own personal circumstances.
- 2.8 Skills are one of five factors that drive productivity². To grow our economy we need people with the right skills and attributes that match good employment opportunities. The quality and quantity of skills is vital and impacts on all the drivers - in determining how businesses innovate and respond to rapidly changing and global markets, boosting business start-up rates and making sure that people are able to access good jobs. Trends suggest that knowledge will be even more important in the future. High level skills in particular appear to make a telling difference to business performance. We need people

² The 5 drivers of productivity are competition, enterprise, innovation, investment, skills. HM Treasury, Productivity in the UK series

and businesses to understand the value of learning and skills and develop education and training to better meet the needs of the regional economy.

- 2.9 Consistent with the National Strategy for Neighbourhood Renewal, social inclusion is a critically important principle in targeting funds, especially under Priority 1. Government policies relating to safer communities, reducing re-offending, reducing child poverty, breaking cycles of deprivation and tackling worklessness are increasingly delivered on a personalised basis. This recognises that approaches based solely on target groups may miss the reality that beneficiaries are often classifiable into several disadvantaged groups and, therefore, experience multiple barriers to inclusion. Greatly enhanced data sources now enable fine grained targeting, including on a street-by-street basis, which will ensure funds are used most effectively.

Regional Socio-economic Analysis

Y&H: Summary of Key Issues

- *Although becoming more diverse, the region's business base still contains many traditional industries where job losses will continue to disadvantage communities in future years.*
- *Pockets of Worklessness in deprived areas, particularly in the large cities.*
- *9% of 16 to 18 year olds are not in education, employment or training (NEET), with a similar proportion whose status is not known.*
- *While there have been some improvements across Y&H, the region has the lowest attainment rate at GCSE level in England.*
- *Some parts of the region have severe skills problems, made worse by the lack of experience and qualifications. 31% are not qualified to Level 2 and there are large numbers of adults who lack basic literacy and numeracy skills.*
- *26% of employers with vacancies attribute these to skills shortages.*
- *Smaller enterprises are less likely to invest in training than larger enterprises.*
- *The region's productivity gap with major competitors might increase if their productivity rises faster than ours.*
- *An ageing population could reduce the supply of labour if older people are not retained in work and inactive people are not attracted to the labour market and if the full economic potential of migrant labour is not realised.*
- *High employment rates are masking high numbers on incapacity benefits and high rates of economic inactivity amongst certain groups.*
- *Historical, cultural and social attitudes could reinforce occupational and sectoral segregation, and discourage certain groups from seeking employment.*
- *Higher level NVQ qualifications trail figures for the country, both in schools and amongst adults.*

- 2.10 Annex C contains a detailed analysis of the employment and skills issues that currently prevail within Yorkshire and the Humber. The following sections summarise the key employment and skills challenges at headline level in the region. Further detailed analyses and assessments are, however, available and regularly updated and will be drawn upon in project design and in delivery arrangements.

Employment in the Region

- 2.11 The Y&H region, as a whole, is a geographically diverse area, with four sub-regions, North, South and West Yorkshire and the Humber, each with their distinctive characteristics and strengths. The 3 city regions contained within Y&H, namely Leeds, Sheffield and Hull and Humber Ports city regions, cover approximately 94% of the population of the region and have a commensurately large share of the region's GVA. They are home to around 780,000 people who live in deprived communities and contain 517 of the 10% most deprived super outputs areas in England. This represents 50% more than the national average and 5% more than the regional average. Issues such as economic inactivity, low aspirations and low levels of educational attainment are significant challenges within the city regions.
- 2.12 At the fringes of the city regions and beyond, there are remote and sparse rural areas and peripheral coastal zones facing issues of seasonal patterns of work, exposure to structural economic change, traditional skills sets in declining demand and workers ill-equipped to adapt to or be able to access new opportunities. Sparsity and distance increases the unit costs of conventional employment and skills delivery.
- 2.13 With over 5m residents, the region faces an increasingly ageing population, which is expected to result in fewer economically active people. Black and ethnic minority communities also account for 8% of the population, who, in terms of engagement are gradually and generationally seeking and finding employment into a wider and higher range of occupational areas, thereby achieving greater labour market integration. Whilst there is predicted to be a shortfall in the economically active, some of the gap will continue to be filled by migrants from within and without the UK. However the main source will come from engaging those who are currently economically inactive.
- 2.14 Over the last decade the Y&H economy has seen strong levels of growth and is performing well. Currently there are 2.2m people in employment, and employment has grown faster than the rest of the country, but the employment rate is marginally below the national average. The gap, however, is significantly higher for the Black and ethnic minority population.
- 2.15 The public sector and manufacturing sectors are important employers in the region, but both are subject to ongoing structural change in the immediate future. The major growth sector has been the financial services sector, whilst the digital industries and environmental technology clusters are forecast to continue their employment growth in the next decade.
- 2.16 Latest employment forecasts suggest a further net growth of over 46,000 jobs in the next few years, predominantly in service sector and higher order occupations. However there are around 330,000 people employed in elementary occupations, whose economic position is very vulnerable to long-term changes in the regional economy.
- 2.17 The other major employment challenge for the region is the need to fill those vacancies that are created by individuals changing jobs or retiring, at a time when there is an emerging shortfall in the number of young people entering the labour market as a direct result of diminishing numbers. Alternative sources of labour will need to be found, particularly from those who currently remain disengaged from the labour market. All occupational areas will have an employment need, but service sector, administrative and higher order occupations will have the largest numerical replacement demand. It is critical that those entering the workforce possess the skills sets that will enable them to fulfil the needs of businesses with vacancies while also providing both career development and upskilling opportunities for those in the workforce and for entrants.
- 2.18 Those who are not currently engaged in the workforce account for 26% of the population of working age. Many are from disadvantaged groups – BME, lone parents, people with disabilities, offenders, the unemployed – and currently there are increasing policy efforts to enable them to become engaged in employment. However, with a large number of individuals in these groups, having either poor basic skills or no qualifications, they face major barriers to making a successful transition to the world of work.

