

**2014-20 EUROPEAN STRUCTURAL AND INVESTMENT FUNDS GROWTH PROGRAMME FOR ENGLAND**

**WORCESTERSHIRE ESIF SUB-COMMITTEE**

<b>Marking:</b>	<b>Restricted Distribution.</b> ESIF Committee members and Consultee Partners only. Not for publication.
<b>Subject:</b>	<b>European Social Fund: National Overview and Local Update</b>
<b>Purpose:</b>	
This paper provides the Sub Committee with an update on the Managing Authority's (MA) progress of the programme so far at a National and local level.	
<b>Recommendations:</b>	
The paper is for information only	
<b>Summary:</b>	
National ESF Programme Update Uprate to LEP Area Allocation CFO position LEP Area Management Information Open Call and Application Update	

## **1. National ESF Programme Update**

The ESF data, used in the National ESF Programme Update, was frozen at 30 April 2018. The Managing Authority (MA) freezes its data on a monthly basis, to enable us to have time to analyse the data and ensure its accuracy.

All data provided in this section of the update uses the exchange rate of €0.877 (May 18) unless otherwise stated.

- (i) Current ESF commitment is at £1.418bn which equates to 47% of total programme allocation.
- (ii) There are 136 Direct Bid projects with commitments totalling £345m and 162 MOUs for the National CFOs valued at £1.073bn.
- (iii) There are 32 Outline Applications undergoing assessment with the total value of £41m (PA1 £18.4m, PA2 22.5m) and 64 Full applications in appraisal, these total £229m (PA1 £75m, PA £154m), an increase of £133m since the last report.

- (iv) As of 28 August 2018 there are 23 lives calls with closing dates ranging from Sept to November 2018.
- (v) Many LEP areas withdrew their calls in the light of the ESFA Phase 2 announcement. A new timetable has been prepared, for the period August 2018 – April 2019. This contains 85 calls, totalling £168.4 million (ESF). However, some LEPs still have calls on hold for the moment and, even though new calls have been added to the timetable, it is likely that the number and value of calls will change further over the coming weeks, as these changes are being notified daily. Once the mid-term Operational Programme (OP) review is signed off in the autumn we will be engaging with LEP areas to ascertain their spending plans up to the end of the programme.

## 2. Overall Progress - Performance Framework & Spend Targets

Committed expenditure across all Categories of Region (CORs) shows sufficient levels to meet the 2018 Performance Reserve, the actual data based on claims received indicates that the target is in danger of not being met. The Managing Authority has set up a group specifically to monitor the Performance Reserve and N+3 targets.

### N+3

Current commitments indicate that we are on target to meet the N+3 2018 spend target, however this is based on the assumption that projects will submit timeous claims in line with profiles, which is not currently the case. MA Contract Managers are undertaking robust Performance Management meetings with their projects to discuss the action required to increase their levels of activity in line with profiles and forecasts and submit claims each quarter by the deadlines required.

## Overall Progress – Outputs and Results

### Outputs

- Committed outputs at 46% (previously 44%), compared to committed expenditure of 47% (previously 45%) is strong. Therefore overall committed **output** data suggests that 46% of the final target will be achieved with current live projects;
- Nationally the strongest commitment is in PA1 with committed outputs at 63% of final target against 62% of the funds being committed (an increase of 4%). Whilst the funding commitment for PA 2 is 26% (a decrease of 1%) of the final target against 22% of the funds being committed;
- Nationally, 1 out of 17 sub-groups appear to have low level of commitment compared to committed spend (that is, the percentage of outputs is more than 10% lower than the percentage of committed spend for that IP or sub category). The recent increases highlighted below are as a result of the MA responsiveness to gaps in performance by targeting and prioritising calls to increase performance.

## **Actual Claim data**

The latest verified actual results indicate that:

84,238 participants have started the programme;  
3,932 unemployed participants started a job or self-employment,  
7,803 inactive participants found a job or were actively looking, on leaving;  
2,859 achieved basic skills;  
1,516 unemployed participants and 1,358 inactive participants received an offer of employment, continued education, apprenticeship or training on leaving.

## **Results**

Nationally, most sub groups are performing well against their targets (exceeding or within 5% of target);  
IP1.4 is the main concern in the both the 'inactive participants into employment or job search upon leaving' and 'in education or training on leaving' sub groups are more than 6% below target.

## **Update - Compliance**

The Government Internal Audit Agency (GIAA) error rate for the Programme stands at 0.093%, and the total value for irregularities identified by the AA for the programme is £6,263.17. This was based on sampling of Direct Bids only for the financial year to June 2017.

During the last quarter (Jan-Mar18) 32 on the spot visits and 26 desk based evidence checks were carried out as part of the A125 activity. Sampling to the value of £9,194,763.72 of actual expenditure was checked and irregularities found totalling £8,929.56.

## **3. Uprating of LEP Area Notional Allocations**

As discussed with the GPB, the sterling value of the ERDF and ESF notional allocations are being uprated to reflect recent and forward sterling/euro exchange rates. For ESF, the revised rate of the programme and subsequent LEP Area notional allocations will be €1=£0.87. The recent letter from Catherine Blair which was been sent to local ESIF Sub-Committees confirmed the new rate along with the ESF MA rationale for the revised rate.

## **4. The CFO Position**

Below is a high level update on CFO overall claims to date:

- i. **HMPPS (formerly NOMS) Q1 2018 Claim** to the value of £3,481,754.31ESF has now been processed. Monthly Performance Monitoring kits are taking place as ongoing discussions to drive

performance. Recent PCR approved to increase MOU total value by £122,720,134 to £370,164,578. Their Q2 claim will be approximately £134M and is expected imminently.

- ii. **DWP** Q1 2018 Claims to the value of £7,052,413.12 have now been processed. A second formal Performance Management meeting took place in April. Monthly Performance Monitoring kits are taking place as ongoing discussions to drive performance. DWP are commencing project change requests to extend existing contracts for their Cohort 1, 2 and 3 projects.
- iii. **BLF** Q1 2018 claims to the value of £7,662,756.04 ESF have now been processed. Monthly Performance Monitoring kits are taking place which are centred around the underspend and how BLF are progressing this with projects. Claims are now moving closer to forecast – their last claim received was 83% against forecast and for Q2 claims the expectation is to hit 92% against forecast.
- iv. **ESFA** Q1 2018 Claims to the value of £49,998,280.17 have been received and are currently being processed. Monthly Performance Monitoring kits are taking place as ongoing discussions to drive performance. ESFA have launched their 2nd phase offer and began procurement activity in August 2018 to extend existing contracts and commence some additional activity in a few areas that have not had previous CFO activity. Phase 2 activity represents an increase of approx. £339m. The Managing Authority has agreed to allow the submission of nil claims in Q2 so that further spend can be included in an early Q3 claim. The forecast value of the early Q3 claim currently stands at just over £224M.

## **5. LEP Area Call and Progress Narrative (Management Information)**

See attached MI document

MI product details current performance against N + 3 and Performance Framework targets, as well as current Spend

- (i) An exchange rate of **0.78** has been used
- (ii) Data is correct as of August 2018
- (iii) There is no change to MI data since the last report. Overall commitment still stands at 36%
- (iv) The Performance Framework table figures include 50% match funds as match is counted for both finances and participants

## **6. Open Calls**

There are currently no live ESF calls for the LEP Area.

**Tim George**  
**ESF Managing Authority 10<sup>th</sup> of September 2018**