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European Structural and Investment
Funds
2014 - 2020

Growth Programme for England

Item 2: Progress on Programmes

(please note this paper should be printed in colour)

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ERDF Progress Report

Purpose:

To advise the board on progress with European Regional Development Fund (ERDF) Programme delivery to 31 December 2018.

Recommendation(s):

That the Growth Programme Board note the current position.

Summary:

Overall Progress on Contracting

As at 31 December, 606 projects (including 7 financial instruments) with ERDF funding of £1,560m have been contracted. This represents 47% of the programme budget (£3,296m @ 0.9033 exchange rate).

Compared to the previous quarter, to 30 September 2018, this is an increase of 34 contracted projects, for an additional £50m ERDF.

At the end of December there are 609 applications currently being assessed for £1,151m ERDF include one financial instrument. This represents a further 34% of the programme budget, and includes the applications received from the October call.

Adding contracted projects with those in the pipeline, represents 84% of the programme budget. An increase from 70% last quarter, due to the recent call for proposals.

Overall Progress by Priority Axis (PA)

The analysis within this document reflects the revisions to the performance framework targets, as stated in the second programme modification, which was agreed during November 2018.

The table below shows, based on managing authority claims paid, that all the performance framework *outputs* targets are above 65% of the target, except for PA6 transition regions (at 35%). The PA7 output claim is currently being processed



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	PA 1			PA 2			PA 3			PA 4		
	LDR	Trans	MDR									
2018 PF Expd & Output Target	E	O	E	O	E	O	E	O	E	O	E	O
85% or above	█	█	█	█	█	█	█	█	█	█	█	█
65% to 85%											79%	
less than 65%										7%		

	PA 5			PA 6			PA 7			PA 8			
	LDR	Trans	MDR										
2018 PF Expd & Output Target	E	O	E	O	E	O	E	O		E	O	E	O
85% or above					█			█			█	█	█
65% to 85%					78%								
less than 65%	12%	12%	38%		11%	21%		7%			3%	3%	3%

For the performance framework *expenditure* targets, the big budget PAs such as PA1, PA3 and PA4, plus PA2 have actuals above 65% except for PA4 transition regions. PA5 all category of region (CoR), PA6 all CoR except LDR, and PA8 all CoR are below the 65% threshold

If a milestone is 65% below target, then the European Commission reserves the right to suspend programme payments.

Actual performance against the expenditure targets is measured by payment applications submitted by the certifying authority to the Commission. A further update will be provided in the meeting.

Overall Progress – Expenditure

Cumulative claims paid by the managing authority total £601m to 31 December 2018, an increase of £95m from the 30 September 2018 total.

Targets and Programme Performance

N+3 target is only officially achieved when the certifying authority has submitted payment applications to the EC. With a 2018 target of €572m, payment applications of €628m have been submitted by the end of December 2018 by the certifying authority. This means that the target for 2018 has been overachieved officially by circa €56m.

This holds well for a timely achievement of N+3 2019. The target for which is £859m and the MA N+3 2019 expenditure incurred figure stands at £711m (83% of the target).

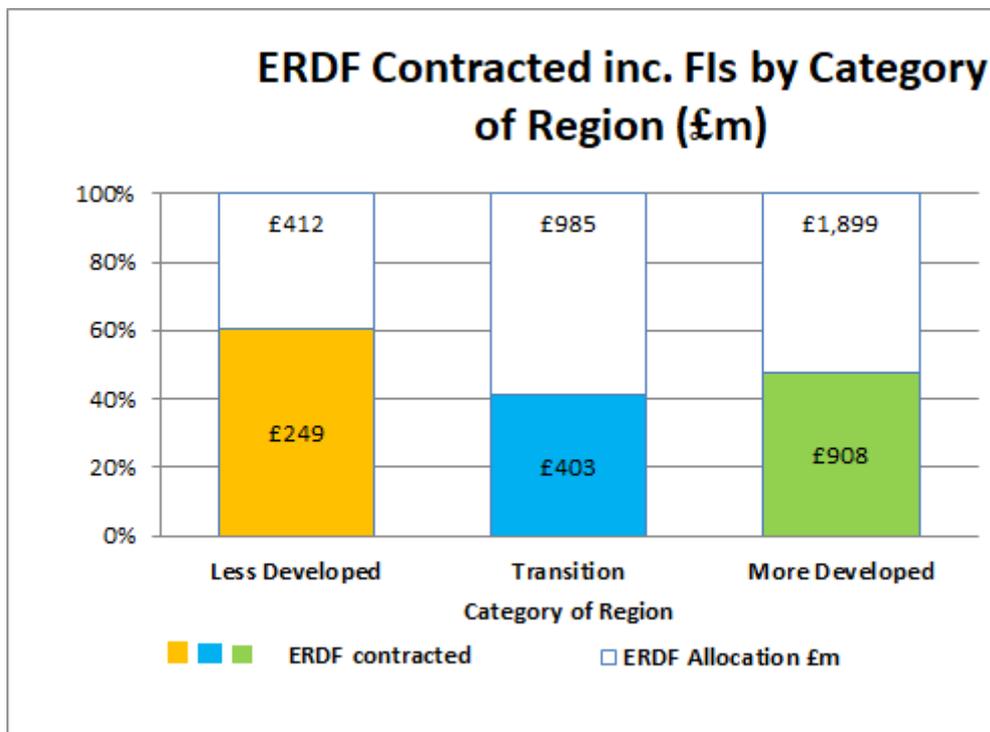


Programme Delivery Report to 31 December 2018

1. The ERDF 2014 to 2020 Programme value is €3,649m. Using the exchange rate of €1 = £0.90, values the programme at £3,296m.
2. Forecast expenditure from contracted projects is discounted by 30% to reflect project slippage and audit issues. Forecast performance framework outputs from contracted projects are discounted by 20%. The discounts reflect operational experience from the previous programme.

Programme Budget & Contracting

3. The chart and table below show the amount and % of ERDF that has been contracted by category of region, compared with the programme's allocation (budget).



4. As at 31 December, 47% of the total budget has been contracted. By category of region this is less developed 60%, transition 41% and more developed 48%. A 2% increase across all categories, compared to last quarter.



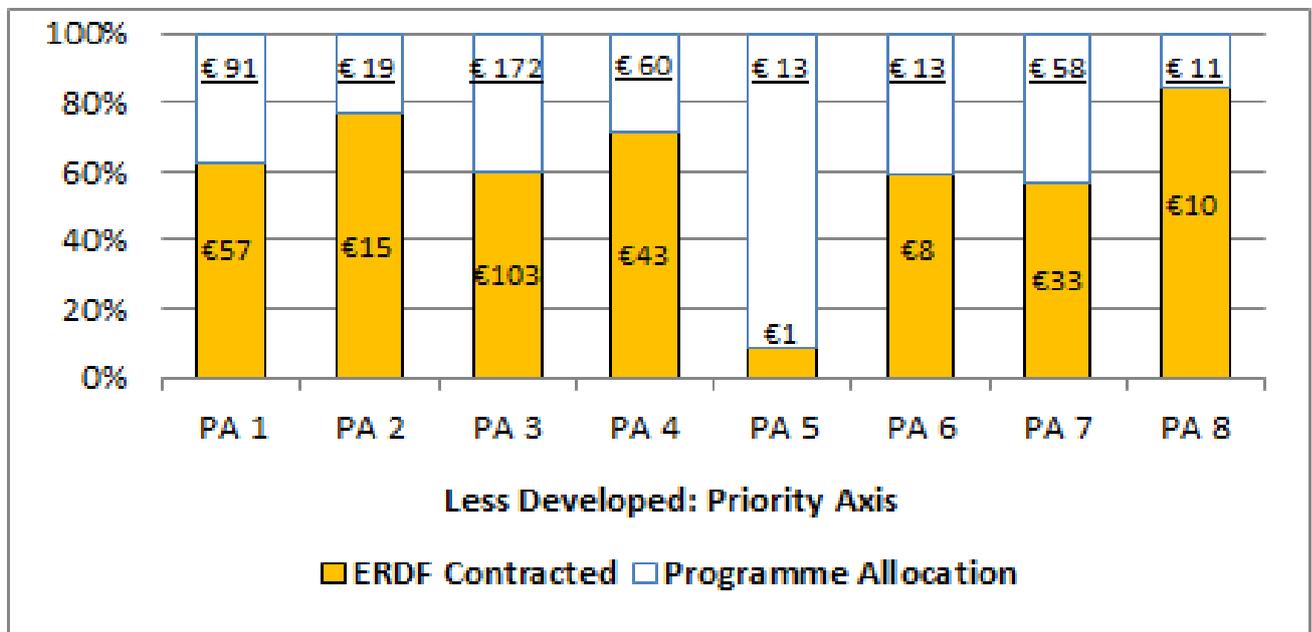
Category of Region	ERDF Allocation £m	ERDF Commitment £m	ERDF Commitment %	ERDF Commitment & Pipeline %	Change in Quarter (+/-) ERDF Commitment & Pipeline
Less Developed	£412	£249	60%	92%	+16%
Transition	£985	£403	41%	80%	+16%
More Developed	£1,899	£908	48%	85%	+11%
	£3,296	£1,560	47%	84%	+14%

5. The ERDF value of projects contracted and applications in the system amount to 84% (previously 70%) of the programme budget (1,215 projects at £2,711m). The increase reflects the submissions from the October call.

By Category of Region

6. The charts & tables below show the contracted % by category of region and priority axis.

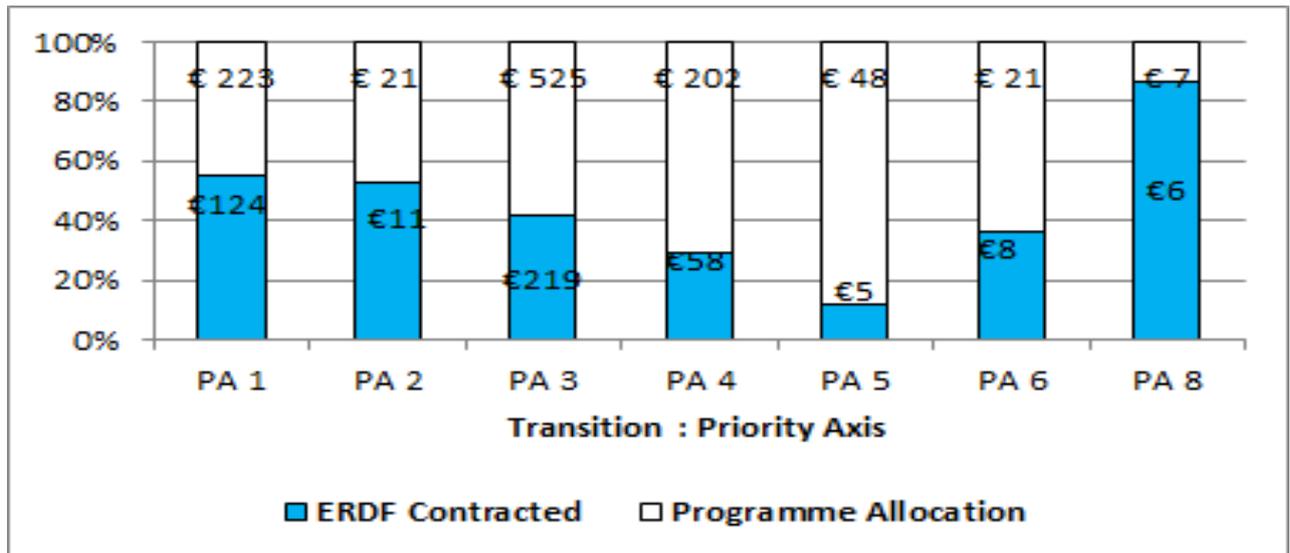
Less Developed Region: ERDF contracted by priority axis (€m)



7. The contracted figures remain largely unchanged from the previous quarter, apart from PA3 which has increase to €103m (from €94m). The issue with PA5 has been previously documented. It reflects the nature of the activity which is reliant on the Environment Agency as a delivery partner and match funder.

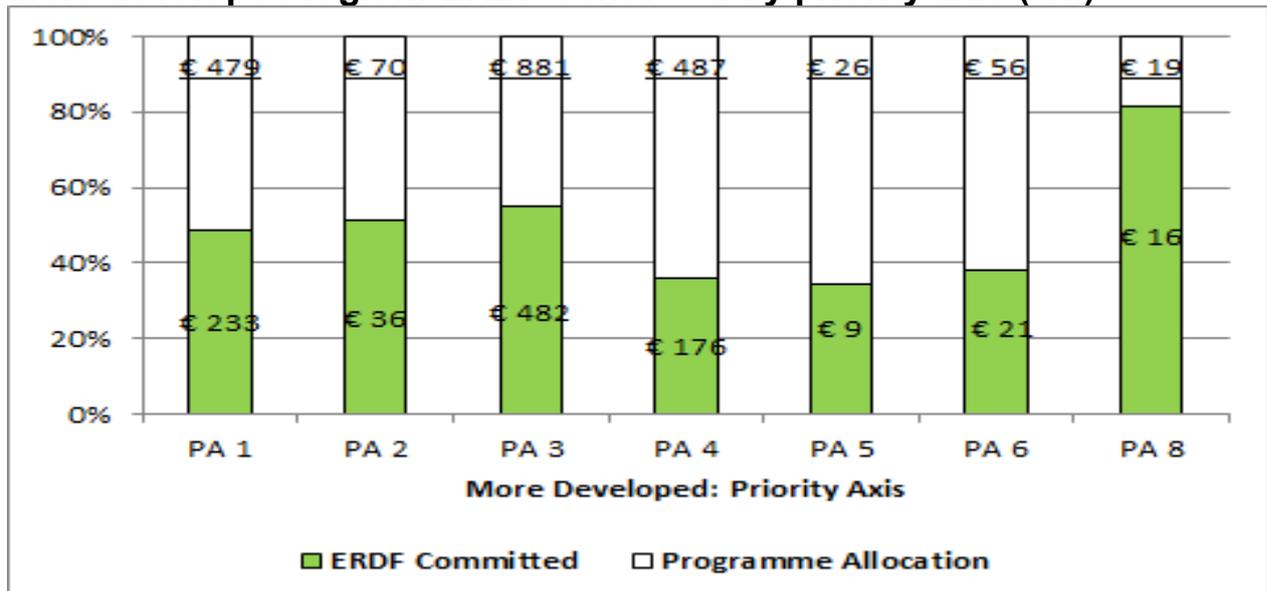


Transition regions: ERDF contracted by priority axis (€m)



8. In comparison to the other categories of regions, the transition regions are doing less well against contracting targets. Compared to last quarter, PA1 and PA3 have increased by €8m respectively. All other PAs remain unchanged.

