



GOVERNMENT OFFICE FOR LONDON
IN PARTNERSHIP WITH THE MAYOR OF LONDON

The London ESF Story

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The ESF promoting social cohesion

Minister,

Ladies and Gentlemen,

I am very pleased to have accepted your invitation to speak to you today about the ESF and its role in promoting social cohesion.

Before turning to the ESF in London, I would like to spend a few moments on the concept of **social cohesion and its relevance for ESF**.

The European Union is one of the richest regions in the world, and yet Member States are still a long way from fully achieving the common objective, set by the heads of state and government in Lisbon back in March 2000, of making a decisive impact on the eradication of poverty.

To give you an idea of the magnitude of the challenges I would like to present a few figures at European level:

- 16% of the EU population, 80 million Europeans, are living at risk of poverty, of which 19 million are children
- One in 10 lives in households where nobody works

- over 15% of students leave school too early without having obtained a sufficiently high level of secondary education

Reaching out to those at the margins of society and the labour market is an economic priority as much as it is a social priority.

There is no contradiction between having an efficient dynamic economy and one that places social justice at its centre.

No one argues with the proposition that economic development is necessary to sustain the provision of social support. In fact, social and economic policies can and should be mutually supportive.

Therefore, an integral part of the Lisbon strategy is to seek to mobilise the full potential of our human resources. This involves engaging with those who are most excluded from the labour market, and supporting their social integration.

The European Council, at its last summit in March this year, once again confirmed that the social dimension of the EU is an integral part of the Lisbon strategy which aims to further integrate economic, employment and social policies.

The Lisbon Agenda and the European Council also recognise the role of local and regional levels in delivering growth and jobs. Increased ownership of the growth and jobs agenda at all levels of government will lead to more coherent and effective policy making.

Social inclusion and labour market participation go hand-in-hand. In European Union jargon we use the term "**active inclusion**". This combines income support at a level sufficient for people to lead a dignified life, with a link to the labour market through job opportunities or vocational training and through better access to social services.

The Commission is convinced that tackling poverty requires integrated solutions. A strategic approach is needed in order to ensure that disadvantaged people are integrated into the job market in the long term. When both parents work, only 7% of

children are at risk of poverty, but when only one of them does, then 40% of children are at risk of poverty and this figure rises to 60% if neither of them work.

They first need to be supported with sufficient resources and personalised employment services to help them participate in society and become more employable.

Once in employment, job retention should be promoted to avoid a "revolving door" situation.

Unfortunately having a job is not always a guarantee against exclusion. Some 8% of EU citizens live at risk of poverty despite being employed. They need to improve their skills so as to seize opportunities for career progression.

It is an approach which is fully consistent with the "flexicurity" approach, by providing personalised pathways towards employment and ensuring that those who cannot work can live in dignity and contribute as much as possible to society.

The EU supports, coordinates and encourages Member State actions to combat poverty and social exclusion establishing common objectives, facilitating policy exchanges and mutual learning.

The EU has developed legislation to overcome discrimination and increase the inclusion of vulnerable and marginalised groups. It has developed targeted approaches to respond to the specific needs of each group.

In addition to coordination and legislation the EU also supports the objective of social cohesion in financial terms through the Structural Funds.

Recent analysis of some 450 programmes for the 2007-2013 programming period indicates an encouraging shift in priorities by the Member States and regions, with significant investments targeted at competitiveness, jobs and growth in line with the Lisbon Strategy.

The European Social Fund, as our main instrument to invest in employment and human potential, will continue to transform the principle of social cohesion into tangible benefits for millions of people.

The global ESF budget for 2007-13 is EUR 76 billion. If we add the national contributions, the global value of ESF projects will exceed EUR 100 billion during this period.

Out of that global amount, almost €26 billion will be invested in improving the quality and availability of education and training with support for projects to facilitate lifelong learning and to prevent students leaving school early.

There will be €19 billion to remove barriers to employment, especially for women, young people, older and lower-skilled workers, migrants and ethnic minorities; and an additional €10 billion will be used to help those facing poverty and social exclusion and having the biggest difficulties in returning to the job market.

So, Ladies and Gentleman, what can the ESF do for the people in England and London?

The vision for the new ESF programme is to enable greater access to sustainable employment, particularly for groups experiencing multiple barriers to the labour market, and to create a more skilled and adaptable workforce for England and for the London economy.

