

West Midlands European Social Fund Regional Strategic Framework 2011–2013



European Union
European Social Fund
Investing in jobs and skills

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CHAPTER 1: INTRODUCTION AND OVERVIEW

Background

The purpose of the West Midlands European Social Fund (ESF) Framework is to establish how ESF spending can support regional priorities to tackle worklessness and low skills, within the parameters of the agreed ESF Programme for England for the seven year duration of the programme.

The current European Structural Fund Programmes¹ run from 2007- 2013. Whilst the European Regional Development Fund (ERDF) will be managed at a regional level and individual regions have been responsible for developing their ERDF Operational Programmes, the ESF Operational programme has been developed at a national level and is a national programme co-ordinated by the Department of Work and Pensions (DWP). The West Midlands ESF Framework sets the direction for the use of the ESF in the region against the National Operational Programme.

Following the publication of the original ESF Regional Framework for the West Midlands in 2007, the wider economy has entered a period of recession. The Revised Framework takes into account the impact that this recession has had on the employment and skills landscape in the region and sets the direction for investment in the region's employment and skills priorities for 2011-2013, helping to ensure ESF funds are aligned to greatest need and complement and add value to domestic funding for employment and skills.

In addition, there have been changes to the partner landscape including the National Offender Management Service (NOMS) gaining Co-Financing status in early 2009.

Framework Status

The regional Programme Monitoring Committee endorsed the Framework by Written Procedure in December 2009.

Final Draft 15 December 2009.

Process undertaken to revise the Framework

Guidance issued by DWP ESF Division (ESFD) in August 2009 highlighted that regional Frameworks needed to be revised and updated to reflect economic changes and employment and skills measures to support economic recovery and growth. Revisions are required to be completed by 31 December 2009 to enable Co-Financing Organisations (CFOs) to develop their plans for 2011-2013.

A representative group of Regional Skills Partnership members² successfully developed the ESF Regional Framework for 2007-2010. This group was reconvened to develop the Framework for 2011-2013, and also included representation from the National Offender Management Service given their new Co-financing status.

Membership on the group included: Advantage West Midlands, Learning and Skills Council, Jobcentre Plus, West Midlands Leaders Board, National Offender Management Service, Local Authorities, Higher Education, and the Third Sector. Government Office West Midlands attended all meetings to provide technical support and act as a link with ESFD. This resulted in a draft revised Framework submitted to key partners during October and November 2009, including:

¹ European Structural Funds programmes refer to European Regional Development Fund and the European Social Fund

² For further information on composition of the Regional Skills Partnership please see the website: www.wmskillspartnership.org.uk

- The Regional Programme Management Committee (which includes representatives of the CFOs, Regional Development Agencies, local authorities, Third Sector, Equality and Human Rights Commission, trade unions and employers' organisations among others);
- Regional Skills Partnership;
- City Region Board;
- Local Employment and Skills Boards; and
- 14-19 Regional Planning Forum
- Advantage West Midlands (in the capacity of ERDF Managing Agent)

There is no requirement for a full formal public consultation exercise on revisions to the regional ESF Framework. The UK National Strategic Reference Framework (NSRF), Operational Programme (OP) and regional strategies such as the Regional Economic Strategy have been subject to formal consultation exercises, including extensive consultation at regional level. The regional ESF Framework is a far shorter document based on the Operational Programme that draws upon existing regional strategies.

An informal consultation process will however take place to inform regional stakeholders and stimulate debate and comments will be welcomed on specific aspects of the revised Framework as detailed below:

- The extent to which the overall balance of the Framework reflects current labour market need;
- The extent to which the Framework aligns with local and sub-regional need as expressed in local strategies and plans;
- The balance between and within Priority 1 and 2 and the extent to which you consider they meet regional need;
- Any substantive areas that have been omitted or key areas which you feel have not been addressed.

In addition, Government departments with responsibility for employment and skills priorities are developing strategies and policy guidance which will inform regional priorities and identify where ESF can best add value to developing national programmes within the boundaries of the ESF Operational Programme. The Framework will be reviewed and developed as appropriate to take account of new and developing strategy documents including: 'Higher Ambitions: The future of universities in a knowledge economy'; 'Skills for Growth: The national skills strategy'; the forthcoming Welfare Reform White Paper and any subsequent, relevant strategic documents / policies.

On completion of the consultation process, a final draft regional ESF Framework will be presented to the Regional Programme Monitoring Committee (PMC) in November 2009 for review and comment. Final amendments will be made to the Framework following this meeting with the final document submitted to PMC in December 2009 via written procedure.

Background to the Regional Skills Partnership and Skills Action Plan³

The West Midlands Regional Skills Partnership has been established to lead the skills agenda in the West Midlands and act as a catalyst for real change. The partnership aims to create a simple demand-led approach to skills that aligns supply with the needs of employers, individuals and the regional economy.

The West Midlands Regional Skills Partnership comprises a mix of employers, skills providers, public bodies and representatives from civil society all working to ensure that:

- Every adult and young person has basic employability skills and opportunities to progress.
- Every employer has the skilled people they need, is making effective use of their skills and is investing in workforce development.

³ For further information on composition of the Regional Skills Partnership please see the website: www.wmskillspartnership.org.uk

- The West Midlands has a growing number of high performing organisations, a knowledge-based economy and a strong enterprise culture.

In March 2008 the Regional Skills Partnership produced the region's first Skills Action Plan 2008-2011. In addition to placing emphasis on the key role of employers in driving forward the skills agenda and detailing the new ways in which partners would work together, the Skills Action Plan set out a small number of challenging objectives for the region.

- Increase the percentage of adults that have functional literacy and numeracy skills to 89% and 81% respectively.
- Increase the percentage of adults qualified to at least level 2 to at least 90%.
- Increase the percentage of adults qualified to level 3 to 68%.
- Increase the percentage of the adult workforce qualified to level 4 and above to 40%

These objectives were positioned to support the ambitions for the West Midlands as set out within the Regional Economic Strategy 'Connecting to Success' and align the West Midlands skills needs to the challenge of achieving the 'World Class Skills' levels identified as essential by Lord Leitch in his review of skills needs for the UK in the 21st Century.

The Regional Skills Partnership has recently undertaken a review and refresh of the Skills Action Plan. This process has provided an opportunity to identify the progress made to date and capture the new challenges that have emerged as a result of the economic downturn. These challenges include the need to address worklessness and unemployment, provide support to young people to achieve their potential, deliver work focused skills including the higher level skills that will enable the region to diversify and restructure. This plan, together with the Regional Skills Assessment forms a key element of the strategic analysis, data and evidence from which the Framework has been developed.

Future Reviews of the Regional ESF Framework

The Framework will cover the period 2011-2013 and will be reviewed annually by the Regional Skills Partnership on behalf of the PMC. However, in the following instances an interim review will be undertaken:

- where additional funding is available to the region, for example through revaluation or reallocation of under spends from the 2007-10 programme;
- where significant changes to policy impact on the strategic direction of the Framework;
- when significant national or regional events impact on the region and the CFO's ability to deliver the Framework's outputs.
- following the publication of the findings/outcomes from the national evaluations of the first half of the programme; and following any further studies related to the issues covered by the Framework e.g. worklessness which impact on the content and coverage of the Programme

The RSP in its strategic role will not monitor the performance of CFO delivery Agents. It will strategically review the Framework on behalf of the PMC using management information supplied by the Managing Authority (the Managing Authority for the Programme is the Department for Work and Pensions ESF Division) and the West Midlands Regional Observatory to ensure that the Framework remains current.

The RSP will, where necessary, make recommendations to amend the Framework to the regional Programme Monitoring Committee. The regional PMC will have the responsibility to endorse any amendments.

Performance against the outputs defined in the Regional Framework will be formally reviewed at the Regional Committee, which are held three times a year, and through regular review meetings with ESFD and GOWM in its capacity as Regional Managing Agent for the programme.

Overview of how the Framework will contribute to the National Operational Programme and Regional Employment and Skills needs:

The regional ESF Framework contributes to the England Operational Programme by helping to achieve the key Lisbon goals of generating stronger sustainable growth and creating more and better jobs which has led to the focus of ESF activity on:

- Attracting more people into employment, especially disadvantaged groups and the economically inactive.
- Improving the skills of potential and current workers to improve individual progression and business competitiveness.

This focus is reflected in the two ESF priorities contained within the NSRF and the England OP:

- Priority 1: Extending Employment Opportunities; and
- Priority 2: Developing a Skilled and Adaptable Workforce.

The Framework will contribute to the National Operational Programme (OP) by achieving the outputs and results set out in Appendix 4 and will provide a framework for action and investment that is designed to meet the needs of disadvantaged groups together with spatial, skills and sectoral priorities. As an investment plan it will also complement other funding streams within the region.

CHAPTER 2: STRATEGIC CONTEXT AND ESF ALIGNMENT

The strategic context for the revised Regional Strategic Framework 2011-2013 is as follows:

The new Lisbon Agenda post 2010⁴:

The current Lisbon Agenda: the EU Strategy for Growth and Jobs, presents an overarching policy Framework upon which the ESF Operational Programme for England, and in turn the West Midlands ESF Framework, are based. Member States and the EU institutions will shortly present a new Lisbon strategy up to 2020 which is expected to provide a single strategic framework for all Community funds. The new strategy will be underpinned by a new approach to competitiveness spending. The Commission will be committed to a 'significant upgrading of skills' ensuring that future training aligns to future skills needs in the new 'green' and 'white' economies. The new strategy is also expected to pay more attention to social inclusion goals given the continuing dominance of inequality across Europe.

Leitch⁵: World Class Skills

Government have accepted the recommendations made by Lord Leitch to develop world class skills for the future. Designed to support prosperity and social justice by supporting individuals to improve their skills and progress in work, increasing employer engagement and investment and equipping young people with the skills they need for work and life. The West Midlands Regional ESF Framework will contribute to the following priorities identified by Leitch: by setting ambitious targets for Skills for Life; shifting the balance of intermediate skills from Level 2 to Level 3, embedding the new integrated employment and skills service locally and directing all adult vocational skills funding through Train to Gain⁶ and Learner Accounts by 2010.

Work Skills⁷:

Building on Leitch and describing a partnership methodology that epitomises the region's approach to the delivery of ESF, Work Skills sets out the British Government's progress towards, and future plans for, creating integrated employment and skills services that are more responsive to the needs of individuals and employers. The ESF Regional Framework 2011-2013 will continue to reinforce the delivery of this agenda through the delivery of integrated employment and skills provision that complements the delivery of Working

⁴ http://ec.europa.eu/growthandjobs/future-of-strategy/index_en.htm

⁵ http://www.hm-treasury.gov.uk/independent_reviews/leitch_review/review_leitch_index.cfm

⁶ <http://www.traintogain.gov.uk/>

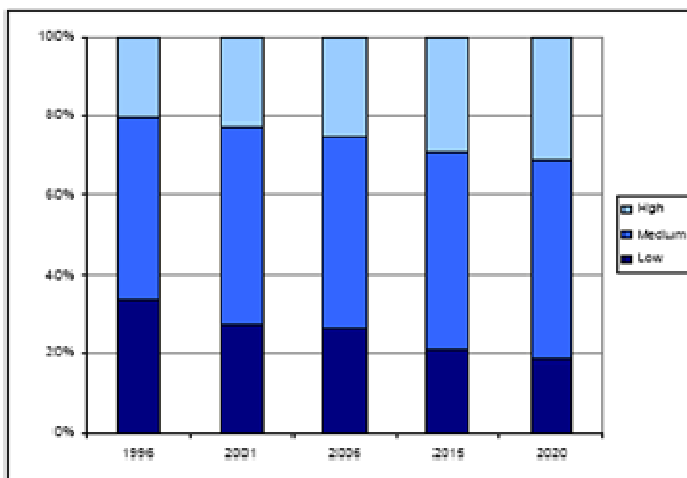
⁷ <http://interactive.dius.gov.uk/workskills/>

Neighbourhood Funds, City Region, Multi-Area and Local Area Agreements as well as supporting the delivery of Train to Gain and Adult Apprenticeships.

