

## **Annex 2.5: European Structural Funds and Global Grants**

### **European Social Fund**

#### **Introduction**

1. The European Social Fund (ESF) was set up to improve employment opportunities in the European Union (EU) and so help raise standards of living. It aims to help people fulfil their potential by giving them better skills and better job prospects. As one of the EU's structural funds, the ESF aims to reduce differences in wealth across the EU and improve economic and social cohesion.
2. The ESF contributes to the relevant employment related objectives of the EU in the field of social inclusion. ESF Operational Programmes in the UK support relevant policies in the UK Social Inclusion Action Plan to increase labour market participation. They also play a role in eliminating child poverty by increasing access to the labour market for parents, and in tackling discrimination.

#### **5.1 European Social Fund in England 2000-2006**

3. Since 2000, the ESF has been an important part of the EU's strategy for growth and jobs. It supports the EU's aim of increasing employment by giving unemployed and disadvantaged people the training and support they need to enter jobs. By focusing on the people who need help the most, it contributes to policies to reduce inequality and build a fairer society.
4. The European Social Fund provided about £4 billion in England from 2000 to 2006 to help people develop their employability and skills, with a particular focus on unemployed and economically inactive people. The programme supported the UK Government's goal of an inclusive society by funding additional activities to help excluded groups access the labour market. Target groups included disabled people, lone parents, older workers, people from black and ethnic minority groups and people with low or no qualifications.
5. The 2000-2006 programme is now drawing to a close. Over 4 million people in England were helped:
  - About a quarter of a million jobless people were helped into work;
  - 86% of participants completed their courses;
  - 40% gained a qualification;
  - Over half gained new IT skills; and
  - 80% of participants said that their ESF-funded course met their needs.

The following case studies provide examples of the projects that ESF has supported.

## **Case studies**

### **Fair Cities**

6. Fair Cities is an employment initiative running in Bradford, Birmingham and the London Borough of Brent. The project is a partnership between Jobcentre Plus and the Learning and Skills Council, with the support of the European Social Fund. It aims to increase the number of disadvantaged ethnic minority residents who gain employment by:

- meeting employers' demands for candidates who are ready to do the job;
- encouraging employers to have fair and effective processes for recruiting and promoting employees;
- helping the employment and skills system to respond more effectively to the needs of businesses and ethnic minorities;
- testing the effectiveness and value for money of the approach to tackling disadvantage and discrimination in the workforce; and
- making sure the most important and successful parts of the Fair Cities trial and the lessons learned from it are built into standard employment schemes.

7. In Birmingham, ESF funds Fair Cities pre-employment courses to help people from ethnic minorities to apply for jobs and prepare for interviews. One of the people taking part is Manjit. Manjit had taken time out from work to have children and contacted Fair Cities after seeing an advert in the local free newspaper. After an initial discussion with the Fair Cities employer engagement manager, Manjit took part in a pre-employment course. Fair Cities then arranged an interview for her with a local building society. Manjit was successful at the interview and joined the building society permanently. Manjit said "I don't think I would have been working today if it hadn't been for Fair Cities, it gave me a doorway, a gateway into work."

### **Fifteen Cornwall**

8. The ESF is being used to transform the lives of disadvantaged young people at Fifteen Cornwall, the restaurant inspired by Jamie Oliver.

9. The restaurant's charity, Cornwall Foundation of Promise, is working with Jobcentre Plus to recruit, train and support young people working in the hospitality industry. The project is contributing to the economic redevelopment of the area and is helping 21 disadvantaged young people to learn new skills and enter employment.

10. The course involves a combination of studying at Cornwall College, taking part in work-experience placements in top restaurants, and cooking at Fifteen Cornwall under the guidance of professional chefs. The trainees also

have access to general counselling, and help with accommodation or transport.

11. The people taking part are aged between 16 and 24 and not in full-time education or employment when they apply to join the programme. The trainees spend their first 12 weeks at college working towards NVQ Level 1 and Level 2 qualifications. They then take part in a four-week work-experience placement at a top Cornwall restaurant, followed by a 52-week apprenticeship. Trainees who successfully complete the course are helped by the Fifteen Foundation to find work.

12. Ami, one of the trainees, said: "To have an opportunity like this that will take you on no matter what your background is, and train you up in something that you can use, wherever you go, it's just an amazing feeling. Now I've passed the course I've got my NVQ1 and my NVQ2 so I'm really happy."

### **Newco Employment and Training**

13. Newco Employment and Training, part of Newco Products and the London Borough of Newham, aims to support unemployed disabled people into work through training and guidance. It offers information, advice, guidance, accredited training and employment support to people who are unemployed and have a disability or health condition.

14. Participants often face many barriers to accessing employment or learning. The project aims to help them overcome these barriers by working individually with each person and addressing their particular needs. It believes in developing a good rapport with participants to encourage them to concentrate on what they can do, not what they cannot do.

15. The project is funded by the Learning and Skills Council and European Social Fund. It began in 2005 and was due to complete by March 2007. Its contract has been extended to June 2008 which will give it the opportunity to help more people.

