

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.