New Industry, New Jobs⁸: Skills Activism

'New Industry, New Jobs' launched in April 2009, proposes that funding and policy interventions should be focussed to ensure that individuals and businesses are equipped with the skills and experience that they need to compete in the global economy, particularly as the economy emerges from the current economic downturn and as new industries i.e. low carbon and bio-sciences sectors develop. This document is part of a wider EU initiative to help Member States look ahead to new jobs and new skills. The EU's 'New Skills for New Jobs Strategy'⁹ will initiate a series of new ways of forecasting job requirements. Current research steered by Cedefop indicates that all jobs are becoming more complex with a greater need for strong generic skills. *'In EU 25, between 2006 and 2020, the proportion of jobs requiring high levels of education attainment should rise from 25.1% to 31.3% of the total; jobs requiring medium qualifications would also increase slightly, from 48.3% to 50.1%. This would amount respectively to 38.8 and 52.4 million high-and medium-level job openings. At the same time, the share of jobs requiring low levels of education attainment would decline from 26.2% to 18.5%, despite 10 million job openings. Most jobs in non-manual skilled occupations will require highly qualified workers; workers with medium educational attainment will increasingly fill skilled occupations. Since overall education rates increase at a faster rate than labour market changes, only half of elementary jobs will be held by workers with low educational attainment'*

Figure 2.7: Past and anticipated employment shares by education attainment level



Source: CEDEFOP (2008), EU25

West Midlands Economic Strategy (WMES)¹⁰:

'Connecting to Success', the West Midlands Economic Strategy provides the basis for the economic development and regeneration of the West Midlands region. The Strategy sets out the agreed actions needed for the region to be recognised as world class by 2010. It also looks forward to 2020, establishing what more the region needs to do to continue to improve its economic performance. The strategy contains a framework of headline and outcome indicators used for monitoring the progress of the strategy. Significantly in terms of the ESF Framework the strategy defines: Priority Business Clusters and the importance of new and emerging industries e.g. the low carbon economy; the importance of establishing new businesses within the region and providing enterprise support and training; the need for skills development and investment is also highlighted together with the need to support communities and address worklessness.

⁸ <http://www.berr.gov.uk/files/file51023.pdf>

⁹ <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=431&furtherNews=yes>

¹⁰ <http://www.wmro.org/resources/res.aspx?p=/CmsResource/resourceFilename/2499/Connecting-to-Success-regional-economic-strategy.pdf>
Version 5 (Final)

Regional Spatial Strategy (RSS)¹¹:

The West Midlands Spatial Strategy sets out what should happen where and when across the West Midlands Region up to 2021. Incorporating the Regional Transport Strategy it focuses on the actions that will make the West Midlands a better place in which to live and work. Relating to ESF, this includes: which city and town centres should be targeted for growth and where major new employment sites are needed. The Framework has been designed to align with the Spatial Strategy wherever possible. For example, targeting growth sectors and developing the skills that individuals will need to undertake employment within these sectors, including investment and construction projects. Following the Sub National Review, and subject to the enactment of The Local Democracy, Economic Development and Construction Bill, the WMES and RSS will be consolidated into a Single Integrated Regional Strategy (SIRS). It is expected that this strategy will "act as a focus for economic development within the region, with national agencies, regional bodies, sub-regional tiers and local authorities all working together to achieve the agreed outcomes". In advance of this change, partners have produced 'The West Midlands Regional Funding Advice to Government' (RFA) which identifies key spatial targets including regeneration zones and 20 Impact Investment Locations which have the potential to generate employment opportunities for the local community and require the up-skilling of individuals working in affected sectors. The ESF Framework will require that these spatial areas are considered during the ESF investment process.

Local Economic Assessments

In addition, spatial interventions will be informed by Local Economic Assessments which as part of The Local Democracy, Economic Development and Construction Bill places a new duty on county councils and unitary district councils to prepare an assessment of the economic conditions of their area¹². The Government believes that the core objectives of local economic assessments should be:

- To provide a sound understanding of the economic conditions in the area and how they affect residents and businesses.
- Identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities
- Identify the local economic geography, including the economic linkages between the area being assessed and the wider economy
- Identify the local constraints to economic growth and employment and the risks to delivering sustainable economic growth

These assessments will inform targeted activity and consideration will also be given to LA Worklessness Assessments undertaken as part of statutory economic assessment duty and Work and Skills Plans within the commissioning process.

West Midlands Skills Action Plan¹³:

The West Midlands Skills Action Plan referenced in the introduction sets out the skills goals for the region building on the Regional Economic Strategy.

CHAPTER 3: REGIONAL CONTEXT AND CHALLENGES

Impact of the recession

The 5 year period up to 2008 was one of continuous economic growth both nationally and regionally, this is reflected in trends in employment. Across the West Midlands, employment expanded by just over 36,000 (1.6%) between 2003 and 2007.¹⁴ Since then, however, the UK and the region have entered a global recession which has led to falling employment and rising unemployment. The West Midlands has been particularly affected due to its predominant manufacturing base, which has been particularly hard hit by the falling value of sterling and reduced consumer spending. Figures from Jobcentre Plus show that around

¹¹ [http://www.wmra.gov.uk/Planning_and_Regional_Spatial_Strategy/Regional_Spatial_Strategy/Regional_Spatial_Strategy_\(RSS\)](http://www.wmra.gov.uk/Planning_and_Regional_Spatial_Strategy/Regional_Spatial_Strategy/Regional_Spatial_Strategy_(RSS))

¹² <http://www.communities.gov.uk/documents/localgovernment/pdf/1314939.pdf>

¹³ <http://readingroom.lsc.gov.uk/lsc/WestMidlands/nat-skillsactionplan-mar08.pdf>

¹⁴ Source: ONS Annual Business Inquiry 2003-2007

45% of redundancies (of 20 or more individuals) announced since January 2009 in the region have been in Manufacturing.

The number of people claiming unemployment benefit has almost doubled over the last year from just over 98,000 in June 2008 to nearly 176,000 in June 2009¹⁵. In absolute terms urban areas of the region have been the worst affected — with increases of some 15,000 in Birmingham and more than 20,000 in the Black Country. Over the same period, the rate of growth in unemployment, while from a relatively lower base, has been highest in rural areas such as Worcestershire (143%), Staffordshire (130%) and Herefordshire (113%) Business closures and redundancies tend to have a particularly significant affect in areas where there are often few alternative sources of employment¹⁶.

Anecdotal intelligence from the network of Sector Skills Councils¹⁷ indicates some key regional industries have been particularly hard hit by the recession with significant business closures, redundancies and short time working. These include automotive assembly, components and sales, private housing construction and related trades, specialist retailers such as greengrocers, fishmongers and butchers and independent pubs, bars and restaurants.

The West Midlands has an existing Regional Redundancy Strategy which is being updated in light of the current economic downturn, this has been developed by the LSC in conjunction with all key partners including local authorities, the Regional Development Agency, and Jobcentre Plus. It provides a clear framework that enables partners to work together to effectively respond to redundancy situations, meeting the needs of both the employers and the individuals that are affected.

LSC provision works in conjunction with Jobcentre Plus provision for the following key target groups:

- People under threat/notice of redundancy
- Redundant workers
- Newly unemployed people
- Longer term disadvantaged people

LSC provision for redundant workers and Jobcentre Plus Rapid Response Service complement each other. This allows both organisations to provide a comprehensive suite of support and provision for individuals whether they are part of a mass redundancy or in a small company that has to make fewer people redundant.

Jobcentre Plus and LSC have a comprehensive range of provision to meet the varying and often individual needs of the more “hard to reach” people and long term unemployed in communities. Integrated Employment and Skills joint initiatives and projects ensure that all workless individuals receive a suite of bespoke support. In the current economic climate such individuals often become further removed from the jobs market, this joint activity is being manipulated to respond accordingly.

To date, ESF has enabled the region to respond quickly and effectively to the economic crisis. For example, the ESF Operational Programme has routed ESF funding through the Train to Gain infrastructure to deliver additional Basic Skills and Level 2 provision.

¹⁵ Source: JSA Claimant Count July 2009

¹⁶ These issues are explored in more detail in our 2008 Rural Skills Assessment available via our website http://www.wmro.org/resources/res.aspx?p=/CmsResource/resourceFilename/2642/Regional-Skills-Assessment-2008-Rural-Profile_V1.0_Report_RK.pdf

¹⁷ Sector Skills Council Regional managers complete a data template on a six weekly basis in a programme of activity coordinated by the Alliance of Sector Skills Councils. Analysis is provided on a quarterly basis by the Observatory in its downturn briefing available via our website <http://www.wmro.org/standardTemplate.aspx/Home/OurResearch/Recessionmonitoring/Impactonskillsandlabourmarket>

Future Prospects

There are now some tentative signs of initial recovery in the labour market. In manufacturing the negative balance reduced to 9% in the 2nd quarter of 2009 and in the service sector there was a positive balance of 7%. While unemployment levels are likely to continue to rise for some months yet there are signs of employers starting to take on new staff and increase spending on training and development. Nevertheless latest forecasts¹⁸ indicate that these trends will take some time to feed through to increases in headline regional GVA and employment levels:

- In the UK as a whole GVA is expected to fall by 4% over the course of 2009 and growth in the second half of the year will not be sufficient to prevent a further 0.5% decline over the course of 2010. Thereafter growth of around 2% per annum is forecast for 2011-2014.
- In the West Midlands trends in GVA are forecast to be broadly in line with those nationally. A decline of 3.5% in 2009 and a further 0.5% in 2010 will be followed by growth of 2% per annum for 2011-2014.
- In terms of regional employment:
 - After a fall of some 2.4% in 2008 (and the net loss of more than 60,000 jobs) declines of 1.7% in 2009 (-45,000 jobs), 0.3% in 2010 (-8,000 jobs) and 0.2% in 2011 (-6,000 jobs) are expected
 - Employment is then forecast to grow gradually by 0.1% in 2012 (representing creation of the around 2,500 net new jobs), 0.4% in 2013 (nearly 10,000 jobs) and 0.3% in 2014 (nearly 7,000 jobs).
 - Employment is not expected to return to pre-recession levels until 2024

Changing Population

The West Midlands has seen significant shifts in the structure of the supply of labour and skills over the last decade, which are set to continue into the future. The region's population profile is ageing, especially in rural areas. In many of the region's urban areas, meanwhile, the population is becoming younger and more ethnically diverse. For example:

- While less than a third of the working age population was aged under 35 in 2008 in Herefordshire, Worcestershire, Shropshire, Staffordshire and Solihull the figure is more than 50% in Birmingham, Coventry and Sandwell
- In even starker contrast while less than 5% of the working age population is from a minority ethnic group in Herefordshire, Worcestershire, Shropshire and Staffordshire the figure rises to 17% in Coventry, 20% in Sandwell, 26% in Wolverhampton and 29% in Birmingham.