### **ASSERT Project – Northamptonshire Society for Autism**

16. The ASSERT project aims to enhance the independence of people with autism and prepare them for work, whether in open employment or supported work. ASSERT was awarded £60,000 of ESF funding and runs to March 2008. ASSERT stands for 'Academic, Social Skills, Education, Relationship Training'.

17. ASSERT caters for adults (16+) who have an autistic spectrum condition. It is a person centred programme which supports social and communication skills, work preparation, and personal development.

18. Through careful assessment of each client's needs and interests a learning programme is devised for each client. All clients have a personal

timetable which caters for their individual development. Progress is monitored, with reviews taking place twice a year.

19. Work preparation activities include for example: developing practical work skills such as self-organisation, concentration, co-ordination and the ability to follow instructions; basic computer skills and office skills; and creating a CV, job search, application and preparation for interviews.

20. ASSERT is supported by the ESF and Learning Skills Council and is working with Connexions, Employment and Disability Services, Community Services, Learn Direct and the National Autistic Society.

21. So far ASSERT has helped 8 clients into employment and 16 to access college or further training.

### **Dido Project – Suffolk County Council**

22. The Dido Project was funded by the European Social Fund through the Learning and Skills Council. It was coordinated by Lynn Taylor from Suffolk County Council. The project was named after Princess Elissa who lived in the 7th century BC. She became a great leader and was renamed 'Dido - the woman with the strength and force of a man' by her supporters.

23. The Dido Project was aimed at women aged 25 plus living in Ipswich and the Suffolk Coastal area. The participants were either unemployed women living in rural areas or lone parents.

24. The project researched the barriers to women entering male dominated areas of employment. It also gave 100 women a range of support including: information, advice and guidance; taster sessions; work experience; opportunities for personal development; support in the transition into employment or further education; networking opportunities; and on-going support. In addition, women took part in focus groups, and employer and provider networks were established.

25. Training undertaken included plastering, painting and decorating, roofing, carpentry, construction, property and surveying, digger driving and computer networking.

26. By the end of the project 20 women had gone on to work or train in male dominated areas. Examples of jobs entered include: trainee stone mason, technician at a nuclear power station, roofing technician at a local construction college, and draughtsperson for a structural engineering company.

27. Many of the women have now moved onto further training or work, while others who had not entered training or work during the lifetime of the project, have now done so, including LGV driving.

## Global Grants

28. Research published by the Department for Work and Pensions presents important evidence on the effectiveness of ESF 2000-2006 Objective 3 Global Grants in moving disadvantaged individuals closer to the labour market.

29. Global Grants were small grants, of up to £10,000, provided to non-governmental organisations that would otherwise be unable to access mainstream ESF funding. Global Grants were administered by Intermediate Bodies who distributed funding to local organisations and community groups for projects to help disadvantaged people move closer to the labour market.

30. The report presents valuable findings from a survey of Global Grant beneficiaries, supplemented by interviews with key stakeholders including staff and volunteers from Global Grants projects. The evidence from this report has been used in the design and development of ESF Community Grants within the 2007-2013 England ESF programme.

The main findings are:

- The majority of beneficiaries who were surveyed had improved their employability. Three quarters had gained new skills and nearly half had gained a qualification. Nearly 90% had improved their confidence, motivation and self-esteem.
- Global Grants have increased beneficiaries' employment prospects. Almost half of participants (47 per cent) who were no longer engaged on a Global Grants project were in work at the time of the survey, compared with 26 per cent prior to participation. Eleven per cent said that they had been helped into work as a result of their participation in Global Grants. There was a corresponding decrease in the number of inactive and registered unemployed beneficiaries after Global Grants.
- Global Grants are effective in engaging and supporting the most disadvantaged individuals from 'harder to help' groups. Prior to involvement in Global Grants half of beneficiaries were economically inactive and a quarter were registered unemployed.
- Global Grants beneficiaries faced several labour market disadvantages. A third had an illness or disability, a sixth had problems with basic skills, a further sixth had caring responsibilities and nearly a tenth had English as a second language. A smaller number had drug/alcohol problems or a criminal record.
- The success of Global Grants is associated with specific programme design features, such as delivery by small community and voluntary groups. The quality of engagement and support offered by community and voluntary groups has impacted positively on outcomes.<sup>1</sup>

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<sup>1</sup> DWP research report 473 – The effectiveness of ESF Global Grants in increasing the employability of the most disadvantaged. See <http://www.gov.uk/asd/asd5/rports2007-2008/rrep473.pdf> dwp

In the new 2007-2013 England ESF programme, ESF Community Grants will build on good practice developed by the 2000-2006 Objective 3 Global Grants programme.

## **Case studies**

### **Worldshapers**

31. As part of the Global Grants programme, WorldShapers, based in Hemel Hempstead, received a £10,000 grant to run football trainer courses.

32. WorldShapers ran three 12-week Football Association National Vocational (NVQ) Level 1 courses. The courses were attended by 40 young people who had become disengaged from mainstream education or were long-term unemployed. The footballing theme was a key 'pull factor' in successfully attracting participants, particularly young men.

33. In addition to the NVQ Level 1 qualification, participants received training in basic numeracy and literacy, job preparation and interview skills. They also undertook a sports injury training course.

