

## **ERDF/ESF - PROPOSAL FOR PROGRAMME REVIEW**

### **Decision required:**

1. JPMC is invited to consider and agree the outline specification for the review of the ERDF and ESF Programmes.

### **Purpose**

2. To propose an early review of ERDF and ESF, triggered by the EU referendum decision and the UK Treasury Guarantee on EU funding after the UK exits the EU in order to make informed decisions to manage and commit the Programmes.

### **Background and Rationale**

3. Article 21 of the General Regulation 1303/2013 requires a formal performance review of each Programme in 2019. This is based on an assessment of data available up to the end of 2018 and examines the achievement of the Performance Framework milestones. The ERDF and ESF Programmes were initially implemented on the basis of committing c50% of the funding in a first phase and undertaking a Mid-Term review in 2018 to enable decision-making on the remaining allocations.
4. Whilst it is unclear what impact EU referendum decision will have on the formal performance review and its timing, it is evident that it is no longer appropriate to wait until 2018 to undertake the anticipated "Mid-Term" review. This work needs to progress sooner to maximise commitments in sufficient time i.e. by March 2019 and facilitate stakeholder planning before exit from the EU.
5. The Review is intended to encompass ERDF and ESF only given the different nature of delivery and programme structure for the EAFRD and EMFF. However there will be the opportunity to consider areas where alignment was expected between the programmes and where the funds more directly combine to meet common aims within the Partnership Agreement for Scotland.
6. It is important to note the context within which this review is being undertaken. It will be too early to draw concrete conclusions on the performance of the investments made to date given the later start. The review will therefore have to consider wider evidence to provide a rational framework on which to make decisions on remaining allocations and most effectively fully commit the two Programmes. Finally, any amendments to the Programmes and any new commitments following the review would require to be compliant with EU regulations.

### **Review Process and Content**

7. A Review Steering Group is recommended comprising the Managing Authority, Scottish Government policy officers and wider stakeholders (including lead partners). The Group would consider the outcomes of the analytical work, the consultation and responses and make recommendations to the JPMC. It is anticipated that the Steering Group would meet approximately 4 times within the review period.

### ***Analysis***

8. The 'ESIF programmes performance against the partnership agreement' report (agenda item No.2) for the JPMC highlights issues evident from preliminary analytical work: key changes in the economic and policy context, commitment issues and variable levels of progress. It is important to expand this analysis and provide a more detailed picture of the operational context and progress:
  - Updated socio-economic analysis - especially the baselines used for the initial Programme development
  - Policy refresh - including changes since programme development e.g. new welfare powers, enterprise and skills review, community empowerment
  - Updated financial and performance data - it is anticipated that further data will be available during the first quarter of 2017 when claims are made and this will be supplemented by qualitative information gathered from lead partners in recognition of the variable start dates and progress of interventions
  - Delivery and compliance performance
  
9. Conclusions will be drawn from the analytical work and provide the basis of consultation. Important areas will include:
  - The approved strategic framework (considering the current policy and socio-economic context) - objectives / priorities / allocations / targets
  - Commitment, expenditure and target progress
  - Current/anticipated progress v programme ambitions
  - New policy areas with potential which could be considered/accommodated
  - Options for remaining allocations
  - Delivery mechanisms
  - Match funding issues

### ***Consultation***

10. Whilst there will be a more formal consultation following the conclusions of the analytical work, an on-going dialogue will be established from the start of the review and fully involve stakeholders including:
  - Programme Committees/Groups
  - Lead Partners
  - SG and wider Policy contacts
  - Delivery organisations
  - Wider stakeholders
  
11. An online presence will be established for the review to share information and encourage this dialogue.

### ***Timetable***

12. It is expected that the review will conclude by early Autumn 2017 .
  
13. It is recommended that the Steering Group is established quickly to set the tone and direction of the Review and aid early commencement of the analytical work.

***Final Outcome***

- 14. The Review needs to culminate in a clear set out conclusions and recommendations for the JPMC covering:**
- a) **Programme priorities**
  - b) **Delivery and governance**
  - c) **Options** for remaining programme allocations. This would encompass any proposals for changing the balance in allocations between priorities (within the permitted scope of the regulations). With no intention of predicting the outcome of analysis and consultation work, the following options have already emerged:
    - ⇒ Continue current approved strategic interventions to end of the Programmes (extending time and funding)
    - ⇒ Refine and consolidate current strategic interventions to the end of the Programmes but adapt to changes in policy/socio-economic context
    - ⇒ Consider new interventions to plug perceived gaps

JPMC Secretariat  
**30 November 2016**