Skill gaps and mismatches

The British Chambers of Commerce Quarterly Economic Survey also reveals that, despite rising unemployment, many companies are still looking to recruit people with the skills, experience and qualifications they require to survive the recession and gear up for recovery. And significant numbers are struggling to source the skills they need. While the proportion has fallen during the recession, in the 1st quarter of 2009 more than 30% of West Midlands companies looking to recruit were encountering difficulties. Analysis of unemployment and vacancies data from Jobcentre Plus reveals that:

- While there has been a steep decline in job vacancies in certain occupations- notably operatives (down by 62% between June 2008 and 2009), skilled trades (down by 60%), admin. & secretarial (down by 49%) and unskilled elementary occupations (down by 45%):
- The decline has been less significant in professional occupations (down by 6% overall) but with an increase in vacancies for nurses, teachers and IT professionals and associate professional & technical occupations (down by 15% overall) but with an increase in vacancies for specialist staff in health and other public sector services.
- And vacancies have increased over the period in personal & protective service occupations (up by 9% overall) and by significantly more than this for care workers, healthcare assistants and other staff in the health and social care sectors.

¹⁸ Source: Observatory Integrated Policy Model Base Forecast
Version 5 (Final)

Not surprisingly there has been a sharp increase in numbers of claimant unemployed who previously worked in occupations hardest hit by the recession for example the number of unemployed operatives increased by some 104% between June 2008 and June 2009 and the number of unemployed skilled trades' workers increased by some 111%. But there has also been a significant rise in unemployment among people with skills and experience in occupations for which vacancies have held up better for example the number of unemployed people who formerly worked in associate professional & technical occupations has risen by 99% and the number who formerly worked in professional occupations has risen by some 132%.

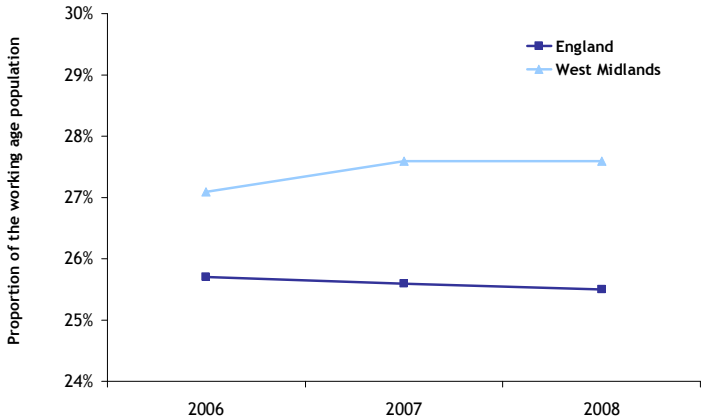
Worklessness

There are significant problems of worklessness across the region. A lack of skills and qualifications acts as a key barrier to participation in employment for many individuals and contributes to disadvantage in the labour market throughout adult life. There is also a strong correlation between worklessness, deprivation and other social problems.

As Chart 1 shows, rates of worklessness are rising despite a fall across England as a whole. In 2008, nearly 920,000 people (just under 28% of the region's working age population, well above the England average of 25%) were workless compared with 873,000 (27%) in 2006. To close the gap with England the figure would need to be reduced by nearly 70,000.

Chart 1

Trends in Worklessness 2006-2008



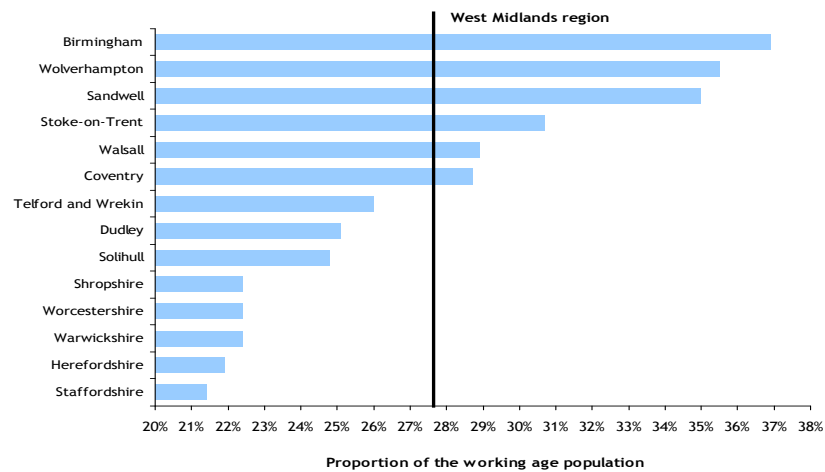
Source: ONS Annual Population Survey

West Midlands Regional Observatory 2009 1

Rates of worklessness are particularly high urban areas of the region. In Birmingham nearly 230,000 people (37% of the working age population) were workless in 2008 and the rate was 35% in Wolverhampton and Sandwell and 31% in Stoke-on-Trent (see chart 2). Some 543,000 of the region's workless (60%) are within the City Region (Birmingham, Coventry, Solihull, Telford & Wrekin and the Black Country).

Chart 2

Rates of worklessness by local authority area in 2008



Source: ONS Annual Population Survey

West Midlands Regional Observatory 2009 2

In addition while worklessness rates tend to be lower overall in rural areas they are higher in some specific Local Authority Districts¹⁹. For example: Cannock Chase (30%) and Redditch (29%) rates of worklessness are well above the regional average. In Oswestry (28%) and North Shropshire (27%) rates are approaching the regional average.

Reasons for worklessness

There are some key factors which contribute to the region's workless total²⁰:

Living in an urban area; holding no qualifications; being from a minority ethnic group; having a long-term health problem or disability; and being young all increase an individual's chances of being workless.

- Two thirds of the region's workless population live in urban local authorities;
- 30% have no qualifications;
- More than one third have a limiting illness or disability; and
- 24% are from a minority ethnic group

Table 1 below illustrates how many of the region's workless population are characterised by one of these factors.

¹⁹ Source: ONS Annual Population Survey 2008

²⁰ This analysis is taken from the Observatory's Economic Inclusion Baseline Report, produced for the Economic Inclusion Panel. Further details are available via the following link <http://www.wmro.org/resources/res.aspx?p=/CmsResource/resourceFilename/2627/Economic-inclusion-baseline-report-v4.0-HD.pdf>

Table 1: The profile of worklessness in the region²¹

	Number of people workless
All workless	900,000
Live in urban area	658,000
Live in Birmingham	230,000
Have no qualifications	275,000
From non-white ethnic group / 3 key groups (Indian, Pakistani/Bangladeshi, Black/Black British)	215,000 / 166,000
Long-term health problem / disability	315,000
Would like paid work (and are economically inactive)	179,000
Aged 16-19 and unemployed	33,000

Demographic groups and Worklessness

The risk of being workless is not even distributed throughout the community and specific demographic groups are at high risk of being workless. Many of the people in these high risk demographic groups are also concentrated in deprived areas, further increasing their risk of being workless.

Minority ethnic groups

The region has an ethnically diverse population, and this diversity is set to continue to grow. However the region's minority ethnic groups are characterised by high rates of worklessness, low rates of qualification attainment, and are more likely to live in deprived areas.

All of the region's main ethnic minority groups have higher rates of worklessness than the white population and 74,900 people from the region's key minority ethnic groups need to enter employment to match the white employment rate in the region. This figure comprises:

- 19,100 people from the black population (equally split between men and women),
- 11,300 from the Indian population and
- 44,500 people from the Pakistani/Bangladeshi population.

Black or Black British people resident in the West Midlands are more likely to be JSA claimants than if they lived elsewhere: Black or Black British people living in the West Midlands are one and a half times more likely to be claiming JSA than if they were living elsewhere in England. For Indian people the likelihood is higher than for Pakistanis and Bangladeshis.

Offenders

Since the Regional Framework was developed, the National Offender Management Service (NOMS) has gained Co-Financing status. NOMS focus is to support offenders' access mainstream employment and skills services.

Offenders experience disproportionately high levels of worklessness when compared to the general population. They are also likely to lack basic and vocational skills required by employers and will generally possess a range of other barriers to employment, e.g. poor or no employment history; mental health problems; substance/alcohol misuse; etc. These barriers are in themselves a significant obstacle to

²¹ As at end 2007
Version 5 (Final)

competing for employment, however, offenders also face the further disadvantage of possessing criminal convictions that they may be required to disclose during recruitment processes.

There are eleven Prisons in the West Midlands region holding approximately 6680 offenders as of end of September 2009. Issues relating to offenders and the labour market are complex, with worklessness a key issue for offenders in the West Midlands region. National, government figures from 2008 showed that:

- Approximately 68% of offenders were unemployed compared to 5% of the general population.
- Around 51% had no qualifications compared to around 15% of the general population.
- Approximately 37% of offenders had reading skills below level 1 compared to around 15% of the general population.

The following figures indicate the number of commencements of probation service orders in the region between July 2008 and June 2009:

- 14033 community orders commenced in the region
- 5560 Suspended Sentence Orders.

There are approximately 24000 offenders serving sentences or community orders across the region. 49% of offenders have an Employment, Training and Education (ETE) need, with young offenders aged 18-20 having the highest need with 64.5%.

Women represent 51% of the national population and 6% of the prison population. Approximately 14% of offenders in the community are females. Female offenders have a higher proportion of employment, training and education (ETE) need than males (55%).

91% of Priority and Prolific Offenders (PPO's) and 95-6% of those with a high likelihood of reconviction had an ETE need identified. ETE need also becomes increasingly likely for higher tier offenders, but not to the same extent. Data provided in the Reducing Re-offending through Skills and Employment: Next Steps published in December 2006 indicates that lack of education and skills is higher on all the following indicators:

	General Population	Offenders
Unemployed	5%	67%
No qualifications	15%	52%
Reading below Level 1	16%	38%

This shows that although offenders have fewer qualifications and lower reading levels than the rest of the population, levels of unemployment among this group are disproportionately high.

Although offenders may rightly be unable to take up certain types of jobs because of the nature of their crime and the risk they present, many are automatically excluded because of their criminal record even when the sentence is spent and they present no risk to the public. Evidence suggests that there is a positive link between employment and not being re-imprisoned. A previous employment brokered programme, by PS Plus showed, that offender participants without employment were approximately 70% more likely to be re-imprisoned than participants with brokered employment outcomes. Participants without employment were not only imprisoned sooner but were 1.7 times more likely to be re- imprisoned.

Skills needs for the majority of offenders relate to improving employability skills, including soft skills e.g. team working, personal skills of motivation and confidence, analytical skills involving the use of judgement and problem solving, organisational skills to manage time and interpersonal skills demonstrating social adeptness and competence to cope with authority, skills for life and vocational skills.

