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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 March 2019.

Recommendation(s):

That the Growth Programme Board note the current position.

Summary:

Overall Progress on Contracting

Going forward performance will now be monitored against the Performance Framework 2023 Targets, and is based on ERDF+Match (Total Eligible Expenditure - TEE).

The contracting of projects is now a priority to ensure that the total value of contracted projects is enough to meet the 2023 targets.

As at 31 March, 699 projects (including 9 financial instruments) with ERDF+Match (TEE) of €4,203m have been contracted (£3,796m @ 0.9033 exchange rate). This represents 64% of the programme budget. Compared to the previous quarter, to 31 December 2018, this is an increase of 93 contracted projects, and €564m TEE.

At the end of March there are 473 applications currently being assessed including two financial instruments. This represents a further 32% of the programme budget, and includes the applications received from the October call.

Adding contracted projects with those in the pipeline, represents 96% of the programme budget. By Category of Region this is Less Developed 138%, Transition 98% and More Developed 89%.

Overall Progress – Expenditure

Cumulative claims paid by the Managing Authority (MA) to grant recipients total £682m ERDF to 31 March 2019, an increase of £81m from the 31 December 2018 total.

2018 Performance Framework Targets

The finalised position will be presented at the June Growth Programme Board based on the Annual Implementation Report which is due to be submitted shortly to the European Commission.

Achievements levels are expected to be as per forecasts, with all PF outputs to be achieved and the key PF expenditure targets above 85%



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N+3 Target

The MA has made excellent progress towards the timely achievement of the N+3 2019 target. The target for which is £859m and the MA N+3 2019 expenditure incurred figure stands at £802m* (93% of the target).

*Adjusted to reflect the category of region rates used when making payment applications to the Commission and no deductions for claims in quarantine, irregularities etc.



Programme Value and Targets

1. The ERDF+Match (TEE) Programme value is €6,572m. Using the exchange rate of €1 = £0.9033, values the Programme at £5,936m. The 2023 Performance Framework targets are measured against Total Eligible Expenditure (TEE).
2. Programme performance is also measured against N+3. This is measured against ERDF (based on CoR Intervention rates).
3. The Operational Programme value and all returns to the European Commission are based in Euros. Internal Performance Monitoring is also done in Sterling.
4. 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.

2018 Performance Framework Targets

5. 2018 Performance Framework output performance is measured based on Managing Authority (MA) claims paid. 2018 Performance Framework expenditure performance is measured on certified expenditure submitted in payment applications by the Certifying Authority (CA).
6. Based on the 2018 performance framework *outputs* targets all PAs are above 85% of the target.
7. As at the end of March based on monitoring by the Managing Authority the performance framework *expenditure* targets are as follows; PA1, PA2, PA3, PA4 and PA7 have actuals above 65%. All PA5, PA6 More Developed CoR, and PA8 all CoR are below the 65% threshold. However as noted this is subject to certification by the Certifying Authority.
8. The finalised position will be presented at the June Growth Programme Board based on the Annual Implementation Report which is due to be submitted shortly to the European Commission.
9. If a milestone is 65% below target, then the European Commission reserves the right to suspend programme payments.

N+3 Target

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 2019 is €950m (or £859m @ 0.9033 exchange rate). 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.
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 2019	Less Developed	Transition	More Developed	Total
N+3 target for payment claims (€m)	€ 120	€ 278	€ 552	€ 950
Less Payment applications submitted to the Commission at relevant exchange rate by 31 Mar 2019	€ 127	€ 235	€ 428	€ 790
Current gap (€m)	+€7	-€43	-€124	-€160

15. As at 31 March the MA has achieved 83% of the overall n+3 target based on the euro exchange rate

Programme Budget & Contracting

16. Programme budget & contracting has now moved to monitoring ERDF+Match (TEE) in line with the Performance Framework 2023 Targets.
17. The contracting of projects is now a priority and is being closely monitored to ensure that the total value of contracted projects is enough to meet the overall 2023 target.



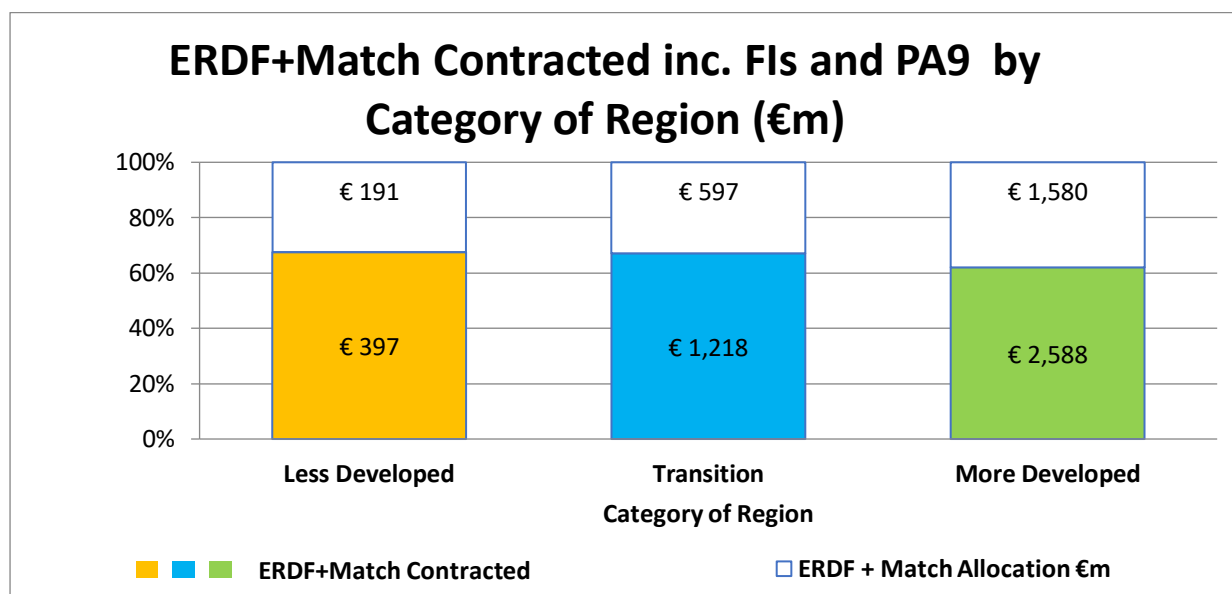
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18. The chart and table below show the amount and % of ERDF+Match (TEE) that has been contracted by category of region, compared with the programme's allocation (budget).



19. As at 31 March, 64% of the total budget (inc. FIs) has been contracted. By category of region this is Less Developed 67%, Transition 67% and More Developed 62%.

Category of Region	Allocation €m	Commitment €m (inc. FIs)	Commitment %	Commitment & Pipeline €m	Commitment & Pipeline %
Less Developed	€ 588	€ 397	67%	€ 812	138%
Transition	€ 1,815	€ 1,218	67%	€ 1,773	98%
More Developed	€ 4,168	€ 2,588	62%	€ 3,711	89%

20. The pipeline is expected to reduce as applications are processed.



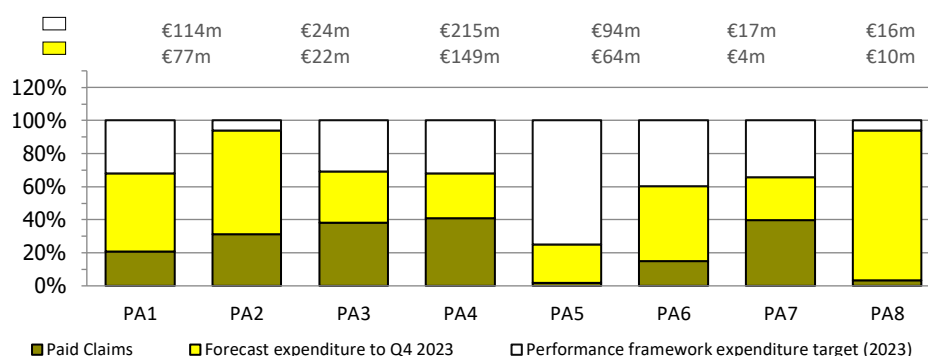
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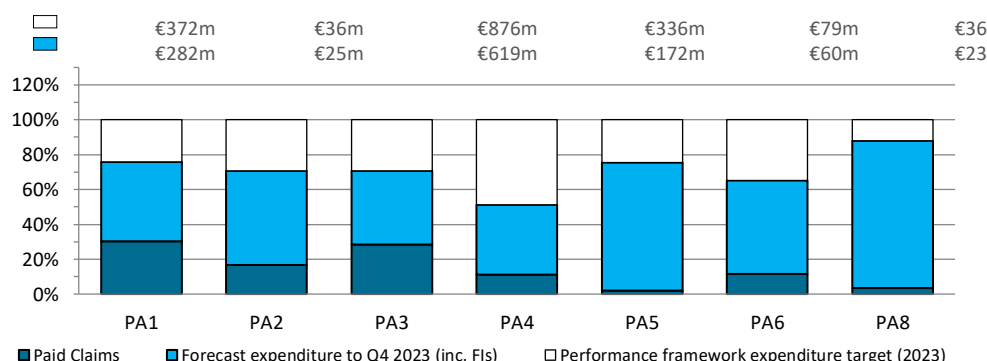
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2023 Expenditure targets including paid claims (€m) by Priority Axis (exc. PA9) across each of the Category of Regions

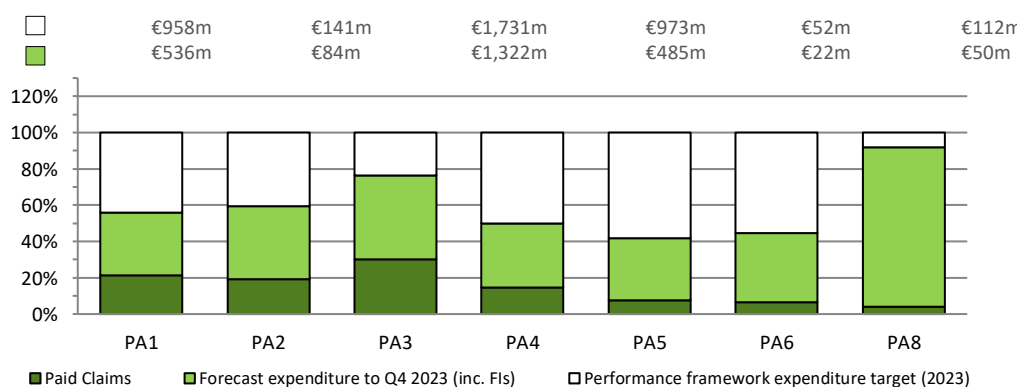
Less Developed Region



Transition

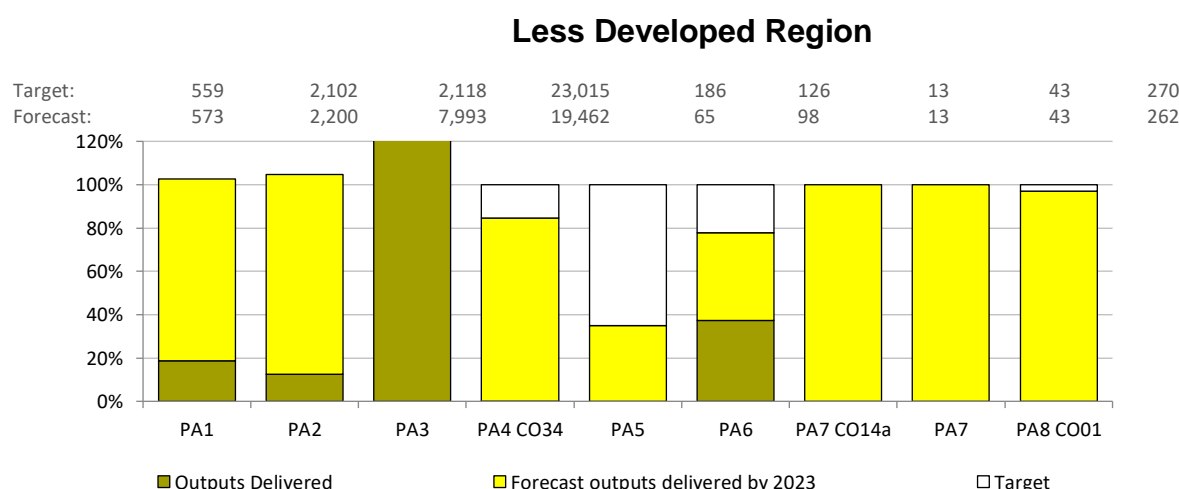


More Developed



21. Contracting progress is good on all the key Priorities PA1, PA3 and PA4. It has been slower on PA5 due to the nature of the projects.
22. On PA1 all CoRs are making good progress in contracting - MD has contracted 56% of the 2023 target, LD 68% and Transition 76%. In terms of claims paid, MD and LD have achieved 21% of the 2023 targets and Transition 30%.
23. On PA2 the current pipeline is forecast to achieve circa. 74%. Slippage in infrastructure projects is continuing and with BDUK funding deadline of March 2020 this could impact on projects' ability to fully deliver. Business support calls are planned for June 2019.
24. On PA4 the LD CoR has recently had a call resulting in the submission of £52 million worth of projects although these will need to be reduced in value to what is remaining. In More Developed and Transition there has been an overall increase in the number of projects coming through from outline through to full application. The level of attrition seems to be reducing and as PA 4 leads we are undertaking more development support with applicants to bring forward better projects.
25. On PA5 across all category of regions, the number of projects coming forward as been slow due to the time taken to bring flooding projects through. In the North East and North Lincolnshire, a number of projects have withdrawn or not taken forward. Work is still underway to bring the remaining projects forward.

