



European Structural and Investment Funds (2014-2020) Growth Programme for England

Growth Programme Board, June 2023

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

Purpose

This paper will focus on the performance of the ESF Programme, reporting against all key indicators to give members a clear understanding of the overall Programme position. Additionally, a slide presentation, to be delivered at the meeting, will update members of progress on the key issues facing ESF; the combination providing a full and detailed overview of the Programme.

Recommendations

The Managing Authority (MA) asks that GBP members continue to encourage Direct Bid (DB) projects to work with the MA to ensure that claims are submitted by the deadlines set each quarter as the timely submission of claims remains a priority as we move nearer to the end of the programme.

As the focus shifts to ensure Projects can achieve their spend and output targets, the MA requests GPB members support, via their networks, in stressing the importance of accurate and timely progress reports and claims. We would also ask members to encourage projects to be open and honest about their levels of likely spend and deliverables to project and programme end.

Summary:

N.B: throughout this report, ESF data is as of 01 June 2023, unless otherwise indicated.

The position at the last report, with ESF data to 01 February 2023, is shown in brackets for ease of comparison. The exchange rate used throughout the report is 0.86365 unless stated otherwise.

ESF commitment, as of 01 June 2023 was £2.892 billion (£2.945bn), 95.35% (97.12%) of the total ESF allocation.

Programme Highlights as of Q1 2023:

- ESF has helped 2,166,233 participants
- of these, 267,349 started employment when they left the Programme (ESF-CR04)
- 197,234 were in education or training upon leaving (ESF-CR02)

The number of PCRs received since the last report sees a significant decrease from 154 to 25. Average clearance time has reduced from 60 days to 56 days. The number reaching decision increased from 75 to 116. The majority of the underperformance PCRs were concluded by 30 April 2023.

The first payment application of the 2023 calendar year (IPA26) was submitted on 21 April 2023 for €394m (£347m). We received payment for this on 11 May 2023 of €190m (£165m) ESF after EC retention.

The second payment application of the 2023 calendar year (FPA27) is due to be submitted by the end of June 2023 and has a current estimated value of €98m (£86m). This is the Final Payment Application (FPA) of the current 2022/23 EC accounting period.

The Annual Assurance Package and Accounts for the 2021/22 EC accounting period was submitted to the Commission on 14 February 2023, with a Residual Total Error Rate (RTER) of 0.318%, well within the limit of 2%. They were formally accepted by the EC on 16 May 2023.

The Annual Implementation Report (AIR) was signed-off by the GPB on 19th April, approved by the Audit Authority and submitted to the European Commission on 18th May.

ESF Programme Update:

In order to provide members with the latest available information, the Performance Framework data presented has different period end dates for participant and financial elements. Unlike the financial data, which is available monthly, the participant data is only available on a quarterly basis. This paper includes the latest participant data, to Q1 2023, in the table on page 7.

N.B: throughout this report, ESF data as of 01 June 2023, unless otherwise indicated. The position at the last report, with ESF data to 01 February 2023, is shown in brackets for ease of comparison.

Commitment:

- ESF commitment, as of 01 June was £2.892bn (£2.945bn), 95.35% (97.12%) of the total ESF allocation
- In Priority Axes 1 and 2 there are 507 Direct Bid projects with commitments totalling £1.11bn and 157 MOUs for the National Co-Financing Organisations (CFOs) valued at £1.715bn
- There are 42 ESF Funding Agreements for Technical Assistance (TA) with a value of £51.1 million and 20 projects for the digital response to COVID-19 Call, totalling £1.22m

ESF Underspend:

The MA remains committed to maximising the use of the ESF funding and is continuing to explore options to help with this.

The Fast-Care call was launched for a value of £102m and closed on 15/05/23. The MA is now planning the next steps and will be in touch with all applicants in due course to provide an update.