Lone Parents

From October 2009, lone parents with children aged ten or more who are able to work will no longer be entitled to Income Support (IS) solely on the grounds of being a lone parent, with lone parents with children aged seven or older moving from IS to JSA from 2011 on the same basis. Additional support may be required in addition to that provided through the New Deal for Lone Parents programme to assist lone parents who have been away from the labour market for a considerable period to return to work.

Older people

The ageing population in the West Midlands will have implications for the importance of older people as a target group for employability as the need and desire to extend working lives is rapidly growing. The overall employment rate for those aged 50 to state pension age (SPA) is only slightly less than the region's working age employment rate, however the employment rate of men aged 50-SPA is currently around 13% lower than that of men aged 25-49, whereas there is much narrower employment rate gap (circa 5.5%) between those of women in these same age groups. Demographic changes will have substantial implications in relation to economic activity and employment structures in the region. Between 2006 and 2013, the number of people aged 50-64 is projected to have increased by just under 3%, whilst the number of people aged 65 and over is expected to increase by nearly 15%. In contrast, the number of people aged under 20 is expected to remain relatively static and the number of people aged 20 to 49 is expected to increase by just over 2%.

The changes taking place during this period are symptomatic of medium and longer term population trends which are expected to see the proportion of the region's population aged 50+ increasing from just over 34% in 2006 to 39% by 2031. This means greater emphasis will need to be put into tackling and overcoming the labour market barriers faced by older workers.

Graduates

The West Midlands performs poorly compared with other regions in terms of the recruitment and development of highly skilled workers as measured by the proportion of employees of working age in the private sector qualified to NVQ4 or above. A figure of 23% in 2008 compares with an England average of 28%, 30% in the South East and 45% in London. The limited demand for higher level skills means that, after improving in recent years there was a fall in the region's graduate retention rate from 65% in 2005/06 to 64% in 2006/07. The economic downturn has also impacted on the number of graduates finding work on completion of their studies.

Issues associated with worklessness

There are a number of key issues that are strongly correlated to issues of worklessness. Sustainability of employment, skills, health, disability, poverty, and living in deprived areas can all impact on an individual's chances of successfully engaging in the labour market. Three quarters of new claimants for jobseekers allowance in the region have had one or more previous claims, while 40% have had a previous claim in the previous six months. Only 27% of those making a new claim for JSA have had no previous claims. These levels of repeat claims are consistent with national rates. Existing research shows many of those who leave benefits enter temporary employment which leads them back to benefits. Keeping people in employment in the long term when they leave benefits is a key challenge.

Skills

While rates of qualification attainment among young people and adults in the region are improving, the proportion of people with no qualifications remains, at 15%, the highest of all the regions. Of those people in the region with no qualifications, 53% are workless compared with 12% of those with high level qualifications, and there is a large gap in worklessness rates between those with low level qualifications and no qualification. Holding a qualification of a low level compared to holding no qualifications almost doubles the chances of employment for an individual. Those seeking declining low skilled occupations are heavily over-represented among the unemployed, due to a fall in demand for these occupations. Investment in skills is crucial to ensuring these people are able to access available employment opportunities.

Health

The region has a relatively high proportion of its population with a limiting illness or disability. The region's rate of worklessness among those with long term health problems/disabilities is, at 52%, 3 percentage points above the national average. In order to close this gap, 17,500 people with a long-term health problem or disability would need to enter employment. Among those with a limiting condition, the largest cause is mental or behavioural disorders.

This group also has the highest rate of worklessness: 58% of those with a mental health problem are workless. 239,000 people in the region are claiming incapacity benefits, almost two and a half times the number claiming jobseekers allowance. 40% of these are claiming for mental and behavioural disorders while a further 20% are claiming for musculo-skeletal disorders.

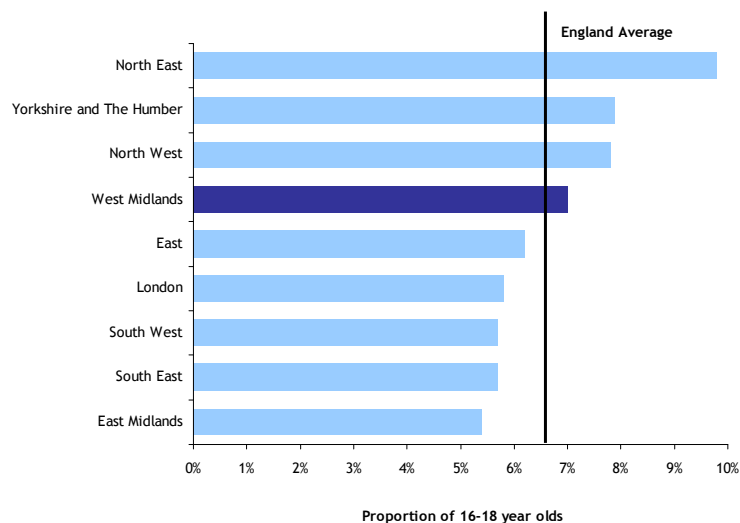
Young people not in education, employment or training (NEET)

In common with national trends, the region has large numbers of disengaged young people. Youth unemployment for those aged 16-19 years is, at 23%, almost four times the rate for all people of working age, and this is the third highest rate of all the regions. Looking specifically at those claiming job seekers allowance, there were a total of 18,975 claimants aged 19 and under in the West Midlands in September 2009, up from 6,185 in September 2008. Engagement problems in the labour market continues into young adulthood, with just over 21% of the region's jobseekers allowance claimants, or 38,800 claimants, aged between 20 and 24.

While the region has seen an encouraging increase in the proportion of 15 year olds attaining 5 or more GCSEs at A*-C the number of 16-18 year olds not in education, employment or training (NEET) has risen from 12,300 in 2007 to nearly 12,700 in 2008. Despite this rise of over 300, the NEET rate in the West Midlands fell slightly from 7.1% in 2007 to 7% in 2008 – still above the England average and the fourth highest in the country (see chart 3 below).

Chart 3

NEET rates for 16-18 year olds by region in 2008



Source: Connexions/DCSF

West Midlands Regional Observatory 2009 4

NEET rates are particularly high in urban areas, standing at almost 12% in Stoke-on-Trent and Sandwell, nearly 10% in Telford & Wrekin and more than 8% in Birmingham, Walsall and Wolverhampton. In addition significant numbers of young people from these areas do not indicate whether they are in education, employment or training or not, suggesting that the overall NEETS rates could be higher (see table 2).

In 2007 the DCSF identified five “NEET Hotspots” nationally; where NEET was higher than average or consistently higher than 10%, in the West Midlands this included Sandwell²². In 2008 Stoke-on-Trent and Telford & Wrekin were also identified as being in this category. Outside of this official “hotspots” definition, within each sub-region of the West Midlands there are areas where high levels of NEET can be easily identified:

- Birmingham & Solihull: Kingstanding, Weoley, Shard End, Bartley Green, Stechford & Yardley North, Acocks Green, Longbridge, Sparkbrook, Tyburn, South Yardley, Bordesley Green, Washwood Heath, Hodge Hill, Brandwood, and wards in North Solihull.
- The Black Country: Bushbury South and Low Hill, Ettingshall, Blakenall, Princess End, St. Thomas’, East Park, Pleck, Brockmoor and Pensentt, Bilston East, and Birchills and Leamore.
- Coventry & Warwickshire: Foleshill, Hillfields, Binley & Willenhall, Henley. North Warwickshire, Nuneaton and Bedworth.
- Herefordshire, Worcestershire, Shropshire, and Telford & Wrekin: Hereford, South Wye, Redditch, the Pickersleigh area of Malvern, Worcester City, Wye Forest, Telford, Oswestry, Market Drayton, and North Shrewsbury
- Staffordshire and Stoke-on-Trent: Tamworth, Burton, Newcastle, Stoke (Abbey, Hutton & Bentilee, Burslem, Tunstall & Goldenhill, Meir North, and Chell & Norton), Lichfield, Moorlands, Cannock North, Bereton, Ravenhill, Cannock South, Hednesford North, Stafford, Highfields & Western Downs, Penkside and Manor.

Table 2: proportion of 16-18 year olds not in education, employment or training by local authority in 2008

	2007			2008		
	Number	Percent	Not known	Number	Percent	Not known
Stoke on Trent	780	13.3%	8.6%	1,010	11.9%	6.0%
Sandwell	940	12.3%	7.8%	850	11.6%	5.5%
Telford & Wrekin	560	9.7%	8.8%	570	9.9%	9.0%
Walsall	880	9.1%	6.2%	830	8.3%	4.8%
Wolverhampton	810	9.3%	6.3%	710	8.2%	6.0%
Birmingham	2,780	7.7%	3.7%	2,890	8.1%	5.3%
Coventry	760	6.8%	3.9%	750	6.7%	3.2%
Solihull	530	6.0%	3.9%	510	5.9%	3.7%
Warwickshire	1,020	5.8%	4.5%	1,010	5.8%	2.5%
Herefordshire	290	5.4%	3.5%	320	5.8%	2.6%
Dudley	730	5.6%	4.2%	710	5.3%	5.3%
Worcestershire	780	4.6%	2.9%	890	5.3%	3.0%
Staffordshire	1,080	5.8%	3.7%	1,560	5.3%	3.1%
Shropshire	370	4.5%	2.3%	410	5.2%	3.0%
WM	12,320	7.1%	4.5%	13,000	7.0%	4.3%

Source: Connexions/DCSF

²² [NEET Hotspots](#)

The breakdown of the NEET figures by ethnicity shows that there are some notable discrepancies. Latest CCIS figures for June 2009 suggest that overall for the West Midlands there is a NEET rate of 7.5%. Some ethnic minority groups have rates significantly lower than the average – Indian at 2.1% and Chinese at 1.2%. The white rate is just over average at 7.9%. While the Black Caribbean rate is high at 9.3% the Black African rate is 4.7%. Mixed white and Black Caribbean and mixed white and Black African rates are the highest at 12.8% and 11.1% respectively.

Adult skills

Whilst improving in the previous 4 years attainment of higher level skills by the adult working age population as a whole fell between 2007 and 2008 – from 28% to 27.1% - and the West Midlands has dropped from 6th to 8th in the regional 'league table'.

The proportion of adults qualified to Level 3 and above (which increased from 45% in 2007 to 47% in 2008) and Level 2 and above (which increased from 66% in 2007 to 67% in 2008) has continued to increase steadily in line with national trends. Nevertheless in both cases attainment remains well below the England average and the West Midlands has dropped one place in the last year from 8th to bottom of the regional 'league table' for level 2 attainment and is 8th for level 3 attainment²³.