Forecast Delivery of Performance Framework Outputs as % of 2023 target by Priority Axis across each of the Category of Regions



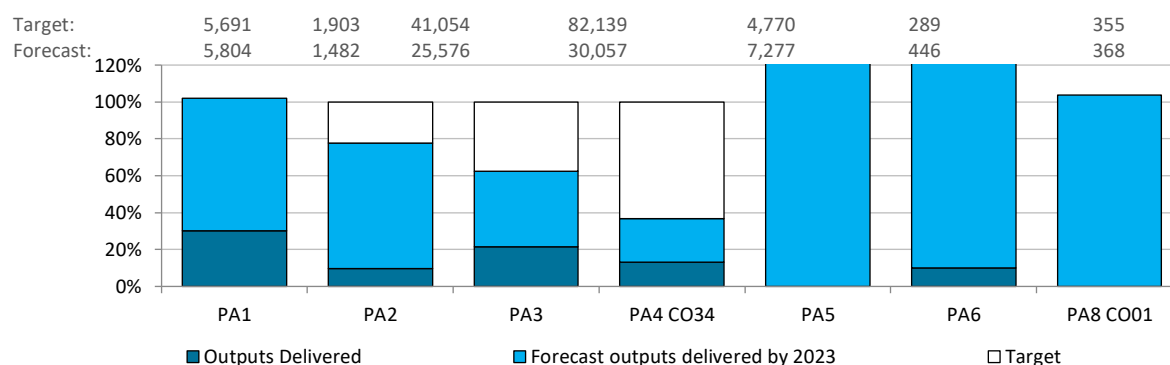


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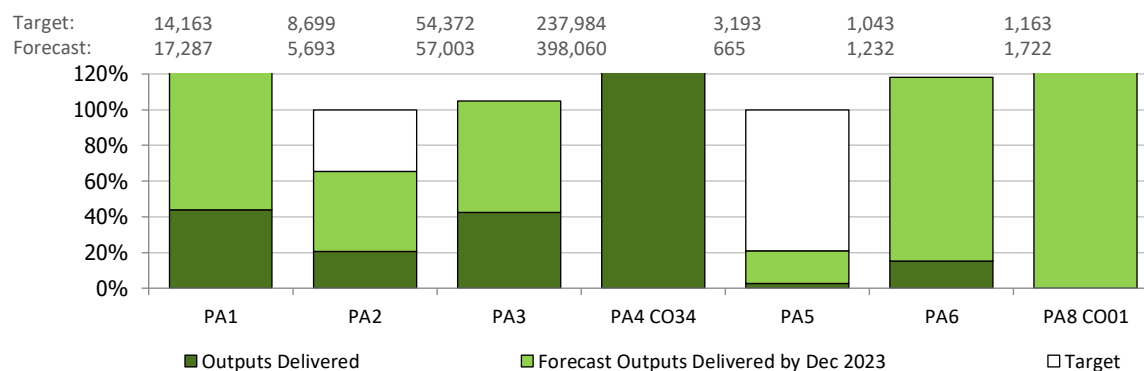
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Transition



More Developed



26. Output progress is good on all the key Priorities PA1, PA3 and PA4 MD and LD CoR. PA5 is low due to the pace of the projects coming through.

27. On PA1 outputs are already showing a strong performance with all three CoRs contracting enough outputs to achieve the 2023 targets. Actual achievement ranges from 19% (LD), 30% (Transition) to 44% (MD).

28. On PA2 there is a forecast of >65% for 2023 performance outputs across all the CoR.



29. On PA4 outputs across MD and LD CoR are strong. However T CoR is currently only at 37% contracted. This should improve due to the overall increase in the number of projects coming through from outline through to full application.

30. On PA5 the outputs for Transition and Less Developed are being exceeded however in More Developed it is much more challenging to meet the target.

Programme call schedule

31. A new call round was published during October 2018 with available funding standing at £513m. As previously communicated 229 applications were received requesting over £440m ERDF.

32. A new call round is due to be published at the end of June 2019. This will close at the end of September and applications submitted will then be reviewed and assessed. Following this call round a review will take place to see in any additional calls are required for remaining budgets.

33. In line with the June call window, a series of improvements have been made to the documents used to publish calls and early stage applications to simplify and streamline the process. The improvements will help those applying and for the review process that follows.

Sustainable Urban Development (SUD)

34. Good progress continues to be made to commit ERDF across the nine SUD areas. The table below shows overall performance:

	£	% (SUD allocation)
ERDF contracted to live projects	£181,889,502	62%
Applications in the system	£73,439,868	24%
Balance remaining	£39,984,407	14%
Total SUD value	£295,313,777	100%

35. The level of ERDF funding committed to projects has increased from 46% to 62% of the SUD allocation since the last Growth Programme Board report. Whilst the entirety of London's allocation is dedicated to SUD and makes up the majority of SUD commitment, all other areas have, similarly, been making good progress. Both Greater Birmingham and Solihull, and Nottingham and Derby are showing as being above the budget available, although it expected this will reduce through attrition.

36. Due to application withdrawals and outline application rejections, the pipeline remains fluid; this is to be expected. The level of funding still to commit currently stands at £39.9m. Calls are



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open in a number of areas (including in the North East and Leeds); further calls will be launched shortly (in Greater Manchester, Bristol and London). Whilst there is general confidence that funds will be committed in many SUD areas, there will inevitably be further attrition.

37. The table overleaf shows a snapshot of progress in committing funds by SUD area at the time of writing (May 2019):

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	£9,583,931	£3,371,063	110%	-£1,212,094
Bristol	£3,089,286	£0	£0	£2,049,999	66%	£1,039,287
Leeds City Region	£18,020,000	£660,579	£737,500	£10,533,181	66%	£6,089,575
Liverpool City Region	£11,233,439	£10,308,255	£0	£0	92%	£925,184
Greater Manchester	£24,325,869	£13,477,041	£0	£0	55%	£10,848,828
North East	£21,498,540	£3,666,831	£5,244,563	£3,130,680	56%	£9,456,466
Nottingham and Derby	£11,349,965	£0	£3,411,870	£8,299,113	103%	-£361,018
Sheffield City Region	£9,773,706	£9,275,828	£0	£0	95%	£497,878
London	£184,279,237	£144,500,968	£0	£27,077,968	93%	£12,700,301
TOTAL	£295,313,777	£181,889,502	£18,977,864	£54,462,004	86%	£39,984,407

38. EC regulations require that at least 5% of the ERDF resources allocated at national level shall be committed to SUD. The UK-wide target, which is being solely delivered by England, has been set at 5.4% in the Partnership Agreement. This is a stretching target and to date, with 62% of the target achieved, there is a significant progress to make.



39. After the current and upcoming calls close, and initial application assessments have been made, in the autumn the Managing Authority will be in a position to review likely actuals against the forecast 5.4% target. It may be required to consider options for ensuring its achievement, or revising the target, which would be done in consultation with the affected SUD Intermediate Bodies and SUD sub-committees.

Financial Instruments

40. To 31st March 2019, the programme had nine financial instruments (FIs) contracted for £492m ERDF. Six of these have made their first drawdown of funds, and one (Northern Powerhouse Investment Fund) has made its second drawdown.

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

42. Looking forward, one further FI has been approved during April with another to be approved by 30 June 2019. These FIs are potentially worth an additional £29m ERDF

Community-Led Development (CLLD)

43. 21 ERDF CLLD projects are live.

44. Delivery progress remains slower than expected. Constraints reported by CLLDs include:

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

45. The MA is however pleased to report that delivery pace is now gaining momentum in some CLLD areas. Two CLLD programmes¹ report Local Action Groups have approved applications to the full value of their ERDF allocations. Local Action Groups are in some areas accelerating the issue of calls, CLLDs application pipelines are developing, and some end beneficiary projects have now commenced delivery.

46. Following a the MHCLG/DWP CLLD Operational Steering Group of 27 February and review of ERDF project change requests/delivery projections for 2019 and beyond, the ERDF managing authority has advised underperforming CLLD accountable bodies of its concerns that valuable ERDF investment is not yet getting to our most deprived communities at the pace expected.

¹Hull Local Action Group CLLD and Yorkshire Coast Communities CLLD



47. The MA has taken the following action(s):

- Required underperforming CLLDs to prepare and submit a recovery plan to provide the ERDF managing authority with assurance that CLLD projects/ Local Action Groups have a good understanding of the reasons for underperformance and have identified/will implement a range of actions to address these. The plans prompt CLLDs to consider a range of potential constraints/issues and develop/initiate action to address these;
- Developed Terms of Reference and operating protocols for a national CLLD network- intended to be a CLLD partner owned network to share good practice and experience;
- Worked with CLLDs to arrange the first CLLD network event to be held in Leeds on 30th May.

48. Local networks have been established in some LEP areas to share good practice on compliant management systems and on tools and practices to run effective CLLD programmes.

Building Momentum/sharing good practice

49. In response to the GPB discussion at its meeting of December 2018 regarding the sharing of experience/learning, a national CLLD practitioner network has been established with its first meeting hosted by Leeds CLLD on 30 May. The network is intended to be partner led.

50. The first meeting will focus on building momentum in delivery and learning from the early implementation experience, with performing CLLDs sharing practice and approaches. The other topics include engaging with - and managing - Local Action Groups, and addressing match funding challenges.

51. CLLDs have also expressed an interest in using the forum to capture and share the experience of CLLD delivery on the ground with MAs to inform future funding models.

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

Compliance

53. 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.



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54. Work has commenced on the 2019 visit schedule. To date 8 visits have been undertaken, of which 2 are already closed. With reference to previous visit years, 1 visit remains open from 2017 and 9 from 2018. The 2017 visit is not yet closed due to an E-claims issue; TSO are looking at how to resolve the problem. The team are working hard to close the remaining 9 visits from 2018.

55. Since the launch of the Jaspersoft reports the Compliance Team's Management Information is now generated directly from E-claims. The availability of the reports instigated a data integrity review which highlighted differences in the data held. The data reported below is a result of the data integrity review.