### **Swindon Family Mediation**

34. A voluntary sector body, specialising in rehabilitating people with mental health conditions, received nearly £10,000 in Global Grants funding to set up a project to provide training and work experience in a sheltered office environment. Global Grants funding enabled Swindon Family Mediation to employ a paid member of staff to recruit and supervise volunteers as they undertook administrative tasks and to support them with any difficulties they faced in the workplace associated with their mental health.

35. This project focused on enabling vulnerable adults to improve their personal and social skills in a sheltered, non-pressurised environment, with the work experience also helping them to improve their employability. The project was designed to replicate as far as possible the everyday workplace. Volunteers were treated as paid employees, participating in a 'job' interview, an initial briefing and induction session; and undergoing skills training and work appraisals.

## **European Social Fund in England in 2007-2013**

36. The European Commission approved the 2007-2013 ESF programme for England and Gibraltar on 9 August 2007. The programme was launched at an event in London on 29 October 2007 by James Plaskitt MP, DWP Minister with responsibility for ESF and Vladmir Spidla, European Commissioner for Employment, Social Affairs and Equal Opportunities. As a result of the first tendering rounds, 750 new projects are starting in the spring and summer of 2008.

## Objectives

37. There are two objectives for the EU structural funds in 2007-2013.

- The Convergence Objective aims to develop areas where the economy is lagging behind the rest of the European Union. In England, Cornwall and the Isles of Scilly benefit from ESF funding under the Convergence Objective.
- The Regional Competitiveness and Employment Objective covers all areas outside of the 'Convergence Objective'. The whole of England and Gibraltar is covered by this objective, except Cornwall and the Isles of Scilly. Within this objective, Merseyside and South Yorkshire – as former Objective One regions in 2000 to 2006 – benefit from a higher level of funding until 2010.

## Funding

38. A total of £2 billion of ESF money is available in England and Gibraltar from 2007 to 2013. Each region is awarded ESF money to fund projects. The amount each region gets is based on regional employment and skills needs – for example, the numbers of people who are not in work and who do not have good qualifications.

### **ESF amounts regions have been awarded for 2007 to 2013**

Cornwall and the Isles of Scilly £134 million

East of England £152 million

East Midlands £164 million

Gibraltar £2 million

London £324 million

Merseyside £138 million

North East £157 million

North West (not including Merseyside) £222 million

South East £151 million

South West (not including Cornwall and the Isles of Scilly) £95 million

South Yorkshire £122 million

West Midlands £246 million

Yorkshire and the Humber (not including South Yorkshire) £142 million

These amounts show the EU financial contribution from the ESF. They are matched with a similar amount of national funding. The ESF and national match funding combined comes to about £4 billion across England and Gibraltar.

## ESF priorities

39. There are three priorities for the Regional Competitiveness and Employment Objective. These priorities cover the whole of England and Gibraltar except Cornwall and the Isles of Scilly. Within these priorities, the phasing-in areas of Merseyside and South Yorkshire will be able to complete eligible activities from their 2000-2006 Objective 1 programmes. There are also three similar priorities for the Convergence Objective area of Cornwall and the Isles of Scilly.

	Regional Competitiveness and Employment Objective  <i>All of England and Gibraltar except Cornwall and the Isles of Scilly</i>	Convergence Objective  <i>Cornwall and the Isles of Scilly</i>
Worklessness	Priority 1: Extending employment opportunities	Priority 4: Tackling barriers to employment
Workforce skills	Priority 2: Developing a skilled and adaptable workforce	Priority 5: Improving the skills of the local workforce
Technical assistance	Priority 3: Technical assistance	Priority 6: Technical assistance

40. Priorities 1 and 4 will improve the employability and skills of unemployed and inactive people and tackle barriers to work faced by disabled people, lone parents, people aged 50 and over, ethnic minorities, people with no or low qualifications, young people not in education, employment or training (NEET) or at risk of becoming NEET, and other disadvantaged groups, including people experiencing multiple disadvantage.

41. Activities in Priority 1 will also address specific barriers to work faced by workless people who are homeless, refugees or have substance abuse, alcohol or drug problems.

42. Priorities 2 and 5 will improve the qualifications and skills of workers without basic skills and with no or low qualifications. They will also develop managers and workers in small enterprises. Priority 5 will also support Cornwall's Higher Education and skills strategy.

43. Priorities 3 and 6 will fund technical assistance activities to support the delivery of the programme.

44. The priorities are designed to target the ESF money at specific activities and make sure that it reaches people who most need support. These priorities will continue to support the Government's agenda to build an inclusive society by targeting people at a disadvantage in the labour market and people who lack qualifications and skills. For example, by tackling and preventing worklessness, priorities 1 and 4 will help improve social inclusion and social mobility. By helping unemployed and inactive parents to enter

sustainable jobs and make progress at work, they will also help alleviate child poverty.

### **ESF Community Grants**

45. The ESF Community Grants 2007-2013 programme builds on the success of Global Grants in 2000-2006.

46. ESF Community Grants aims to engage disadvantaged people who have difficulty accessing mainstream provision. It will support a range of employment and learning activities to help progression towards the labour market.

