GREATER**LONDON**AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1642

Title: GLA European Social Fund (ESF) 2014-20 Programme

Executive Summary:

This report seeks approval for the GLA to apply to become an ESF Co-Financing Organisation (CFO) and deliver European Social Fund (ESF) funded projects as part of the European Social and Investment Fund (ESIF) 2014-20 Programme, for the proposed approach to approval and delivery of the projects that make up the GLA ESF programme, and for expenditure to cover non-salary related Management and Administration items required to deliver the programme.

Decision:

That the Mayor;

- approves for the GLA to become a CFO for the delivery of the ESF 2014-20 GLA programme
- approves expenditure of up to £50k (of which 50% is recoverable from the ESF) for the 5-year lifetime of the Programme to cover non-salary related Management and Administration items required to deliver the ESF programme, such as database development and maintenance, marketing and publicity.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature: **Date:** 19.4.2016

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

1.1 The UK Government commenced consultation regarding the 'European Social Fund (ESF) Operational Programme for England 2014-2020' in April 2014, publishing the draft Operational Programme in September 2014, and the final Operational Programme in September 2015. The national Operational Programme is an overarching framework within which sits the 'London Enterprise Panel (LEP) 2014-2020 European Structural & Investment Funds Strategy for London' (the ESIF Strategy). Published in January 2014 the ESIF Strategy highlights how the LEP would want to see European Structural and Investment Funding (ESIF, covering both ESF and European Regional Development Fund (ERDF)) utilised in London.

1.2 Although national Government is the Managing Authority and is responsible for the delivery of the ESIF programme in England, it has delegated responsibilities for the London programme to the GLA's European Programmes Management Unit (EPMU), known as the Intermediate Body, and EPMU reports to both the Mayor and to Government.

1.3 The GLA sought approval to apply to be a Local Match Funding Provider (LMFP) of ESF at the March 2015 Investment & Performance Board (IPB) meeting, and on 28 September 2015 received conditional offer letters from EPMU for the full amount applied for. However, on 22 November 2015, following a review of eligibility conditions by the Minister for Employment, the Managing Authority invited the GLA to apply to become a CFO. CFO status would provide the GLA with operational and strategic benefits, including allowing the Authority a seat at the table in strategic discussions related to the allocation of regional ESF funds, alongside EPMU and London's other CFOs.

1.4 The GLA will fund 100% of the cost of project delivery and management and administration and will receive a reimbursement of 50% of this expenditure from ESF. Projects will not progress to procurement until all necessary approvals and funding is in place. Part 2, Appendix A details indicative project values and outcomes, and confirms approval status.

2. Objectives and expected outcomes

2.1 There are two main priorities outlined in the national Operational Programme for ESF for the 2014-20 funding period. These are;

- Priority 1 - Inclusive Labour Markets – broadly, support for jobseekers and economically inactive people to sustain employment outcomes; and support for young people who are NEET (not in employment, education or training) to enter and sustain EET (employment, education or training).
- Priority 2 - Skills for Growth – support for people who are disadvantaged to access and progress in training, particularly technical and advanced vocational provision, and STEM subjects; and support for partnership activities to increase employer participation in training and its responsiveness to the needs of the local economy.

2.2 Additionally, projects will reflect the LEP's skills and employment priorities of sustained employment, career progression and progression in learning, with funding incentives in place to reward providers for progression and job sustainability, and will meet the LEP's key principles for ESIF programmes ('LEP Requirements for Match Funders');

- Provision focused on supporting people into work will measure job entry and sustained employment for a minimum of six months
- Provision aimed at young people (15-18 years old) will measure sustained education, training or employment for a minimum of six months
- Provision delivering support to people in-work will measure in-work progression
- Job outcome unit costs and conversion rates will be informed by the benchmarking research commissioned through the City Skills Fund ESF Technical Assistance project
- All employability and skills projects will be expected to use the London Employability Performance Rating which benchmarks delivery across all ESF delivery partners and their sub-grantees[1]

2.3 The GLA programme meets the Operational Programme and LEP requirements and aims to add value to mainstream and other ESF provision by:

- Delivering pilots designed to test new approaches to engaging and supporting target groups into sustained employment, with a view to future mainstreaming
- Testing the effectiveness and scalability of approaches targeted on specific groups who are disadvantaged in the labour market
- Building on the assets and influence of the Mayor and the GLA to encourage participation, open doors to employers, and influence strategic and local delivery
- Adding value in strategic regeneration areas with a high level of need, demand or opportunity.