Visits Undertaken (2016 OTSV Schedule)	Value of claims selected for visit schedule	Total value of claims tested	At Risk	At Risk %	Confirmed Irregularities
142	£34,965,769	£34,965,769	£2,061,406	5.9%	£15,740

Visits Undertaken (2017 OTSV Schedule)	Value of claims selected for visit schedule	Total value of claims tested	At Risk	At Risk %	Confirmed Irregularities
182	£106,767,129	£106,767,129	£15,043,534	14.09%	£661,689

Visits Undertaken (2018 OTSV Schedule)	Value of claims selected for visit schedule	Total value of claims tested	At Risk	At Risk %	Confirmed Irregularities
204	£111,897,825	£111,897,825	£3,013,023	2.69%	£437,925

Visits Undertaken (2019 OTSV Schedule)	Value of claims selected for visit schedule	Total value of claims tested	At Risk	At Risk %	Confirmed Irregularities
179	£181,240,372	£9,765,383	£194,030	1.99%	£2,483

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
1511	1477	34	341

56. 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:

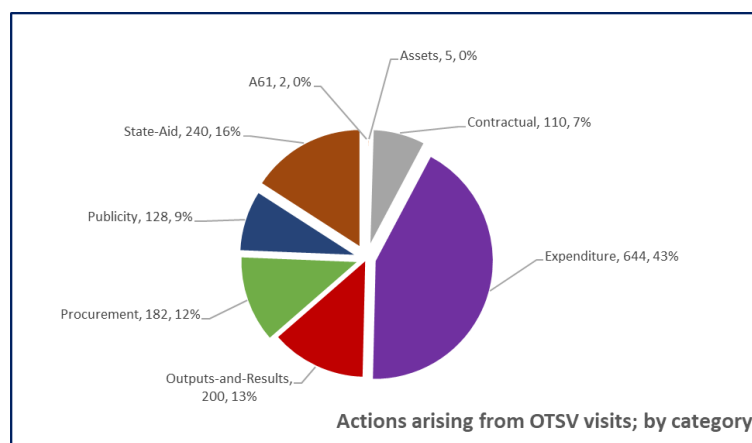


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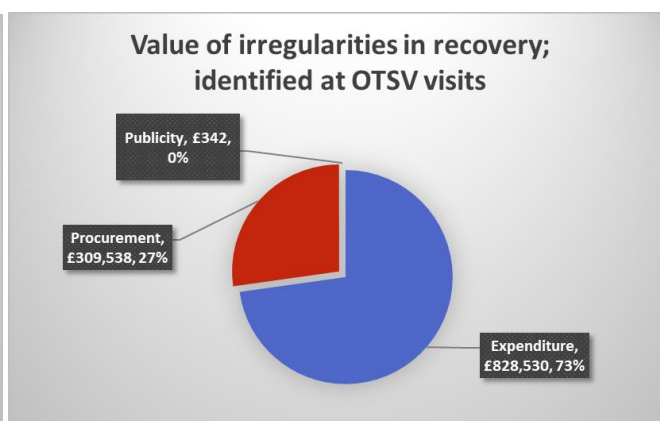
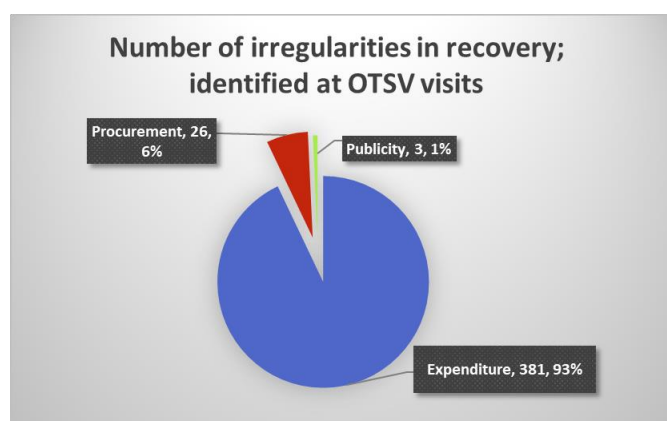


Category	Number	Trend
A61	2	↔
Assets	5	↓
Contractual	110	↓
Expenditure	644	↓
Outputs and Res	200	↓
Procurement	182	↑
Publicity	128	↓
State Aid	240	↓
	1511	

Irregularities identified by OTSV process.

57. An analysis has been carried out on irregularities that were identified by the OTSV process.

The charts below show the number of irregularities in recovery by category, along with the value by category and sub-category. Despite actions being raised in all categories only 3 categories have resulting irregularities.

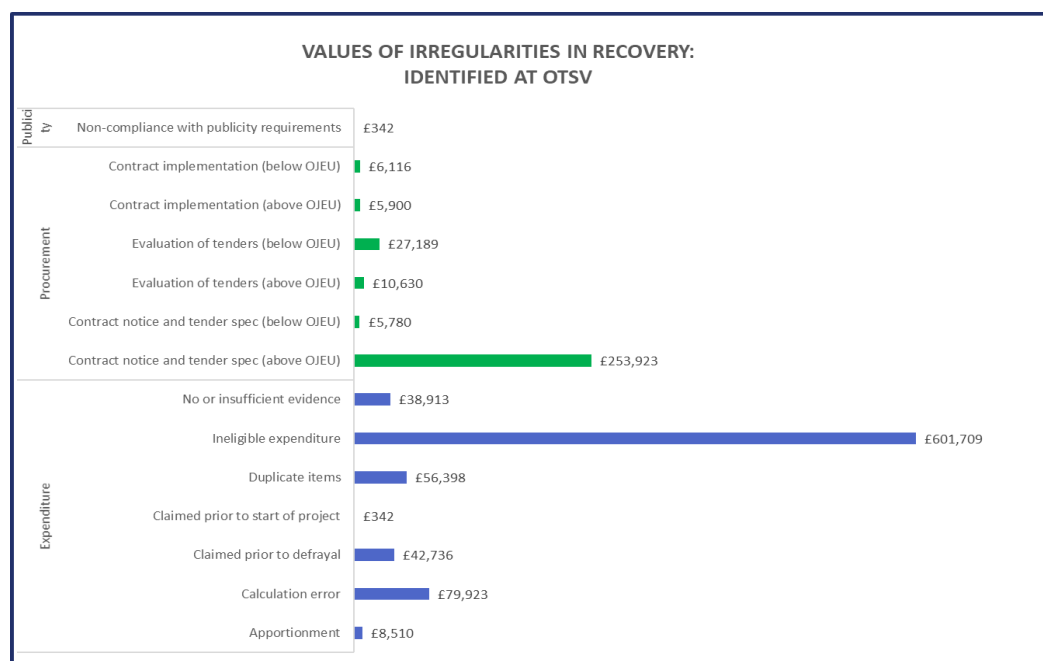




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ESF Progress Report

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Progress on ESF *(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.

Recommendations:

That the Growth Programme Board notes the current position.

Summary:

This paper provides the latest Programme update and advises the Board of the action the Managing Authority (MA) is taking to address the challenges that lie ahead.

Claims are now in a much stronger position and we expect to receive sufficient claims to enable us to achieve the 2019 N+3 target by early in Q3 2019.

The call timetable now extends to December 2019 and is being more rigorously managed to ensure that the remaining call slots are maximised. ESIF Sub-Committees were made aware of this via letter, which reinforced the need to make the best use of the available slots. Calls are being prioritised to address participant shortfalls and a number of measures to increase the value and quality of calls have been undertaken. However, although most LEP areas did provide their call plans by the mid-March deadline, there are still significant gaps, with many LEP areas not yet having developed plans for their full notional allocation. The MA extended the response window to 20th May to maximise the opportunity to reflect future plans. Remaining LEP notional allocations will now, as previously announced, be absorbed into the Central Reserve Fund and LEP areas will be able to bid for funding for future calls under this new process.

As previously reported, ESF achievement of the Performance Framework (PF) targets presents a positive picture. As outlined in the draft Annual Implementation Report submitted to GPB via written procedure, both the participant and financial aspects of the Performance Framework target will be sufficiently achieved in all Categories of Region (CoR).

The Annual Implementation Report (AIR) is the routeway via which our achievement in reaching the PF targets is confirmed and ratification by the European Commission would then enable us to draw down the 6% Performance Reserve. The report will be submitted to the Commission by the end of June - Members will have had the opportunity to comment on the draft of this document which was submitted via written procedure on 30 May.



Following the Commission's decision in January 2019 to "interrupt" the payment deadline to DWP, we are continuing to work to address the Commission's concerns and recommendations. We are confident that we can demonstrate that our systems are compliant with the EU Regulations and the Audit Authority are currently undertaking testing on behalf of the Commission. The interruption does not impact on claims and payments made by the MA to ESF grant recipients.

All data is as at 30 April 2019 and uses the May exchange rate of €0.8634 unless otherwise stated. In order to provide the Board with the latest available data, the Performance Framework data for 2023 has different period end dates for participant and financial elements.

The position at the last report (with ESF data to 31st January 2019), is shown in brackets for comparison purposes.

Programme Update:

Calls and Commitment Update:

1. ESF commitment as of 30 April was £1.96 billion (£1.65 billion), 64.5% (55.43%) of the total ESF allocation. Although commitment has continued to grow as Funding Agreements are signed, a significant part of the increase from the last report is as a result of the completion of the ESFA Project Change Requests exercise.
2. In Priority Axis (PA) 1 and 2 there are 192 (180) Direct Bid projects with commitments totalling £426.9 million (£419.5 million) and 153 (152) MoUs for the National Co-Financing Organisations (CFOs) valued at £1.5 billion (£1.2 billion).
3. There are 41 (39) ESF Funding Agreements for Technical Assistance with a value of £23 million (£22.8 million).
4. There are 17 Outline Applications undergoing assessment with a total value of £8.3 million (PA1 £5m, PA2 £3.3m) and 109 Full Applications in appraisal, which total £246.5 million (PA1 £111m, PA2 £135m and PA3 £458k).
5. After the Managing Authority (MA) LEP Lead consultation with their areas, reported previously, all the resultant LEP area commitment plans notified to the MA were incorporated into a timetable that now runs to the end of the 2019 calendar year. There are still a number of vacant slots; currently the timetable contains 88 calls, to the value of £276,606,114. This comprises 39 PA1 calls (£106.4m; 39%) and 49 PA2 calls (£170.2m; 61%).
6. In constructing the call timetable, the MA took account of the LEP areas' proposed call launch dates, prioritising higher value proposals and those that focused on under-performing priority groups. As members will be aware, the MA has already taken steps to make the most efficient use of the slots available and facilitate this process by encouraging

consortia bids, raising the minimum call application values and adopting a single stage process. Additionally, we have streamlined and formalised the moderation process and encouraged LEP areas, wherever possible, to submit calls well ahead of their allocated publication slot to enable them to take a cancelled slot at short notice. The MA will then retain a “Reserve List” of these calls and publish them as soon as a cancellation is notified.

7. The MA wrote to ESIF chairs, advising them of the new process and reinforcing the importance of having calls finished and submitted to the MA within the prescribed timescales, or risk losing their slot. These steps are designed to address the fact that, in the six months to April, calls to the value of £18.6m were withdrawn at the last minute and the opportunity to launch calls lost. We would urge members to support the MA in this, as this will also allow the publication of other calls, either through the reserve list, or by pulling calls forward where they are ready. It is early days with the new process, yet we have already been able to fill some slots that would have previously been wasted. However, we are still experiencing late cancellations which is disappointing as, at this early stage in the new process, we do not yet have significant numbers of calls on the reserve list to fill them all.
8. The MA will publish a YEI call in June 2019 for the More Developed Region, as this is the CoR where the vast majority of YEI funding remains uncommitted. It is envisaged that the ESF and YEI amount available will be circa. £80m and the call will remain open for eight weeks. The call will be restricted to the following YEI MD eligible areas: Black Country; Coventry and Warwickshire; D2N2; Greater Birmingham & Solihull; Leicester & Leicestershire; Liverpool City Region and South East LEP areas.
9. In addition, there will be a smaller call for the Transitional CoR of approximately £1m, utilising the remaining funding in the Transitional area of Liverpool.
10. The ESF MA moved to an online call application process from 29 April. All new ESF open calls have been published on ECLAIMS replacing the previous email-based application process. ESF open calls will also continue to be published on GOV.UK through the existing Funding Finder mechanism but will be ‘online application’ only calls.
11. There are currently 34 ESF live calls (as at 24 May 2019) on GOV.UK.