47. Small third sector organisations will be able to access ESF Community Grants through a simplified application process.

### **Equal Opportunities**

48. The new programme takes account of the need to mainstream equal opportunities for groups who may be at a disadvantage in the labour market. Equal opportunities is integral to all ESF activities. This means integrating equal opportunities in the planning, implementation, monitoring and evaluation of the programme. ESF also supports specific projects to promote equal opportunities for groups at a disadvantage in the labour market. The programme includes specific targets for the participation of women, ethnic minorities, disabled people and older people. [More information](#)<sup>2</sup>

### **Sustainable Development**

49. Sustainable development is a cross-cutting theme within the 2007-2013 ESF programme. The delivery of the new programme will integrate sustainable development – including environmental sustainability. The programme will also support specific activities to promote environmental training and employment opportunities.

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<sup>2</sup> [http://www.esf.gov.uk/docs/gender\\_equality\\_equal\\_opps\\_plan\\_2007\\_2010.pdf](http://www.esf.gov.uk/docs/gender_equality_equal_opps_plan_2007_2010.pdf)

## 5.2 European Social Fund in Scotland

### 2000-2006

50. The Objective 3 programme covered the whole of Scotland with the exception of the Highlands and Islands which were funded by special transitional funding. The final programme spend was £336,115,646, more than the original programme value in sterling due to changes in the euro/pound exchange rate.

51. A total of 3,370 projects were approved between 2000 and December 2007 when all project activity ended. Grants were awarded under five priorities and covered a range of activity including training schemes for excluded groups, intermediate labour market projects, development of new training materials and methods of learning, programmes to increase the skills of those in the labour force, projects to address gender imbalances in the labour force, and two Global Grants schemes.

52. A total of 347 organisations were awarded grants under the programme from a wide range of sectors. The voluntary sector received the highest percentage of funding at almost 38%, further education was second highest with almost 24%, followed by local authorities at almost 16%. Other sectors involved in the programme included higher education, the Enterprise Network, Central Government agencies, and Chambers of Commerce. The following case studies give some examples of successful projects under this programme.

### Scottish Case Studies

Title                                   **Garvald Community Enterprises Ltd**

Organisation                       **Garvald The Engine Shed**

#### **Summary**

In January 1990, the Engine Shed set up training provision for people with learning disabilities. Through a café, bakery, shop and hospitality services, the training programme gave individuals support and encouragement to develop skills and face the many challenges to successfully obtaining paid work. From the beginning, the Engine Shed was financially supported by a package of funding. The first ESF grant, awarded in 1989, enabled the organisation to take the first steps into the vocational training provision sector.

The Objective 3 funding for vocational provision provided a framework for the Engine Shed to operate in. Overall, the support has been instrumental in enabling the organisation to grow and develop into what it is today – a high quality service with the ability to adapt to the changing environment. ESF enabled the Engine Shed to mature and develop skills and abilities to run a training organisation combining a training programme with social enterprise.

The project provided training in a socially integrated environment together with an integrated package of training/support including skills training, theoretical input, work

experience placements and vocational guidance. Additional support included training allowances, subsistence and travel support.

The training was provided within a catering/retail service industry sector and matched the ability/training needs of this group to the needs of projected job growth/labour skill shortage for trained staff in this sector. Training was provided at a level to equip disabled people to compete for a range of vacancies i.e. catering/kitchen assistants, shop assistants, store-keeping work and included the opportunity to gain recognised qualifications relevant to this sector - National Certificates, modules towards SVQ in Food Handling Techniques. Over the course of the Objective 3 Programme the project was very successful with on average, 80% of trainees moving into employment and 20% going onto further training.

### **Achievements during 2006**

No. participating in ESF training	26
No. of positive outcomes for leavers/completers	6
No. of leavers/completers gaining full/part qualification	25

Title                      **City Centre Learning**

Organisation            **Dundee College**

### **Summary**

This project undertook a series of actions to promote learning participation to workers in City Centre businesses. The project was targeted at people working in City Centre businesses, many of whom were part-time workers and provided programmes in specialist job related skills as well as IT and core skills training.

The activities undertaken by the project included:

- development of materials (training packages and guidance materials) to support individuals and enterprises in planning/implementing learning
- organising actions to raise business/employer awareness of the importance of training/learning through key worker/learning rep briefings, workshops organised with sector, trade, professional and union bodies, learning centre open events and taster events to introduce e-learning
- needs assessment/benchmarking with individuals and businesses and using the results to prepare action plans and plans to build capacity to support

One of the principal partners in the project was Learndirect Scotland and through collaboration a range of Learning Bytes and Learning Bytes for Business were developed to motivate individuals and companies and promote learning. The project team also worked closely with the Tayside Union Learning Representatives and held a TUC Conference at the Learning Centre, which helped to build stronger links and partnerships with this group. A number of union members attended taster classes and disseminated information to their colleagues.

In addition to the programme of tasters events and activities for companies and their employees, the project also delivered customized training at the City Learning Centre for companies.

Overall, the project enabled the College promote learning more widely amongst retailers in the centre of Dundee, and to encourage individuals and companies to benefit from customized training and materials which will support their sustainability and competitiveness in a continuously changing market.

