



European Union

European Structural
and Investment Funds

**European Structural and Investment Funds
2014 - 2020**

Growth Programme for England

ESI Funds Growth Programme Board ERDF Programme Delivery

Purpose:

This paper reports progress on European Regional Development Fund (ERDF) programme delivery, to 31 October 2016.

Recommendation(s):

That the Growth Programme Board notes the current position.

Summary:

Overall Progress on Commitment

As at 31 October, 269 projects worth nearly £1.3bn (including ERDF funding of nearly £0.5m) are currently contracted and will assist over 63,000 businesses. Overall, 17% of the budget has been committed. A little over a quarter of the ERDF funds for less developed areas have been contracted. For transition and more developed areas, that is 15% and 16% respectively.

There are more than 300 applications in the system continuing to be assessed for £1bn (including four Financial Instruments). This leaves around £1.2bn of the remaining programme value for future call activity.

Overall Progress by Priority Axis (PA)

The Managing Authority is expecting to contract close to 40% of the fund over the next six weeks supporting the commitment and spend targets. There is still a need to push on with commitment to support the 2018 spend and output targets. Overall the contracted projects, as well as the current pipeline, provide sufficient outputs to enable the Programme to meet its 2018 performance framework output targets. The Managing Authority has undertaken work to establish a profile for outputs modelled on similar outputs from 2007-13.

Overall Progress – Expenditure

Thirty claims have been paid, of which the EU element is £2.8m. A small declaration to the Commission by the certifying authority is expected in December, subject to designation.

Targets and Programme Performance

Following the post-referendum pause the Managing Authority is now in a position to carry out new calls to support commitment and spend targets. Plans for a new call largely based on what was planned in July are well advanced. A further call early in 2017 is also under consideration.

European Claim and Information Management System (E-CLAIMS).

The development of E-CLAIMS, the new Programme Management and Information management system, is well advanced. Roll out to external partners expected in the New Year

1. Programme Delivery Report

Project approvals (31 October 2016)

The number of projects legally committed (contracted) total 269 for an ERDF value of £490m. A significant increase in contracting is expected in response to the Treasury guarantee. Details of approved contracted projects are available on GOV.UK at:

<https://www.gov.uk/government/publications/european-structural-and-investment-funds-useful-resources>

Commitment

The ERDF 14-20 Programme value is €3.6bn. Using the exchange rate of €1 = 0.78p values the programme at £2.8bn. With £490m contracted this represents 17% of the programme value and by category of region: Less Developed, 26%; Transition, 15%; More Developed: 16%.

Spend (N+3)

N+3 refers to the ERDF spend target required to be achieved by category of region. N+3 occurs in 2018 and annually thereafter. It is calculated as follows:

N+3	Less Developed	Transition	More Developed
2015 main allocation (€m)	116.3	273.2	537.0
Less Pre financing to 2018 (€m)	44.4	104.3	205.1
N+3 target for payment claims (€m)	71.9	168.9	331.9
Less Claims submitted to the Commission (€m)	0.0	0.0	0.0
Current gap (€m)	71.9	168.9	331.9

A small first payment application is expected to be submitted to the EC in December by the certifying authority, subject to programme designation being achieved.

Performance Framework Spend targets

Analysis of approved projects suggests the spend target will be reached with allowance for project slippage, irregularities and audit issues.

Performance Framework Indicator Targets

Its early days in the Programme's operational delivery but the performance framework output targets overall look comfortably within reach given contracted figures and the % of the programme committed and the available pipeline. However, some weakness has been identified in relation to PA 2 and PA 5 which is to be addressed with a programme modification request.

Financial Instruments

Four are expected to be contracted in November for £337m: Northern Powerhouse Investment Fund (£140m); Midlands Engine (£78m); North East LEP (£53m); and Greater Manchester Urban Development Fund (£60m).

Compliance

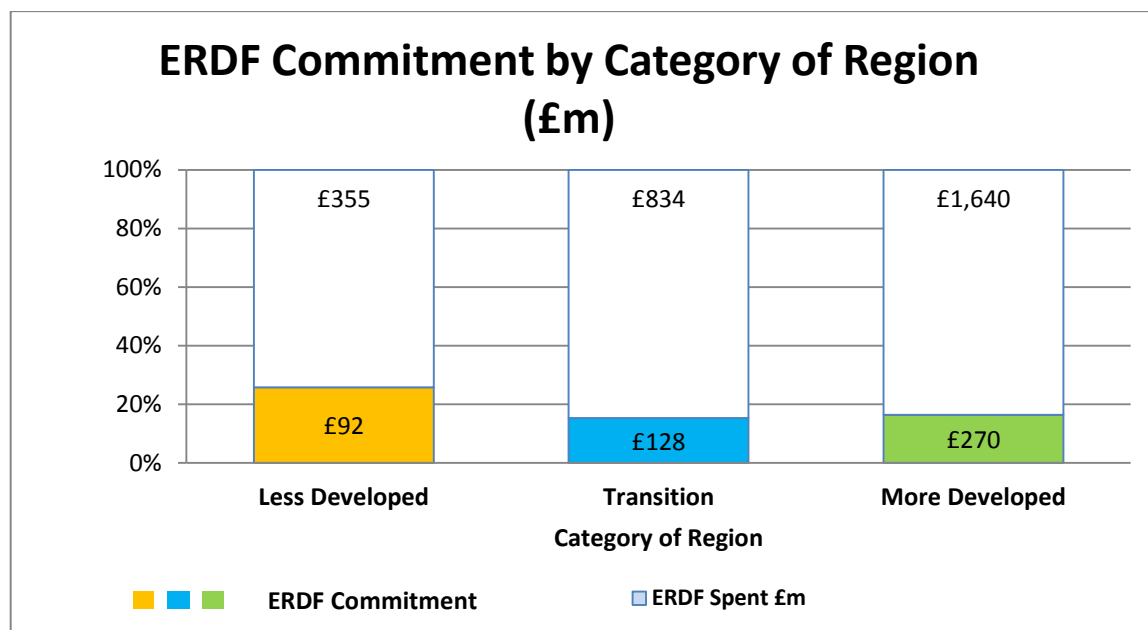
Eighty-five on the spot verification (OTSV) visits have taken place since April. The total value of claims selected for testing amounts to £15,478,418.88 with expenditure tested amounting to £9,190,851.74. As part of the OTSV testing, 137 actions have been identified of which 79 have been closed and 58 are currently open.