- 2.19 Claimant unemployment rates are now low throughout the region. The Government's preferred measure, the ILO rate of unemployment, gives a more accurate picture of job seekers where the regional rate is 5.4% (representing a total of 129,100 people) but ranges from 1.3% in Harrogate to over 7% in Doncaster, Sheffield and Ryedale. Many of these people can be more easily re-engaged in employment than the much larger number of people who are detached from the labour market.
- 2.20 A major area of concern is those 16-18 year olds who are NEET and those of risk of falling into this position. Currently there are 15,450 in that position, with a further 12,050 who's training or employment position is not known. Many are from disadvantaged groups and have left full-time education without any qualifications. The regional focus is to reduce significantly those young people who are in this position through a variety of discretionary projects. A culture change is needed if the region is to persuade this group of young people that their participation will add value to their life opportunities.
- 2.21 Key issues arising from this are approximately 50% of the 30,000 offenders will be aged under 26 (including around 5,000 18-21 year olds). BME offenders are over-represented in this group. Eliminating barriers to the labour market is equally important for those offenders who serve a community sentence as it is for ex-prisoners. In this region, 56% of ex-offenders have been assessed to have an offending related ETE (employment/ training or education) need, above the national average for offenders.
- 2.22 There is a clear association between employment rates and the possession of qualifications. For those with NVQ4 and above, the average employment rate in the region is 87.4%, 14 percentage points above the rate for those with NVQ1. For those with no qualifications, however, the employment rate is only 46.5%. On this evidence alone, employment and skills interventions and the ESF priorities have to be treated as integral rather than separate measures.

Labour Supply in the Yorkshire and The Humber non-phasing in Region

- 2.23 Y&H, as a whole, has seen absolute improvements in education and skills levels. Yet the region still has fewer skilled people than more successful regions. This position needs to improve, alongside attracting and retaining more skilled people to the region, if the region is to prevent market failure based on a low-skills equilibrium and to compete in the global market place.
- 2.24 There has been an improvement in pre-16 educational attainment, but the region continues to have the lowest attainment rates at GCSE level in England. This position is replicated at age 19, when the gap between regional and national performance has widened, in spite of a significant improvement in NVQ Level 2 performance. In contrast A level attainment within the region is the highest in England, but overall NVQ Level 3 performance at 19 places the region well behind the national position. The regional focus is to significantly improve young people's attainment at NVQ level 2 and 3 as a priority, as this will significantly impact on the regional skills base of the future.
- 2.25 More than 31% of the region's adult population are qualified at below NVQ Level 2. Although figures have improved, there are still too many economically active adults with no qualifications. It is estimated that 590,000 adults have only entry level literacy and 870,000 entry level numeracy skills. This poor skills base is impacting upon the region's economic performance. The region has set targets and programmes to deliver on these issues, aimed at addressing both the basic skills and level 2 challenge faced by many adults within the region. Considerable advances have been made with e-learning in South Yorkshire which may be a cost effective and attractive offer to extend across the rest of the region, especially the rural areas, now that the whole region is broadband enabled.
- 2.26 The number of adults qualified to NVQ Level 3 and above has grown significantly, helping the region to close the gap with the rest of England. The challenge facing the region is to improve the retention of individuals with graduate skills, ensuring these skills are fully used in the economy.

- 2.27 Regional businesses are increasingly aware of the needs to improve their skills base as a key element of competitiveness. They have a significant number of vacancies that remain unfilled due to skills shortages, particularly in skilled trade, technical, personal service, sales and customer service occupations. These are having a significant impact on the competitiveness of the manufacturing, construction and service industries.
- 2.28 Whilst the number affected by proficiency problems has decreased, skills gaps within the existing workforce are a critical issue for more than a fifth of businesses. Key areas of deficiency are in the semi-skilled and elementary occupations, as well as in sales and personal services. Deficiencies in technical and practical skills are the main concern, but management and marketing skills are another area. Yet many of those in the workforce have a different perception of their skills, indicating a potential lack of realism. Training levels remain at 31% of the workforce, but of concern are the more than one in ten employers with skills gaps that do nothing to resolve them.

The South Yorkshire Socio-economic Analysis

South Yorkshire: Summary of Key Issues

- *Reliance on manufacturing and public sector employment*
- *Low BME employment rates*
- *Low average earnings and low skills levels*
- *High levels of IB claimants*
- *Low employment rates amongst lone parents*
- *High percentage of NEETs at 16-18*
- *High percentage of adults lacking basic skills*
- *Low percentage of adults with higher level qualifications*
- *Low Business base and low levels of entrepreneurship*
- *Workforce development particularly lacking in smaller companies*
- *Ageing population, lower percentage economically active in future*
- *Assimilation of economic migrants in labour market*
- *Further job losses in manufacturing*
- *Diversity of factors causing high NEETs percentages*
- *Fall off in attainment levels between Key Stage 2 and GCSE/GNVQ for disadvantaged groups*
- *Relatively poor progress in raising percentage with Level 2 and with Level 3 qualifications at 19*
- *High levels of labour market churn*
- *Skills inhibiting growth include management, marketing and ICT*

- 2.29 As a significant part of the region and its economy, South Yorkshire shares and contributes to many of the key issues facing the region as a whole. The above summary is, therefore, a more specific and additional catalogue of key issues, many of which are experienced with greater intensity in South Yorkshire. These are matters for early attention in the phasing-in period.
- 2.30 Overall, economic performance continues to improve in South Yorkshire, but further growth is required, as the traditional industrial structure is gradually replaced by a more modern economy. Latest forecasts suggest that growth will continue, building upon the investments made through the Objective 1 Programme. To ensure that the workforce can respond to new opportunities, a key

contributor will be increased investment in developing higher level skills within the workforce, which requires better targeted investment by public agencies and increased investment by both businesses and individuals.

- 2.31 Despite this growth there remains a significant degree of deprivation within the sub-region. According to the 2004 Indices of Deprivation, South Yorkshire has some of the most deprived communities within the country. Many of these communities are located in the four urban centres. Whilst Barnsley is the most deprived Borough in average terms, Sheffield has the most severe local concentrations of deprivation but, conversely, the South West of the city is amongst the least deprived in the country. An important factor in redressing this issue is to ensure that publicly funded programmes are designed to ensure that any benefits are targeted to meet the needs of disadvantaged communities and groups.
- 2.32 The relevant statistical data is contained within the regional employment and skills section of this document (Annex C). This intelligence indicates that there is a number of key critical issues that have to be addressed if the South Yorkshire sub-region is to continue the momentum that has been created in the last seven years.