The MA issued Action Note 88/22 which invited current live projects to apply for more funding where they met the advertised criteria. The MA has assessed all these applications and has agreed to provide further funding to the value of £6.5m to 22 live ESF projects to enable them to continue to deliver through to the end of the programme. In parallel, several other requests were received for a time only extension and all have been assessed. In total over 300 projects now have an activity end date which will run to 31 December 2023 to again maximise the opportunity to spend ESF on the most vulnerable people in communities in England.

We have previously informed members that the MA has also been undertaking underperformance work on many live projects. The assessment work has now been completed and where approved variations have been issued for signing. This has enabled the MA to work collaboratively with GRs to agree reprofiling to take account of the impact of the pandemic and other wider delivery issues. The MA will use these profiles to manage project delivery which forms one part of the suite of

actions put in place to maximise the use of the ESF programme fund through to the end of December 2023.

Appraisal of Project Change Requests:

Table One summarises the position on key indicators, enabling members to compare against the position in the last report:

PCR Caseload Performance – Summary Position		
Stage of PCR Process	Caseload: Volume	
	Last Report 10Feb 2023	Current Position 24 May 2023
PCRs Received (since last Meeting)	154	25
Days to assign to an Appraiser (average)	12	5
PCRs Unassigned	15	0
PCRs Open (MA receipt to Decision)	112	19
PCRs Closed (since last Meeting)	75	116
Average days for PCR clearance (MA receipt to Decision)	60	56

Table One: Breakdown of PCR Activity as of 24 May 2023

Project Change Request Activity:

The MA's performance in this area is summarised in Table One (above), which provides a snapshot of the position as of 24 May 2023.

The number of PCRs received since the last report sees a significant decrease from 154 to 25. Average clearance time currently stands at 56 days. The average days for PCR clearance were impacted by the business-as-usual PCRs being paused to support and prioritise the high priority underperformance work. The number reaching decision increased from 75 to 116. The majority of the underperformance PCRs were concluded by 30 April 2023.

There has been a corresponding reduction in staffing (some members of the team have moved into business-critical areas).



Table Two: Progress towards the Final Programme Target

- Table Two depicts the progress towards the Final Programme target the figures shown are in Euros and represent the ESF value
- All IPAs are included in the table up to and including the first payment application of the 2023 calendar year (IPA26) which was submitted on 21 April 2023 for €394m (£347m). We received payment for this on 11 May 2023 of €190m (£165m) ESF after EC retention
- The second payment application of the 2023 calendar year (FPA27) is due to be submitted by the end of June 2023 and has a current estimated value of €98m (£86m). This is the Final Payment Application (FPA) of the current 2022/23 EC accounting period

ESF Claim Performance against Profile:

CLAIMS SUMMARY				
Org Type	Cumulative Profile to Q4 2022	Cumulative Claims	Slippage	Percentage Claimed
Direct-Bid	£1,675,876,805	£1,409,297,560	-£266,579,246	84.09%
ESFA	£1,490,008,966	£1,667,913,274	£177,904,308	111.94%
DWP	£288,309,678	£282,529,814	-£5,779,864	98.00%
HMPPS	£425,846,900	£407,824,432	-£18,022,468	95.77%
NLCF	£555,790,682	£530,558,111	-£25,232,570	95.46%
TOTAL	£4,435,717,248	£4,298,123,191	-£137,594,057	96.90%

Table Three: TOTAL (ESF & MATCH) CLAIMS AGAINST PROFILE BY ORGANISATION TYPE

Direct Bids Update:

The percentage claimed by Direct Bid projects at Q4 2022 showed a positive increase of 2.41% from the previous quarter, from 81.68% to 84.09%. The majority of the PCRs which were submitted in response to the Action Note 087/22 have now been progressed. Contract Managers (CMs) continue to hold regular robust discussions with projects about their performance to ensure projects are spending their grant in time and in line with their financial and participant profiles.

As we move towards programme closure, the timely submission of claims by Grant Recipients (GR) continues to be a priority. CMs have worked closely with their GRs to encourage early claim submission and resolve issues in advance of claim submission date. As a result, one Q1 2023 claim was received after the claim submission deadline. Early submission of claims by some GRs enabled the MA to pay 18 of the Q1 2023 claims before the claim submission deadline had been reached.