European Claim and Information Management System (E-CLAIMS)

Development of E-CLAIMS, the new Programme Management and Information management system, is well advanced. A programme of testing with external partners is currently underway. It is anticipated that the system will be rolled out to external applicants during the first quarter of next year, subject to discussions with Governmental Digital Services.

2. Programme Budget & Commitment

The total value of the England programme is €3,628m. Using an exchange rate of €1= 0.78p then the value of the programme in sterling is £2,830m. The chart and table below shows the amount and % of ERDF funds that have been contracted (or committed) by category of region compared to the programme's budget (or allocation).



Overall, by 31 October 17% of the budget has been contracted. A little over a quarter of the ERDF funds for less developed areas have been committed. For transition and more developed areas, 15% and 16% respectively.

Category of Region	ERDF Allocation £m	ERDF Commitment £m	ERDF Commitment %	ERDF Commitment & Pipeline %
Less Developed	355	92	26%	85%
Transition	834	128	15%	54%
More Developed	1,640	270	16%	59%
	*2,830	490	17%	61%

**Some reallocation expected following modification.*

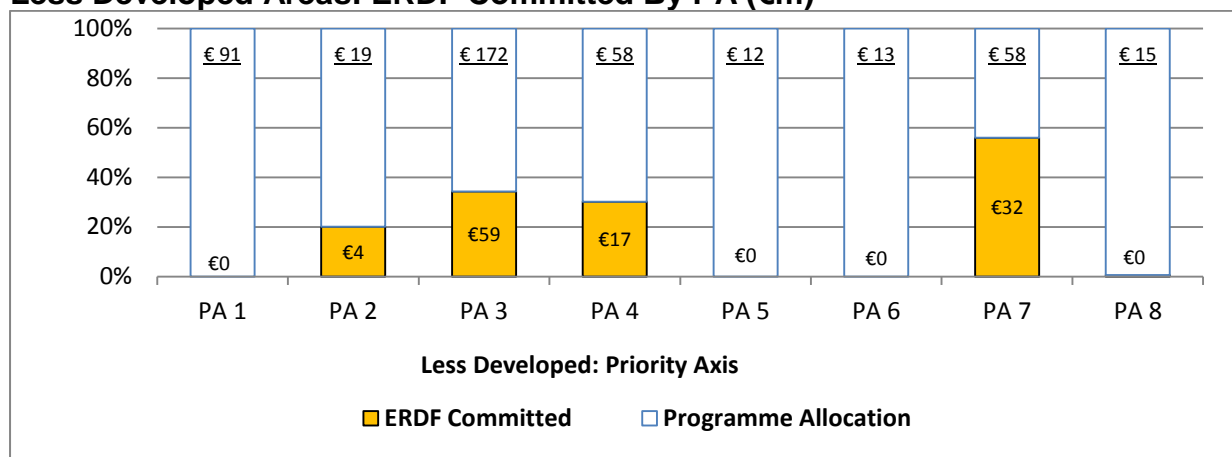
As this data is to the end of October, the impact of the contracting of four Financial Instruments by 23 November is not reflected in the commitment figures. Inclusion would increase the overall programme commitment from 17% to close to 30%.

The ERDF value of projects contracted and applications in the system amount to 61% of the programme budget (597 projects at £1,718m). There appears to be some pipeline weakness in transition areas, 54% (committed and pipeline value) when compared to less developed and more developed areas.

By Category of Region

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

Less Developed Areas: ERDF Committed By PA (€m)



Category of Region: Less Developed		Programme Allocation	Programme Allocation	ERDF Committed	%
Priority Axis		€m	£m	£m	
PA 1	Innovation	€ 91.10	£71.06	£0.00	0%
PA 2	ICT	€ 19.04	£14.85	£2.98	20%
PA 3	SME competitiveness	€ 172.15	£134.27	£46.14	34%
PA 4	Low carbon	€ 57.90	£45.16	£13.65	30%
PA 5	Climate change adaptation	€ 11.68	£9.11	£0.00	0%
PA 6	Protecting the environment	€ 12.85	£10.02	£0.00	0%
PA 7	Sustainable transport	€ 57.93	£45.18	£25.30	56%
PA 8	Community Led Local Development (CLLD)	€ 14.84	£11.57	£0.07	1%

PA 1 - although no funds have been committed yet, £37m of applications with an investment decision are about to be contracted

PA 2 - with £13.2m about to be committed this will bring the commitment level up to 88% of the allocation

PA 3 - commitment levels are on target. New calls are required to support the project pipeline in 2017

PA 4 - strong pipeline in Cornwall and the Isles of Scilly (CloS) with a number of large projects coming forward. This has been helped by the 80% intervention rate.

