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Investing in jobs and skills

MAYOR OF LONDON

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DWP Department for
Work and Pensions

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SECTION 1

OVERVIEW OF THE LONDON EUROPEAN SOCIAL FUND (ESF) FRAMEWORK

- 1.1 The London European Social Fund (ESF) framework sets out the vision for the new programme for London, highlighting the region's key challenges and opportunities and the areas where resources are to be targeted.
- 1.2 The vision for the new programme is to enable greater access to sustainable employment, particularly for groups experiencing multiple barriers to the labour market, and to create a more skilled and adaptable workforce for the London economy.
- 1.3 The new ESF programme will fund 100% of the cost of new projects that support training, support human resource development, address economic exclusion, and promote employment opportunities and workforce development across the region. Half of project funding will be provided by the European Social Fund (ESF).
- 1.4 Although London will receive one of the largest ESF allocations in England, at £323m, the new ESF programme has been significantly reduced from the 2000 -06 European programme's value of £520m¹.
- 1.5 Alongside this reduction in funding the number of priorities has been reduced to two, from five. There will also be two national Cross Cutting Themes (CCT); Diversity & Equality and Sustainable Development, with a proposed additional London Focus on Health as a CCT.
- 1.6 Given the funding constraints, the new ESF programme will be more focussed and will build on the 100% co-financing model from the last programme. It is now under the strategic direction of the Mayor and is being developed at the same time as other significant changes to the governance arrangements for skills and employment in London.
- 1.7 The Mayor expects all organisations funded through ESF to engage, and work collaboratively with, target groups and communities in the design and delivery of ESF funded programmes where appropriate.
- 1.8 The Mayor will also be working with the London co-financers to ensure clear linkages with related strategies, and to make sure that, where appropriate, the new regional contracting process contains requirements to sub-contract in an inclusive manner so that ESF Funds benefit the widest possible range of organisations and communities in

¹ Previous ESF programme was spread across Objective 2 and 3.

London. Co-financing organisations will be monitored against this direction via the ESF Regional Committee.

The new London governance arrangements

- 1.9 The transfer of the management of the Structural Funds to the Mayor, following the review of GLA powers completed in July 2006, means that the new programme comes under the strategic direction of the Mayor and that the Government Office for London (GoL) will have a much reduced role.
- 1.10 Detailed discussions are currently underway between the GLA, the LDA, GoL and DWP, finalising the administrative arrangements and governance structures for the new programme. Detail of the new arrangements and reporting relationships will be published as soon as they have been agreed.
- 1.11 The programme will be closely allied to the forthcoming London Skills and Employment Strategy, which will be published for consultation by the London Skills and Employment Board later in 2007. There may be a need to review this ESF programme following publication of the final Strategy.
- 1.12 The future ESF Regional Committee will be chaired by the Mayor's Office and will have clear links to the LSEB. It will also include the Co-financing Organisations (CFOs)² and other key stakeholders.

What the Framework covers

- 1.13 The London ESF Framework puts the London programme in its regional context, sets out the strategic direction of the programme, the budget splits and the overall level of outputs that the programme should achieve by 2013. The annual breakdown and availability of funding by CFOs is detailed in section 5.

How the Framework contributes to the English Operational Programme and the regional skills and employment needs

- 1.14 The London ESF Framework builds on London's contribution to the National Strategic Reference Framework consultation of January 2007.
- 1.15 The London ESF Framework has a greater focus on the issue of worklessness in the capital, following successful negotiations with the joint government European Social Fund Division (ESFD). 67% of the overall funding will now be targeted on Extending Employment Opportunities up from 62% proposed nationally.

² The London CFOs are: The Learning and Skills Council (LSC), the London Development Agency (LDA), London Councils (formerly ALG) and Department of Work and Pensions (DWP)

How the Framework has been developed and the key strategic linkages

- 1.16 The London ESF Framework has been developed by the London Development Agency (LDA), with guidance from the Mayor's Office. The Framework has been informed by dialogue with the London co-financers and other stakeholders to shape the content via an ESF Stakeholders Group³.
- 1.17 The development of the London ESF Framework has also drawn from existing or soon to be published strategies and plans, including the following:

The London Skills and Employment Board

- 1.18 The London Skills and Employment Board is a business-led board chaired by the Mayor that carries significant power of direction over funding for adult skills in London. Increasing the low employment rate in the region is likely to be a key objective governing the Board's directions on the allocation of funding, particularly ESF, along with strengthening the regional skills base.

The London Employment and Skills Taskforce for 2012

- 1.19 The 2012 Olympics in London offers a significant window of opportunity for improving performance in relation to labour market support across some of the most deprived areas in London. The average employment rate across the 5 Olympic Boroughs is 60.6% compared to the London average of 69.1%. The Olympic area is currently the site of the largest regeneration project in Europe, with huge changes in the physical infrastructure. To support the physical development, a strong portfolio of programmes has been built up to maximise the benefits of the employment and skills development opportunities associated with the Olympics within the local community. ESF support should further catalyse and add value to these activities.

The City Strategy Pathfinders (CSP)

- 1.20 The London CSPs are the flagship programmes⁴ developed by the Department for Work and Pensions to change the delivery of welfare and employment services in London, with the objective of increasing employment rates and eradicating child poverty by 2020. These programmes will direct the Jobcentre Plus 'Deprived Area Fund' (DAF), and are expected to deliver significant 'stretch' achievements in return for greater operational flexibilities.

³ This group is chaired by the Mayor's Office and includes the London Development Agency (LDA), Jobcentre Plus (JC+), the Learning and Skills Council (LSC), London Councils, Government Office for London (GoL), Greater London Enterprises (GLE), the Sector Skills Development Agency (SSDA), London Voluntary Sector Training Consortium (LVSTC) and DWP

⁴ West London CSP covers: Harrow, Hillingdon, Hammersmith & Fulham, Brent, Ealing and Hounslow. East London CSP covers: Hackney, Waltham Forest Tower Hamlets, Newham and Greenwich

- 1.21 The action plans for the CSPs are currently under development but both have a clear focus on people with children and people with health issues seeking employment. ESF activity will look to complement and add value to the CSPs final plans.

Board for Refugee Integration for London (BRIL)

- 1.22 From April 2006 the Mayor of London became responsible for the strategic leadership of refugee integration work in London. To help him carry out this work, he has set up the Board for Refugee Integration in London (BRIL).
- 1.23 BRIL brings together key London decision-makers representing the statutory, community and voluntary sectors, and includes two members from the refugee communities.⁵ The Mayor published for consultation 'London Enriched', his draft refugee integration strategy in July 2007.
- 1.24 The Board will produce a final strategy in 2008 that will seek to lead and coordinate effort by statutory, community and voluntary sector partners to promote refugee integration in London. The strategy will set objectives for refugee integration across the city, which will be signed off by the Mayor as its chair and take account of goals and methods of the Government's national refugee integration strategy.
- 1.25 A key component of the strategy will be to ensure that information is gathered systematically for London on progress in the integration of refugees and this will inform the development of policies addressing London's specific needs.
- 1.26 The draft strategy promotes good practice in city-wide services needed for refugee integration, monitors the way asylum reception policies interact with refugee integration in London, reviews funding sources for community and voluntary sector work on refugee integration, and seeks funders' agreement on ways of using funding streams that will help fulfil the Board's strategic aims for London.

Other key or emerging strategies

- 1.27 The framework will be adapted and revised as appropriate to take account of any new strategies that may emerge from central or regional government
- 1.28 The London CFOs will be encouraged, through the development of their prospectuses, to make appropriate linkages to other strategies and partnerships, particularly Local Area Agreements where they are looking to contract at a local or borough level.

⁵ <http://www.london.gov.uk/mayor/equalities/immigration/bril/index.jsp>

How we have consulted on the Framework

- 1.29 The further development of the London ESF Framework is dependent on dialogue and engagement with stakeholders. However it was only feasible to incorporate a focussed consultation process within the tight timeline set by government. The development process for drafting the Framework drew from national documents that had already been through a consultation process⁶, and published.
- 1.30 The consultation on the London ESF Framework commenced on the 5th July and ended on the 31st July. This included a large conference event on the 18th July.

How we have finalised the Framework

- 1.31 The LDA has collated all the responses and adapted the Framework where appropriate, finalising the document in consultation with the Mayor. A separate report on the comments and responses to the Framework will be available on the LDA website later in the summer of 2007.
- 1.32 The finalised Framework will be sent to DWP in September 2007 and placed on the LDA website soon after it has been agreed with them.

Links between the European Regional Development Fund (ERDF) and ESF in London

- 1.33 Both this ESF Regional Framework and the Mayor's draft ERDF Operational Programme support the Mayor's overall vision for London in the next 15-20 years. This vision is set out in the Mayor's spatial development strategy - the London Plan - and in the objectives laid out in the Mayor's Economic Development Strategy and where relevant, other Mayoral Strategies.
- 1.34 It will be important to align the two European programmes, so that where possible ESF will provide its beneficiaries with appropriate skills to access the job opportunities being directly and indirectly created through the ERDF programme. This is particularly important as the ERDF programme will concentrate its economic development activity so as to particularly benefit areas of deprivation. Making the links with other economic and skills development programmes will also be important.

⁶ There has been significant consultation on the National Strategic Reference Framework (November 2006), the London response to the national Operational Programme (January 2007) as well as the Mayor's Economic Development Strategy, which was published in January 2006 and the London Plan which is currently undergoing an Examination in Public (EIP)

- 1.35 The ERDF programme has a strong theme centred on developing economic opportunities associated with improving the environmental performance of business activity, as well as specifically realising the increasing opportunities associated with the expanding environment sector. The ESF programme provides the opportunity to support the delivery of training and skills projects that will help develop capacity to meet the increasing demand for skills at all levels in the environment sector, for example in energy efficiency, renewable technologies and waste management.

