

ESF AND ERDF PROGRAMME PERFORMANCE AGAINST THE OPERATIONAL PROGRAMMES

PURPOSE OF PAPER

1. This paper assesses the progress of the ESF and ERDF programmes in Scotland in delivering against the objectives and goals set out in the Operational Programmes. Alongside updates from JPMC members, it is intended to support open discussion on the direction of those programmes and whether that direction remains relevant in light of current performance, and changes to socio-economic context.

DECISIONS REQUIRED

2. The JPMC is invited to
- Make observations on progress against Operational Programmes' goals and objectives
 - Consider how the reported progress and issues impact on future planning

STRUCTURE AND METHOD

3. The paper draws on macro-indicator analysis, on programme level monitoring information such as monitoring of commitments and targets, and on extensive dialogue with Lead Partners and scheme leads to capture up-to-date delivery information. It is split into sections:

- Section 1 outlines the financial commitments and expenditure to date.
- Section 2 gives detailed analysis and commentary against the delivery of each programme, and sets out the prospects for each area delivering against the Operational Programme.
- Annexes A to G provide the current position against programme outputs and results, the 2018 N+3 target and the Performance Framework targets for 2018.

EXECUTIVE SUMMARY

4. Delivery of the European Social Fund (ESF) and European Regional Development Fund (ERDF) programmes have continued to be delivered against the respective Operational Programmes. There have been no significant changes to the programmes and the changes agreed during 2017 have continued to be rolled out.

5. At the start of the year, the Managing Authority (MA) was informed of the interruption of the payments by the European Commission (EC). Since the last meeting, interruption of the ERDF claims for €26.9m was lifted in early July and has now been paid to the Scottish Government. The interruption to the payment of the ESF claim for €24.7m remains in place. An audit carried out by an EC audit team over two weeks in July is expected to report shortly on whether to lift the interruption. MA officials are in regular contact with officials in the EC and are confident that the interruption will be lifted and the claim paid shortly.

6. In February, the MA launched a call for new applications and extensions to previously approved Strategic Interventions (SIs) and Operations. This was originally intended to be completed before the UK leaves to EU, to ensure that all activity would be covered by the guarantee issued by UK Government in the event of the Withdrawal Agreement not being agreed. Since then, the guarantee has been extended to cover projects to 2020. Extensions and new operations have continued to be considered and approved – to date, £449 million has been approved – however the timetable has been relaxed to continue to consider proposals into the new year as these would continue to be assured of funding to the end of the programmes.

7. At the end of this year, the programmes will be judged against both the N+3 expenditure target as at the end of 2017 and the Performance Framework. Performance Framework is a series of physical and financial targets to be delivered by 2018 and 2023, and the Performance Reserve is over €50 million of the ESF and ERDF grant allocation which is held back and can only be accessed if sufficient progress has been made towards the 2018 Performance Framework targets.

8. If there is not sufficient progress, each priority, at programme area level (i.e. H&I or Rest of Scotland), could lose the Performance Reserve outlined in the Operational Programmes, with this money potentially being lost to that priority and reallocated to more successful areas if the targets are not met. Progress is continuing to be monitored and the MA is working closely with Lead Partners to maximise the expenditure and activity reported but there is a significant risk in a number of areas that these targets may not be met.

9. The MA is working to support Lead Partners to deliver projects and submit claims. Through the year, there has been some improvement in the quality of evidence provided, but there remain some concerns that evidence is not being provided timeously or fully. The MA has met with Lead Partners across the programmes, continued the increased communications activity started last year and taken action to respond to questions raised by Lead Partners and clarify the requirements of any issues which are limiting the submission of claims.

10. Alongside this, the MA has recruited a number of addition staff in Portfolio and Compliance Manager and Officer roles, with new staff in all three offices – Glasgow, Inverness and Stornoway, added a new role of System Manager to support the EUMIS IT system and is preparing to carry out a review of the processes associated with the Management and Control System.

Decisions Required

The JPMC is invited to

- Make observations on progress against Operational Programmes' goals and objectives
- Consider how the reported progress and issues impact on future planning

JPMC Secretariat
1 November 2018

SECTION 1: FINANCIAL PROGRESS

1a. European Regional Development Fund

(at 30 September 2018)

	Programme value (€)	Committed (€)¹	% of Programme Committed	Paid Claims (€)	% of Programme Claimed
Highlands and Islands	111,288,785	72,781,992	65%	2,782,119	2%
Rest of Scotland	364,282,588	231,648,956	64%	24,735,585	7%
Total	475,571,373	304,430,948	64%	27,517,704	6%

1b. European Social Fund

(at 30 September 2018)

	Programme value (€)	Committed (€)	% of Programme Committed	Paid Claims (€)	% of Programme Claimed
Highlands and Islands	80,161,624	28,422,092	35%	3,076,440	4%
Rest of Scotland	365,253,897	167,776,213	46%	29,074,221	8%
Total	445,415,521.	196,198,305	44%	32,150,661	7%

¹ At September 2018 Exchange Rate: €1:£0.8975800

SECTION 2: PERFORMANCE IN DETAIL

2a. European Regional Development Fund

Progress to Date

Across the ERDF programme, Lead Partners have been very cautious in terms of submitting claims due to their lack of experience in submitting evidence of achievements which is a new feature in the 2014-20 compliance regime. Lead Partners have tended to put in smaller claims where they are confident that they can evidence both costs and activity, however larger value claims should be submitted now that the compliance requirements are better understood. The Managing Authority has been working closely with Lead Partners to ensure that they can meet the compliance requirements and to try and speed up the submission of larger value claims.

