

# GREATER LONDON AUTHORITY

**REQUEST FOR MAYORAL DECISION – MD2703**

**Title: European Social Fund - London Call 3**

**Executive Summary:**

This Mayoral Decision seeks approval for the award of up to £10m European Social Fund (ESF) to successful applicants under the third ESF Call to be launched in London. This new Call, Lump Sum Digital Interventions – London, will address digital inclusion issues, which have been exacerbated as a result of Covid-19, which are preventing ESF participants in London from fully engaging with project support.

Mayoral Decision 1583 (March 2016) approved the designation of the Greater London Authority (GLA) as an Intermediate Body for London's allocation of the 2014-20 England ESF programme.

The GLA's functions as an Intermediate Body are set out in a Memorandum of Understanding with the ESF Managing Authority, the Department for Work and Pensions (DWP).

**Decision:**

The Mayor approves:

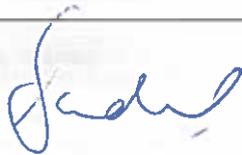
The award of an estimated £5m European Social Fund (ESF), and up to a maximum of £10m ESF, depending on the volume and quality of the project applications received. The projects, which will complete delivery by 31 December 2020, will address digital inclusion issues which are preventing ESF project participants in London from fully engaging with project support.

**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:**

29/10/20

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The UK benefits from seven-year 2014-20 €450bn EU programmes known as European Structural and Investment Funds (ESIF). The Department for Work and Pensions (DWP) is the 'Managing Authority' (MA) in England for the European Social Fund (ESF). In 2015, DWP agreed an 'Operational Programme' (revised in October 2018) with the European Commission (EC) for the £4bn England European Social Fund (ESF) programme that set out the activities and targets (such as people into employment) that would be undertaken across England.
- 1.2. The ESF programme is delivered across England's 38 Local Enterprise Partnership (LEP) areas, each of which has an ESIF Strategy to support local delivery. The £4 billion has been notionally allocated to LEP areas. LEP Area ESIF Committees, including the London ESIF Committee, provide advice to the Managing Authority (and the GLA as an Intermediate Body in London), on the needs and opportunities in an area and on the strategic fit of applications for funding.
- 1.3. Article 123 of EC Regulation 1303/2013 states that a Member State may designate one or more 'Intermediate Bodies' (IB) to carry out certain tasks of the MA under the responsibility of DWP.
- 1.4. DWP has devolved responsibility for managing London's share of England's ESF programme to the GLA as a designated IB. The relevant arrangements between DWP and the GLA are formally recorded in a Memorandum of Understanding and were approved via Mayoral Decision 1583 in March 2016.
- 1.5. Most ESF in London is committed by the GLA's European Programmes Management Unit (EPMU) via Co-Financing Organisations (CFOs). CFOs provide the required eligible match funding and use their expertise to procure and contract-manage, or grant-fund ESF provision. CFOs in London include Government departments, sub-regional partnerships and a separate team in the GLA.
- 1.6. However, ESF can also be committed more directly through open time-limited 'calls' or bidding rounds (as is the norm for the London European Regional Development Fund programme) to individual projects. Further detail is provided at paragraphs 1.9 to 1.14 below.
- 1.7. The ESF programme in London will continue through to closure until 2023-4, whether or not a free trade agreement with the EU is successfully concluded this year, in line with the commitment made by the Government in 2018.

#### *Previous Mayoral Decisions*

- 1.8. This request follows on from Mayoral Decision (MD) 1583 (March 2016) where the previous Mayor:
  - approved the designation of the GLA as an IB for the 2014-20 ESF programmes, and entered into a Memorandum of Understanding (MOU) between the GLA and DWP;
  - approved the delegation to the then GLA Head of Paid Service to sign the MOU; and
  - approved the delegation limits for administration of the approved ESF expenditure.
- 1.9. It also follows on from MD2094 which approved revised ESF delegations for the London ESF Programme.

#### *ESF Call 3: Addressing the Digital Divide*

- 1.10. In response to Covid-19 many services (including information and advice) moved their primary contact to online channels, including ESF projects. This has resulted in a widening of the already existing digital divide – those that have access to the internet versus those that do not.