How the Framework will be reviewed and next steps

- 1.36 At a regional level, once the ESF Regional Committee is established, it will be responsible for reviewing the implementation of the London ESF Framework.
- 1.37 Further discussions will be required to scope out the need and remit for regional sub groups; although it is planned that there will be a specific diversity and equality monitoring group. CFOs will work particularly closely together within the London ESF Framework under the guidance of the Regional Committee, with the aim of ensuring the continuing close integration of CFO programmes and early evaluation of programmes.
- 1.38 DWP will be responsible for confirming that the London ESF Framework conforms to the national Operational Programme (OP) and EU regulations.
- 1.39 The four London CFOs are aiming to develop a single portal for the prospectuses for the programme, detailing specific programme support, to be launched from early autumn 2007. Working groups are discussing ways in which possible support available from CFOs will be better aligned to minimise duplication and provide clarity for applications for funding, whilst ensuring coverage of all aspects of the Framework.
- 1.40 The London CFOs are also investigating ways in which the Open and Competitive Tendering (OCT) process can be more strategically aligned, consistently implemented across CFOs and simplified for applicants.
- 1.41 To ensure OCT does not lead to ineffective delivery in terms of London's diverse communities, this Framework requires an approach to ESF contracting which engages contractors and sub-contractors with the credibility and experience of delivery within London's diverse communities, so as to ensure effective engagement and delivery across these communities.
- 1.42 The London CFOs will be requested to explore ways in which the development of the applications procedures can create transparency and accountability, and fulfil requirements for open and competitive

tendering. CFOs will be encouraged, where feasible, to avoid unintended exclusion through focussing solely on economies of scale as criteria for contracting.

Timeline

Guidance for regional programme published	April 2007
Formal external steering group chaired by the Mayor's Office established	May 2007
London Co-financers agree budget allocations	June 2007
Draft Framework published and consultation period	July 2007, including public event 18 th July
Responses to draft Framework synthesised and collated.	August 2007
Final version of Framework agreed by the Mayor and submitted to Department for Work & Pensions	September 2007
Funding prospectuses launched	From Autumn 2007
Project Delivery started	Spring 2008

SECTION 2

THE LONDON REGIONAL SKILLS AND EMPLOYMENT CONTEXT

Introduction

- 2.1 London faces a series of major challenges and opportunities over the lifetime of this programme. Whilst the draft of the Framework was out for consultation in July 2007 the Government announced their implementation responses to the Leitch and Freud reports⁷. The LSEB will have published their first strategy for consultation in autumn 2007 and become an established part of the regional skills and employment architecture.
- 2.2 The major new policy focuses through City Strategy Pathfinders, Pathways to Work and measures to reduce worklessness and Child Poverty should have begun to deliver new approaches from April 2008. This Framework also covers the key period of time in the run up to the London 2012 Olympics when the legacy benefits will start to be realised.
- 2.3 The London ESF Framework recognises the complex interplay of multiple barriers that exclude individuals from employment and will look to support and add value to existing plans where appropriate, whilst avoiding duplication.

The London Economy

- 2.3 The London Economic Development Strategy⁸ and evidence base for the London Adult Skills and Employment Strategy highlight the issues and challenges facing the region. They both identify two particular features of the London labour market.
- i) London has the lowest rate of employment and highest rate of child poverty in the UK.***
- 2.4 The highly competitive nature of the labour market in London leads to many individuals finding it difficult to get into and stay in employment. The barriers that many Londoners face to employment are diverse and not mutually exclusive. The Technical Annex (Table 1) sets out the main factors that influence access to sustainable employment.

⁷ 'World Class Skills: implementing the Leitch Review of Skills in England' and 'In work, better off: next steps to full employment' both HMG July 2007

⁸ 'Sustaining Success – Developing London's Economy' January 2005

- 2.5 Recent research by both GLA Economics⁹ and HM Treasury¹⁰ suggests that a substantial part of the difference between London's high rate of worklessness and the national average is due to London's population mix, containing a high proportion of individuals with characteristics generally associated with labour market disadvantage. However this research also finds that there is a significant remaining effect once population characteristics are controlled for/taken into account.
- 2.6 Data from DWP¹¹ also suggests that for some groups these barriers are becoming more intertwined, with the percentage of single parents claiming sickness related benefit growing from around 4.8% in 1996 to 12.8% in 2006, increasing numerically by around 29,000 over this period.
- 2.7 Tables 2 - 6 in the Technical Annex set out the statistics and links between unemployment, child poverty and health and identify the characteristics and locations (Map 1) of London's workless population.

ii) London has the most productive and most highly skilled workforce in the UK.

- 2.8 Table 7 of the Technical Annex shows London is the most productive region by output per worker in the United Kingdom, approximately 20% above the UK average.
- 2.9 The high output per worker is also correlated to the concentration of those qualified to degree level (level 4) in London, which is higher than the UK average. (See Table 8). Around 33% of the working age population in London are qualified to level 4 (compared with the UK average of 26.3%).
- 2.10 The employment rate for those with level 4 or above qualifications is higher in London than other regions. However, for residents qualified below this level, the employment rate is lower than the national average, reflecting the high skilled nature of labour demand in the London economy.
- 2.11 The inflow of migrants, including many who are highly skilled, both from within the UK and outside, helps satisfy the demand for labour in London relatively well compared to other regions. Less than 3% of employers in London identify vacancies that are hard to fill¹². London is also constantly rated as the best location in Europe for qualified staff.¹³

⁹ 'Worklessness in London' – GLA Economics Working Paper 15 June 2006

¹⁰ 'Employment Opportunity for All' – HMT March 2007

¹¹ DWP data 2007

¹² NESS 2005

¹³ Cushman & Wakefield European Cities Monitor

- 2.12 The demand for labour in the capital is also met by the wide catchment area that supplies London. The London workforce includes over 700,000 'in-commuters'¹⁴ with over 52% commuting from the south east and 39% from the eastern region.
- 2.13 Commuters account for nearly a third of the workforce in London's financial sector and nearly a quarter of its public administration workers. But it is not just high skilled jobs that are filled by commuters. The transport and communication sector has high levels of commuting, as do manufacturing and construction.¹⁵
- 2.14 The most commonly cited skills gaps identified by London employers are 'soft skills'¹⁶ (see Table 9). GLA Economics forecasts for employment change through to 2016 and 2026 identify the biggest growth in London employment being driven by business and other services (see Table 10), with associate professionals, professionals and managers & senior officials seeing the biggest percentage growth in employment by occupation¹⁷. (see Table 11)

Current Welfare Reform and skills & employment opportunities in London

- 2.15 The diversity of issues that result in the below average employment performance and high levels of productivity/skill requirements have meant the region is at the forefront of the current programme of welfare and skills governance reform.
- 2.16 The London Skills and Employment Strategy recommends that the greatest benefits in terms of increasing employment are interventions that tackle lower level skills issues, and that tackling low level skills deficits will have the greatest impact on reducing income inequality.¹⁸
- 2.17 The ESF programme will work through London's established network of skills and training organisations, build on recent and current innovations (such as the City Strategy Pathfinders) and seek to stimulate new approaches to tackling London's unique skills and employment challenges.

¹⁴ Labour Force Survey and GLA Economics' calculations

¹⁵ Census 2001 – Commuters from SE and East of England regions only

¹⁶ NESS 2005

¹⁷ Cambridge Econometrics for Working Futures

¹⁸ Adult Skills and Employment Strategy – Evidence Base April 2007 page 218

The European Social Fund Measures 2007-2013

- 2.18 This section focuses on how ESF money will be spent, outlining the broad strategic context and the headline activities that will attract support.

PRIORITY 1 – EXTENDING EMPLOYMENT OPPORTUNITIES

£215m ESF has been allocated to this Priority. This includes £10.7m (or 4.5%) allocated to meet regional priorities following consultation. The majority of respondents to the consultation identified that a greater allocation of the regional flexibility should be distributed over to Priority 1.1 and 1.2. Respondents also noted the high unit costs associated with addressing the needs of those not in, or in danger of not being in, education, employment or training.

- 2.19 Additional resource is proposed to be added to the Community Grants programme above the national guidance rate of 2.5%. Following discussions with ESFD up to 1% of Priority 1 (within theme 1.1) will be ring fenced to support innovative projects up to the value of £25,000 for community and voluntary sector organisations that can deliver more “hard outputs” such as skills development and employment support, leading to more formal progression pathways for beneficiaries. The ESF regional committee will be asked to endorse this proposal as an “innovative element.
- 2.20 This results in an additional £4.74m (or 2%) being allocated to Priority 1.1 and an additional £5.96m (or 2.5%) being allocated to Priority 1.2.

What is worklessness?

- 2.21 The term “worklessness” describes all those of working age who are not in work. Not all worklessness is a problem. It includes both residents who are unemployed and residents who are defined as economically inactive, such as students and those who do not have to work.
- 2.22 London has the lowest employment rate of any English region at 69%, below the EU Lisbon Agenda target of an employment rate of 70%.
- 2.23 Latest data from the London Annual Population Survey identifies 1.2m economically inactive working age residents in London. These economically inactive residents include 370,000 people who would like a job but are not actively seeking work due to other ‘barriers to work’.

- 2.24 There are approximately 300,000¹⁹ London residents registering as unemployed (or 'Job Seekers') who are actively seeking employment and available to begin work within two weeks. (February – April 2007).
- 2.25 In total 670,000 people in London would like to work if their barriers to work were removed or are actively seeking employment. This represents a waste of people's skills and represents a loss of output and tax revenues to the economy. As noted in paragraph 2.6, Tables 2-6 in the technical annex provide the broad statistical breakdown of the characteristics of the workless population within London.

Where is worklessness highest in London?

- 2.26 Map 2 in the Technical Annex sets out the worklessness rates by London boroughs, for 2005-06.
- 2.27 Employment rates also vary significantly between different London communities and within communities. The employment rate for white London residents is 74 percent compared to an average 59.5 percent White (Irish), 41.7 percent amongst Pakistanis and Bangladeshis, and 58.1 percent amongst black/black British London residents. Significant gaps also exist between genders, with the female employment rate in London at 62.5 percent compared to 77.3 percent for men. The employment rate for those with disabilities is an average of 44.9 percent in London compared with 49.2 percent for the UK.²⁰

What works in addressing worklessness?