ERDF Priority 1: Strengthening research, technological development and innovation

11. Progress to date has been slow both in terms of commitments and payments. £48.6m ERDF grant has been committed to date to approved operations which falls short of the expected level of commitments at this stage due to the lack of operations submitted by Scottish Funding Council. In particular, a new Advanced Manufacturing Challenge Fund will be submitted by Scottish Enterprise to support the Scottish Government commitment in the Programme for Government. Scottish Enterprise are also planning other innovation applications to absorb their Phase 1 Strategic Intervention approval. £5.9m ERDF grant has been paid out which at this stage of the Programme is much lower than expected.

ERDF Priority 2: Enhancing access to, and use and quality of, information and communication technologies

12. Progress on the mobile infill work has continued and the contract for the installation of the additional mobile masts was signed over the summer. Whilst there will be limited costs incurred and claimed during 2018, significant spend is expected during 2019.

13. The superfast broadband connection element was originally intended to support rollout of fibre broadband, however Scottish Government is supporting this through national funding and the MA are working with colleagues in Scottish Governments Digital Directorate and Scottish Futures Trust to identify alternative activity, particularly targeting benefits that could be realised in some of the more remote and rural areas of the region.

ERDF Priority 3: Enhancing the competitiveness of small & medium sized enterprises

14. There has been good progress with commitments to date with £98m committed to approved operations. This includes an additional award of £30m to the SME Holding Fund due to an increase in demand for investment finance for SMEs.

Discussions with Lead Partners to date have not indicated a huge demand for funds in Phase 2 but the Managing Authority will continue to monitor the pace of commitments. To date £10.9m has been paid out but discussions with Lead Partners have shown that there are further claims in the pipeline. In particular the SME Holding Fund should be able to submit some substantial claims which could be included in the December 2018 declaration.

ERDF Priorities 4 (Supporting the shift towards a low carbon economy in all sectors) and 5 (Preserving and protecting the environment and promoting resource efficiency)

15. There has been good progress in terms of commitments with SI approvals totalling £136 million, however operation approvals (£98m) are behind this pace, in particular under priority 4.

16. Phase 1 allocations for challenge fund projects have largely been committed by Lead Partners but there remain some issues, in particular in the Highlands and Islands region. These operations have continued to show slow progress in terms of the value of eligible costs claimed, however significant progress has been profiled for 2019 both in terms of costs incurred and projects completed.

17. Zero Waste Scotland's rate of delivery for Phase 1 has been slower than anticipated, but has built some momentum. The existing ERDF grant allocation will be sufficient to also support the remainder of the programme, and applications for Phase 2 are expected over the next three months.

18. The natural and cultural heritage assets activity is beginning of the Highlands & Islands region. The Lead Partner is Scottish Natural Heritage and the activity will be delivered through a challenge fund. Scottish Natural Heritage are currently delivering a programme of stakeholder engagement activity to ensure the Fund is effectively promoted and a good range of projects are submitted.

Transition Region

19. Under both the SME Holding Fund and the challenge funds operated by Scottish Natural Heritage, Transport Scotland and Zero Waste Scotland, there remain concerns about the level of delivery in the H&I region. Transport Scotland have seen some progress in making awards following the increase in intervention rates, however both the Low Carbon Infrastructure Transition Programme (LCITP) and SNH's Green Infrastructure operations have significantly lower levels of commitment in the region.

20. Under LCITP, support in the H&I area is being provided to a number of organisations, however this is at the development support stage where less funding is provided. Projects are expected to progress to the capital grant stages, with more significant grant awards, under the Phase 2 timescales, currently to the end of 2021.

21. SNH have been engaging with a number of potential projects in H&I area and expect to have applications submitted to their current round which will allocate the

full value of ERDF grant in H&I - the current application round closes on 28 January 2019.

22. Additional marketing activities have been carried out by the delivery agents for the SME Holding Fund, but the lead partner has indicated that full spend will be delivered.

Prospects of meeting Operational Programme Objectives

ERDF Priority 1: Strengthening research, technological development and innovation

23. Based on claims submissions to date the current prospects for meeting N+3 Performance Framework expenditure targets for this Priority are not very encouraging. For the transition region based on paid claims we are only 36.9% towards meeting the N+3 target. In the more developed region there is slightly better performance (48.6%). Even taking into account submitted claims this does not significantly improve the prospects of meeting N+3. The MA is in discussion with Lead Partners and substantial claims are expected to be submitted soon which should improve the situation.

24. In terms of the Performance Framework there is also a similar position with regard to this priority. Outputs are lagging behind the expected position. Based on approved operations some of the output indicators should have been achieved by this stage of the Programme, however reports to date are showing low levels of achievement. For example, the output indicator: 'Enterprises receiving support to introduce new to the firm or new to the market products' was expected to have been achieved by 145% in Transition region and 205% in More Developed region, based on 60% of the target being achieved and reported by the end of 2018; the achievement to date for these indicators are 2% and 28% respectively. The MA is currently working with Lead Partners to ensure that they are recording the achievement of output indicators as soon as possible to ensure that progress reporting towards Performance Framework targets is accurate.

