

REQUEST FOR MAYORAL DECISION – MD2011

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

Executive Summary:

This report seeks approval for the management by the GLA of the delivery of the ESF projects developed and match funded by London Legacy Development Corporation (LLDC), Old Oak and Park Royal Development Corporation (OPDC), and by the London Borough of Haringey in association with GLA officers.

Decision:

The Mayor approves;

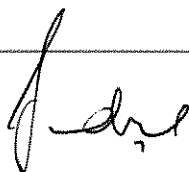
- the receipt of ESF funding, and of match funding from the LLDC, OPDC, and the London Borough of Haringey, for the ESF projects they developed and which the GLA will manage; and
- that the projects can be tendered once sponsorship/match funding per project is confirmed and the ESF Memorandum of Understanding (MoU) is in place; and
- that the GLA can enter into grant agreements with recipients for the delivery of the projects following an open and competitive process.

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:

16/8/16

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 initially 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 Co-Financing Organisation (CFO).
- 1.4 CFO status provides the GLA with operational and strategic benefits, including allowing the GLA a seat at the table in strategic discussions related to the allocation of regional ESF funds, alongside EPMU and London's other CFOs. The IPB were informed of the GLAs intention to apply to become a CFO at the January 2016 meeting.
- 1.5 The GLA have now secured CFO status and will fund 100% of the cost of project delivery, (which will be offset by routing any externally sourced funding through GLA Accounts), 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 for externally developed projects.
- 1.6 The January 2016 IPB meeting approved in principal that, once all relevant programme and project approvals were in place, the GLA could progress internally developed projects to the open and competitive tendering stage, and MD1642 was signed in April 2016 to approve this process.
- 1.7 A small number of projects included within the GLA ESF 2014-20 programme have been developed by LLDC, OPDC and Haringey Council, and align with GLA strategic objectives. LLDC, OPDC and Haringey Council as the 'sponsor' of these projects will provide the match funding to support delivery of these projects, but the projects will be delivered through the GLA ESF programme in order to maximise funding and proportionally increase the benefits.
- 1.8 ESF requires that Grants allocated to preferred suppliers are issued following an open and competitive tendering process.

2. Objectives and expected outcomes

- 2.1 Projects will reflect the 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-grantees¹

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 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

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

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.
- 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

The key risks and issues are highlighted below;

Compliance with ESF regulations and reporting requirements.

- 4.1 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.

However, the ESF Delivery Unit within the Regeneration team has extensive experience of managing 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 relevant GLA family organisations who are acting as 'project sponsors'.

- 4.2 Budget approval may not be secured for one or more of the individual projects in the GLA programme.

Budgets have been allocated by sponsors for the majority of proposed projects, and additional funding is currently being externally sourced by them to secure the remaining amounts. In addition the EU referendum result may result in a shorter delivery period being approved by EPMU and the Managing Authority which may result in some projects being reduced or unable to go ahead.

However, CFO status has resulted 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 should this become necessary.

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.

- 4.3 The result of the EU Referendum may result in a revised programme offer from EPMU/the Managing Authority.

Whilst decisions regarding project and programmes funded using European funding are taken by Central Government, current advice is that organisations should continue to plan for full delivery.

The impact and extent of any exit are currently unknown, but likely scenarios may include an exit package that honours any agreement, or a package that allows delivery for a reduced timeframe.

In a worst case scenario, if the EU referendum result should lead to a situation where the GLA is not awarded an ESF Memorandum of Understanding (MoU) by EPMU and the Managing Authority, there is no risk to the GLA because ESF projects will not progress to procurement until a MoU is in place.

Political change leads to changes in priorities.

- 4.4 Whilst the programme was developed in 2015-6, the CFO status will give the GLA flexibility to adapt as necessary, within the overall ESF programme aims and objectives, in line with Mayoral priorities.

Timescales.

- 4.5 Due to the change from Local Match Funding Provider to CFO and the impact of the EU referendum result, delays have occurred in the application and approval process. Although the GLA now has confirmation of CFO status, additional delays may occur while the GLA waits for ESF funds to be confirmed in the Agreement or MOU, which in turn may result in a delay to the GLA being able to commence competitive grant award activities.

However, externally developed projects are not intending to go out to tender immediately, so this delay is not anticipated to have any impact on the planned award or delivery period.

Fit with Mayoral Strategies

- 4.6 The GLA ESF CFO programme aligns with the principal purposes of the GLA 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.

Resource implications

- 4.7 As CFO, the GLA are required to manage the delivery of any projects awarded grants through funding provided by their MoU. Staffing costs for management and administration of the five-year programme are expected to be in the region of £1.85m, (of which, 50% is recoverable from the ESF), and 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.

5. Financial comments

- 5.1 This paper is seeking approval for the ESF projects being developed by LLDC, OPDC and the London Borough of Haringey. The total estimated gross cost of the projects being developed by these bodies totals £4.8m as set out in part 2 of this report (specific details of which remain confidential under the FOI Act).

- 5.2 There will be no cash contribution by the GLA to these projects as they will be either funded 50% by core funding from the external organisations or by private sector funds secured directly by these external organisations, with the remaining balance of 50% funded by ESF. It should be noted, however, the GLA will account for these funds and the associated project expenditure.
- 5.3 The projects being developed will go ahead once the funding sources have been confirmed by each organisation noted above, the ESF Memorandum of Understanding is signed by all parties and the Mayoral Decision approved for the externally developed projects. This will then allow for a competitive grant award process to be undertaken and the subsequent award of grants to the successful delivery partners.
- 5.4 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 not²;
- 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 Section 121 of the Greater London Authority Act 1999 (the "Act") provides that a functional body may, with the consent of the Mayor, pay a grant towards meeting revenue expenditure incurred or to be incurred by the GLA for the purposes of, or in connection with, the discharge of its functions. Officers should ensure that Mayoral consent is appropriately recorded in the form of a letter from the relevant functional body.
- 6.3 Officers should ensure that appropriate documentation is put in place between the GLA and Haringey Council for the provision of the match funding, before any reliance is placed on the funding income.
- 6.4 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.

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.

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.

- 6.5 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 April 2016 the IPB considered a report which sought in-principle approval for the receipt of funding and management by the GLA of the delivery of the ESF projects developed and match funded by the LLDC, Old Oak and Park Royal Development Corporation (OPDC) and by the London Borough of Haringey as part of the GLAs ESF 2014-20 programme.

The Board approved in principle;

- the receipt of the funding for the projects developed by LLDC, OPDC, and the London Borough of Haringey,

and that;

- the projects can progress to procurement once the MD has been approved, sponsorship/match funding at project level is confirmed, and the ESF Memorandum of Understanding (MoU) is in place; and that following an open and competitive grant award process, the GLA can enter into grant with preferred suppliers and manage the delivery of these projects.

The Board noted that;

the ESF Managing Authority has granted the GLA Co-Financing Organisation (CFO) status for the delivery of the ESF 2014-20 GLA programme.

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 will 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	March 2016
Submit application for ESF funding as a CFO	June 2016
Initial Project Specifications finalised and passed to EPMU for review (work on Specification finalisation will continue alongside the CFO application process)	June 2016
Receive Funding Agreements/MOUs	end July 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	Q3 2016
Final evaluation start and finish (self and external)	Start: Q3 2016 (earliest) Finish: Dec 2020
First Outcomes delivered by the Programme	January 2017
Delivery End Date (Indicative, dependant on procurement rounds)	August 2020
Project Closure	March 2021

Appendices and supporting papers:

See also: MD1642

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:

David Bellamy 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

J. James
PP. M. Clarke

Date

2/8/2016

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

16/8/2016