- 2.28 The Mayor's Economic Development Strategy identifies three objectives to tackle worklessness and a series of activities that will address the objectives. These are to:

Tackle barriers to employment through:

- Improving the accessibility, affordability and availability of childcare;
- Making employment more accessible by increasing tax credit receipts;
- Improving the quality and quantity of basic skills provision
- Raising awareness of and take-up of in-work benefits including the working families' tax credit;
- Encouraging the expansion of flexible family working arrangements; and
- Reducing disparities in labour market outcomes between groups

Address the concentration of disadvantage

- Ensuring that existing and planned housing developments lead to balanced healthy and sustainable communities;

¹⁹ www.statistics.gov.uk/pdfdir/lmslond0607.pdf

²⁰ Annual Population Survey 2005/06

- Delivering projects and programmes to increase the participation and attainment of disadvantaged students; and
- Ensuring disadvantaged young people are able to fully participate in society.

Reduce disparities in labour market outcomes between groups

- Ensuring that employment programmes benefit disadvantaged groups in London;
- Reducing and, where possible, eradicating barriers to key target groups entering employment in higher level positions;
- Targeting interventions to address labour market barriers faced by particular groups and support the key government's objective of increasing lone parent employment; and
- Ensuring that all London's employers are ready to implement the disability discrimination act 1995.

2.29 The LDA and GLA Economics published 'What works with tackling worklessness?'²¹ in October 2006. This study evaluated a range of different interventions that help tackle worklessness. The study's conclusions have helped to inform the new London ESF Programme's priorities.

Priority 1.1 Improving the employability and skills of the unemployed and economically inactive people

2.30 Parallel to other major labour market programmes and funding in London, the individuals who will require further additional targeting will be those who are furthest from the labour market and will require longer term support measures. ESF funding will be prioritised under this measure to help the groups set out below. These groups will often overlap and are not considered mutually exclusive.

- Those with parental and/or carer responsibilities (lone parents being a key group)
- Those with health problems (including people with mental health issues and those on incapacity benefit)
- Disabled people
- Those from black, Asian and minority ethnic (BAME) groups (including white minority ethnic groups), taking account of the variations in outcomes amongst these groups
- Recent migrants with the right to work
- Those aged 50+ with low or no qualifications
- Low income, single earner households with children where one parent is not working.

2.31 Further rationale for their priority support is provided in the section on 'Priority Groups' in section 3.

²¹ http://www.lda.gov.uk/upload/doc/what_works_with_tackling_worklessness.doc

Existing Support

- 2.32 Despite the previous good practice of targeting discrimination and gender segregation in the workplace, which were key measures in the last programme, the UK National Strategic Operating Framework does not explicitly identify resources to continue this work. In London we will look to use the Diversity Crosscutting theme and London specific output measures to help address these issues.
- 2.33 The ESF framework will look to build upon the access to employment infrastructure of Jobcentre Plus already in the region through the New Deal programmes and from 2008, Pathways to Work. The higher percentage of ESF funds allocated to tackle London's worklessness problem will add significantly to targeting needs that are not being fully addressed by standard interventions.
- 2.34 To maximise the impact of the ESF funding, it is essential that the funding does not duplicate but rather adds value to the developments of the London City Strategy Pathfinders, the LSC Skills for Jobs, Licence to Skill, Foundation Learning support, Offender Learning & Skills Support (OLASS) programmes and the projects already supported by either the LDA Single Programme activity and London Council's regional grants support. The particular focus of ESF will be on supporting improved outcomes for groups such as those identified in paragraph 2.30, in cases where mainstream programmes are proving insufficient to deliver these.

Indicative Support

- 2.35 Based on the review of "What works in tackling Worklessness" the indicative activities that the London ESF Framework will look to support are:
- **Community specific and area specific strategies and initiatives to tackle worklessness.** The most effective method for targeting concentrations of disadvantage across London is through the use of community specific or area specific programmes for those not engaged by mainstream services. New initiatives should look to add value to the existing infrastructure (highlighted in paragraphs 2.33 and 2.34) through targeting those communities where employment service provision is proving relatively unsuccessful, or extending those programmes which are proving successful.
 - **Active and preventative measures which ensure the early identification of needs including individual action plans and personalised support.** New initiatives should look to build on best practice and develop personalised action plans with individuals at the first point of contact with the system, rather than after six

months. This should include the testing and identification of appropriate Skills for Life and/or language support.

- **Enhanced Job search help, Advice and Guidance.** The evidence shows that many of the most effective programmes have tailored sign-posting towards work whether they are provided within or by communities, by peers or through mentoring opportunities. New projects should add value to support already provided.
- **Skills for Life, including the basic skills of literacy and numeracy and English for Speakers of Other Languages, ICT skills and financial literacy skills.** The evidence suggests that the greatest cost benefit ratios from funded training are for programmes that are strongly embedded in the workplace, including language learning that is vocationally relevant and linked to employer needs.
- **Improving job brokerage to enable a better match between supply and demand.** Applicants would need to demonstrate how they build on the current employment brokerage work such as the Employer Accord, the quality improvement activities in London and are linked to the new brokerage confederation.
- **Activities to help lone parents, Job seekers' allowance recipients with children/care responsibilities and other disadvantaged parents.** Activities and new projects addressing this should add value to other forms of support already provided designed to meet the needs of individuals including extending holistic support for families and care for dependent people.
- **Skills and Employment support developed with employers and trade unions, with holistic support for individuals getting into and already in work.** The tailoring of support linked directly to employer needs and employment opportunities is highly effective, especially when coupled with additional support for the individual accessing and remaining in work. This could include the provision of work placements and additional support for priority groups.
- **Extending Employment Opportunities through the provision of additional in work support for priority groups.** Working with employers and ESF beneficiaries, projects that link with existing employment brokerage support (including both adults and young people who were formerly NEET) and provide additional peer support, work place advice & guidance and mentoring/"buddying".
- **Extending Employment Opportunities through social enterprises, enterprise start up and self employment.** Projects that assist women entrepreneurs, young entrepreneurs, disabled entrepreneurs and BAME entrepreneurs, particularly African and Caribbean men and Bangladeshi or Pakistani women, as these

groups face specific barriers (such as access to finance) to setting up and developing a small businesses²².

- **Funding up to a maximum of £25,000 for community and voluntary sector organisations that can delivery more “hard outputs” such as skills development and employment support, leading to more formal progression pathways for beneficiaries.** The current Global Grants programme has been very successful in delivering hard outputs and we will seek to build on ‘good practice’. The tiered funding system will enable small community providers to develop links with mainstream ESF provision to enhance beneficiary progression as well as providing a stepping stone to build capacity and access other sustainable sources of funding.

Regional funding allocation

2.36 This is set out in Section 6, broken down by CFO.

²² Ethnic Minority Business Task Force, DTI

Priority 1.2 Employment and skills activities targeted at young people who are not in education, employment or training (NEET) or at risk of becoming NEET

2.37 At national and regional levels, there is a strong policy focus on tackling the issues that lead to young people (post-14 and pre-19) being NEET – that is being ‘not in education, employment or training’. The five strands in the DfES/Prime Minister’s Delivery Unit NEET toolkit sets out an overall framework for tackling NEET problems. Regionally, and following consultation with key London stakeholders, including the LSC, GOL, London Councils and Connexions Partnerships, the GLA has published the London specific study “What Works in Preventing and Re-engaging Young People NEET in London” (available at <http://www.london.gov.uk/mayor/children/index.jsp>²³)

What is the London context to NEET?

2.38 London’s higher overall regional rate of young people NEET is in part a reflection of the operation of its labour market. In particular, the high skill nature of much London employment may work against the very youngest age groups (16-19 year olds) leaving full time education with poor or no qualifications, making it harder for them to gain an initial foothold in the labour market and thus making it more likely that these individuals fall into the young people NEET group.

2.39 Recent work for the LSC²⁴ has highlighted the attraction that London’s economic and social capital has for young people and that this can result in young people travelling to London who may then ‘drop out’ and thus join the ‘local’ young people NEET population. These individuals may not be picked up by the regional NEET percentages, particularly those from Connexions, which could mean that the young people NEET issue in London is understated (see in relation to data below)²⁵. However, within the core NEET cohort, the most significant issue is the high volume of 17 year olds in London who move frequently between different forms of provision, making tracking and tailored support complex.

2.40 The green paper on making participation in education or training compulsory to age eighteen provides a key context for London measures to reduce the NEET population²⁶. Similarly, the development of the wider offer, through the September Guarantee and new London Learner Offer will be crucial to address NEETs by offering a flexible

²³ “What Works in Preventing and Re-engaging Young People (NEET) in London”, Research as Evidence, GLA commissioned research, February 2007.

²⁴ Internal LSC Report 2006 (unpublished).

²⁵ See Annex A.3 of “What Works in Preventing and Re-engaging Young People (NEET) in London”, *op. cit.*

²⁶ DfES, Raising Expectations: Staying in Education and Training Post-16, Green paper, 2007.

curriculum, whether taking Apprenticeships or Vocational Diploma pathways.

- 2.41 Financial incentives play an important part in supporting young people in education, employment and training pathways and include Education Maintenance Allowances (EMAs), the Department for Schools, Children & Families (DSCF)/LSC financial support pilots through Activity Agreements and Learning Agreements; localised initiatives by agencies such as Connexions and regional schemes including TfL's free bus/tram Oyster Card for Under-18s in full-time education; and LSC arranged Entry to Employment (E2E) or Programme Led Pathways (PLP) work based learning.
- 2.42 To maximise the impact of the ESF funding, it must not duplicate the LSC Schools Engagement programmes, Offender Learning & Skills Support (OLASS) and Entry to Employment provision, or Local Authority supported services.

Who are London's NEET population?

- 2.43 Young Londoners are more ethnically diverse when compared with the total population: forty-six per cent of all children and young people in London are from a black, Asian or minority ethnic group, compared with 32 per cent of the total London population²⁷. Within this diverse and heterogeneous under-18 London population, 7.7%, or around 14,500, of 16-18 year-olds in London are considered to be NEET by Connexions (at March 2007). In terms of the ethnicity breakdown, the highest recorded NEET numbers were for young people who are: White/Black Caribbean Mixed Race, 16.3%; Black Caribbean, 11.8%; Other Mixed Background Race, 11.0%; and White, 9.7% (GOL data, as at March 2007). Sub-categories of young people in the NEET cohort include those Learners with Difficulties or Disabilities (LLDD), care leavers, young offenders and young parents.
- 2.44 While the numbers of London's young people who are NEET are, at any one time, relatively low, NEET status stands in the way of individuals and society achieving optimum productivity, social inclusion and good health. It may also perpetuate a worklessness culture that can be passed onto future generations of young people. NEET status affects young people's life chances and, in public policy terms, will have significant cost implications²⁸.

