

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2433

**Title: European Social Fund: Department for Work and Pensions additional funding request.**

### Executive Summary:

Mayoral Decision 1583 approved the designation of the GLA as an 'Intermediate Body' for the 2014-20 European Regional Development Fund (ERDF) and European Social Fund (ESF) programmes, in accordance with the functions set out in the Memorandums of Understanding (MoUs) with the Ministry for Housing, Communities and Local Government for ERDF and Department of Work and Pensions for ESF.

Mayoral Decision 1613 approved the commitment and award of ESF to Co-Financing organisations, including the Department for Work and Pensions (DWP), up to December 2019.

This Mayoral Decision seeks approval for a further commitment and award of ESF to the DWP's current provision up to 2023. This will include additional funds for the Older Workers and Troubled Families MoUs.

### Decision:

The Mayor approves the commitment and award of an additional £10,034,948 European Social Fund (ESF) to the Department for Work and Pensions Co-Financing Organisation (CFO) to support additional activity under ESF Priority Axis 1 "Inclusive Labour Markets".

### 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:**

1/3/19

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

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

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

- 1.1. The Department for Work and Pensions (DWP) is the 'Managing Authority' (MA) in England for the 2014-20 European Social Fund (ESF) programme. In 2015, DWP MA agreed an 'Operational Programme' for England (revised in October 2018) with the European Commission (EC) for ESF that set out the activities and targets (such as people into employment), in exchange for the funding. The ESF programme is delivered across England's 38 Local Enterprise Partnership (LEP) areas, each of which has a European Social 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. DWP MA has devolved responsibility for managing London's share of England's ESF programme to the GLA as an IB. The relevant arrangements between DWP MA and the GLA are formally recorded in a Memorandum of Understanding (MoU).
- 1.4. Mayoral Decision 1613 approved the commitment and award of ESF funding via Co-Financing Organisations (CFOs) up to December 2019.
- 1.5. CFOs provide match funding and procure and contract manage, or grant fund, ESF provision. The provision is contracted on the basis of skills and employment programmes agreed by the LEAP and local partners. In order to become a CFO, organisations must first apply for CFO status (only organisations that meet the Government's criteria can apply) and subsequently submit an application for ESF to deliver locally agreed activities
- 1.6. The DWP CFO - which is a separate part of DWP from the MA - has procured two large strands of adult ESF employment provision in London, on behalf of the LEAP; (i) the Older Workers programme aimed at people aged 50 or more and (ii) the Troubled Families programme, supporting families with complex needs. Each programme has four sub-regional contracts. The projects started delivering in January 2017 and are currently due to end in early 2020.
- 1.7. The GLA signed MOUs<sup>1</sup> with the DWP CFO for both strands of activity in May 2016. The Troubled Families MoU is for £16,781,223 ESF and the Older Workers MoU is at £11,457,333 ESF.
- 1.8. In line with the ESF Managing Authority's business process, any variation to a Funding Agreement entered into with the GLA (such as a time extension or request for additional funding) must be submitted through a Project Change Request (PCR). EPMU has 60 calendar days to assess it and notify the decision to the grant recipient.

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

- 2.1 London's 2014-20 programme allocation is €584million (doubled once match-funding is included). The projects funded within the ESF programme aim at increasing labour market participation, promoting social inclusion and developing skills of the future and existing workforce.

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<sup>1</sup> An MoU is used, because the GLA IB is acting on behalf of the DWP MA, and one Government department cannot enter into a contract with another part of Government.

- 2.2 ESF in London provides support for over 400,000 Londoners, of whom 100,000 are expected to progress into job search, education, training or employment; and 120,000 are expected to gain qualifications.
- 2.3 The DWP CFO have submitted a Project Change Request to extend activity by an additional 23 months to the end of 2021 and requesting an additional £10,034,948 ESF to fund activity under two ESF Investment Priorities (IPs): IP1.1 Access to Employment and IP1.4 Active Inclusion. The proposed changes will not amend the project's purpose; but will extend delivery, supporting the aims of the LEAP to help the hardest to reach to enter and sustain work.
- 2.4 This proposal includes approval for the continuation of six of the eight ESF contracts. Two contracts within the Older Workers MoU did not meet DWP performance criteria and will therefore not be extended by the CFO.
- 2.5 The DWP CFO is seeking an additional £8,585,961 ESF to extend the four Troubled Families contracts to offer targeted support to move unemployed and economically inactive individuals from troubled families into sustained employment. The aim is to support an additional 15,127 (150% increase) participants of which 24% are expected to progress into employment, including self-employment, or education/ training upon leaving.
- 2.6 The DWP CFO is seeking an additional £1,448,987 ESF to continue to deliver the Older Workers programme in Central and West London. These contracts will continue to support people aged over 50 to assist them in overcoming barriers to employment. This activity will aim to support an additional 8,796 participants, an increase of over 100% despite a reduction in contracts in North, East and South London. The programme will aim to support 24% of participants into employment.
- 2.7 Outcomes and results volumes have increased significantly across both MoUs. This is largely attributable to two factors. One is the extension of the contracts for almost two years which allows for additional participants to access the programmes. Secondly DWP CFO has carried out a review of its match funding<sup>2</sup> contracts and has been able to identify provision to use as match funding that offers better value for money/lower unit costs than originally anticipated.
- 2.8 The DWP CFO expects to sign contract variations with providers in March 2019.