More developed region: ERDF contacted by priority axis (€m)



9. Notable changes compared to last quarter; PA1 +€16m; PA3 +€10m.



N+3 De-commitment Rule

10. The European Commission (EC) will automatically decommit funds for which it has not received an acceptable payment request by the end of the third year following approval of the operational programme.
11. The England Operational Programme (OP) was approved in 2015, therefore the budget stated in our OP for this year has to be defrayed by applicants as eligible expenditure and submitted in a payment application to the EC by 31 December 2018 (with adjustments made for pre-financing). This process then applies cumulatively to future years of the programme in the same manner.
12. The table below shows the N+3 target at OP level for 2018 is €573m (or £517m @ 0.9033 ER). Progress against the target is shown by category of region and at operational programme level. The target is reduced by the value of payments submitted by the certifying authority (CA) to the EC.
13. N+3 is only officially achieved when the certifying authority has submitted payment applications to the EC. With a 2018 target of €573m payment applications of €628m have been submitted by the end of December 2018.
14. N+3 is based upon the ERDF contribution towards total declared expenditure at the category of region intervention rate rather than the value of actual payments at the project level intervention rates:

N+3 2018	Less Developed	Transition	More Developed	Total
N+3 target for payment claims (€m)	€ 72	€ 168	€ 332	€ 573
Less Payment applications submitted to the Commission at relevant exchange rate by 31 Dec 2018	€ 101	€ 192	€ 335	€ 628
Current gap (€m)	-€ 29	-€ 24	-€ 3	-€ 56
MA level: Total eligible cost paid, not in payment applications, per category of region, at programme level intervention rate (80%, 60%,50%) - @ 0.9 ER	€ 33	€ 37	€ 88	€ 158



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15. As at 31 December the programme has officially over achieved N+3 2018 by £56m.
16. Additionally, a further €158m of claims, have been paid by the MA by December 2018 and are yet to be included in payment applications.
17. The N+3 2019 target is €951m (~£858m). Approximately, 83% of the target has been reimbursed to projects by the managing authority.

Progress against Performance Framework Expenditure Targets and Outputs

18. The targets in the charts reflect the changes made following the approval of the second programme modification in November. The targets, based on expenditure incurred by December 2018, are set at category of region level and by priority axis (PA).
19. Based on actuals to 31 December **all** the performance framework output target achievement levels will be above 65% except for PA 6 Transition regions (currently 35%). The PA7 output claim is currently being processed
20. Of the 22 performance framework expenditure targets 13 are above the 65% threshold There is a potential that PA4 transition regions could achieve the minimum target of 65% (currently 63%). PA5 all CoR, PA6 transition and more developed regions; and PA8 all CoR will not meet the 65% threshold.
21. For the performance framework expenditure targets, achievement is measured by the value of claims submitted in payment applications to the Commission by the certifying authority (before June '19 and relating to expenditure incurred by projects to December 2018).
22. For the performance framework output targets, achievement is measured by the value of claims paid by the managing authority (pertaining to expenditure incurred by projects to December 2018) and recorded in the 2018 Annual implementation report. (Deadline for submission 30 June 2019).
23. The forecast expenditure from contracted projects has been reduced by 30% for all projects except financial instruments.
24. The forecast outputs from contracted projects have been reduced by 20% for all projects.

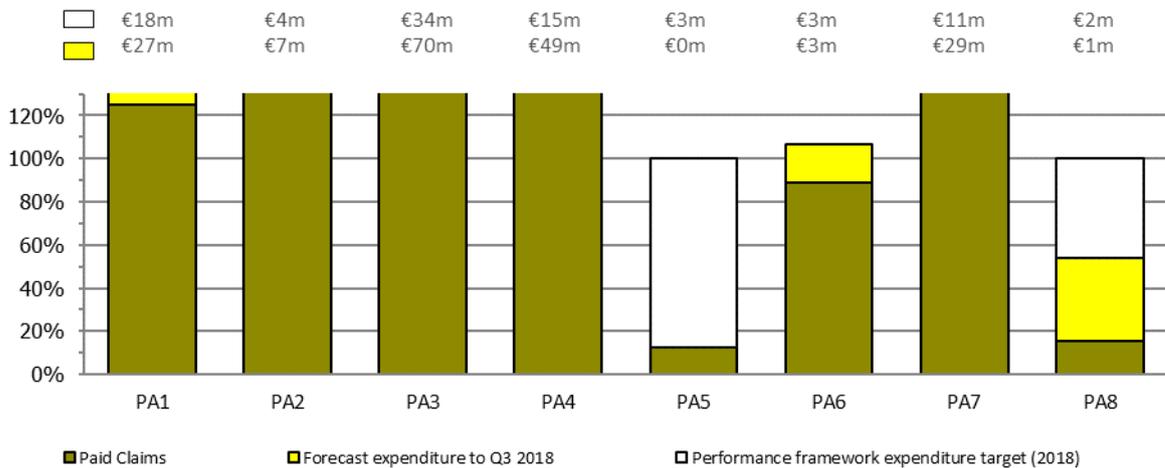


25. The reductions are based on anecdotal evidence from the 2007-2013 ERDF programme for expenditure and output slippage rates.

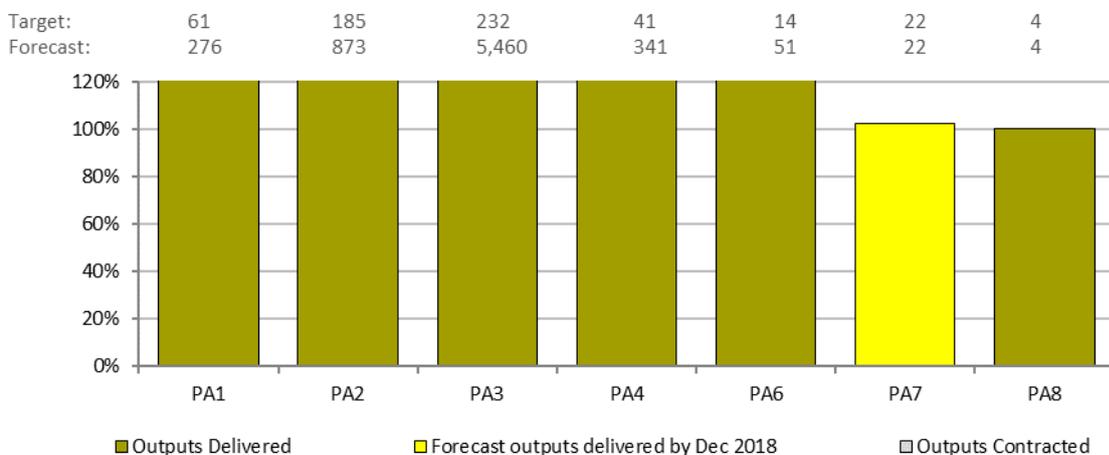
Please see overleaf for charts and analysis as of 31 December 2018 across each of the category of regions.

Less developed region:

Forecast expenditure from contracted projects (less 30% non FIs) against 2018 targets including paid claims (€m)



Forecast performance framework outputs from contracted projects (less 20% all projects) against 2018 targets including outputs claimed

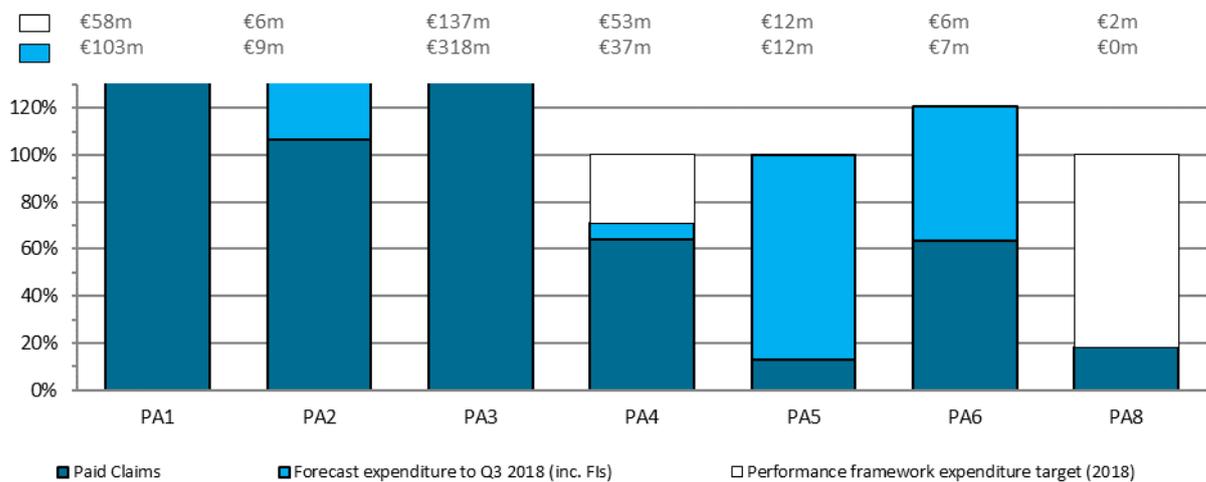




Commentary - Less developed region

- Performance framework expenditure: Based on managing authority claims paid, PA's 1,2,3,4,6 and 7 are all above 65%. PA5 and PA8 will be below 65% due to limited contracts being in place (PA5) or the processes to go through before contracting means it is only recently that funds have been committed (PA8)
- Performance framework output targets: All targets have been achieved with the exception of PA7. It is expected that this output will be claimed, checked and processed in March.

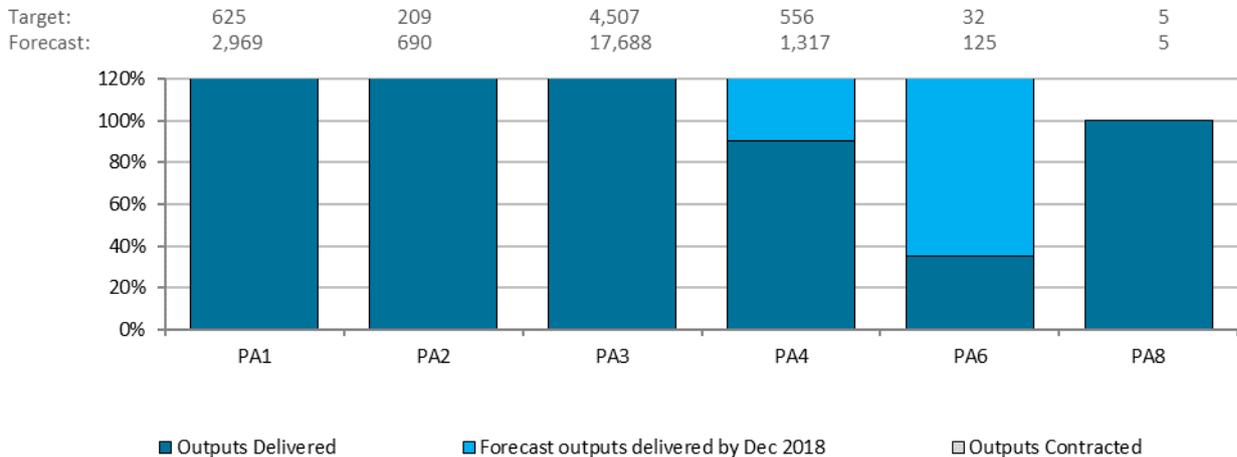
Forecast expenditure from contracted projects (less 30% for non FIs) against 2018 targets including claims paid (€m)



Forecast performance framework outputs from contracted projects (less 20% all projects) against 2018 targets including outputs claimed



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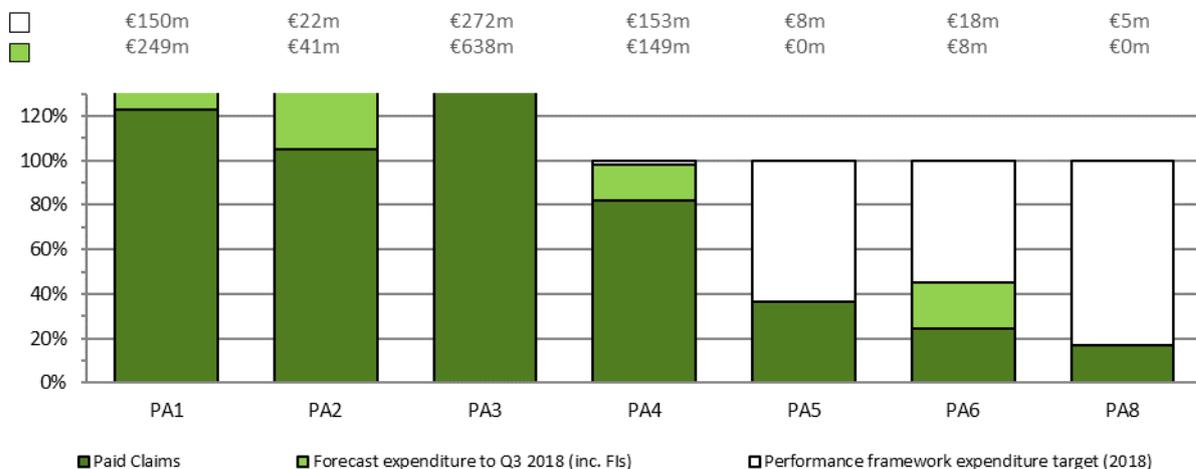


Commentary - Transition regions

- Performance framework expenditure targets: PA1, PA2 and PA3 are above the 65% threshold. PA4 at 61% is close to achieving it and has enough claims submitted but subject to checks. PA6 claims paid equate to 51% of the target. There are sufficient claims submitted to achieve the 65% but Article 125 issues could come into play. Article 125 issues would prevent claims being included in payment applications to the Commission.
- Performance framework output targets: All the targets have been met with the exception of PA6. To achieve the target additional claims would need to be submitted checked and processed.

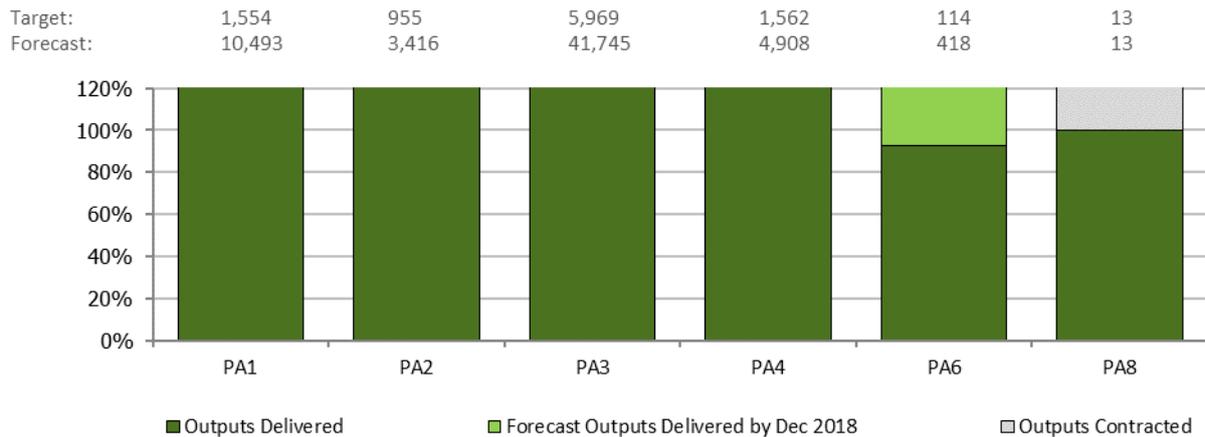
More developed regions:

Forecast expenditure from contracted projects (less 30% non FIs) against 2018 targets including paid claims (€m)





Forecast performance framework outputs from contracted projects (less 20% all projects) against 2018 targets including outputs claimed



Commentary - More developed regions

- Performance framework expenditure targets: PA1, PA2, PA3 and PA4 are above the 65% threshold. PA5, PA6 and P8 will not meet the minimum threshold.
- Performance framework output targets: All priority axis have achieved above 85% of the target.