ERDF Priority 2: Enhancing access to, and use and quality of, information and communication technologies

25. Financial progress under this priority has been very limited and no claims have been paid to date, however the Performance Framework implementation target relates to contracts being let and has now been achieved.

ERDF Priority 3: Enhancing the competitiveness of small & medium sized enterprises

26. For the Transition area the prospect of meeting N+3 is not very encouraging i.e. based on claims paid to date we are only 30.1% towards meeting the target, taking into account pending claims this raises the performance to 32.9%. To date, Lead Partners have reported 6% of the output indicator for the Performance Framework.

27. For the More Developed region the picture is more promising at 68.6% towards meeting the N+3 target and 77.9% including pending claims. The priority has met the output indicator for the Performance Framework.

28. The MA will continue to work closely with Lead Partners to encourage the submission of high value claims and has outlined the importance of the Performance Framework targets to Lead Partners and is working with them to try and ensure that accurate performance information is recorded on EUMIS.

ERDF Priority 4: Supporting the shift towards a low carbon economy in all sectors

29. Whilst progress to date is currently well below financial targets – with submitted claims totalling just over 26% in both areas – Lead Partners have indicated that further claims will be submitted during late October and early November, this is expected to see eligible costs claimed in the region of £20 million. The majority of these costs relate to awards made under Grant Schemes and submission of claims will be timed to capture as high a value of eligible costs as possible.

30. The financial Performance Framework targets will again be challenging and likely not met, however Transport implementation step targets have been met and the Managing Authority are working with Lead Partners to ensure these are fully reported.

ERDF Priority 5: Preserving and protecting the environment and promoting resource efficiency

31. As in other Priorities, reporting of expenditure and activity has been slower than originally expected. Expenditure to date is over 50% of the expenditure targets, but this is not expected to increase sufficiently to meet financial targets for 2018.

32. Challenge funds represent a reasonable proportion of approved costs within this Priority, whilst challenge fund projects have been approved in the LUPS area, awards are yet to be made in Highlands & Islands. Costs under the challenge funds have been reported, but are not at the level that would have provided comfort in terms of financial targets.

33. The targets for projects supported in both areas have been met and reported, the implementation targets have now been met, but not reported.

Upcoming Risks and Actions

ERDF Priority 1: Strengthening research, technological development and innovation

34. As commitment levels are currently low for this priority there is a risk that the full commitment will not be achieved. However, the Advanced Manufacturing Challenge Fund application which is expected to be submitted soon should take up a substantial proportion of the remaining funds once the application has successfully

completed the approval processes. In addition, further SE innovation applications are expected and these should again be of a significant value to ensure maximum take up. Discussions are still ongoing with the Scottish Funding Council, however if an application is submitted this is not expected to be of a high value.

ERDF Priority 2: Enhancing access to, and use and quality of, information and communication technologies

35. In terms of the mobile infill activity, as the contract is now let and underway the risks associated with this work are relatively low. Work is ongoing to develop alternative activity to absorb the grant originally allocated to the fibre broadband rollout; there are risks around timescale for finalising proposals and in sourcing match funding at an appropriate level. Current aspirations are to put forward a proposal that will draw down the full Priority 2 ERDF allocation.

ERDF Priority 3: Enhancing the competitiveness of small & medium sized enterprises

36. Commitment levels are not as much of a risk under this priority due to the further commitment to the SME Holding Fund. The MA are working closely with Lead Partners to establish demand for Phase 2 funds. Other risks are that Lead Partners do not meet the compliance requirements for evidencing achievements. However, as noted above substantial work has been completed with Lead Partners to assist them in understanding the requirements so this should lessen the risk.

ERDF Priority 4: Supporting the shift towards a low carbon economy in all sectors

37. Commitment levels under this Priority carry an uncertainty as operation applications have not yet been finalised and Zero Waste Scotland may not require additional funding. The Low Carbon Infrastructure Transition Programme has already submitted a Strategic Intervention extension request including additional ERDF grant and projecting that the SI will complete by the end of 2021; this gives some potential to absorb additional funds if required.

38. Match funding in Highlands & Islands remains a challenge. The increased intervention rate now available has already been seen a number of challenge fund projects approved in the Highlands & Islands during 2018.

ERDF Priority 5: Preserving and protecting the environment and promoting resource efficiency

39. A significant proportion of activity within this Priority is delivered through grant schemes and challenge funds, relying on third parties to deliver activity and claim spend in line with approved profiles. 2018 has seen a large number of projects reporting delays in starting or slippage during implementation and this has had a notable impact on financial performance.

40. As more challenge fund projects have now begun work on the ground, and further challenge fund rounds due to be completed during early 2019, the reliance on

a smaller number of projects delivering will reduce. The Managing Authority will continue to work closely with Lead Partners to ensure progress is tracked closely and any slippage or delays are reported early so that the potential impact is better understood.

41. Match funding in Highlands & Islands remains a challenge. The increased intervention rate now available has already been seen a number of challenge fund projects approved in the Highlands & Islands during 2018.

2b. European Social Fund

Progress to Date

42. Under Priorities 1 and 2, progress has been mixed. Commitments remain in line with anticipated levels and the corresponding outputs and results reported in approved operations represent good progress against programme targets.