Conclusions

- 2.45 Following the London consultation there were many responses articulating the need to increase the level of support to this measure,

²⁷ Mayor of London, The Third State of London's Children Report, GLA, forthcoming.

²⁸ See Annex A.2 and A.4 of "What Works in Preventing and Re-engaging Young People (NEET) in London", op. cit.

emphasising the need for more holistic/joined up provision and the identification of primary target groups to help ensure that those young people most disengaged are supported.

2.46 The primary target groups are not an absolute list and it is recognised that for some young people they will have multiple issues to be addressed:

- The homeless and those at risk of homelessness;
- Young people leaving care;
- Young offenders and those at risk of offending;
- Young people with substance dependency problems;
- Young people with mental health problems;
- Young people previously excluded from mainstream education;
- Young refugees;
- Young people fleeing domestic violence and abuse;
- Young people with poor skills for life; and
- Young parents.

2.47 The broad areas of proposed activity are based on the areas for strategic interventions identified in the “What Works in Preventing and Re-engaging Young People (NEET) in London” report and are set out below. The What Works report has been widely shared with London stakeholders and discussed at a regional workshop convened by GOL and LSC on reducing London NEET 2008-12. Given the variety of local and regional agencies with a role and/or stake in NEET prevention and re-engagement work, the development of these activities listed below would involve cooperative action from a number of organisations:

- **Linking with employers** – projects that encourage or link employers offering work experience, Apprenticeships, Diploma placements with NEET/potential NEET group with additional support.
- **Support for extended secondary schools and other services to address the NEET agenda** – projects which work with the extended schools agenda to work, engage, and plan more directly with Connexions staff, for example ensuring that personal advisors are located regularly on school premises. Developments should maximise opportunities through the ‘Toolkit for London Extended Schools – working with young people NEET’²⁹ and other resources (including from the TDA and ContinYou for DCSF), to assist schools to embed preventative work in their extended schools programmes.

²⁹ “What Works in Preventing and Re-engaging Young People (NEET) in London”, Research as Evidence, GLA commissioned research, February 2007.

- **Additional support for key disadvantaged groups** - projects which look at providing innovative responses to the NEET and/or potential NEET group would be supported here. Examples of innovative activity could be preventative Key Stage 4 support via the virtual head teacher for looked after young people; flexible funding and support for young mothers going back into post 16 education and training; provision of flexible funding (bursaries work) to help develop individual solutions to help young people re-engage; recognise part time study and/or part time work as a paid outcome for this group as it is a step to re-engagement. There may also be opportunities to contribute funding towards skills development and employment readiness related activities for young people within wider programmes to engage with youth people such as proposals currently under discussion to develop a number of new youth clubs across London.

2.48 Following the consultation a number of specific activities were identified that need to be built into wider package of support that help address the complex array of problems that some young people experience e.g. a project that address mental health issues, substance dependency and involvement in offending behaviour. The projects that will be encouraged are those that incorporate a range of activities such as the following:

- Individual Needs Assessment and personal Development Plans, along with intensive IAG and Careers Action Planning;
- Skills for Life support;
- One to one and key worker support;
- Young parents programmes;
- Specialist help in dealing with mental health issues;
- Specialist help in dealing with substance abuse;
- Health education (including education on alcohol, drugs, sex and depression);
- Work with young offenders and those at risk of offending;
- Mentoring programmes;
- Creative, Cultural and Sports based programmes to re-engage and provide an ongoing ladder of support;
- Work readiness and work experience;
- Money management; and
- Taster courses.

2.49 Discussion will be held between the GLA's Young People's Team, the Association of London Directors of Children's Services, Connexions and DWP on how best to support projects that include and contribute to integrated client tracking for London. Technical Assistance funds could be used to scope the integration of such a system and the databases in use.

Regional funding allocation

2.50 This is set out in Section 6 and will be 100% co-financed by the LSC subject to final approval.

Priority 1.3 Community Grants Programme for those groups furthest from the labour market

What will the future small grants programme look like?

- 2.51 The London Global Grants programme was one of the key features of the last regional ESF Objective 3 programme supporting hundreds of small community and ‘grassroots’ organisations and helping many people move towards finding employment. In recognition of this, it is proposed that up to 1% of Priority 1.1 will be ring fenced to help small and community grants organisations who lack the capacity to access larger funding sources but who have the capability to deliver ESF outputs.
- 2.52 To ensure that the good practice and experience is not only captured from the previous programme, but built in as a performance improvement measure for the new programme, the LDA commissioned Rocket Science to evaluate the grants programme. The evaluation has been used to inform the design and refinement of the new programme arrangements.
- 2.53 The funding demand from small and community groups can never be satisfactorily met by the limited resources that are available from European and other funding sources. The revised Community Grants programme will aim to be more strategic and make greater linkages to other sources of funding to help create a sustainable funding model for organisations. This will be supported by a simple and open application process. The existing ‘light touch’ reporting arrangements will be maintained, with a greater focus on the intermediary body working with projects and other third sector networks in relation to evaluation and promotion, and provision of access to wider structures of support for capacity building & networking.
- 2.54 The new programme will have at its core the following principles;
- Grants will be allocated to small community and grassroots organisations via a single regional ‘Intermediate Brokerage’ mechanism. However, to ensure there is close engagement with London’s diverse communities, this service will be required to engage partners including organisations led from within London’s diverse communities which have proven credibility and delivery expertise where these can add value and reach.
 - Grants will be allocated to small community and grassroots organisations who have a focus on outreach and engagement, along with the ability to help those furthest from the labour market move towards employment
 - The new programme will operate within a framework that can capture ‘soft outcomes’ along with any possible ‘hard outcomes’

- Funding will be increased to up to £12,000 with a separate allocation of up to £25,000 included with Priority 1.1.
- Where appropriate, linkages will be made to the London Employment and Skills Taskforce for 2012 (LEST) Action Plan, which sets out how the London 2012 Olympic and Paralympic Games will link people, work and training, specifically the Pre Volunteer Programme (PVP).
- The new programme will be overseen by a new strategic partnership. This partnership will have the remit of assessing the 'Intermediate Brokerage' performance, encouraging greater linkages with local strategic partnerships and the existing support infrastructure, programme promotion and evaluation, and creating enhanced networking and capacity building arrangements.

Regional funding allocation

- 2.55 The new ESF Community Grants programme will be worth approximately £10.7m in total over the life of the new programme. This will be 100% co-financed by the LDA, subject to final approval, with a proposed additional £4.6m ring fenced within Priority 1.1.
- 2.56 Following the consultation and the positive evaluation³⁰ of the previous Global Grants programme, the maximum grant amount has been increased from £10,000 to £12,000.
- 2.57 This is in recognition of the higher operating costs base that community organisations in the capital face, the significant diversity of London's communities and as a further mechanism to support the Mayor's vision for greater social and economic inclusion for all Londoners.
- 2.58 A maximum of 10% for administration is normally allowable for the support of the 'Intermediate Brokerage' mechanism. Building on the lessons learnt from the previous programme, applications will be assessed against a range of measures and in particular the value for money they offer.

Method of Administration

- 2.59 Building on the last programme, the LDA will aim to commission one single Intermediate Brokerage service to cover the timeframes of the ESF Strategic Framework pending further advice from ESFD, but see also paragraph 2.60 regarding partnership with other bodies.
- 2.60 The commissioning process will ask interested organisations to demonstrate their knowledge of the London labour market and London's diverse communities, London's voluntary and community sector and the wider social/local regeneration agenda. Applications will

³⁰ Fast Forward Grants Evaluation Rocket Science for the LDA July 2007

be assessed against evidence of past partnership working, as well as existing reach or engagement with diverse community or grass root organisations.

PRIORITY 2 – CREATING A SKILLED AND ADAPTABLE WORKFORCE

- 2.61 £104m ESF has been allocated to Priority 2. This includes £2.1m allocated to meet regional priorities following consultation.
- 2.62 The national objective of Priority 2 is to develop a skilled and adaptable workforce to increase productivity, innovation and competitiveness, but also focus on those who lack basic qualifications to increase sustainable employment and social inclusion.
- 2.63 This national objective is complemented by the Mayor's economic development strategy objective of

Improving the skills of the workforce through:

- Improving the standard and accessibility of training and enterprise support
 - Supporting training for those returning to work and promoting skills progression routes for those in employment
 - Ensuring London enterprises are fully engaged in identifying skill needs and developing provision and initiatives to address them
- 2.64 It is important that the limited resources available are targeted at those in greatest need. Potential projects under this priority will need to provide support to increase the employability of those at most risk of being in unsustainable employment.
- 2.65 CFOs and ESF supported projects will need to be aware of their responsibilities in relation to working with employers and the European State Aid regulation. Further details of these requirements are at <http://www.esf.gov.uk/>.

Priority targeting

- 2.66 The rationale for targeting specific groups is set out in Section 3 'Priority Targeting'. CFOs will be encouraged to make the maximum link between priorities and programmes, in recognition of the complex and multi dimensional nature of the issues to be addressed, as well as to create a more coherent and holistic service for beneficiaries.