Programme call schedule

26. A new call round was published during October 2018 with available funding standing at £513m. Additionally, a further call round has been pencilled in for May 2019. Call rounds after this point are to be confirmed.

27. With a call value of £513m, some 229 applications were received requesting over £440m ERDF as shown below. The ask was a few percentage points higher than in previous call rounds.



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GDT/GLA	No. of applications	Value of applications
GSE	20	£38,685,347
London	31	£44,625,047
Midlands	62	£106,034,917
NEYH	70	£151,589,554
NW	21	£30,777,786
SW	25	£33,121,197
Grand Total	229	£404,833,848

Sustainable Urban Development (SUD)

28. Good progress is being made to commit ERDF across the nine SUD areas. The table below shows overall performance:

	£	%
ERDF committed to live projects	£137,229,563	46%
Applications in the pipeline	£117,908,968	40%
Available for commitment	£40,098,354	14%
Total	£295,236,885	100%

29. The table overleaf shows a snapshot of progress in committing funds by SUD area at 31 December 2018

SUD area	ERDF allocation	live	Pipeline		% live + pipeline	Available to commit
			outline application	full application + funding agreement		
Greater Birmingham and Solihull	£11,742,900		£0	£3,535,036	30%	£8,217,864
Bristol	£3,089,286		£2,049,999	£0	66%	£1,039,287
Leeds City Region	£18,020,000		£11,051,102	£660,579	65%	£6,308,319
Liverpool City Region	£11,233,439		£0	£10,446,406	93%	£787,033



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Greater Manchester	£24,325,869		£0	£13,477,041	55%	£10,848,828
North East	£21,498,540		£0	£7,115,257	33%	£14,383,283
Nottingham and Derby	£11,349,965		£0	£8,376,844	74%	£2,973,121
Sheffield City Region	£9,726,268		£6,818,215	£2,456,269	95%	£451,784
London	£184,250,618	£137,229,563	£44,625,047	£7,307,173	103%	- £4,911,165
total	£295,236,885	£137,229,563	£64,544,363	£53,364,605	86%	£40,098,354

30. Since the last update, although there has been only a small increase in the number of live projects, Funding Agreements will be issued in Q1 2019 in areas including Liverpool City Region, Greater Manchester and Leeds City Region.

31. Approximately £40m remains available for commitment, compared to £81m at the time of the last GPB report. However, as pipeline data is inevitably fluid the figure will change. For instance, London is showing as overcommitted at 103%; however once unsuccessful outline applications are discounted following assessment its 'available to commit' figure will increase. In some areas, applications are being held on a reserve list.

32. A key priority is to maintain the momentum to commit funds. SUD areas launch calls outside of the mainstream timetable. During Q1 2019 calls are closing in Leeds City Region and North East. Greater Birmingham and Solihull currently has a call open. Further calls are anticipated in Bristol, Greater Manchester and Nottingham and Derby. In the latter two areas, changes have been made to the areas' SUD strategies to accommodate broader types of activity. It is anticipated that most areas will commit their allocated funds, and the Managing Authority continues to monitor the level of uptake.

Financial Instruments

33. To 31st December 2018, the programme had seven financial instruments (FIs) contracted for £444m ERDF. Six of these have made their first drawdown of funds, and one (Northern Powerhouse Investment Fund) has made its second drawdown.



34. Overall, £147m ERDF has been drawn down by FIs, representing 33% of the total ERDF FI funding currently contracted.

35. Looking forward, a further four FIs are in the pipeline for approval before 29th March 2019. These four FIs are potentially worth an additional £55m ERDF

Community-Led Development (CLLD)

36.21 ERDF CLLD projects are live.

37. Delivery progress remains slower than expected - initially attributable to delays in DWP contracting and 6-9 month lead in time for CLLD staff, design/sign off local calls & application processes, training of Local Action Groups (LAGs) and local engagement and promotional activity. The pace of delivery has not, however seen significant improvement. Individual CLLD project reviews were undertaken at the beginning of 2019, and these indicate that delays/underperformance is attributed to:

- match funding availability in CLLD areas
- disappointing responses to initial calls
- lack of ESIF experience in CLLD areas
- lack of capacity to lead ERDF projects in CLLD areas

As a result, PA8 is not expected to achieve 2018 Performance Framework expenditure targets (the non-financial target has been met)

38. The joint MHCLG/DWP CLLD Operational Steering group continues to closely monitor progress and has met on 27 February to consider the MAs response to additional delays in implementation. It is:

- Reviewing/reforecasting CLLD targets (financial and non-financial)
- Initiating project recovery plans where there is significant underperformance
- Working with CLLD projects to identify reasons for delays and plans to address these

39. The ERDF MA continues to support CLLD projects in respect of systems, compliance and good practice through audit, compliance and summative assessment workshops.

40. Local external networks have been established in a number of LEP areas including North East, Leeds City Region and Humber/York, North Yorkshire and East Riding Enterprise region to share good practice on compliant management systems and on tools and practices to run effective CLLD programmes.



41. In response to the GPB discussion at its meeting of December 2018 regarding the sharing of experience/learning, MHCLG can confirm that work was already underway to encourage sharing/disseminating learning and experience in respect of CLLD;

- There is an appetite for sharing good practice and learning between CLLD practitioners;
- CLLD practitioners suggest that this should be in the form of a partner led network (supported but not led by MHCLG);
- Partners have already made offers of hosting /organising forum events;
- the focus will be on sharing best practice, what works in interventions, ERDF/ESF integration, Summative Assessment & evaluation, case studies & compliance - not a talking shop;

GPB will be informed of events and their outcomes in GPB Programme updates.

The CLLD Operational Steering Group is also continuing to consider how learning from the CLLD approach may inform future policy/ funding developments.

Compliance

42. The EC requires an annual schedule of first level compliance checks to be undertaken by the MA. The general principle of the A125 on the spot verification visit (OTSV) is to test that ERDF projects and financial instruments (FIs) are delivering their contracted requirements, in accordance with the regulations as set out in (EC) 1303/2013 and identify any potential areas requiring correction. The work undertaken by the Compliance team provides assurance to the EC whilst reducing the impact of irregularities on the MA error rate.

43. Delivery of the 2018 schedule is almost complete, with 172 of the 206 visits closed. Work resolving outstanding actions from 2017 has closed all but two visits. A125 OTSV work picked up pace during the first three quarters of 2018 and with close working with the CA ensured the maximum number of claims were released for inclusion in the ECPA.

Visits Undertaken (2016 OTSV Schedule)	Value of claims selected for visit schedule	Total value of claims tested	At Risk	At Risk %	Confirmed Irregularities
142	£ 34,112,936	£34,112,936	£116,552	0.34%	£9,837



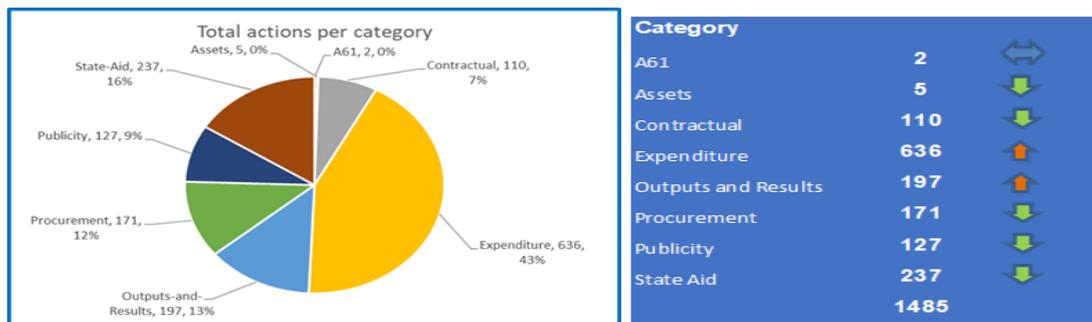
Visits Undertaken (2017 OTSV Schedule)	Value of claims selected for visit schedule	Total value of claims tested	At Risk	At Risk %	Confirmed Irregularities
182	£104,037,780	£104,037,780	£17,028,010	16.37%	£402,673

Visits Undertaken (2018 OTSV Schedule)	Value of claims selected for visit schedule	Total value of claims tested	At Risk	At Risk %	Confirmed Irregularities
206	£113,062,969	£110,621,127	£1,703,146	1.54%	£305,447

Progress on OTSV visit actions to date (all years)

Number of actions raised	Number of actions closed	Actions open	Actions closed after 3 month target
1485	1434	51	334

44. Monthly analysis of A125 visit actions is undertaken. Patterns and trends are identified, and this is fed back into the business process; sharing lessons learnt and taking action to address areas of non-compliance. Actions raised are broken down by category below:





ESF Progress Report

(please note this paper should be printed in colour)

Purpose:

This paper provides a progress update to the Board about activity on the ESF Programme and the progress towards the Performance Framework and N+3 targets.

Recommendations:

That the Growth Programme Board notes the current position.

Summary:

As previously notified, in the lead up to December 2018, the Managing Authority (MA) focussed resource on prioritising the achievement of the 2018 N+3 target. IPA9b was submitted in December 2018 with a value of €509,667,043.19 (€290m of which was EU funding). This resulted in us exceeding the 2018 N+3 target by approximately €37m (4% over achievement).

The MA is keen to learn from the issues experienced in achieving this target, and is undertaking a “lessons learned” exercise. This exercise will consider systems and processes, and how grant recipient claim profiles can be better managed.

The MA ensured key business processes were maintained during this time, in particular work to publish calls and process appraisals. This maintained momentum in the Programme, resulting in ESF commitment rising to £1.65 billion (55.43% of the total ESF allocation). The MA is now working with LEP areas to identify potential to commit remaining notional allocations.

ESF achievement of the Performance Framework (PF) targets also presents a positive picture. Based upon claims received, both the participant and financial aspects of the Performance Framework target are set to be achieved in all Categories of Region (CoR).

Following an audit visit in November 2017, the Commission decided in January 2019 to “interrupt” the payment deadline to DWP. We are currently working through the outstanding recommendations to ensure that we can demonstrate that our systems are compliant with the EU Regulations.

All data is as at 31st January 2019 and uses the February exchange rate of €0.85503 unless otherwise stated. In an attempt to provide the Board with the latest available data, the Performance Framework data provided has different period end dates for participant and financial elements.



Programme Update:

Calls and Commitment Update:

1. ESF commitment as of 31st January was £1.65 billion, 55.43% of the total ESF allocation.
 - In Priority Axis 1 and 2 there are 180 Direct Bid projects with commitments totalling £419.5 million and 152 MOUs for the National Co-Financing Organisations (CFOs) valued at £1.2 billion.
 - There are 39 ESF Funding Agreements for Technical Assistance with a value of £22.8million.
 - There are 15 Outline Applications undergoing assessment with a total value of £9.1million (PA1 £5.5m, PA2 £3.6m) and 69 Full Applications in appraisal, which total £146 million (PA1 £48.5m, PA2 £97.5m, PA3 £75,749).
2. The current forward call programme extends to the end of April 2019, with 49 calls listed, totalling £102.6m. This comprises 16 PA1 calls (£ 31.9m) and 33 PA2 calls (£70.7m).
3. MA LEP Leads are currently supporting local areas to develop call plans from April onwards and to identify the potential to commit remaining notional allocations. LEP commitment plans are due back with the MA on 15th March. We will then timetable the calls that the LEP have requested, prioritising those that are in the sub-groups that are under-performing nationally and those LEP areas that have low commitment levels.
4. At the December 2018 meeting, we confirmed the approach to increase the minimum Call and Project application values as follows:
 - An increased Minimum Call Value (MCV) of £150,000
 - An increased Minimum Application Value (MAV) of 25% of the Call value or £150,000 whichever is the greater.
5. Board members recognised the positive impact, in terms of this approach contributing towards increasing the rate of commitment for remaining Programme funds. The Board also noted the potential challenges to smaller organisations who may wish to bid for funds. The MA recognises this challenge and is looking to encourage more consortia bids from local areas,

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with the expectation of providing smaller organisations with the opportunity to deliver provision. The issue is being taken forward by the ESF Senior Leadership Team with the intention of a consortia approach being encouraged where this would facilitate a higher number of applications meeting the revised application value. Where this is not a viable option, in exceptional circumstances the MA will consider any evidence based proposals provided by local areas to vary the MAV. We have already agreed a conditional variation with one LEP area, who provided very specific reasons to support the request. Additionally, consideration will be given to increasing Call windows where this would support consortia at the local level being developed.

6. At the time of drafting this paper, there are currently 21 live calls covering the following LEP Areas: Black Country; Cornwall and Isles of Scilly; Coventry and Warwickshire; Greater Birmingham and Solihull; Hertfordshire; Leeds City Region; Liverpool City Region; New Anglia, South East; West of England and York, North Yorkshire & East Riding & Humber. With closing dates ranging from the 11 March to 28 May.



