



European Union

European Structural
and Investment Funds

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

Growth Programme for England

ESI Funds Growth Programme Board

European Social Fund: 2016 Annual Implementation Report

Purpose

To seek the Growth Programme Board's approval of the European Social Fund (ESF) 2016 Annual Implementation Report (attached).

Recommendation

That the Growth Programme Board approves the ESF Annual Implementation Report (AIR) for submission to the European Commission.

Summary

The ESF Managing Authority is required to report the progress of the programme to the European Commission annually by producing an AIR. The Growth Programme Board must approve the AIR for submission prior to the 30th June deadline. The AIR accounts for activity up to the end of 2016 and does not include activity from 2017.

The report indicates that good progress has been made in 2016. At the end of 2016, overall committed spend was £1.39bn. This was broken down in to Direct Bid Funding Agreements with a total value of £244m and Memoranda of Understanding for the four National Co Financing Organisations (CFOs) valued at £1.15bn.

In terms of progress against Performance Framework milestones, for Priority Axes 1 and 2, the Programme was committed to 158% against the spend target for 2018 (£2.5m committed spend against a 2018 milestone target of €1.5m).

At end of 2016, the More Developed and Transitional regions had 46% and 50% commitment respectively and were on track to meet the target for the final performance reserve. The Less Developed region was below the level of commitment anticipated (34% committed). This will be impacted by the movement of funding of €15.3m to the More Developed region.

Overall the programme was 47% committed (not including TA) with variances across each category of region. Apart from YEI, the MA assesses the Programme to be on track for the 2018 milestones. The MA will keep PA1 in the Less Developed region under close scrutiny as claims and actual performance are submitted.

Both Transitional and More Developed regions were on target to meet the 2018 N+3 spend targets, based upon their commitment levels:

- Transitional:
 - Target €198m
 - Commitment €305.8m
- More Developed:
 - Target €612.3m
 - Commitment €895.3m.

The Less Developed region was not on target to reach the 2018 N+3 spend target based on commitment at end of 2016. The spend target for this region is €44.2m; commitment was €36.9m.

The report confirms the MA's assessment that, despite the currency fluctuation in 2016, the Programme was in a relatively healthy position with enough commitment in both the More Developed and Transition Categories of Region to meet the requirements of both the 2018 N+3 spend targets and the Performance Reserve. Based on current commitment, Transitional and More Developed regions are on target to meet the 2018 N+3 spend targets by 31 December 2018.

Detailed analysis carried out by the MA on available data was used to form a picture of performance of the Programme. This analysis allowed the MA to identify expected progress over time which, in turn, has been used to inform programme design going forward, including consideration of future call developments into 2017. Data is also being used to support contract management of projects and will in turn drive performance.

Background

1. From 2016 until 2023, it is compulsory for each Member State to submit to the European Commission an annual report on implementation of the programme in the previous financial year - the Annual Implementation Report (AIR) (which for these purposes is a calendar year). The first report submitted in May 2016 covered the programme to 31 December 2015. The attached report covers the programme to 31st December 2016 and must be submitted to the Commission by 30th June.
2. AIRs must set out key information on implementation of the programme and its priorities including: the financial data, common and programme-specific indicators and quantified target values, any issues that affect the performance of the programme, and the measures taken to address these. This year onwards, reports must also set out milestones in the performance framework.
3. Following submission, the AIR and its Citizens' Summary must be made available to the public. They will be published on GOV.UK following approval.

4. The Commission will write to the MA within fifteen working days of receipt if the AIR is not admissible, setting out what needs to be done to address any issues. If admissible, the Commission will examine the report and inform the MA of their observations within two months. Where the Commission makes observations that significantly affect the implementation of the programme, the MA must respond setting out the actions taken within three months.
5. The tables which form a significant part of the report are provided separately in an Excel document. This is due to the size of the tables making it difficult to present the data they contain within the PDF version of the report itself.

Steve Spendlove
European Social Fund Managing Authority, DWP

1 June 2017