

WEST MIDLANDS ERDF LOCAL MANAGEMENT SUB COMMITTEE 2007-13

Wednesday 11 January 2012

Item 2: Programme Performance

Objective(s)

- i To report on the status of the Programme.

Recommendation(s)

- i **LMC Sub Committee note that the N+2 target for 2011 was met**

1. Background

- 1.1 The attached management information report has been produced to assist the LMC Sub committee to review the performance of the programme against programme targets.
- 1.2 The ERDF Programme has an allocation of €400m which is available to spend until 2015 and shared between five thematic Priority Axes. The priority level allocations are agreed with the Commission. The N+2 target is the minimum cumulative spend which must be achieved across the programme at December each year. Failure to meet the N+2 target results in auto-decommitment of the deficit from the programme. A menu of quantified outputs and results has also been agreed with the Commission to measure the impact of the activity funded, and these are also used to track the performance of the programme in achieving its set objectives.
- 1.3 In December, a revised operational programme was submitted to the Commission for approval. This included some minor modifications to the output and results targets and the priority level financial allocations. A Commission decision is anticipated by early March 2012.
- 1.4 The attached management information report was produced on 19 December 2011. It was compiled using the revised financial and output and results targets as communicated to the Commission in the revised Operational Programme.

2. Headline Data

- 2.1 The following table sets out the headline data. More detailed information is set out in the detailed management information report attached at Annex 1.

Data	Current (19 December 2011)	Variance from last report (November 2011)
Programme Value in sterling	£345,059,894	+£25,699
Actual Grant spent to date	£84,643,262	+£3,836,831
Value committed or pending contract	£214,016,558	+£17,829,629
Total balance remaining (Programme value minus commitments, approvals and pipeline)	£14,669,453	+£16,459,895

3. Key Messages

- 3.1 The N+2 target for 2011 was £86.5M. Declared expenditure was £91M, so the N+2 target was met with a headroom of £4M.¹
- 3.2 Priority 2 is no longer over-programmed. This is the result of a combination of factors: i) the Priority 2 projects selected under the June 2011 bidding round were asked to reduce the value requested in order to manage down the over-programming. Project applicants and project sponsors have been working to find efficiencies which have translated into budget reductions; ii) following the revision to the financial tables, the value of Priority 2 allocation has increased by €7.2M to take account of the associated budget from the projects vired from Priority 3. An invitation to the Manufacturing Advisory Service and the Business Coaching for Growth service to apply for ERDF from Priority 2 to expand these services in the West Midlands would take up the remaining balance. This is covered under Item 5.
- 3.3 The N+2 target for 2012 is currently £143.23M. An additional £52.16M of declared expenditure will be required to achieve it. This represents an average rate of £4.35M per month. As a comparison, in 2011 our average monthly rate was £4.14M, so an increase in our rate of spend will be required to achieve this year's target.

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Date: November 2011

¹ Performance against the N+2 Target is measured by applying the programme contribution rate (50%) to the total expenditure declared to the Commission at the end of each year and adding this to the programme advance (£24M). This is different to the amount paid out to projects.