Work has been undertaken to review and streamline the project closure process, and the revised processes and products have now been implemented.

CFO Updates:

The National Lottery Community Fund (TNLCF): All Q4 2022 claims have now been approved and paid. TNLCF continue to work with their Delivery Network to spend to profile. Where projects are not showing sufficient signs of recovery the possibility of decommitment to enable the recycling of those funds has been discussed and action is being taken where appropriate.

His Majesty's Probation and Prison Service (HMPPS): Q1 2023 claims were submitted, have been approved, and paid. HMPPS have extended delivery in the Hubs until 2023 with funding increased under the activity costs profile to maximise participant engagement and ensure all funding is utilised by programme end. Activity hub performance is increasing quarter by quarter contributing to the overall strong performance of the HMPPS projects. The Q1 2023 claim is not reflected in the table three but spend is currently 1.74% under the cumulative profile.

DWP: Q4 2022 claims have been submitted and approved. The last referrals to the core DWP ESF contracts took place in September 2021, DWP Match contract referrals continued through to October 2022.

ESFA (Education and Skills Funding Agency): The majority of Q4 2022 claims were submitted and most have been approved and paid with a small number of outstanding queries to be addressed. A small number could not be submitted due to technical issues with E-Claims. However, these are nil claims and will not increase actual spend. The MA will progress the

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decommitment of funds with the ESFA over the coming months as reported in our last update. The reported overspend will be addressed with a reduced value in future claims.

CFO claims continue to be paid within the 90-day target.

CLAIMS SUMMARY					
Priority Axis	Category of Region	Cumulative Profile to Q4 2022	Cumulative Claims	Slippage	Percentage Claimed
1	Less-Developed	£84,936,245	£73,077,742	-£11,858,503	86.04%
1	Transitional	£602,982,102	£594,872,401	-£8,109,701	98.66%
1	More-Developed	£2,186,188,145	£2,102,186,853	-£84,001,292	96.16%
1	YEI	£289,346,227	£283,023,205	-£6,323,022	97.81%
2	Less-Developed	£43,024,971	£37,350,257	-£5,674,715	86.81%
2	Transitional	£307,890,348	£328,839,998	£20,949,650	106.80%
2	More-Developed	£832,936,839	£809,689,289	-£23,247,551	97.21%
3	Less-Developed	£4,474,245	£3,505,206	-£969,039	78.34%
3	Transitional	£18,893,567	£14,161,046	-£4,732,521	74.95%
3	More-Developed	£63,994,120	£50,366,757	-£13,627,363	78.71%
4	Less-Developed	£35,606	£35,605.81	£0	100%
4	Transitional	£175,932	£175,932.37	£0	100%
4	More-Developed	£838,901	£838,901	£0	100%
TOTAL		£4,435,717,248	£4,298,123,191	-£137,594,057	96.90%

Profile correct as of 02/05/23

Claims data extracted from RP1010, run date of 02/05/23

Spend includes both ESF & Match funding

Table Four: Total (ESF & MATCH) Expenditure by PA & CoR

Priority Group Actuals Performance:

The table on page 7 illustrates 'actual performance' for sub-group by CoR and members are asked to note that this now includes Participant data until the end of Q1 2023. As explained earlier in this paper, the Performance Framework Financial and Participant data have different period end dates - the "Actuals" data is available once per quarter and will be included in this update when available.

Sub-Group Actuals Performance by Category of Region:

This table illustrates the performance picture by sub-group and CoR and shows total committed to date against the end of Programme target.