Table 3: Adult qualification attainment in the West Midlands - 5 year trend

	2004	2005	2006	2007	2008
Level 4+	24.8%	25.2%	26.1%	28.0%	27.1%
Level 3+	43.7%	43.7%	44.6%	46.3%	46.5%
Level 2+	64.1%	65.2%	65.9%	66.7%	67.3%
No Qualifications	16.6%	16.2%	16.4%	14.8%	14.1%

Source: ONS Labour Force Survey Q4 each year.²⁴

At the same time the proportion of working age adults with no formal qualifications is falling at a faster rate than at national level. The figure fell from 15% in 2007 to 14% in 2008 while the England average remained unchanged at 11%. However the region continues to have the highest proportion of the working age population with no qualifications in the country - too many people lack the basics in literacy, language and numeracy and do not have the platform of wider skills and qualifications to support sustained, productive employment. In addition relatively low rates of productivity among those in work account for a significant proportion of the region's overall output gap with the England average – with a poor skills base a key contributor to this. In particular the proportion of the workforce with no qualifications is well above the regional average in many key and the proportion with level 3 and level 4 qualifications is well below the regional average in sectors of the economy (see table 3). Engagement in learning is essential if the region's skills capital and rates of participation in employment are to be improved.

²³ For further details see the Observatory's review of annual skills performance report, available via

<http://www.wmro.org/standardTemplate.aspx/Home/OurResearch/Skills/SkillsperformanceindicatorFramework>

²⁴ It should be noted that progress shown here is as measured by the Labour Force Survey. This can be affected by the precise nature of the sample year on year, but will show a clear direction of travel over the longer term.

Table 4: Workforce qualification attainment by sector in 2008 (Source: ONS Labour Force Survey)

	NVQ Level 4 & above	NVQ Level 3	NVQ Level 2	Below NVQ Level 2	No Qualifications
Agriculture	19.7%	20.1%	21.0%	31.1%	8.1%
Engineering	24.6%	23.9%	23.3%	19.2%	9.0%
Other Manufacturing	22.6%	20.6%	19.8%	22.2%	14.8%
Electricity, Gas & Water	33.1%	23.8%	18.6%	14.4%	10.0%
Construction	16.6%	26.7%	24.6%	19.5%	12.6%
Wholesale & Retail	9.8%	19.2%	30.3%	27.5%	13.2%
Hotels & Catering	10.3%	20.3%	34.8%	21.8%	12.8%
Transport	12.0%	18.8%	23.8%	30.9%	14.4%
Business & Professional Services	39.1%	20.3%	18.5%	16.2%	5.9%
ICT & Telecomms	49.8%	20.2%	15.4%	12.6%	1.9%
Public Administration	43.2%	23.6%	20.9%	10.6%	1.8%
Education	61.7%	15.0%	11.3%	8.1%	4.0%
Health & Social Work	46.2%	18.0%	20.2%	11.4%	4.2%
Miscellaneous Services	31.0%	22.8%	26.0%	13.9%	6.2%
All Sectors	31.8%	20.1%	22.4%	17.6%	8%

CHAPTER 4: ESF West Midlands Regional Priorities

The West Midlands regional priorities have been developed in response to the Framework Guidance and in the context of the key trends and issues relating to employment and skills in the region as set out above. The socio-economic and labour-market context that is provided is drawn primarily from the Regional Skills Assessment and the framework of skills performance indicators developed by the West Midlands Regional Observatory on behalf of the Regional Skills Partnership²⁵. Additional evidence has been drawn from stakeholders in the region where they have a specific expertise in the subject area, including NOMS. All activities have been framed by the two 'Priority Axes', or 'Priorities', contained in the English ESF Operational Plan:

Priority 1: Extending Employment Opportunities

The objective of Priority 1 is to increase sustainable employment and to reduce unemployment and inactivity. It will help to tackle barriers to work faced by disadvantaged groups, with a particular focus on those with multiple disadvantage. These include people with disabilities and health conditions, lone parents and other disadvantaged parents, older workers, ethnic minorities, and people with no or low qualifications and lacking relevant work experience. It will also aim to reduce the numbers of young people not in education, employment or training (NEET). And provide support to individuals under threat of redundancy or recently unemployed as a result of redundancy to ensure they can access training to re-skill into relevant, growing sectors.

²⁵ These documents can be accessed via the Observatory's website

<http://www.wmro.org/standardTemplate.aspx/Home/OurResearch/BusinessEconomy/RegionalSkillsAssessment2008>

Target Groups

Unemployed and economically inactive people are eligible for support within Priority 1. In line with regional priorities, there will be a particular focus on the target groups listed below. It is recognised within the Framework that some of the issues faced by these target groups will be more prevalent in certain areas of the region and it is expected that CFOs will take this into account when developing their plans.

- People with disabilities and health conditions
- Minority ethnic groups
- Women
- Older adults (aged over 50)
- Lone parents
- Ex-offenders and offenders
- Young People Not in Education, Employment or Training (NEET) and those at risk of becoming NEET

The ESFD guidance for the Framework for 2011-2013 states that Priority 1 which is 62% of the Programme will deliver:

- At least 70% of ESF funding to improve the employability and skills of unemployed and inactive people, and thereby promote their social inclusion.
- At least 23% of ESF funding ring-fenced for work with young people aged 14 to 19 who are not in education, employment or training (NEET) or at risk of becoming NEET.
- Up to 2.5% of ESF funding to be distributed as small grants to community groups.

The OP Objectives and regional priorities to be addressed through ESF in the West Midlands from 2007-13 by Priority 1 are detailed in Appendix 1.

Priority 2: Developing a Skilled and Adaptable Workforce

The objective of Priority 2 is to develop a skilled and adaptable workforce by: reducing the number of people without basic skills; increasing the number of people qualified to level 2 and level 3 and supporting the development of the higher skills required by the region; reducing gender segregation in the workforce; and developing managers and workers in small enterprises.

- Employed people/ workers
- People with disabilities and health conditions
- Black and minority ethnic groups
- Older workers
- Women
- People facing redundancy
- Managers and employees
- The unemployed and economically inactive- (to address individual skills needs and specific skills shortages only)

The ESFD guidance for the Framework for 2011-2013 states that Priority 2 which is 34% of the Programme will deliver:

- At least 30% of ESF funding in support foundation level and basic skills training
- At least 30% of ESF to support progression to level 2 and training at level 2
- Up to 40% of ESF for training at level 3 and above

The OP Objectives and regional priorities to be addressed through ESF in the West Midlands from 2007-13 by Priority 2 are detailed in Appendix 1.

Priority 3: Technical Assistance

Technical assistance funds may be used to finance the preparatory, management, monitoring, evaluation, information, and control activities of the Operational Programme, together with activities to reinforce the administrative capacity for implementing the funds, at national and regional levels. In the West Midlands, the following activities will be delivered as part of the regional Technical Assistance strategy:

- Support for labour market monitoring and intelligence, and evaluation activities to identify best practice;
- Conduct research into future skills needed for future technologies and sectors (e.g. skills for climate change / green jobs);
- Partnership working to underpin and enhance sub-regional partnership working;
- Effective monitoring and evaluation systems;
- Support for the cross cutting themes of gender equality, equal opportunities, innovation and sustainable development;
- Support for voluntary and community sector network organisations to encourage participation of the third sector in the programme activities; and
- The programme's publicity and communications strategy.

The ESFD guidance for the Framework for 2011-2013 states that Priority 3 will now account for 1% of the Programme and the balance of 3% will be available for regions to add to their regional Priority 1 and/or Priority 2 allocations for 2011-2013. It is proposed that within the West Midlands the 3% is distributed equitably between Priority 1 and Priority 2 and financial details are provided in Appendix 4. The rationale for the allocation is that there remains an equitable need to address both the worklessness agenda and provide the skills support required by the region as it addresses the economic downturn and seeks to grow and diversify.

CHAPTER 5: TARGETING AND INDICATIVE ACTIVITIES

Based on the strategic analysis, regional employment, skills assessment and most up to date impact evaluation results, the limited resources available to the region through this programme will be targeted in order that the outputs achieved, impact on the client group, businesses, and geographical areas that are most in need and the hardest to reach in the region. Partners have agreed that the funding should be focused on the areas of greatest need geographically, individually and on the sectors of the economy where the return on investment will be the greatest for both the workforce and the economy. The targeting of the resources is detailed in the output tables Appendices 2, 3 and 4. The ESF investment strategy will also be required to take account of other funding streams available within the region to minimise duplication and overlap.

Individuals

The strategic analysis and skills assessment identifies a number of specific clients groups that could derive the greatest benefit from ESF interventions. These groups include: Ethnic minorities and particularly Bangladeshi and Pakistani women, individuals with disabilities and long term health problems e.g. mental health illness, offenders, recurrent benefit claimants, and young people who are NEET, particularly in ethnic groups where exclusion rates are higher than average. The Framework will also seek to support those who, due to the economic downturn are finding difficulties in obtaining employment, particularly the disabled, minority groups, older workers and individuals with no or low qualification attainment, previously employed in low skilled occupations.

Geographical Targeting:

The mix of challenges varies from place to place. The Framework will provide a regional-level strategic approach but will offer the flexibility to tackle the needs of particular groups and spatial areas. Although the Framework does not have a specific geographic focus within the West Midlands, it will focus on individuals of greatest need, and/or areas where the scale of need and therefore, potential for impact is greatest. The analysis confirms that there are identified NEET 'hot spots' and urban areas where worklessness is endemic. There are also areas of the region, including rural areas, where unemployment has risen as a result of the economic downturn but alternative job opportunities are limited. Funding is expected to be

concentrated in areas defined by City Region, Multi-Area Agreements (MAAs) and Local Area Agreements (LAAs). Activity will be linked to employment opportunities as identified in the West Midlands Regional Spatial Strategy priority areas and WMES “place” priority areas such as the, Regeneration Zones and High Technology Corridors, together with the 20 Impact Investment locations identified in the RFA.

Sector Targeting:

The Framework will focus activity on developing a skilled and adaptable workforce in the industrial sectors and clusters that are of importance to the region. This value-added activity will complement the WMES and will contribute to the creation of jobs and growth within the region. It will support the Priority Business Clusters identified in the WMES:

- Aerospace
- Automotive
- Building Technologies
- Business & Professional Services
- Environmental Technologies
- Food & Drink
- High Value Added Consumer Products
- ICT
- Manufacturing
- Medical Technologies
- Rail
- Screen Image & Sound
- Tourism & Leisure

Emerging sectors (as defined within strategy documents that are being developed to support the New Skills for New Jobs agenda²⁶) that have the potential to provide employment opportunities and bring wealth and growth to the region such as Environmental and ‘Green’ industries, Health and Medical Technologies, Energy, Advanced Materials, Nano Technologies, Digital Media and ICT and Transport Technologies.

The Framework will also take account of the established sectors within the region where skills gaps persist and those sectors where the proportion of the workforce with less than level 2 qualifications is at its highest. It will also seek to support those sectors and individuals affected by gender under representation to support entry and progression e.g. men within Health and Social Care and women within Manufacturing and Transport sectors.

In response to the economic downturn the Framework will seek to support low skilled, disabled and older workers in those sectors that have been worst affected i.e. automotive assembly, component and sales, private housing construction and related trades providing the skills they need to sustain employment as these industries diversify and restructure. It will also provide support to skilled workers to re-enter productive employment as soon as possible.

