

3. TACKLING POVERTY AND IMPROVING ECONOMIC OPPORTUNITY

Skills and Training

3.1 Lack of skills is a key cause of unemployment, economic inactivity and poverty for individuals. At the same time, it reduces the economic competitiveness and growth prospects of employers in Wales and therefore reduces the wealth and income for the population of Wales as a whole. Standards of education in our schools and colleges are improving but too

many young people still leave the education system with insufficient skills, and we have a large pool of adults with low skills. In 2001, 20% of adults of working age in Wales had no qualifications, and at all qualification levels our position is below that of most other parts of the UK and some of our key overseas competitors.

Where we are today

3.2 A substantial number of our children, young people and adults have poor literacy and numeracy skills - around 780,000 at the last count. Research has shown that improving these basic skills leads to benefits across society. The level of crime, social welfare dependency and poverty can be reduced, health improved and community participation increased as a result of improving people's skills.

3.3 A related factor is that Wales suffers from having around 25% of its population of working age not in employment or looking for work. This figure is significantly higher than for the UK as a whole and in certain communities in Wales the figure is very much higher. The figures for women are worse than that for men. These high rates are a significant factor in relation to our low GDP per head, and can also have a very damaging effect on the individuals concerned, their families and their communities.

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3.4 Research undertaken by Future Skills Wales has shown that 30% of Welsh employers are unable to recruit people with sufficient skills and about the same number also suffer from skills gaps in their existing workforce. This is not only a tremendous loss of Wales's wealth creating capacity but it also means that there is a tendency for firms to fall into a "low skills trap" whereby they adjust to the shortage of skills by adopting strategies that do not require higher skill levels. This inevitably reduces the scope for innovation, growth and stable employment.

What we are doing

3.5 The Assembly Government, and the whole Future Skills Wales Partnership, has responded to these challenges by drawing up the *Skills and Employment Action Plan 2002*, which sets out over 50 positive actions to:

- Improve the mechanisms for raising the skills of our workforce;
- Provide new entrants to the labour market with the skills needed for employment;
- Work with employers and employees to raise the skills of the existing workforce; and

- Help more people into sustained employment.

3.6 Among the specific initiatives being taken forward are:

- An all-age approach to work-based learning programmes such as Modern Apprenticeships, which means that people will still be able to train for high-skilled jobs after the age of 25;
- Establishing an effective network of Sector Skills Councils in Wales, employer led bodies whose job is to tackle skills issues in their sectors;
- An expansion of the Wales Union Learning Fund which has proved to be effective in reaching non-traditional learners; and
- The Learning Worker pilot in Llanelli, which is piloting the provision of free learning up to and including Level 3.

3.7 We are also working with Chwarae Teg and other organisations to tackle gender stereotyping in employment, help more women be successful in running their own businesses and improve working practices so that people can better balance their work and other commitments.

3.8 *The Basic Skills Strategy for Wales* is another major initiative being taken forward under the umbrella of the *Skills and Employment Action Plan*. This Strategy is putting in place an infrastructure to ensure that everyone has the opportunity to acquire these vital skills. It includes actions to:

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- Raise awareness of the importance of good literacy and numeracy skills to people of all ages;
- Support language development in babies and pre-school children so that they are ready for learning when they begin school;
- Build partnerships with schools and local education authorities to help them strengthen their approaches to basic skills provision and to ensure that provision meets quality standards;

- Work in partnership to ensure that adults have access to good quality basic skills provision in their local area or their place of work; and
- Support those voluntary and statutory organisations that help people who may have basic skills needs which impair or prevent their full and effective participation in society.

Higher Education and Lifelong Learning

3.9 The Assembly Government continues to invest in people and lifelong learning to secure a society where everyone has the opportunity to exploit their learning potential. The National Council, working in conjunction with the Higher Education Funding Council in Wales under the brand name ELWa, is pivotal in developing an education and training system with the flexibility to accommodate the needs of all learners and promote wider participation.

3.10 The Welsh Assembly Government is conscious that too many of our able and talented young people still believe that higher education is not for them. It also recognises that adult continuing education often engages those who may have lost, or never previously acquired, the learning habit and equips them with the vital skills and confidence to progress on to further learning. In so doing, it can provide a focus for community activity and improvement, particularly in areas of social deprivation. A range of measures is in place to encourage wider participation.

Where we are today

3.11 A recent survey shows that 1 in 5 adults in Wales are currently learning and 2 in 5 adults have been learning in the last 3 years. This experience of learning is key to ensuring that people remain "switched-on" to education - 77% of current learners report that they are likely to take up learning in the future, whilst 84% of those who have not been involved since leaving full-time education say they are unlikely to do so and this presents a challenge.

