

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2477

**Title: Commitment of the European Regional Development Fund to applications under London Call 7**

### Executive Summary:

This Mayoral Decision seeks approval for the award of European Regional Development Funding (ERDF) to applicants from the seventh call for proposals.

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

The Greater London Authority's functions as an Intermediate Body are set out in a Memorandum of Understanding with the ERDF Managing Authority, the Ministry of Housing, Communities and Local Government.

### Decision:

The Mayor approves:

The commitment and award of up to £26.61 million ERDF to applicants of the seventh call for proposals to support jobs and growth, as set out in Part 2.

### 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:**

11/1/19

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

### Decision required – supporting report

#### 1. Introduction and background

- 1.1. The Ministry of Housing, Communities and Local Government (MHCLG) is the 'Managing Authority' (MA) in England for the European Regional Development Fund (ERDF). In 2015, MHCLG MA agreed an 'Operational Programme' for England (revised in January 2019) with the European Commission (EC) for ERDF that set out the activities and targets in exchange for the funding. The ERDF programme is delivered across England's 38 Local Enterprise Partnership (LEP) areas, each of which has a European Structural and Investment Fund (ESIF) Strategy to support local delivery. In London the LEP is known as the London Economic Action Partnership (LEAP).
- 1.2. LEP Area ESIF Committees, including the London ESIF Committee, which reports to the LEAP Board chaired by the Mayor, 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 'Intermediate Bodies' (IB) to carry out certain tasks of the MA. MHCLG MA has devolved responsibility for managing London's share of England's ERDF programme to the GLA as an IB. The relevant arrangements between MHCLG MA and the GLA are formally recorded in a Memorandum of Understanding (MoU).

#### *Previous Mayoral Decisions*

- 1.4. This request follows on from MD1583 (March 2016) where the previous Mayor:
  - Approved the designation of the GLA as an IB for the 2014-20 ERDF programmes, and entering into a Memorandum of Understanding (MOU) between the GLA and MHCLG;
  - Approved the delegation to the then GLA Head of Paid Service to sign the aforementioned MOU; and
  - Approved the delegation limits for administration of the approved ERDF expenditure.
- 1.5. Subsequent Mayoral Decision 1613 (also March 2016) committed up to £286 million of ERDF and the European Social Fund to co-financing organisations and projects. Mayoral Decision 2039 (October 2016) further approved the award of up to £24.4 million ERDF to projects. Mayoral Decision 2145 (August 2017) approved the award of £6.5 million ERDF. Mayoral Decision 2317 (July 2018) approved the award of up to £14.1 million ERDF.

#### *ERDF seventh call for proposals*

- 1.6. In October 2018 MHCLG, as Managing Authority, launched the seventh call for proposals in London. This followed preparatory work by GLA officers in consultation with the London European Structural and Investment Funds (ESIF) Committee (LEC).
- 1.7. As part of the call MHCLG allowed existing Grant Recipients - which met MHCLG's prescribed eligibility criteria - to apply for additional ERDF and to extend the lifetime of their projects.
- 1.8. £38.8m million ERDF was available across the four priorities of the ERDF Operational Programme (£11.3m for 'Promoting Research & Innovation'; £1.2m for 'Enhancing Access To, and Use and Quality of, Information and Communications Technology'; £11.4m for 'Enhancing the Competitiveness of Small and Medium Enterprises'; and £14.9m for 'Supporting the Shift towards a Low Carbon Economy'). The Priorities included the indicative activities on which the funding may be spent. The

call was open to all eligible applicants (as defined by MHCLG in guidance available on gov.uk). The specification (including output targets and permitted activities), national eligibility rules and guidance, application forms, selection criteria were also published by MHCLG on gov.uk.

- 1.9. The MHCLG application process comprised two stages: Outline Application and if successful, a Full Application for new applicants or a Project Change Request form for existing grant recipients. Outline Applications were submitted to the GLA in November 2018 and assessed by GLA officers. The advice of the London ESIF Committee on the strategic fit of the applications (against the Operational Programme and the London ESIF Strategy) was then sought. Based on the assessment and strategic fit, the GLA invited successful applicants to progress to the next stage. Applications were submitted in April 2019, and officers' appraisal commenced in line with MHCLG work instructions and guidance.
- 1.10. This Mayoral Decision seeks approval for the commitment of ERDF to applicants who were successful at the Outline Application stage and have submitted next-stage applications (they are listed in Part 2). Assuming satisfactory appraisal, a Funding Agreement will be issued (or a contract variation to existing grant recipients) to the applicant organisations, after Mayoral Decision approval, setting out the terms, conditions and monitoring requirements against which the ERDF grant is awarded.
- 1.11. Once ERDF Funding Agreements and contract variations have been issued, they will be listed on the LEAP website at [www.lep.london](http://www.lep.london).