In the short term pressures on public sector investment within the region will demand that priorities are identified. Listed below are the priorities supported by the Regional Skills Partnership for skills investment linked to Train to Gain. Activity linked to:

- Productivity improvement e.g. Business Improvement Techniques;
- Key sectors for the region in terms of size, future growth and skills gaps including manufacturing/engineering, construction, environmental technologies, business and professional;
- Employers who have strategic significance with local economies;
- Supply chain and cluster relationships;
- Sustainable employment (particularly for newly employed individuals);
- Meeting the needs of the low skilled individuals in the workforce;
- 16-18 apprenticeships

Priority qualifications that provide:

- First Level 2 qualifications;
- Skills for Life that support PSA targets (entry level 3 and above);

²⁶ <http://ec.europa.eu/social/main.jsp?catId=568&langId=en&pubId=98&type=2&furtherPubs=yes>

- Second Level 2s particularly BIT and ITQ and other NVQs that support productivity improvement, or that support newly employed individuals through Response to Redundancy programme or 6 months offer.

CHAPTER 6: COMPLEMENTARITY WITH OTHER REGIONAL FUNDING

As detailed in the strategic context, the ESF programme will align and complement other sources of mainstream funding and investment within the region provided by Advantage West Midlands, Jobcentre Plus, Learning and Skills Council, Higher Education Funding Council, and the National Offender Management Service. In addition, it will enhance and support the following activities:

ERDF:

It is important that linkages between ESF and the West Midlands ERDF Programme are developed, ensuring the potential benefits arising from the complementary nature of interventions are realised.

- ERDF Priority 1 aims to improve the region's capacity to translate innovation into commercial outcomes that result in a step change in business productivity and performance. The aim is to:
 - raise levels of business investment in research, development and innovation;
 - increase levels of knowledge transfer between these institutions and businesses;
 - improve opportunities for skilled people, students and graduates to contribute to increased economic activity via innovation; and
 - improve levels of commercialisation of ideas for new business ventures with the establishment of demonstrator projects

Supported by funding of £98m, the direction of ERDF Priority 1 is aligned with the existing regional partnership established for innovation, the Innovation and Technology Council, with a focus on five priorities relating to a sub-set of the business clusters with potential for significant growth through innovation, namely:

- health and medical technologies;
- energy;
- advanced materials and nanotechnology;
- digital media (and ICT); and
- transport technologies

- ERDF Priority 2 aims to increase enterprise in the West Midlands in order to improve regional economic performance. Specifically the aim is to:
 - improve company productivity by supporting business creation and diversification into higher value knowledge based activities;
 - develop applied innovation activity;
 - support regional businesses to improve their resource efficiency and contribute to reducing the regional carbon footprint;
 - encourage a stronger entrepreneurial culture and promote the engagement of more women and black and minority ethnic groups into business; and
 - within all these measures to improve access to finance for business investment in order to facilitate this transition.

Supported by funding of £90m, the direction of Priority 2 is aligned with the existing regional partnership established for enterprise, the Enterprise Board. ERDF Priority 2 will also ensure alignment with the Business Support Simplification Model.

- ERDF Priority 3 aims to address the significant concentrations of economic need and seeks to generate major employment opportunities accessible to those communities. The aim is to:
 - create new employment opportunities;
 - promote the take-up of these opportunities by residents in disadvantaged areas; and
 - develop a range of environmental measures to improve the sustainability potential of these areas.

Supported by funding of £70m, ERDF Priority 3 has opted for an area based 'package' approach, i.e. a group of related projects, rather than a project by project approach across the relevant urban areas.

- ERDF Priority 4 aims to support the three main priorities in tackling problems that are applicable to the region and to maximise learning from current and future inter-regional activity. The aim is to:
 - promote the transfer of know-how and good practice between the West Midlands and regions elsewhere in Europe in relation to successful policy approaches to raising productivity and improving economic and social cohesion.
 - focus on how lessons can be applied in delivering high quality and innovative interventions in the Programme's three main priorities
 - stimulate inter-regional co-operation and improve the West Midland's ability to access non-structural/trans-national European funding programmes, where it currently performs poorly against other European as well as UK regions. It is intended to maximise the flow of funding into the region by securing complementary resources that can add value to the Programme and its objectives.
 Supported by funding of £4m, in order to best achieve this, the principles of ownership and accountability were applied to ensure that the funding available for inter-regional activity is put to maximum effect.
- ERDF Priority 5 supports the Programme's Technical Assistance activity.

Key areas for complementary ESF /ERDF activities include:

- Linking access to employment actions to the jobs being created, both in terms of sectors/occupations (and their skills requirements). In particular those business clusters identified with potential for significant growth through Priority 1 of the West Midlands ERDF Programme: health and medical technologies, energy, advanced materials and nanotechnologies, digital media (and ICT) and transport technologies;
- Targeted, holistic and innovative programmes of employment creation in prioritised urban regeneration areas characterised by higher than average rates of unemployment and worklessness in particular focusing on those Package areas selected for ERDF support through ERDF Priority 3
- Support for enterprise in deprived areas and among disadvantaged groups, including social enterprise in support of activity funded through ERDF priority 2 – Stimulating Enterprise Development;
- Opportunities for linking people into work experience and placement opportunities created through ESF and ERDF investments

Local Area Agreements:

Activities should complement Local Area Agreements (LAAs). LAAs facilitate a more effective delivery of public services and improve relationships between central and local government through more efficient use of various funding programmes that have common outcomes, reduced bureaucracy and enhanced partnership work at a local level. An important element of the LAAs is the "Economic Development and Enterprise Block" which identifies the following key drivers of growth Employment, Skills, Investment, Enterprise, Competition and Innovation.

Multi Area Agreements:

Employment and Worklessness targets to date have been included in Local Area Agreements. Recent negotiations have led to the production of a Multi Area Agreement for Employment and Skills covering the City Region (8 Local Authority Areas: Birmingham, Solihull, Coventry, Walsall, Wolverhampton, Sandwell, Dudley, Telford and Wrekin). The MAA will focus on priority areas and client groups within the City Region and will:

- Produce a Joint Employment and Skills strategy and commissioning plan;
- Develop a framework with DWP to produce a joint policy, specification, commissioning and performance management of mainstream programmes process;
- Achieve 'Section 4' powers, e.g. setting a binding strategy for Skills Funding Agency;
- Access to information and data sharing via discussions with Government Departments;
- Alignment of employment and skills with other agencies e.g. Health and Housing.

The MAA enables activities to continue to focus on locally set priorities but allows significant joint working and influence over central government resources deployed in the City Region.

Future Jobs Fund

The Future Jobs Fund is a government fund valued at approximately £1 billion that is to be spent by March 2011 to support the creation of jobs for long term unemployed young people and others who face significant disadvantage on the labour market. The Fund, in the main delivered by local authorities, aims to create 150,000 jobs of which at least 10,000 to be green jobs and 15,000 to be jobs in social enterprises. It is anticipated that 7,500 jobs will be created in the West Midlands and ESF should complement activity for pre employment and in work support for Future Jobs Fund posts and any other such government initiatives.

Working Neighbourhoods Fund

As part of a concerted drive to get more individuals off welfare and into training and work the Government has also established a Working Neighbourhoods Fund which focuses on the most deprived areas. In the West Midlands these are Birmingham, Sandwell, Wolverhampton, Walsall and Stoke on Trent. It supports local authorities and communities in their efforts to tackle worklessness and the other elements of deprivation including those claiming Jobseeker's Allowance and those on Incapacity Benefit. The total value of the Working Neighbourhoods Fund (WNF) is £1.5 billion (£450million in 2008-09 and £500million in 2009-10 and 2010-11).

CHAPTER 7: CROSS-CUTTING THEMES

Sustainable Development:

The UK National Strategic Reference Framework states that environmental sustainability should be a cross cutting theme in all future Structural Funds Programmes, building on the success of the current Programmes. All Structural Funds Programmes will include integrated strategies for addressing environmental concerns and respecting the principles of sustainable development. In particular all future Programmes must take account of the goal to reduce the UK's emissions of carbon dioxide by 60% by 2050 in order to tackle climate change; the 2010 20% target already having been met. The National Operational Programme sets out how sustainable development will be integrated into the Programme at both a strategic and operational level. This includes clear roles for the Regional Skills Partnership and Co Financing Organisations that will ensure that:

- The Programme meets ESF regulatory requirements
- The Programmes key strategic aims in terms of promoting employment and skills are delivered in a way which uses resources and energy as efficiently as possible and in ways which can also help to enhance or protect the physical and natural environment
- The regional programme contributes to the UK Sustainable Development Strategy.
- CFO plans take account of the West Midlands Regional Sustainable Development Framework and its regional sustainability priorities.
- West Midlands Economic Strategy 'Sustainable Living' strategic objective actions on the low carbon economy are addressed within CFO Plans.

A central feature of all the EU Programmes in the West Midlands is an aim to invest in the drivers of a low carbon economy, both to help address environmental challenges and help position the region positively to take advantage of increasing demands for the new and developing products and services that will emerge in response to these challenges, and a rapidly changing regulatory framework. The West Midlands Regional ESF Framework will complement ERDF investment in relation to moving towards a low carbon economy and will require CFOs to do this in a number of ways:

- Ensuring all training activity is delivered in such a way that is consistent with the UK Sustainable Development Strategy, ensuring good practice in delivery in keeping with the objectives of the UK Sustainable Procurement Action Plan. Co-financing plans will show how they will contribute to these aims through procurement and contract management measures. This will include working with all providers on the programme to develop their sustainable development policies and action plans within the life of the programme, as defined in ESFD programme guidelines.
- Addressing the region's skills needs in relation to developing the environmental technology sector, complementing ERDF investment in this area, particularly around higher level and entrepreneurial skills.

Across all sectors, ensuring that there is special focus on training for new 'green jobs', created as the economy recovers from the recent recession. (ERDF Priority 2)

Ensuring that the region benefits from a workforce that has the skills to enable businesses to address their own environmental challenges, and increase their competitiveness. This will include training employees in environmental management. (ERDF Priority 2)

- Using community-focused low carbon initiatives as a innovative engagement tool for tackling worklessness and NEETs and assisting the sustainability of these communities (ERDF Priority 3)
- Supporting national and regional Technical Assistance funded initiatives and mainstreaming activities.

Gender Equality and Equal Opportunities:

Gender equality and equal opportunities is a cross cutting theme of the Regional ESF Framework. The Operational Programme maintains the dual approach to promoting gender equality and equality of opportunities by funding specific activities which target women and disadvantaged groups as well as integrating equal opportunities into the planning, implementation, monitoring and evaluation of the programme as a whole. The theme will be under-pinned by a number of requirements. These are:

- All partners associated with the programme will be required to maintain their public duty to promote equal opportunities
- The principle of accessibility for people with disabilities will be taken into account during the various stages of implementation
- All projects will have to take account of the needs of people with disabilities
- Technical assistance will be available in the region to support gender and equal opportunities training
- A balanced participation of women and men in the management and delivery of the Regional ESF Framework.

The Regional ESF Framework has set a number of targets relevant to Gender and Equal Opportunities in each of the two main Priorities. These include targets with regard to women, ethnic minorities, older workers and people with disabilities. The weight and emphasis with regard to these targets are:

- Women not economically active, particularly lone parents and those with care-responsibilities, and women from ethnic minority groups with low levels of economic participation specifically those from the Pakistani/Bangladeshi communities.
- People with disabilities, particularly those who are economically inactive, and those in employment with basic skills needs and qualification below level 2.
- Individuals from ethnic minority groups, including migrant groups, particularly those living in disadvantaged communities and from ethnic communities with low levels of economic participation. The West Midlands has an ethnically diverse population and these groups are characterised by higher levels of worklessness, lower rates of qualification attainment and are more likely to live in deprived areas.
- Older workers, particularly those with basic skills needs and qualifications below level 2.