PA5 - a strong pipeline of projects expecting to progress to contracting phase. Looking to transfer fund from PA 6 to support level of demand.

PA6 - CloS has a good pipeline of activity despite the issues around demarcation with the Countryside Stewardship Scheme. Pipeline applications could absorb 70% of the allocation.

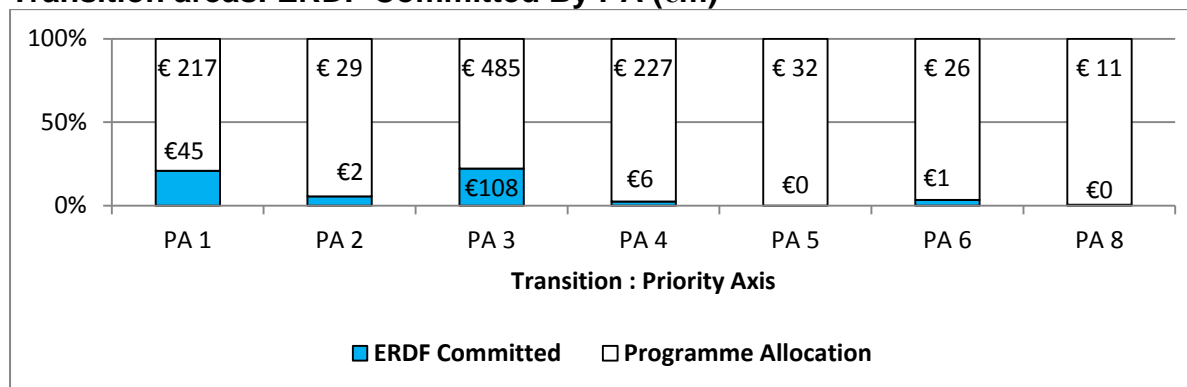
PA 7 - is only open to Cornwall and Isles of Scilly as the less developed region. It focuses on improvements to road networks and transport infrastructure to reduce transport costs and travel time and facilitate a shift to a low carbon, sustainable transport network. Commitment levels on track.

PA 8 - an application following the approval of CLLD strategy expected in January. ERDF value circa £8.7m. No further calls to be made.

Summary

Good progress overall given pipeline of applications in the system. No real issues for less developed areas in relation to commitment levels apart from PA8 – CLLDs. Requirement for calls appearing for PA3.

Transition areas: ERDF Committed By PA (€m)



Category of Region: Transition		Programme Allocation	Programme Allocation	ERDF Committed	%
Priority Axis		€	£m	£m	
PA 1	Innovation	€ 217.12	£169.35	£35.44	21%
PA 2	ICT	€ 28.51	£22.24	£1.25	6%
PA 3	SME competitiveness	€ 484.79	£378.13	£83.98	22%
PA 4	Low carbon	€ 227.16	£177.19	£4.41	2%
PA 5	Climate change adaptation	€ 32.39	£25.26	£0.00	0%
PA 6	Protecting the environment	€ 25.88	£20.19	£0.70	3%
PA 8	CLLD	€ 11.22	£8.75	£0.06	1%

PA 1 - **more calls** are needed to ensure there is a sufficient pipeline of projects to meet the commitment profile which in turns supports the performance framework target. This CoR is the weakest for this PA compared to less developed and more developed areas

PA 2 - £9.1m ERDF is forecast to be committed which is 41% of the overall notional allocation

PA 3 - Many areas are citing a struggle to get in quality applications and a decent response to calls, therefore a **gap is starting to emerge** and the commitment target is looking challenging. Some calls are planned though unlikely to be sufficient and with a timely enough conversion to bridge the gap.

PA 4 - One of the biggest challenges in bringing projects forward in this area has been finding **eligible match funding** and this will continue to be a challenge. The current pipeline of projects weak and further project development work with LEP's may be required to help drive the commitment level along.

PA 5 - The number of LEP's coming forward for calls has been delayed due to the Environment Agency having to **review their flood plans** following the floods in December 2015. Activity is limited to name LEPs. It's thought that a number of LEP's will come forward with calls as the Environment Agency has undertaken the necessary work to identify where activity is needed.

PA 6 Activity in this area has been slow primarily due to the **issue around demarcation**, creating a level of confusion and uncertainty with only 20% of the allocation coming through as

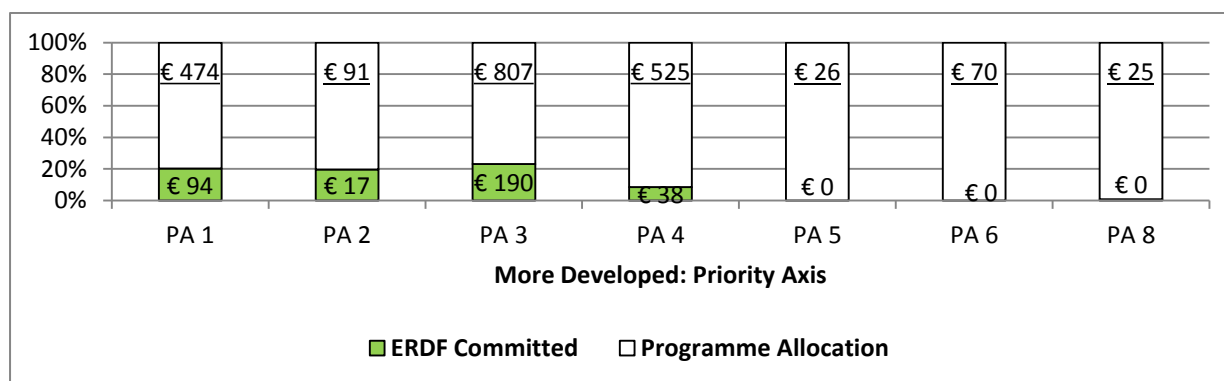
projects. As with PA5, LEP's such as Liverpool and Leeds have incorporated their allocation of PA6 in their SUD and once calls for SUDs come forward allocations will be met.