Employment in South Yorkshire

- 2.33 The major share of employment is accounted for by large employers. This potentially makes the sub-region and Sheffield more vulnerable to wider market changes. Micro and small businesses continue to be equally important within South Yorkshire, yet these are the least likely businesses to engage in training and learning. Although they account for a small proportion of the employed labour force, it is essential to the economic development of both the sub-region and the wider region, that this issue is tackled.
- 2.34 The sub-region, although experiencing employment growth at a significantly higher rate than the region and the country, continues to experience lower than average employment rates, despite significant improvements in the last decade. Since 2001, employment growth in the sub-region as a whole has exceeded the rate of population growth and this level of improvement has to be maintained. If new and replacement job opportunities are to be taken up, then employment rates will need to increase. The issue is whether those with the potential to enter the workforce have the relevant skills to make them employment ready.
- 2.35 There are currently 625,000 in employment in South Yorkshire, which current trend-based forecasts suggest will grow by a further 8,800 net jobs by 2010. Health, construction and business services will be the main driver of this growth. Replacement demand will be a key feature in all occupational areas over the next five years, with an annual need of around 35,000 recruits required, and of which 53% will be at a skills level of NVQ3 or higher. The key areas where job opportunities are expected to be available include Corporate Administrators, Sales Occupations, Secretarial & Related Occupations, Caring and Personal Services. It is therefore imperative that those entering and returning to the workforce have the skill sets to be able to fill many of these vacancies, and that provision responds effectively to those occupational areas where skilled needs need to be addressed. Replacement demand in higher level occupations can be more effectively met than at present if there is a greater commitment by employers and individuals to career development and upskilling.

Labour Supply in South Yorkshire

- 2.36 South Yorkshire has seen a rapid fall in benefit claimant unemployment compared to national levels, falling by 42% since 1995. The rate has fallen from 9.4% to 2.9%, a reduction of over 50,000 people claiming benefits. To prevent this level increasing again, it is important that the economy is able to maintain long-term, progressive and sustainable employment. The degree of labour market attachment of many who have entered employment in recent years is not wholly assured. Additionally, of those seeking work, many are either low skilled or do not have appropriate skills to secure employment. These individuals will require re-training before they can successfully secure employment in the job market.
- 2.37 The economically inactive account for a significant number of the working age population. However, only 4,100 are actively looking for work. It is Government policy to encourage the long-term sick to return to work where they are able to do so. Many are either low-skilled or possess redundant skill-sets and will require re-training before they are ready to be economically active. The effects of compounded barriers to re-engagement can be acute and re-training without personalised pre-employment support is unlikely to be enough.
- 2.38 Despite some progress, the number of young people classed as NEET remains unacceptably high at around 11%, with markedly higher figures for the disabled and low achievers at 16. Geographically, there are parts of South Yorkshire for which NEET is a particular problem, reflecting multiple deprivation and a long term problem of Worklessness. For some young people there is a mismatch between their needs and the provision available. Discretionary funded opportunities are helping to fill the gap but a more permanent solution to facilitate access and support progression is required.

Skills in South Yorkshire

- 2.39 The gap between sub-regional and national performance at Key Stage 4 remains at 9.5% points. There are still significant differences between Local Authorities, by gender and when English and Maths are included, which is now a key measure. At GCSE, performance of pupils in all South Yorkshire districts is again well below the national average in terms of achieving 5 A*-C grades.
- 2.40 Level 2 at 19 is a key area. South Yorkshire, with a rate of 60% in 2004/05 is the poorest performing part of the Region and, compared to the national picture, the position has deteriorated. There is a substantial amount of work to be done to, at least, equal national levels of performance. However, Level 2 attainment between age 16 and age 19 is good, with clear added value between these years of around 20% extra Level 2 achievement. To achieve significant progress in future years, and to meet the PSA targets South Yorkshire remains very dependent on improved performance at 16 that is now feeding through in all boroughs.
- 2.41 South Yorkshire is 11% points below the national average for level 3 at 19, reflecting the poor level 2 performance at age 16. Boosting level 2 attainment at Key Stage 4 is essential to raising level 3 achievement 3 years later.
- 2.42 South Yorkshire's adult attainment levels at level 2 and above are significantly below both regional and national comparators. About 17% of the working age population is without qualifications, higher than the national average. Specifically, Barnsley is a key area of concern with 20% of the working age population with no qualifications.
- 2.43 There remain a significant number of individuals with low levels of literacy and numeracy despite achievements to date, and when compared to Government estimates of adult basic skills levels, a good proportion of the population appear unwilling to admit they have a problem with these basic skills. There is a need for more robust data, and those in need have to be convinced of the benefits of improving their skill levels. For those participating on Skills for Life courses, achievements have been excellent with the sub-region now at 95% of the 2006/07 milestone target. Unfortunately, the

percentage of adult learners engaged is not as high as required. The growing BME population and migration from the EU is also increasing the demand for ESOL.

- 2.44 Many individuals, both unemployed and employed, recognise they need to add to their qualifications or update them, but some have little desire to undertake training to gain them. Whilst survey evidence indicates the positive aspect that over a third of respondents intend to take up training or learning over the next year, unfortunately, the patterns of previous participation in learning suggest that these good intentions are often not realised in practice. Hard to reach target groups will still not be accessing training or learning in sufficient volumes to make a major difference, without a successful major intervention.
- 2.45 The relatively high proportion of employers with vacancies, hard to fill vacancies and skills shortage vacancies is having a clear impact on economic growth in South Yorkshire. Planning of provision needs to take account of the skills recruitment difficulties being faced by employers, linked to specific Sector Skills Areas.
- 2.46 Whilst the level of training activity within the sub-region is higher than the national average, there continues to be a high proportion of employers who fail to respond to skills needs within their companies, or where they don't perceive their workforce has skills in need of improvement, based on employer survey findings.
- 2.47 The key to engagement is to ensure that the benefits of learning are effectively communicated to those currently not engaged, and those least likely to undertake training and/or with poor qualification levels, e.g. older workers, those with a disability, semi-skilled and unskilled employees, manufacturing sector employees and those employed in small businesses

SWOT Analysis: Issues Facing the Region's Labour Market

2.48 The analysis for the region as a whole identifies a number of important areas for priority action through ESF to expand employment opportunities and to develop a skilled and adaptable workforce. Annex D gives a summary of demand and supply by sector.