Progress on N+3 Target:

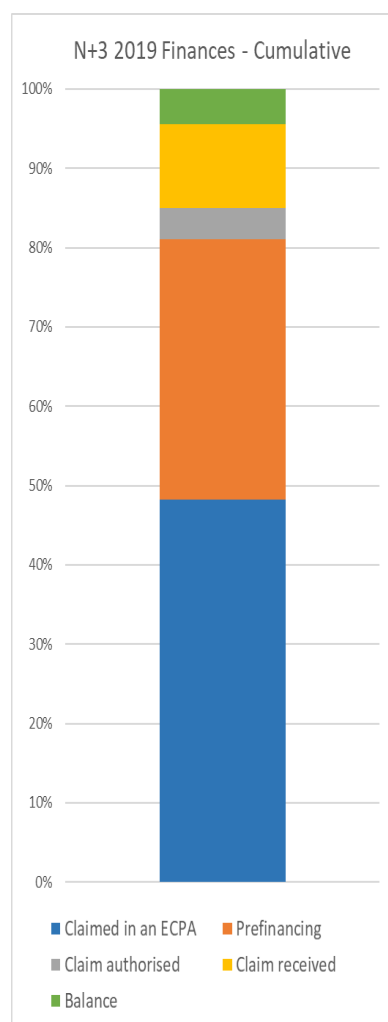
Table One: N+3 2019 Finances – Cumulative Performance



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2019 Cumulative Target	€ 1,449,755,872.00	Percentage of Total
Claimed in an ECPA	€ 699,023,252.94	48.22%
Prefinancing	€ 476,792,823.99	32.89%
Claims authorised	€ 55,542,901.51	3.83%
Claims received	€ 154,850,346.90	10.68%
Balance	€ 63,546,546.66	4.38%

The Bar Chart and legend illustrate the N+3 Performance of the Programme to date. The table illustrates how this performance is made up. The N+3 target each year is cumulative and therefore includes the performance from previous years. The increase in target between 2018 and 2019 is €435,279,921; see Table Two for more detail.

12. Table One (above) shows the cumulative performance of the Programme against the N+3 target. As might be expected with a cumulative target at this stage in the programme, the bulk of achievement, over 81%, has been claimed previously or is pre-

financing. The table shows that just under, an additional 15% of claims have been received, but are at various stages of processing and so have not yet been included in an IPA. It can be seen that a further 4.38% cumulatively, or €63.5m, remains to be claimed before the target will be achieved.

13. A detailed breakdown of the 2019 performance is at Table Two, below:

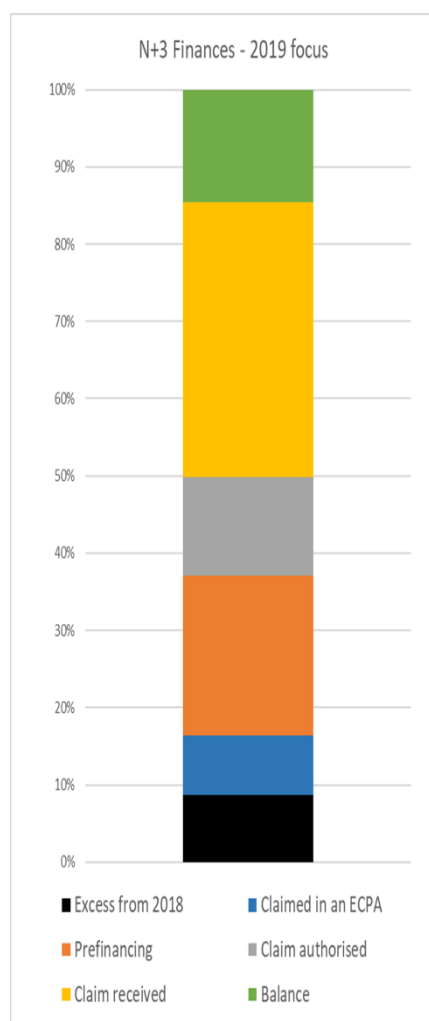


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Table Two: N+3 Finances – 2019 Focus



2019 Annual Target	€ 435,279,921.00	Percentage of Total
Excess from 2018	€ 37,695,861.63	8.66%
Claimed in an ECPA	€ 33,463,973.96	7.69%
Prefinancing	€ 90,180,290.34	20.72%
Claim authorised	€ 55,542,901.51	12.76%
Claim received	€ 154,850,346.90	35.57%
Balance	€ 63,546,546.66	14.60%

The Bar Chart and legend illustrate the N+3 Performance of the Programme in 2019. The increase in target between 2018 and 2019 is €435,279,921. The table illustrates how this performance has been achieved so far this year.

Table Two focuses on the yearly increase in 2019 and provides an insight on the position for the current year. This feeds into the wider cumulative target as seen in Table One.

- In 2018 we over achieved the N+3 target by 4%. This figure is represented in the table under 'Excess from 2018';
- As the 2019 target is relatively smaller, this over achievement translates into 8.66% of the 2019 target, as shown above
- European Commission Payment Application (ECPA) 10 was submitted by the Certifying Authority (CA) on 19th March 2019 and this expenditure is shown under 'Claimed in an ECPA';
- The pre-financing is set by the European Commission each year;



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- 'Claims authorised' and 'Claims received' figures are high at the moment as the Q4 CFO claims have been received and are currently being processed. When these are certified and claimed back from the Commission, 14.68% of the 2019 target will remain;
- Therefore a further 14.68%, or €63.5m, of this year's €435.2m increase remains before the target will be achieved (consistent with the figure described under the cumulative target). Further expenditure from 2019 claims will enable us to reach our target.
- Projected performance for future years is shown in Table Three, below.

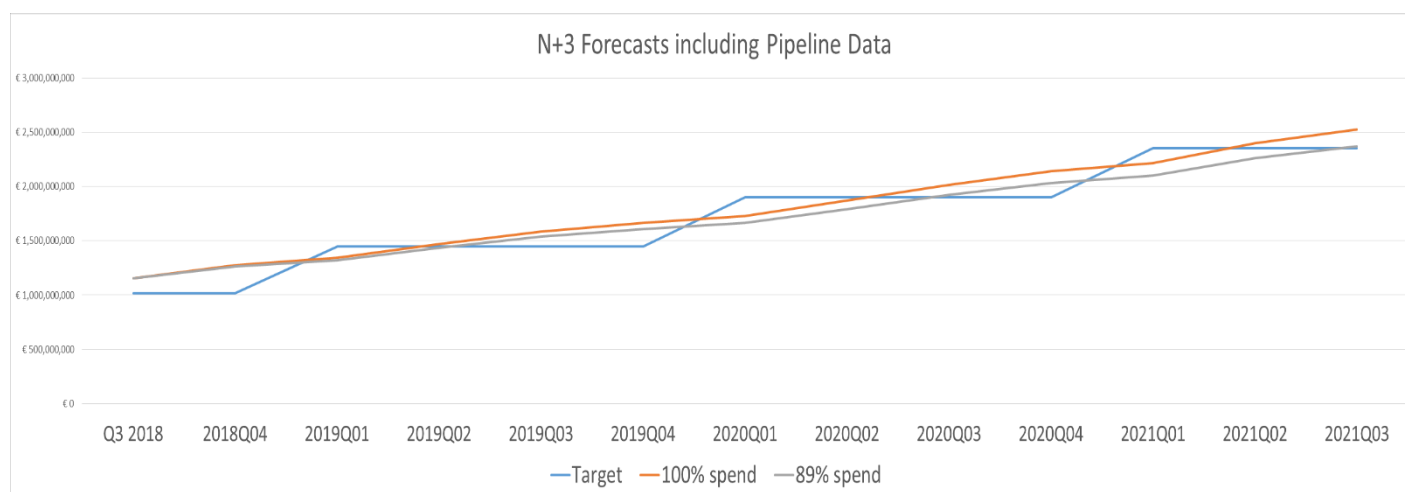


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Table Three: N+3 Forecasts to 2021, including Pipeline data



- Table Three (above), shows the performance forecast for the achievement of the Programme N+3 targets to Q3 2021. It can be seen that we expect to receive sufficient claims by Q3 2019 to be able to meet the 2019 target.
- The table also illustrates the approach for the next three years, taking account of current commitment levels and all known pipeline data and shows the projected N+3 performance at two different claim rates. As can be seen from the key:
 - the trajectory depicted in orange shows performance at 100% claim rate, which would result in receiving sufficient claims to achieve the 2020 N+3 target in Quarter 1 of 2020;
 - the trajectory depicted in grey demonstrates performance at the current claim rate of 89% - an increase of 14% from the 75% recorded in the last report - and shows that we would be on track to receive sufficient claims to achieve the 2020 N+3 target in Q2 of that year;

14. However, the MA is keen to ensure that this level of performance is maintained for the duration of the programme and is working to further increase the claim rate by improved processing of claims and robust contract management, of both CFOs and Direct Grant Recipients.

ESF Claims Performance:

ESF Claim Performance against Profile:



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15. The following three tables provide a comprehensive view of different aspects of Programme claim performance. Further details and mitigation are provided in the narrative in paras 17-21.
16. Table Four shows the performance of both Direct Bids and CFOs, in terms of claims against profile, with Table Five displaying this information by Priority Axis (PA) and Category of Region (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: Total (ESF & Match) Expenditure Timeline by Organisation type

CLAIMS SUMMARY				
Org Type	Cumulative Profile to Q4 2018	Cumulative Claims	Slippage	Percentage Claimed
Direct-Bid	£380,967,179	£279,371,347	-£101,595,832	73.33%
ESFA	£577,531,906	£644,000,793	£66,468,887	111.51%
DWP	£198,773,867	£118,184,225	-£80,589,642	59.46%
HMPPS	£141,357,956	£238,378,425	£97,020,469	168.63%
NLCF	£263,568,456	£144,305,636	-£119,262,820	54.75%
Manchester CFO	£22,849,106	£12,708,717	-£10,140,389	55.62%
GLA CFO	£8,677,792	£1,261,894	-£7,415,898	14.54%
TOTAL	£1,593,726,262	£1,438,211,037	-£155,515,225	90.24%

Table Five: Total (ESF & Match) Expenditure by PA and CoR



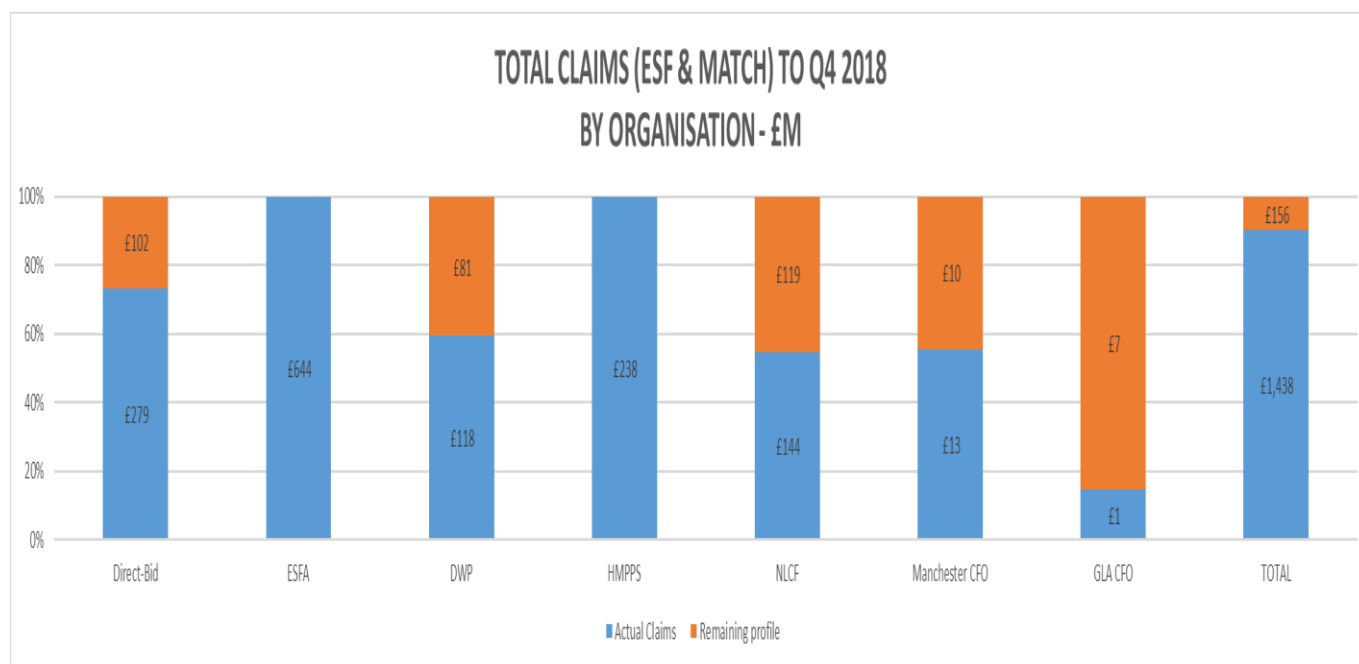
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CLAIMS SUMMARY					
Priority Axis	Category of Region	Cumulative Profile to Q4 2018	Cumulative Claims	Slippage	Percentage Claimed
1	Less-Developed	£31,842,376	£16,593,210	-£15,249,166	52.11%
1	Transitional	£200,232,413	£233,201,791	£32,969,377	116.47%
1	More-Developed	£823,549,322	£740,916,453	-£82,632,870	89.97%
1	YEI	£159,875,040	£147,236,366	-£12,638,674	92.09%
2	Less-Developed	£11,653,586	£10,308,320	-£1,345,266	88.46%
2	Transitional	£74,195,646	£82,307,926	£8,112,280	110.93%
2	More-Developed	£259,054,836	£184,468,643	-£74,586,193	71.21%
3	Less-Developed	£2,796,906	£1,245,285	-£1,551,620	44.52%
3	Transitional	£7,437,434	£4,079,671	-£3,357,763	54.85%
3	More-Developed	£23,088,701	£17,853,372	-£5,235,330	77.33%
TOTAL		£1,593,726,262	£1,438,211,037	-£155,515,225	90.24%