PA 8 – applications for circa £5.6m expected in January. With no further calls planned and around £30m in the pipeline for all CoR, the managing authority is looking to **transfer circa £11m from this PA**.

Summary

Some **weakness** affecting the commitment levels in transition areas. The need to bolster the pipeline with **new calls** is clear. Concerns being raised over the **availability of match funding** in PA 3 & PA4. Of all the CoR this is emerging as the weaker of the other two.

More developed areas: ERDF Committed By PA (€m)



Category of Region: More Developed		Programme Allocation	ERDF Allocation	ERDF Committed	%
Priority Axis		€	£m	£m	
PA 1	Innovation	€ 474.28	£369.94	£73.53	20%
PA 2	ICT	€ 90.86	£70.87	£13.51	19%
PA 3	SME competitiveness	€ 807.26	£629.66	£147.98	24%
PA 4	Low carbon	€ 525.02	£409.52	£29.77	7%
PA 5	Climate change adaptation	€ 25.88	£20.19	£0.00	0%
PA 6	Protecting the environment	€ 69.95	£54.56	£0.00	0%
PA 8	CLLD	€ 25.35	£19.77	£0.14	1%

PA 1 - **further calls** for proposal required now to bolster the commitment profile towards the latter end of 2017.

PA 2 - £13.5m has been committed and this is forecast to increase to £37.2m ERDF which is 53% of the overall notional allocation.

PA 3 - some areas are citing a lack of appetite and or a lack of ERDF understanding from applicants in more developed regions. This has meant that there has **not been a very high response to calls**. Whilst the emerging gap is not as significant as in the transition category of region, there is still urgency for **more calls** and converted projects to hit the commitment target. Some calls are planned but possible not enough to suffice.

PA 4 - a **new call is required** with new guidance to improve the quality of applications. most LEP's will come forward with calls and the ability to work with the LEP's in supporting applicants would ensure higher quality applications and reduce the level of attrition that has been seen in previous calls.

PA 5 - areas have been caught up in the issue around the 2015 floods, now resolved in relation to priorities, projects should now be coming forward with new calls.

PA 6 - the pipeline of applications is better than in the transitional areas but the issue around **demarcation** has caused a level of uncertainty resulting in projects not coming forward or failing at gateway.

PA 8- value of applications expected in January £14.8m. As advised for less developed and transition areas, with no further calls planned and around £30m in the pipeline for all CoR, the managing authority is looking to transfer circa £11m from this PA.

Summary

Similar issues to transition areas but not as pronounced. Current commitment levels are satisfactory for PA1 and PA3 although under **PA 3 some issues are being raised in relation to match funding** affecting future commitment levels.

PA 2 less developed, good progress as £37m about to be committed.

PA4 contracting levels need addressing for Transition and MD areas by new calls. The July call, which was paused, would have stimulated the pipeline of projects supporting commitment level particularly as guidance for applications had been amended.

A refreshed “**July**” **call is to be issued imminently.** A potential call in January is also under consideration. This will boost the pipeline of projects and commitment levels in 2017.

3. N+3 Decommitment Rule

The EC will automatically decommit funds for which it has not received an acceptable payment request by the end of the third year following each annual commitment from the EU budget. The first commitment from the EU budget is made in the year in which the operational programme is adopted by the EC.

The England OP was approved in 2015, therefore the budget stated in our Operational Programme in this year has to be defrayed by the applicant as eligible expenditure and submitted in a Declaration of Expenditure to the Commission 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.

The table shows the N+3 targets we need to reach in order to prevent decommitment of funds. **Targets are set at category of region level and relate to ERDF only.** The target is reduced by the value of claims submitted by the certifying authority to the EC. A first claim to the EC for reimbursement is forecast to be made in December. By the end of October the managing authority has reimbursed 30 claims which could contribute to the target as indicated.

Before these claims can be accepted and declared to the EC a number of verification checks are required.

N+3 2018	Less Developed	Transition	More Developed
N+3 target for payment claims (€m)	71.9	168.9	331.9
Less Claims submitted to the Commission (€m)	0	0	0.0
Current gap (€m)	71.9	168.9	331.9
Indicator			
MA level: Total eligible cost paid at contribution rate (€m) to October 16	0.9	3.2	1.4