43. The Managing Authority continues to receive and progress claims but the reported progress varies across the two priorities. Under priority 1 'Supporting Sustainable and Quality Employment and Labour Market Mobility', expenditure has reached the minimum (65%) 2018 Performance Framework milestone across both categories of region and the More Developed region has fully met the target. Only one output has not yet reached the 65% threshold in the Transition region however the MA is confident this will be achieved.

44. The 'Promoting social inclusion, combating poverty and any discrimination' priority axis is performing less well with reported expenditure being very low. This is a new activity with many partners not getting operational until late in 2017, which has resulted in the delay to get a full service up and running. This coupled with targeting and compliance issues has resulted in the under-performance of the priority.

45. Commitments under priority 3 'Investing in education, training and vocational training for skills and lifelong learning' are significantly lower than expected at this stage in the Programme with £27.6m committed to approved operations, despite Strategic Interventions having been approved for the remainder of the programme. It is also expected that Programme for Government commitment of £12m will also be funded through this priority as an additional award to SDS subject to successful completion of application approval processes. Payment of claims has recently increased with just over £5m ESF grant paid to date. There has been some eligibility and audit trail problems experienced in early claims submissions and the MA has worked closely with the Lead Partners to ensure that compliance requirements are understood.

46. Early commitments under priority 4 'Promoting Sustainable and quality employment and supporting labour market mobility (YEI)' priority were good, however a number of the Lead Partners have since reported under-spends leading to decommitment of funds. Current commitment is £48.9m and as YEI had to be committed by 31 December 2015, there are no opportunities for further approvals under this Priority. The reason for the substantial underspends are related to the changing youth employment situation for SW Scotland as this has improved substantially since the area qualified for YEI in 2012. The individuals who remain unemployed have complex needs and require more intensive support to take up employment opportunities which is not available under YEI, as this was designed for job-ready individuals who could quickly take up employment opportunities. To date £10.7m ESF grant has been paid. This may appear positive but as YEI ends in December 2018 claims are significantly behind the approved expenditure profiles.

47. The two programmes managed by Scottish Government – Growing the Social Economy and Empowered Community-led Inclusion – have run a number of

application calls, but the level of funds committed, spent and paid in H&I remains lower. Growing the Social Economy has been hit by a number of project withdrawals which has reduced the original awards made and a lack of awareness of the fund; Empowered Community-led Inclusion struggled with a lack of demand and the MA is now working with HIE and the lead partner to attempt to stimulate activity

48. National Third Sector Employability Fund has lower gaps between the funding awarded, paid and claimed. Prior to advertising Phase 2 SDS has committed to undertake further discussion with all local authorities which will include gathering statements to outline the scope of current ESF supported employability provision and any gaps that have been identified. The bidders will then have to provide a summary of their proposal for comment to each local authority in which they are delivering, and this will form part of the evaluation of bids.

Prospects of meeting Operational Programme Objectives

49. The MA continues to monitor progress against targets and has met with a number of Lead Partners to discuss issues with delivery during the first phase on the programme and explore ways of maximising commitment in the second half of the programme.

50. The MA is confident that Lead Partners will continue to meet the objectives of ESF Priority One and achieve the performance framework milestones.

51. As mentioned above, the MA recognise that the Poverty and Social Inclusion priority axis is performing less well across the More Developed and Transition regions. The Operational Programme objectives are very rigid with the results heavily focused around financial inclusion and debt management. While this is worthwhile activity, partners are informing the MA that this is not necessarily the participants' immediate need and partners are delivering a range of activities by taking an holistic approach to helping people out of poverty e.g. fuel poverty advice, health-based interventions, intensive barrier removal, etc.

52. There is a mixed picture for N+3 in priority 3 for the different regions. For the transition region, based on current claims paid to date progress is 33.6% towards the N+3 target. However, for the more developed area the target has actually been overachieved i.e. 117.6%. The MA is working with the Lead Partners to try to ensure that further substantial claims can be submitted as this will help the transition area targets and the overall ESF N+3 target achievement.

53. In terms of the Performance Framework, progress is significantly behind what was anticipated based on approved applications. The output indicator 'Total participants (employed, unemployed, inactive) with ISCED level 2 or below qualification' for the transition area should have been achieved by 128% by end December 2018 based on approved applications. However, performance to date indicates that the target has only been met by 8%. Also the output indicator 'Total participants with ISCED level 5 and above qualification' for the developed region should have been achieved by 85% based on approved applications. However reports to date show that this has only been achieved by 6%. Given the ambitions of

the Programme in terms of the achievement of higher level skills, it is important that performance in this area is significantly improved.

54. Based on claims paid to date for YEI it is unlikely that the N+3 target will be met. Currently we are 31.6% towards achieving the N+3 target. Even taking pending claims into account this only increases to 38.9% achievement. Clearly more substantive claims are required from Lead Partners even although a large payment has been made to Scottish Funding Council. Failure to meet the N+3 target for 2017 was largely due to low performance for YEI and this does not seem to have improved in 2018 claims submissions.

55. In terms of the progress towards the Performance Framework targets the situation is more positive for YEI. The target for the output indicator 'Participants aged 16-24 who are unemployed or NEET' is 46% achieved. In addition, the output indicator 'Participants aged 25-29 who are unemployed or NEET' is 39% achieved. Further claims are expected which should help to increase the achievement towards the targets.

Upcoming Risks and Actions

56. Audit and compliance issues continue to be the biggest risk to meeting N+3 and programme objectives. The MA intend to schedule regular portfolio meetings with Lead Partners to address compliance or performance issues early on and work to a satisfactory solution in order to achieve all objectives.