**Achievements during 2005**

No. of new materials developed	7
No. of Promotional activities undertaken	32
TNAs undertaken for individuals	397
No. of employees undertaking further training	458

Title **Rosemount Women's Computing Programme**

Organisation **Rosemount Lifelong Learning**

### **Summary**

Rosemount Lifelong Learning (RLL) is a community managed voluntary organisation which aims to reduce poverty by providing quality childcare & lifelong learning opportunities in a supportive community setting. By providing support, guidance, core skills & vocational training in growth sectors and occupations, targeted at disadvantaged women SIP residents the project prepared women to enter male dominated HNC Computing as a route into growth occupational sectors of IT.

The project addressed barriers experienced by women returners and provided personal & social development, core skills, accredited pre-vocational training in computing, integrated support package including pre-five & after school childcare, training allowance & guidance, a placement in local health promotion or social care organisation and aftercare support in a linked project. As a consequence, beneficiaries had raised aspirations with respect to education and employment, a better understanding of the labour market & education and better able to compete for jobs in growth sectors

Beneficiaries could study at their own pace progressing from introductory taster classes onto a 10 month Computing course with options to take further courses such as web design. The project was very successful in attracting hard to reach beneficiaries. From the total number of beneficiaries over 40% of the total number had no qualifications, 29% were lone parents, 25% were refugees or asylum seekers and over 40% had been unemployed for more than 3 years.

### **Achievements during 2003 – 2006**

No. of beneficiaries given guidance or advice	95
No. of women going into employment	47
No. of women going onto further education or training	53
No. gaining a qualification where gender is under represented	70

## **European Social Fund in Scotland 2007 - 2013**

53. Despite a reduction on what Scotland received during the 2000 - 2006 programmes, reflecting the overall shift in the allocation of Cohesion Funds within Europe to the new Member States, Scotland went into the new programme period believing that much can be achieved within the seven year period. In this new period Structural Funds will be used in new and innovative ways. In practice, this will mean that, in project selection, more weight will be given to assessing the strategic fit and sustainability of projects than in previous programming periods. Through development of new structures and

investment in improved IT, we will also develop our reporting, verification, evaluation and accountability to all our partners.

54. The European Social Fund for Lowland and Upland Scotland received €269.9 million, which totals around £213 million over the programme period and fits directly our new Employability Strategy and new Skills Strategy for Scotland. It will also make a major contribution towards sustainable growth in the size and skills of the region's workforce within the Lisbon growth framework, through developing the knowledge-based economy of the region.

### ***Policy Developments relating to Structural Fund Programmes***

55. In reviewing the key policy developments affecting the operation of the Scottish ESF programme, it is essential to set these into the wider government context, and the global economic situation facing Scotland at the start of this period. In May of 2007, elections were held to the Scottish Parliament, resulting in a change of Scottish government. The Labour-Liberal Democrat coalition government was replaced by a minority Scottish National Party administration. Moreover, following the election, the Scottish Executive was re-branded the Scottish Government.

56. The most important effect of this was the introduction of a number of major new policy initiatives by the new government, particularly towards the end of 2007, and into 2008 as the scale of the global downturn became apparent. The sections below detail the most relevant of these from a Structural Funds perspective:

- Publication of the new Government Economic Strategy;
- Announcement of the new three-year Scottish Budget and Spending Review;
- Planned re-organisation of the Scottish Enterprise Network;
- Concordat with the Convention of Scottish Local Authorities;
- Publication of the Skills Strategy;
- A National Conversation on Scotland's constitutional future was launched by the new government;
  
- Other key economic developments relating to business development, skills, regeneration, social enterprise/voluntary sector, climate change and energy, and the announcement of Glasgow as the host city for the 2014 Commonwealth Games; and
  
- A number of general developments involving a longer-term strategic approach to EU affairs were set out. These included priority given to full participation in the EU Budget Review, not least with respect to the future of Cohesion Policy post-2013.

### **Scottish Government Policy Developments**

57. Throughout 2007, wider Scottish Government policy initiatives have had an influence on the policy environment for Structural Funds Programmes in Scotland in a number of different ways. These are outlined in the remainder of this section.

### **Scottish Economic Strategy**

58. In November 2007 the Scottish Government launched its new economic strategy. The strategy's overarching Purpose is: "*to focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth*". The strategy identifies five Strategic Objectives:

- *Wealthier and fairer*: to enable businesses and people to increase their wealth and more people to share fairly in that wealth;
- *Smarter*: to expand opportunities for Scots to succeed from nurture through to life long learning ensuring higher and more widely shared achievements;
- *Healthier*: to help people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care;
- *Safer and stronger*: to help local communities to flourish, becoming stronger, safer places to live, offering improved opportunities and a better quality of life; and,
- *Greener*: to improve Scotland's natural and built environment and the sustainable use and enjoyment of it.

59. These objectives are accompanied by five Strategic Priorities that are most critical to economic growth:

- Learning, Skills and Well-being;
- Supportive Business Environment;
- Infrastructure Development and Place;
- Effective Government; and,
- Equity.