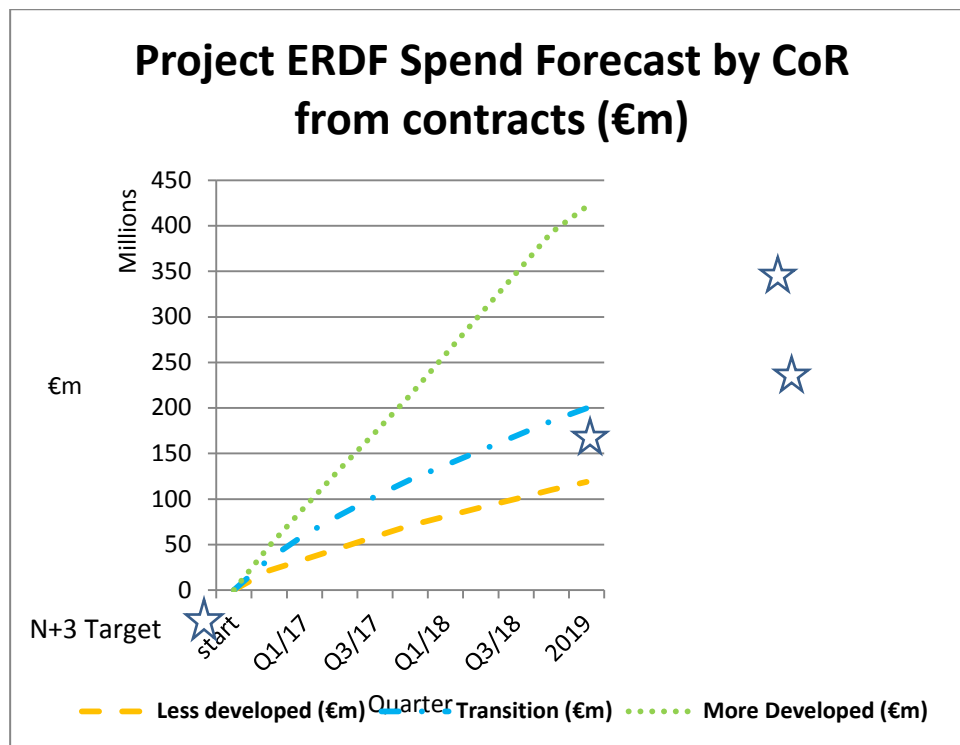
A limited amount of claim payments have been made. A robust approach is being taken with claims for payment both by beneficiaries and the managing authority. For example in 2016 all first claim submissions submitted by grant beneficiaries are subject to an On the Spot Visit (OTSV).

The application of the new simplified cost option – unit cost for salaries - has been subject to clarification and interpretation and had slowed the submission and processing of claims.

If we look at a crude indicator relating to forecast project spend we can see **that N+3 targets could be met by expenditure from the current contracted projects.**

The chart shows the spend profile of contracted projects as well as the N+3 ERDF spend target for each category of region. At €72m less developed areas, in theory, could meet the target at the end of 2017, for Transition and More developed areas by September 2018.

We need to remember that only claims that have undergone various verification checks can be included in claims for payment to the EC. Nevertheless, the figures are reassuring as no financial instruments are included yet.



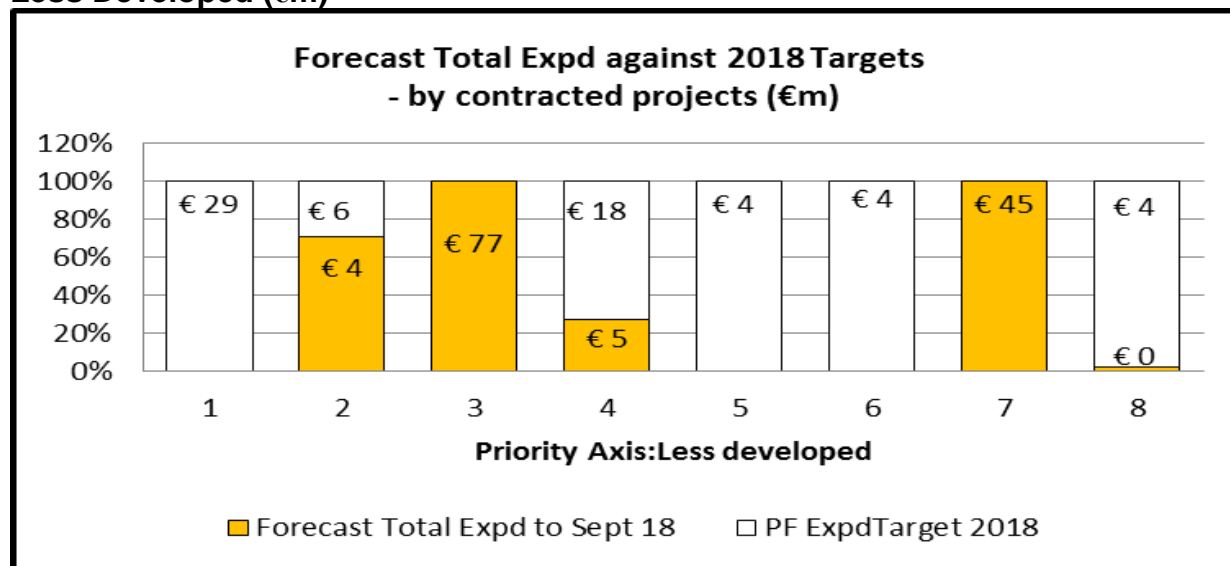
4. Performance Framework Spend Targets

These have been agreed in the Operational Programme and set out total expenditure targets (ERDF as well as match) that need to be met by December 2018. **The targets are set at category of region level and by priority axis.**

One leading indicator to review progress against is the value of spend by grant beneficiaries. The table below shows the performance framework expenditure targets to 2018, as well as the forecast from contracted projects to September 2018. The period between October – December 2018 allows for claims to be submitted, processed and checked prior to submission by the Certifying Authority to the EC in December.