2.4 To date, three projects have progressed through IPB and have signed MDs, (MD1537, MD1563 and MD1612). Additional outcomes will be specified as projects are refined and finalised, but indicative projects and outcomes are provided in Part 2, Appendix A. Where individual projects are developed internally, they will require their own approvals. Externally developed and funded projects will require collective approval.

Indicative outcomes at a programme level are anticipated as being in excess of;

Starters	9,000
Into employment	3,750
Into education	750
Employment Sustained for 26 weeks	2,000
Education Sustained for 26 weeks	500
Businesses Supported	1,000
Gaining a L2 or L2 unit	300
Gaining a L3 or L3 unit	1,800

3. Equality comments

3.1 Contractual agreements with delivery partners for this programme will require them to comply with all applicable existing and future equal opportunities laws, regulations and guidance, and GLA guidance in relation to race, nationality, ethnicity, disability, gender, sexual orientation, age, religion or belief.

3.2 In addition, the ESF programme will support equality of opportunity for Londoners as ESF targets aim to support those most disadvantaged in the labour market. Ethnic minority groups, women and people with disabilities are over-represented amongst unemployed and economically inactive people, young people who are not in education, employment or training (NEET), or who are at risk of becoming NEET, and groups in work but at risk of becoming unemployed.

[1] https://www.london.gov.uk/priorities/business-economy/working-in-partnership/employability-performance-rating

3.3 GLA officers will periodically monitor successful projects to verify that equalities policies, procedures and processes are understood and applied by staff and project participants; that they are being monitored and reviewed; and that any underperformance against agreed equalities targets is being investigated and relevant mitigation actions are being taken.

4. Other considerations

Key risks and issues

4.1 The key risks and issues are highlighted below;

Compliance with ESF regulations and reporting requirements.

4.2 As a CFO, the GLA will be required to report to the Managing Authority, the London Enterprise Panel's London European Structural & Investment Funds Committee (LEC) and EPMU on a programme basis, as well as by individual project. In addition, projects will be required to comply with stringent ESF regulations and are subject to multi-layer audits, with a potential risk of clawback if any irregularities are identified.

4.3 The ESF Delivery Unit within the Regeneration team has extensive experience of managing the LDA and GLA's previous ESF Co-Financing Programmes and has consistently achieved low-risk audit ratings from the Managing Authority, the ESF Audit Authority and internal audit. To minimise the risks associated with ESF evidence, audit and clawback requirements and to ensure consistency of programme reporting, the ESF Delivery Unit will continue to be responsible for managing the procurement and delivery of the GLA's ESF 2014-20 Programme. It will do so in a 'clienting role', working in partnership with colleagues in the respective policy units and relevant GLA family organisations acting as 'project sponsors'.

4.4 GLA budget approval may not be secured for one or more of the individual projects in the GLA programme. However, CFO status will result in the GLA being awarded an ESF programme allocation, within which, subject to agreement by EPMU and the Managing Authority, it will have flexibility to change existing projects and develop replacement proposals which fit with the overall ESF and GLA programme aims and objectives.

4.5 In a worst case scenario, if the GLA is unable to commit all of its allocation of ESF funding, the resulting ESF underspend will be returned to EPMU to reallocate as appropriate. This is normal practice in underspend situations, but the situation is less likely to arise if the GLA is a CFO.

Political change leads to changes in priorities.

4.6 A new Mayor will take office in 2016 and the GLA's policies and priorities may change as a result. CFO status will give the GLA flexibility to adapt to these changes as necessary within the overall ESF programme aims and objectives. Any projects which enter into a Grant Agreement before the appointment of a new Mayor will include a break clause, recognising that budget allocations for future years are not confirmed.

Timescales.

4.7 Due to the change from Local Match Funding Provider to CFO, delays have occurred in the application process. Additional delays may occur while the GLA waits for confirmation of CFO status and for confirmation of ESF funds to be confirmed in the Agreement or MOU which may result in a delay to the GLA being able to commence competitive grant award activities.

