



**European Union**

European Structural  
and Investment Funds

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

**Growth Programme for England**

## **ESI Funds Growth Programme Board**

### **Progress on ESF** *(please note this paper should be printed in colour)*

#### **Purpose:**

This paper provides a progress update to the Board on activity on the ESF Programme.

#### **Recommendations:**

That the Board notes the current position.

#### **Summary:**

- We have made good progress in committing a substantial amount of the programme. However, the picture is uneven across Categories of Region, Investment Priorities and LEP areas.
- Transitional COR has over committed as a whole with some LEPs having particular issues in Priority Axis 2.
- In More Developed COR good progress being made in Investment Priorities 1.2 and 1.4.
- Calls launched are focused on where the gaps are largest – 23 calls have been raised in total.
- MA has assessed separately proposed mitigations to the potential underspend on YEI.

## **Calls and applications update**

### **Application status**

1. Of 84 Direct Bid full applications, to a value of £239.97 million, 58 have received Funding Agreements worth £103.26m. The remaining applications are being processed, and the issue of Funding Agreements is ongoing.
2. Full applications amounting to £1.17billion are now in place with Co-Financing Organisations.

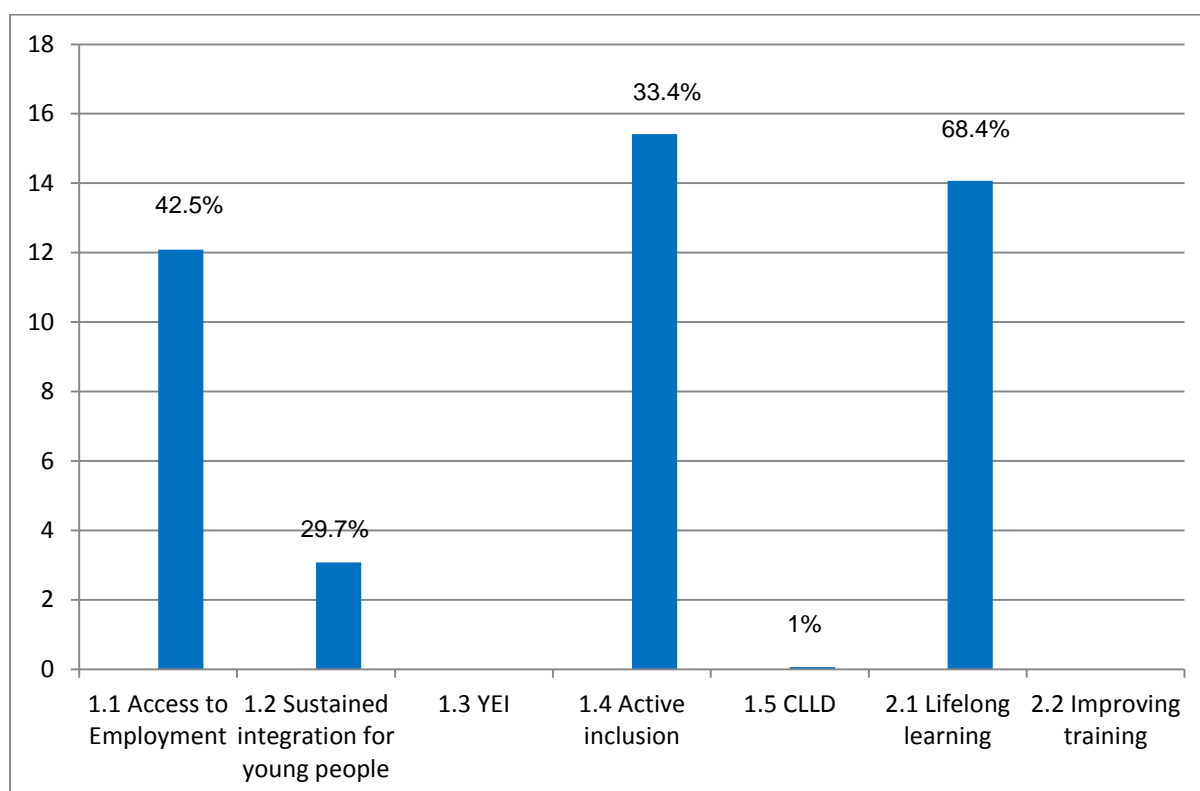
## LEP area Notional Allocations and Committed Spends