57. Concerns remain regarding under commitment in Poverty and Social Inclusion and the consequence flowing from this. The MA are in discussions with Lead Partners regarding the submission of new strategic interventions in order to absorb these monies.

58. The main risk for priority 3 is that the full level of commitments is not achieved. The MA is working closely with the Lead Partners to ensure that maximum commitment of the Priority can be achieved. Another risk is regarding the payment of claims which to date has been much slower than anticipated which has mainly affected the transition region.

59. As mentioned above priority 4 has been subject to a number of decommitments due to under spends notified by Lead Partners. This issue has been discussed at length with the Lead Partners as part of the Youth Employment Initiative Territorial Committee (YEITC) where Lead Partners were encouraged to provide early notification of under spends. The main risk for the Priority is that the YEI element of the grant cannot be reallocated and therefore this money will be lost to the Programme.

ANNEX A – ESF OUTPUTS²

8i - Access to employment for job seekers and inactive people, including the long term unemployed and people far from the labour market, also through local employment initiatives and support for labour mobility

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Unemployed and inactive participants with multiple barriers to employment	Transition	10,470	5,278	1,115
Employed participants with multiple barriers to progressing in the labour market	Transition	200	254	32
Unemployed and inactive participants with multiple barriers to employment	More developed	98,000	76,837	16,848
Employed participants with multiple barriers to progressing in the labour market	More developed	6,800	6,218	819

9i - Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Disadvantaged participants in workless, lone parent or low income households	Transition	5,678	3,502	669
Deprived or fragile communities supported	Transition	112	96	32
Disadvantaged participants in workless, lone parent or low income households	More developed	21,000	17,358	975

² Recorded through EUMIS, 30 Sept 2018

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Deprived or fragile communities supported	More developed	153	107	287

9v - Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)	Transition	90	25	5
No of supported projects which increase RTD capacity and investment in the social economy	Transition	4	2	0
No of collaborative projects supported between academic partners and social enterprises	Transition	4	4	2
Social innovation projects supported	Transition	28	7	5
number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)	More developed	358	95	30
No of supported projects which increase RTD capacity and investment in the social economy	More developed	20	8	0
No of collaborative projects supported between academic partners and social enterprises	More developed	20	16	16
Social innovation projects supported	More developed	40	28	26

10iv - Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work based learning systems, including dual learning systems and apprenticeship schemes

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Total participants (employed, unemployed, inactive) with ISCED level 2 or below qualification	Transition	2,290	2,927	197
Total participants (employed, unemployed, inactive) with ISCED level 3 or 4 qualifications	Transition	3,875	505	307
Total participants with ISCED level 5 and above qualification	Transition	1,015	112	31
employers offering vocational places	Transition	168	40	0
Total participants (employed, unemployed, inactive) with ISCED level 2 or below qualification	More developed	14,600	12,750	1,963
Total participants (employed, unemployed, inactive) with ISCED level 3 or 4 qualifications	More developed	17,440	7,014	1,955
Total participants with ISCED level 5 and above qualification	More developed	4,370	3,709	272
employers offering vocational places	More developed	632	210	0

8ii - Sustainable integration into the labour market of young people (YEI), in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Participants aged 16-24 who are unemployed or NEET		13,430	14,996	6,145
Participants aged 25-29 who are unemployed or NEET		3,570	4,204	1,409

ANNEX B – ESF RESULTS³

8i - Access to employment for job seekers and inactive people, including the long term unemployed and people far from the labour market, also through local employment initiatives and support for labour mobility

Indicator	Category of region	Target value (2023) Revised	Milestone by 2023 Total	To Date
Unemployed and inactive participants with multiple barriers entering education or training	Transition	1,570	1,629	44
Unemployed and inactive participants with multiple barriers gaining a qualification	Transition	2,618	1,137	51
Unemployed and inactive participants with multiple barriers in employment, including self-employment, upon leaving	Transition	2,094	1,423	77
Unemployed and inactive with multiple barriers in employment, including self-employment, six months after leaving	Transition	1,780	1,004	42
Employed participants with multiple barriers gaining a qualification upon leaving	Transition	150	195	7
Employed participants with multiple barriers with an improved labour market situation six months after leaving	Transition	100	198	29
Unemployed and inactive participants with multiple barriers entering education or training	More developed	10,780	15,596	562
Unemployed and inactive participants with multiple barriers gaining a qualification	More developed	16,660	20,257	1,214
Unemployed and inactive participants with multiple barriers in employment, including self-employment, upon leaving	More developed	20,670	25,864	1,738
Unemployed and inactive with multiple barriers in employment, including self-employment, six months after leaving	More developed	22,540	15,053	550
Employed participants with multiple barriers gaining a qualification upon leaving	More developed	2,585	3,366	17

³ Recorded through EUMIS, 30 Sept 2018

Employed participants with multiple barriers with an improved labour market situation six months after leaving	More developed	1,360	4,112	40
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9i - Active inclusion, including with a view to promoting equal opportunities and active participation, and improving employability