- 1.11. Following discussions with London CFOs, it was identified that some ESF participants struggle to access ESF project provision due to a lack of IT equipment or data. This concern was raised with the ESF Managing Authority and resulted in the development of calls for proposals to address this issue; one for England (excluding London), and one for London, with a ring-fenced allocation, which mirrors the national call.
- 1.12. The call aligns with the London Recovery Board's Digital Access for All Mission, which aims to combat digital exclusion in the capital, preventing it from becoming an entrenched inequality. This Covid-19 Response Call, ESF Lump Sum Digital Interventions in London, will support approximately 10,000 ESF participants in London to gain access to online services and information.
- 1.13. The call will utilise a number of easements offered by the European Commission (EC), including the removal of the usual requirement to provide match funding, which means that projects funded under this call will be 100% ESF funded. This easement is time-limited, and therefore in order to be able to claim the ESF funding back from the EC, the call has to be limited in both scope and duration. All project activity and expenditure must have been completed by 31 December 2020.
- 1.14. Activity under this call will be wholly focussed on the loan of equipment and provision of data allowance to existing ESF participants who would not otherwise have access to the internet. Costs will cover the equipment, data and also human resource to distribute the equipment and enable the participant to set up and start to use the equipment. Any longer-term digital support and training will be provided through existing ESF projects.
- 1.15. There is no lower or upper limit on the amount of funding a single applicant may request; however applicants are required to provide accurate forecasts of activity; under the requirements for this call, underperformance will result in non-payment of claimed expenditure.
- 1.16. The call is non-competitive, and will support all applications meeting the application criteria, subject to available funding, in order to support as many participants as possible. Due to the unique nature of the call, it is difficult to accurately predict the volume and/or total value of applications that will be received. As such this Mayoral Decision seeks approval to award up to £10m ESF against the call and flexibility has been built into the call prospectus to increase the indicative allocation of £5m, published in the prospectus, subject to the volume and quality of proposals received.
- 1.17. The application process comprises one stage only: applicants are required to submit an online application and additional documents including activity and expenditure profiles, detailed budget information and organisational policies. Due diligence will be undertaken by GLA Finance on applicant organisations.
- 1.18. Due to the very short timescales for the delivery of project activity, applications will be assessed as soon as submitted, instead of waiting for the closing date in mid-October. Applications will be assessed in line with the Government's assessment criteria and appraisal guidance.
- 1.19. This Mayoral Decision seeks approval for the commitment of ESF to successful applicants. On completion of the assessment process, specific grant awards falling within this call will be approved by the Assistant Director responsible for European Programmes or Executive Director for Good Growth, in line with the financial delegations for ESF approved in MD2094.
- 1.20. Funding Agreements will be issued to successful applicants, setting out the terms, conditions and monitoring requirements against which the ESF grant is awarded.

## **2. Objectives and expected outcomes**

- 2.1. The objective of the ESF programme is to increase labour market participation, promote social inclusion and develop the skills of the potential and existing workforce.

- 2.2. The Digital Interventions call will seek to address two of the main 'access' issues associated with digital exclusion. The first is that of having physical access to the internet, i.e. a device that will allow the user to access the internet. The second is the issue of data poverty, which can act as a barrier to creating a digitally inclusive society. It will enable digitally marginalised Londoners to gain access to online services and information. It will also improve the capacity of people to engage in the digital society, including helping them to stay engaged throughout any restrictions due to Covid-19.
- 2.3. The funding will be used to provide both a digital device and a three-month data allowance to ESF participants who do not have access to the internet. This will improve their capacity to engage in our digital society, enabling them to get online and access services to support their job search and increase their employability opportunities, as well as a range of other services, including services to support their health and wellbeing.

### **3. Equality comments**

- 3.1. The ESF Operational Programme sets out the requirements for adherence to mandatory equalities 'cross-cutting' themes. ESF promotes equality in accordance with European Union and national requirements.
- 3.2. This call seeks to address digital poverty and exclusion for some of the most disadvantaged people in our society. Digital exclusion is not always the single barrier facing individuals, and often correlates with other inter-related issues such as unemployment, low pay and lower educational attainment. The Covid-19 pandemic has further highlighted this divide and accelerated the need to address it – in tandem with the other support the ESF programme can offer. Activity delivered as a result of the call seeks to address inequality in terms of increasing access to the growing number of services, including employment support, delivered on-line. Projects will need to apply flexibility to the type of device loaned and ensure any individual requirements or accessibility issues are covered when procuring and issuing the equipment.
- 3.3. Furthermore, the GLA as a public authority must comply with the Public Sector Equality Duty set out in section 149 (1) Equality Act 2010. This provides that, in the exercise of their functions, public authorities must have due regard to the need to:
  - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.4. The obligation in section 149(1) is placed upon the Mayor, as decision maker. Due regard must be had at the time a particular decision is being considered. The duty is non-delegable and must be exercised with an open mind.
- 3.5. This duty applies in the delivery of ESF and means that the implementation of the England Operational Programme in London must consider the needs of all individuals and have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people. The ESF programme targets its support to individuals; and seeks to make positive contributions to: long-term unemployed people, inactive people, lone parents, disabled people, people from ethnic minorities, ex-offenders, young people and older people. DWP has set output targets to ensure the programme helps appropriate numbers of these people; London projects are required to contribute to these targets.
- 3.6. The Programme is required to record equality and diversity data on individuals receiving support to ensure there is no inherent bias in the provision of help and that it is accessible by all. This monitoring

data will be submitted by ESF grant recipients as part of the claims process and is reviewed by GLA officers. Where a project has a particular objective to work with people with specific protected characteristics (as defined in the Equality Act 2010), this will be expressly stated in the project application and grant recipients will be required to capture and report this data as part of their project management processes.

