

EXECUTIVE SUMMARY

Introduction

The England and Gibraltar European Social Fund (ESF) programme will contribute to sustainable economic growth and social inclusion by extending employment opportunities and by developing a skilled and adaptable workforce.

The programme establishes the national priorities for spending ESF money in line with the Lisbon agenda and the Government's employment and skills strategies. Within these priorities, each region will develop its own strategy for addressing its distinctive regional, sub-regional and local needs.

The programme covers the whole of England and Gibraltar. It includes ring-fenced funding for the 'Convergence' area of Cornwall and Isles of Scilly and the 'phasing-in' areas of Merseyside and South Yorkshire. In these areas, the programme will build on the knowledge and experience developed within the 2000-2006 Objective 1 programmes.

Analysis

The labour market has performed well in recent years. The UK exceeds the EU's Lisbon employment targets and unemployment remains historically low. There are rising attainment rates at age 16, and rising attainment and participation in Higher Education, leading to more qualified young people entering the labour force.

However, there are also significant challenges. These include low employment rates and high inactivity rates among disadvantaged groups such as people with disabilities and health conditions, lone parents, older workers, ethnic minorities and low skilled people. Pockets of worklessness exist in deprived areas, particularly in the big cities. About 11 % of 16 to 18 year olds are not in education, employment or training.

The Leitch Review found that the UK must improve skills at all levels if it is to tackle its productivity gap with other nations and become a world leader in skills by 2020. In particular, it must address the large numbers of people who lack basic skills, and the seven million workers who lack level 2 qualifications. Cornwall and the Isles of Scilly face specific employment and skills challenges to achieve economic convergence.

Strategy

The England and Gibraltar ESF programme will support EU, national and regional strategies to tackle these challenges. It will add value to the Lisbon National Reform Programme and thereby contribute to the European Employment Strategy and to relevant EU objectives on education and

training, social inclusion and equal opportunities.

The programme will contribute to policies to increase employment by helping more unemployed and economically inactive people to develop their skills and enter sustainable jobs, particularly those at a disadvantage in the labour market. It will also help to prepare young people for working life, particularly young people not in education, employment or training (NEET) or at risk of becoming NEET.

The programme will contribute to policies to develop a skilled and adaptable workforce by increasing the numbers gaining basic skills, level 2 qualifications and, where justified, level 3 qualifications. It will also help to reduce gender segregation in the workforce, and to improve the skills of managers and workers in small enterprises.

The programme will promote integrated approaches to employment and skills, and the two sets of priorities will complement each other. Provision will be demand-led and meet the needs of individuals and employers.

Priorities

The programme contains six priorities:

	Regional Competitiveness and Employment Objective <i>All of England and Gibraltar except Cornwall and the Isles of Scilly</i>	Convergence Objective <i>Cornwall and the Isles of Scilly</i>
Worklessness	Priority 1: Extending employment opportunities (€1,794 million ESF)	Priority 4: Tackling barriers to employment (€75 million ESF)
Workforce skills	Priority 2: Developing a skilled and adaptable workforce (€984 million ESF)	Priority 5: Improving the skills of the local workforce (€118 million ESF)
Technical assistance	Priority 3: Technical assistance (€116 million ESF)	Priority 6: Technical assistance (€4 million ESF)

Priorities 1 and 4 will improve the employability and skills of unemployed and inactive people, and tackle barriers to work faced by people with disabilities or health conditions, lone parents, people aged 50 and over, ethnic minorities, people with no or low qualifications, young people not in education, employment or training (NEET) or at risk of becoming NEET, and other disadvantaged groups, including people experiencing multiple disadvantage.

Priorities 2 and 5 will improve the qualifications and skills of workers without basic skills and with no or low qualifications. They will also develop managers and workers in small enterprises. Priority 5 will also support Cornwall's Higher Education and skills strategy.

Priorities 3 and 6 will fund technical assistance activities to support the delivery of the programme.

Implementation

The programme's Managing Authority and Certifying Authority will be the European Social Fund Division of the Department for Work and Pensions. The Audit Authority will be the Department's Risk Assurance Division. At national level, the programme will be overseen by a Programme Monitoring Committee.

Most of the delivery of the programme will take place at regional level where Regional Committees will monitor the performance of the programme and promote complementarity with the European Regional Development Fund. Regional Skills Partnerships will have a leading role in developing regional ESF frameworks. These frameworks will provide the context, along with the Operational Programme, for Co-financing Organisations to develop detailed ESF delivery plans. Co-financing Organisations will have responsibility for bringing together ESF and the required domestic match funding, and for contracting with providers. Small grants for community groups will be delivered through Co-financing.

The Convergence area of Cornwall and the Isles of Scilly will have its own strategy and committee. The regional strategies and committees in the North West and Yorkshire and the Humber will take account of the specific needs of the phasing-in areas of Merseyside and South Yorkshire. The Government of Gibraltar will be the Intermediate Body for Gibraltar.

Gender equality and equal opportunities, and sustainable development will be the two cross-cutting themes, building on good practice developed in 2000-2006. There will be dedicated innovative activities within Priorities 1, 2, 4 and 5.

Funding

The programme's budget is €6,049 million, of which the contribution of the ESF is €3,090 million and the national contribution is €2,959 million. Of the ESF funding, €196 million is ring-fenced for the Convergence area of Cornwall and the Isles of Scilly and €386 million for the Regional and Competitiveness Objective 'phasing-in' areas of Merseyside, and South Yorkshire. The ESF intervention rate will be 50% in the Regional Competitiveness and Employment Objective, and 75% in the Convergence Objective.