Fit with Mayoral Strategies

4.8 The GLA ESF CFO programme aligns with the principal purposes of the Authority as referenced in the GLA Act 1999; to promote economic development, wealth creation and social development in Greater London. The programme will contribute to Mayoral strategies and priorities that support investment in activities to improve opportunity and equal life chances for all Londoners, with ESF investments focusing on those who face the greatest disadvantage.

4.9 Individual impact assessments and evidence of consultations will be demonstrated for individual projects as they submit MDs following in principal approval at IPB.

Resource implications

4.10 Taking into account the number, scale and complexity of projects within the GLA ESF programme, and projected procurement, start and end dates the total staffing costs for management and administration of the five-year programme are expected to be in the region of £1.85m. As agreed by the GLA's Investment and Performance Board at its meeting on 19 January 2016, it is anticipated that staffing costs will continue to be met through a central administration charge and therefore annual staffing budgets will be agreed through the GLA's normal budget setting process. This resulted in budget pressure for the Regeneration team which has now been addressed through the 2016/17 budget setting process.

4.11 In addition, a budget of £183k is needed to fulfil the non-staffing management and administration requirements of the ESF programme over the five year delivery period, such as Programme Level Evaluation, Database Development and Maintenance, Marketing and Publicity, and Indirect Costs. This MD requests £50k of the £183k to cover Database Development and Maintenance, Marketing and Publicity, and Indirect Costs. As the remainder is not required during £2016-17, a further MD for the remaining £133k will be submitted once this value has been secured though future years budget setting processes.

4.12 The total Management and Administration budget for the lifetime of the project is therefore expected to be £2.03m (of which, 50% is recoverable from the ESF).

4.13 Additional resources required by GLA sponsoring teams to fulfil their project sponsor role or to fund project-specific activity (such as project-level evaluations) are not included within this MD and will be met from existing resources, or a request for additional resources will be made when seeking approval for individual projects.

5. Financial comments

GLA becoming Co-Financing Organisation

5.1 As the accountable body for the ESF funding (the Co-Financing Organisation (CFO)), the GLA will be responsible for delivering the ESF funded projects as part of the 2014-20 programme, including the accounting and administering of all programme expenditure (of which 50% is recoverable from the European Social Fund).

5.2 With regards to the projects that make up the proposed programme (as detailed within part 2 of this Mayoral Decision) each specific project is currently under different stages of development, with some already having IPB /Mayoral approval, while others are still awaiting such approval. Progressing to IPB and Mayoral approval is dependent on the 50% match funding being secured either through GLA budgets or external income.

5.3 In the event that an organisation intending to provide match funding is subsequently not able to do so, the related project will either not be able to progress unless alternative funding is acquired, or a break clause in the grant agreement will be exercised to enable the project to be closed down early.

5.4 It should be noted that one of the benefits of the GLA having CFO status is that it will have the flexibility to change existing projects and develop replacement projects which fit within the overall ESF and GLA programme objectives (as detailed within the main body of this report).

Expenditure on non-salary related Management & Administration

5.5 This report is also seeking approval for expenditure up to the value of £50,000 for non-staffing management and administration requirements of the ESF programme over the five year delivery period. The proposed £50,000 budget requirement will be utilised on database development, marketing and publicity. With regards to the funding for this expenditure; 50% will be match funded by ESF and the balance funded by the GLA, specifically £25,000 that was allocated to the 2014-20 programme in the 2015-16 financial-year. This budget provision is currently accounted for in 2015-16 and subsequently will be subject to a GLA budget carry forward request as part of the closing of accounts process for 2015-16.

5.6 Over the five year duration of the programme a further budget provision of £133,000 will be required for non-salary management & administration costs, of which 50% will be funded by the ESF. The GLA's 50% contribution to these costs will be subject to the 2017-18 budget process.

5.7 With regards to the staffing element of management & administration costs, as detailed within the main body of this report, officers have estimated costs to be in the region of approximately £1.85m over the duration of the programme. The GLA's contribution will funded from the existing GLA salaries budget, and as per the overall programme 50% claimed via ESF.

5.8 Any changes to this proposal, including budgetary implications will be subject to further approval via the Authority's decision-making process. All appropriate budget adjustments will be made.