Priority 2.1 Increasing the number of employees with improved basic skills levels, including English for Speakers of Other Languages (ESOL) needs

- 2.67 Given the current achievement rates and needs of communities in inner, and some parts of outer, London, and the current direction of mainstream funding for adults, ESF will increasingly need to be linked to employability skills (as demanded by the employer) and complement the major regeneration opportunities (such as the 2012 Olympics).
- 2.68 ESF funding will be directed towards ensuring that people can get to Level 1 standards in basic skills, linked to employment requirements, and can then progress to mainstream Level 2 and Level 3 support. It will be critical that ESF support fits into a clear and tailored progression route with learning routes tied to the employment focus.
- 2.69 To maximise the impact of ESF funding, it is essential that funding does not duplicate but rather adds value to the development of the LSC Mainstream College Allocations, the Apprenticeship programme and Train to Gain. Links should also be made to Trade Unions and the Union Learning Fund.
- 2.70 Indicative activities likely to be supported are;
- Skills for Life (SfL) including basic skills of Literacy, Numeracy and English for speakers of another language, embedded within the workplace.
 - Embedded SfL provision within vocational training, in particular those who need literacy, numeracy and ESOL support within training programmes away from the workplace.
 - Support progression from foundation level up to Skills for Life level 3
 - Initiatives by the social partners (e.g. trade unions) to promote lifelong learning and skills in the workplace
 - Initiatives to support an increase in the supply of people with lower level skills relevant to employer needs
 - New activities and gaps in areas of support identified by the ESOL review carried out on behalf of the LSC and the LDA in the summer 2007
 - Pathways into Learning

- Enhanced support to help young people who are formerly NEET and those who have recently come through employment support programmes remain and progress in employment.

Regional funding allocation

2.71 This is set out in Section 6, and will be co-financed by the LDA and the LSC subject to final approval.

Priority 2.2 Increasing the number of employees with improved level 2 skills

2.72 There is already much infrastructure and budget support in place to deliver against the priority of increasing level 2 skills, primarily through the LSC Train to Gain programme.

Train to Gain and other mainstream provision

2.73 Train to Gain is a national programme delivered by the Learning and Skills Councils (LSC) which provides free training to help employees gain their first level 2 qualification and Skills for life first numeracy and literacy qualification, wage compensation for companies with less than 50 employees and funded programmes for Apprenticeships and Advanced Apprenticeships.

2.74 Indicative activities likely to be supported are;

- Purchase of second “level 2s” through Train to Gain.
- Targeted support for employees within disadvantaged communities and/or experiencing gender under representation/segregation.
- Re-skilling or up-skilling employees through increased take up of training within SMEs (250 staff or under) going through industrial change.
- Projects that target skills gaps identified in Sector Skills Agreements (SSA) and that are supported by the relevant Sector Skills Council (SSC).

Regional funding allocation

2.75 This is set out in Section 6 and will be 100% co-financed by the LSC subject to final approval.

Priority 2.3 Increasing the number of employees with improved level 3/4 skills

2.76 There is already much infrastructure and budget support in place to deliver against the priority of increasing higher level skills. Any projects supported will have to demonstrate added value to the LSC Train to Gain (higher level pilot) and the LSC Adult Apprenticeships programme. A greater focus will be given to target groups or communities which are achieving a lower than average proportion of higher level qualifications.

2.77 Indicative activities likely to be supported are;

- Activities that support the promotion of level 3 and 4 qualifications;
- Activities that stimulate employers to spend more on higher level skills and management and leadership specifically in SMEs;
- Activities that support the energy efficiency and renewable technologies sector;
- Programmes to facilitate highly qualified employed migrants with qualifications that are not recognised in the UK to obtain recognised UK higher level qualifications;
- Activities that enhance and encourage the take up of Apprenticeship programmes;
- “Training the trainer” support particularly in relation to lower skills areas and ESOL;
- Improving the quality of skills provision at these levels;
- Activities that add value to the Aim Higher programme, particularly where there are geographic or low community levels of entry to HE;
- Projects that target skills gaps identified in Sector Skills Agreements (SSA) and that are supported by the relevant Sector Skills Council (SSC).

Regional funding allocation

2.78 This is set out in Section 6 and will be 100% co-financed by the LSC subject to final approval.

Priority 3 – Technical Assistance and Capacity Building

What is Technical Assistance (TA)?

- 2.79 Unlike the current ESF Objective 3 Programme for 2000-06, there is no requirement in the new Programme to allocate 5% of programme funds to capacity building. The general expectation is that organisations selected to run projects should have the necessary expertise in place. Where additional support is required this will be provided through Technical Assistance or by allocating extra funds to particular providers for this, as part of contract negotiations.
- 2.80 Technical Assistance (TA) is funding for up to 50% of costs, for managing the effective delivery of projects and promoting the benefits and achievements of the ESF programme.
- 2.81 Specifically, TA funding can be deployed to support programme implementation and management (including administration, communication and representation), evaluation and the identification, promotion and dissemination of good practice, labour market research and information, and publicity and promotion. TA cannot be used to support a CFO's normal work.
- 2.82 Under the last programme the following types of activities received TA support:
- Intermediary bodies helping to disseminate information and good practice in relation to bidding for funds, developing and managing special projects, and policy/strategy support;
 - Running costs for tendering rounds, including project evaluation;
 - Evaluating tendering rounds in relation to plans and objectives;
 - Evaluating the Programme and its impact in the region;
 - Building regional and organisational capacity and maintaining structural capacity to deliver;
 - Improving the record keeping, financial controls and general management of projects;
 - Developing, promulgating and implementing the programme's cross cutting themes and also the London Structural Funds diversity and equality mainstreaming strategy.

How will it work in London?

- 2.83 London has initially been allocated approximately £3.3m TA over the lifetime of the programme. Additional TA support up to a further £3.3m, can be sourced from the central budget held by DWP as the programme develops, including an allocation for central administration costs for the overall programme.
- 2.84 The LDA's European Programme Management Team will advise the ESF Regional Committee on the range, size and type of activities that they should consider during the new programme, which will inform any bidding for additional TA resource.
- 2.85 The LDA and GoL are currently developing a TA Strategy for London.
- 2.86 It is likely that at regional level, TA will continue to give support to encouraging effective delivery, particularly via the use of intermediary bodies and to support successful projects by helping improve financial management, data collection, compliance with differing claim systems and developing 'exit strategies'.
- 2.87 In line with European Guidelines any intermediary support will be sought through Open and Competitive Tendering (OCT). The process and contract volumes have yet to be agreed.

What is Capacity Building?

- 2.88 Capacity building activity is intended to improve the capacity of delivery organisations that provide a route to the labour market for the most disadvantaged groups, including the economically inactive. Capacity building is not intended to provide indefinite support for organisations.

How will it work in London?

- 2.89 Under the new programme there will not be a requirement to ring fence 5% of the budget to support Capacity Building. Any additional support to run a project will be sourced via TA or sought from existing Capacity Building support or intermediaries.

SECTION 3

Spatial Targeting

- 3.1 London's high overall prosperity masks dramatic inequalities across the region. Twenty-six of London's 'Super Output Areas' are in the 20% most deprived 'Super Output Areas' nationally. However, isolated pockets of deprivation and communities who experience economic exclusion occur across the London region alongside these intense geographical concentrations.
- 3.2 The Mayor's London Plan, which sets out the spatial development strategy for London, highlights areas of regeneration in inner and east London, the development of smaller areas of opportunity, a focus on where more intense development is appropriate across London as a whole and support for the city's network of town centres.
- 3.3 The new ESF Programme will not be limited to fixed geographic areas within London. The programme will target resources according to the needs of the priority beneficiaries and where there is the greatest socio-economic need.

Priority Group/ Community Targeting

- 3.4 As identified in paragraph 2.27, and as discussed in the section below on priority target groups, some specific groups or communities have particular skills and employment needs as they have worse than average employment chances and/or face particular challenges in improving their skills and employment status, such as discrimination. These communities may in some cases be geographically clustered, but more often are spread across wider areas. The programme will target resources on these groups and communities, and this will help to meet of the programme's diversity and equality goals.

Sectoral Targeting

- 3.5 The Leitch report identifies the central role that sectors play, particularly Sector Skills Councils, as a key point of employer involvement in the system. SSC's have been tasked by government with driving up the demand for skills and the future influence over provision.
- 3.6 Through the development of the London ESF prospectuses we will be working with the Sector Skills Development Agency and the SSCs to help ensure that future support is:
 - Demand led;
 - An articulation of London employers' needs;

- Leading to the provision of support for economically valuable skills development.
- 3.7 Building on the rationale set out in the Mayor's Economic Development Strategy, 'Sustaining Success', some sectors are particularly important to London, but the public sector should not attempt to 'pick winners'. It does not have privileged information about what parts of the economy will succeed or not.
- 3.8 There are cross cutting issues across sectors at all skills levels (e.g. management and leadership) that are not unique to any one business. The new ESF programme will be working with the SSCs to incorporate sector footprints where appropriate and looking to involve SSCs and their representatives in the design of support (relevant to their Sector Skills Agreement), to have had a role in the framing of project development and in the final approval of projects.
- 3.9 ESF cannot support the training of individuals who have permanent employment in the public sector, as European rules require that direct training of public employees should be supported by individual member states.
- 3.10 However there are exceptions to this that are allowable, with some examples cited below;
- Training people to allow them to enter the public sector;
 - Training in "contracted out services" delivered by private companies;
 - Public sector workers given or threatened with redundancy and so in need of help to gain new vocational skills;
 - Lifelong learning for public sector workers employed in traditionally low skilled work who need career development in their current post; and
 - Funding teachers for activity beyond the standard support available, to help teachers meet the needs of ESF client groups.

Primary Target Groups

- 3.11 The varied and engrained needs of London's population place specific demands on the skills and employment service infrastructure. The Mayor expects all London's communities to benefit from the new ESF programme, while maintaining a strong focus on communities or groups that face specific barriers to employment and therefore require in-depth support that is not adequately provided through mainstream provision. As noted in paragraph 2.27, there will be specific targeting of ESF resources to support the groups such as those identified below.
- 3.12 Through the individual CFO commissioning processes, all CFOs will be requested to identify how their resources will be directed to support and

respond to the needs and aspirations of beneficiaries and how they will differentiate the needs of the priority target groups set out below.