#### **4. Other considerations**

##### *a) Key risks and issues*

- 4.1. The Government has confirmed that funding secured by applicants through EU programmes will be guaranteed by the UK government after Brexit. This means the ESF programme in London will continue through to closure until 2023-4, whether or not a free trade agreement with the EU is successfully concluded this year.
- 4.2. As funding agreements have yet to be issued, it is feasible that one or more applicants may withdraw from the appraisal process. Likewise, officers may withdraw applications from the appraisal process (which involves checks on compliance with ESF eligibility rules, law and guidance and that the project activities are deliverable).
- 4.3. The amount of ESF awarded to each applicant may be revised during the appraisal and pre-agreement process (for example, applicants may be asked to revise budgets to reflect changes in deliverables or to correct costs which have been incorrectly calculated or are not eligible). Any changes will be considered by officers, and collectively they are not expected to exceed the amount stated on the cover page of this Mayoral Decision. Any increase would be approved in line with the GLA's Decision Making process, and if required, a new Mayoral Decision will be sought.
- 4.4. Once funding agreements have been issued and signed, officers will monitor the delivery of the projects in accordance with the process set out in the funding agreement and in line with DWP work instructions and agreed delegated authority limits.

##### *b) Links to Mayoral strategies and priorities*

- 4.5. The projects approved for ESF contribute to London's share of the England ESF Operational Programme targets, under which calls are launched. As part of their appraisal, all projects are assessed on their alignment with the London Economic Action Partnership's (LEAP's) ESIF Strategy which, in turn, supports the Skills for Londoners Strategy, as well as the Mayor's Economic Development Strategy for London and the Mayor's Equality, Diversity and Inclusion Strategy. The call will also support the London Recovery Board's Digital Access for All Mission.

##### *c) Impact assessments and consultation*

- 4.6. In accordance with DWP requirements, the views of the London ESIF Committee (LEC) were sought on the scope and strategic fit of this call. The comments of the LEC were considered in the finalisation of the call specification.
- 4.7. There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision form.

#### **5. Financial comments**

- 5.1. Approval is being sought for the commitment and award of ESF up to a total of £10 million. All expenditure will be incurred by 31 December 2020 and claimed within financial year 2020-21.
- 5.2. It should be noted that the GLA is the designated Body for the management and administration of the ESF funding on behalf of DWP, therefore this decision will not impact GLA funds. Should changes in the sterling/euro exchange rate result in fluctuations in individual claims, and in turn the overall total

level of funding required, EPMU officers should ensure variations are authorised in line with the financial delegation limits.

## 6. Legal comments

6.1. Sections 1 to 4 of this report indicate that the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling 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, social development or the promotion of the improvement of the environment, in Greater London and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people;
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute to the achievement of sustainable development in the United Kingdom; and
- consult with appropriate bodies.

6.2. In taking the decisions requested, as noted in section 3 above, the Mayor must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. To this end, the Mayor should have particular regard to section 3 (above) of this report.

6.3. Sections 1 to 4 above indicate that the contribution of up to £10 million to applicants amounts to the provision of grant funding and not payment for services. Officers must ensure that the ESF funding is distributed fairly, transparently and in accordance with the ESF and DWP requirements. Officers shall ensure funding agreements are put in place or existing agreements varied (as applicable) with the grant recipients as set out in Part 2 before any commitment to fund is made.

## 7. Planned delivery approach and next steps

Activity	Timeline
Appraisal of applications	From 16 October 2020
Funding Agreements issued to applicants	After Mayoral approval; from November 2020
Project activity is completed	31 December 2020
Grant Recipients submit final and only grant claim	February 2021

### Appendices and supporting papers:

Appendix 1 – Call Prospectus: Lump Sum Digital Interventions – London

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) 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 it has been approved or on the defer date.

**Part 1 – Deferral**

**Is the publication of Part 1 of this approval to be deferred? NO**

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

**Part 2 – Sensitive information** Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Catherine Crocker has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Jules Pipe has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 26 October 2020.

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**

*D. Gene*

**Date**

27 October 2020

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

**Signature**

*D. Bellamy*

**Date**

26 October 2020