3. In 2 LEP areas, there is a very high level of commitment, mostly as a result of commitments to the Skills Funding Agency opt-in. We have been reviewing these locally and they are likely to be adjusted downwards.
4. 10 LEP areas have less than 30% committed spend against their notional allocation including Coventry and Warwickshire and Solent. Greater Birmingham and Solihull Transitional open calls should address the low committed spend in that area.
5. The MA is undertaking a comprehensive analysis of the picture at each LEP level, taking into account commitments, planned calls and allocations. This will enable us to complete the plan of future calls, and ensure that we drive forward commitments for at least 50% of each allocation over the coming months.

## National Picture

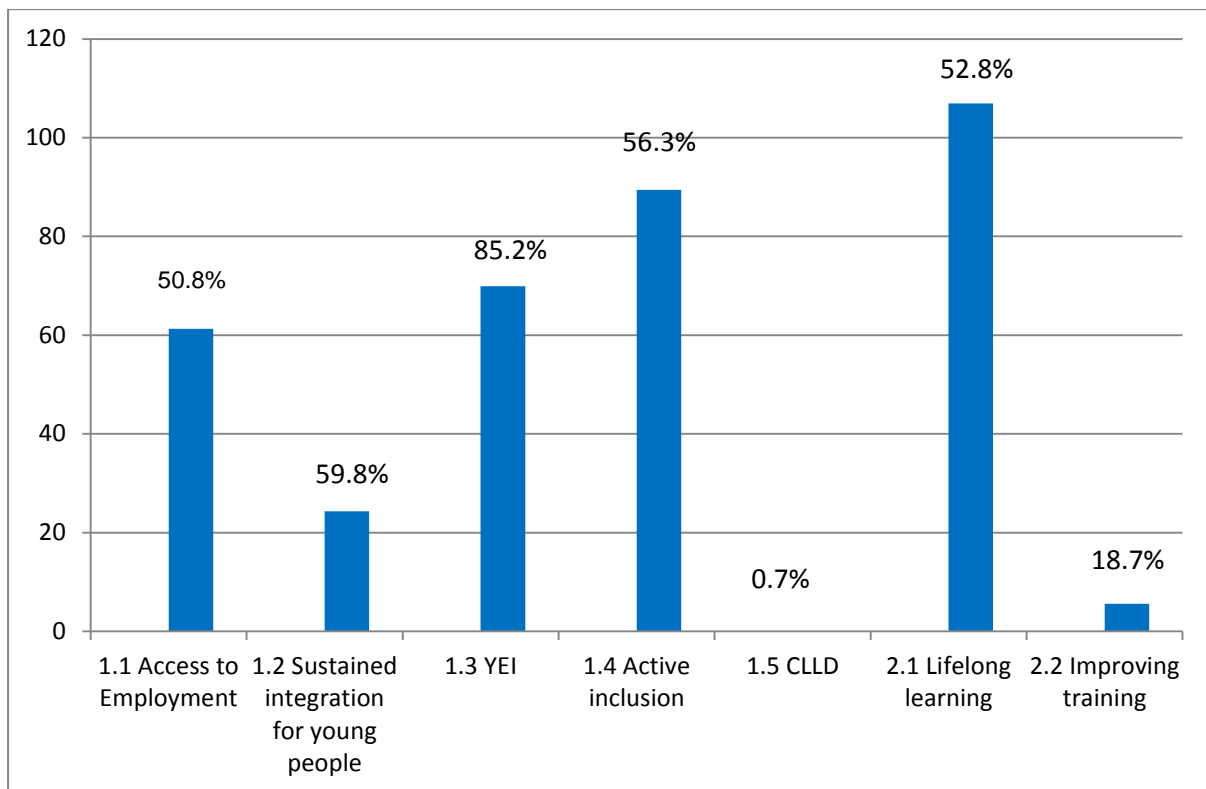
### Less Developed

6. About a third of the total allocation has been committed, although the proportion varies by Investment Priority. The bars in the charts which follow show the £m which have been committed. The percentages represent the proportion of the allocation which has been committed.