Progress on N+3 Target:

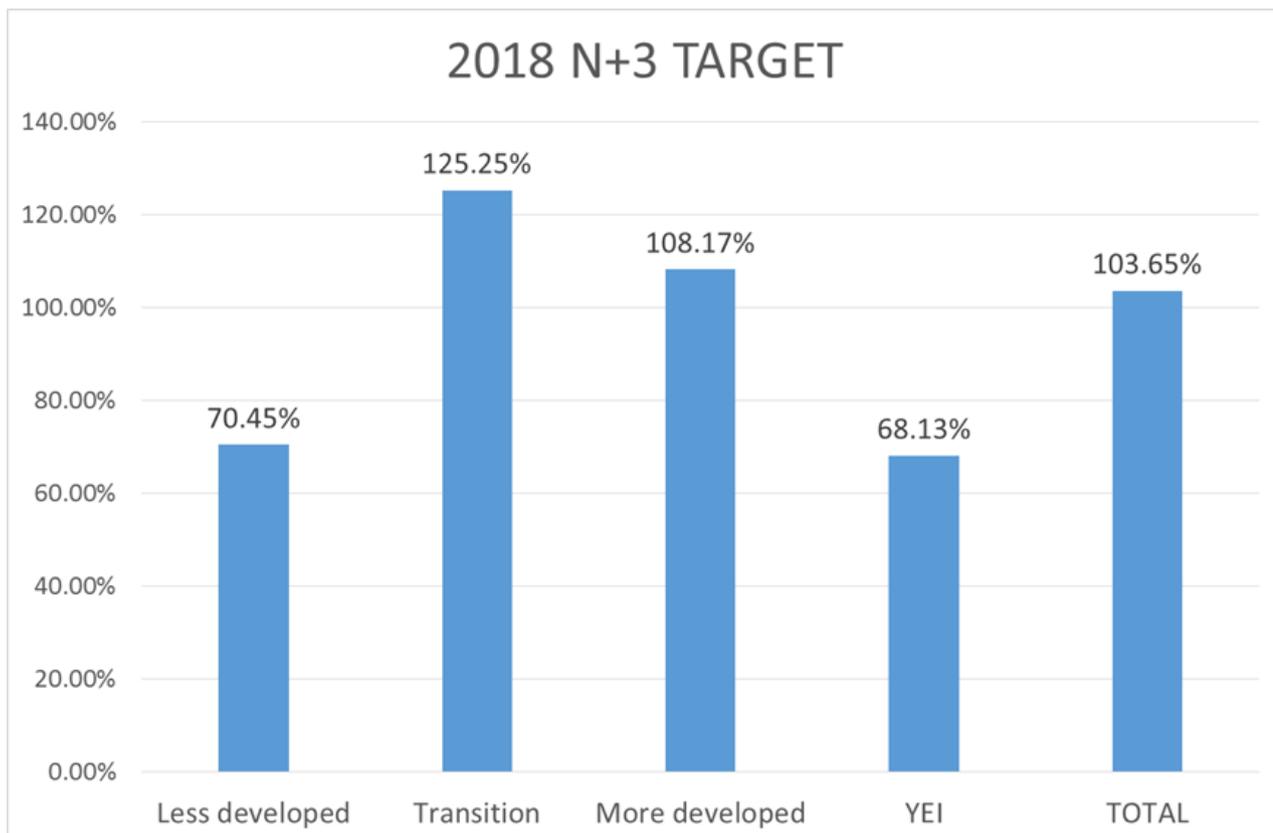


Table One: Final ESF performance against 2018 N+3 target, by Programme & CoR

7. The MA’s achievement against the 2018 N+3 target is illustrated in Table One, above. Overall, the target was exceeded by 4%. This is a significant achievement and the MA is grateful to all stakeholders, partners and Grant Recipients who collectively made this happen

8. However, the MA is keen to learn from the issues experienced in achieving this target, and is undertaking a “lessons learned” exercise. This exercise will consider systems and processes, and how grant recipient claim profiles can be better managed. The group that focused on N+3 and Performance Framework achievement continued after N+3 was achieved and concentrated on the achievement of the PF targets, employing a range of measures to improve the management of claim performance. In addition, there has been a dedicated Senior Leadership meeting and activity is focused on ensuring we respond to the N+3 challenge in 2019 and beyond.



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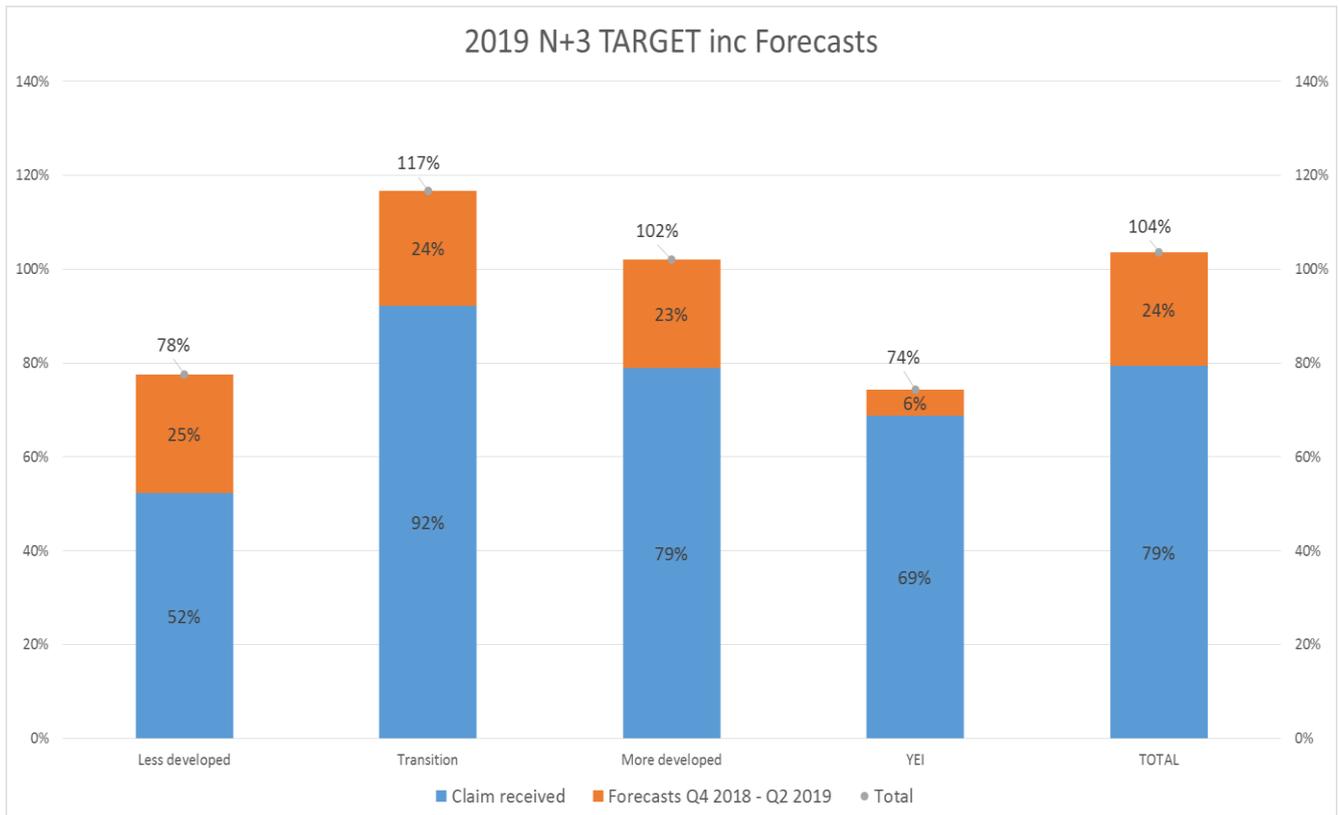


Table Two: ESF performance against 2019 N+3 target, by Programme & CoR

9. As can be seen in Table Two (above), the performance forecast for achievement of the 2019 N+3 target shows that the target is forecast to be again exceeded, with a predicted outturn of 104% for the Programme as a whole (mirroring the 2018 outcome). However, we can see from the table that we expect to achieve the target much earlier - by the end of Q2. The measures that the MA is taking to drive Performance Framework performance in the LD Region, will also impact the achievement of N+3 positively in the CoR.

10. However, the MA is keen to ensure that this level of performance is maintained for the duration of the programme and is taking a longer-term view to ensure that this is the case. Table Three (below) illustrates this approach for the next two years, taking account of current commitment levels and all known pipeline data and shows the projected N+3 performance at three different claim rates. As can be seen from the key:



- The trajectory depicted in red shows performance at 100% claim rate, which would result in achievement of the 2020 N+3 target by Quarter 1 of 2020:
- The current claim rate is 75%, depicted in yellow and needs to increase to achieve N+3 faster, as shown below;
- The trajectory depicted in yellow (87%) demonstrates the claim rate that is needed to achieve the 2020 N+3 target by Q2 of that year.

11. The MA is working to ensure that the claim rate is improved by improved processing of claims and robust contract management, of both CFOs and Direct Grant Recipients.

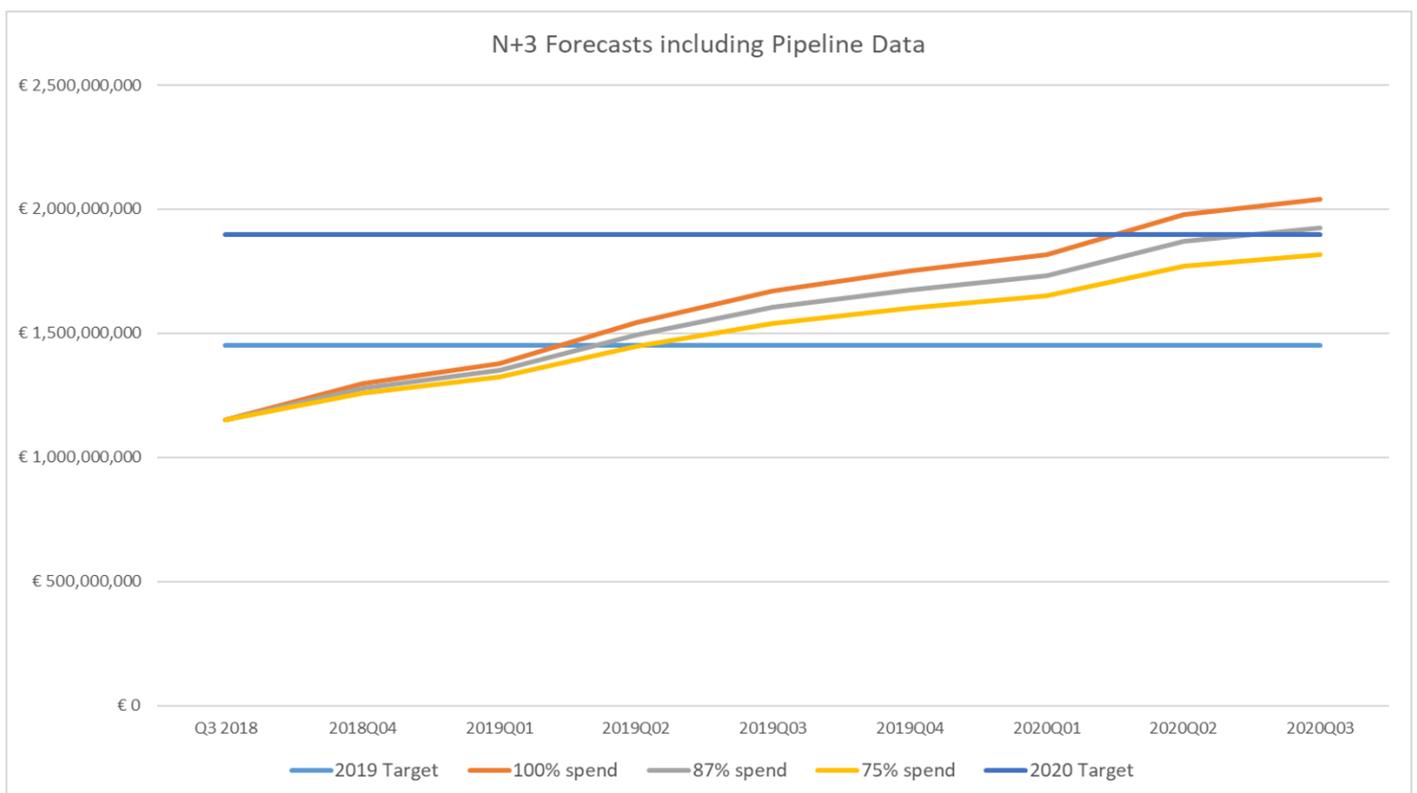


Table Three: N+3 Forecasts to 2020 including Pipeline Data

ESF Claims Performance:

ESF Claim Performance against Profile:



12. Table Four shows the performance of both Direct Bids and the ESF CFOs, in terms of claims against profile, with Table Five displaying this information by CoR. Again, the success of the MA's push to improve the claim rate and other measures has resulted in significant performance improvement.

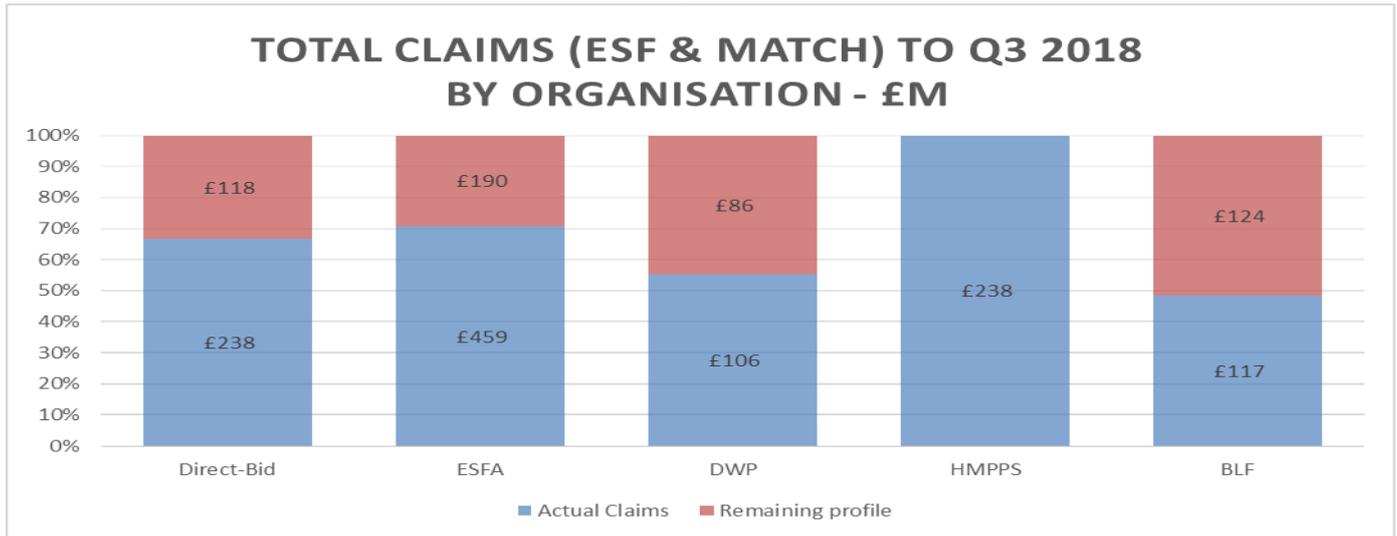


Table Four: Claim Performance against profile: By Organisations (Direct Bids & CFOs).