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • GVA will grow marginally faster in the region because of forecasts for West and South Yorkshire. • The seven regional clusters are contributing to growth in region's output and this is forecast to continue. • A growing dynamism in the labour market • Employment has grown much faster than GB since 2000 and is at a historic regional high. • Employment rate gap with the national figure has narrowed and is higher than the Lisbon target. • The region is the fourth best in England for 'A' level exam results for young adults. • The skills profile is improving, with an increasing number of individuals developing higher level skills and some improvements in school age GCSE attainment. • A number of sectors are forecast to grow in the immediate and long term. 	<ul style="list-style-type: none"> • Macroeconomic stability provides the foundation for further employment growth • Employment policy and welfare reform policies are targeted at increasing the employment rates through active labour market policies and breaking down barriers to work. • Public investment in, and Government reform of, education and training since 1997, is aimed to increase the participation and attainment of 14-19 year olds. • National skills strategy and programmes (such as Skills for Life and Train to Gain) to improve adult basic skills and tackle skills deficits in the workforce. • Regional experience, learning and capabilities from previous ESF Programmes to build upon.
WEAKNESSES	THREATS
<ul style="list-style-type: none"> • Although becoming more diverse, the region's business base still contains many traditional industries where job losses will continue to disadvantage communities in future years. • Pockets of Worklessness in deprived areas, particularly in the large cities. • Employment rates for those with no qualifications are only 46.5%, barely half of those for people with NVQ4 and above. • 9% of 16 to 18 year olds are not in education, employment or training. • Higher level NVQ qualifications trail figures for the country both in schools and adults. • The region has the lowest attainment rate at GCSE level in England. • Some parts of the region have severe skills problems, made worse by the lack of experience and qualifications. 31% are not qualified to Level 2 and there are large numbers of adults who lack basic literacy and numeracy skills. • 26% of employers with vacancies attribute these to skills shortages. • Smaller enterprises are less likely to invest in training than larger enterprises. • The rate of skills growth is not at the high level needed to drive forwards the competitiveness and prosperity of the region. 	<ul style="list-style-type: none"> • Macroeconomic instability or change in interest rates might affect business climate and thus employment levels. • The region's productivity gap with major competitors might increase if their productivity rises faster than ours. • An ageing population could reduce the supply of labour if older people are not retained in work and inactive people are not attracted to the labour market. • Failure to fully assimilate and utilise the skills and economic contribution to migrant workers and their families. • High employment rates are masking high numbers on incapacity benefits and high rates of economic inactivity amongst certain groups. • Historical, cultural and social attitudes could reinforce occupational and sectoral segregation, and discourage certain groups from seeking employment. • The region produces 11% of England's graduates but has real problems with retaining them for employment in regional businesses. • Apart from North Yorkshire, the rest of the region has twice the level of deprivation compared with the England average and, therefore, significant numbers of people excluded from regional prosperity. • Changes to resources or programmes of labour market institutions could affect provision. • Failure to break the entrenched nature of the low-skills equilibrium where it occurs in businesses and their workforces.

SWOT Analysis: Issues Facing South Yorkshire Labour Market

2.49 The analysis identifies a number of specific and additional important areas for priority action in the phasing-in period through ESF to expand employment opportunities and to develop a skilled and adaptable workforce in South Yorkshire.

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • Stability in population numbers • Recent high economic growth rates • Unemployment low • Inward Investment creating further job opportunities • Reduction in percentage of Y11 pupils who gain no qualifications • Reduction in percentage of those of working age with no qualifications • Recent interventions through Objective 1, which are not yet fully reflected in the evidence base, in workforce development, schools and college education, and connecting people to jobs 	<ul style="list-style-type: none"> • Development of advanced manufacturing sector and creative and digital industries • A renewed focus on the employer perspective, through the SY Employment Consortium pathfinder initiative, with Work and Skills Boards in the four Districts • LEGI bids from Doncaster and Sheffield successful in Round 2
WEAKNESSES	THREATS
<ul style="list-style-type: none"> • Reliance on manufacturing and public sector employment • Low BME employment rates • Low average earnings and low skills levels • High levels of IB claimants • Low employment rates amongst lone parents • Relatively poor progress in raising percentage with Level 2 and with Level 3 qualifications at 19 • High percentage of NEETs at 16-18 • High percentage of adults lacking basic skills • Low percentage of adults with higher level qualifications • Low Business base and low levels of entrepreneurship • Workforce development particularly lacking in smaller companies • Fall off in attainment levels between Key Stage 2 and GCSE/GNVQ for disadvantaged groups • Skills inhibiting growth include management, marketing and ICT 	<ul style="list-style-type: none"> • Ageing population, lower percentage economically active in future • Assimilation of economic migrants in labour market • Further job losses in manufacturing • Diversity of factors causing high NEETs percentages • High levels of labour market churn

3. REGIONAL ESF PRIORITIES

Key messages from the RES and Regional Skills Strategies

- 3.1 The RES recognises that the number of workless individuals within the region is too high and that a targeted approach is needed to assist disadvantaged individuals into employment by removing barriers to work. The RES also identifies a need to provide individuals with basic skills, ESOL and employability skills in order for them to secure employment. The RES recognises the need to improve the take-up and attainment of NVQ2 qualifications with progression through to level 3.
- 3.2 The priorities identified by the Regional Skills Partnership and the report ‘Toward a Skills Plan’ also emphasise a need to tackle worklessness and raise skills levels. The RSP has made a commitment to meeting the needs of employers, developing generic employability skills, increasing the number of young people with the skills and qualifications required for employment and to reduce the gap between the region’s attainment levels with the national average.
- 3.3 The following table identifies the strategic links between the ESF plan and the RSP Priorities relevant to the RES and the implications for the new ESF programme in the region. It summarises the key priorities for ESF in Y&H on and is intended to support decisions about which activity will make the most impact in the Yorkshire and the Humber the social inclusion and economic development agenda. In addition, the priorities are intended to support Co-financing organisations and the Regional ESF Committee in their decision making process.

National ESF Priority	Key Aim	Y & H RSP Priorities & Rating
Priority 1: Extending Employment Opportunities (promoting social inclusion)	<ul style="list-style-type: none"> Improving the employability of unemployed and economically inactive people Tackling barriers to work faced by disadvantaged groups Reduce the number of young people not in education, employment or training and reform of the vocational routes for 14-19 year olds. 	<ul style="list-style-type: none"> Tackling worklessness by supporting individuals into training and jobs. High: Yorkshire and the Humber has a high number of economically inactive groups, including lone parents, BME and older workers Increase participation of 16 – 19 year olds in education/work based learning. High: Yorkshire and the Humber has the largest percentage of NEET in England and who are significantly at risk of long term economic inactivity
Priority 2: Developing a Skilled & Adaptable Workforce (Promoting skill development to increase productivity through competitiveness and enterprise)	<ul style="list-style-type: none"> Reduce numbers of people without basic skills, including literacy and numeracy Limited flexibility to use level 3 to address skill shortages and skills gaps in priority sectors Provide leadership and management and enterprise skills training for SMEs to compete in the knowledge economy Higher level skills activity to support the strategy for tackling low skills e.g. training the trainers to deliver skills in ESF target groups 	<ul style="list-style-type: none"> Increase proportion of people with skills needed for employment and support individuals to progress to NVQ level 2 and beyond. High: The qualifications of the population of Yorkshire and the Humber are below the national average, with a significant percentage with no qualifications. Whilst the focus will be on tackling basic skills, to support individual progression and up skill the regional labour force there is some limited scope in ESF to train to NVQ level 3 and to NVQ Level 4 and above.

