



DRAFT NATIONAL STRATEGIC REFERENCE FRAMEWORK

EU Structural Funds Programmes: 2007 – 2013

Crisis' response to the DTI consultation

May 2006

Draft National Strategic Reference Framework: EU Structural Funds Programmes: 2007 – 2013

The DTI are consulting on the UK Draft National Strategic Reference Framework. The Framework will establish the priorities for future Structural Funds programmes. The consultation also seeks views on UK Government's proposals for dividing UK Structural Funds allocations within the new Competitiveness and Employment Objective.

The Competitiveness and Employment Objective replaces current objectives 2 & 3. The aim is to increase competitiveness and employment in more prosperous regions. Structural Funds programmes are expected to focus funds in line with the European Employment Strategy, which recommends the UK improves the employment prospects of disadvantaged people and tackle low skills in the workforce; and the UK Lisbon National Reform Programme, which sets out the Government strategy to help disadvantaged groups move from unemployment and inactivity into work and to develop the skills of young people and adults.

In responding to selected consultation questions, Crisis draws on experience of enabling homeless people improve their skills, re-enter the workforce and re-integrate into society.

Crisis

Crisis is the national charity for single homeless people.

We have a vision of social integration and work year-round to help vulnerable and marginalised people get through the crisis of homelessness, fulfil their potential and transform their lives.

We develop innovative services which enable homeless people to progress through education and creativity and we campaign for a more inclusive society.

We run services directly or in partnership with organisations across the UK, building on their grass roots knowledge, local enthusiasm and sense of community. We also regularly commission and publish research and organise events to raise awareness about the causes and nature of homelessness, to find innovative and integrated solutions and share good practice.

Crisis relies almost entirely on donations from non-government organisations and the public to fund its vital work. Last year we directly helped around 8000 people, and we also campaigned to improve the lives of all 380,000 hidden homeless people.

Much of our work would not be possible without the support of over 5000 volunteers.

Crisis was founded in 1967 and has been changing the lives of homeless people for 39 years.

Single Homelessness

In 2005 100,170 households were accepted in England and Wales as being homeless and in priority need¹. These figures only tell part of the story. In addition to those who are accepted as homeless by local authorities there are others whose homelessness is unaccounted for. The vast majority are single people without dependent children living in hostels, bed and breakfast accommodation, squats and derelict buildings and sleeping on the floors of friends and family. Research suggests that there may be as many as 380,000 single homeless people in the UK².

Homelessness deskills, de-motivates and isolates. It can trap people in a destructive cycle of disadvantage - long-term unemployment, mental health problems, addiction and offending become increasingly likely. Crisis successfully enables homeless people break their destructive cycle, move into employment and create pathways back into society by improving skills and raising confidence.

Despite this single homeless people are catered for poorly. 38% of homeless people possess no qualifications whatsoever. A further 14% are educated only up to level 1. Yet only 19% take part in courses aimed at improving skills, of which only around 50% complete.³ The employment rate stands at just 14%. Of those unemployed 30% will have been so for over three years, with a further 27% unemployed for over ten years⁴.

Structural Funds aimed at improving the skills and employment prospects of disadvantaged people present an excellent opportunity to improve the quantity and quality of available provision for single homeless people. Crisis is keen that Structural Fund priorities and the division of funds within the Competitiveness and Employment Objective reflect the needs of single homeless people.

¹ ODPM (2006) *Quarterly statutory homelessness statistical release*

² Kenway, P & Palmer, G (2003) *How Many, How Much?*, Crisis

³ Opinion Leader Research (2006) *Learning and Employment amongst homeless people*, Crisis

⁴ *ibid*

The UK's DRAFT STRATEGIC REFERENCE FRAMEWORK

Question 2: Do respondents agree with the proposed priorities for future Convergence and Competitiveness Programmes in England, Scotland, Wales, Northern Ireland and Gibraltar?

1.0 Crisis welcomes the thrust of the two main ESF priorities, however, has the following comments:

- Promoting social inclusion is achievable through more routes than employment alone. For homeless people secure housing increases inclusion, as does raising skills, improving access to services, increasing participation and enabling people to raise aspirations. **Crisis recommends a priority to promote social inclusion** of which extending employment opportunities is but one of range of approaches;
- **Crisis recommends improving skills is understood more broadly than raising qualifications.** Skills must also be understood to include core competencies, e.g. communication skills, relating to others, decision-making and using initiative. These are the skills which enable disadvantaged people both move into and succeed in mainstream education and sustainable employment;
- **Crisis recommends engagement activities are included within the example of actions.** For those people with a history of failure with the labour market and in education, a pre-structured education stage is often necessary to create interest and increase motivation;
- **Crisis recommends that improving basic literacy & numeracy skills and supporting progression from foundation to level 2 learning is available to all disadvantaged people not just those in the workforce.** The benefits of qualifications and progression should not be limited to those in work. Improving skills, whether core competencies or qualifications, should be based on an individual's need.

