

VOTE 34 - ENTERPRISE TRADE AND EMPLOYMENT

34. Drawdowns from the European Social Fund

Enterprise Ireland is financed by way of grant-in-aid from the Vote and by moneys received from the European Social Fund (ESF) and the European Regional Development Fund.

Enterprise Ireland provides financial support for training and management development activities carried out by client companies. 75% of amounts spent by Enterprise Ireland on such financial supports are eligible for funding from the ESF under the Human Resources Measure of the Operational Programme for Industrial Development. The total amount available for any year is set in accordance with the Operational Programme as adjusted by the Monitoring Committee. Based on these amounts, advance payments of 50% and 30% are received from the ESF by Enterprise Ireland *via* the Department of Enterprise, Trade and Employment. The balance is received following submission of a final claim.

Client companies are approved to carry out training and/or management development activity, usually as one element of a financial support package. Client claims must, in accordance with ESF requirements, be based on activity in a given year. When claims are received, they are examined and verified and then paid. Such claims are, in a large number of cases, received after the year end.

The Department of Enterprise, Trade and Employment issued an instruction that Enterprise Ireland must submit final claims for funding based on 1997 activity under the Human Resources Measure by 5 June 1998, as claims for ESF recoupment have to be made by 30 June. The final 1997 claims were prepared and submitted based on payments to client companies up to the 3 June 1998. The amount paid at that time was £1.7m. Subsequently, further claims based on 1997 activity were received and paid by Enterprise Ireland. The total paid by October 1998 was £2.9m and by March 1999 was £3.4m.

Given that many client companies submitted claims for payment subsequent to the submission of the final annual application for ESF funding and as a result would not qualify for ESF recoupment, I sought the views of the Accounting Officer and Enterprise Ireland as to whether the Exchequer was carrying the total cost of grants as a result.

I was informed that:

- In line with practice over many years, Enterprise Ireland, in the interests of facilitating companies to develop their skill base and minimising the related bureaucracy, does not put explicit pressure on companies to submit claims within any designated period.
- To the extent that claims were received and payments made by the agency but not included in submission of the final claim to the Department of Enterprise, Trade and Employment, the amount which was recouped was reduced. This, however, represented no loss to the Exchequer since any surplus ESF moneys were allocated, under the Operational Programme, to be recouped against other programmes where Exchequer funds had already been committed.
- As a result of work undertaken to enhance the level of client service, Enterprise Ireland is putting in place a series of process improvements designed to facilitate and encourage clients to drawdown funding in a faster and more efficient manner. This may be expected, *inter alia*, to improve the proportion of ESF funds which can be recouped by Enterprise Ireland.