17. Table Six shows the total value of all claims, including both ESF and match funding, against the level of commitment to Quarter 4 2018. The low claim rate is being successfully addressed and the overall programme claim rate has now reached 90% (including Match Funding). All CFOs have been reporting performance in the Performance Report submitted with each claim. The MA review these and seek further assurances where required.

Table Six: Total Claims (ESF & Match) to Q4 2018 by Organisation - £M


18. For each CFO we have received assurances and seen evidence that performance is managed in accordance with the methodology proposed. In some cases, this has resulted in the issue of Performance Improvement Notices in line with the Managing Authority's expectations. Where performance does not improve to the required level, some Projects have closed early or have not been eligible for the most recent round of possible extensions to their contracts and will therefore close in line with their original agreement. Some LEP areas have also coordinated Provider Forums to support continuous improvement and the sharing of best practice.
19. Claim rates for the National Lottery Community Fund (NLCF) (previously BLF) have been improving throughout 2018 and are moving closer to profile. This will continue to be discussed at the bi-annual Performance Monitoring Meeting (PMM) as it is for each CFO. At the PMM in April the MA were impressed with the monitoring and activity conducted by the NLCF Funding Officers. They will be submitting a nil claim for Q1 2019 as they are progressing their Project Change Requests to extend and increase commitment on their projects. We therefore expect to receive a larger Q2 2019 claim which should make up some of the apparent deficit.
20. The DWP CFO are carrying out the closure action for a number of Projects in a variety of LEP areas as these contracts will not be extended based on performance to date. DWP CFO are also calculating the de-commitment values for those LEP areas so that this funding can be considered for Direct Bids or for use within other CFO operations.



21. The Manchester CFO submitted their first claim Q3 2018 which has been paid. They are waiting to conclude their Verification Team DBEC checks before submitting the next claim to ensure there are no major errors identified which may impact on future claims. We have agreed they can submit a nil claim for Q4 2018 and then an amalgamated Q1 2019 claim. This claim will therefore span the two quarters and therefore provides some explanation for them being behind profile at this point in time.
22. Delivery performance by GLA CFO projects is significantly below profile, but improving. A significant amount of support has been required by projects to ensure outputs can be verified as compliant, which has reduced the value of project claims to date. A change request has been agreed with GLA to extend the project delivery period and reprofile activity to reflect these delays, and we expect a significant increase in both outputs and expenditure within future claims.

Update on claims submitted to the Commission:

23. IPA10 was submitted on 19 March 2019 for €56,461,184 (£48,275,990) total eligible expenditure and we expect reimbursement of €33,463,973 when the interruption is lifted.
24. IPA11 will be submitted by 30 June 2019 and the current forecast is approx. €21m (£18m) total eligible expenditure with €12m (£10m) being EU funding.
25. The Certifying Authority (CA) have checked over €12m (£10m) total eligible expenditure so far ready for inclusion in IPA11 with a further €8.8m (£7.5m) currently undergoing CA checks. The CA will work closely with the MA to ensure all expenditure, that can be included, is included before the submission deadline.

Progress on Performance Framework Targets:

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



PERFORMANCE FRAMEWORK MILESTONES 2018

Priority Axis	Category of Region	Actuals	Milestone total for 2018	Forecast Over/ Under	Percentage
1	Less Developed	€ 17,980,378	€ 23,263,000	-€ 5,282,622	77%
1	Less Developed	5,540	6,360	-820	87%
1	Transition	€ 209,353,675	€ 122,283,000	€ 87,070,675	171%
1	Transition	122,615	51,930	70,685	236%
1	More Developed	€ 663,015,335	€ 512,660,000	€ 150,355,335	129%
1	More Developed	328,730	220,910	107,820	149%
YEI Financial		€ 147,003,081	€ 92,366,000	€ 54,637,081	159%
YEI Participants		61,011	22,100	38,911	276%
2	Less Developed	€ 9,041,062	€ 5,823,000	€ 3,218,062	155%
2	Less Developed	5,166	1,310	3,856	394%
2	Transition	€ 52,233,752	€ 45,314,000	€ 6,919,752	115%
2	Transition	54,367	18,820	35,547	289%
2	More Developed	€ 150,307,753	€ 145,876,000	€ 4,431,753	103%
2	More Developed	113,970	55,780	58,190	204%

26. The financial data for the Performance Framework shown in Table Seven is inclusive of that submitted in IPA10 at the end of March, and as such can be treated as an accurate position for expenditure incurred until 31/12/2018.

27. As members will be aware, the performance detailed in the Table Seven 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% (or more) of the target or over is recorded in all but one indicator at Priority Axis level. The one remaining indicator must be above 75% achievement. However, this will not be confirmed by the Commission until at least two months after they have received the Annual Implementation Return (AIR), which will be submitted by the end of June 2019.

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

28. 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).

- These tables therefore only measure commitment levels and not actuals.
- 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.
- As can be seen from Annex A (i) at programme level, all sub groups are performing well against their targets (i.e. within 10%). At the time of the last report, in March 2019, the O6 Basic Skills group was of concern at Programme level with commitment performance at 41% against a target of 54.91%, which resulted in a Red marker under the RAG Rating system. Annex A (i) shows that this has now improved within an acceptable tolerance, although it will still be monitored closely until it reaches “Green” status.
- PA1 is performing well overall, but within this there are areas of concern in 1.1 and 1.2 with ESF CO03 (Inactive Participants) and ESF CO16 (Participants with Disabilities (PWD)) respectively.
- There is only one group at PA2 level that is of concern – ESF CO16 (PWD). At IP level however, there are two priority groups where additional participant commitments need to be made to meet the level of financial commitment. These are ESF CO16 (PWD) and ESF O6 (Participants without basic skills).
- The recent increases are as a result of the MA’s responsiveness to gaps in performance being addressed as part of the call planning work LEP Leads are working on through planned and future calls.

Priority Group Actuals Performance: Annex B

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

Please note that whilst financial expenditure covers the period up to 30 April 2019, the participant data is the latest available and covers returns up to the end of February 2019. This is because the participant data is only available on a quarterly basis.

- In terms of actuals performance, the key headlines from the programme to Q4 2018 are:
- 842,054 participants have started the programme;
- 37,708 unemployed participants started a job or self-employment;
- 20,394 inactive participants found a job or were actively looking, on leaving;
- 31,617 participants achieved basic skills;



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- Of the 842,054 participants that have started the programme:
- 467,724 unemployed participants (including long-term unemployed);
- 141,169 participants aged over 50 years of age
- 182,316 participants with disabilities;
- 207,791 participants from ethnic minorities and 162,765 inactive participants including NEET;
- The number of employed participants has increased to 174,771 (24% of the overall population). Further work is being undertaken to analyse the impact of the larger than expected number of employed participants on the Programme.

30. Table Eight (below) compares these achievements to the commitment profile to give context to this data and an overview of Programme performance

Table Eight: Actuals Data – Performance Against Profile to 2018 Q4 and 2023

	Achievement to Q4 2018	% achievement against Q4 18 commitment profile	% commitment against 2023 target value
Participants who have started the programme	842054	107.07%	34.05%
Unemployed participants started a job or self-employment	37708	68.56%	27.55%
inactive participants found a job or were actively looking, on leaving	20394	56.49%	14.18%
participants achieved basic skills	31617	111.62%	21.58%
Of the 842,054 participants that have started the programme:			
unemployed participants (including long-term unemployed)	467724	117.63%	51.11%
participants aged over 50 years of age	141169	125.56%	42.27%
participants with disabilities	182316	127.72%	47.95%
participants from ethnic minorities	207791	110.34%	53.88%
inactive participants including NEET.	162765	75.59%	29.29%

31. Table Eight shows actual outcomes that have been achieved against the committed profiles. It can be seen that most indicators are performing strongly, with just three below 100% of profile and all over 50%. The MA is keen to understand the factors that lie behind the under-performance here and intends to form a sub-group to look at the issues and consider possible mitigations. Any findings will be summarised in the next report.

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

32. As members will be aware, much of the Programme is delivered via our CFOs, so their impact on driving programme performance is considerable. The narrative below highlights where CFOs are in terms of their claims and Project Change Requests:

33. **The National Lottery Community Fund (ex BLF):** The Quarter 4 2018 claims were submitted on time and we are continuing to process the final tranche of claims. The preparation of Project Change Requests (PCRs) to support the extension of the Building Better Opportunities programme is ongoing and we are expecting to receive all the PCRs by the end of June. Once received, they will be assessed and submitted to ESIF Sub-Committees' for advice on whether proposals continue to meet the growth needs of the

area. NLCF have provided assurances that they are issuing MI to all LEP areas to support LEP Officers to update their local ESIF Sub-Committees.

34. **Her Majesty's Probation and Prison Service (HMPPS):** All claims to date have been paid. Monthly Performance Monitoring meetings are taking place and their biannual Performance Monitoring Meeting took place in May with positive discussions on performance.
35. **DWP:** Again, the Quarter 4 2018 claims were submitted on time and we have again commenced checks and started to issue payments. Monthly Performance Monitoring meetings are held and additionally their biannual Performance Monitoring meeting took place in May. As part of the performance discussions, the MA is actively looking at performance to date and where possible, challenging for de-commitment so these funds can be utilised elsewhere in the programme. DWP have also provided assurances that they are issuing MI to all LEP areas to support LEP Officers to update their local ESIF Sub-Committees.
36. **ESFA:** As above, the ESFA Quarter 4 2018 claims were submitted on time and we are working through the process of undertaking checks and issuing payments. Monthly Performance Monitoring meetings are ongoing and their biannual Performance Monitoring Meeting has been re-scheduled for June. The ESFA have also provided assurances that they are issuing MI to all LEP areas to support LEP Officers to update their local ESIF Sub-Committees.

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.
- 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 (i.e. live calls, planned calls, applications and PCRs);
 - Uncommitted – represents the performance gap to achieve the total LEP allocation. Uncommitted funds will be drawn together in the Central Reserve Fund.
 - Claimed – is the actual performance to date against the commitment;
 - Over-committed – gives details of LEPs that have gone over their allocation.
- To further increase commitment, Calls are being prioritised to address shortfalls in the participant sub-groups and we have taken a number of measures to increase the size of calls and increase the spend.



- 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.