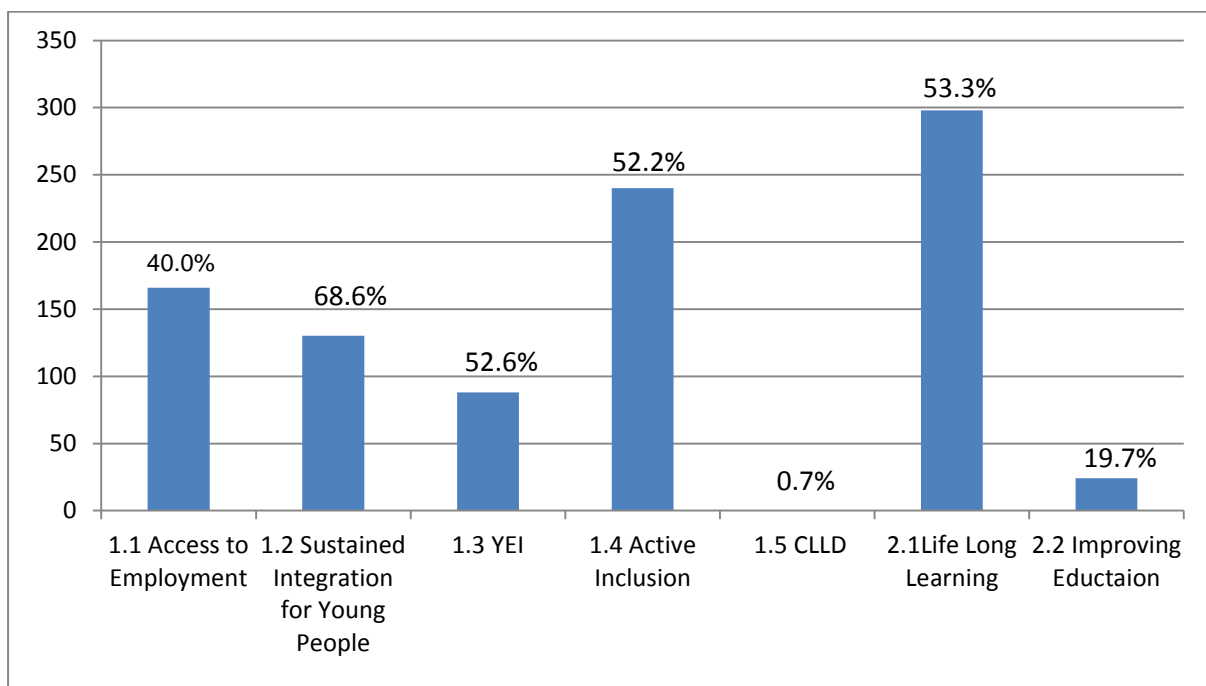
## Transitional

7. All Investment Priorities are over 50% committed, except CLLD (since we are only at stage 1) and IP2.2.



## More Developed

8. Most investment priorities are about 50% committed except 1.5 and 2.2.



## **Progress against 2018 Performance Framework and N+3 targets**

9. We have used the spending profiles in the approved applications to provide an indication of whether we are on track to meet the 2018 N+3 and Performance Framework financial targets. This provides an encouraging picture but does of course depend on the accuracy of these profiles. The detail is in the Annexes.

### **Technical Assistance**

10. 48 TA applications have been taken through to full application stage so far with total ESF requested of £24.24m. This is against a national TA allocation for this TA call of £60m.

## **ESF Opt-in / Co-Financing Organisations (CFOs)**

### **BLF Applications**

- There have been 37 Big Lottery Fund MoUs. These MoUs are for £ 172.92m of ESF.