### **3. Equality comments**

- 3.1. ESF is accessible to all organisations and individuals across London. The ESF Operational Programme set out the requirements for ensuring adherence to a mandatory equalities 'cross-cutting' theme. It will promote equality in accordance with European Union and national requirements.
- 3.2. 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. This means that delivery of the Operational Programme at local level, including in London, is required to 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.

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<sup>2</sup> CFOs are able to utilise funding for relevant existing domestic activity as match funding for ESF.

- 3.4. 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. The MA has set output targets to ensure the programme helps appropriate numbers of these people; London projects are required to contribute to these targets.
- 3.5. 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 inherent in the project application; grant recipients capture and report this data as part of their project management processes.
- 3.6. As part of the contracting process all projects funded through the GLA IB are required to illustrate how their project will meet the duties outlined in the Equality Act 2010. In addition, they are required to produce equality and diversity plans which endeavour to foster good relations between those engaging on our programme. These plans include the project strategy on inclusion, accessibility and tackling discrimination. These strategies are reviewed quarterly as part of the GLA performance management regime.
- 3.7. DWP CFO ESF provision is aimed at targeting some of the very hardest to reach and the most disengaged of those currently unemployed or inactive. The Older Workers contracts are supporting participants who are 50+ and have at least one other barrier to employment. In particular those with long term health issues, including mental health, those with caring responsibilities and those with drug and alcohol dependency.
- 3.8. The Troubled Families contracts are aimed at supporting families where there are multiple and complex barriers to work, including, parents and/or children involved in crime or anti-social behaviour, children whose attendance at school has caused concern with school or other agencies, children who are identified as in need or are subject to a Child Protection Plan, families affected by domestic violence and abuse and parents and/or children with a range of health problems

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

##### *Key risks and issues*

- 4.1 Once a revised Memorandum of Understanding has been issued and signed, GLA officers will monitor the delivery of the project to ensure activity takes place and outputs and/or results are achieved, in the same way as for any other ESF project awarded funding. The ESF underperformance policy also allows for clawback on funds in cases of significant underperformance.
- 4.2 A lack of eligible match funding could impact on the viability of the ESF contracts. However, this risk is highly unlikely to materialise given the significant scale of provision across England that DWP CFO is able to use as match funding for the London ESF contracts.
- 4.3 On 24 July 2018 HM Treasury announced that funding secured by applicants through EU programmes until the end of 2020 (the official end date for the ERDF and ESF programmes) will be guaranteed by the UK government even in a no deal scenario. The full statement is available on gov.uk. This means the ESF programme in London will continue through to closure, and projects able to claim expenditure, until 2023, whether a withdrawal agreement with the EU is successfully concluded or not.

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

- 4.4 EPMU oversees London's share of the national ESF Operational Programmes, under which Calls for Proposals are launched, and decisions are made on which applications are funded. The programmes are aligned to the LEAP's ESIF strategy and support Mayoral economic objectives for a competitive and fairer London.

### *Consultations and impact assessments*

- 4.5 In accordance with DWP MA business processes, the views of the London ESIF Committee (LEC) will be sought on the strategic fit of applications for funding. The comments of the LEC are taken into account in decisions regarding the approval of projects.

## **5. Financial comments**

- 5.1. The GLA is the designated Intermediate Body for the management and administration of the 2014-20 ESF Programmes in London. The London 2014-20 allocation totals €584 million and is doubled once match funding is secured.
- 5.2. Approval is being sought for the award and commitment of additional ESF funding of £8,585,961 for the Troubled Families Programme and an additional £1,448,987 for the Older Workers Programme until December 2021.
- 5.3. 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 DWP.

## **6. Legal comments**

- 6.1 Sections 1-4 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 of which a decision is sought officers have complied with the GLA's related 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 towards the achievement of sustainable development in the United Kingdom; and
  - Consult with appropriate bodies.
- 6.2 In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty; 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 (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3 The GLA must ensure all appropriate documentation is put in place in relation to the award of ESF to the DWP CFO.

## **7. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Variation to ESF MOUs	February 2019
Contracts awarded to providers	March 2019
Revised Delivery End Date	31 December 2021
Project Closure	30 September 2023

**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**

**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:**

Karen Azaadi has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Alex Conway 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 February 2019

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature



Date

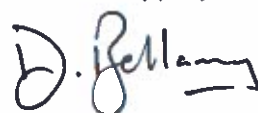
28.02.19

TOM MIDDLETON ON BEHALF OF MARTIN CLARKE

**CHIEF OF STAFF:**

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

Signature



Date

28/2/2019.