Cross Cutting Themes

38. The Equality & Diversity National Sub-Committee met in 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 'actuals' 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.
39. The Managing Authority aims to review and provide a brief update to the original Equality Survey (formerly known as an 'equality impact analyses') 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.
40. 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 in June 2019.
41. The Managing Authority recently undertook some work on investigating and sharing good practice for helping migrant workers in.

Sustainable Development (SD)

42. The MA is currently drafting an 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	Percentage Committed	TOTAL PARTICIPANTS (01 Participants, 02	ESF-CO01 - Unemployed , including long term unemployed	ESF-CO03 - Inactive	04 - Participant s over 50 years of age	05 - Participant s from ethnic minorities	ESF-CO16 - Participant s with disabilities	06 - Participant s without basic skills	ESF-CO14 - Participant s who live in a single adult	YEI-O8 - Participant s (below 25 years of age) who are	YEI-O3 - Participant s (aged 25- 29) who are unemploye	YEI-O9 - Unemploye d participants (YEI)	YEI-O10 - Long-term unemploye d participants (YEI)	YEI-O11 - Inactive participants not in education or training	YEI-O12 - Participant s with disabilities	YEI-O13 - Participant s who live in a single adult household	07 - Participant s who are offenders or ex- offenders	ESF-CO23 - Number of supported micro, small and medium-
		Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed	Percentage Committed
1.1 Total	69.65%	65%	72%	58%	69%	99%	71%	74%	92%									
1.2 Total	68.77%	67%	76%	60%		114%	54%	71%	60%									
1.3 Total	69.00%	95%				66%				97%	90%	82%	96%	104%	71%	98%		
1.4 Total	80.00%	92%	97%	95%	95%	136%	98%										162%	
1.5 Total	88.70%	98%	81%	127%	98%	91%	82%											
PA1 Total	73.62%	75%	79%	72%	78%	108%	76%	73%	88%	97%	90%	82%	96%	104%	71%	98%	162%	
2.1 Total	59.46%	50%			55%	58%	40%	49%	75%									
2.2 Total	24.08%	59%																59%
PA2 Total	52.87%	50%			55%	58%	40%	49%	75%									59%
PA3 Total	20.02%																	
Prog Total	64.41%	66%	80%	72%	68%	95%	68%	62%	85%	97%	90%	82%	96%	104%	71%	98%	162%	59%

exceeding value of committed spend

within 10% of committed spend

outside of 10% of not meeting committed spend

Annex A (ii) Results – committed participant data

Programme Total - All CoR	R1 - Unemployed participants into employment (including self-		R2 - Inactive participants into employment or job search upon leaving		R3 - Participants gaining basic skills		R5 - Participants (below 25 years of age) in employment, including self-		YEI-CR01 - Unemployed participants who complete the YEI supported intervention		YEI-CR02 - Unemployed participants who receive an offer of employment,		YEI-CR03 - Unemployed participants who are in education/traini ng, gaining a		YEI-CR04 - Long-term unemployed participants who complete the YEI		YEI-CR05 - Long-term unemployed participants who receive an offer of		YEI-CR06 - Long-term unemployed participants who are in education/train		YEI-CR07 - Inactive participants not in education or training who complete the		YEI-CR08 - Inactive participants not in education or training who receive an		YEI-CR09 - Inactive participants not in education or training who		ESF-CR02 - Participants in education or training on leaving		R6 - Participants gaining level 2 or below or a unit of a level 2 or below		R7 - Participants gaining level 3 or above or a unit of a level 3 or		R9 - Small and Medium Enterprises successfully completing projects (which		
	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	Target	Committ	
	Priority Axis/ LEP Area	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	Target	Percent age	
1.1 Total	22%	29%	33%	36%	4%	5%																													
1.2 Total					4%	5%	43%	51%																											
1.3 Total									70%	55%	48%	32%	48%	36%	60%	68%	38%	45%	38%	44%	60%	19%	32%	43%	32%	40%									
1.4 Total	14%	21%	27%	28%																						17%	11%								
1.5 Total	16%	29%	29%	36%																						19%	19%								
PA1 Total	22%	26%	35%	32%	4%	5%	43%	51%	70%	55%	48%	32%	48%	36%	60%	68%	38%	45%	38%	44%	60%	19%	32%	43%	32%	40%	17%	12%							
2.1 Total					11%	11%																						25%	25%	8%	9%				
2.2 Total																																75%	76%		
PA2 Total					11%	11%																						25%	25%	8%	9%	75%	76%		
PA3 Total																																			
Prog Total	22%	26%	35%	32%	9%	7%	43%	51%	70%	55%	48%	32%	48%	36%	60%	68%	38%	45%	38%	44%	60%	19%	32%	43%	32%	40%	17%	12%	25%	25%	8%	9%	75%	76%	

	exceeding target
	within 5% of target
	outside of 5% of target

Annex B – Sub-Group Performance by Category of Region

Outputs

ESF-CO01 - Unemployed, including long term unemployed	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M		668,560	515,882	245,730	278,736	41.69%	113.4%
T		152,341	138,101	66,885	119,885	78.70%	179.2%
L		19,518	9,609	5,248	3,484	17.85%	66.4%
Total		840,419	663,592	317,863	402,105	47.85%	126.5%

O5 - Participants from ethnic minorities	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M		343,547	318,953	144,314	153,257	44.61%	106.2%
T		42,485	37,553	16,049	19,428	45.73%	121.1%
L		869	471	217	302	34.76%	139.2%
Total		386,901	356,977	160,580	172,987	44.71%	107.7%

ESF-CO03 - Inactive	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M		414,355	297,966	135,574	103,586	25.00%	76.4%
T		102,537	74,873	30,762	37,145	36.23%	120.7%
L		18,644	9,391	4,691	2,936	15.75%	62.6%
Total		535,536	382,230	171,027	143,667	26.83%	84.0%

O6 - Participants without basic skills	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M		245,113	155,496	77,700	81,967	33.44%	105.5%
T		67,535	47,331	20,395	31,699	46.94%	155.4%
L		8,246	2,489	1,267	1,123	13.62%	88.6%
Total		320,894	205,316	99,362	114,789	35.77%	115.5%

O4 - Participants over 50 years of age	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M		265,392	172,596	73,686	85,558	32.24%	116.1%
T		51,487	32,933	20,164	32,933	44.08%	163.3%
L		10,154	3,213	1,258	2,896	28.52%	230.2%
Total		350,259	227,296	95,108	121,387	34.66%	127.6%

ESF-CO16 - Participants with disabilities	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M		290,379	198,765	94,017	109,698	37.78%	116.7%
T		80,023	55,243	28,337	46,799	58.48%	165.2%
L		12,473	6,057	3,393	3,212	25.75%	94.7%
Total		382,875	260,065	125,747	159,709	41.71%	127.0%

ESF-CO05 - Employed, including self-employed	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M			9,497	5,134	114,262		2225.6%
T			0	0	54,476		
L			0	0	6,033		
Total			9,497	5,134	174,771		3404.2%

YEI-O9 - Unemployed participants (YEI)	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M			30,595	22,355	23,276		104.1%
T			36,743	23,203	22,201		95.7%
L							
Total		81,650	67,338	45,558	45,477	55.70%	99.8%

YEI-O10 - Long-term unemployed participants (YEI)	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M			11,508	8,703	9,608		110.4%
T			16,153	10,089	9,201		91.2%
L							
Total		28,830	27,661	18,792	18,809	65.24%	100.1%

YEI-O11 - Inactive participants not in education or training (YEI)	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M			18,351	7,335	8,091		110.3%
T			11,692	7,581	7,445		98.2%
L							
Total		28,830	30,043	14,916	15,536	53.89%	104.2%

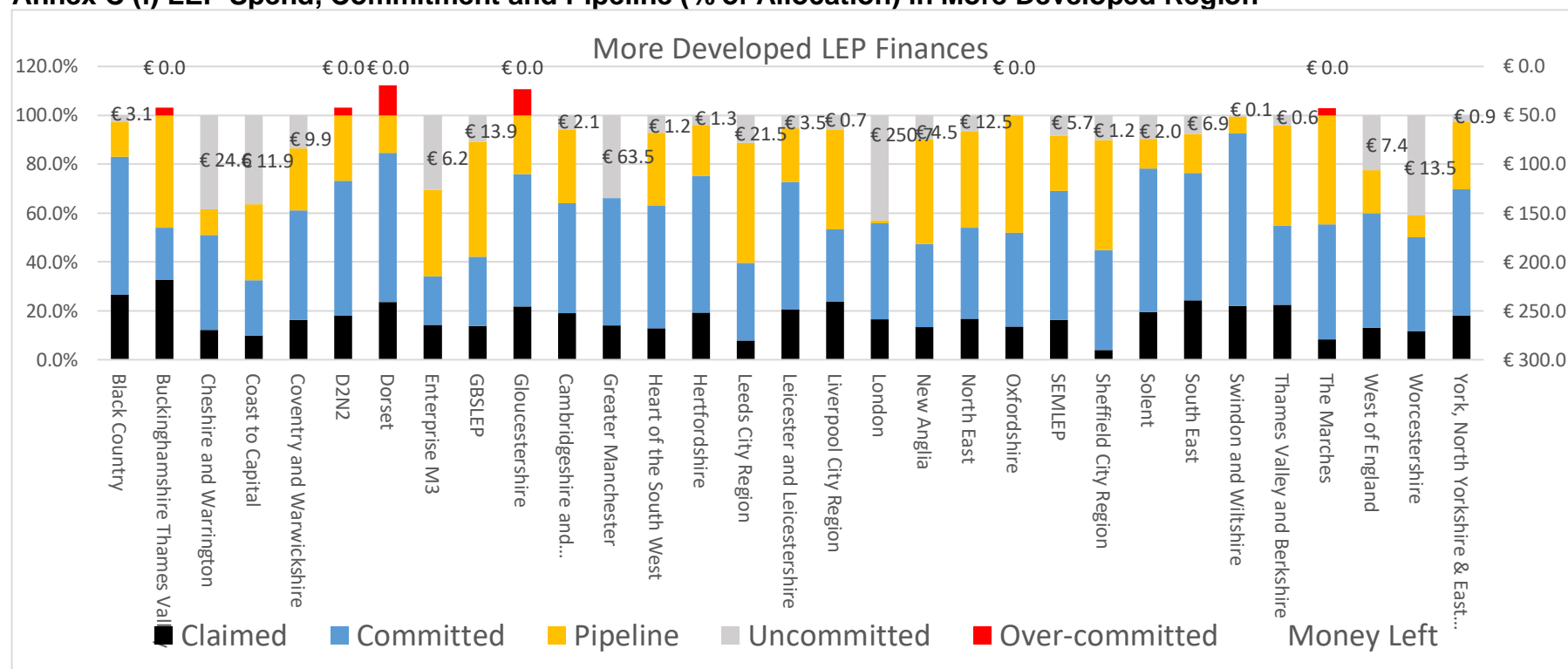
YEI-O12 - Participants with disabilities	CoR	Target	Committed	Committed to Q4 18	Actual to Q4 18	% achieved of overall target	% achieved to Q4 18
M			8,654	6,215	7,013		112.8%
T			8,663	5,596	6,028		107.7%
L							
Total		24,310	17,317	11,811	13,041	53.64%	110.4%

R1 (u/e into employment)	CoR	Target	Committed	Actual
	M	15%	19%	17%
	T	16%	20%	19%
	L	14%	18%	43%
	Total Programme	22%	25%	18%

