

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2419

### Title: Commitment of European Social Fund to Clarion Futures Community Foundation

#### 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 with 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 funding to applicants, including the Clarion Futures Community Foundation (at the time known as Affinity Sutton).

This Mayoral Decision seeks approval for a further commitment and award of ESF funding to Clarion to deliver further ESF provision up to October 2019.

#### Decision:

The Mayor approves:

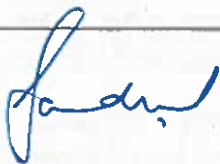
The commitment and award of an additional £825,339 European Social Fund (ESF) to the Clarion Futures Community Foundation under ESF Priority Axis 1 "Inclusive Labour Markets".

#### 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:

12/2/19

## **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 seven-year 2014-20 European Social Fund (ESF) programmes managed by the EU's 28 member states, ESF being one of the EU's €450bn European Structural and Investment Funds (ESIF). In 2015, DWP agreed an 'Operational Programme' (revised in October 2018) with the European Commission (EC) for European Social Fund (ESF) that set out 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 an ESIF Strategy to support local delivery. The £4 billion fund within the programmes have 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.
- 1.2. 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.
- 1.3. DWP has devolved responsibility for managing London's share of England's ESF programme to the GLA as a designated IB (accepted by the GLA via MD1583 in 2016). The GLA's European Programmes Management Unit (EPMU) also held this responsibility for the 2007-13 ESF programme. The relevant arrangements between DWP and the GLA are formally recorded in a Memorandum of Understanding.
- 1.4. MD1613 (also 2016) approved the commitment and award of ESF funding to direct applicants via a call for proposals launched by EPMU in 2015.
- 1.5. The Clarion Futures Community Foundation (formerly known as Affinity Sutton) was awarded £6,642,499 ESF through that MD for its project "Love London Working" (matched with an equal amount of match funding). The project is being delivered by a partnership of 12 social housing providers, led by Clarion Futures, and delivers tailored employment support to 21,000 participants, including skills training; financial support & guidance, support to improve participants' confidence, self-esteem and motivation. As social housing providers, the delivery partners are able to capitalise on their extensive presence in deprived communities with demographic concentrations of ethnic minorities, unemployed people over 50, individuals with disabilities, and single parents.
- 1.6. The project started in January 2016 and is due to finish delivery in April 2019. As of September 2018, it has successfully engaged with 11,390 participants and supported 3,527 into employment.
- 1.7. 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 ESF (doubled once match-funding is included). The projects funded aim at increasing labour market participation, promoting social inclusion and developing skills of the future and existing workforce.
- 2.2 ESF in London seeks to provide support for over 400,000 Londoners, of whom 100,000 are expected to progress into jobsearch, education, training or employment and a further 30% will gain qualifications.

- 2.3 Clarion is seeking an additional £825,339 of ESF funding to extend the project delivery period by six months. While the overall number of participants supported will remain unchanged, the additional time and small increase in funding will enable the project to achieve its participant start targets and increase the proportion of people supported into work and sustained in employment for six months.
- 2.4 The project remains good value for money, with a unit cost per start of £711 and unit cost per job entry of £2,275. The starter unit costs are very competitive – around half the average unit cost for Investment Priority 1.1<sup>1</sup> of the ESF programme. The project is also expected to deliver above average rates of progression into employment, with 39% of unemployed participants expected to get into work (against an ESF programme target of 22%) and 50% of economically inactive participants expected to progress into employment or jobsearch (against a programme target of 33%). As Clarion has increased the target for participants into jobs and sustained jobs, there will be some additional outcomes but not additional participants. However, despite the additional funding the project will have a lower unit cost than any of the other direct bid projects and the vast majority of Co-financing organisation (CFO) provision in London.
- 2.5 The project is also aiming to achieve above the expected levels of engagement for most key ESF target groups, such as the economically inactive (60%), women (60%), ethnic minorities (35%), lone parents (25%) and 50+ (17%), disabled (14%). Of participants engaged to date 72% are from ethnic minority backgrounds, 16% are lone parents; 24% are over 50 years old and 12% have a disability. The only significant area of underperformance relates to the economically inactive, and Clarion has reaffirmed its commitment to focus on this over the remainder of the project's lifespan.

### **3. Equality comments**

- 3.1. ESF is accessible to all organisations and individuals across London. The ESF Operational Programme sets out the requirements for ensuring adherence to a mandatory equalities 'cross-cutting' theme; and promotes 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) of the 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.
- 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 DWP has set output targets to ensure the programme helps appropriate numbers of these people; London projects are required to contribute to these targets.
- 3.5. The ESF 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 is submitted by ESF grant recipients as part of the claims process and is reviewed by

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<sup>1</sup> The ESF programme in London has two main Priority Axes, Priority 1: Inclusive Labour Markets and Priority 2: Skills for Growth. Each of the Priority Axes has a number of sub Investment Priorities as set out in the ESF Operational Programme.

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. The project has performed particularly well in exceeding the number of ethnic minority and female participants. To date, 72% of participants have been from an ethnic minority background against a target of 35% of all participants. Female participation is currently at 55% of participants against a target of 60%; however, the Operational Programme target for female participants is 48%, so the project is exceeding the OP target.

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

##### *Risk management*

- 4.1 The amount of ESF allocated to Clarion may be revised during the approval process as officers negotiate the PCR. However, it is not expected to exceed the amount stated on the cover page of this Mayoral Decision.
- 4.2 Once a Funding Agreement Variation 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.
- 4.3 The national ESF Managing Authority has put in place an underperformance policy which allows Contract Managers to identify risks of project underperformance and appropriate action to be taken. By increasing the frequency of monitoring of Clarion project, EPMU will be able to identify underperformance rapidly and implement a recovery action plan, if need be. Ultimately EPMU can decide to reduce or claw back the money in accordance with the terms of the Funding Agreement
- 4.4 Last year, the Government confirmed 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" Brexit scenario. The full statement is available on gov.uk<sup>2</sup>. This means the ESF programme in London is at minimum risk of facing early closure (normal closure is expected in 2023), whether a withdrawal agreement with the EU is successfully concluded by the United Kingdom or not.

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

- 4.5 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*

- 4.6 In accordance with DWP 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 on behalf of the DWP. The London 2014-20 allocation totals €584 million and is doubled once match funding is secured.

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<sup>2</sup> <https://www.gov.uk/government/publications/the-governments-guarantee-for-eu-funded-programmes-if-theres-no-brexit-deal/the-governments-guarantee-for-eu-funded-programmes-if-theres-no-brexit-deal>

- 5.2. Approval is being sought for the award and commitment of additional ESF funding of £825,339 to Clarion Futures Community Foundation until October 2019. The European Programmes Management Unit (EPMU) will continue to be responsible for managing the programme on behalf of the GLA.
- 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 Section 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, 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 The GLA must ensure all appropriate documentation is put in place in relation to the award of ESF to the Clarion Futures Community Foundation. The GLA must also ensure that ESF rules and guidance are adhered when awarding any further funding to the Clarion Futures Community Foundation.

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

<b>Activity</b>	<b>Timeline</b>
Revised Delivery end date	3 October 2019
Revised Project Closure	3 January 2020

### **Appendices and supporting papers:**

MD1583

MD1613

**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:**

Laure Farret 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 11 February 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Allge*

Date

*11.2.19*

**CHIEF OF STAFF:**

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

Signature

*D. Bellamy*

Date

*11/2/2019*