- 3.4 The process of prioritisation and the table of priority activities that have been identified as being able to have an impact upon worklessness and employment in Yorkshire and the Humber can be seen in Annex E.

How ESF will be used to Support Regional Employment and Skills Priorities within the Context of the National Programme

- 3.5 The national priorities of extending employment opportunities and developing a skilled and adaptable workforce have provided the backdrop for identifying specific regional priorities for ESF investment. In order to ensure that the ESF priority activities reflect the diversity of the region, key partners (including the district offices of Jobcentre Plus and the four sub-regional offices of the Learning and Skills Council) in Y&H have each used local level data to identify the high, medium and low priorities for ESF expenditure in their geographical area. This process reflected the national priorities for ESF, took the RES priorities into account, and was mindful of local economic priorities identified in the sub-regional Strategic Economic Assessments.
- 3.6 The priority activities will be used to inform the development of the ESF Co-financing Delivery Plans, and have been selected to address key regional issues for the economy, employment and skills and social inclusion. As the majority of ESF Priority 1 will be delivered through the ESF Co-financing activities of Jobcentre Plus, the priorities have been weighted to Jobcentre Plus to ensure the alignment of funding streams. Similarly, as the Learning and Skills Council will deliver the majority of Priority 2 through their ESF Co-financing activities, the priority activities in Priority 2 have been weighted to the Learning and Skills Council.
- 3.7 The critically important message to convey is that ESF resources are not available as universal funding for all needed types of skills and employment development, nor does it represent substitute funding for domestic investment programmes and for private sector and individual responsibility and commitment. The concept of alignment is not, therefore, one of matching existing funding streams but rather one of positioning and targeting where ESF adds value by virtue of meeting needs not addressed by the market. With this in mind, it is critical that ESF resources are applied with the express intent of adding value to the mainstream funding that supports skills development and the worklessness agenda in the region and in South Yorkshire.

Priority 1: Extending Employment Opportunities

- 3.8 The analysis of the Y&H economy has identified high levels of incapacity benefit claimants, a high percentage of NEET individuals and low employment rates for lone parents. The key priorities for ESF Priority 1 reflect this analysis.

Regional Activities

- 3.9 In order to meet the demand for new and replacement labour as sectors like the service industry expand, and as more individuals retire, the region will need to move more economically inactive people into employment. ESF funding will therefore be concentrated on activities that will assist disadvantaged groups experiencing worklessness in accessing employment opportunities.
- 3.10 Specific focus will be given to the following target groups:
- lone parents,
 - women,
 - ethnic minorities,
 - people with disabilities,
 - older workers and ex offenders.

As described in the socio-economic analysis, many individuals in some of these groups have either poor basic skills or no qualifications. Priority 1 will fund projects that will:

- provide individuals with Skills for Life and ESOL where required.
- assist and advise individuals in finding employment,
- reduce barriers to work such as increased childcare provision.

- reduce significantly the number of individuals not in employment, education or training, particularly young people aged 14-19 years,
- reduce the risk of these individuals in moving into worklessness.

3.11 Attention will also be paid to people of working age who are economically active with caring responsibilities and to people with disabilities. The needs of asylum seekers and migratory workers will be addressed where this group is eligible for assistance. For all targeted groups, creating pathways to employment is a priority principle and includes 'first rung' engagement, demand-led vocational provision and fostering an enterprise culture. Community Grants are one way to help create these pathways.

South Yorkshire Activities

3.12 South Yorkshire is one of the 15 Employment Consortium (DWP City Strategy) pathfinders. Work and Skills Boards are being established in all four Boroughs, which will enhance the demand led approach being implemented by the Co-Financing Organisations. Priority 1 will utilise the strategic priorities established in the Business Plan for the Employment Consortium pathfinder and the collaborative inter-agency arrangements, e.g. to information sharing. A model covering the stages involved in assisting those disengaged from the labour market into sustainable employment will underpin ESF-funded interventions, covering:

- engaging communities and Community Referral Points;
- addressing barriers to work;
- basic skills and ESOL needs;
- flexible return to work programmes;
- job brokerage, working with employers to link clients with job opportunities;
- Measures to sustain employment and encourage individual progression.

3.13 Target groups for the Employment Consortium pathfinder are:

- Incapacity Benefit claimants;
- lone parents;
- BME communities;
- partners of claimants;
- disadvantaged areas.

3.14 The 14-19 part of Priority 1 will target support for young people preparing for working life, in particular, NEETs and those at risk of becoming NEETs. Specific actions will include the development of appropriate vocational options, enhancing the support and guidance which these young people receive, and developing closer links with employers.

3.15 As with the rest of the region, ESF Priority 1 in South Yorkshire will target those individuals who are disadvantaged or excluded from the labour market. . The ESF programme will concentrate on making these individuals 'job-ready' and supporting them in accessing employment opportunities by addressing basic skills and ESOL needs, assisting with job search and improving access to childcare.

Community Grants in Y&H ESF Programme 2007-13

3.16 There is scope for an element of funding in Priority 1 (up to 2.5% to be distributed as small grants to community based groups to support their capacity to engage with socially excluded people and groups in order to improve their employability. Community based organisations have an excellent knowledge of the needs of particular disadvantaged groups and are well placed to provide assistance because they are rooted in the target communities themselves. However, these groups may sometimes need support to build their own capacity in order to provide the assistance required. ESF Community Grants will be provided through co financing in Yorkshire and The Humber. The model would involve contracting with a commissioning organisation(s) to administer the grants. Yorkshire and the Humber has

significant experience of working in this way and there is already significant infrastructure in the region to enable this to happen smoothly.

Priority 2: Developing a Skilled and Adaptable Workforce

- 3.17 As previously identified, Y&H has a high percentage of adults who lack basic skills. The region also has low average earnings and low skill levels. The key priorities for ESF Priority 2 seek to address these weaknesses in the regional economy.

