



European Union

European Structural
and Investment Funds

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

Growth Programme for England

ESI Funds Growth Programme Board

European Regional Development Fund: 2016 Annual Implementation Report

Purpose:

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

Recommendation:

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

Summary:

The ERDF 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; 376 projects with ERDF funding worth almost £740m had been committed, i.e. legally contracted. These commitments would deliver 56% of the performance framework targets. Further commitments that are planned in 2017 will increase the percentage of performance framework targets that will be achieved.

At the end of December 2016 there were a further 208 applications under appraisal worth an additional £521m ERDF. When combined with existing project commitments, 45% of the programme allocation was accounted for by the end of 2016.

Further calls will be launched to maintain the pace of commitments to new projects during 2017 in order to meet the performance framework targets that must be met by the end of December 2018. A programme modification will be sought in 2017 to adjust allocations and target values that reflect changed circumstance or methodological re-calculations.

Background

AIRs

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.

2016 AIR

5. To the end of December 2016, 376 projects with ERDF funding worth £740m had been committed. This equates to 26% of England's £2,818m allocation, a significant increase compared to the same period in 2015.
6. By category of region, almost half of the allocation has been committed in the less developed region at 47%, £167m; £383m (24%) in the more developed regions and; £190m (and 23%) in the transition regions.
7. At the end of December there were a further 208 applications under appraisal, potentially worth an additional £521m ERDF. This represented an additional 18.5% of programme funds. When combined with commitments made by the end of 2016, the programme had the potential to contract 45% of its allocation in 2017.
8. Whilst good progress has been made, further work is needed to meet the performance framework targets agreed with the European Commission, which must be met by the end of December 2018. Commitments made by the end of 2016 will deliver 56% of the performance framework targets. Further commitments made in 2017 will increase the percentage of performance framework targets that will be achieved.
9. A call launched in December 2016, together with further ones proposed in 2017, will maintain momentum and the focus on some priority axes (PA1, PA2, PA4 and PA7). The planned operational programme modification to be submitted during 2017 will rebalance the programme and associated targets in line with changed circumstances and methodological recalculations.
10. Based on applications now under appraisal and ongoing calls, the programme is on track to meet its performance framework targets.
11. The report is a long document. Please consider this before you print. Many of the pages consist of tables. You may wish to consider reading the following narrative sections:

To set the scene

- Overview of the implementation of the operational programme, section 2.1
- Citizens Summary, section 7.

Priority Axis details

- Overview, section 3.1.
- Full assessment, section 11.1.

Issues affecting the programme:

- Summary, Section 6(a) and 6(b)

Thematic areas:

- Equality, section 11.2
- Sustainability Development, section 11.3.
- Climate Change, section 11.4
- Role of partners, section 1.5.
- Publicity and communications, section 12.

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25 May 2017