People with parental and/or carer responsibilities (Lone parents being a key group)

3.13 Data suggests that women are much more likely to be workless in London than outside the city, especially women with children. The employment rate among those with children in London is 66% compared to over 80% for non-parents (2001 Census). A key barrier for those excluded from the labour market here is the lack of affordable and good quality childcare, which is an almost unassailable barrier for lone parents, many lacking any sort of support from other sources. Lone parents in London make up a much larger proportion of benefit claimants than nationally, accounting for 21.9% in London and 14.6% nationally. Within BAME Communities, Irish men and women aged 25 and over have the highest rates of permanent sickness and disability at 9.4 and 13.2 percent respectively, compared with a Great Britain average of 7.1 and 9.4 percent respectively.³¹

People with health issues (including those with mental health issues and those on incapacity benefit)

3.14 This is a growing problem for the region, with the number claiming incapacity benefit growing from 287,000 in 1996 to 311,000 in 2006. Support for those with health problems is much more expensive than that for other groups, and rates of progression into employment much lower. Data from Jobcentre Plus in London show the proportion of those moving into work from incapacity benefit averaging at around 8% of the total numbers into work, compared to 10% for lone parents and around 20% for long term job seekers allowance claimants on the New Deal.

Disabled People

3.15 The employment rate of disabled people in London is lower than that for the UK as a whole. London's disabled employment rate is 44.9 percent compared with 49.2 percent for the UK³². Increasing the employment rate for those with disabilities is critical to reducing the number of people on incapacity benefit (IB) in the region, with 41% of benefit claimants in the region claiming incapacity benefit. This is lower than the 51% for Great Britain on the whole but still represents a significant number of claimants in the region.

3.16 There are approximately 139,000 people who are disabled under the Disability Discrimination Act (DDA) definition. The total number of disabled people in London is 638,000.³³

³¹ Ethnic minority populations and the labour market: an analysis of the 1991 and 2001 Census DWP 2006

³² Annual Population Survey 2005/06

³³ Annual Population Survey 2005/06

- 3.17 While the DDA targets discrimination against disabled people in the labour market, it does not cover organisations with less than 15 staff, a key issue for London given the preponderance of small companies.

Black, Asian and Minority Ethnic groups (BAME)

- 3.18 Of the London population, 34% are from BAME groups, accounting for 4 percent of the 10% of the UK population that is BAME. The evidence of labour market disadvantage within this group is strong, with employment rates amongst Bangladeshis or Pakistanis as low as 41% compared to the relatively high levels of employment amongst the Indian population of around 70% (the average for all Londoners being 68%). Some of the differences between groups can be explained by non-ethnicity related factors, such as higher than average proportions of the population with no qualifications, or higher levels of lone parents in some groups. However, controlling for other factors, the probability of being workless for an individual of Black, Asian and Ethnic minority origin is generally still significantly higher than if they were white³⁴. The high proportion of individuals and families of Black, Asian and Ethnic minority origin in London make addressing this a key regional priority, though as noted above differences amongst BAME groups mean a fine grained approach is needed which recognises the varying needs of London's different communities.

London's refugees

- 3.19 There are no reliable city-wide statistics about refugees in London. From data currently available, it is impossible to accurately estimate the overall size of London's refugee population. The Mayor is leading an initiative, with partners in Government and other UK regions, to create a national data resource which would improve our statistical knowledge of more recent migrants at regional and local level³⁵. This project may produce estimates of refugee numbers, possibly by late 2008 or 2009.
- 3.20 Meanwhile the Greater London Authority (GLA), on behalf of the Mayor, has made an initial estimate of the total size of London's refugee and asylum seeker population by working from total number of asylum applications lodged over the 15 years from 1991, when they began to rise sharply. To this cumulative total, the GLA has applied assumptions about percentages of those applicants who settle in London, or subsequently leave it. Though in part speculative, the resulting figures tally well with other clues, for example from surveys in individual boroughs.

³⁴ Working paper 15: 'Worklessness in London. Explaining the difference between London and the UK', GLA Economics, January 2006

³⁵ For background to the current initiative – the New Migrant Databank – see: Mayor of London, *Estimating London's new migrant population: Stage 1 – review of methodology* (by Prof.Phil Rees and Peter Boden, Leeds University 2006), at <http://www.london.gov.uk/mayor/refugees/docs/nm-pop.pdf> .

- 3.21 The indicative initial estimate of the total number of refugees and asylum seekers who claimed UK asylum between 1991- 2005 (cumulative) and were living in London in 2005, including their dependants, is around half a million people or 6 to 7% of city's total resident population.
- 3.22 Refugees are likely to be excluded from opportunities in London's economy to a greater degree than any other major social group. As official datasets do not identify them, their exclusion cannot be measured systematically. But one-off surveys consistently indicate that it is severe, both UK-wide and for London. Particular issues include:
- Exceptionally low employment rates – for example, GLA analysis of 2001 Census data by country of origin showed rates below 30% for London residents from several countries associated with high refugee numbers
 - Underemployment even for those who do get jobs, but are over-qualified for these jobs
 - High rates of apparent economic inactivity, with a high proportion of those not employed in the formal labour market saying they are not seeking a job.

Recent migrants (who have been outside the education and training system)

- 3.23 Over half of England and Wales residents born abroad reside in London. Within these groups labour market outcomes vary significantly, often a function of the high skill demands of the labour market where the less sophisticated education systems of the developing world are not able to provide the skills needed to be attractive to employers in the developed world. This is reflected by the fact that just over half of England's ESOL provision is delivered within London. Alongside the obvious barrier that exists for many migrants of lack of English skills, the employability of migrants is often reduced through information failure in the labour market. Knowledge of overseas qualifications varies massively amongst London employers. This lack of knowledge makes it difficult for employers to predict the value an individual with this sort of qualification will have for their firm, perhaps even disregarding the qualifications altogether. Among London migrants, 77% of those who have "Other Qualifications" were born outside of the UK. The employment rate amongst those with "other qualifications" is currently 63.9%, lower than the average for the region and only higher than the employment rate for those with "No Qualifications".

People aged 50+ with low or no qualifications not in employment

- 3.24 Whilst the unemployment rate for younger people has fallen since the late 1990's, unemployment among people aged between 50 and 65 has remained relatively static. One of the key factors is the lack of or low skills levels with 23.4% of people aged 50 to retirement age having no qualifications compared to only 12.2% of those aged 16 – 49³⁶.

³⁶ Annual Population Survey

Whilst this age cohort account for approximately 19% of the London working age population, they account for over 25% of those on Incapacity Benefits³⁷.

Low income, single earner households with children where one parent is not working.

3.25 Approximately 41% of London children live in relative poverty (in households with an income below 60% of the median). This increases to over half of children living in inner London. Worklessness is a key factor behind the high levels of poverty, with just over half of children in inner London living in households where no adult is in employment. This has a negative impact on individual children. Relatively low levels of intergenerational social mobility in the UK mean that individuals born into poverty are likely to live in poverty throughout their lives. To tackle the ingrained levels of worklessness in the capital, this cycle of intergenerational poverty has to be targeted.

Other Priority Groups for ESF Support

Those out of contact with the labour market

3.26 The longer an individual spends out of employment, the less likely it is they will re-enter. Data from Jobcentre Plus show the proportion of those moving off JSA into work declining with the time spent on benefit (allowing for the step changes in support that are received – transferring to the new deal after 6 months claiming for example).

3.27 People with substance abuse problems, offenders and ex-offenders, the homeless and the large proportion of refugees in the region rely heavily on additional local authority provided services or third sector providers, characteristically those with the appropriate expertise and systems to be able to help to those with in-depth, often expensive support needs.

Offenders and Ex-Offenders

3.28 Employment is widely regarded as the single most important factor in preventing re-offending. However, offenders and ex-offenders face multiple barriers to accessing the labour market. Figures produced by the London Probation Service³⁸ indicate that 39,400 people a year start a community sentence, and at least 10,000 are released from prison. The National Probation Service estimates that 55% of ex-offenders have been unemployed for more than a year, rising to 80% in inner London. The number of unemployed offenders or ex-offenders in London is estimated to be at least 55,000.

Homeless People

3.29 The GLA has estimated that the number of statutorily homeless households in temporary accommodation in London now stands at over

³⁷ DWP

³⁸ London Probation Service.

51,200³⁹. Government statistics based on street counts and local authority figures estimate that around 350 people sleep on the streets of London on any given night⁴⁰. The homeless suffer particularly acute multiple barriers to participation in the labour market. Rough sleepers often have very low skill levels, low levels of physical and mental health, and some have severe problems with alcohol and drug abuse. Homeless people in temporary accommodation also face barriers to entry into the labour market, owing to factors such as the lack of a stable address. In addition, they lack awareness of the benefits to which they are entitled, due to the complexity of the benefits system.

Older Workers (50+)

- 3.30 Those aged 50 to 65 accounts for approximately 20% of the working age population in London, lower than the national average of 24%. This element of the population also represents a generally lower qualified element, with fewer qualified at all skills levels and a large concentration with no qualifications.
- 3.31 The demands of the labour market have changed dramatically since 1973 when the youngest in the age cohort of 50 - 65 could have entered the labour market at 16. The significant decline in manufacturing jobs, accompanied by the growth of financial and business services employment has contributed to a hollowing out of the labour market for older people with low or no skills. These changes as well technological change have served to make the skills sets of many at the older end of the spectrum less competitive, making it very difficult to compete in the labour market
- 3.32 The regional context identified in the Adult Skills & Employment Strategy Evidence Base found that the probability of being engaged in some sort of training or education increases with the current level of education of the individual, with around 9.4% of those with no qualifications being involved in some sort of education or training, compared to 27.3% of those qualified to level 2, and 32.4% of those already qualified to level 3. Those with low or no qualifications by the age of 25 are proportionately less likely to engage in further learning or skills than those with level 3 skills or above.

Workers with low or no skills

- 3.33 As identified in the London context section, London has a hollowed out skills profile with concentrations at the high and low end. However the effects of lower or no skills are associated with negative labour market outcomes, whereas higher level skills are associated with positive labour market outcomes. The declining employability of individuals with low or no skills compounds exclusion from the labour market and limits career opportunities to lower skilled occupations with few prospects of progression.