### **DWP Applications**

- There have been 20 MoUs agreed with DWP. These MoUs are for £ 116.05m of ESF.

### **NOMS**

- NOMS have one MoU which cover England with the exception of Cornwall and the Isles of Scilly. The MoU is for £131m of ESF.

### **SFA Applications**

- There have been 83 SFA MoUs. These MoUs are for £ 751.85m of ESF.

### **Open Calls**

11. The most recent closed calls were within the Cornwall and Isles of Scilly LEP area which closed on 12 February 2016 (valued at a maximum of £1,000,000) and the technical assistance national call which closed on 05 February 2016 (maximum value of £1,000,000).
12. The MA has since launched the following calls:
  - 4 calls in New Anglia (Investment Priorities: 1.1, 1.4, 2.1 & 2.2) Closing Dates 9 June.
  - 2 calls in Sheffield City Region (Investment Priorities 1.4) Closing Dates 16 June
  - 2 calls in Heart of the South West (Investment Priorities: 2.1 & 2.2) Closing Dates 20 June
  - 2 calls in Cornwall and the Isles of Scilly (Investment Priorities: 1.4 & 2.2) Closing Dates 20 June

- 3 calls in Greater Birmingham and Solihull (Investment Priorities:2.1 & 2.2 and 1.1) closing dates 31 July and 27 May
- 3 calls in Leeds (Investment Priorities 2.1 (2 calls) and 1.1) closing date 19 July
- 2 calls in Humber (Investment Priority 2.1) closing date 13 July
- 1 call in Lancashire (Investment Priority 1.4) closing date 19 July
- 1 call in South East Midlands(Investment Priority 1.4) closing date 12 July
- 2 calls in Worcestershire (investment priorities 2.1 &2.2) closing date 11 July
- 1 call in Coventry (Investment Priority 1.2) closing date 25 June

### **Youth Employment Initiative (YEI) underspend**

13. There are a number of challenges which give rise to a risk of underspend on YEI. These relate, primarily, to the exchange rate and changes in demand such as may arise from rising youth employment levels or availability of alternative provision. The window in which commitment and spend must be secured creates further pressure.
14. The MA has sought advice from the Commission on how this might be managed. We have agreed that, where appropriate and justified, YEI funds may be moved to other eligible regions to help secure commitment. The primary means of doing this, given the timescales, is likely to be to increase the value of existing contracts. We are working through the technical implications, such as what this would mean for any associated targets, and hope to begin negotiations with the relevant parties shortly.

Anne Donkin, DWP  
1 June 2016

## Annex A – Profiled spend against N+3 targets

	Profiled Spending Plans (to June 2018) [£m]	Profiled Spending Plans (to June 2018) [€m at 0.78]	ESF Advance Funding [€m]	Total "Spending" [€m]	2018 N+3 Target [€m]	Difference [€m]
More Developed	756	969	232	1201	612	589
Less Developed	33	42	17	59	44	15
Transition	257	330	75	405	198	207
YEI	74	95	15	95	159	-64
<b>Grand Total</b>	<b>1120</b>	<b>1436</b>	<b>339</b>	<b>1760</b>	<b>1013</b>	<b>747</b>

## Annex B – Profiled spend against Performance Framework Financial Targets

	Current OP PF Target	Current PF Target ESF only	New PF target ESF only	Forecast Spend	excess to existing OP	excess to new OP
PA 1						
Less Developed	28,000,000	22,400,000	19,000,000	27,018,162	4,618,162	8,018,162
Transition	113,000,000	67,800,000	72,000,000	158,045,915	90,245,915	86,045,915
More Developed	462,000,000	231,000,000	246,000,000	590,018,064	359,018,064	344,018,064
PA2						
Less Developed	11,000,000	8,800,000	10,000,000	15,464,005	6,664,005	5,464,005
Transition	98,000,000	58,800,000	56,000,000	125,400,895	66,600,895	69,400,895
More Developed	352,000,000	176,000,000	164,000,000	325,054,635	149,054,635	161,054,635