THE ARCHITECTURE OF FUTURE STRUCTURAL FUNDS PROGRAMMES

Question 5: Do respondents agree with the proposed architecture for future programmes?

- 1.1 **Crisis recommends that programmes fit within the objectives defined by each regional development agency's development strategy.** Crisis recognises the administrative benefits of a national programme for ESF in England. The danger is, however, how limited in practice the regions will be when operating within the national programme framework. The programme refers to '*flexibility for regions to give emphasis to their particularly employment and skills issues*'. The extent of this flexibility is not defined.
- 1.2 A lack of regional flexibility within national frameworks can hamper delivery on the ground. This can be evidenced, for example, by the London's learning and skills councils (LSC). The LSC London region, comprising 5 local LSCs, has been successful in achieving its share of the national targets. For a variety of reasons this success has not translated into improved outcomes for disadvantaged people within London. As a consequence there is a strong body of opinion encouraging greater regional autonomy for London LSC under leadership of the Mayor.
- 1.3 **Crisis recommends that each region's European Programmes Monitoring Committee has stakeholder groups, including the 3rd sector, fully represented.** The 3rd sector has an increasingly important role in enabling Government to meet and exceed PSA targets. By closer integration and full recognition of the 3rd sector as a key stakeholder delivery can move to a new level.

SPLIT OF FUNDING BETWEEN ERDF AND ESF

Question 6: Do respondents agree that the UK's competitiveness allocation should be divided equally between the ERDF and ESF at the UK level?

- 1.4 **Crisis recommend that that across the UK the balance of the UK's Competitiveness allocation should be weighted in favour of ESF over and above ERDF.** Capital funding is more readily available from the UK Government than revenue funding. In order to help redress this balance structural funds should be directed towards revenue funding, via ESF, rather than capital via ERDF.
- 1.5 ESF EQUAL programmes helping homeless people, offenders and long-term unemployed deliver the kind of targeted interventions that people suffering from multiple disadvantages require in order to overcome disadvantage, return to the labour market and reintegrate into society. These programmes need to be protected. Those suffering from multiple disadvantage benefit less from ERDF programmes that deliver infrastructural improvements. The overall Structural Fund UK allocation is in real terms less than the 2000 – 2006 allocation. The balance of the UKs competitiveness allocation should be managed so as to limit the reduction in ESF from 2000 – 2006 to 2007 – 2013.

THE ALLOCATION METHOD FOR DISTRIBUTING ESF FUNDS

Question 8: What are respondents' views on how best to allocate ESF Competitiveness funding across the UK's ESF programmes?

- 1.6 **Crisis recommends that worklessness should be used as the indicator for determining ESF allocations.** Crisis understands worklessness to include those people out of work but actively seeking employment and those people out of work not seeking employment. Crucially, whilst worklessness should be used as the indicator for determining ESF allocations, outcomes should not be measured solely against securing employment.
- 1.7 **Crisis recommends that outcome measurements be broader than employment and account for progression.** If performance is measured solely against securing employment and gaining qualifications, it is inevitable that programmes catering for those clients closest to the desired outcome will be able to offer more tangible outcomes for less money, so winning the contracts. The effect, therefore, is to further exclude the most disadvantaged.

FUTURE DELIVERY OF STRUCTURAL FUNDS IN THE UK

Question 11: Do respondents agree that ESF delivery arrangements should bring together ESF and domestic employment and skills funding in England to allow organisations to access a single funding stream?

- 1.8 **Crisis recommends that co-financing continue as at present.** A single funding stream providing 100% of funds is easier for programmes to access. Improving the ease of applications helps to increase the diversity of supply as more complex applications can discriminate against smaller organisations.
- 1.9 **Crisis recommends that allocations vary in size, by small medium and large.** Whilst the co-financer may find it easier to administer a small number of large contracts, this harms diversity of

supply. Larger contracts are simply beyond the capacity of small or medium sized organisations, particularly when, for instance, ability to manage a grant or a financial database has to be in place before tendering. A diversity of supply offers more choice for disadvantaged people and delivery of structural funds should work to encourage diversity.

- 1.10 **Crisis recommends that ESF is not brought into current domestic employment and skills budgets.** ESF should continue to play a role in financing specialist programmes, which enable disadvantaged people access opportunities denied of them by the mainstream.



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