3.12 *Reaching Higher*, the Assembly's strategy for higher education, which was published on 7 March 2002, includes the following targets:

- The proportion of young people accessing higher education from low participation neighbourhoods to increase to around 40-50% by 2010.

- The proportion of young people with a disability attending higher education to match the proportion of those in Wales with a disability by 2010.

What we are doing

3.13 The Assembly Learning Grant, which was introduced in 2002, is aimed at breaking down barriers to learning. The grant provides a guaranteed source of extra targeted financial support for eligible students in higher education, and, for the first time, in further education (18 years and over). The Grant is means-tested, and targeted at the least well-off among learners as part of the Assembly Government's ambition to overcome poverty of opportunity and increase access in low income communities.

3.14 New funding arrangements are being designed by the National Council to ensure a single approach to planning and funding all post-16 learning. The approach will provide for a fairer system in which resources follow the needs of learners and allocation is on the basis of common funding principles, including the encouragement of high-quality learning provision for all. This will enable the National Council to eliminate discrimination and distortion arising from different learning routes or provider settings.

3.15 In partnership with the National Council - ELWa, the Welsh Assembly Government is developing a better-targeted Individual Learning Account (ILA Wales) programme due to be introduced in Spring 2003. The programme will have the core objective of widening participation in learning by encouraging take-up from those with no, or low qualifications. Further, it will encourage involvement of those who face financial barriers to learning by offering higher financial incentives to those on a low income.

3.16 The development of Community Learning Accounts will specifically aim to enhance the scope for such learning in some of the most socially deprived communities in Wales by providing greater learning opportunities.

3.17 The development of e-learning - via broadband connections to the internet, the development of remote access inter-active learning packages and the establishment of video conferencing facilities at learning facilities across Wales - is seen as a very important means of improving the access of individuals and communities to learning opportunities, particularly for those who might otherwise feel geographically remote from such opportunities.

3.18 The National Council – ELWa is developing a strategic framework for e-learning. The framework will focus on the use of technology to widen participation in post 16 learning, and will link closely to work being undertaken in schools and by the Higher Education Funding Council. Collaborative work with Learndirect will help embed Learndirect e-learning products into the range of opportunities in Wales.

3.19 Employment policy is reserved to the UK Government and measures such as the Welfare to Work agenda and the New Deals, delivered in Wales by Jobcentre Plus, have a significant impact on unemployment and economic activity.

Where we are today

3.20 Since the introduction of New Deal in January 1998, some 50,000 people have been helped into work through the various New Deals in Wales. In addition, long-term youth unemployment has been almost eradicated. 30,000 under 25s will have been helped to leave unemployment through the New Deal, during the term of the first Government of the National Assembly for Wales.

3.21 In recent years the emphasis of the UK Government's Welfare to Work agenda has shifted. Greater support is now provided for those people who are economically inactive and claiming a range of benefits, such as income support and incapacity benefit, to return to work. The New Deals for Lone Parents and Disabled People made clear the potential for helping such client groups re-enter the labour market. The introduction of Jobcentre Plus in April 2002 brought together the former Employment Service and Benefits Agency into a single organisation to offer a more comprehensive package of assistance to this wider client group.

What we are doing

3.22 The recent Department for Work and Pensions (DWP) Green Paper - "*Pathways to Work: Helping People into Employment*", looks to build on the potential for helping people on incapacity benefit. It outlines a raft of health related measures and interventions designed to help people with work limiting health problems get back into work. The Assembly Government will work closely with DWP and Jobcentre Plus Wales as proposals for the implementation of a number of pilots are finalised over the coming year.

3.23 Many people looking to return to work in Wales face a range of multiple barriers varying from the availability of transport to access to childcare. In keeping with the actions outlined in the *Skills and Employment Action Plan* more effective linkages have been made between the Assembly Government

and Jobcentre Plus Wales.

3.24 Underpinning this, the Wales New Deal Advisory Task Force continues to advise the Assembly Government and attempts to influence DWP policy on the development and delivery of the New Deal programmes in Wales. Through its annual reports and meetings with the Minister for Education and Lifelong Learning it provides an informed and independent assessment of the impact of the programmes and their contribution to the economic and social

Careers advice and guidance

3.25 Many people fall out of the jobs' market in adult life and impartial, good quality advice and guidance can help re-engagement into learning and employment. Careers Wales, the all-age careers information, advice and guidance service, meets this need. Uniquely in Wales, the long-term economically inactive (outside New Deal provision) have been able to receive an in-depth guidance interview, leading to a written action plan outlining career options. This has been supplemented since 2001 by extending in-depth guidance to low skilled people in employment (that is, those with accredited qualifications not higher than NVQ Level 2).