Only expenditure that has undergone various verification checks can be included in claims for payment to the EC.

Less Developed (€m)

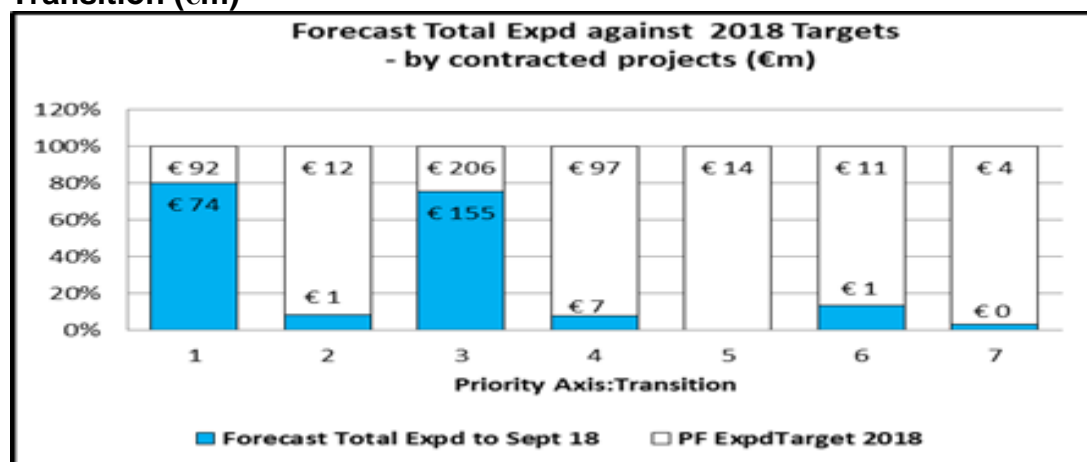


Priority Axis (PA)	PF Expd Target 2018	Contracted ERDF	Total Expd Contracted	Forecast Total Expd to Sept 18	%
1	€ 29	€ 0	€ 0	€ 0	0%
2	€ 6	€ 4	€ 5	€ 4	71%
3	€ 55	€ 59	€ 82	€ 77	140%
4	€ 18	€ 17	€ 25	€ 7	39%
5	€ 4	€ 0	€ 0	€ 0	0%
6	€ 4	€ 0	€ 0	€ 0	0%
7	€ 18	€ 32	€ 45	€ 45	244%
8	€ 4	€ 0	€ 0	€ 0	2%

- PA1 & PA 2 is not a concern as a number of projects with grant funding agreements in development are about to be contracted.
- PA 3 & PA 7 - are forecasting strong performance.

- Issues with PA 4, 5, 6 - are reflected in the tables, as very little by way of contracts in place, which will impact on spend targets. A programme modification is being requested to deal with these issues
- PA 8 - £8.7m of ERDF approved strategies in place (but not yet committed).

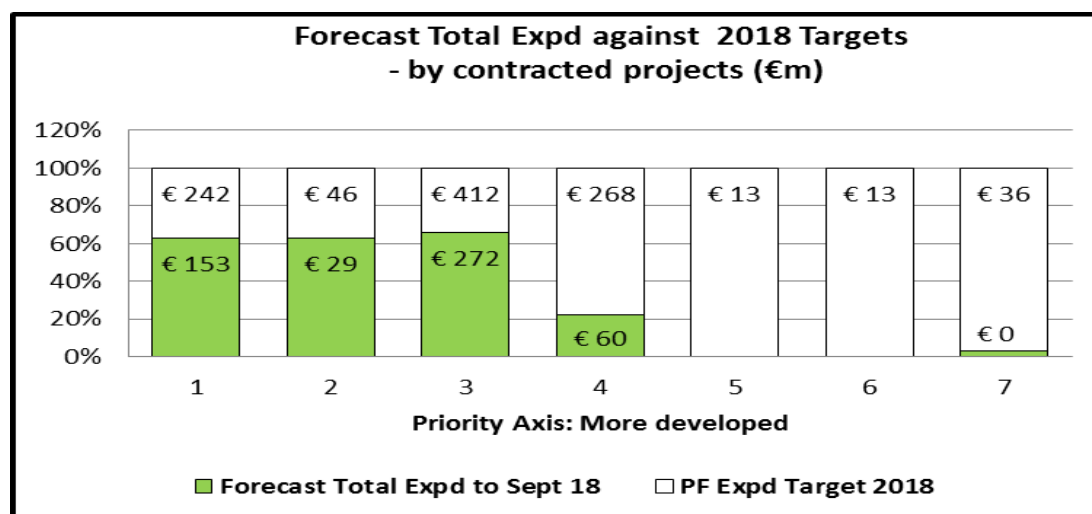
Transition (€m)



Priority Axis (PA)	PF ExpdTarget 2018	Contracted ERDF	Contracted Total Expd	Forecast Total Expd to Sept 18	%
1	€ 92	€ 45	€ 130	€ 74	80%
2	€ 12	€ 2	€ 4	€ 1	8%
3	€ 206	€ 108	€ 187	€ 155	75%
4	€ 97	€ 6	€ 10	€ 7	7%
5	€ 14	€ 0	€ 0	€ 0	0%
6	€ 11	€ 1	€ 1	€ 1	13%
8	€ 4	€ 0	€ 0	€ 0	3%

- Further commitment required to boost the forecast spend figures.
- Inclusion of four contracted financial instruments will improve the numbers.
- PA8 - £5.4m of ERDF approved (but not yet committed)