CFO plans will detail how these regional targets will be met through specification design, procurement, contracting and contract monitoring. The CFOs and partners will also support national and regional Technical Assistance funded initiatives and mainstreaming activities.

Although Gender and Equal Opportunities are issues across the region, there is some spatial concentration of disadvantaged which is relevant:

- Communities categorised as within the worst 20% in England, using the Index of Multiple Deprivation. In these communities the combination of multiple factors of disadvantage increases the challenges facing many groups.
- Sectoral and occupational gender segregation affects both men and women in the West Midlands. Priority will be given to projects addressing segregation including:
- Women: under-representation in sectors, notably manufacturing, transport and communication; and occupationally in skilled trade occupations, managers and senior officials (both categories are higher paid occupations).

- Men: under-representation in sectors, notably health and social work, and part time work in education; and occupationally in administrative, personal services and customer services.

Regional Innovative Activity

The national ESF programme contains scope to support a small range of strategic, regional projects to develop and deliver new ways of extending employment opportunities and raising workforce skills. In doing so, it will contribute to the challenges of promoting social inclusion, raising productivity, fostering competitive businesses and living within environmental and demographic limits. Six themes have been agreed nationally by the ESF Innovation, Transnationality and Mainstreaming sub-committee covering both ESF Priorities. The West Midlands has selected four themes, two of which cover both priorities and these are detailed below:

Priority 1

- Active Inclusion – Encouraging new methodologies for vocational pathways to ease people’s transition into the labour market by developing and delivering innovative ways of helping unemployed and inactive people make the transition from unemployment and inactivity to sustainable employment.
- Engaging with Employers – Encouraging new methodologies for vocational pathways to ease people’s transition into the labour market by developing and delivering innovative ways to help workless people gain skills for employability and integrate into the workplace.

Priority 2

- Engaging with Employers – Innovative approaches to re-engage adults into lifelong learning by focussing on developing and delivering innovative ways at meeting employers’ skills needs.
- Climate Change and the Environment – New skills to support these areas by developing and delivering innovative ways of improving skills for climate change and sustainable development within the workforce. To focus on training in environmental management and protection skills and in eco-friendly technologies, including training which supports renewable energy sectors, energy efficiency and recycling.

2007-2010 Activity

Learning from other countries is an important dimension of innovation within the ESF Programme. Projects will therefore include an element of transnational or inter-regional co-operation with at least one other EU Member State. This may involve joint development of new approaches, as well as sharing or transferring good practice between Member States.

The West Midlands region is currently supporting two innovative and transnational projects within the first half of the Programme. The first funded under the Active Inclusion theme in priority 1 is working with offenders to develop workforce skills to break the cyclical nature of prison and release and to reintegrate them into the labour market. The second under priority 1 aims to streamline practices to develop a job brokerage mechanism which to gain a better match between supply and demand.

Projects are only at the initial stages at present. However, Thematic networks have been set up nationally to enable projects and decision makers to come together to share progress and learning to reinforce the mainstreaming process.

Appendix 1: OP Objectives and Regional Priorities to be addressed through ESF in the West Midlands from 2007-13 (Priority 1)

Priority 1: Extending Employment Opportunities	
<p>Target Groups: Incapacity benefit claimants; JSA claimants²⁷; lone parents; individuals facing multiple disadvantage including (but not exclusively) BME; older workers; women; homeless individuals; people with learning, health and physical disabilities; economically inactive people including unemployed people not on benefits; e.g. carers; disengaged young people (14-19), individuals who are in, or at risk of going into, the NEET group²⁸; ex-offenders and offenders in custody; unemployed graduates; workers at risk of redundancy.</p>	
<p>Priority 1 Key Themes:</p> <ul style="list-style-type: none"> • Increase employment and reduce unemployment and inactivity • Tackle barriers to work faced by disadvantaged groups • Reduce the numbers of young people not in education, employment or training • Helping unemployed and inactive individuals to enter sustainable jobs and make progress at work 	
<p>West Midlands Regional Economic Strategy Priorities Supported: Subject to Revision</p>	<p>ESF Supported Activities Action Areas: All target groups</p>
<p>People:</p> <ul style="list-style-type: none"> • Driving up ambition and aspiration: Create a culture of employment, enterprise and learning throughout the region; remove the barriers that prevent investment in skills; raise aspirations and ambitions for skills, employment and continuous personal development that meets the growing demands of the economy and inspires all young people and adults to grow and make the best of their talents and opportunities • Skills for employment and enterprise: Increase levels of employment in higher value added jobs and reduce economic inactivity – particularly in the region’s most disadvantaged areas – by ensuring that once people’s aspirations have been raised, and barriers removed, they are better able to gain the skills they need for employment and progression to the higher value added jobs of the future • Defining employability: Respond proactively to evolving economic needs and demographic patterns to ensure a strong match between skills requirements and learning opportunities by ensuring that employers articulate their current and future skill needs and make full and effective use of all the skills and talents within our diverse and dynamic population <p>Business:</p> <ul style="list-style-type: none"> • Creating economically sustainable new business Drive up the creation, growth & survival of economically sustainable and competitive 	<p>ESF funding will be used to add-value, enhance, or fill gaps in existing mainstream provision. There will also be a strong focus on those individuals furthest away from the labour market. The indicative activities to be supported in Priority 1 are summarised below:</p> <ul style="list-style-type: none"> • Active and preventative measures which ensure early identification of needs, including individual action plans and personalised support including the outreach and engagement of the target clients • Activities to provide pathways to employment such as pre-vocational and access training, community based activities. Volunteering, environmental activities, practical soft skills (such as improving aspirations and motivation), work skills, and workplace skills (such as team working). • Job search and work preparation activities including labour market and orientation and work experience placements, including individuals with higher level skills e.g. recent graduates • Other Information, advice and guidance that complements and adds-value to the service provided by the Adult Advancement and Careers Service (AACCS) • Activities to help unemployed and inactive people enter and remain and progress in work, particularly in occupations or sectors where

²⁷ The WM Regional CFOs will work together to ensure that there is no duplication in terms of support offered to this target group and to agree the appropriate timing of the intervention.

²⁸ The ESF Regional Framework acknowledges that children will be required to be at school, in training or in an apprenticeship up to the age of 18 by 2013.

new businesses (including social enterprise), particularly high-growth companies and new enterprises from under-represented groups and communities. This will require innovative approaches recognising that the definition of business needs to be flexible enough to capture a wide range of models and recognising the role of the voluntary and community sector

Place:

- Regenerating our most deprived communities
Regenerate and support the sustainable development and growth of our most deprived areas, developing links with economic and employment opportunity and bolstering cohesion. Our aim is not to deliver short-term benefits but to plan interventions that meet the regeneration challenge and achieve long-term economic goals

they are underrepresented including vocational training and qualifications for employability.

- Skills for Life, including the basic skills of literacy and numeracy, English for Speakers of Other Languages, ICT skills and financial literacy skills.
- Activities to support offenders in both a custodial and community environment.
- Measures to support economic activity amongst people with a disability, including people with mental health problems
- Measures to ensure retention in employment amongst vulnerable people who have made the transition to work, or among older workers who develop health conditions whilst in employment.
- Women returnees to increase and improve their skill levels and preparation for employment.
- Activities to engage young people and develop their employability and vocational skills. Initiatives to help raise awareness of the world or work enterprise and entrepreneurship including work experience placements and progression routes to Apprenticeship opportunities.
- Activities that enable disengaged and unemployed graduates particularly those from disadvantaged groups to find employment and gain the skills required to sustain their employment.
- Training for those at risk of redundancy or who have been made redundant to gain alternative skills
- Activities to tackle specific barriers to work faced by unemployed and inactive people in rural areas.
- Advice and support to encourage people into self-employment and business creation, including social enterprise, and to tackle the attitudinal and/or practical barriers they may face.
- Small grants for voluntary and community organisations to support their capacity to mobilise unemployed and inactive people who are disadvantaged or excluded and to facilitate their integration into the labour market (ESF community grants).
- Access to childcare and care for dependent persons, where caring responsibilities are a barrier to labour market participation.

Appendix 1: OP Objectives and Regional Priorities to be addressed through ESF in the West Midlands from 2007-13 (Priority 2)

Priority 2: Developing a Skilled and Adaptable Workforce	
<p>Target Groups: The target groups will include: people in employment who are low skilled and do not hold level 2 qualifications; individuals with basic skill needs; individuals at risk of redundancy; people who are self-employed or starting up their own business; individuals who require additional skills and are employed in eligible organisations²⁹; employees who need to update their skills for work in new sectors and occupational areas.</p>	
<p>Priority 2 Key Themes:</p> <ul style="list-style-type: none"> • Develop a skilled and adaptable workforce • Reduce the number of people without basic skills • Increase the number of people qualified to level 2 and re train people to hold relevant level 2 qualifications where necessary; and where justified to level 3 • Support the development of higher level skills at level 3 and above • Reduce gender segregation in the workforce • Develop managers and workers in small enterprises 	
<p>West Midlands Regional Economic Strategy Priorities Supported: Subject to Revision</p>	<p>ESF Supported Activities</p>
<p>Business:</p> <ul style="list-style-type: none"> • Creating economically sustainable new business Drive up the creation, growth & survival of economically sustainable and competitive new businesses (including social enterprise), particularly high-growth companies and new enterprises from under-represented groups and communities. This will require innovative approaches recognising that the definition of business needs to be flexible enough to capture a wide range of models and recognising the role of the voluntary and community sector • Capitalising on sustainability and low carbon opportunities Stimulate a proactive and ambitious business response to the economic opportunities of the low-carbon agenda by exploiting new markets and ways of working, and by responding ambitiously to the challenges of energy and resource efficiency and climate change adaptation. • Stimulating employer investment in skills and training Increase employer investment in training and skills development whilst raising employer awareness of the business case for workforce development • Investing in high-value skills for the future economy Increase the number of people with graduate-level skills employed in the West Midlands economy by up-skilling the current workforce and recruiting and retaining more people with the skills needed to develop and deliver 	<p>ESF funding will be used to add-value, enhance, or fill gaps in existing mainstream provision. It will take account of the regional economic context and developing skills strategies which support the ‘New Skills, New Jobs’ agenda e.g. ‘New Industry, New Jobs’³⁰. The indicative activities to be supported in Priority 2 are summarised below:</p> <ul style="list-style-type: none"> • Training, mentoring and supporting men and women from disadvantaged groups including (but not exclusively) women, older workers, people with health issues and disabilities • Training for those at risk of redundancy or who have been made redundant to gain alternative skills • Activities to support access to and provision of Adult Apprenticeships for individuals 25+ in priority sectors and where individuals require re-skilling in order to maintain employment • Skills for Life including basic literacy and numeracy skills, ICT skills and English for Speakers of Other Languages and ICT skills. • Initiatives to ensure the supply of skills are relevant to employers’ needs particularly where there are skills shortages and in ‘new’ / growth sectors e.g.