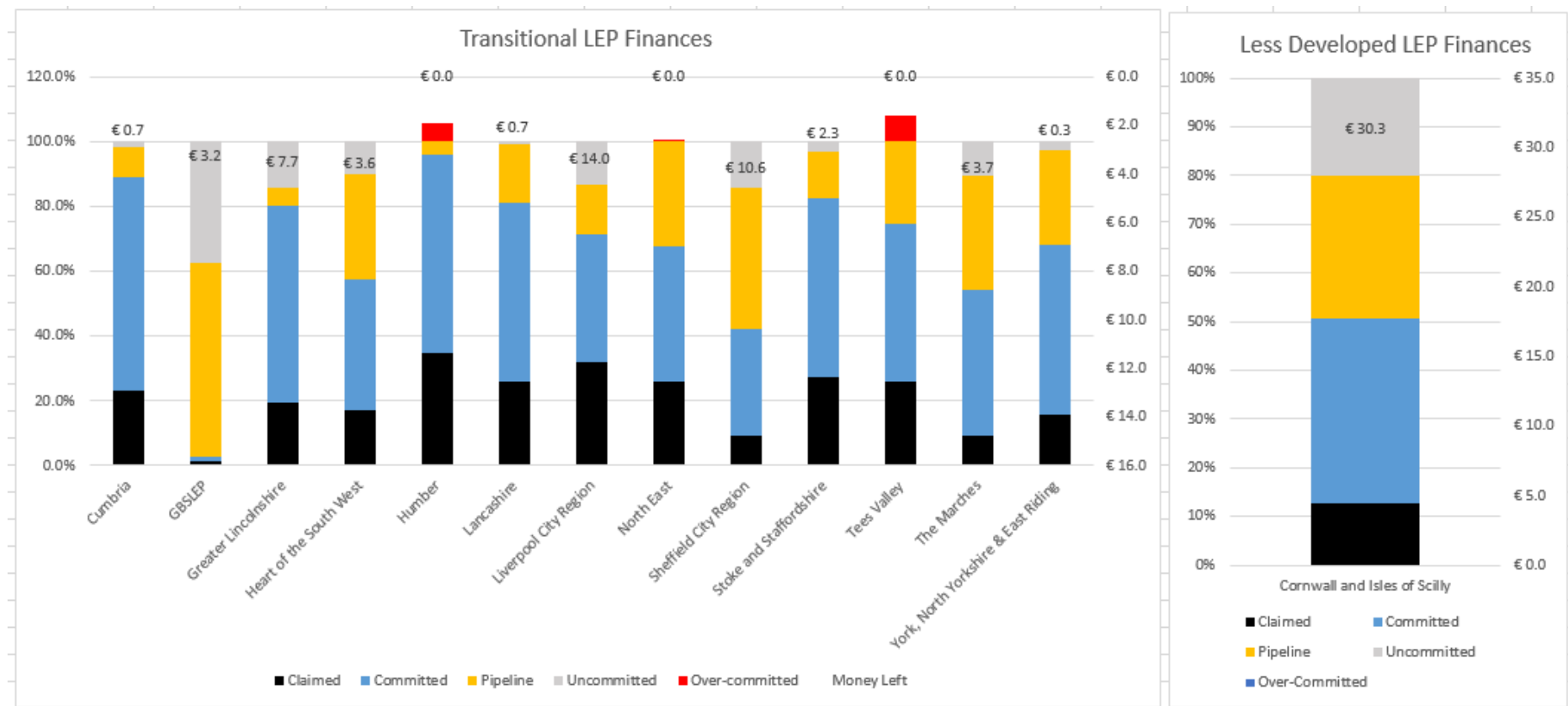
R2 (inactive into employment or jobsearch)	CoR	Target	Committed	Actual
	M	24%	28%	42%
	T	25%	24%	44%
	L	25%	22%	51%
	Total Programme	30%	33%	42%

R3 (gaining Basic Skills)	CoR	Target	Committed	Actual
	M	7%	11%	5%
	T	8%	7%	5%
	L	7%	5%	9%
	Total Programme	7%	10%	5%

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



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



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 YEI									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												
		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	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	Allocation	Commitment EUR and GBP	Percentage																												
Black Country	M	€ 6.82	£ 5.93	€ 5.14	£ 4.47	75%	€ 1.50	£ 1.30	€ 1.28	£ 1.11	85%	€ 46.00	£ 40.02	€ 39.56	£ 34.42	86%	€ 19.52	£ 16.99	€ 16.81	£ 14.63	86%	€ 0.85	£ 0.74	€ 0.69	£ 0.60	82%	€ 33.18	£ 28.87	€ 26.49	£ 23.04	80%	€ 1.88	£ 1.63	€ 1.02	£ 0.89	54%	€ 108.91	£ 94.75	€ 90.30	83%	€ 0.80	£ 0.69	€ -	£ -	0%	€ 2.32	£ 2.02	€ 1.57	£ 1.37	68%	€ 3.96	£ 3.45	€ 2.26	57%	€ 24.69	£ 21.48	€ 5.11	£ 4.44	21%	€ 2.39	£ 2.08	€ 0.80	£ 0.70	34%	€ 63.77	£ 55.48	€ 32.37	51%						
Buckinghamshire Thames Valley	M	€ 6.62	£ 5.76	€ 1.71	£ 1.49	26%	€ 1.68	£ 1.47	€ 1.36	£ 1.18	81%	€ 6.91	£ 6.01	€ 3.07	£ 2.67	44%	€ 49.00	£ 42.63	€ 20.05	£ 17.47	41%	€ 18.37	£ 16.50	€ 8.45	£ 7.35	45%	€ 27.91	£ 24.29	€ 11.58	£ 10.08	41%	€ 24.40	£ 21.23	€ 12.76	£ 11.10	52%	€ 151.62	£ 131.91	€ 74.86	49%	€ 14.69	£ 12.87	€ 5.33	£ 4.77	39%	€ 30.01	£ 26.82	€ 28.36	10.47	32%																								
Coast to Capital	M	€ 30.15	£ 26.23	€ 14.83	£ 12.90	49%	€ 12.60	£ 10.96	€ 8.76	£ 7.62	70%	€ 6.90	£ 6.01	€ 3.07	£ 2.67	44%	€ 49.00	£ 42.63	€ 20.05	£ 17.47	41%	€ 18.37	£ 16.50	€ 8.45	£ 7.35	45%	€ 27.91	£ 24.29	€ 11.58	£ 10.08	41%	€ 24.40	£ 21.23	€ 12.76	£ 11.10	52%	€ 151.62	£ 131.91	€ 74.86	49%	€ 14.69	£ 12.87	€ 5.33	£ 4.77	39%	€ 30.01	£ 26.82	€ 28.36	10.47	32%																								
Coventry and Warwickshire	M	€ 14.84	£ 12.91	€ 7.12	£ 6.20	48%	€ 4.93	£ 4.29	€ 3.64	£ 3.17	74%	€ 9.80	£ 8.53	€ 7.15	£ 6.22	73%	€ 18.37	£ 16.50	€ 8.45	£ 7.35	45%	€ 27.91	£ 24.29	€ 11.58	£ 10.08	41%	€ 24.40	£ 21.23	€ 12.76	£ 11.10	52%	€ 151.62	£ 131.91	€ 74.86	49%	€ 14.69	£ 12.87	€ 5.33	£ 4.77	39%	€ 30.01	£ 26.82	€ 28.36	10.47	32%																													
Cumbria	T	€ 10.88	£ 9.46	€ 10.90	£ 9.48	100%	€ 2.33	£ 2.03	€ 1.38	£ 1.20	59%	€ 9.80	£ 8.53	€ 7.15	£ 6.22	73%	€ 18.37	£ 16.50	€ 8.45	£ 7.35	45%	€ 27.91	£ 24.29	€ 11.58	£ 10.08	41%	€ 24.40	£ 21.23	€ 12.76	£ 11.10	52%	€ 151.62	£ 131.91	€ 74.86	49%	€ 14.69	£ 12.87	€ 5.33	£ 4.77	39%	€ 30.01	£ 26.82	€ 28.36	10.47	32%																													
DZND	M	€ 30.00	£ 26.10	€ 14.18	£ 12.33	47%	€ 11.39	£ 9.91	€ 9.82	£ 8.54	86%	€ 9.60	£ 8.35	€ 20.77	£ 18.07	216%	€ 24.05	£ 20.92	€ 10.73	£ 9.34	45%	€ 6.57	£ 5.65	€ 5.61	£ 4.92	75%	€ 39.70	£ 34.54	€ 34.03	£ 29.60	86%	€ 8.74	£ 7.60	€ 4.22	£ 3.67	48%	€ 123.47	£ 107.42	€ 93.74	76%	€ 39.70	£ 34.54	€ 34.03	£ 29.60	86%	€ 8.74	£ 7.60	€ 4.22	£ 3.67	48%	€ 123.47	£ 107.42	€ 93.74	76%																				
Dorset	M	€ 6.38	£ 5.55																																																																							

0.87



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Growth Programme for England - EAFRD

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 May, under the RDPE Growth Programme £94m of grant had been awarded to 544 projects, including £9m spent by 87 completed projects from the offers launched in 2015. Of this £94m, £32m has been paid out, creating 373 FTE jobs, and contracting 3,424. 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. Invitations to submit a Full Application have been issued to 1,099 applicants for funding totalling £226m. From these, 689 projects have submitted applications for funding of £128m, with 457 projects so far securing grant offers worth £86m.

In addition, 22 contracts for funding totalling just over £79.5m have been awarded under the Rural Broadband Infrastructure offer.

If all, Full Applications invited were to be received, the £165m budget offered would be spent. However, we know that not all Full Applications will be received and the RPA's latest estimate is that the scheme could underspend by £34m.

Defra and the RPA are considering options for utilising this underspend before seeking agreement from Ministers on their preferred approach.

EAFRD GROWTH PROGRAMME UPDATE

1. As at 1 May, £94m of grant funding has been awarded to 544 projects. Of this, £32m has been paid, creating 373 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 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. In all, 87 projects have now completed all activity, confirming the creation of 136 FTE jobs so far from an EAFRD investment of £9m.

2017 Offers

4. Overall, the RPA received 1,864 Expressions of Interest (EOI), requesting funding of £341m, 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 1,099 applicants for funding totalling £226m. Applicants are being encouraged to submit their Full Application as soon as possible and ideally by the end of September. So far, 689 projects have submitted Full Applications for funding totalling £128m, with 457 projects so far securing grant offers worth £86m.
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 budget for the Rural Broadband Infrastructure Fund has recently been increased from £75 to £79.5m. The RPA has so far issued 22 contracts to utilise this revised budget. The infrastructure funded is forecast to 'pass' 18,409 business premises and 67,524 other premises in the most remote parts of rural England, to benefit a population of 174,434.

Next Steps

7. If all Full Applications that have been invited were to be received, the £165m budget offered would be fully spent. However, we know that not all of the Full Applications will be received, as some businesses have already indicated that they do not intend to apply, while others have failed to respond to enquiries about their intentions. In light of past experience of attrition rates, and their recent contact with

businesses invited to submit Full Applications, the RPA's latest estimate is that the scheme could underspend by £34m. With this in mind, and subject to decisions by Ministers in due course, we are considering options for creating a National Reserve Fund which would allow us to use some of this underspend to support projects in LEP areas where more applications have been received than their existing notional allocation would support, and use the remainder to run a further round of RDPE Growth Programme calls. We discussed these proposals with LEPs at a meeting on 21 May and with other key rural stakeholders at our External Working Group meeting on 22 May. The response so far has generally been very positive.

8. Our expectation is that these calls would be run at a national level rather than individual LEP area level in order to ensure that we can maximise the delivery of this funding to rural businesses across the country. We will, however, continue to work with local ESIF sub committees to ensure that applications received continue to meet local area priorities. Final arrangements for any National Reserve Fund and further Growth Programme calls will be disseminated in due course.