Where we are today

3.26 Careers Wales provides ready access to independent and impartial information on learning and employment opportunities. Whilst this does not address, by any means, all the barriers to engagement in learning and skills acquisition, sensitively prepared and appropriate interventions can help many in this situation address the need to acquire the skills and attitudes necessary for progression in learning and employment. Funding from the Welsh Assembly Government has been incrementally increased since the late 1990s, to build the capacity of Careers Wales to help address this problem.

What we are doing

3.27 Through their partnership agreements with schools and further education colleges, Careers Wales presents a menu of additional services to help those young people who are at risk of disengagement from education. Interventions can be varied - from additional interviews, to longer-term monitoring, to a range of structured programmes, such as the Youth Gateway. Common to these approaches is a focus on realising the importance of obtaining skills and behaviours appropriate to the jobs market, and helping young people manage difficult transition.

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The Economy

(i) A Winning Wales

3.28 *A Winning Wales*, the Welsh Assembly Government's National Economic Development Strategy, has the following vision:

To achieve a prosperous Welsh economy that is dynamic, inclusive and sustainable, based on successful, innovative businesses with highly skilled well-motivated people.

3.29 This vision is set to sustain the economic development of Wales over a decade and guides the actions and targets of the Assembly, Assembly Sponsored Public Bodies and other agencies involved in making or delivering economic policy.

Where we are today

3.30 A Project Group has been established to oversee the strategy's implementation. Membership of the Group consists of representatives of Assembly Government departments, Wales European Funding Office, WDA, Wales Tourist Board, ELWa, Welsh Local Government Association and Jobcentre Plus.

What we are doing

3.31 The Assembly Government has committed more than £15 billion over 10 years to help

transform Wales. Implementation of the strategy is well underway and considerable progress has been made against all 71 action points in the plan. The Assembly Government will publish its first annual report on progress against the targets and actions in *A Winning Wales* in early summer 2003.

(ii) Welsh Development Agency

3.32 The WDA has a community regeneration policy focusing on an area based approach, providing the integration of complementary economic, social, cultural and environmental measures.

3.33 The Agency undertakes the reclamation of land, urban and rural renewal projects including Town Improvement Grants, Regeneration Investment Grants, Environmental Improvement Grants and community initiatives such as the e-communities programme and LEADER+. Land Division services also provide amenity land to assist community regeneration.

3.34 Building on the Market Towns Initiative, the Small Towns and Villages Initiative, and earlier work on both urban and rural regeneration, the Agency has developed a community regeneration tool-kit comprising of both revenue

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and capital support. This allows for a mix and match approach of a number of support mechanisms to support community regeneration.

(iii) Credit Unions

3.35 The Assembly Government is tackling financial exclusion through support for the promotion of the Credit Union movement in Wales. Credit Unions are financial cooperatives that offer quality and low-cost financial services to their members. They can be particularly beneficial to those on low incomes or those who find themselves excluded from mainstream financial institutions. They also provide focal points for communities by bringing together people to work alongside each other for their own benefit and that of the community as a whole.

3.36 There are some 47 Credit Unions in Wales, with over 900 volunteers serving a membership of over 21,000. The Assembly contributed £480,000 in 2002-03 towards their development.

(iv) Entrepreneurship Action Plan

3.37 The *Entrepreneurship Action Plan (EAP)* indirectly offers support for social inclusion through its support for entrepreneurship in the social economy. The aim is to engage with

people who might not otherwise contribute to the economy because of lack of confidence or lack of educational qualifications. Social entrepreneurs and social enterprises are also likely to operate where local services face closure or are absent. The WDA, in partnership with the Social Economy Network, has commissioned consultants to map, analyse and suggest proposals to develop the social economy sector in Wales. The exercise, soon to be completed, should also provide a portfolio of case studies, including examples of where social enterprises have reached previously excluded members of society.

3.38 The EAP also supports the *Enterprise Rehearsal Project* which serves to tackle social inclusion by specifically allowing unemployed people claiming benefits to research, develop and start their businesses whilst maintaining their benefits. It operates pan-Wales and has been developed by the Wales Cooperative Centre in close collaboration with Jobcentre Plus Wales.

3.39 *Potentia* is another EAP-related project that has been established to unlock the enterprise potential of under-represented groups such as disabled people, people from black, minority ethnic communities, lone parents, young people, Welsh speakers and people aged over 50. It aims to capitalise on opportunities, give people the confidence to move beyond their perceived limitations and offers support to help them realise their potential. A sister project, *Women's Enterprise Wales*, is a pre-business start-up programme being delivered to women who face various barriers in setting up in business.

Regional Selective Assistance

3.40 Regional Selective Assistance (RSA) and Assembly Investment Grant support existing and new businesses in the Assisted Areas which cover most of the areas in Wales where social inclusion is a major issue.