Indicator	Category of region	Target value (2023) Revised	Milestone by 2023 Total	To Date
disadvantaged participants engaged in job searching, education/ training, gaining a qualification, or in employment, including self-employment , upon leaving	Transition	775	226	11
Disadvantaged participants in workless, lone parent or low income households with improved money management skills	Transition	2,950	2,204	440
Community based or community led services supported	Transition	318	149	-
New childcare places available	Transition	187	121	-
Participants no longer affected by debt as a barrier to social inclusion	Transition	1,060	792	292
disadvantaged participants engaged in job searching, education/ training, gaining a qualification, or in employment, including self-employment , upon leaving	More developed	3,150	2,611	8
Disadvantaged participants in workless, lone parent or low income households with improved money management skills	More developed	10,064	8,897	3
Community based or community led services supported	More developed	440	228	-
New childcare places available	More developed	318	236	-
Participants no longer affected by debt as a barrier to social inclusion	More developed	3,400	4,305	3

9v - Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment

Indicator	Category of region	Target value (2023) Revised	Milestone by 2023 Total	To Date
No of new products and services developed to support targeted groups	Transition	95	8	-
FTEs created in supported enterprises/organisations	Transition	28	9	-
No of new products and services developed to support targeted groups	More developed	326	30	-
FTEs created in supported enterprises/organisations	More developed	72	36	-

10iv - Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work based learning systems, including dual learning systems and apprenticeship schemes

Indicator	Category of region	Target value (2023) Revised	Milestone by 2023 Total	To Date
total participants with ISCED level 3 or 4 qualification upon leaving	Transition	3,129	956	132
Total participants with ISCED level 5 and above qualification upon leaving	Transition	3,401	38	1
Total Participants in employment, including self-employment, 6 months after leaving	Transition	2,934	308	30
total participants with ISCED level 3 or 4 qualification upon leaving	More developed	17,806	2,201	1,077
Total participants with ISCED level 5 and above qualification upon leaving	More developed	10,032	4,634	103

Total Participants in employment, including self-employment, 6 months after leaving	More developed	12,709	2,146	168
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8ii - Sustainable integration into the labour market of young people (YEI), in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee

Indicator	Category of region (where relevant)	Target value (2023) Revised	Milestone by 2023 Total	To Date
Unemployed participants who complete the YEI supported intervention		4,029	5,128	1,406
Unemployed participants who receive an offer of employment, continued education, apprenticeship or traineeship upon leaving		2,417	3,660	802
Unemployed participants who are in education/training, gaining a qualification, or in employment, including self-employment, upon leaving		1,612	3,525	1,286
Long-term unemployed participants who complete the YEI supported intervention		805	3,077	245
Long-term unemployed participants who receive an offer of employment, continued education, apprenticeship or traineeship upon leaving		485	2,189	129
Long-term unemployed participants who are in education/training, gaining a qualification, or are in employment, including self-employment, upon leaving		323	2,206	209
Inactive participants not in education or training who complete the YEI supported intervention		6,044	6,752	524
Inactive participants not in education or training who receive an offer of employment, continued education, apprenticeship or traineeship upon leaving		2,417	4,387	234
Inactive participants not in education or training who are in education/training, gaining a qualification, or are in employment, including self-employment, upon leaving		3,626	4,424	352
Participants in continued education, training programmes leading to a qualification, an apprenticeship or a traineeship six months after leaving		5,372	3,986	1,331
Participants in employment six months after leaving		4,029	6,484	350

Indicator	Category of region (where relevant)	Target value (2023) Revised	Milestone by 2023 Total	To Date
Participants in self-employment six months after leaving		1,343	570	2
participants aged 25-29 who complete the YEI supported intervention		3,213	2,857	319
Participants aged 25-29 who receive an offer of employment, continued education, apprenticeship or traineeship upon leaving		2,249	2,057	161
Participants aged 25-29 who are in education/training, gaining a qualification or in employment, including self employment upon leaving		964	2,085	288
Participants aged 25-29 in continued education, training programmes leading to a qualification, an apprenticeship or a traineeship six months after leaving		643	935	156
Participants aged 25-29 in employment six months after leaving		1,446	1,509	62
Participants aged 25-29 in self-employment six months after leaving		482	168	2

ANNEX C – ERDF OUTPUTS⁴

1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Research, Innovation: Number of enterprises cooperating with research institutions	Transition	400	48	-
Research, Innovation: Number of enterprises supported to introduce new to the market products	Transition	50	72	1
Research, Innovation: Number of enterprises supported to introduce new to the firm products	Transition	250	133	-
Innovative Services in Cities Developed	Transition	3	9	-
Data sets opened for innovation	Transition	15	53	-
Area of Innovation Services Created	Transition	1,282	-	-
Research, Innovation: Number of enterprises cooperating with research institutions	More developed	800	-	-
Research, Innovation: Number of enterprises supported to introduce new to the market products	More developed	175	166	26
Research, Innovation: Number of enterprises supported to introduce new to the firm products	More developed	800	500	29
Innovative Services in Cities Developed	More developed	17	47	-

⁴ Recorded through EUMIS, 30 Sept 2018

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Data sets opened for innovation	More developed	135	253	-
Area of Innovation Services Created	More developed	10,541	-	-

2a - Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
ICT Infrastructure: Additional households with broadband access of at least 30 Mbps	Transition	11,833	11,833	-
additional businesses with broadband access of at least 30 Mbps	Transition	1,530	1,530	-

3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Productive investment: Number of enterprises receiving support	Transition	2,600	2,655	33
Productive investment: Number of enterprises receiving grants	Transition	250	530	25
Productive investment: Number of enterprises receiving financial support other than grants	Transition	15	4	11
Productive investment: Number of enterprises receiving non-financial support	Transition	2,350	3,907	15
Productive investment: Number of new enterprises supported	Transition	250	16	-