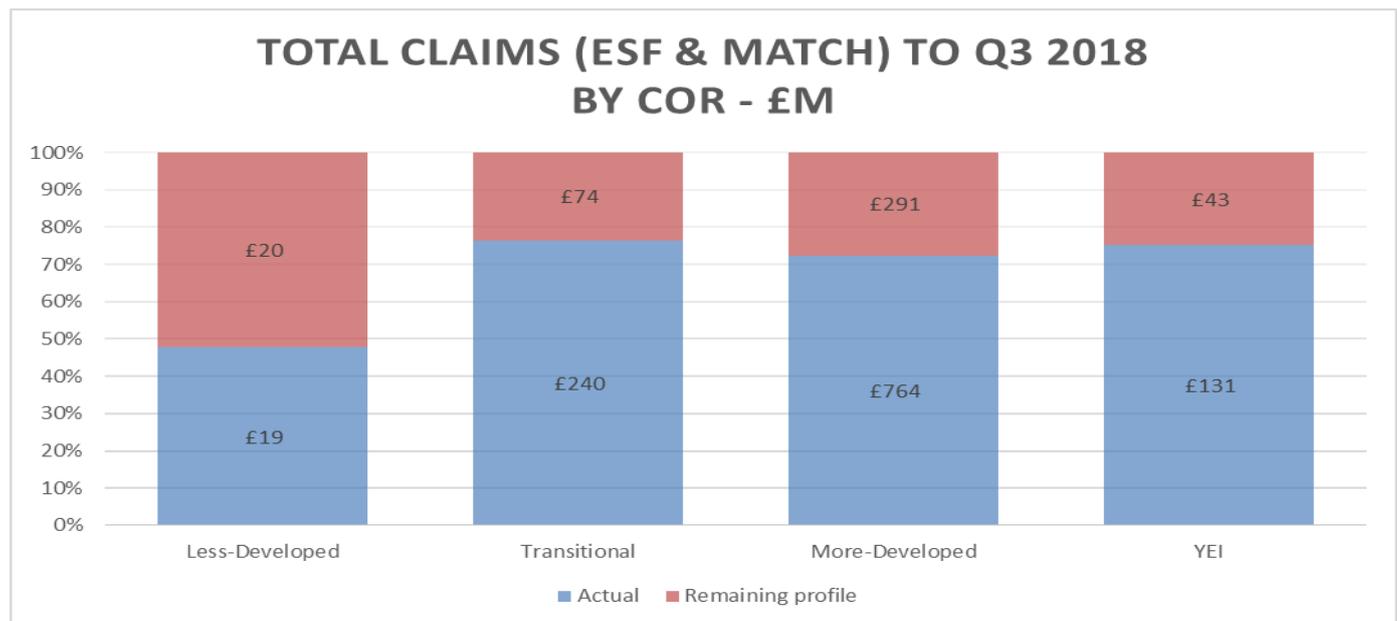


Table Five: Total Claims (ESF & Match) to Quarter 3 2018 by Category of Region £m



Update on claims paid by the Commission:

13. IPA9a was submitted 23 November 2018 for €506,694,462.17 (£451,705,734.65) total eligible expenditure and we expect reimbursement of €263,640,732.25.
14. IPA9b was submitted on 20 December 2018 for €509,667,043.10 (£454,140,429.15) total eligible expenditure and we expect reimbursement of €290,330,528.26.
15. IPA10 will be submitted on or around the 22nd March and the current forecast is approx. €90m (£77m) total eligible expenditure with €49m (£42m) being EU Funding.
16. The Certifying Authority (CA) have checked over €34m (£29m) total eligible expenditure so far ready for inclusion in IPA10, with a further €7.6m (£6.7m) currently undergoing CA checks. The CA will work closely with MA to ensure all expenditure, that can be included, is included before the submission deadline.
17. In January, the Commission notified the Managing Authority (MA) that it has "interrupted" the payment deadline for the England ESF Programme. This means it will not make further payments to the MA until it deems that the issues identified are resolved. We are currently working to address the Commission's outstanding recommendations to ensure that we can demonstrate that our systems are compliant with the EU Regulations.
18. The EC, under their own regulations, have 60 days to make payment following a payment application. However, if they believe there is a significant deficiency in the management and control of a programme, they can choose to interrupt the payment deadline (of 60 days) for a maximum of 6 months (extendable to 9 months in certain circumstances) until the matter is resolved. This interruption does not impact on claims and payments made by the MA to ESF grant recipients.



Progress on Performance Framework Targets:

PERFORMANCE FRAMEWORK MILESTONES 2018

Priority Axis	Category of Region	Actuals (declared)	Actuals (not declared)	Forecast	Milestone total for 2018	Forecast Over/Under	Percentage
1	Less Developed	€ 10,305,958	€ 7,628,211	€ 1,163,864	€ 23,263,000	-€ 4,164,967	82%
1	Less Developed	199	4,270	929	6,360	-962	85%
1	Transition	€ 201,691,162	€ 19,937,920		€ 122,283,000	€ 99,346,082	181%
1	Transition	21,310	85,348	-	51,930	54,728	205%
1	More Developed	€ 641,713,890	€ 80,406,377		€ 512,660,000	€ 209,460,267	141%
1	More Developed	43,064	252,159	-	220,910	74,313	134%
YEI Financial		€ 138,055,417	€ 15,011,522		€ 92,366,000	€ 60,700,939	166%
YEI Participants		13,729	40,332		22,100	31,961	245%
2	Less Developed	€ 8,543,832	€ 766,222		€ 5,823,000	€ 3,487,054	160%
2	Less Developed	26	1,551	-	1,310	267	120%
2	Transition	€ 51,008,920	€ 3,495,727		€ 45,314,000	€ 9,190,647	120%
2	Transition	419	27,757	-	18,820	9,356	150%
2	More Developed	€ 145,083,867	€ 11,492,269		€ 145,876,000	€ 10,700,136	107%
2	More Developed	795	75,431	-	55,780	20,446	137%
Exchange Rate		0.85503					

Table Six: Performance Framework (ESF & Match) Actuals Performance: Expenditure and Participants by Priority Axis and Category of Region

19. The forecast data contained in Table Six is to 15th February 2019. It is important to note that claims covering expenditure incurred by Grant Recipients until the end of the 2018 calendar year, but received in Q1 2019, will contribute towards the Performance Framework achievement. To ensure maximum potential for the target to be achieved, the MA is liaising with grant recipients to ensure that all eligible expenditure for 2018 is included in the next claim to the Commission.
20. For PA1, both participant and financial aspects are set to be met in the Transition and More Developed CoRs. We conducted a thorough review of PA1 Less Developed participants, as we were aware of a significant number of incomplete records. As a result of a number of different activities, we have been able to count an additional 612 complete records, bringing the



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percentage to 85%. A further review was also undertaken of the financial position in the Less Developed Region, working with projects and reconciling the current position; as a result, an additional €5.1m of expenditure is reflected in the tables – elevating our forecast to 82%.

21. As members will be aware, the performance detailed in the Table Six forecast will effectively mean that the MA will achieve the Performance Framework targets at this milestone, as the Commission determines the PF targets as achieved if 85% of target or over is recorded in all but one indicator at Priority Axis level. The one remaining indicator must be above 75% achievement. The forecast is as robust as it is possible to be, in so far as the claims depicted in the table have been received. However, this will not be confirmed by the Commission for some time, as the 2018 performance capture period will continue until the end of Q1 2019, the data being included in the Annual Implementation return (AIR), in June 2019.

Priority Group Commitment: Annexes A (i) & (ii)

22. The tables in Annexes A (i) and (ii) highlight the proportion of funding that is committed, in each IP, compared to the proportion of outputs that have been committed. The “Red, Amber, Green” (RAG) rating is determined by this percentage value. Green in this case means that the MA has committed a greater percentage of that output target than the percentage of committed funding. Conversely, a Red rating would mean that the percentage of the output target committed was substantially lower than the amount of funding committed (i.e. with future calls or procurements relatively more Outputs would have to be purchased for the remainder of the funding allocation).
23. These tables’ therefore only measure commitment levels and not actuals.
24. In practice, this also means that Green indicates that the MA is broadly in line with, or lower than, the unit cost. Red signifies where the MA is significantly over unit cost for that IP and Amber, again, about in line with expectations.
25. As can be seen from Annex A (i) at programme level, the only priority group of concern is “participants without basic skills”; current commitment is 41% against a target of 54.91%.
26. PA1 is proving more challenging; there are four priority groups where additional participant commitments need to be made to meet the level of



financial commitment. These are “Inactive”, “participants with disabilities”, “without basic skills”, “single adult household with dependent children”.

27. These deficits are being addressed as part of the call planning work LEP Leads are leading on through planned and future calls. The MA would welcome any support from members to ensure that LEP areas and potential bidding organisations are aware of the position with these priority groups and that calls are weighted to attracting these particular participant groups.

Priority Group Actuals Performance: Annex B

28. **Annex B** provides ‘actual performance’ for sub-group by Category of Region.

Please note that whilst financial expenditure covers the period up to 31 January 2019, the participant data is the latest available and covers returns up to November 2018. This is because the participant data is only available on a quarterly basis.

29. In terms of actuals performance, the key headlines from the programme to Q3 2019 are:

- 566,104 participants have started the programme;
- 24,211 unemployed participants started a job or self-employment;
- 17,202 inactive participants found a job or were actively looking, on leaving;
- 18,804 participants achieved basic skills;

30. Of the 566,104 participants that have started the programme:

- 294,554 unemployed participants short term and long term;
- 93,169 participants aged over 50 years of age
- 131,124 participants with disabilities;
- 294,554 unemployed participants and 120,259 inactive participants including NEET.

31. As previously advised LEP leads are actively working with partners on the progression and publishing of call templates. Central to the Call planning work for 2019, we are asking LEP areas to indicate how much of their notional allocations they are able to commit. We anticipate launching Calls under business as usual procedures through to the autumn, with the calls prioritised to address under performance both in the sub-groups and for LEPs



with commitment levels of less than 50%. After that, Calls will continue to be launched but with budgets coordinated by the Reserve Fund - see page 10 for more information.

ESF Opt-in / Co-Financing Organisations (CFOs):

32. The progress report below highlights where CFOs are in terms of their claims and Project Change Requests:
33. **The National Lottery Community Fund (ex BLF):** All claims to date have been paid. Quarter 4 2018 claims are being prepared for submission by end February 2019 although the Claim for the Less Developed Category of Region has been submitted early to support the Performance Framework Targets. Monthly Performance Monitoring meetings are taking place as are ongoing discussions which are centred around the underspend and how BLF is progressing this with their projects. Claims continue to move closer to profile. Project extensions are being considered where they meet the eligibility criteria and will be progressed with the Managing Authority using the Project Change Request (PCR) process in March. Big Lottery Fund have notified that ESF provision will now use the revised branding of National Lottery Community Fund.
34. **Her Majesty's Probation and Prison Service (HMPPS):** All claims to date have been paid. Monthly Performance Monitoring meetings are taking place, as is an ongoing discussion to further maintain their already strong performance. The Quarter 4 claim is being prepared for submission at the end of February.
35. **DWP:** All claims to date have been paid. Quarter 4 2018 claims are being prepared for submission by the end of February. DWP have submitted Project Change Requests for those contracts that have met the published eligibility criteria and all relevant Sub-Committees have been asked for their comments during the appraisal process. The first and second cohorts have been completed ahead of schedule and the remaining two cohorts will be completed by the 7th of March, again ahead of schedule. The DWP CFO is also working with two LEPs to consider new contracts in those areas – Enterprise M3 and The Marches. New Anglia had to withdraw as they had exhausted their allocation. There are no plans to offer new procurement in other areas. Majority of PCRs have been cleared with the last one due for clearance after Sub-Committee feedback on the 7th of March.



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36. **ESFA:** All claims to date have been paid. Quarter 4 2018 claims are being prepared for submission by the end of February. Monthly Performance Monitoring meetings are ongoing. ESFA launched their 2nd phase offer as planned, beginning procurement in August 2018 with Project Change Requests and seven Full Applications being received by the Managing Authority at the end of October. This will extend existing contracts and commence new activity in a few areas that have not had ESFA provision delivered previously. Overall, these extensions will result in an increase of approximately £339m. All MOU variations and MOUs for new applications have been issued to support this activity. A number of areas that decided to express an interest in the ESFA CFO offer subsequently withdrew during the assessment process. There are currently no other plans to offer new procurement in other areas once this round of Project Change Requests has been completed. All ESFA PCRs cleared and MOUs issued for their signature.

LEP Level Performance:

37. The charts at Annexes C (i) and (ii) provide an overview of the progress against LEP allocations by Category of Region. The Managing Authority is undertaking a separate piece of work looking at LEP commitment levels; this will particularly focus on those LEPs with the lowest commitment.

38. As can be seen from the key on the chart:

- Committed – represents the current level of commitment
- Pipeline – shows the level of commitment and *in addition* everything in the known pipeline
- Uncommitted – represents the performance gap to achieve the total LEP allocation.
- Claimed – is the actual performance to date against the commitment

39. Annex D provides LEP level detail of commitment levels by investment priority. New calls issued will have a positive impact on the commitment at both National and LEP level, contributing to increasing committed outputs in sub-categories where there had previously been low commitment.

Reserve Fund Update

40. Detailed work to develop and test draft criteria and processes which will underpin the ESF Reserve Fund continues; a progress update was provided to the Performance and Dispute Resolution sub-committee (PDR) on 14 February.



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41. As previously set out to Growth Programme Board (GPB) members, the ESF MA anticipates launching Calls under business as usual procedures through to the autumn, but recognises the need for flexibility to give local areas maximum opportunity to commit their existing allocations. We are therefore not proposing to set any hard deadlines regarding the timing of Calls being launched and are working with local areas to determine approaches for the remainder of the year. This includes identifying how best to utilise remaining notional allocations and the extent to which local areas can confidently commit funds.
42. Call proposals will be considered against finalised criteria which will be published following approval by GPB members. We anticipate prioritising Call proposals that address Programme under-performance against specific targets as set out in the OP. Priority will also be given to local areas who were previously not able to fully commit all of their notional allocation. This reflects the policy objective of ESIF funding in addressing regional disparities, whilst not jeopardising commitment of the programme overall.
43. The role of the local ESIF Committees will remain unchanged in confirming that Call proposals align with and contribute to the objectives of the local ESIF Strategy. Following the PDR discussion last month, we are meeting jointly with ERDF colleagues and the Intermediate Bodies to discuss their role in delivering both Programmes' Reserve Funds.
44. Further updates on progress will be provided as appropriate with an expectation of seeking GPB approval to Reserve Fund criteria and processes by the June meeting.

Cross Cutting Themes

45. The Equality & Diversity National Sub-Committee met on 26 February 2019 and the MA gave a presentation on the equality targets and design for the new MI tables that, once populated, will be able to show 'actual's monitoring data in relation to outputs (representation targets) and results. The information generated will not only help the sub-committee understand the progress that is being made in helping different target groups, but it should also inform the strategic steer for the use of the Reserve Fund - especially where there may be any shortfalls against equality targets.
46. The Managing Authority aims to review and provide a brief update to the original Equality Survey (formerly known as an 'equality impact analysis') that was undertaken before the ESF OP was finally negotiated / agreed. This will



help review progress at programme level as well as explore latest available contextual data / information relating to groups with protected characteristics. An initial internal MA meeting was held in February with the Head of the ESF evaluation team to discuss ways in which they can help quality assure this work.

47. The MA aims to produce a mainstreaming progress report explaining the progress that has been made in equality mainstreaming from the start of the programme until the end of 2018. They aim to send this report to the EC at the same time as the Annual Implementation Report (AIR) is submitted later this year.
48. The Managing Authority will be undertaking some work on investigating and sharing good practice for helping migrant workers in April / May 2019.

Sustainable Development (SD)

49. The MA is currently drafting a SD mainstreaming progress report and plan explaining the progress that has been made in SD mainstreaming from the start of the programme up until end of 2018. It is also working on developing a simple reporting stem which, going forward, will help explain the prevalence of SD policies and plans as well as provide: annual 'qualitative' information on issues arising in delivering implementation plans and case studies of any ESF projects that also have an environmental focus while supporting jobs / skills / social inclusion. The MA will aim to send this report to the EC at the same time as the AIR is submitted.