All in all, the ESF aims to support almost 1.7 million people. Of those, more than one quarter of a million will live in London. Almost half of the people supported will be workers who want to gain a qualification; the other half are expected to be mainly unemployed or inactive.

For London we expect that about 49 000 workers will gain a qualification, and almost 35 000 unemployed or inactive people will take up employment as a consequence of our support.

These targets are very ambitious. But we believe that they can be achieved given the unique and tailored nature of the support provided by the ESF programme.

Over seven years, the ESF will provide more than £2 billion to England. London will receive more than 15% or £324 million, the largest share of ESF support for any English region.

These amounts are significant and can make a difference to many people's lives. Here, I think in particular of the most disadvantaged people in society, where employment rates are comparatively low, such as lone parents, older workers, ethnic minorities, young people, people with disabilities and adults with low or no skills.

Ladies and Gentlemen, in spite of England's economic success in recent years 19% of the population is at risk of poverty. The share of children living in job-less households is amongst the highest in the EU. The proportion of early school leavers still remains at 13%.

Despite employment rates that exceed the targets set by the Lisbon strategy, I am not telling you anything new when I say that there are certain groups that continue to remain at a disadvantage in the English labour market and that there are still considerable regional and sub-regional differences. Pockets of unemployment exist.

In this context we find a unique situation in London. Whilst London is one of the most productive cities in the UK with the most highly skilled workforce, it has the lowest rate of employment and the highest rate of child poverty in the UK.

The ESF programme will be implemented regionally. This will allow targeting the funding to the most urgent problems at regional and local level. In this vein, London has decided to emphasize measures targeted at extending employment opportunities (67% instead of 62% nationally) and to decrease the funding to the skills priority in comparison to the national allocation. An additional cross cutting theme, "Health", will permeate across ESF actions; it aims to address ill health and worklessness and improve the health benefits of employment.

As I mentioned earlier, local and regional authorities play a tremendous role in achieving greater social cohesion and turning programme implementation into a success. In London, the programme is placed under the strategic direction of the Mayor. The Regional Committee is chaired by the Mayor's Office. In addition, the London Development Agency is an Intermediate Body and it thus takes on an enhanced role in the day-to-day management of the programme.

I am glad to say that through the projects financed under the previous programme we find numerous good examples which helped people to return to the labour market or improve their skills.

One such example is 'The Construction Employment and Skills Partnership' project (CESP). It is part of the social regeneration process and focuses on socially excluded people who live in social housing estates. It aims to provide construction skills and sustainable jobs for those currently excluded from large scale regeneration initiatives. When this project finishes in July 2008, it will have helped about 1250 disadvantaged people coming from the most deprived London boroughs. 250 of those will have moved into work.

To conclude my intervention, I would like to turn briefly to some challenges that need to be tackled to ensure successful implementation of the programme.

The first pre-condition for a successful programme is **ownership**. We need to encourage a sense of ownership in the programme amongst project managers and providers, nationally, regionally and locally. This will be a challenge under the new co-financing arrangements and the institutional changes planned.

Nevertheless, here I want to highlight the importance of the Voluntary and Community Sector. Given the strong focus of the programme on the hard-to-reach groups, I believe the participation of the Voluntary and Community Sector to be essential. We are hopeful that the Community grants will continue to allow small third sector organisations to be involved in programme implementation.

The second pre-condition is **sound financial management**. The ESF essentially constitutes European tax payers' money. Therefore, we are convinced that a rigorous approach to irregularities and accurate monitoring and reporting will contribute to enhance European tax payers' confidence that Community funds are used efficiently and correctly.

Finally, there is also a challenge which relates to public opinion in England and in London. Sometimes, the media portrays European funding as overly bureaucratic or cumbersome. In this programming period we as the Commission, in cooperation with the Member States, have endeavoured to simplify the rules and regulations governing the ESF. Therefore, it will be a challenge for programme managers **to demonstrate and communicate to the public** that the rules governing European funding are not there to make the life of citizens more difficult, but they are solely designed to protect tax payers' money. We don't just shift money around!

Minister,

Ladies and Gentlemen,

London has made very good progress in the implementation of the new programme. It is amongst the first to start the Community Grants. This impressive start was only possible because of very good cooperation between the various stakeholders here in London. We in the Commission will do everything we can to support your efforts. We will co-operate closely and constructively with you because we are convinced that your success will be our success.

The better we deliver the ESF programme here in London, the more successful we will all be in contributing to greater social cohesion.

I wish you my very best in this new endeavour.