60. While Structural Funds, and ESF in particular, will make direct and indirect contributions to all of these priorities, *Equity* is of particular interest. The Strategy recognises the importance of ensuring sustainable growth and prosperity being fairly shared across Scotland as a whole, in terms of communities and areas as well as individuals. Actions will include ensuring the most remote areas of Scotland can contribute to, and benefit from economic growth and developing a more strategic approach to the growth of Scotland's cities, towns and rural areas. Both the 2000 - 2006 and 2007 - 2013 Structural Funds programmes are wholly in line with the purpose, objectives and priorities of the Scottish Government's Economic Strategy.

61. The Strategy contains a series of targets for measuring progress. The headline targets are to raise Scotland's GDP growth rates to the UK average by 2011 and match the GDP growth rate of comparable small independent EU countries by 2017. Within the priority for *Equity*, by 2017, the Scottish Government has committed itself to narrowing the gap in labour market participation between Scotland's best and worst-performing regions. In addition, it also aims to increase overall income and proportion of income earned by the three lowest income deciles by 2017 and reduces greenhouse emissions by 80 percent by 2050.

62. A related development was the establishment in June 2007 of the Council of Economic Advisers (CEA), set up to advise the First Minister on the best way to improve Scotland's sustainable economic growth rate. The CEA first met in September 2007 chaired by Sir George Mathewson, former Chairman of the Royal Bank of Scotland, and includes ten other members who come from the highest levels of business and economics. The CEA will:

- advise the Scottish First Minister directly about the best way to improve Scotland's sustainable economic growth;
- have quarterly meetings following the publication of the quarterly growth figures; and,
- publish an annual report providing expert commentary on the Scottish economy.

### **Scottish Budget and Spending Review 2008 - 2011**

63. In November 2007, the Scottish Government set out its proposed spending plans for 2008-11. Against a background of a relatively tight budget settlement from the UK Government, the proposed budget committed itself to:

- reducing – and in many cases, removing – business rates affecting 150,000 small business premises;
- reducing rail journey times between Scotland's major cities;
- undertaking an ambitious programme to tackle climate change; and,
- freezing Council Tax rates across the country.

### **Re-organisation of the Enterprise Networks**

64. The new Government set out proposals for overhauling Scotland's enterprise networks – Scottish Enterprise and Highlands & Islands Enterprise. The re-organisation – taking place during 2008 – aims to de-clutter the organisational landscape for economic development and create more effective agency responsibilities. The key changes include:

- a clearer focus by the enterprise networks on the goal of delivering sustainable economic growth;

- greater responsiveness to the needs of businesses and the Scottish economy as a whole;
- creation of a strategic forum involving Ministers, officials, Scottish Enterprise, Highlands & Islands Enterprise, and VisitScotland to provide clear ministerial leadership and promote greater integration and collaboration;
- the replacement of Local Enterprise Companies by five regional operations, each with their own business-led regional advisory board;
- the transfer of responsibility for the provision of local business support through Business Gateway operations and local regeneration functions to local authorities;
- an agenda of co-location of local enterprise staff alongside relevant local authority colleagues to create a single point of access for advice on planning, licensing, business development and other services;
- the creation of a single skills body, Skills Development Scotland (SDS) resulting from the merger of Careers Scotland and Learndirect Scotland as well as the training sections of the enterprise networks. The Chief Executive was appointed in 2008, and a new strategic Plan should be ready by the end of that year;
- the transfer into Scottish Enterprise National (SEN) of the business and innovation grant functions, such as Regional Selective Assistance, currently delivered by the Scottish Government; and,
- a requirement for the enterprise networks, VisitScotland and the skills body to look to share services where possible.

65. It is clear that a number of these changes have implications for Structural Funds in the longer term. However, in the short term there will be minimal impact on existing funding commitments by the enterprise networks to current projects and on the interest, will and capacity to take forward new projects under the 2007 - 2013 programmes. Key national business development and research/innovation functions will remain centred on the enterprise networks, so the changes are unlikely to impact on the proposed new Strategic Delivery Body arrangements for the 2007 - 2013 programmes.

### **Scottish Government's Response to Global Recession.**

66. The Scottish Government took the decision in summer 2008 to front load the allocation of Structural Funds, particularly the ESF funding aimed at helping people overcome specific barriers to entering the workforce, and retraining those requiring new skills.

67. A further decision was taken to fund 2 year high quality joint ERDF regeneration and ESF employability plans from 13 individual Community Planning Partnerships representing the areas with most deprived areas and facing particular challenges as global recession loomed. This allowed local

solutions to be applied around the particular labour markets and addressing particular sectoral issues, for example in the financial sector in Edinburgh.

## 5.3 European Social Fund in Wales

### 2000-2006

68. During the 2000-2006 programming period Wales has benefited from ESF through an Objective 1 programme (€615 million), an Objective 3 programme (€138 million) and EQUAL (€18million).

Programme	Beneficiaries	Beneficiaries gaining qualifications	Beneficiaries in work <sup>3</sup>
Objective 1	666,135	120,447	37488
Objective 3	175,345	50,717	23609

Source: European Fund Management System, Welsh European Funding Office, 30/09/2008

### 2007-2013

#### Wales has two ESF programmes under the 2007-2013 funding period:

69. (1) West Wales and the Valleys: €833 million in ESF Convergence funding. This will utilise 40% of the resources from the total Convergence funding in Wales. The Operational Programme was legally adopted by the Commission on 09 August 2007.