Regional Activities

- 3.18 The socio-economic analysis identifies a broad range of skills shortages across the region. There are many individuals in Y&H who have no qualifications, and access to education from foundation level to NVQ level 3 is an issue. Priority 2 of the ESF Programme will therefore support activities that will increase the percentage of adults who are qualified to at least NVQ level 2, particularly those who are economically inactive. Emphasis will be given to projects that will provide progressive learning to individuals whilst also providing core skills for employability, such as apprenticeships. Funding will also be awarded to projects that will engage and provide individuals with basic skills, and ESOL where needed, to improve the employability of disadvantaged groups in particular. Another priority will be to address skills shortages at NVQ level 3, to reduce the gap between the regional and national attainment rates for NVQ level 3. In terms of addressing the region's deficiencies in technical, practical, management and marketing skills, the ESF Programme will support training at all levels, where there is market failure, to assist the region's small businesses in becoming more productive and innovative. Attention will be given to certifying the skills and qualifications of migrant workers to UK equivalents to ensure their full economic contribution is realisable.
- 3.19 ESF Priority 2 will target employed and disadvantaged individuals who are economically inactive. The programme will particularly target part-time workers, women, ethnic minorities, workers under threat of redundancy, managers, childcare and care workers, ex-offenders and people with disabilities. Small and medium sized enterprises will also be targeted to address workers in sectors with weak training records to increase the number of SMEs who invest in the training of their workforce and to address existing skills gaps and unfilled vacancies, including equipping employees who have technical skills with managerial competences and through workplace-based support.
- 3.20 Enterprise skills for entrepreneurial business formation and management will be encouraged and valued as much for their contribution to forming enterprising employees as to the region's business stock.
- 3.21 In line with national priorities up to 5% of the Priority 2 funds will be used to support higher level (NVQ4 and above) skills. Activities will embrace preparatory support to people from disadvantaged groups aiming to access Higher Education; training of trainers; lifelong learning and training for managers and employees in small enterprises catering for leadership, management, enterprise and technical skills that support business development, growth, innovation and productivity.

South Yorkshire Activities

- 3.22 As with the rest of region, the South Yorkshire ESF Programme will support activities that address skills gaps from foundation level to NVQ level 3 and above. A particular priority for South Yorkshire will be to complete activities from the Objective 1 programme that are addressing the training needs of the sub-region's employers. There is a specific need to engage small companies in training initiatives as key contributors to the South Yorkshire economy. Flexibility will be sought to support a range of qualifications, including, where justified, at Level 4 and above, orientated to the skills needs of South Yorkshire businesses. At the other end of the scale, take up of basic skills training is a key priority.
- 3.23 ESF Priority 2 will utilize new specialised qualifications, orientated to employer needs, developing capacity to enable delivery. Other themes will include:

- access to Higher Education;
- the use of digital technologies for workforce development;
- job guarantee programmes in high growth industries;
- literacy for ESOL workers, including the needs of the highly skilled;
- flexibility to respond where needed when redundancies occur in declining industries.

3.24 Priority 2 of the South Yorkshire ESF Programme will increase the percentage of adults engaged in learning by targeting disadvantaged groups, e.g. ethnic minorities. The programme will also seek to assist vulnerable employees, such as individuals at threat of redundancy.

Core Principles for Implementation

3.25 The following section describes the principles that will support and guide the delivery of the ESF operational programme in Yorkshire and the Humber. As such they take account of the status of South Yorkshire as 'a phasing-in' region but they are designed to enable regional ESF allocations to support the delivery of regional priorities.

3.26 There are regional disparities, in all parameters, not least of which is the front loaded European funding experienced by South Yorkshire as a phasing-in area

- The cross cutting themes of equal opportunities and sustainable development, including environmental sustainability, will be integrated into the programme.
- The programme will be deployed at the most appropriate spatial level allowing for need and opportunities.
- Activities and targets will be identified at the most appropriate level to give the RSP the appropriate MI to assess impact.
- The programme will seek to ensure that activities are offering opportunities at an appropriate level for the individual and the regional economy.
- ESF will support interventions in accordance with the fund and ensure that, through integrated programming, progression pathways accessing alternative funds are made available to learners.

Core Principles for ESF Co-financing

3.27 The following principles are intended to support Co-financing organisations in the allocation of match funding to the ESF operational programme. These principles have been developed through learning from the previous ESF programme.

- In light of the reduced funding available in the new programme, investment planning across funding streams and the avoidance of displacing other funding will be crucial throughout the programme.
- Funds will be targeted on disadvantaged groups and areas as identified in the regional socio economic analysis to ensure that individuals are supported into employment and development opportunities.
- A key driver for the new programme is to minimise expenditure on new structures and costs which detract from the front-line activity that will underpin the development of the region's skills, employment and thereby both competitiveness and productivity.
- Activities will be sought to support integration of activity across the 2 priorities in the new programme to maximise the impact of programmes on the individual and minimise the costs associated with dislocating workforce skills from employment

- Much was achieved in the previous rounds of European funding and it is those successes that will need to be capitalised on in the skills and employment agenda for the new programme.
- With reduced funds across the region there is a danger that too many demands will be put upon a limited resource with a negative effect on the potential to generate real impact and generate knock-on effects that change the current issues facing the region. Therefore the programme will target activity that will deliver the greatest impact.
- It is recognised that with a likelihood that this will be the last significant tranche of European Structural Funds in the region, the programme needs to direct itself as much to long-term benefits which change the culture and perceptions of Y&H region to one of prosperity and opportunity for fulfilment for all.
- The programme must be cognisant of current developments in the employment and training sphere, including the Leitch review, in order to have a sustainable impact on the future of the region. Some factors that need to be taken into account are:
 - A shift from supply led learning programmes to demand led provision. It is envisaged that key frameworks to drive forward this change are Train to Gain and Learner Accounts.
 - There is a requirement to cut through the distinction between structures for employment, IAG and those for skills. Skills should represent a continuum for both pre and post employment.
 - Basic skills underpin employability and sustained employment and therefore basic skills should be screened.
 - Skills need to be aligned to both jobs and growth and therefore opportunities attracting funding should deliver or conclude in skills approved by the Sector Skills Councils.

4. CROSS CUTTING THEMES

Key equal opportunity and sustainability issues for the region

- 4.1 This section describes how cross cutting themes (CCTs) will be an integral part of the ESF operational programme in the region. This is particularly pertinent in the context of promoting best practice and mainstreaming activities that will ensure sustainable economic development and growth Evidence to support this section can be found in the socio economic analysis in the annex to this Framework but key points are reinforced in this section.
- 4.2 Gender equality and equal opportunities for all and sustainable development are region specific issues that this framework highlights.

Gender

Though employment levels have risen significantly, regional average income remains at 88.5% of the national average. There is also a significant gender pay gap in the region with men earning £117.10 more per week than women. Women's earnings are 78% of men's. Latest figures show that there are 62,390 lone parents claiming benefits in the region. Lone parents are overwhelmingly female and predominately white. BME lone parents appear to be more isolated than other groups. As a group lone parents are low on educational attainment and are reported to be at greater risk of low income poverty than couple families.