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Productive investment: Private investment matching public support to enterprises (non-grants)	Transition	3,600,000	2,250,000	-
Productive investment: Employment increase in supported enterprises	Transition	400	1,256	-
Productive investment: Number of enterprises receiving support	More developed	9,200	11,052	2,033
Productive investment: Number of enterprises receiving grants	More developed	3,100	1,539	456
Productive investment: Number of enterprises receiving financial support other than grants	More developed	670	955	172
Productive investment: Number of enterprises receiving non-financial support	More developed	9,200	8,050	1,709
Productive investment: Number of new enterprises supported	More developed	800	1,182	256
Productive investment: Private investment matching public support to enterprises (non-grants)	More developed	186,000,000	30,000,224	22,880,000
Productive investment: Employment increase in supported enterprises	More developed	9,650	4,060	125

4e - Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Low carbon travel and transport hubs supported	Transition	5	2	-
cycle networks or walking paths constructed	Transition	20	13	-
Low carbon travel and transport hubs supported	More developed	15	4	-

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
cycle networks or walking paths constructed	More developed	80	40	-
Smart Ticketing schemes created		1	1	-
No of ULEV registrations in Scotland		100	50	-

4f - Promoting research and innovation in, and adoption of, low-carbon technologies

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
GHG reduction: Estimated annual decrease of GHG	Transition	10,667	4,428	-
Low carbon projects receiving non- financial support	Transition	112	74	4
Low carbon projects receiving financial support	Transition	38	26	-
Low carbon change leader/demonstration projects delivered	Transition	5	5	2
GHG reduction: Estimated annual decrease of GHG	More developed	200,774	21,494	-
Low carbon projects receiving non- financial support	More developed	586	320	7
Low carbon projects receiving financial support	More developed	197	121	8
Low carbon change leader/demonstration projects delivered	More developed	20	14	1

6c - Conserving, protecting, promoting and developing natural and cultural heritage

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Projects Developing Natural and Cultural Assets	Transition	6	-	-
Projects Promoting Natural and Cultural Assets	Transition	4	-	-

6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
Projects delivering new/improved green infrastructure	Transition	1	1	-
Greenspace created or enhanced in urban areas	Transition	5	5	-
Projects delivering new/improved green infrastructure	More developed	14	15	-
Greenspace created or enhanced in urban areas	More developed	138	315	-

6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors

Indicator	Category of region (where relevant)	Target value (2023)	Milestone by 2023 Total	To Date
GHG reduction: Estimated annual decrease of GHG	Transition	4,544	1,999	-
Organisations and enterprises receiving non-financial support	Transition	655	416	355
Organisations and enterprises receiving financial support	Transition	66	46	16

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GHG reduction: Estimated annual decrease of GHG	More developed	15,364	9,020	-
Organisations and enterprises receiving non-financial support	More developed	3,420	1,888	1,301
Organisations and enterprises receiving financial support	More developed	345	188	35

ANNEX D – ERDF RESULTS⁵

Investment Priority	Indicator	Measurement unit	Baseline value	Baseline year	Target value 2023	To Date
1a	Number of innovative active enterprises	enterprises	11,000	2013	12,600	11,660
1a	BERD Expenditure	GBP	37,000,000	2013	363,000,000	No data available
2a	No of high speed broadband residential and business subscriptions in the Highlands and Islands	subscriptions	24,499	2014	89,087	No activity commenced
3d	number of SMEs exporting	SMEs	44,064	2012	94,906	55,687
3d	Employment in Smart Specialisation Sectors	FTE equivalents	317,250	2012	368,067	343,100
4e	Proportion of journeys to work undertaken by public or active travel	% of journeys	30.7	2013	32.2	30.6
4e	Journeys undertaken using smart ticketing	journeys (whole number)	146,000,000	2014	276,800,000	No data to submit at this stage
4f	Low carbon investment levered into Scotland by private and institutional investors (EUR)	Euros per annum	28,500,000	2013	59,000,000	No data available
4f	Employment in low carbon sector in Scotland	FTEs	78,000	2012	81,900	49,000 ⁶
6c	Increase in employment in Sustainable Tourism	FTE	26,200	2015	27,510	n/a
6d	Positive rating of satisfaction with the quality of green infrastructure in urban areas in Scotland	% of respondents	74	2013	80	74%
6g	Savings from resource efficiency investments in supported sectors	GBP, per annum	6,000,000	2013	232,152,000	8,460,000.00
6g	employment in circular economy	FTEs	7,200	2013	8,280	7,500

⁵ Latest data available at time of submission of AIR

⁶ Information is currently heavily caveated and a revision to the baseline is likely to be required.