The Programme has identified 5 main priorities:

**Priority 1** – Supplying young people with the skills needed for learning and future employment

**Priority 2** – Increasing employment and tackling economic inactivity

**Priority 3** – Improving skill levels and adaptability of the workforce

**Priority 4** – Modernising & Improving the quality of public services

**Priority 5** – Technical assistance

70. (2) East Wales: over €63 million ESF Regional Competitiveness and Employment funding. The European Social Fund (ESF) programme will utilise approximately 47% of the resources from the total Regional Competitiveness

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<sup>3</sup> . Data for the Objective 3 Programme includes beneficiaries in work or further learning on leaving

Note:

Output data are provided by individual projects. The Mid Term Evaluation Updates suggest that aggregate data should be treated with caution as the figures contain an element of double counting

and Employment funding. This Operational Programme was legally adopted on 16 October 2007.

71. The ESF Regional Competitiveness and Employment Operational Programme comprises three main priorities:

**Priority 1** – Increasing employment and tackling economic inactivity

**Priority 2** – Raising skill levels and adaptability of the workforce

**Priority 3** – Technical assistance

72. There is a greater focus on the Lisbon agenda across all programmes with the share of ESF increasing from around 35% of the Objective 1 programme to 40% of the Convergence programmes. This reflects the renewed emphasis on activities around the labour market, human capital and employment. Commitment to the Lisbon agenda activities in the Convergence ESF programme is 94% and under Regional Competitiveness and Employment ESF Programme is 98%.

### **Examples of ESF projects in Wales**

73. The first ESF project announced in Wales for 2007-2013 programme period was the **SkillBuild** project (utilising £30 million ESF) which aims to help up to 22,500 economically inactive and unemployed adults and young people gain the appropriate skills to move into employment. This project builds on the success of a previous initiative under Objective 1 which managed to help more than 17,000 people into employment or further training. The new project will build on this success by providing further Basic Skills training, work placements as well as advice and support for adults and disadvantaged young people in both rural and urban areas

72. **Genesis Cymru Wales 2** is set to help 20,000 people overcome a range of barriers that prevent them from entering the workforce or training. Through its comprehensive package of advice, one-to-one mentoring, assistance to attend training and childcare, the project aims to help people build an independent and prosperous future.

73. Made possible with £35million from the European Social Fund, the project is the successor to the Genesis Cymru Wales project which helped over 15,000 people to increase their employment opportunities by addressing barriers such as low skills, transport costs to training and lack of self-esteem.

74. The new scheme will focus on reaching Wales' hardest to reach individuals through its unique referral service meaning health visitors, social workers and other professionals will be able to inform and refer individuals to the scheme. Individuals will also be able to refer themselves to the service. Genesis advisors will then arrange to meet them in their homes or an informal environment such as a café to discuss the support they require.

75. **Redundancy Action Scheme (ReAct)**, in partnership with Job Centre Plus and Careers Wales, this project will offer a package of support to help people update their skills and return to work.

76. As part of a package of measures provided by ReAct, redundant workers will receive a training grant designed to replace outdated skills with those sought by prospective employers. The new scheme will also help to remove barriers to training such as travel and accommodation costs.

77. Over 1,000 employers will be encouraged to recruit redundant workers with a £2,000 wage subsidy – and will also receive grant support to enable their employees to undertake training to equip them with the skills they need for their new job.

## **5.4 European Social Fund in Northern Ireland**

### **2000-2006**

78. The Department for Employment and Learning (DEL) was responsible for the implementation of eight ESF Measures under Priority 2 (Employment) of the Northern Ireland Programme for Building Sustainable Prosperity (BSP) 2000-2006, with the exception of Measure 4 for which it shared responsibility with the Department of Education (DE). The two Departments also shared responsibility for delivery of the one ERDF Measure within the Priority, Measure 5. However, DE with 95% of the Measure allocation, led on this measure. The BSP Programme is now closed.

79. The principal task of the Employment Priority was to tackle specific labour market needs of those in education who were about to enter the labour market, those who were unemployed and those who were in employment. ESF funded activity under BSP added value to the range of Northern Ireland Government employment and skills programmes and initiatives. The BSP programme adopted a dual approach to gender equality and promoting equal opportunities. ESF support was provided for specific gender equality actions, while equal opportunities was mainstreamed throughout the programme planning, implementation, monitoring and evaluation.

80. A total of 197 third party projects and 9 Government projects were assisted by ESF during the lifetime of the programme. The European Social Fund provided approximately £185m in Northern Ireland towards the Employment Priority. On the basis of beneficiary data to date, DEL ESF Measures have delivered the training of approximately 190,000 beneficiaries against the overall target of 184,800. The number of qualifications obtained (approx 73,000) has already exceeded the target of 67,250. The actual number moving into employment has reached approximately 95% of the target figure (17,250) and this is expected to be exceeded once all of the final claims have been received.