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Annex A (i): Outputs – committed participant data

Programme Total - All CoR	ESF/ YEI Allocation	Percentage Committed	TOTAL	ESF-		O4 -	O5 -	ESF-	O6 -	ESF-	YEI-O8	YEI-O3	YEI-O9	YEI-	YEI-	YEI-	YEI-	O7 -	ESF-
			PARTI CIPAN TS (O1 Particip	CO01 - Unempl oyed, includin g long	ESF- CO03 - Inactive	Particip ants over 50 years of age	Particip ants from ethnic minoriti	CO16 - Particip ants with disabiliti	Particip ants without basic skills	CO14 - Particip ants who live in a	Particip ants (below 25 years of who are	Particip ants (aged 25-29) who are	Unempl oyed particip ants (YEI)	O10 - Long- term unempl oyed	O11 - Inactive particip ants not in	O12 - Particip ants with disabiliti	O13 - Particip ants who live in a	Particip ants who are offende rs or ex-	CO23 - Number of support ed
ty Axis/ LE	ESF/ YEI Allocation	Percentage Committed	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit	Percent age Commit
1.1 Total	€ 687,952,229	50.43%	49%	54%	40%	45%	67%	47%	47%	51%									
1.2 Total	€ 350,686,398	55.34%	54%	61%	40%		88%	36%	46%	35%									
1.3 Total	€ 319,576,848	71.86%	86%				48%				80%	68%	58%	68%	92%	61%	79%		
1.4 Total	€ 772,317,424	78.17%	81%	86%	75%	76%	111%	77%										142%	
1.5 Total	€ 46,946,011	86.74%	94%	76%	109%	86%	78%	68%											
PA1 Total	€ 2,177,478,910	64.98%	62%	64%	54%	56%	80%	54%	50%	51%	80%	68%	58%	68%	92%	61%	79%	142%	
2.1 Total	€ 955,078,058	41.62%	37%			35%	38%	26%	42%	38%									
2.2 Total	€ 221,596,933	34.10%	70%																51%
PA2 Total	€ 1,176,674,991	40.20%	37%			35%	38%	26%	30%	38%									51%
PA3 Total	€ 132,356,281	19.96%																	
Prog Total	€ 3,486,510,182	54.91%	53%	65%	54%	47%	69%	48%	41%	47%	80%	68%	58%	68%	92%	61%	79%	142%	51%

	exceeding value of committed spend
	within 10% of committed spend
	outside of 10% of not meeting committed spend

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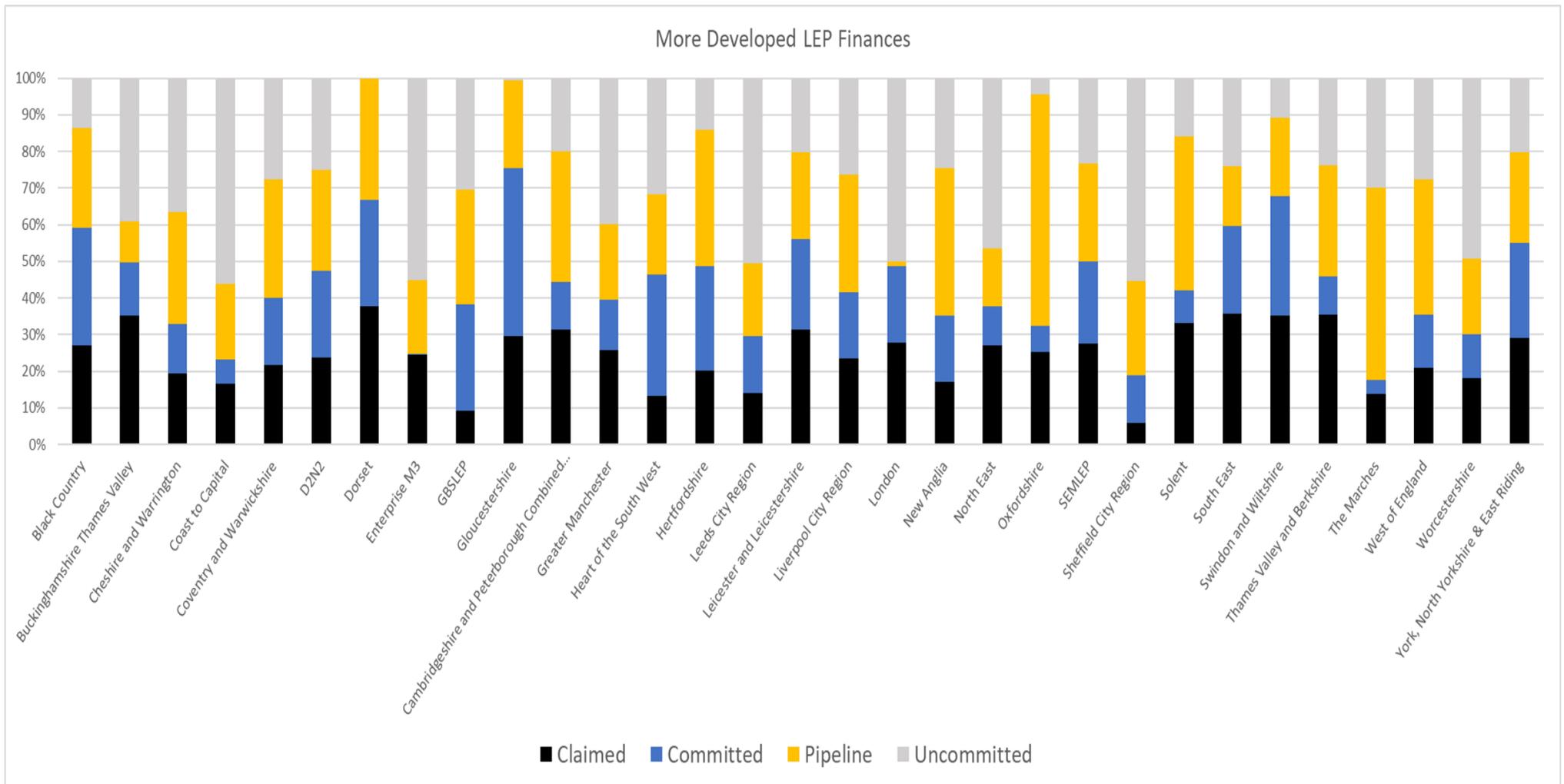
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Annex B – Sub-Group Performance by Category of Region

Outputs													
CO01 (unemployed short term and long term)	CoR	Target	Committed	Committed to Q3 18	Actual to Q3 18	% achieved to Q3 18	O5 (ethnic minorities)	CoR	Target	Committed	Committed to Q3 18	Actual to Q3 18	% achieved to Q3 18
	M	668,560	314,324	172,613	185,694	107.6%		M	343,547	278,753	135,274	116,913	86.4%
	T	152,341	79,966	45,827	76,709	167.4%		T	42,485	26,141	12,352	16,062	130.0%
	L	19,518	7,148	4,911	2,041	41.6%		L	869	465	217	169	77.9%
	Total	840,419	542,103	223,351	264,444	118.4%		Total	440,751	305,359	147,843	133,144	90.1%
CO03 (Inactive including NEET)	CoR	Target	Committed	Committed to Q3 18	Actual to Q3 18	% achieved to Q3 18	O6 (without Basic Skills)	CoR	Target	Committed	Committed to Q3 18	Actual to Q3 18	% achieved to Q3 18
	M	414,355	216,234	109,652	65,230	59.5%		M	245,113	113,147	58,245	56,386	96.8%
	T	102,537	49,535	27,013	22,843	84.6%		T	67,535	29,108	13,324	22,247	167.0%
	L	18,644	6,088	4,098	1,702	41.5%		L	8,246	2,489	1,267	507	40.0%
	Total	535,536	323,739	140,763	89,775	63.8%		Total	365,561	151,378	72,836	79,140	108.7%
O4 (over 50)	CoR	Target	Committed	Committed to Q3 18	Actual to Q3 18	% achieved to Q3 18	CO16 (disability)	CoR	Target	Committed	Committed to Q3 18	Actual to Q3 18	% achieved to Q3 18
	M	265,392	141,214	66,868	67,048	100.3%		M	290,379	166,605	79,474	32,286	40.6%
	T	74,713	34,865	15,746	24,702	156.9%		T	80,023	37,585	21,011	36,676	174.6%
	L	10,154	3,138	1,258	1,419	112.8%		L	12,473	5,707	3,393	2,046	60.3%
	Total	381,684	179,217	83,872	93,169	111.1%		Total	434,560	209,897	103,878	131,124	126.2%
Results													
R1 (u/e into employment)	CoR	Target	Committed	Actual	R3 (gaining Basic Skills)	CoR	Target	Committed	Actual				
	Total Programme	22%	25%	18%		Total Programme	7%	10%	5%				
R2 (inactive into employment or jobsearch)	CoR	Target	Committed	Actual									
	Total Programme	30%	33%	42%									



Annex C (i) LEP Spend, Commitment and Pipeline (% of Allocation) in More Developed Region



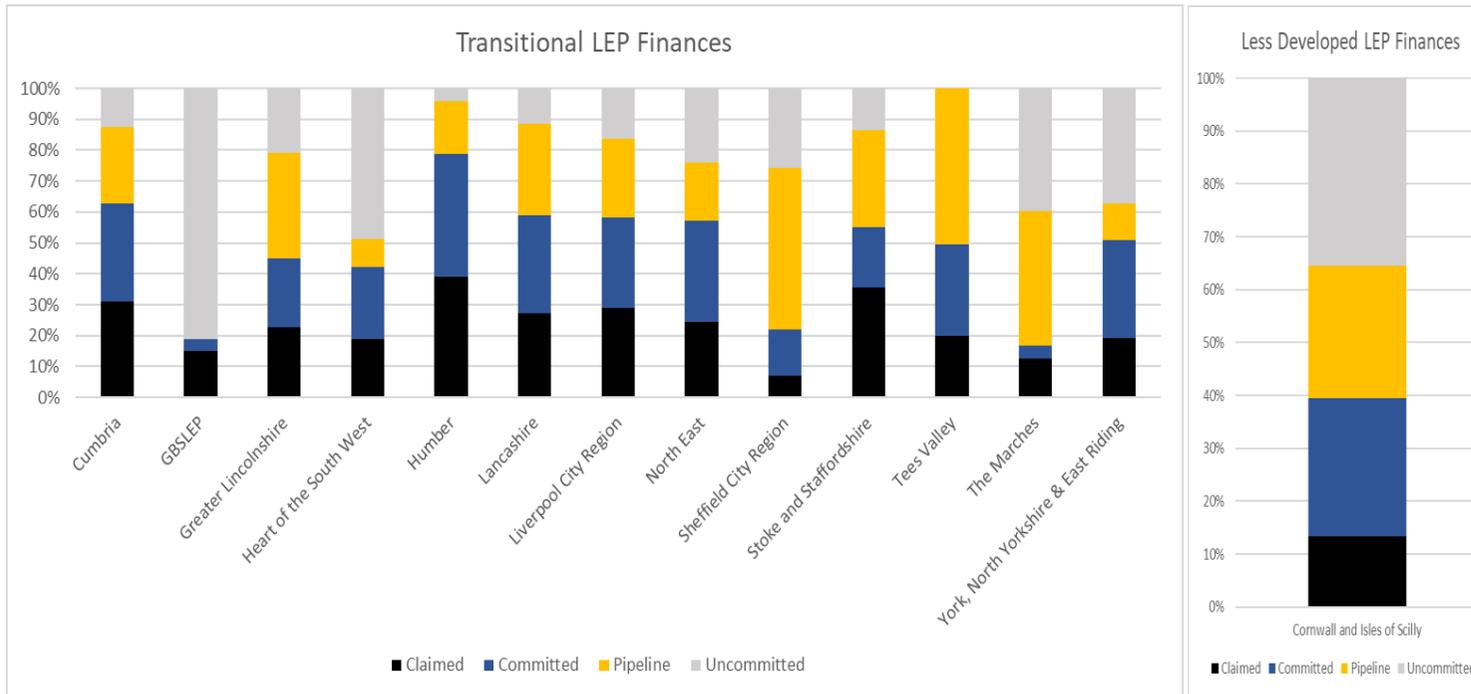


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Annex C (ii) LEP Spend, Commitment and Pipeline (% of Allocation) in Transitional and Less Developed





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Annex D - Breakdown of LEP allocation/committed spend by IP