ANNEX E – N+3

(i) ERDF Programme

Programme Area	N+3 Target (€)	Paid Grant (€)	Paid + Pending Grant (€)
Transition	14,826,389.24	3,647,624.52	4,562,822.32
More Developed	57,049,678.55	27,537,601.73	32,261,791.81
Total	71,876,067.79	31,185,226.25	36,824,614.12

(ii) ESF Programme

Programme Area	N+3 Target (€)	Paid Grant (€)	Paid + Pending Grant (€)
Transition	10,038,502.12	3,886,843.83	5,619,741.94
YEI	19,163,701.63	6,055,402.07	7,463,175.90
More Developed	46,746,447.67	24,935,940.92	38,456,127.54
ESF	75,948,651.41	34,878,186.82	51,539,045.38

ANNEX F – ESF PERFORMANCE FRAMEWORK

Priority Axis	Key Implementation Step or Output Indicator	Category of Region	Measurement Unit	2018 Milestone	Latest Value	% 2018 Milestone Achieved
1	Expenditure	Transition	Euro	4,817,954	3,005,938	62.39%
1	Unemployed and inactive participants with multiple barriers to employment	Transition	Number	2,092	1,115	53.30%
1	Employed participants with multiple barriers to progressing in the labour market	Transition	Number	30	32	106.67%
1	Expenditure	More developed	Euro	13,611,184	25,981,991	190.89%
1	Unemployed and inactive participants with multiple barriers to employment	More developed	Number	24,464	16,848	68.87%
1	Employed participants with multiple barriers to progressing in the labour market	More developed	Number	1,224	819	66.91%
2	Expenditure	Transition	Euro	4,479,851	346,526	7.74%
2	Disadvantaged participants in workless, lone parent or low income households	Transition	Number	846	669	79.08%
2	Deprived or fragile communities supported	Transition	Number	20	32	160.00%
2	Expenditure	More developed	Euro	7,062,672	1,182,744	16.75%
2	Disadvantaged participants in workless, lone parent or low income households	More developed	Number	3,150	975	30.95%

Priority Axis	Key Implementation Step or Output Indicator	Category of Region	Measurement Unit	2018 Milestone	Latest Value	% 2018 Milestone Achieved
2	Deprived or fragile communities supported	More developed	Number	29	287	989.66%
3	Expenditure	Transition	Euro	5,730,123	1,924,793	33.59%
3	Total participants (employed, unemployed, inactive) with ISCED level 2 or below qualification	Transition	Participants	573	197	34.38%
3	Total participants (employed, unemployed, inactive) with ISCED level 3 or 4 qualifications	Transition	Participants	968	307	31.71%
3	Total participants with ISCED level 5 and above qualifications	Transition	Participants	254	31	12.20%
3	Expenditure	More developed	Euro	10,054,878	11,826,722	117.62%
3	Total participants (employed, unemployed, inactive) with ISCED level 2 or below qualification	More developed	Participants	3,650	1,963	53.78%
3	Total participants (employed, unemployed, inactive) with ISCED level 3 or 4 qualifications	More developed	Participants	4,361	1,955	44.83%
3	Total participants with ISCED level 5 and above qualifications	More developed	Participants	1,092	272	24.91%
4	Expenditure	More developed	Euro	77,635,824	18,166,206	23.40%
4	Participants aged 16-24 who are unemployed or NEET	More developed	Participants	13,430	6,145	45.76%

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Priority Axis	Key Implementation Step or Output Indicator	Category of Region	Measurement Unit	2018 Milestone	Latest Value	% 2018 Milestone Achieved
4	Participants aged 25-29 who are unemployed or NEET	More developed	Participants	3,570	1,409	39.47%

ANNEX G – ERDF PERFORMANCE FRAMEWORK

Priority Axis	Key Implementation Step or Output Indicator	Category of Region	Measurement Unit	2018 Milestone	Latest Value	% 2018 Milestone Achieved
1	expenditure	Transition	Euro	4,153,521	1,532,456	36.90%
1	Enterprises receiving support to introduce new to the firm or new to the market products	Transition	Number	60	1	1.67%
1	expenditure	More developed	Euro	32,031,664	15,579,949	48.64%
1	Enterprises receiving support to introduce new to the firm or new to the market products	More developed	Number	195	55	28.21%
2	expenditure	Transition	Euro	5,898,923	-	0.00%
3	ICT infrastructure contract let and implementation commenced	Transition	Date	1	-	0.00%
3	expenditure	Transition	Euro	6,440,149	1,935,393	30.05%
3	Enterprises receiving support	Transition	Number	520	33	6.35%
3	expenditure	More developed	Euro	43,313,976	29,727,746	68.63%
3	Enterprises receiving support	More developed	Number	1,800	2,033	112.94%
4	expenditure	Transition	Euro	5,595,522	304,321	5.44%

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Priority Axis	Key Implementation Step or Output Indicator	Category of Region	Measurement Unit	2018 Milestone	Latest Value	% 2018 Milestone Achieved
4	Low carbon projects receiving non-financial or financial support	Transition	Number	23	100	434.78%
4	Transport hubs with contracts let or construction commenced	Transition	Projects	2	-	0.00%
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4	expenditure	More developed	Euro	34,351,593	4,859,749	14.15%
4	Low carbon projects receiving non-financial or financial support	More developed	Number	118	15	12.71%
4	Transport hubs with contracts let or construction commenced	More developed	Projects	4	-	0.00%
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5	expenditure	Transition	Euro	2,563,249	1,480,687	57.77%
5	Organisations receiving non-financial or financial support	Transition	Organisations	157	371	236.31%
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5	expenditure	More developed	Euro	14,435,562	7,637,868	52.91%
5	Organisations receiving non-financial or financial support	More developed	Number	752	1,336	177.66%
5	Projects delivering new/improved green infrastructure which have commenced (main contract let or construction started)	More developed	Organisations	4	-	0.00%