Ethnicity

Black and ethnic minority groups account for 8% of the population and although there is a trend towards greater labour market integration, employment rates for BME groups are significantly lower than other groups in the region. In addition, BME groups also face disadvantage as many individuals of working age are not engaged in paid work. In addition, BME Offenders under the age of 26 are over represented in this group.

Disability

More than 1.5m people are economically inactive in Y&H. Of these, 661,000 are of working age, but 32% have caring responsibilities, 19% are students, and 27% (275,080) are on long term sick. The remainder are either retired or categorised as "other". Of those classed as economically inactive, 28% are seeking employment. There are 275,080 claimants of sickness and disability benefits in the region. Nine out of Ten of those on incapacity benefit expect to return to work again at first claim, but statistics show that after one year on benefit customers have only a 20% chance of returning to work.

Age

Yorkshire and the Humber has an increasingly ageing population, 16% over 65 with 35% are 30 – 54 years old. Figures from December 2006 identifies that there were 13,685 over 50s on the jobseeker register. This group is the most vulnerable to changes in the labour market as they often require support in Upskilling to enable them to compete for employment in the current and future job market.

In addition, the region has over 15400 young people in the NEET category. The Humber, South & West Yorkshire are averaging around the 10%. There is a hardcore group of around 1% who remain NEET for long periods. In addition to NEET, there is a further 12,000 or so 16 – 18 year olds whose situation is unknown

- 4.3 The national mainstreaming guidance on sustainable development aims to ensure that sustainable development is integrated across all aspects of the programme from planning, implementation and delivery as well as monitoring and evaluation. The main Co Financing Organisations – LSC and DWP/Jobcentre Plus are developing their own procurement and contract management systems to agreed national standards for sustainable development.

Activity in this programme will complement the ERDF programmes in support of the regional strategy.

- 4.4 The region acknowledges a responsibility to achieve sustainable economic growth and enhance people's quality of life. The Regional Sustainable Development Framework (RSDF) provides the basis for design and appraisal of policies, plans, programmes and projects. This will be used in the analysis of co financing plans.
- 4.5 The ESF programme will complement the ERDF programme by supporting projects that embrace the cultural diversity of the region, and which address social and economic issues in a sustainable way. A key issue for the region is the concentration of deprivation in particular local areas, with increasing differences in income between the poorest and most affluent communities.
- 4.6 The programme will address social inclusion and will promote equality of opportunity for all. In particular, the programme will support projects that will allow lone parents, people with disabilities, people from ethnic minorities, older workers and ex-offenders to improve their employability and fulfil their potential. Currently, evidence suggests that lone parents, people who have disability and people from ethnic minorities are under represented in the Y&H workforce.
- 4.7 Work supported through the ESF programme will comply with the gender equality duty (GED) which comes into effect in April 2007 and requires all projects to ensure that they are gender inclusive and promote the concept of equality for all. Therefore all project applicants will be expected to supply evidence of their equal opportunities policy in order to demonstrate their inclusivity. In addition, ESF Co-financing organisations will set equal opportunities targets for disadvantaged groups.
- 4.8 The ESF programme will be used to help to achieve the region's vision for sustainable economic growth by increasing employment rates, providing individuals with access to training, jobs and facilities, enhancing the environment and making the region an attractive and enjoyable place in which to live and work. In line with the ERDF Operational programme the ESF programme will endeavour to be resource efficient and low carbon. This is also an opportunity to use important sectors in the region, such as construction and the chemical industry to show vocational training opportunities and routes can be used to minimise environmental impact. In addition, with relation to ESF it will be possible to use the programme to identify skills priorities of relevant sectors e.g. LANTRA and identify how these demands might be met through targeting specific priority groups.

5. PROPOSED THEMES FOR REGIONAL INNOVATIVE ACTIVITY

- 5.1 The National ESF Programme provides scope for the inclusion of dedicated innovative activity. The ESF National Monitoring Committee will agree a menu of themes for innovative activity once the Operational Programme has been agreed, taking into account regional priorities and suggestions in their frameworks. It is envisaged that dedicated innovative activity will be procured through Co-financing as separate tender specifications.
- 5.2 Partners in the region have substantial experience in Community Initiatives, e.g. EQUAL and in transnational cooperation. The Humber Economic Partnership has had 3 Article 6 Innovation Actions projects (Humber Employment Framework; Transfer and Dissemination of Innovation; Anticipating Change to Manage Restructuring) involving pilot projects, studies, toolkits and knowledge exchanges/cooperation with partners in Member States.
- 5.3 Regional activity will include identifying best practice from projects delivered under ESF framework that tackle employment and skills issues in an innovative and creative way. This best practice will be shared with other regions and where possible any transnational partners, such as those funded through EQUAL.
- 5.4 Suggested topic areas for consideration as innovative projects include:

- differential access to participation in the differing types of knowledge economy and implications for those with low or no skills;
- directions of flow in labour market transitions (from worklessness through to permanent full-time employment and in reverse directions), tracking employment 'journeys' and critical life events/intervention points;
- implications for economies and labour markets importing, exporting and assimilating migrant workers (and their families);
- futures, foresight, horizon scanning and scenarios development for strategically significant sectors;
- approaches to stimulating an enterprise culture, especially amongst disadvantaged groups;
- routes to and motivations for participation in learning and their impacts on skills formation and employability;
- approaches to breaking the cycle of the low-skills equilibrium in local economies.

A principle to embed in such innovative actions should be the potential to lead to future mainstreaming.

6. REGIONAL FINANCIAL ALLOCATIONS (IN STERLING)

6.1 Financial allocations by year for each priority for the region are shown below.

Priority 1

Year	ESF	Public Match	ESF + Match
2007	12,191,428	12,191,428	24,382,856
2008	12,435,257	12,435,257	24,870,514
2009	12,683,962	12,683,962	25,367,924
2010	12,937,641	12,937,641	25,875,282
2011	13,196,393	13,196,393	26,392,786
2012	13,460,322	13,460,322	26,920,644
2013	13,729,528	13,729,528	27,459,056
Total	90,634,531	90,634,531	181,269,062

Priority 2

Year	ESF	Public Match	ESF + Match
2007	6,685,622	6,685,622	13,371,244
2008	6,819,334	6,819,334	13,638,668
2009	6,955,721	6,955,721	13,911,442
2010	7,094,835	7,094,835	14,189,670
2011	7,236,732	7,236,732	14,473,464
2012	7,381,467	7,381,467	14,762,934
2013	7,529,096	7,529,096	15,058,192
Total	49,702,807	49,702,807	99,405,614