6. Legal comments

6.1 Sections 1 – 4 of this report indicate that:

6.1.1 the decisions requested of the mayor (in accordance with the GLA's Contracts and Funding Code) fall within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, and social development in Greater London; and

6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people (further details on equalities are set out in section 3 above) and to the duty under section 149 of the 2010 Act to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not[2];
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and

[2] The protected characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status.

- consult with appropriate bodies.

6.2 Officers must ensure that appropriate documentation is put in place between the GLA and the ESF for the provision of match funding before any reliance is placed on the income for the deliver of the projects.

6.3 Officers must ensure that any *services required must be procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code.*

Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of the services.

6.4 Where any projects are proposed to be funded by grant funding from the GLA, then officers must ensure that the funding is distributed fairly, transparently, in accordance with the GLA's equalities and in manner which affords value for money in accordance with the Contracts and Funding Code.

Officers must ensure also that an appropriate funding agreement is put in place between and executed by the GLA and recipient before any commitment to fund is made.

7. Investment & Performance Board

On the 19 January 2016 the IPB considered a report which provided an update on the progress of the GLA's applications for ESF from the ESIF 2014-20 programme.

The Board approved in principle that;

- The GLA should apply to the ESF Managing Authority for the GLA to be granted CFO status for the delivery of the ESF 2014-20 GLA Programme;
- The Management and Administration expenditure for the 5-year lifetime of the Programme of £2.03m be approved in principle subject to annual confirmation via the GLA's normal budget-setting process

The Board noted that;

- The projects that had:
    - A signed Mayoral Direction in place; or
    - Had confirmed match funding from organisations external to the GLA; or
    - Had both a signed Mayoral Director in place and had match funding from organisations external to the GLA, and would progress to procurement once a programme-level Mayoral Decision, confirmed sponsorship/match funding, and the relevant ESF Funding Agreement or Memorandum of Understanding in place;
- The projects that required GLA match funding and did not currently have the necessary GLA approvals in place and would be submitted individually to IPB, the Mayor and/or Directors (as applicable) at a later date, prior to beginning any grant award or procurement process
- The budget pressure on the total ESF Delivery Unit salary costs which had been flagged in the 2016/17 budget setting process.

8. Planned delivery approach and next steps

Following the award of CFO status, the GLA Delivery Team are required to submit applications for ESF funding to EPMU. Once the applications have been assessed and approved the GLA with receive ESF Memorandum(s) of Understanding and will be able to commence grant award processes.

Delivery partners for individual projects will be selected via open and competitive grant award processes in accordance with ESF requirements once confirmation of match-funding is secured. The expectation is that a number of competitive grant award rounds will take place.

Grant agreements for individual projects will be authorised by the appropriate Executive Director (or approved deputy).

Activity	**Timeline**
Confirmation of CFO Status from EPMU	February 2016
Submit application for ESF funding as a CFO	End-February 2016
Initial Project Specifications finalised and passed to EPMU for review (work on Specification finalisation will continue alongside the CFO application process)	February/March 2016
Receive Funding Agreements/MOUs	Mid-March 2016
Launch of GLA ESF programme grant selection/award process (Round 1)	Spring 2016
Project delivery start date (first round of projects)	Late Spring 2016 (earliest)
First participants enrolled onto the Programme	Q2 2016
Final evaluation start and finish (self and external)	Start: Q2 2016 (earliest) Finish: Dec 2020
First Outcomes delivered by the Programme	September 2016
Delivery End Date (Indicative, dependant on procurement rounds)	August 2020
Project Closure	March 2021

Appendices and supporting papers:

Public access to information
Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note**: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:
Is the publication of Part 1 of this approval to be deferred? NO
If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – YES

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: Drew Gallon has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.	✓
Assistant Director/Head of Service: Debbie Jackson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.	✓
Sponsoring Director: Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Adviser: Edward Lister has been consulted about the proposal and agrees the recommendations.	✓
Advice: The Finance and Legal teams have commented on this proposal.	✓

EXECUTIVE DIRECTOR, RESOURCES:
I confirm that financial and legal implications have been appropriately considered in the preparation of this report.
Signature M. J. Elle **Date** 8.4.16

CHIEF OF STAFF:
I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature Edward Lister **Date** 11:04:2016