LEP Breakdown by IP (€m)		1.1 Access to Employment			1.2 Sustained Integration for Young People			1.3 IEI			1.4 Active Inclusion			1.5 Inclusive Labour Markets			2.1 Life Long Learning			2.2 Improving Education			TOTAL																												
LEP	Category of Region	Allocation	Commitment EUR and GBP	Percentage	Allocation	Commitment EUR and GBP	Percentage	Allocation	Commitment EUR and GBP	Percentage	Allocation	Commitment EUR and GBP	Percentage	Allocation	Commitment EUR and GBP	Percentage	Allocation	Commitment EUR and GBP	Percentage	Allocation	Commitment EUR and GBP	Percentage																													
Black Country	M	€ 6.82	€ 6.16	€ 4.34	€ 3.92	64%	€ 1.50	€ 1.35	-	-	0%	€ 46.00	€ 41.53	€ 37.80	€ 33.94	82%	€ 19.52	€ 17.82	€ 14.97	€ 13.52	77%	€ 0.85	€ 0.76	€ 0.66	€ 0.60	70%	€ 33.18	€ 29.96	€ 13.22	€ 11.93	40%	€ 1.88	€ 1.70	€ 0.98	€ 0.89	52%	€ 108.91	€ 98.31	€ 71.11	65%											
Buckinghamshire Thames Valley	M	€ 17.81	€ 16.08	€ 7.14	€ 6.44	40%	€ 8.06	€ 7.28	€ 4.14	€ 3.74	51%	€ 0.85	€ 0.76	€ 0.66	€ 0.60	70%	€ 0.80	€ 0.72	-	-	0%	€ 2.32	€ 2.10	€ 1.51	€ 1.37	65%	€ 3.96	€ 3.58	€ 2.18	€ 2.18	55%	€ 24.69	€ 22.29	€ 4.92	€ 4.44	20%	€ 2.39	€ 2.16	€ 0.78	€ 0.70	32%	€ 63.77	€ 57.57	€ 23.07	36%						
Cheshire and Warrington	M	€ 6.62	€ 5.98	€ 1.65	€ 1.49	25%	€ 1.68	€ 1.52	€ 1.31	€ 1.18	78%	€ 6.91	€ 6.24	€ 2.95	€ 2.67	43%	€ 14.97	€ 12.97	€ 2.32	€ 2.09	16%	€ 3.01	€ 2.72	-	-	0%	€ 32.60	€ 29.43	€ 8.23	€ 7.52	25%	€ 30.15	€ 27.22	€ 14.29	€ 12.90	47%	€ 12.60	€ 11.37	€ 8.44	€ 7.62	67%	€ 149.91	€ 136.87	€ 156.62	€ 138.87	47%					
Coast to Capital	M	€ 30.15	€ 27.22	€ 14.29	€ 12.90	47%	€ 12.60	€ 11.37	€ 8.44	€ 7.62	67%	€ 49.00	€ 44.23	€ 18.13	€ 16.37	37%	€ 27.91	€ 25.20	€ 11.16	€ 10.08	40%	€ 24.40	€ 22.03	€ 12.30	€ 11.10	50%	€ 151.62	€ 136.87	€ 156.62	€ 138.87	47%	€ 19.91	€ 17.98	€ 9.74	€ 8.80	49%	€ 4.17	€ 3.77	€ 1.81	€ 1.63	43%	€ 72.63	€ 65.56	€ 31.97	€ 28.94	44%					
Cornwall and Isles of Scilly	L	€ 10.88	€ 9.82	€ 7.57	€ 6.83	70%	€ 2.33	€ 2.10	€ 1.33	€ 1.20	57%	€ 3.83	€ 3.45	€ 2.77	€ 2.50	72%	€ 18.66	€ 16.84	€ 14.15	€ 12.77	76%	€ 2.63	€ 2.37	-	-	0%	€ 38.32	€ 34.59	€ 25.82	€ 23.62	67%	€ 30.00	€ 27.08	€ 13.66	€ 12.33	46%	€ 11.39	€ 10.28	€ 5.74	€ 5.18	50%	€ 9.60	€ 8.67	€ 20.01	€ 18.07	208%	€ 24.05	€ 21.71	€ 8.68	€ 7.84	36%
Coverney and Warwickshire	M	€ 6.38	€ 5.76	€ 5.45	€ 4.92	85%	€ 6.23	€ 5.62	€ 4.90	€ 4.42	79%	€ 6.23	€ 5.62	€ 4.90	€ 4.42	79%	€ 8.57	€ 7.74	€ 5.66	€ 5.11	66%	-	-	-	-	-	€ 21.18	€ 19.12	€ 16.01	€ 14.76	76%	€ 19.91	€ 17.98	€ 9.74	€ 8.80	49%	€ 4.17	€ 3.77	€ 1.81	€ 1.63	43%	€ 72.63	€ 65.56	€ 31.97	€ 28.94	44%					
Cumbria	T	€ 3.80	€ 3.25	€ 1.50	€ 1.35	42%	€ 3.81	€ 3.44	€ 1.11	€ 1.00	29%	€ 3.18	€ 2.87	€ 1.82	€ 1.64	57%	€ 8.37	€ 7.56	€ 2.15	€ 1.94	26%	€ 1.75	€ 1.58	-	-	0%	€ 20.47	€ 18.48	€ 5.42	€ 4.92	26%	€ 9.21	€ 8.32	€ 10.76	€ 9.72	117%	€ 2.54	€ 2.39	€ 1.42	€ 1.28	56%	€ 18.54	€ 16.74	€ 15.50	€ 14.09	84%					
DDI2	M	€ 15.14	€ 13.87	€ 5.21	€ 4.71	34%	€ 9.82	€ 8.86	-	-	0%	€ 45.60	€ 41.16	€ 37.22	€ 33.80	82%	€ 37.43	€ 33.79	€ 2.10	€ 1.90	8%	€ 5.25	€ 4.74	€ 3.05	€ 2.75	58%	€ 128.87	€ 117.24	€ 54.23	€ 49.23	42%	€ 16.63	€ 15.02	€ 6.65	€ 6.00	40%	€ 16.63	€ 15.02	€ 6.65	€ 6.00	40%										
Dorset	M	€ 5.20	€ 4.70	€ 2.15	€ 1.94	41%	€ 1.32	€ 1.20	-	-	0%	€ 4.12	€ 3.72	€ 2.77	€ 2.50	67%	€ 12.65	€ 11.60	€ 10.54	€ 9.51	82%	€ 2.69	€ 2.43	-	-	0%	€ 36.57	€ 33.01	€ 17.81	€ 16.01	49%	€ 5.00	€ 4.51	€ 4.06	€ 3.67	81%	€ 4.93	€ 4.45	€ 3.28	€ 2.96	67%										
Enterprise MD	M	€ 3.80	€ 3.25	€ 1.50	€ 1.35	42%	€ 3.81	€ 3.44	€ 1.11	€ 1.00	29%	€ 15.17	€ 13.69	€ 11.54	€ 10.42	76%	€ 15.17	€ 13.69	€ 11.54	€ 10.42	76%	€ 2.43	€ 2.20	-	-	0%	€ 47.57	€ 42.95	€ 39.94	€ 36.44	84%	€ 5.00	€ 4.51	€ 4.06	€ 3.67	81%															
Gloucestershire	M	€ 19.82	€ 18.61	€ 5.27	€ 4.76	28%	€ 19.82	€ 18.61	€ 5.27	€ 4.76	28%	€ 48.00	€ 43.33	€ 25.85	€ 23.33	54%	€ 73.23	€ 66.11	€ 17.75	€ 16.02	24%	€ 10.71	€ 9.67	-	-	0%	€ 190.86	€ 172.29	€ 62.17	€ 56.17	33%	€ 73.23	€ 66.11	€ 17.75	€ 16.02	24%															
GSL/LEP	T	€ 12.02	€ 10.85	€ 3.32	€ 3.00	26%	€ 3.52	€ 3.18	-	-	0%	€ 4.12	€ 3.72	€ 2.77	€ 2.50	67%	€ 12.65	€ 11.60	€ 10.54	€ 9.51	82%	€ 2.69	€ 2.43	-	-	0%	€ 36.57	€ 33.01	€ 17.81	€ 16.01	49%	€ 10.96	€ 9.89	€ 2.77	€ 2.50	25%															
Greater Cambridge/Peterborough	M	€ 12.78	€ 11.54	€ 7.04	€ 6.36	55%	€ 1.94	€ 1.75	€ 0.65	€ 0.58	33%	€ 39.44	€ 35.60	€ 32.02	€ 28.91	81%	€ 25.28	€ 22.82	€ 11.44	€ 10.33	45%	€ 3.70	€ 3.34	€ 4.43	€ 4.00	100%	€ 54.06	€ 48.35	€ 26.33	€ 23.83	46%	€ 39.44	€ 35.60	€ 32.02	€ 28.91	81%															
Greater Lincolnshire	T	€ 34.51	€ 31.15	€ 28.02	€ 25.30	81%	€ 30.99	€ 27.97	€ 9.37	€ 8.46	30%	€ 3.92	€ 3.54	€ 2.67	€ 2.41	68%	€ 9.86	€ 9.04	€ 12.08	€ 10.90	20%	€ 22.34	€ 20.17	-	-	0%	€ 187.13	€ 168.93	€ 81.49	€ 74.44	44%																				
Greater Manchester	T	€ 1.72	€ 1.55	€ 0.31	€ 0.28	16%	€ 1.72	€ 1.55	€ 0.31	€ 0.28	16%	€ 3.92	€ 3.54	€ 2.67	€ 2.41	68%	€ 9.86	€ 9.04	€ 12.08	€ 10.90	20%	€ 22.34	€ 20.17	-	-	0%	€ 187.13	€ 168.93	€ 81.49	€ 74.44	44%																				
Heart of the South West	M	€ 0.80	€ 0.72	€ 0.62	€ 0.56	77%	€ 5.46	€ 4.93	€ 0.92	€ 0.83	17%	€ 7.82	€ 7.06	€ 5.95	€ 5.37	76%	€ 18.15	€ 16.38	€ 7.50	€ 6.77	41%	€ 2.41	€ 2.17	€ 0.68	€ 0.62	28%	€ 34.63	€ 31.26	€ 15.67	€ 14.29	45%																				
Heart of the South West	M	€ 0.80	€ 0.72	€ 0.62	€ 0.56	77%	€ 5.46	€ 4.93	€ 0.92	€ 0.83	17%	€ 7.82	€ 7.06	€ 5.95	€ 5.37	76%	€ 18.15	€ 16.38	€ 7.50	€ 6.77	41%	€ 2.41	€ 2.17	€ 0.68	€ 0.62	28%	€ 34.63	€ 31.26	€ 15.67	€ 14.29	45%																				
Hertfordshire	M	€ 8.13	€ 7.34	€ 4.06	€ 3.67	50%	€ 2.07	€ 1.87	€ 0.82	€ 0.56	30%	€ 5.66	€ 5.11	€ 3.15	€ 2.84	56%	€ 14.23	€ 12.85	€ 8.85	€ 7.99	62%	€ 3.56	€ 3.21	€ 1.47	€ 1.33	41%	€ 33.65	€ 30.38	€ 18.15	€ 16.54	54%																				
Humber	T	€ 9.45	€ 8.53	€ 6.63	€ 5.98	70%	€ 1.60	€ 1.44	€ 1.11	€ 1.00	69%	€ 5.00	€ 4.51	€ 4.06	€ 3.67	81%	€ 15.17	€ 13.69	€ 11.54	€ 10.42	76%	€ 2.43	€ 2.20	-	-	0%	€ 47.57	€ 42.95	€ 39.94	€ 36.44	84%																				
Leicestershire	M	€ 21.83	€ 19.70	€ 15.75	€ 14.22	72%	€ 9.63	€ 8.69	€ 7.39	€ 6.67	77%	€ 22.92	€ 20.69	€ 15.34	€ 13.85	67%	€ 48.00	€ 43.33	€ 25.85	€ 23.33	54%	€ 6.62	€ 5.98	€ 4.78	€ 4.32	72%	€ 109.01	€ 98.40	€ 69.12	€ 63.94	63%																				
Leicestershire and Leicestershire	M	€ 55.15	€ 48.78	€ 20.63	€ 18.62	37%	€ 25.59	€ 23.10	€ 12.09	€ 10.91	47%	€ 19.82	€ 18.61	€ 5.27	€ 4.76	28%	€ 73.23	€ 66.11	€ 17.75	€ 16.02	24%	€ 10.71	€ 9.67	-	-	0%	€ 190.86	€ 172.29	€ 62.17	€ 56.17	33%																				
Leeds City Region	T	€ 15.16	€ 13.68	€ 10.79	€ 9.74	71%	€ 5.26	€ 4.75	€ 4.59	€ 4.12	87%	€ 9.80	€ 8.85	€ 0.68	€ 0.60	7%	€ 10.53	€ 9.51	€ 7.81	€ 7.05	74%	€ 20.91	€ 18.88	€ 13.70	€ 12.37	66%	€ 4.38	€ 3.96	€ 2.18	€ 1.97	50%	€ 66.05	€ 59.62	€ 39.71	€ 36.04	60%															
Liverpool City Region	M	€ 2.25	€ 2.03	€ 0.80	€ 0.72	35%	€ 1.13	€ 1.02	€ 0.04	€ 0.04	4%	€ 1.69	€ 1.52	€ 0.54	€ 0.48	32%	€ 1.94	€ 1.75	€ 1.01	€ 0.91	52%	€ 0.41	€ 0.37	€ 0.01	€ 0.01	4%	€ 11.79	€ 10.64	€ 5.41	€ 4.91	46%																				
Liverpool City Region	M	€ 19.60	€ 17.69	€ 12.14	€ 10.95	62%	€ 5.01	€ 4.52	€ 0.82	€ 0.56	12%	€ 48.82	€ 44.07	€ 41.36	€ 37.94	85%	€ 19.92	€ 18.28	€ 8.26	€ 7.46	49%	€ 2.38	€ 2.15	€ 0.47	€ 0.43	20%	€ 106.46	€ 96.10	€ 67.19	€ 63.94	63%																				
London	T	€ 138.08	€ 124.63	€ 76.39	€ 69.86	55%	€ 110.51	€ 99.76	€ 62.35	€ 56.20	56%	€ 85.58	€ 77.26	-	-	0%	€ 170.58	€ 153.97	€ 119.85	€ 108.19	70%	€ 55.67	€ 50.26	€ 19.30	€ 17.42	35%	€ 327.77	€ 245.45	€ 161.10	€ 145.54	68%																				
New Anglia	M	€ 4.19	€ 3.78	€ 0.39	€ 0.35	9%	€ 5.00	€ 4.51	€ 3.10	€ 2.80	62%	€ 11.95	€ 10.78	€ 4.85	€ 4.37	41%	€ 20.37	€ 18.39	€ 8.33	€ 7.52	41%	€ 4.27	€ 3.85	€ 0.91	€ 0.82	21%	€ 45.77	€ 41.31	€ 17.58	€ 16.01	38%																				
North East	M	€ 39.00	€ 35.20	€ 20.86	€ 18.83	53%	€ 9.92	€ 8.95	€ 4.14	€ 3.74	42%	€ 22.23	€ 20.07	€ 11.72	€ 10.58	53%	€ 89.95	€ 80.30	€ 27.69	€ 25.00	31%	€ 16.64	€ 16.63	€ 7.06	€ 6.37	38%	€ 165.41	€ 147.38	€ 77.22	€ 70.22	42%																				
North East	M	€ 8.34	€ 7.53	€ 4.61	€ 4.16	55%	€ 7.80	€ 6.86	€ 0.88	€ 0.81	9%	€ 18.00	€ 16.25	€ 24.13	€ 21.78	14%	€ 10.32	€ 9.32																																	



EAFRD Progress Report

Purpose:

To provide the Board with an update on the current position on the EAFRD part of the EU Growth Programme.

Recommendations

The Board is invited to note the information set out in this paper.

Summary:

As at 1 February, under the RDPE Growth Programme £82m of grant had been awarded to 482 projects, including £10m spent by 90 completed projects from the offers launched in 2015. Of this £82m, £24m has been paid out, creating 295 FTE jobs. The scheme is on track to meet its job creation target.

The RPA have now processed all 1,864 Expressions of Interest (EOI) received from the 2017 calls and local ESIF Sub-Committees have commented on the local fit of projects. So far, invitations to submit a Full Application have been issued to 1,151 applicants for funding totalling £218m. From these, 602 projects have submitted applications for funding of £113m, with 392 projects so far securing grant offers worth £72m.

It is expected that the EAFRD Growth Programme calls which closed at the end of May 2018 will spend all of the £165m offered.

In addition, 18 contracts for funding totalling just over £73.5m have been awarded under the £75m Rural Broadband Infrastructure offer.

Defra and the RPA are continuing to consider options for utilising any EAFRD Growth Programme funding remaining once all of the projects arising from the 2017 offers have been contracted.



EAFRD GROWTH PROGRAMME UPDATE

1. As at 1 February, £82m of grant funding has been awarded to 482 projects. Of this, £24m has been paid, creating 295 FTE jobs. Activity under the offers opened in 2017 is summarised at Annex 1, and overall scheme progress is at Annex 2.
2. The Growth Programme remains broadly on track to spend its full allocation of funding and is expected to meet its programme target of creating 4,075 jobs. More widely, the RDPE Growth Programme contributes to the delivery of EAFRD Priority 6: Promoting social inclusion poverty reduction and economic development in rural areas. The good progress we have made so far in delivering this scheme, and the separate LEADER scheme which also contributes to Priority 6, means that we met the expenditure and output target Priority for end 2018.

