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# Introduction

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1. The Government wants the European Social Fund (ESF) to support its vision of a prosperous economy and inclusive society in which all people are able to fulfil their potential. It believes ESF should contribute to this vision by extending employment opportunities and by developing a skilled and adaptable workforce in every region of England.
2. This Operational Programme establishes the priorities for spending ESF money in line with the Lisbon agenda and the Government's employment and skills strategies. Within the framework of national priorities, ESF will address distinctive regional, sub-regional and local needs. Each region will develop its own regional ESF strategy to inform the delivery of the programme. In Cornwall and the Isles of Scilly, Merseyside and South Yorkshire the programme will build on the knowledge and experience developed within 2000-2006 Objective 1 programmes.
3. The programme will run for seven years from 2007 to 2013. It must be sufficiently flexible to respond to policy developments and changes to labour market conditions during that period. In particular the programme will respond to the challenges set out in the Leitch Review of the UK's longer-term skills needs, and the Government's response to its recommendations on the delivery of employment and skills services. The programme must also complement the development of initiatives such as the Cities Strategy.

## Geographical coverage

4. The programme covers the whole of England and Gibraltar. It includes both the Convergence Objective (Cornwall and Isles of Scilly) and the Regional Competitiveness and Employment Objective (the rest of England and Gibraltar). Within the Regional Competitiveness and Employment Objective, the former Objective 1 areas of Merseyside and South Yorkshire will receive ring-fenced funding in view of their transitional 'phasing-in' status. A map at the end of this introduction shows the geographical coverage of the programme.

## Funding

5. The programme's budget is €6,048,816,799, of which the contribution of the ESF is €3,089,886,379 and the national contribution is €2,958,930,420<sup>1</sup>. Of the ESF funding, €196,433,940 is ring-fenced for the Convergence area of Cornwall and the Isles of Scilly and €385,948,813 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. The regional allocation of ESF funding is set out in the technical annex of the UK National Strategic Reference Framework.

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<sup>1</sup> All figures at current prices. Figures in the consultation draft of the Operational Programme published on 30 October 2006 were expressed in 2004 prices.

### Regulatory framework

6. The regulatory framework for the programme is set by European Union (EU) legislation and guidelines. The structure and content of the programme aims to meet the requirements of EU regulations on the Structural Funds and the European Social Fund. The main regulations are:
  - Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999;
  - Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999; and
  - Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006.

### Structure

7. The programme contains six chapters.
  - Chapter 1 analyses the strengths and weaknesses of England's labour market and identifies the challenges it will address. It contains a separate section on Cornwall and the Isles of Scilly.
  - Chapter 2 sets out how the programme will address relevant EU, national and regional employment and skills strategies.
  - Chapter 3 describes the programme's priorities to tackle worklessness and low skills, including the proposed activities and indicators.
  - Chapter 4 describes how the programme will be implemented, including the cross-cutting themes of gender equality and equal opportunities, and sustainable development.
  - Chapter 5 contains the financial tables setting out the breakdown of funds by year and by priority.
  - Chapter 6 contains information specific to Gibraltar.
8. The annexes to the Operational Programme contain the targets and indicators that will be used to measure the performance of the programme (annex A), information on the categorisation of ESF (annex B), and a summary of the consultation exercise on the draft programme (annex C).
9. A number of supporting documents are available alongside the Operational Programme. These include: the ex-ante evaluation report; the Strategic Environmental Assessment (SEA) screening report; the draft equality screening report; and the Government response to the consultation on the Operational Programme.

## Ex-ante evaluation

10. The purpose of the ex-ante evaluation is to optimise the allocation of resources and improve the quality of the programme. The ex-ante evaluation identifies and appraises the relevance of the programme to its labour market and policy context. It also examines the expected results of the programme, the added value of Community funding and the implementation arrangements. The report has been prepared by the ESF Evaluation Team in the Department for Work and Pensions (DWP). A summary of the main recommendations of the ex-ante evaluation report is at section 2.7.2.

## Strategic Environmental Assessment screening

11. The Strategic Environmental Assessment (SEA) screening report concludes that a full SEA is not required for the programme. The screening report and the draft programme were sent to the following consultative bodies in May 2006: the Environment Agency, the Countryside Agency, English Nature, and English Heritage. The consultative bodies are content that a full SEA is not required.
12. Given the nature of the ESF, focusing on non-material operations related to Human Resources Development, this Operational Programme does not set the framework for operations likely to have significant environmental effects, such as infrastructure projects, especially the ones listed in Annexes I and II to Directive 85/337/EEC as amended. Should infrastructure projects be envisaged subsequently, particularly using the flexibility clause of Article 34.2 of Regulation (EC) No. 1083/2006, the need for a Strategic Environmental Assessment should be revisited. Consequently, the Managing Authority considers – and the national authorities have agreed – that there is no need for a Strategic Environmental Assessment of this Operational Programme under Directive 2001/42/EC, at this time. This is without prejudice to any screening determinations that are deemed necessary according to national laws or other measures to implement Directive 2001/42/EC.

## Equality screening

13. The draft equality screening report follows the structure of the DWP screening report and impact assessment template. The report concludes that the draft new programme is likely to have a positive impact on the equality groups targeted and that a full impact assessment is not necessary. The Equal Opportunities Commission, Commission for Racial Equality and Disability Rights Commission were invited to comment on the draft report. The screening report will be regularly reviewed during the life of the programme.

## Regulatory Impact Assessment

14. The DWP Better Regulation Unit has advised that it is not necessary to undertake a regulatory impact assessment for the new ESF programme.

## Consultation

15. The Operational Programme has been developed by DWP in close cooperation with the Department for Education and Skills and other departments. Partners in Cornwall and the Isles of Scilly have contributed to the sections on the Convergence Objective.
16. The development of the programme has been informed by a number of informal and formal consultations. These include:
  - regional consultation events on the draft UK National Strategic Reference Framework, between February and May 2006;
  - the circulation of the draft report for comment to members of the England Objective 3 Monitoring Committee and regional stakeholders in July 2006;
  - a seminar on the new programme for members of the England Monitoring Committee on 4 October 2006;
  - on-going informal discussions with the European Commission; and
  - a formal consultation exercise on the draft programme from 30 October 2006 to 22 January 2007, which included consultation events in each English region and in Cornwall.
17. Annex C summarises the formal consultation exercise.

## Gibraltar

18. The programme also covers Gibraltar. Gibraltar will receive funding within Priorities 1, 2 and 3 as set out in chapter 3. Chapter 6, which has been prepared by the Government of Gibraltar, contains information specific to Gibraltar.
19. In the case of Gibraltar, the Operational Programme takes account of the fact that Gibraltar, while being a territory for whose external affairs the Member State UK is responsible in accordance with Article 229(4) TEC, is not a region or other part of England. It has its own constitutional self government and separate economy, which is not linked to the UK's. Nevertheless, as a territory covered by Article 229(4) TEC, Gibraltar is entitled to receive EU Structural Funds from the UK's allocation. Accordingly, references throughout this document to England or the UK and its regions are, notwithstanding Gibraltar's separate status, deemed for the purposes of this document to apply to Gibraltar.

### European Social Fund 2007 to 2013