More developed (€m)



Priority Axis (PA)	PF Expd Target 2018	Contracted ERDF	Contracted Total Expd	Forecast Total Expd to Sept 18	%
1	€ 242	€ 94	€ 183	€ 153	63%
2	€ 46	€ 17	€ 35	€ 29	63%
3	€ 412	€ 190	€ 342	€ 272	66%
4	€ 268	€ 38	€ 68	€ 60	22%
5	€ 13	€ 0	€ 0	€ 0	0%
6	€ 36	€ 0	€ 0	€ 0	0%
8	€ 11	€ 0	€ 0	€ 0	3%

- Additional commitment through new calls, pipeline applications approvals and the inclusion of 4 recently approved FI final instruments will boost the numbers further.
- Issues with PA4, PA 5 & PA 6 reflected in the table.
- PA8 - Value of ERDF strategies approved (but not yet committed) £14,825,368.

5. Progress against Performance Framework Indicator Targets

As well as targets for expenditure the performance framework in the operational programme also includes targets for selected output indicators and key implementation steps. There is one performance indicator for each PA and targets for each category of region. The tables show the up to date contracted position at programme and priority level to 31 October 2016.

Less Developed

Priority Axis	Performance Framework Output	Category of Region	Target (2018)	Contracted (legally committed)	Forecast to Sept 2018	%age of 2018 Target
PA1	Number of enterprises receiving support	Less developed	109	0	0	0
PA2	Additional businesses with broadband access at least 30mbps	Less developed	370	0	0	0
PA3	Number of enterprises receiving support	Less developed	499	4,092	897	180
PA4	Number of enterprises receiving support	Less developed	74	178	39	52
PA5	Businesses and properties with reduced flood risk	Less developed	163	0	0	0
PA6	Surface area of habitats supported to attain a better conservation status (ha)	Less developed	18	0	0	0
PA7	Total length of reconstructed or upgraded roads of which TEN-T	Less developed	13	0	0	0
PA7	Length of railway with new or enhanced signalling installation	Less developed	43	43	7	16
PA8	Number of local development strategies	Less developed	4	0	0	0

- PA 1 the number of PF outputs under development exceeds the target of 109 with plenty more in the current bids being appraised
- PA 2 Less developed is on track to deliver all the performance outputs for both 2018 and 2023
- No issues to report under PA 4, 5, 6 all look achievable given pipeline of projects
- PA 7 - Activity is currently on track to achieve performance framework output targets

Transition

Priority Axis	Performance Framework Output	Category of Region	Target (2018)	Contracted (legally committed)	Forecast to Sept 2018	%age of 2018 Target
PA1	Number of enterprises receiving support	Transition	1,370	2,336	1,006	73
PA2	Additional businesses with broadband access at least 30mbps	Transition	2,373	0	0	0
PA3	Number of enterprises receiving support	Transition	6,656	14,449	3,293	49
PA4	Number of enterprises receiving support	Transition	1,008	484	162	16
PA5	Businesses and properties with reduced flood risk	Transition	11,139	0	0	0
PA6	Surface area of habitats supported to attain a better conservation status (ha)	Transition	66	0	0	0
PA8	Number of local development strategies	Transition	3	0	0	0

- PA1 looks very healthy with the current contracted projects forecasting to be 186% above the 2018 target.
- PA2 the way PA2 is structured only the ERDF allocated to IP2a (infrastructure) investment (~ £66m) can deliver the performance outputs (P3 Businesses with access to Superfast broadband). The remaining £35m in IP2b delivers other outputs which are desirable but zero performance outputs.
- PA3 forecasting to achieve target despite challenges
- PA4 considering the pipeline the target is within reach. Changes to the eligibility guidance via a modification will help future calls.
- PA5 targets to be reviewed a part of programme modification, issues with the original output target set
- PA6 demarcation issues have meant limited activity. Part of modification request
- PA8 – additional outputs to be negotiated from approved strategies. The PF target for number of development strategies agreed already.

More Developed

Priority Axis	Performance Framework Output	Category of Region	Target (2018)	Contracted (legally committed)	Forecast to Sept 2018	%age of 2018 Target
PA1	Number of enterprises receiving support	More developed	3,533	8,285	3,523	100
PA2	Additional businesses with broadband access at least 30mbps	More developed	9,075	3,673	762	40
PA3	Number of enterprises receiving support	More developed	13,290	31,412	7,114	54
PA4	Number of enterprises receiving support	More developed	2,769	2,600	796	29
PA5	Businesses and properties with reduced flood risk	More developed	10,682	0	0	0
PA6	Surface area of habitats supported to attain a better conservation status (ha)	More developed	189	0	0	0
PA8	Number of local development strategies	More developed	8	0	0	0

- PA 1 again a strong position with the forecast outputs from contracted projects meeting the performance framework target
- PA2 outputs expected to be achieved from pipeline
- PA 3 - Performance framework targets look satisfactory but other targets which are more indicative of the impact of projects are not so strong
- PA4 new calls will help address the gap
- PA5 limited activity to achieve PF output
- PA6 felt that pipeline would support target
- PA8 PF target for local strategies in place and will be reflect in next quarter's figures.

Community Led Local Development (CLLD)

A total of 26 areas were invited to submit CLLD strategies. Strategies were received from 25 areas, of which 21 were approved. CLLD Investment involving ERDF is being taken forward in six Local Enterprise Partnership areas¹.

