



European Union

European Structural
and Investment Funds

European Structural and Investment Funds
2014 - 2020

Growth Programme for England

ESI Funds Growth Programme Board June 2019

European Regional Development Fund: 2018 Annual Implementation Report & Citizens' Summary

Purpose:

To seek the Growth Programme Board's approval of the European Regional Development Fund (ERDF) 2018 Annual Implementation Report and Citizens' Summary (attached).

Recommendations:

That the Growth Programme Board approves the ERDF 2018 AIR and Citizens' Summary for submission to the European Commission.

Summary:

The ERDF Managing Authority (MA) provides an Annual Implementation Report (AIR) to the European Commission setting out the progress of the programme. The has to be submitted to the European Commission (EC) by the end of June and needs to be considered and approved by the Growth Programme Board before it is submitted to the EC. This AIR only covers programme activity to the end of 2018 and does not include any achievements that have taken place during 2019.

The report indicates that good progress has been made in delivery of the programme. 606 ERDF projects were contracted with a combined value of £1.560bn. These were key in supporting very good progress towards the achievement of the majority of the 2018 performance framework milestones, although a number of factors led to slower progress against some. Positively, the programme is on track to deliver the majority of the 2023 performance framework targets and so the overall goals of ERDF in England. Further commitments made in 2019 will increase the percentage of 2023 performance framework targets that will be achieved.

At the end of December there were a further 609 applications under appraisal worth an additional £564m ERDF. When combined with existing project commitments, 65% of the programme allocation was accounted for by the end of the year. Further calls will be launched to maintain the pace of commitments to new projects during 2019.

The figures and analysis are based of payment claims submitted to the EC for reimbursement up to the end of March 2019 that contained 2018 eligible expenditure. A further claim may be sent later in June, if this is the case and significant additional 2018 expenditure and outputs are included to justify a change, the AIR and Citizens' Summary will be updated before final submission to the EC.

Background

AIRs

1. From 2016 until 2023, each Member State has to submit an AIR to the EC on implementation of the programme in the previous calendar year - the Annual Implementation Report (AIR). The attached report covers the programme to 31st December 2018 and must be submitted to the Commission by 30th June (effectively Friday, 28th 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. Reports must also set out progress towards meeting the 2018 performance framework milestones and the 2023 targets.
3. Following submission, the AIR and an accessible summary of it - the Citizens' Summary - must be made available to the public. This is published on GOV.UK following approval by the EC in the Autumn.
4. The EC will write to the MA within fifteen working days of receipt if the AIR does not meet the required standards (technically, is not 'admissible') setting out what needs to be done to address any issues. If the report is admissible, the EC will examine the report and inform the MA of their observations within two months. Where the EC makes observations that significantly affect the implementation of the programme, the MA must respond setting out the actions taken within three months.

2018 AIR

5. To 31st December 2018, ERDF 606 projects, including 7 financial instruments, had been committed, with a combined value of £1.560bn. This equates to 55% of England's £3.296bn allocation.
6. Over half of the allocations have been committed in each Category of Region. In the less developed region 67%, 55% in the more developed regions; and 53% in the transition regions.
7. At the same point there were a further 609 applications, including a further 4 financial instruments under appraisal, which we would expect to translate into projects with an additional ERDF value of £564m. This represented an additional 17% of programme funds, which when combined with commitments made by the end of 2018, will bring the programme's total ERDF allocation to 65% committed.



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8. The programme has met its 2018 Performance Framework milestones for all Priority Axis (PA) with the exception of the following:

- PA4 – Transition Region;
- PA6 – Transition & More Developed Regions;
- PA5 and 8 – All categories of Region.

However, we consider the majority of PAs are on track to meet their 2023 Performance Framework Targets, and further commitments already in the pipeline for 2019 will contribute towards this. We will carefully monitor progress for all PAs, analysing and consider options to address any potential shortfall.

9. This assessment is based on payment claims submitted to the EC for reimbursement up to the end of March 2019, as these contained some additional 2018 eligible expenditure. A further claim may be sent later in June, if this is the case and significant additional 2018 expenditure and outputs are included to justify an update, the narrative and tables of the AIR and Citizens' Summary will be amended before final submission to the EC.

10. In June 2019, additional calls valued in the region of £500m will be published, and further calls are planned in the Autumn. We will assess whether further calls are required in 2020 to fully commit the programme.

11. Consequently, based on current commitments, applications under appraisal, and future calls, we are confident that the programme is on track to meet its performance framework targets.

12. The AIR is a very long document, 504 pages. Please consider carefully before you print as many of the pages consist of mandatory tables. As a minimum, you may wish to consider reading the following narrative sections:

To set the scene

- Information on the implementation of the operational programme, section 2.1
- Citizens' Summary (technically Section 7 of the AIR, but presented here as a separate document of 21 pages)

Priority Axis (PA) details

- Overview - section 3.1
- Full PA assessments - section 11.1



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Issues affecting the programme

- Summary - Section 6(a)

Thematic areas

- Equality - section 11.2
- Sustainable Development and Climate Change - sections 11.3 and 11.4
- Role of partners - section 11.5
- Evaluation - section 12.1
- Publicity and communications - section 12.2

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