Tony Williamson

10 June 2019



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Growth Programme for England - EAFRD

ANNEX 1

EAFRD GROWTH PROGRAMME UPDATE

2017 offers:

As at 1 May	RDPE Growth Programme	Food Processing	Business Development	Tourism Infrastructure
Number EOIs Received	1864	294	991	579
Value of Grant Sought (£)	341	89	126	126
Number invited to Full Application	1099	187	621	291
Full Applications received	689	139	417	133
Value of Grant Sought (£m)	128	49	50	29
Breakdown of Full Applications received by status				
Number withdrawn/rejected	111	13	63	35
Number in appraisal/approved	96	6	63	27
Number Contracted	378	96	221	61
Value of contract (£m)	80	39	27	14
Value of grant paid to date (£m)	15	9	5	1
Number Projects closed	73	20	49	4

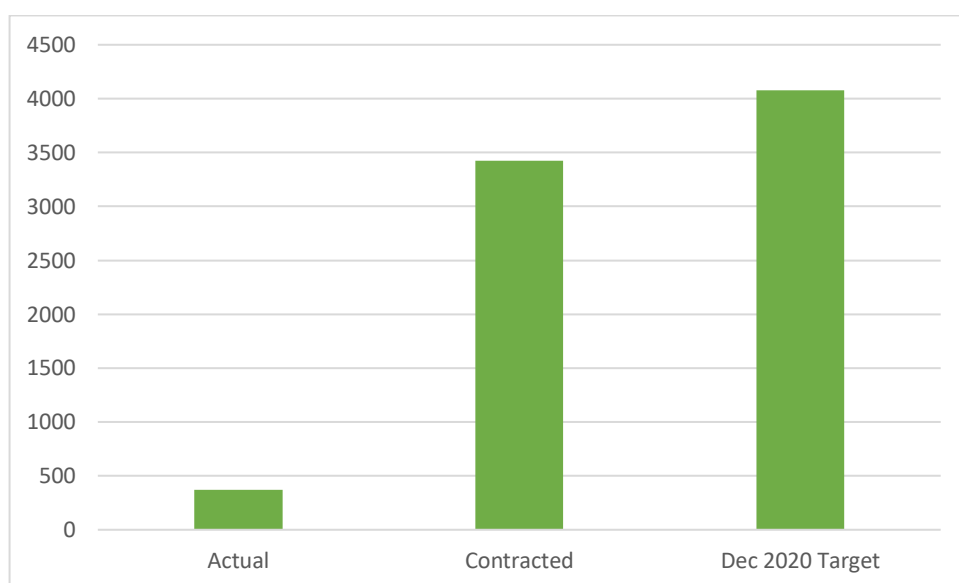
Rural broadband infrastructure offer:

As at 1 May	Rural Broadband
Total Budget	79.5
Full Applications received	23
Value of Grant Sought (£m)	86
Number withdrawn/rejected	1
Number Contracted	22
Value of contract (£m)	79.5
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	3,425	1,739	1,070	616
FTE Jobs created	373	135	188	50

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





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Growth Programme for England - EAFRD

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

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

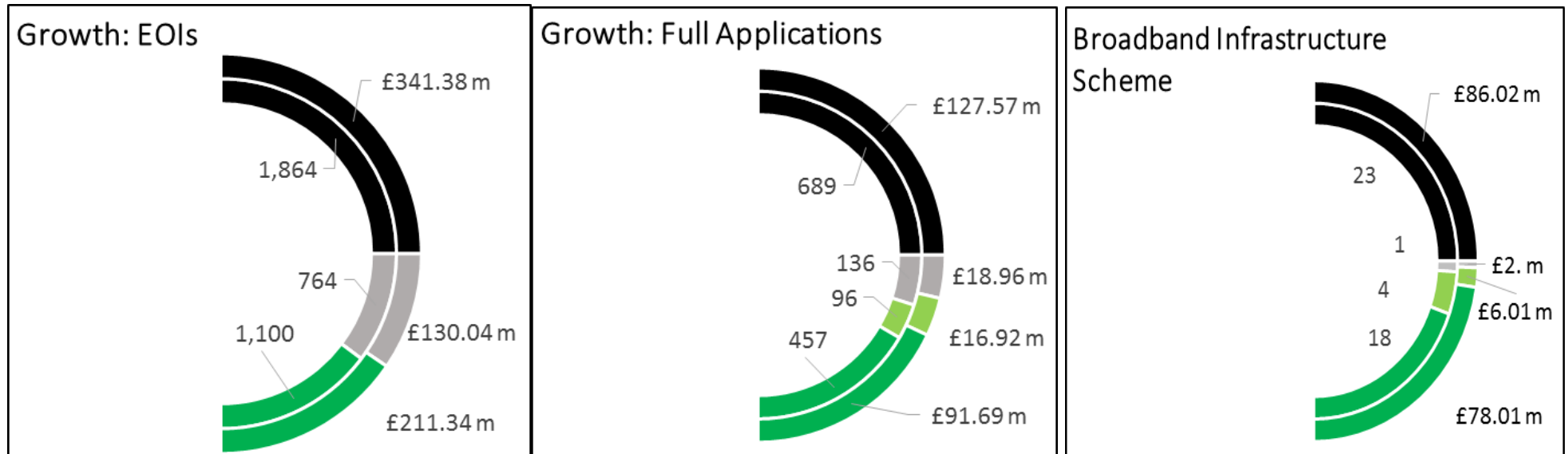


Fig. 1. Number of **2017-2018 Growth EOIs** and outline applications submitted with their associated committed budget spend in £m.

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

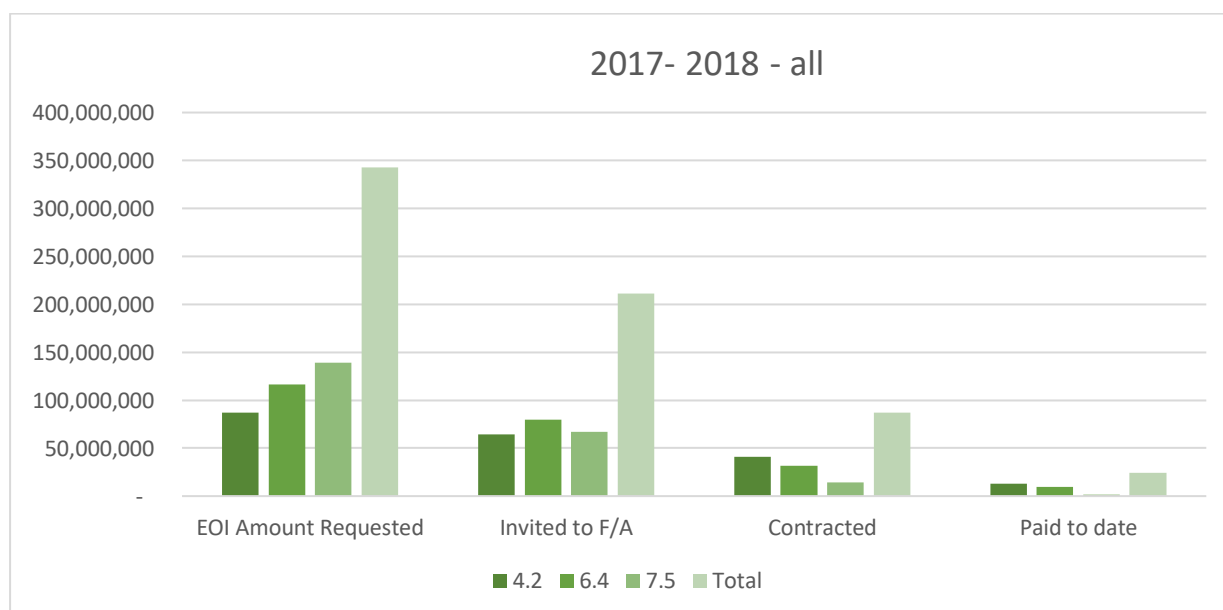
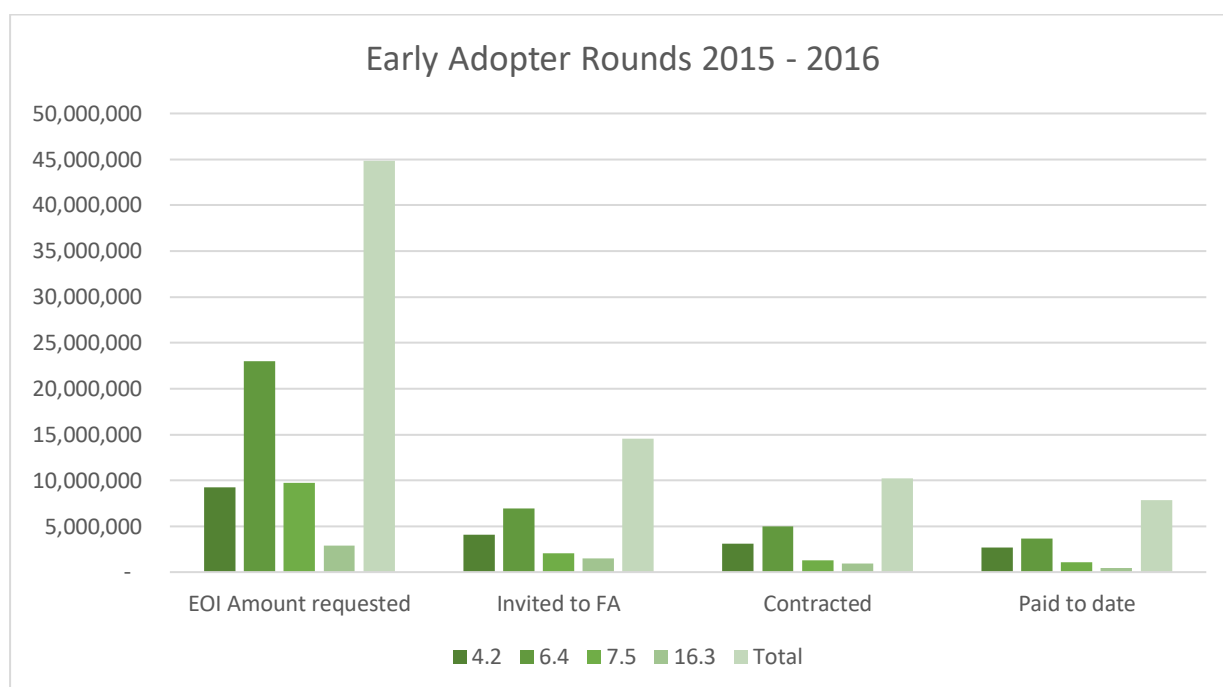
Fig. 3. Number of full **Broadband Infrastructure Scheme** applications with their associated committed budget spend in £m.

Number of Contracts and associated committed budget across EAFRD Growth Programme regions as of 1st April 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	18	5.50	30	3.16	20	2.05	68	10.71
East of England	20	7.69	36	4.94	8	1.87	64	14.50
North East	1	0.04	27	2.49	20	2.38	48	4.91
North West	14	3.25	24	2.51	18	3.02	56	8.78
South East	23	7.92	17	1.83	25	4.00	65	13.76
South West	29	11.55	31	3.20	31	4.19	91	18.94
West Midlands	22	3.59	34	4.00	50	5.08	106	12.66
Yorkshire and The Humber	17	4.90	6	0.56	23	5.38	46	10.84
Grand Total	144	44.45	205	22.68	195	27.98	544	95.11

Fig. 4. Number of contracts and associated committed budget across **Growth Programme** regions as of 1st April 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



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Growth Programme for England - EMFF

European Maritime & Fisheries Fund (EMFF) Programme Update

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 1,309 core projects approved with an EMFF grant value of over £58m.

1. There continues to be good take-up of the EMFF in England, with 1,309 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 £75m with EMFF grant of over £42m and National match of over £8.5m.
2. There are also 314 pipeline projects which are with MMO and progressing through the various stages of the process with an EMFF grant value of £5.2m. 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 (362 projects attracting £2.52m EMFF);
 - Limiting the impact of fishing on the marine environment – more selective fishing gear and practices (282 projects, attracting £3.04m 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 (121 projects, attracting £900k EMFF);
 - Infrastructure investments – in ports, harbours, landing sites and auction halls (90 projects, £9.5 EMFF);
 - Investments in aquaculture – new units, diversification of production and species, modernisation of existing units (23 projects, £2.14m EMFF);
 - Promotion of human capital – job creation, improving social dialogue, training (15 projects, £1.84m EMFF);
 - Protection/restoration of marine biodiversity and ecosystems – collection of waste, Natura 2000 sites, increasing environmental awareness (51 projects, £5.59m EMFF).



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Growth Programme for England - EMFF

4. With regard 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. The FLAG budget has now been virtually committed to projects and spend is now being realised across the board.

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

5. The primary focus of the Grants Team is managing the outstanding 248 pipeline applications through the assessment process to approval so that the remaining funds can be committed against these projects.
6. The Grants Team have started work to develop the guidance, system and processes for administering the Fisheries Block Exemption Regulation and are looking at options for managing this work alongside EMFF.
7. Uncertainties surrounding timeframes for Brexit continue to present issues for the team. The processes and systems to adopt in each eventuality, including a no-deal scenario, have now been developed.

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