Total ERDF investment in CLLD will be c£29.2m, leaving a balance in Priority Axis 8 of £10.9m. It is important to note that the PA8 allocation was informed by the wider number of Local LEP area ESIF strategies who indicated a desire to consider CLLD in their local areas. In the end demand was limited to eight LEP areas as a number of partnerships decided that their objectives in this area could be best pursued using mainstream programme activity rather than the CLLD instrument. As such the Managing Authority will seek to vire resources out of PA8 to other Priority Axes to reflect this change in demand.

	COR			
	LD	MD	T	Total
LEP Area			£0.0000	
North East	£0	£2,606,580	£2,000,000	£4,606,580
Leeds City Region	£0	£6,200,000	£0	£6,200,000
Humber	£0	£0	£2,311,000	£2,311,000
York, North Yorkshire	£0	£1,426,000	£1,313,000	£2,739,000
South East	£0	£4,611,500	£0	£4,611,500
Cornwall Isle of Scilly	£8,717,000	£0	£0	£8,717,000
Total	£8,717,000	£14,844,080	£5,624,000	£29,185,080
Remaining Balance	£2,786,504	£4,783,950	£3,329,539	£10,899,994

All areas have been asked to look to increase the level of ERDF outputs as projections in approved states are insufficient to meet overall targets and targets for the more developed and less developed categories of region.

Output		Total All LEPS							
		MD	%OP	T	%OP	LD	%OP	Total	%OP
CO01	Number of enterprises receiving support	1,718	93%	341	131%	166	83%	2,225	96%
CO05	Number of new enterprises supported	988	76%	194	107%	99	71%	1,281	79%
CO08	Employment increase in supported enterprises	1,054	76%	220	113%	107	72%	1,381	80%
P11	Number of potential entrepreneurs assisted to be enterprise ready	2,742	53%	651	89%	396	71%	3,789	58%
P12	Square metres public or commercial building built or renovated in targeted areas	2,454	55%	1,133	182%	338	71%	3,925	71%

Compliance

¹ There are eight LEP areas in total taking forward CLLD, six have integrated ERDF and ESF CLLD strategies and two have ESF only mono-funded approaches.

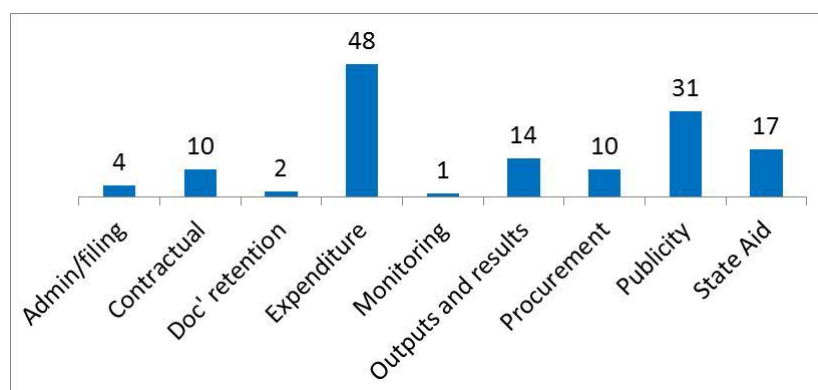
A verification visit by the DCLG compliance team is required under Article 125(5) of Regulation (EU) 1303/2013. The general principle of the A125 on the spot verification visit (OSTVV) is to test that ERDF projects and Financial Instruments (FIs) are delivering their contracted requirements, in accordance with EU Regulations and identify any potential areas requiring correction. The work undertaken by the Compliance team provides assurance to the Commission whilst reducing the impact of irregularities on the Managing Authority error rate.

To date 85 OTSV visits have been undertaken. The total value of claims selected for testing amounts to £15,478,418.88 with expenditure tested amounting to £9,190,851.74 (based on information available on the 11th November 2016).

	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	TOTAL
OTSVV booked								20	6	1	27
OTSVV undertaken	1	9	11	12	9	12	25	6			85
FI OTSV booked								3			3
FI OTSV undertaken							1				1

137 Actions have been identified of which 79 have been closed and 58 are currently open. A breakdown of action type is provided below.

In 2016 OTSV has been undertaken on all claims prior to payment. In part this explains the higher proportion of actions in respect of expenditure, as limited claim checks have taken place prior to the OTSV visit. At this stage in the programme projects are also seeking to understand the rules and regulations including any changes from the previous programme.



6. E-CLAIMs (European Claim and Information Management System)

E-CLAIMs is the new purpose-built information management system for the English ERDF and ESF 2014-20 programmes. Its development is well advanced. The functionality currently available allows Growth Delivery Team (GDT) colleagues to input information in relation to the assessment and appraisal processes, as well as claim information relating to individual projects.

There is more work to do such as enabling the system to pay claims before the system can be rolled out to external partners. Testing with external partners is taking place throughout November and any findings will be fed-back to the design team and considered in relation to any future build priorities it is anticipated that the system will be rolled out to all during the first quarter of the New Year.

Before the system can be rolled out the project will need to undergo what is known as a Beta Assessment with the Government Digital Services (GDS) Team who oversee the development of all Government led computer systems. The project team must demonstrate that the system and governance arrangements satisfy all of the relevant conditions. The project team is working closely with GDS in preparation for the assessment which is likely to be towards the end of January early February.

A communications package is currently being developed which will set out how to access the system; how it works and who to go to for support; which will be made available to all of our applicants well in advance of roll out.