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

- 2.1 The objective of the ERDF programme is to focus on investment to support economic growth and job creation.
- 2.2 All ERDF applications are required to meet the objectives of the England ERDF Operational Programme. Applicants are required to explain how they will contribute to the overall expenditure targets and outputs of the London share of that programme.

## **3. Equality comments**

- 3.1 The ERDF Operational Programme sets out the requirements for adherence to mandatory equalities 'cross-cutting' themes. ERDF promotes equality in accordance with European Union and national requirements.
- 3.2 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.
- 3.3 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.
- 3.4 This duty applies in the delivery of ERDF 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. In addition, where a project has a particular objective to work with people with specific protected characteristics, this will be presented in the project application by Grant Recipients, and they will be expected to monitor performance as part of their project management.

#### **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 even in a 'no-deal' scenario. This means the ERDF programme will continue until closure, expected in 2023, whether a withdrawal agreement with the EU is successfully concluded or not.
- 4.2 As Funding Agreements and contract variations have yet to be issued, it is feasible that one or more applicant may withdraw from the appraisal process. Likewise, officers may withdraw applications from the appraisal process (which involves checks on compliance with ERDF eligibility rules, national law and guidance and that the project activities are deliverable).
- 4.3 The amount of ERDF awarded to each applicant may be revised during the appraisal process (for example, applicants may seek alternative amounts for their own organisational budgetary reasons). Any requests 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 delegations listed in Mayoral Decision 1583.
- 4.4 Once Funding Agreements and contract variations have been issued and signed, officers will monitor the delivery of the projects to ensure compliance. It is common for ERDF projects to seek one or more contract variation during their lifetime (for example, revising expenditure and output profiles). Officers will manage this process in accordance with the process set out in the Funding Agreement and in line with MHCLG work instructions; and by ensuring a GLA officer with appropriate delegated authority approves any variation.

##### *b) Links to Strategies and Strategic Plan*

- 4.5 The projects approved for ERDF contribute to London's share of the England ERDF Operational Programme targets, under which calls are launched. As part of their appraisal, all projects are assessed on their alignment with the LEAP's ESIF Strategy which, in turn, supports the Mayor's Economic Development Strategy for London which seeks to create a supportive environment for businesses and entrepreneurs; and the London Environment Strategy which promotes energy efficiency and reductions in CO2. A consultation on the ESIF Strategy was undertaken in 2013; the feedback was taken on board in the final drafting of the strategy submitted to MHCLG in January 2014. All LEPs' ESIF Strategies were re-submitted, following changes in the formatting of the document, at Government's request in April 2016.

##### *c) Impact Assessments and Consultation*

- 4.6 In accordance with MHCLG requirements, the views of the LEC were sought on the strategic fit of applications for ERDF. The comments of the LEC were considered in decisions regarding the approval of projects.

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

- 5.1 Approval is being sought for the commitment and award of ERDF up to a total of £26.61 million.
- 5.2 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 laid out in MD1583. Any gains or losses in sterling/euro exchange rate fluctuations will be contained and managed by MHCLG.

## **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, all 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; 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 £26.61 million to applicants amounts to the provision of grant funding and not payment for services. Officers must ensure that the ERDF funding is distributed fairly, transparently and in accordance with the ERDF and MHCLG 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**

<b>Activity</b>	<b>Timeline</b>
Appraisal of applications	From April 2019
Issuing Funding Agreements or contract variations to applicants	After Mayoral approval; from c.June 2019
GLA monitoring of the Funding Agreements or contract variations	Once issued, from June 2019

**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**

If YES, for what reason:

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 – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Stuart Scott has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

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

✓

**Mayoral Adviser:**

Rajesh Agrawal 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 3 June 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Allen*

Date

3.6.19

**CHIEF OF STAFF:**

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

Signature

*D. Bellamy*

Date

10/6/2019.