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### **Letter from Head of ESF to LEP area ESI Funds Sub-committee members**

Dear colleagues,

As we approach the end of the year I am writing to update you on the progress of the England ESF programme and our priorities as we move into 2018.

Firstly though, I want to say a wholehearted thank you for your on-going commitment and support in helping us deliver an ESF programme focused on meeting local needs. As ever, there have been challenges, and your enthusiasm and willingness to work with us and others to address them and achieve results that change people's lives for the better is much appreciated.

In terms of programme achievements to date I am pleased to report that as at 31 October, our current ESF commitment has increased to £1.4bn, 47% of the total programme allocation. There are 162 Direct Bid Funding Agreements totalling £355m and 146 CFOs MOUs valued at £1.045bn. In addition, ESF Funding Agreements for Technical Assistance are valued at £21.6m. There are a number of live calls running in PA1 and PA2, the latest ending in mid-February 2018.

Some ESF priorities for early 2018 are set out below.

We continue to work hard to finalise the staged roll out of ECLAIMS to ESF Grant Recipients for Quarter 4 2017/Quarter 1 2018 claims. This will improve the process for projects and our capacity to make payments. In preparation we are concentrating on progressing outstanding claims and the activities required to enable Grant Recipients to access and be registered on ECLAIMS.



We continue to work with our Co-financing Organisations. The ESFA should now be talking to the local ESIF committees about the plans for extending contracts, where appropriate, to take account of the fact that the Adult Education Budget will not now be devolved until April 19. Please do get in touch with your local ESFA contact if this is not happening in your area.

We will continue to work with DWP and the Big Lottery Fund about their plans for the second half of the Programme, although at a slightly slower pace than ESFA's extensions, as their current activity still has at least 18 months to run.

We have received a high volume of applications from our recent calls and our appraisal team are continuing to process these as quickly as possible.

Following a number of developments, we expect to complete the second stage of our ESF Operational Programme Review early in 2018.

In support of our on-going commitment to ensure all future calls deliver maximum value locally and fully support our OP priorities we expect to continue our rolling programme of call development from February 2018. Priority will be given to LEPs with low committed expenditure (below 40%), and calls that prioritise PA2 and under-committed sub-groups.

I also need to update you on decommitment rules and some changes within the Investment Priority 1.3. Youth Employment Initiative (YEI) strand of our ESF Programme which will feed through into the proposed revised Operational Programme.

The European Commission has notified all Member States of changes in the application of the decommitment principles. The European Commission will now first assess the decommitment risk at programme level (rather than at category of region and fund level). As such, if some categories of regions or funds are underperforming on N+3 targets, this may not result in decommitment as long as others are overperforming and thereby compensating for this at programme level.

If however a decommitment risk was identified at programme level, the actual decommitment would be applied to the category of region or fund that underperformed.

With regard to eligibility of actions under the YEI, crucially for the England ESF Operational Programme, we have confirmed that YEI funding can continue to be spent beyond 2018 and by 2023, as the regulations do not set out specific rules on the end of eligibility for the YEI. However, the programme should still ensure that N+3 targets are met as set out in the paragraphs above.

This means that we have scope to review and revise our YEI use in eligible areas, whilst recognising that the intention was to front-load investment in young people.

In early 2018 ESF Contract Managers will be in contact with organisations in receipt of ESF and YEI funding about the potential scope for projects to extend current Agreements beyond summer 2018; and the circumstances and conditions for this, for example in



relation to performance and the availability of match funding, as well as subject to overall programme performance. To ensure equal treatment, we will also explore with local partners the scope to potentially launch further Calls for YEI applications in 2018.

These are welcome developments and create further opportunities for YEI and ESF funding to support young people in areas where they have had difficulty gaining skills and moving towards and into jobs.

Finally, please accept my best wishes for Christmas and the New Year. We look forward to working closely with you and local partners in 2018.

Yours sincerely,

A handwritten signature in black ink that reads "Catherine Blair". The signature is written in a cursive style with a large, stylized 'C' and 'B'.

Dr. Catherine Blair

**Head of European Social Fund Division**