2015 Offers

3. The RPA is continuing to support projects which secured funding under the 2015 Growth Programme offers. 90 projects have now completed all activity, confirming the creation of 129 FTE jobs from an EAFRD investment of £10m.

2017 Offers

4. As at 1 November, the RPA had received 1,864 Expressions of Interest (EOI), requesting funding of £343m, under the 2017 food processing, business development and tourism infrastructure offers which closed at the end of May 2018. The RPA has now processed all of these applications engaging with local ESIF Sub-Committees who comment on the local strategic fit of project applications, and invitations to submit a Full Application have been issued to 1,151 applicants for funding totalling £218m. Applicants are being encouraged to submit their full application as soon as possible. So far, 602 projects have submitted full applications for funding totalling £112m, with 392 projects so far securing grant offers worth £72m.
5. A range of workshops have been arranged across the country to help applicants understand what is required in a Full Application. Workshops will continue into July 2019. A YouTube video is also available which gives an overview of what is required in a Full Application for those that cannot attend a workshop.

Rural Broadband Infrastructure Fund

6. The current budget for the Rural Broadband Infrastructure Fund is £75m. The RPA has so far issued 18 contracts for a value of £73.5m.



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Funds
2014 - 2020**

Growth Programme for England- EARDF

Next Steps

7. It is expected that the EAFRD Growth Programme calls which closed at the end of May 2018 will spend all of the £165m offered. However, while the RPA will be able to commit all of the notional allocation to projects in some areas, other LEP areas have not attracted sufficient applications to spend all their allocated notional budgets. The final picture will not be clear until later this year when we will know how many of the applicants who have been asked to submit a full application have done so, and how many of these have been converted into contracted projects.
8. Defra and the RPA are considering options for making the best use of any remaining funding available from the original Growth Programme budget. This includes the scope for utilising potential exchange rate gains, if they can be realised. Further information will be made available to LEPs and other local partners in due course.

Tony Williamson

14 March 2019



EAFRD GROWTH PROGRAMME UPDATE

2017 offers:

As at 1 February	RDPE Growth Programme	Food Processing	Business Development	Tourism Infrastructure
Number EOIs Received	1864	293	965	606
Value of Grant Sought (£)	343	88	123	131
Number invited to Full Application	1151	193	631	327
Full Applications received	602	135	342	125
Value of Grant Sought (£m)	112	48	40	24
Breakdown of Full Applications received by status				
Number withdrawn/rejected	85	10	47	28
Number in appraisal/approved	108	17	57	34
Number Contracted	392	105	229	58
Value of contract (£m)	72	36	25	11
Value of grant paid to date (£m)	15.9	9	6	0.9
Number Projects closed	49	17	29	3



Rural broadband infrastructure offer:

As at 1 August	Rural Broadband
Total Budget	75
Full Applications received	23
Value of Grant Sought (£m)	86
Number withdrawn/rejected	1
Number Contracted	18
Value of contract (£m)	73.5
Value of grant paid to date (£m)	-
Number Projects closed	-

Project outputs to date by theme:

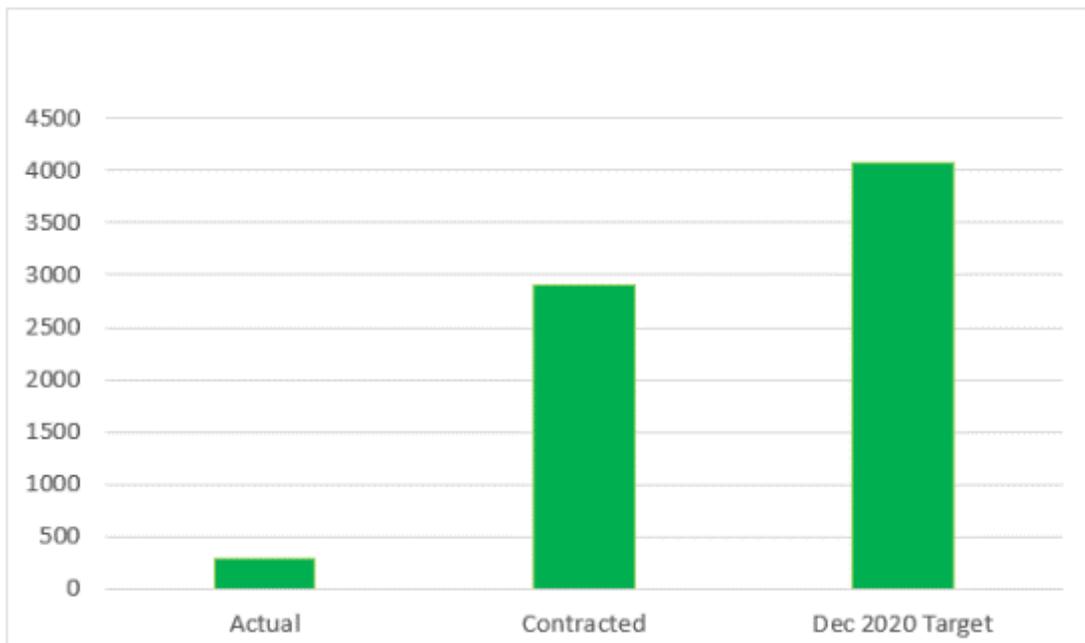
2015 & 2017 offers	RDPE Growth Programme	Food Processing	Business Development	Tourism Infrastructure and Cooperation
FTE Jobs Forecast	2,897	1434	927	536
FTE Jobs created	295	118	146	31



European Structural and Investment Funds
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Growth Programme for England- EARDF

Growth Programme jobs created target, contracted and actual figures 1st February 2019.



Summary of Growth Programme EOIs, full applications and broadband infrastructure scheme.

■ Applications Received ■ Not Proceeding ■ Work in Progress ■ Proceed to FA/Contracted and Closed

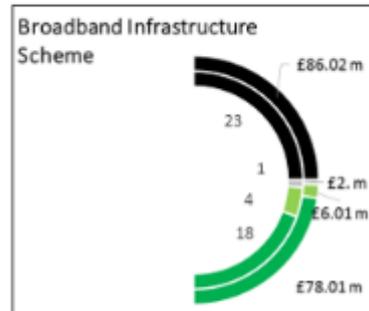
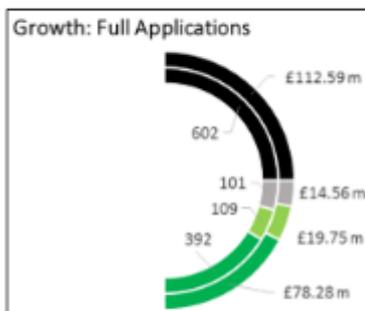
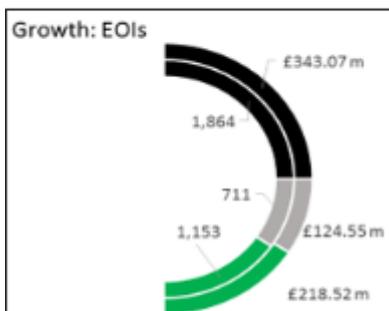


Fig. 1. Number of 2017-2018 Growth EOIs and outline applications submitted with their associated committed budget spend in £m.

Fig. 2. Number of full 2017-2018 Growth applications with their associated committed budget spend in £m.

Fig. 3. Number of full Broadband Infrastructure Scheme applications with their associated committed budget spend in £m.



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Growth Programme for England- EARDF

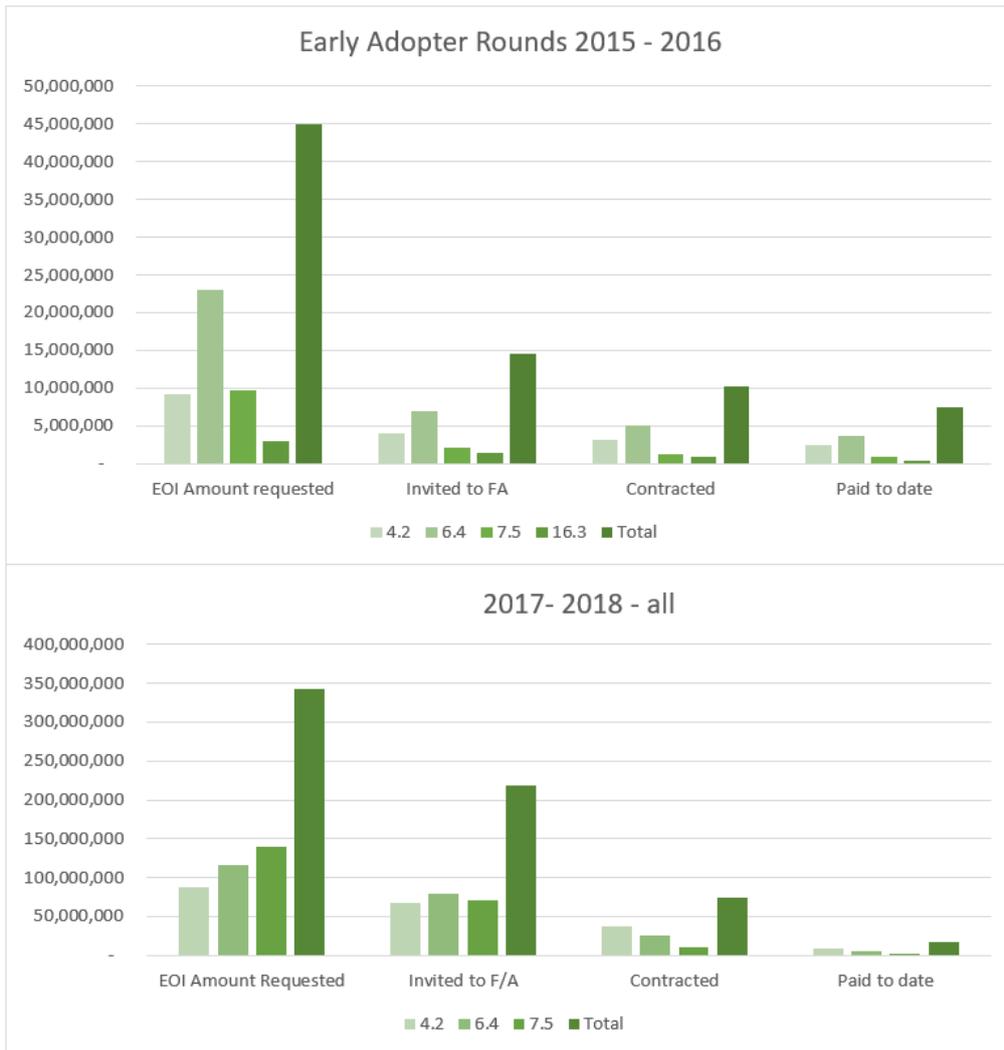
Number of Contracts and associated committed budget across EAFRD Growth Programme regions as of 31st January 2019.

	Processing and Marketing of Agricultural Products		SME Support		Tourism		Total Number of applications	Total RDPE grant award (£m)
	Number of applications	RDPE grant award (£m)	Number of applications	RDPE grant award (£m)	Number of applications	RDPE grant award (£m)		
East Midlands	15	4.44	27	2.98	14	2.00	56	9.42
East of England	17	6.99	25	4.27	5	1.81	47	13.07
North East	1	0.04	21	2.26	14	2.13	36	4.43
North West	7	2.08	15	1.91	10	2.67	32	6.65
South East	19	7.11	12	1.73	14	3.44	45	12.29
South West	20	11.19	23	2.82	18	2.50	61	16.51
West Midlands	16	3.39	22	3.28	33	4.34	71	11.01
Yorkshire and The Humber	15	4.78	4	0.39	14	3.40	33	8.57
Grand Total	110	40.03	149	19.64	122	22.30	381	81.97

Fig. 4. Number of contracts and associated committed budget across **Growth Programme** regions as of 31st January 2019.



EAFRD GROWTH PROGRAMME UPDATE – OVERALL PROGRESS



Measure 4.2 = Food Processing

Measure 6.4 = Business Development

Measure 7.5 = Tourism Infrastructure

Measure 16.3 = Tourism Cooperation



European Maritime & Fisheries Fund Progress Report

Purpose:

To provide the Board with a progress report on EMFF implementation in England.

Recommendation(s):

That the Growth Programme Board notes the report.

Summary:

Excellent progress continues with 1,168 core projects approved with an EMFF grant value of over £40m.

1. There continues to be good take-up of the EMFF in England, with 1,168 projects approved under the 'core' programme (i.e. not including expenditure for Control and Enforcement activities, and Data Collection Framework measures). The total project cost associated is over £70m with EMFF grant of over £40m and National match of over £8.2m.
2. There are also 286 pipeline projects which are with MMO and progressing through the various stages of the process with an EMFF grant value of £9.5m. There has been almost £10m paid out to applicants to date.
3. The popular areas for funding remain:
 - Health and safety – equipment and on-board vessel investments (320 projects attracting £1.99m EMFF);
 - Limiting the impact of fishing on the marine environment – more selective fishing gear and practices (254 projects, attracting £2.57m EMFF);
 - Processing and marketing – of fisheries and aquaculture products (87 projects, attracting £4.96m EMFF);
 - Adding value and quality – to caught and unwanted fish products (93 projects, attracting £640k EMFF);
 - Infrastructure investments – in ports, harbours, landing sites and auction halls (85 projects, £9.3 EMFF);
 - Investments in aquaculture – new units, diversification of production and species, modernisation of existing units (23 projects, £1.76m EMFF);
 - Promotion of human capital – job creation, improving social dialogue, training (11 projects, £1.78m EMFF);
 - Protection/restoration of marine biodiversity and ecosystems – collection of waste, Natura 2000 sites, increasing environmental awareness (51 projects, £5.59m EMFF).



4. With regards to CLLD, the six Fisheries Local Action Groups are now delivering against the total allocated budget of £4.8m and in line with their Local development Strategies (LDS) and business plans. FLAG projects are now progressing and to date 98 projects have been approved by MMO with a total project cost of £2m (EMFF £2m National £421k). There are also a further 15 projects with MMO at various stages of the process with total project costs £453k (EMFF £257k National £54k).

Our current ‘top challenge(s)’ and how we are addressing them

5. Uncertainties surrounding Brexit negotiations continue to present issues for the team. The development of processes and systems to adopt in each eventuality, including a no-deal scenario, are ongoing.
6. Performance across the scheme continues to exceed targets, with budgets increasingly nearing full commitment across the core scheme and FLAGs. With financial year-end approaching realising spend against approved projects continues to be the primary focus of the team.
7. The Grants Team has experienced unprecedented volumes of applications and claims, with industry looking to maximise funding opportunities while available. The Team continues to rise to these challenges and successfully unlocked the Performance Framework Reserve and avoid de-commitment.

Challenges in different areas of the country/Can we learn from delivery in different areas?

8. Unlike the other Structural Funds, delivery of EMFF projects in England is not delivered by regional teams as the number of projects is small and the applications require some degree of technical knowledge of the seafood sector; all English applications are processed by the MMO’s EMFF team at their headquarters in Newcastle. Data is not categorised on a regional basis.

Robert Matthews, Defra
EMFF Programme Monitoring Committee