²⁹ In accordance with the ESF Operational Guidance activities to support individuals may be subject to guidelines linked to size of organisation in which the individual is employed.

³⁰ http://www.dius.gov.uk/~media/publications/N/new_industry_new_jobs

higher value added products and services.

People:

- **Raising aspirations of leaders and managers**

Ensure that the region has the highest-quality leaders and managers who are able to inspire people to drive innovation, enterprise and productivity and make the most of their skills and talents

- **Driving up ambition and aspiration:**

Create a culture of employment, enterprise and learning throughout the region; remove the barriers that prevent investment in skills; raise aspirations and ambitions for skills, employment and continuous personal development that meets the growing demands of the economy and inspires all young people and adults to grow and make the best of their talents and opportunities

- **Defining employability:**

Respond proactively to evolving economic needs and demographic patterns to ensure a strong match between skills requirements and learning opportunities by ensuring that employers articulate their current and future skill needs and make full and effective use of all the skills and talents within our diverse and dynamic population

Place:

- **Supporting a secure, low-carbon energy efficient infrastructure for the region:**

Encourage more efficient use of resources and promote economic growth through the secure development, production and efficient use of our energy infrastructure

low-carbon economy jobs

- Training leading to level 2 and 3 qualifications (especially for people without current or relevant level 2 and 3 qualifications) in sectors where there are skills shortages at that level, in small and medium sized enterprises
- Lifelong learning and training for managers and workers (at any level, including level 4 and above) in small enterprises (up to 50 employees), including training and development in leadership, management, enterprise and technical skills needed for sustainable business development, business growth, innovation and productivity
- Skills for entrepreneurship, self employment and social enterprise
- Activities to prepare people from disadvantaged groups to access Higher Education (but not Higher Education provision itself)
- Training trainers in the public, private or voluntary sector (at any level, including level 4 and above) to deliver basic skills provision and above
- Activities to support men and women to enter and progress within non-traditional employment sectors.
- Information, advice and guidance for individuals affected by economic restructure and support with job search and entry into new job opportunities.
- Advice, support and training for self-employment, entrepreneurship, business creation and social enterprise.
- Assessment and accreditation of the skills of migrant workers, whose existing qualifications obtained within their country or origin, have no currency in the UK

Appendix 2: Regional Sterling and Euro Financial Allocations

The table below shows the financial allocation for the region (including Technical Assistance allocation). This is the ESF funding; the intervention rate is 50%.

	Priority 1			Priority 2			Priority 3 TA		
Sterling	Priority 1	Public Match	ESF & Match	Priority 2	Public Match	ESF & Match	Priority 3 TA	Public Match	ESF & Match
2007	24,222,374	24,222,374	48,444,748	13,283,238	13,283,238	26,566,476	340,596	340,596	681,192
2008	24,706,822	24,706,822	49,413,644	13,548,903	13,548,903	27,097,806	347,408	347,408	694,816
2009	25,200,958	25,200,958	50,401,916	13,819,880	13,819,880	27,639,760	354,356	354,356	708,712
2010	25,704,978	25,704,978	51,409,956	14,096,279	14,096,279	28,192,558	361,443	361,443	722,886
2011	27,038,382	27,038,382	54,076,763	14,827,564	14,827,564	29,655,129	422,888	422,888	845,776
2012	27,579,149	27,579,149	55,158,298	15,124,116	15,124,116	30,248,232	431,346	431,346	862,692
2013	28,130,732	28,130,732	56,261,463	15,426,598	15,426,598	30,853,197	439,973	439,973	879,946
Programme Total	182,583,394	182,583,394	365,166,788	100,126,579	100,126,579	200,253,158	2,698,010	2,698,010	5,396,020
2011-2013 Total	82,748,262	82,748,262	165,496,524	45,378,279	45,378,279	90,756,558	1,294,207	1,294,207	2,588,414
	Priority 1			Priority 2			Priority 3 TA		
Euro	ESF	Public Match	ESF & Match	ESF	Public Match	ESF & Match	ESF	Public Match	ESF & Match
2007	31,054,326	31,054,326	62,108,652	17,029,792	17,029,792	34,059,584	500,876	500,876	1,001,752
2008	31,675,413	31,675,413	63,350,826	17,370,388	17,370,388	34,740,776	510,894	510,894	1,021,788
2009	32,308,921	32,308,921	64,617,842	17,717,795	17,717,795	35,435,590	521,112	521,112	1,042,224
2010	32,955,100	32,955,100	65,910,200	18,072,152	18,072,152	36,144,304	531,534	531,534	1,063,068
2011	34,664,591	34,664,591	69,329,182	19,009,698	19,009,698	38,019,396	542,165	542,165	1,084,330
2012	35,357,883	35,357,883	70,715,765	19,389,892	19,389,892	38,779,785	553,008	553,008	1,106,016
2013	36,065,040	36,065,040	72,130,081	19,777,691	19,777,691	39,555,381	564,068	564,068	1,128,136
Programme Total	234,081,274	234,081,274	468,162,548	128,367,408	128,367,408	256,734,816	3,723,657	3,723,657	7,447,314
2011-2013 Total	106,087,514	106,087,514	212,175,028	58,177,281	58,177,281	116,354,562	1,659,241	1,659,241	3,318,482

Appendix 3: Technical Assistance Reallocation

The Operational Programme currently allocates 4% the regional budget to Technical Assistance. For 2011 to 2013, 3% of this can be allocated to Priority 1 or 2. For the West Midlands in this period this is £3,882,625 (4,977,722 Euro). This has been apportioned over Priority 1 and 2 based on the proportion of these budgets 64.58%/35.42% respectively. The table above includes this allocation. The table below shows this allocation broken out.

The rationale for the allocation is that there remains an equitable need to address both the worklessness agenda and provide the skills support required by the region as it addresses the economic downturn and seeks to grow and diversify.

Sterling	3% TA reallocation	Amount to be transferred to Priority 1	Amount to be transferred to Priority 2
2007			
2008			
2009			
2010			
2011	1,268,666	819,305	449,361
2012	1,294,040	835,691	458,349
2013	1,319,919	852,404	467,515
Programme Total	3,882,625	2,507,399	1,375,226
2011-2013 Total	3,882,625	2,507,399	1,375,226

Euro	3% TA reallocation	Amount to be transferred to Priority 1	Amount to be transferred to Priority 2
2007			
2008			
2009			
2010			
2011	1,626,494	1,050,390	576,104
2012	1,659,024	1,071,398	587,626
2013	1,692,204	1,092,825	599,379
Programme Total	4,977,722	3,214,613	1,763,109
2011-2013 Total	4,977,722	3,214,613	1,763,109

This extra funding will be used to support extra volumes of outcomes and results from both priorities, inline with the breakdown below. The additional volumes are also shown below.

Appendix 4: Indicators – Outputs and Results

A top-down approach to target setting within Regional ESF Frameworks has been undertaken by DWP. This has provided partners in the region with targets for those outputs/results indicators contained in national ESF Programme for the Wes Midlands. These targets are for the entire programme period, and not on an annual basis.

The targets for the West Midlands region are derived from the targets set for the national programme. Regional targets are to be set on a pro-rata basis vis-à-vis the national targets (based on ESF resource allocation). The targets are based on information about unit costs, participants and outcomes from comparable projects in the 2000-06 Programme. Adjustments have been made to reflect the policy priorities of the 2007-13 programme, and information from domestic programmes that may be used as match funding.

Targets have been calculated using the assumption of a 62%/34% split of ESF resources between Priorities 1 and 2 at national level (the remaining 4% is allocated for Technical Assistance), and further assumptions on split of resources within the Priorities.

Priority 1: Extending Employment Opportunities

- At least 70% of ESF funding should improve the employability and skills of unemployed and inactive people.
- At least 23% of ESF funding is ring-fenced for work with young people aged 14 to 19 who are not in education, employment or training (NEET) or at risk of becoming NEET.
- Up to 2.5% of ESF funding should be distributed as small grants to community groups.

Priority 2: Developing a Skilled and Adaptable Workforce

- At least 30% [35%] of ESF funding should support foundation level and basic skills training.
- At least 30% [35%] of ESF should support progression to level 2 and training at level 2
- Up to 40% [28%] of ESF can support training at level 3 and above.

The tables overleaf show the nationally set targets for the region for 2011 to 2013 and represent both ESF and match delivery. The numbers of participants in the national Operational Programme targets have been disaggregated among regions on the basis of regional financial allocations. In addition, the outputs and results have been revised to take account of the proposed movement of 3% of Technical Assistance Funding to Priority 1 and Priority 2. The targets are those in the revised draft of the Operational Programme.

Appendix 4i - The targets for Priority 1 in the West Midlands are shown in the table below.

Indicator	2007-13 Quantification		TA 3% increase	Revised Total
Outputs				
1.1 Total number of participants		48,900	1,657	50,557
1.2 Number and % of participants who are unemployed	(a)	20,400	691	21,091
	(b)	42%		42%
1.3 Number and % of participants who are economically inactive	(a)	16,800	569	17,369
	(b)	34%		34%
1.4 Number and % of participants aged 14 to 19 who are NEET or at risk of becoming NEET	(a)	9,650	327	9,977
	(b)	20%		20%
1.5 % of participants with disabilities or health conditions		22%		22%
1.6 % of participants who are lone parents		12%		12%
1.7 % of participants aged 50 or over		18%		18%
1.8 % of participants from ethnic minorities		31%		31%
1.9 % of female participants		51%		51%
Results				
1.10 Number and % of participants in work on leaving	(a)	10,750	364	11,114
	(b)	22%		22%
1.11 Number and % of participants in work six months after leaving	(a)	12,750	432	13,182
	(b)	26%		26%
1.12 Number and % of economically inactive participants engaged in jobsearch activity or further learning	(a)	7,600	257	7,857
	(b)	45%		45%
1.13 Number and % of 14 to 19 year old NEETs or at risk, in education, employment or training on leaving	(a)	4,300	145	4,445
	(b)	45%		45%

Appendix 4ii - The targets for Priority 2 in the West Midlands are shown in the table below.

Indicator	2007-2013 Quantification		TA 3% increase	Revised Total
Outputs				
2.1 Total number of participants		45,500	1,205	46,705
2.2 Number and % of participants with basic skills needs	(a)	18,400	487	18,887
	(b)	41%		41%
2.3 Number and % of participants without level 2 qualifications	(a)	18,600	492	19,092
	(b)	41%		41%
2.4 Number and % of participants without level 3 qualifications	(a)	5,700	151	5,851
	(b)	12%		12%
2.5 % of participants with disabilities or health conditions		15%		15%
2.6 % of participants aged 50 and over		20%		20%
2.7 % of participants from ethnic minorities		14%		14%
2.8 % of female participants		50%		50%
Results				
2.9 Number and % of participants gaining basic skills	(a)	8,300	219	8,519
	(b)	45%		45%
2.10 Number and % of participants gaining level 2 qualifications	(a)	7,450	197	7,647
	(b)	40%		40%
2.11 Number and % of participants gaining level 3 qualifications	(a)	1,700	45	1,745
	(b)	30%		30%