81. The following case studies provide an example of projects that the ESF supported.

#### **Women's Tec - Gearing Women Up For Trades**

82. The aim of this project was to provide training, which engaged females to consider a career in the construction industry. Training was delivered by female role models (trainers) and in a supportive learning environment with an emphasis on personal and pre-employment development and learning support and a focus on reducing the traditional barriers to participation through the provision of childcare and travel costs.

#### **Omagh District Councils DELTA Project**

83. The DELTA project (Development and Empowerment Through a Learning and Training Approach) project aimed to enhance the employability of the long-term unemployed and to prevent vulnerable groups from becoming long-term unemployed. The project's target groups are long-term unemployed persons and those at risk of becoming long-term unemployed.

In both cases the projects meet their targets for the number of participants and the number of qualifications obtained.

## **European Social Fund in Northern Ireland 2007-2013**

### **Introduction**

84. The Northern Ireland ESF Programme will contribute to employment policies to make progress towards increasing the overall employment rate and reducing inactivity in Northern Ireland (subject to economic conditions) by extending employment opportunities in particular for those groups at a disadvantage in the labour market. It will also contribute to skills policies to increase productivity, enterprise and competitiveness by raising the skills levels of the workforce through lifelong learning and ensure the right workforce skills for future employment opportunities.

### **Implementation**

85. The European Commission approved the NI European Social Fund Programme (NIESF) 2007-13 on 5 October 2007. In Northern Ireland the Department of Finance of Personnel fulfills the role of the Member State. The Department for Employment and Learning is the designated Managing and Certifying Authorities for the Programme.

86. The NIESF 2007-13 Launch Conference will take place on 22 October 2008 at W5, the Odyssey, Belfast. As well as officially launching the programme the Conference will provide the Managing Authority's Major Information Activity for 2008 as required by the Implementing Regulations. The Conference will focus on a number of key themes such as Innovation, Empowerment and Transnationality. Lenia Samuel, Deputy Director General in the Directorate-General for Employment, Social Affairs and Equal Opportunities and the DEL Minister, Sir Reg Empey MLA will be keynote speakers.

### **Funding**

87. The Northern Ireland ESF Programme budget is €414,443,250, of which the ESF contribution is €165,777,300. The allocation of funding to each of the Programme's Priorities is as follows:

Programme Priorities	ESF Allocation €
Priority 1: Helping People into Sustainable	€95,597,174

Employment	
Priority 2: Improving workforce skills	: €67,280,121
Priority 3: Technical Assistance	€2,900,005
Total	<b>€165,777,300</b>

## Priorities

88. The Programme's objectives will be realised by two inter-related Priorities: Priority 1: Helping people into sustainable employment; and Priority 2: Improving workforce skills.

89. **Priority 1** will increase employment and reduce unemployment and inactivity by improving the employability of those groups experiencing significant employment gaps such as people with disabilities and health conditions, lone parents and other disadvantaged parents, older workers, young people not in education, employment or training, women and people with no or low qualifications, and other disadvantaged groups, including people experiencing multiple disadvantage. Activities supported under Priority 1 may be delivered by any relevant public, private, voluntary or community sector provider. Projects are selected through open competitions.

90. **Priority 2** will develop a skilled and adaptable workforce by improving the qualifications and skills of workers without essential (basic) skills and low or no qualifications. Activities supported under Priority 2 will directly assist Government managed programmes and will be selected through a competition for Government projects only. Activities supported under Priority 2 will directly assist DEL's Apprenticeships NI programme.

91. The objective of Priority 3 is to finance the preparatory, management, monitoring, evaluation, and information and control activities of the NI ESF programme. This will include the programme's publicity and communication strategy, support for cross-cutting themes and the development of the programmes monitoring and evaluation systems

## Progress

92. The first call for applications under Priority 1 was issued on 11 October 2007. The outcome of the selection process has enabled £30.5million of ESF (40% of total eligible costs) to be committed for the first phase of this activity to 76 successful projects. This will be matched by a 25% central funding contribution from DEL, with projects sourcing the remaining 35% public sector match funding. Three of the successful projects will engage in Dedicated Innovative activity and 23 in trans-national/inter-regional co-operation. Project activity has commenced among the majority of the projects.

93. Activity under Priority 2 will be under DEL's Apprenticeships NI programme. It is not yet possible to report Financial Progress on Priority 2.

94. Under Priority 3, the NI ESF Managing Authority will use the Technical Assistance budget to undertake the following activities:

- Preparatory, management, monitoring, evaluation, information and control activities;
- Recruitment and selection of projects, including economic appraisals.
- Publicity and Communications activities;
- Support for the cross cutting themes;
- Support for the delivery of transnational and inter-regional activity.
- Cost of Support Structure Contract;
- Dissemination of project good practice;
- Development of and modifications to the Systems2007 Database.

### **Cross Cutting Themes**

95. The Programme's cross cutting themes are gender equality and equal opportunities and promoting sustainable development, including the creation of sustainable communities. Innovative and trans-national and inter-regional activities will be promoted under the programme. Technical Assistance funds will be available to finance the specific responsibilities associated with the management and implementation of the programme.