³⁹ GLA Homeless in London Bulletin

⁴⁰ Rough Sleepers Unit, August 2004

Workers in Smaller Companies

- 3.34 The majority of businesses in London are Small and Medium sized Enterprises (employing less than 250 people), representing a greater proportion of the business base than for the UK overall, albeit these firms account for a smaller proportion of employees in London than in the UK as a whole. Of the 676,000 private enterprises in London, approximately 165,000 employ other workers in addition to the business owner and the remaining 511,000 are sole proprietorships and partnerships comprising only the self employed manager and companies comprising only an employee-director⁴¹.
- 3.35 In total 96.1% of London businesses employ 10 or fewer people. Less than 1% of establishments employ 200 people or more. In spite of their small numbers, large employers (200+) account for around 53% of all employment in London, reflecting a concentration of head offices and public sector organisations⁴².
- 3.36 The London Annual Business Survey for 2005 identified the lack of skills as one of the most significant problems faced by businesses in each of the last three years, and increasing. However only 42% of firms have a training plan in place, with smaller companies identifying barriers around lack of capacity to release staff, fear of losing investment in staff to rival companies, lack of resource to invest in training and lack of awareness of available support as reasons for not developing their workforce⁴³.

⁴¹ Small Business Service 2003

⁴² Annual Business Inquiry 2005.

⁴³ ABS 2005

SECTION 4

Crosscutting Themes (National)

- 4.1 In line with the National ESF programme the London Framework will have at its core the two specified cross cutting themes (CCTs) of
- Sustainable development; and
 - Diversity equality including gender equality

Sustainable Development

- 4.2 Sustainable Development is a process that seeks to ensure a better quality of life for everyone, now and for generations to come. It does this by integrating social, environmental and economic considerations equally into everything we do. It recognises that social, economic and environmental issues are interdependent and therefore activity in one of these areas should not be pursued in isolation but with consideration for each of the other areas as well.
- 4.3 The UK's Strategy for Sustainable Development, "Securing the Future" is designed to bring social progress, the environment and the economy all together at the heart of policymaking. It has identified five principles with a more explicit focus on environmental limits. Subsequently each central government department has developed a Sustainable Development Strategy to highlight how they will help deliver the national strategy.
- 4.4 The Mayor of London set up the London Sustainable Development Commission in 2002 to produce London's Sustainable Development Framework and advise on sustainability issues in the capital. The Framework sets out a vision for London and a set of objectives to help integrate sustainable development into policy development and the decision-making process.
- 4.5 The London economy is changing with the global integration of Labour and Product markets. Successful economies will be those with labour markets able to adapt to this change and able to respond effectively to the demands and opportunities presented by other global issues such as climate change. Individuals must be equipped with the skills that will carry them through a career across a number of occupations, along with the necessary life skills, including an awareness of sustainable development, that are relevant to employment more generally. To this end, projects and funding will be directed to achieve better outcomes over time as opposed to simple outputs, with key objectives being to reduce the time spent out of work by many individuals rather than assume once in work they will stay there.

- 4.6 As social and environmental responsibility starts to be seen as an increasingly important consideration in economic success, skills training will need to incorporate environmental and social aspects.
- 4.7 Sustainable development will be a key element of the projects funded through this stream based on the following principles:
- Focus more on outcomes, not solely outputs; and
 - Activities to support individuals' needs to enable them to access and compete over their lifetime in the regional labour market.
 - Activities addressing the link between poor health and worklessness, both by integrating health improvement support and information with skills development, and by helping those on the margins of work (in and out of employment) to address issues that keep them in this position, and in particular physical and mental health issues.
- 4.8 There are three ways in which the ESF programme will seek to integrate sustainable development:
- By developing awareness and understanding of sustainable development and integrating activity related to it within both co-financing and delivery organisations;
 - By integrating sustainable development, at an appropriate level, into the ESF course content to increase beneficiaries' general level of awareness and understanding of sustainable development and why it is relevant to them and their area of work;
 - By supporting the delivery of a range of projects that will develop the capacity and knowledge base of the environment sector, for example in the energy efficiency and renewable technologies sector or waste management sector.
- 4.9 The programme will aim to continue and develop the approach that has been taken to integrating the sustainable development cross-cutting theme under the 2000-2006 ESF Objective 3 programme, with consideration to be given to the further integration of the "Green Kite" mark.

Diversity

- 4.10 The principles of equal opportunity for all citizens and ensuring that no groups are excluded from society are central to the Mayor of London's policies and the continued success of London. The need to treat everyone in an equitable way, regardless of race, gender, age, religion, belief or non-belief, sexual orientation or disability plays an integral part in the sustainable development of London and its economy.

- 4.11 Whilst London is one of the most successful cities within the European Union it is also divided between the extremes of wealth and deprivation and social exclusion. The integration of diversity and equality issues into ESF plans and delivery not only complies with legislation, but is essential in developing a strong and competitive city that reflects the modern society in which we live.
- 4.12 London is one of the most diverse cities in the world and benefits from the richness of a range of cultures and ways of living. Over 300 different languages are spoken and 29 percent of the population is from a black, Asian and minority ethnic (BAME) group. One in eight Londoners is aged over 65 and between 14 and 20 percent of households in London includes a disabled person (source GLA Economics).
- 4.13 Integrating equality of opportunity will contribute to the growth of the UK and London's economy in line with the Lisbon agenda for entrepreneurial innovation, jobs and growth, and the European Employment Strategy by helping London's SMEs grow. Equality promotes and encourages diversity, creating an environment in which people with a range of entrepreneurial skills and flair can develop their ideas and bring them to life.
- 4.14 Having dynamic enterprises from a wide range of sectors is an important element of London's economic base and will contribute to its continued economic success.
- 4.15 There are groups in the community that face particular barriers that prevent them from playing a part in London's enterprise economy and benefiting from the opportunities it can bring. Barriers to community engagement also impact on economic development. Not recognising and utilising the wide range of skills that exist within the community limits the potential not only of the individual but also the local and regional economies. Black, Asian and minority ethnic, women and disabled entrepreneurs are all under represented within London's business community. The London Annual Business plan for 2005 shows businesses that are majority owned by women account for 16.7 %, BAME groups 16.5% and only 2% of businesses are majority owned by disabled people.
- 4.16 In addition, the numbers of people aged 50-59 is increasing rapidly in London, making it crucial to ensure that employment opportunities are fully available to older people through appropriate training and up-skilling.

Mainstreaming Equalities

Lessons learned from the current programme

4.17 In order for the cross-cutting themes to have maximum impact they need to be aligned to national policies and key regional strategies and actively mainstreamed into the work of the key intermediary bodies. This is particularly important in regard to Co-Financing or Intermediary Body delivery models as the equality theme will need to be satisfactorily reflected in their activities. The evaluation of the current programme recommended that the following become core operating principles:

- The integration of diversity and equality into projects at the development stage will prevent equality being seen as a bolt-on or unrealistic aspirational target for projects.
- The use of robust equality indicators is essential and these should be included within the overall programme indicators to enable effective measurement and recognition of integration.
- Diversity and equality assessment at all stages of project development is essential to ensure that no one within the community in which the project will be delivered is likely to be indirectly or directly discriminated against.
- More detailed guidance on diversity and equality and how to integrate it into ESF projects should be available, in addition to the diversity and equality Guidance and diversity and equality Guidance in Developing and Delivering Projects. Output targets should be agreed prior to contracting and should ensure diversity and equality is monitored and evaluated throughout the life of the project. Continuous monitoring will highlight any areas that are underperforming on equality targets and allow for early intervention and remedial action to be taken.
- Targets should be set in line with appropriate demographics, statistical data, local priorities and taking into account the changing population in London.

4.18 Mainstreaming combines the requirements of legislation and the need for positive action to address discrimination, under representation and stereotyping in the delivery of all services. This means that, while specific actions to improve opportunities for women, BAME groups and disabled people are important and effective, real change requires that all service deliverers remove any discriminatory practices, practical and attitudinal barriers to participation. The specific actions that will be pursued include the following:

- Taking an integrated and strategic approach, with reference to European, National and Regional policy, to equalities work in all aspects of managing and delivering the European Social Fund regionally.
- Improving the impact that the European Social Fund is having on women, black and ethnic minority communities and disabled people.
- Recognising the need for a “fine grained” approach, for example, addressing the different needs of various black, Asian and

minority ethnic communities including the white (non British born) communities, collecting information on different communities' perceptions of their own key skills and employment needs and drawing on the existing expertise and delivery capacity within London's diverse communities to maximise effectiveness. In particular this will require "granular" monitoring of beneficiaries' equalities and diversity profiles across the Programme.

- Acknowledging and utilising existing good practice in equalities work throughout the management and delivery of European Structural Funds regionally
- Improving equalities performance in the management and delivery of the European Social Fund regionally.

Crosscutting Themes (Regional)

Health

4.19 The Leitch Review of Skills highlighted that health problems, including depression and obesity, are more common in unskilled and low-income households. Leitch goes on to say that skills can impact upon health either directly, by providing information on improving health, or indirectly, by improving income and making a healthy lifestyle more affordable. The Review concludes by stating that whilst it is difficult to estimate the potential health benefits of skills improvements, these are likely to be greatest at the lower end of the skills distribution. The report also highlights that:

- Unemployment rates are a key indicator of health inequalities;
- Worklessness is directly associated with mental and physical; health and with poverty and other factors impacting on health;
- Prosperity is increasingly seen as a route to health and skills are a driver of prosperity.

4.20 Alongside tackling the barriers to work that ill health presents, reducing worklessness is also a key objective for improving the general health of London. Studies show a much greater proportion of the population with poor health live in low income households and employment is the best way to reduce poverty. Health inequalities are particularly obvious in London. The London Health Commission reports that the average life expectancy is around 8% higher for women and men living in Kensington and Chelsea (80.5 for men, 85.8 for women) compared to Newham (73.9 for Men, and 78.8 for women).

4.21 The GLA Act (2007) gives the Mayor a new duty to produce a Health Inequalities Strategy (HIS) for London. The ESF programme will be co-ordinated with the emerging HIS.

- 4.22 Improving Londoners' aspirations and attitudes to work and skills will help many of those who are of working age but are not seeking employment. Promoting the health benefits of employment will help to achieve this.
- 4.23 The LDA are currently working with the Mayor's Office and other stakeholders to look at the definition, baseline for activity and likely measurements that the health CCT will entail. This information will be disseminated via the CFO's tendering activities.