Outputs

ESF-CO01 - Unemployed, including long term unemployed	CoR	Whole Programme Target	Committed	% achieved of overall target	Committed to Q1 23	Actual to Q1 23	% achieved to Q1 23
M		668,560	623,086	125.09%	738,417	836,296	113.3%
T		152,341	199,186	188.19%	194,697	286,693	147.3%
L		19,518	19,619	73.23%	17,652	14,292	81.0%
Total		840,419	841,891	135.32%	950,766	1,137,281	119.6%

ESF-CO15 - Participants from ethnic minorities	CoR	Whole Programme Target	Committed	% achieved of overall target	Committed to Q1 23	Actual to Q1 23	% achieved to Q1 23
M		343,547	400,715	143.34%	467,869	492,451	105.3%
T		42,485	58,801	143.63%	54,128	61,023	112.7%
L		869	2,302	171.40%	2,060	1,489	72.3%
Total		386,901	461,818	143.44%	524,057	554,963	105.9%

ESF-CO03 - Inactive	CoR	Whole Programme Target	Committed	% achieved of overall target	Committed to Q1 23	Actual to Q1 23	% achieved to Q1 23
M		414,355	302,106	74.15%	343,137	307,246	89.5%
T		102,537	101,988	107.13%	96,840	109,849	113.4%
L		18,644	17,397	73.88%	15,049	13,775	91.5%
Total		535,536	421,491	80.46%	455,026	430,870	94.7%

O6 - Participants without basic skills	CoR	Whole Programme Target	Committed	% achieved of overall target	Committed to Q1 23	Actual to Q1 23	% achieved to Q1 23
M		245,113	222,947	112.93%	240,883	276,808	114.9%
T		67,535	90,613	129.96%	71,189	87,771	123.3%
L		8,246	8,601	65.32%	7,185	5,386	75.0%
Total		320,894	322,161	115.29%	319,257	369,965	115.9%

O4 - Participants over 50 years of age	CoR	Whole Programme Target	Committed	% achieved of overall target	Committed to Q1 23	Actual to Q1 23	% achieved to Q1 23
M		265,392	236,749	112.67%	247,456	299,029	120.8%
T		74,713	87,535	134.78%	73,834	100,701	136.4%
L		10,154	11,897	107.44%	10,747	10,909	101.5%
Total		350,259	336,181	117.24%	332,037	410,639	123.7%

ESF-CO16 - Participants with disabilities	CoR	Whole Programme Target	Committed	% achieved of overall target	Committed to Q1 23	Actual to Q1 23	% achieved to Q1 23
M		290,379	286,487	117.69%	310,122	341,751	110.2%
T		80,023	106,539	165.53%	95,612	132,463	138.5%
L		12,473	13,381	101.37%	12,099	12,643	104.5%
Total		382,875	406,407	127.16%	417,833	486,857	116.5%

YEI-O12 - Participants with disabilities	CoR	Whole Programme Target	Committed	% achieved of overall target	Committed to Q1 23	Actual to Q1 23	% achieved to Q1 23
M			10,269		11,965	12,417	103.8%
T			8,029		11,380	11,703	102.8%
L							
Total		24,310	18,298	99.22%	23,345	24,120	103.3%

YEI-O9 - Unemployed participants (YEI)	CoR	Whole Programme Target	Committed	% achieved of overall target	Committed to Q1 23	Actual to Q1 23	% achieved to Q1 23
M			37,553		41,448	36,029	86.9%
T			33,881		43,705	43,303	99.1%
L							
Total		81,650	71,434	0.00%	85,153	79,332	93.2%

YEI-O10 - Long-term unemployed participants (YEI)	CoR	Whole Programme Target	Committed	% achieved of overall target	Committed to Q1 23	Actual to Q1 23	% achieved to Q1 23
M			14,355		15,215	15,424	101.4%
T			15,233		18,362	16,729	91.1%
L							
Total		28,830	29,588	111.53%	33,577	32,153	95.8%

YEI-O11 - Inactive participants not in education or training (YEI)	CoR	Whole Programme Target	Committed	% achieved of overall target	Committed to Q1 23	Actual to Q1 23	% achieved to Q1 23
M			14,526		18,903	17,789	94.1%
T			14,921		15,476	13,313	86.0%
L							
Total		28,830	29,447	0.00%	34,379	31,102	90.5%