6.2 Financial allocation by year for each priority for South Yorkshire are shown below.

Priority 1

Year	ESF	Public Match	ESF + Match
2007	23,896,224	23,896,224	47,792,448
2008	19,075,999	19,075,999	38,151,998
2009	14,053,405	14,053,405	28,106,810
2010	8,822,278	8,822,278	17,644,556
2011	3,376,283	3,376,283	6,752,566
2012	3,443,809	3,443,809	6,887,618
2013	3,512,685	3,512,685	7,025,370
Total	76,180,683	76,180,683	152,361,366

Priority 2

Year	ESF	Public Match	ESF + Match
2007	13,104,381	13,104,381	26,208,762
2008	10,461,032	10,461,032	20,922,064
2009	7,706,706	7,706,706	15,413,412
2010	4,838,023	4,838,023	9,676,046
2011	1,851,510	1,851,510	3,703,020
2012	1,888,540	1,888,540	3,777,080
2013	1,926,311	1,926,311	3,852,622
Total	41,776,503	41,776,503	83,553,006

7. OUTPUTS AND RESULTS

7.1 Regional outputs and results targets as allocated by national ESF Programme Monitoring Committee

Yorks. & Humber (excl. South Yorks.)

Priority 1

Indicator	2007-13 quantification
Outputs	
1.1 Total number of participants	65900
1.2 Number and % of participants who are unemployed (a)	27600
(b)	42%
1.3 Number and % of participants who are inactive (a)	22500
(b)	34%
1.4 Number and % of participants aged 14 to 19 who are NEET or at risk of becoming NEET (a)	13100
(b)	20%
1.5 % of participants with disabilities or health conditions	22%
1.6 % of participants who are lone parents	12%
1.7 % of participants aged 50 or over	18%
1.8 % of participants from ethnic minorities	21%
1.9 % of female participants	51%
Results	
1.9 Number and % of participants in work on leaving (a)	14500
(b)	22%
1.10 Number and % of participants in work six months after leaving (a)	17100
(b)	26%
1.11 Number and % of economically inactive participants engaged in jobsearch activity or further learning (a)	10100
(b)	45%
1.12 Number and % of 14 to 19 year old NEETs or at risk, in education, employment or training on leaving (a)	5900
(b)	45%

Priority 2

Indicator	2007-2013 quantification
Outputs	
2.1 Total number of participants	61300
2.2 Number and % of participants with basic skills needs (a)	25000
(b)	41%
2.3 Number and % of participants without level 2 qualifications (a)	25100
(b)	41%
2.4 Number and % of participants without level 3 qualifications (a)	7500
(b)	12%
2.5 % of participants with disabilities or health conditions	15%
2.6 % of participants aged 50 and over	20%
2.7 % of participants from ethnic minorities	8%
2.8 % of female participants	50%
Results	
2.9 Number and % of participants gaining basic skills (a)	10000
(b)	40%
2.10 Number and % of participants gaining level 2 qualifications (a)	10000
(b)	40%
2.11 Number and % of participants gaining level 3 qualifications (a)	2300
(b)	31%

South Yorkshire

Priority 1

Indicator	2007-13 quantification
Outputs	
1.1 Total number of participants	55300
1.2 Number and % of participants who are unemployed (a)	23200
(b)	42%
1.3 Number and % of participants who are inactive (a)	18900
(b)	34%
1.4 Number and % of participants aged 14 to 19 who are NEET or at risk of becoming NEET (a)	11000
(b)	20%
1.5 % of participants with disabilities or health conditions	22%
1.6 % of participants who are lone parents	12%
1.7 % of participants aged 50 or over	18%
1.8 % of participants from ethnic minorities	12%
1.9 % of female participants	51%
Results	
1.9 Number and % of participants in work on leaving (a)	12200
(b)	22%
1.10 Number and % of participants in work six months after leaving (a)	14400
(b)	26%
1.11 Number and % of economically inactive participants engaged in jobsearch activity or further learning (a)	8500
(b)	45%
1.12 Number and % of 14 to 19 year old NEETs or at risk, in education, employment or training on leaving (a)	5000
(b)	45%

Priority 2

Indicator	2007-2013 quantification
Outputs	
2.1 Total number of participants	51500
2.2 Number and % of participants with basic skills needs (a)	21000
(b)	41%
2.3 Number and % of participants without level 2 qualifications (a)	21100
(b)	41%
2.4 Number and % of participants without level 3 qualifications (a)	6300
(b)	12%
2.5 % of participants with disabilities or health conditions	15%
2.6 % of participants aged 50 and over	20%
2.7 % of participants from ethnic minorities	6%
2.8 % of female participants	50%
Results	
2.9 Number and % of participants gaining basic skills (a)	8400
(b)	40%
2.10 Number and % of participants gaining level 2 qualifications (a)	8400
(b)	40%
2.11 Number and % of participants gaining level 3 qualifications (a)	1900
(b)	30%

- 7.2 The targets set out the expected performance across the 7-year life of the 2007-2013 programme. They cover both ESF and national public match funding.
- 7.3 The targets are based on information about unit costs, participants and outcomes from comparable projects in the 2000-2006 programme. Adjustments have been made to reflect the policy priorities of the 2007-2013 programme and information from domestic programmes that may be used as match funding.
- 7.4 The numbers of participants in the national Operational Programme targets have been disaggregated among regions on the basis of regional financial allocations. The proportions of participants are the same as those in the national Operational Programme targets, with the exception of the ethnic minority participant target. The regional ethnic minority targets reflect regional variations in the ethnic minority population in the Labour Force Survey. The proportions are not quotas.
- 7.5 The regional targets assume the same financial split between Priorities 1 and 2 as in the Operational Programme. If the financial split between Priorities 1 and 2 at regional level is adjusted, the regional

targets will be adjusted accordingly. The sum of targets for all regions must be equivalent to the national Operational Programme targets.

- 7.6 The targets are those in the revised draft of the Operational Programme proposal dated 15 June 2007.
- 7.7 Numbers are rounded to the nearest 100. Proportions are rounded to the nearest 1%.

8. TIMELINE FOR DELIVERY

January 2007 – Autumn 2007

17 Jan	RSP Board – ESF Task and Finish Group commissioned to developed the regional ESF Framework
January 17 – 4 th May	Development of Regional Framework with regional partners Identify regional priorities
May - June	Consultation process on ESF Regional Framework Analysis of the feedback
June	Refinement of ESF Framework to include changes agreed by Task & Finish Group
July 12th	Sign off of Framework by RSP Board
July/August	Publication of ESF Regional Framework by RSP
July 26th	Presentation and handover of Framework to Regional ESF PMC