

November 2017

SKILLS TRAINING FOR VULNERABLE WORKERS

EFFECTS OF THE LOSS OF EU FUNDING AFTER BREXIT

Peter Dickinson, Daria Luchinskaya and Chris Warhurst, Institute for Employment Research, University of Warwick

About this briefing

Current UK spending on initiatives to help unemployed and disadvantaged workers in the labour market is below the EU average. UK spending in this area is significantly supplemented by EU funding such as the European Social Fund (ESF), designed to reduce labour market inactivity among disadvantaged groups and the long-term unemployed by improving training and skills in underprivileged regions. Unless the UK Government provides replacement funding, this funding source will be withdrawn on the UK's exit from the EU, reducing regional investment in skills training.

This briefing outlines the benefits of the ESF in the UK and makes recommendations for what investment in skills training for vulnerable workers should look like after Brexit.

The UK employment context

Although there are record numbers of people now in work, employment participation in the UK is uneven across the regions. Whilst the national rate of

Policy Recommendations

- A replacement programme that replicates the ESF in focus, format and intent is needed to improve outcomes for poverty and social exclusion in poorer UK regions after Brexit.
- Stakeholder investment and participation is essential to successfully develop local responses to local needs. This investment should be preserved in any new funding programme.
- The new programme should be strategically aligned to local economic development plans and government devolved funds.
- A robust independent evaluation framework is required to ensure the success of the new programme. Performance measures should include both entry into employment and sustained employment outcomes for participants.

unemployment was 5% in 2016, it was 6.3% in Northern Ireland and 6.8% in the North East of England. The average number of workers without qualifications was 8% across the nation but 11.8% in the West Midlands and 15.8% in Northern Ireland. There is also disparity across certain social groups. Youth unemployment among 16-24 year olds was 13.6% in 2016, 17% of whom had been unemployed for longer than a year. Twenty-two per cent of the workforce was economically inactive, of which 24% wanted a job. Boosting the skills of the unemployed, economically inactive and disadvantaged is an important aim for the UK to increase productivity and minimise social exclusion.

The UK has a number of funding sources to support pathways into sustained employment. The ESF provides around £4.5bn across England, Wales, Northern Ireland, Scotland and Gibraltar, of which £364m is dedicated to improving youth employment.

Benefits of the ESF

The structure of the ESF is particularly successful in tackling regional and social disparity in employment participation in the UK. Funds are directed towards poorer regions, with Northern Ireland, the North East, the South West and Wales benefitting from the most support. The priorities of the ESF – to target the unemployed, economically inactive, workless households and those who have been made redundant – speak directly to those groups in the UK who most struggle to find employment or decent work. These priorities target groups who tend to fall outside of support services provided by Jobcentre Plus.

The ESF offers additional localised support whilst also complementing UK Government programmes. In England, Local Enterprise Partnership (LEP) Structural Investment Fund strategies have been developed alongside the ESF, encouraging synergies between the ESF and Growth Deal funds (which fund LEPs to undertake projects benefitting the local area). Furthermore, because the ESF requires match-funding, local stakeholders across the private, public and voluntary sectors are incentivised to contribute and work together as well as work with central government to be able to provide local solutions to local challenges.

Further information

- Luchinskaya, D. and Green, A. (2016) [Breaking the Cycle: What Works in Reducing Intergenerational Worklessness and Fragile Employment](#) Report (June). Public Policy Institute for Wales: Cardiff.
- Warhurst, C., Wright, S. and Lyonette, C. (2017) *Understanding and measuring job quality*, London: CIPD.
- Warhurst, C. (2016) [Accidental tourists: Brexit and its toxic employment underpinnings](#), *Socio-Economic Review*, 14(4): 819-825.

Outcomes from the previous ESF programme (2007-13) demonstrate the fund's success in supporting vulnerable workers to develop employment skills. Over 70% of programme participants said that they were fairly or very satisfied with the support they received. Overall, the ESF programme delivered jobs for about 20% of participants. Amongst unemployed participants, between 25% and 33% were in work 6 months after leaving the programme, which compares well with the 31% of participants on the UK Government's Work Programme (to June 2017). Around 20% of all participants achieved a full qualification, which tended to be at Level 2 or higher.

Conclusion

Funding for skills training post Brexit is uncertain. No decision has been made on replacing the funding that will be lost when the UK leaves the EU.

Evidence shows that ESF funds can target poorer regions to improve outcomes for poverty and social exclusion. If ESF funds are not replaced, and if the redistributive design of the funds is not maintained, then the performance of poorer UK regions could be under threat. Removal of these funds could also leave the most vulnerable workers without support and could undermine an established support infrastructure including LEPs and third sector organisations.

To minimise the disruptive effects of Brexit on skills and training support for vulnerable workers, we recommend that the UK Government develop a programme that replicates or at least approximates the ESF. Such a programme would serve to strengthen the UK labour market at a crucial time for the UK as it moves out of the EU.

Contact the researchers

Dr Daria Luchinskaya, Institute for Employment Research, University of Warwick

D.Luchinskaya@warwick.ac.uk

This policy briefing was supported by the ESRC Impact Acceleration Account (grant reference ES/M500434/1). The views contained in this briefing do not necessarily reflect the view of the University of Warwick or of the ESRC.