Evaluation

- 4.24 Evaluation of the ESF 2007-2013 programme will be taken forward through Technical Assistance (TA), and be embedded at a strategic and project level.
- 4.25 A full impact assessment process will be integrated from the earliest point, including in the development of the ESF prospectuses. This impact assessment process will include measuring how the delivery of the programme addresses the strategic priorities of both the London ESF Framework and the National Operational Programme, whilst also measuring how the programme is contributing to the cross cutting themes of sustainable development, diversity and health.
- 4.26 The evaluation of the new programme will use both qualitative and quantitative methods and will be based on best practice, ensuring that recommendations from the previous ESF programming period are effectively embedded within the new programming period.
- 4.27 It is important that all the co-financing organisations within the new programme take a joined up approach and adopt an open process to evaluation so that the full impact of ESF in the region can effectively be assessed, and this will be our approach as we develop the ESF prospectus.

SECTION 5

Proposed London Themes for Innovative Activity

- 5.1 The London ESF Framework aims to have innovation integrated throughout the programme. The Mayor will be working with all four co-financers to develop their co-financing plans and to create linked prospectuses for London. This will ensure that the new programme is fully co-ordinated and avoids duplication, but more importantly will establish a programme that is strategically focussed on the key issues for London as well as being distinct from existing provision, and which truly adds value.
- 5.2 The administrative body will also be looking to work with DWP and the National Programme Monitoring Committee on the scope and vision of innovative activity, as well as the opportunities related to trans-national projects, as guidance develops.
- 5.3 This will build on the partnership work that has underpinned the LSEB strategy, where there has been a thorough examination of the respective roles of funding bodies, analysis of 'what works' and a clearer agreement on segmentation of activity. The new programme creates the opportunity to take forward the Board's strategy, looking to pioneer and embed successful ideas and approaches further into the exiting mainstream provision.
- 5.4 The London approach to innovation will look to ensure that any innovative ideas and approaches are captured, evaluated and promoted. The linkage and refinement to other mainstream activity will be both a key performance improvement tool for the region, as well as a potential element of any successful exit strategy for the projects.
- 5.5 The first innovative strand that the ESF Regional Committee will be asked to endorse will be the proposal for projects up to the value of £25,000 for community and voluntary sector organisations that can deliver more "hard outputs" such as skills development and employment support, leading to more formal progression pathways for beneficiaries.
- 5.6 Throughout the development of the framework, and particularly as the detailed specifications of the prospectus are drawn up additional regional innovation will be a key consideration. Likely themes will be
- New approaches to worklessness that integrate the key proposal from 'What Works' and that are demand led;
 - Flexibility aligned to mainstream CSPs programmes;
 - The new diplomas for 14-19 and engaging employers;
 - Embedding Skills development in the workplace via Union Learning representatives and Learning Agreements;

- Using the skills of migrant workers and refugees to best effect;
- Diversity in the workplace and addressing under representation and gender segregation issues;
- Greater development of the “campus model” of delivery based on a network of delivery providers committed to providing tailored, accessible and joined up provision.
- Skills for tackling climate change; and
- Improving the alignment of the activities of existing providers and monitoring systems, in particular to strengthen the focus of all providers on achieving sustainable employment or career progression outcomes.

SECTION 6***Regional Financial Allocations – By Calendar Year for the whole programme***

Priority 1			
Year	ESF	Public Match	ESF + Match
2007	29,112,062	29,112,062	58,224,124
2008	29,668,758	29,668,758	59,337,516
2009	30,236,588	30,236,588	60,473,176
2010	30,815,774	30,815,774	61,631,548
2011	31,406,545	31,406,545	62,813,090
2012	32,009,130	32,009,130	64,018,260
2013	32,623,769	32,623,769	65,247,538
Total	215,872,626	215,872,626	431,745,252

Priority 2			
Year	ESF	Public Match	ESF + Match
2007	13,986,985	13,986,985	27,973,970
2008	14,292,269	14,292,269	28,584,538
2009	14,603,660	14,603,660	29,207,320
2010	14,921,279	14,921,279	29,842,558
2011	15,245,249	15,245,249	30,490,498
2012	15,575,700	15,575,700	31,151,400
2013	15,912,758	15,912,758	31,825,516
Total	104,537,900	104,537,900	209,075,800

Technical Assistance			
Year	ESF	Public Match	ESF + Match
2007	448,948	448,948	897,896
2008	457,928	457,928	915,856
2009	467,086	467,086	934,172
2010	476,428	476,428	952,856
2011	485,956	485,956	971,912
2012	495,675	495,675	991,350
2013	505,589	505,589	1,011,178
Total	3,337,610	3,337,610	6,675,220

Regional Financial Allocations – By Co-Financer subject to Approvals and Agreement

Priority	ESF Total	Measure Descriptor	Measure Value (public match 50%)	LDA % of measure	LDA PMF	LSC % of measure	LSC PMF	LDNCs % of measure	LDNCs PMF	DWP % of measure	DWP PMF
Priority 1 - Extending Employment Opportunities (67%)	£215,872,626	Improving the employability and skills of the unemployed and economically inactive (72.5%)	£156,507,654	20.4%	£31,901,531	22.3%	£34,952,296	7.3%	£11,400,000	50%	£78,253,827
		Employment and Skills Activities targeted at young people who are not in education, employment or training (NEET) or at risk of becoming NEET (25%)	£53,968,157	0%	£0	100%	£53,968,157	0%	£0	0%	£0
		Community Grants for those groups furthest from the labour market (2.5%)	£5,396,816	100%	£5,396,816	0%	£0	0%	£0	0%	£0
		Sub Totals (P1)	£215,872,626		£37,298,347		£88,920,453		£11,400,000		£78,253,827

London European Social Fund Regional Framework

Priority	ESF Total	Measure Descriptor	Measure Value (public match 50%)	LDA % of measure	LDA PMF	LSC % of measure	LSC PMF	LDNCs % of measure	LDNCs PMF	DWP % of measure	DWP PMF
Priority 2 - Creating a Skilled & Adaptable Workforce (33%)	£104,537,900	Basic skills (36%)	£37,633,644	15%	£5,645,047	85%	£31,988,597	0%	£0	0%	£0
		Level 2 (36%)	£37,633,644	0%	£0	100%	£37,633,644	0%	£0	0%	£0
		Level 3/4 (28%)	£29,270,612	0%	0%	100%	£29,270,612	0%	£0	0%	£0
		Sub Totals (P2)	£104,537,900		£5,645,047		£98,892,853		£0		£0
		Priority 3 - Technical Assistance*	£3,337,610								
Total ESF	£323,748,136	Total	£323,748,136		£42,943,393		£187,813,306		£11,400,000		£78,253,827
Total ESF (without TA)	£320,410,526	Percentage Share			13.4%		58.6%		3.6%		24.4%

Technical Assistance* = the total budget for TA for the programme is £13,350,438. 50% of the budget has been retained centrally by ESFD for national activities (e.g. evaluation and promotion), with 25% directly allocated to the region and the remaining 25% available to be region to be applied for specific proposals.

SECTION 7

Outputs and Results

Notes

DWP and the European Commission have agreed on OP for in England. The national allocations are set out in the England Operational Programme. The London allocation of outputs is calculated against share of national budget and is set across the seven-year life of the 2007-2013 programme.

The targets are based on information about unit costs, participants and outcomes from comparable projects in 2000-2006 programme. 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, with the exception of the ethnic minority participants' target. The regional ethnic minority targets reflect regional variations in the ethnic minority population in the Labour Force Survey.

LONDON ESF TARGETS REVISED SEPTEMBER 2007

Priority 1

Indicator	2007-13 quantification	Indicative 2007-10 quantification	Indicative 2011-13 quantification
<i>Outputs</i>			
1.1 Total number of participants	158600	90600	68000
1.2 Number and % of participants who are unemployed	(a) 66400 (b) 42%	38000 42%	28400 42%
1.3 Number and % of participants who are inactive	(a) 54200 (b) 34%	30800 34%	23400 34%
1.4 Number and % of participants aged 14 to 19 who are NEET or at risk of becoming NEET	(a) 31600 (b) 20%	18100 20%	13500 20%
1.5 % of participants with disabilities or health conditions	22%	22%	22%
1.6 % of participants who are lone parents	12%	12%	12%
1.7 % of participants aged 50 or over	18%	18%	18%
1.8 % of participants from ethnic minorities	56%	56%	56%
1.9 % of female participants	51%	51%	51%
<i>Results</i>			
1.9 Number and % of participants in work on leaving	(a) 34900 (b) 22%	19900 22%	15000 22%
1.10 Number and % of participants in work six months after leaving	(a) 41200 (b) 26%	23600 26%	17600 26%
1.11 Number and % of economically inactive participants engaged in job search activity or further learning	(a) 24400	13900	10500

	(b)	45%	45%	45%
1.12 Number and % of 14 to 19 year old NEETs or at risk, in education, employment or training on leaving	(a)	14200	8100	6100
	(b)	45%	45%	45%

Priority 2

Indicator		2007-2013 quantification	Indicative 2007-10 quantification	Indicative 2011-13 quantification
<i>Outputs</i>				
2.1 Total number of participants		126700	72400	54300
2.2 Number and % of participants with basic skills needs	(a)	51700	29700	22000
	(b)	41%	41%	41%
2.3 Number and % of participants without level 2 qualifications	(a)	51800	29700	22100
	(b)	41%	41%	41%
2.4 Number and % of participants without level 3 qualifications	(a)	15500	8700	6800
	(b)	12%	12%	12%
2.5 % of participants with disabilities or health conditions		15%	15%	15%
2.6 % of participants aged 50 and over		20%	20%	20%
2.7 % of participants from ethnic minorities		37%	37%	37%
2.8 % of female participants		50%	50%	50%
<i>Results</i>				
2.9 Number and % of participants gaining basic skills	(a)	23300	13400	9900
	(b)	45%	45%	45%
2.10 Number and % of participants gaining level 2 qualifications	(a)	20700	11900	8800
	(b)	40%	40%	40%
2.11 Number and % of participants gaining level 3 qualifications	(a)	4700	2600	2100
	(b)	30%	30%	30%