Where we are today

3.41 2001-2002 was a record year for offers of RSA grants, with £143 million being offered to lever in £620 million capital investment. This created 9,179 jobs and safeguarded 3,984 jobs. Assembly Investment Grant is a streamlined scheme for small and medium sized enterprises and was introduced in April 2002. Since then 288 offers have been made involving capital investment of £28.5 million and 470 new and 1,294 maintained jobs.

What we are doing

3.42 The Welsh Assembly Government works closely with the Welsh Development Agency and other Team Wales partners such as Jobcentre Plus to try to maximise the social inclusion effects of commercial investment. For instance, RSA grant recipients are reminded of New Deal financial support available if they recruit people who have been unemployed for longer periods.

European Structural Funds

3.43 The European Union's Structural Funds provide grant aid for projects that address socio-economic disparities within and between different regions and social groups. Central to this aim is the sustainable development of economic activities, employment and human resources, the protection and improvement of the environment, and the promotion of equal opportunity for all sectors of the population.

Where we are today

3.44 Wales has been allocated substantial European Structural Funding totaling £1.36 billion for the period 1 January 2000 to 31 December 2006. A further £1.55 billion of match funding by the public and private sectors means that the current programming period is worth £2.9 billion.

What we are doing

Objective 1 Programme

3.45 West Wales and the Valleys have been awarded Objective 1 monies of £1.14 billion from the European Union to achieve three overarching aims:

- Raise per capita GDP in the region from 73 to 78 per cent of the UK average;

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- Create around 43,500 net additional jobs; and
- Reduce the number of those who are economically inactive by 35,000.

3.46 The main aim of Priority 3 is to combat social exclusion by targeting local, community based action on the most deprived communities to increase skills and employability and to improve conditions for businesses. It promotes equal opportunities by helping to build the capacity of individuals and provides support for specific initiatives identified and implemented

by communities. Projects promote social inclusion by encouraging awareness raising and training in equality and by supporting participation in activities by disadvantaged groups. To the end of December 2002, 98 projects had been approved and £25.1 million of European funds committed. These include:

3.47 The aim of Priority 4 is to help unemployed and economically inactive people into sustainable employment and to prevent others drifting into long-term unemployment, to promote equality of opportunity and help prevent social exclusion. To the end of December 2002, 260 projects had been approved and nearly £128 million of European funds committed, including:

Objective 2 Programme

3.48 The Objective 2 and Transitional programme has been allocated European funds of around £77 million to increase employment growth,

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promote economic diversification and develop sustainable communities within East Wales.

3.49 Priority 2 focuses on 5 key themes to support the promotion of sustainable rural development in East Wales. To the end of December 2002, 29 projects have been approved and £3.5 million of European funds committed.

3.50 One of the 5 themes concentrates on encouraging co-operation between rural communities to promote economic and social development. A number of projects have been awarded European funding to support this theme and are thereby helping to make a real difference to the wellbeing of the rural community. These projects include:

3.51 Priority 3 focuses on 4 key themes to support the promotion of urban community regeneration in East Wales:

- building the capacity of residents and groups, developing their ability to play an active role in their community;
- developing the social economy to create local employment opportunities not otherwise available and contributing to economic growth;
- support for the development of active networks and new ways of working in partnership;
- the need for specific action to tackle social exclusion through engaging minority groups in the regeneration process. Community regeneration activities must demonstrate that all sections, age groups and cultures within the community are actively engaged in the planning and decision making process.

3.52 Within this Priority, 15 projects have been approved and £1.26 million of funds committed to the end of December 2002. Projects include:

Objective 3 Programme

3.53 East Wales will receive just over £81 million of European Social Fund monies over the seven-year period of the Objective 3 programme. The aim of this programme is to combat long-term unemployment and assist young people and those at risk of social exclusion. It also promotes equal opportunities, adaptability and entrepreneurship in the workforce and improves training, education and counseling for lifelong learning. The programme will help contribute to the National Economic Development Strategy targets of increasing GDP, employment growth and economic activity in the East Wales region.

3.54 Priority 2 focuses on reducing the numbers and proportions of people in East Wales at a disadvantage in the labour market, who are excluded from learning and employment. It provides pathways to employment for a wide range of excluded groups and has a particular focus on disabled people; people from ethnic minorities; older people; returners to the labour market (including lone parents and those with caring responsibilities) and people with basic skills needs. The Priority includes action to strengthen the capacity of local community based organisations and groups to deal with disadvantaged clients and support for the development of the social economy. It also provides support for local initiatives by facilitating easier access to ESF by small community based groups.

3.45 Within this priority, 80 projects have been approved and £7.16 million committed to the end of December 2002. These include:

