

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2145

Title: Commitment of the European Regional Development Fund to applications under call 5

Executive Summary:

This Mayoral Decision seeks approval for the award of European Regional Development Funding to applicants which were successful in the fifth call for proposals launched in December 2016.

Mayoral Decision 1583 (March 2016) approved the designation of the Greater London Authority as an Intermediate Body for the Department of Communities and Local Government's London component of the 2014-20 European Regional Development Fund programme.

The Greater London Authority's functions as an Intermediate Body are set out in a Memorandum of Understanding with the European Regional Development Fund Managing Authority, the Department for Communities and Local Government.

Decision:

It is requested that the Mayor approves:

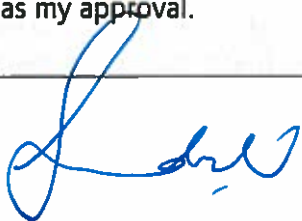
1. The commitment and award of up to £6.5m European Regional Development Fund to applicants of the fifth call for proposals to support jobs and growth, as set out in Part 2; and
2. that following on from the award of funding, officers of the Greater London Authority's European Programmes Management Unit will manage the Funding Agreements in accordance with the delegations set out in MD1583.

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:

7/8/17

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

Decision required – supporting report

1. Introduction and background

- 1.1 The Greater London Authority (GLA) has been designated an Intermediate Body (IB) by the Department for Communities and Local Government (DCLG) for the award, management and administration of European Regional Development Fund (ERDF) of the London component of the 2014-20 European Structural and Investment Funds England programme.
- 1.2 The Government has stated that ERDF funding agreements entered into prior to the UK's exit from the EU will be honoured by the Government. There is further information in paragraph 4.1.

Previous Mayoral Decisions

- 1.3 This request follows on from Mayoral Decision 1583 (March 2016) where the previous Mayor:
- Approved the designation of the GLA as an IB for the 2014-20 ERDF programmes, and the entering into a Memorandum of Understanding (MOU) between the GLA and DCLG;
 - approved the delegation to the GLA Head of Paid Service to sign the aforementioned MOU; and
 - approved the delegation limits for administration of the approved ERDF expenditure.
- 1.4 Subsequent Mayoral Decision 1613 (also March 2016) committed up to £286 million of ERDF and European Social Fund to co-financing organisations and projects. Mayoral Decision 2039 (October 2016) further approved the award of up to £24 million ERDF to projects.
- 1.5 Mayoral Decision 1583 sets out the ERDF financial delegation limits for GLA officers. This includes approving ERDF Funding Agreements and authorising projects' claims for payment. In summary, the European Programmes Director can approve funding up to £1.5m ERDF and authorise payment up to £1.5m ERDF; and the Head of Financial Services up to £5m for both. The Executive Director Resources and the Head of Paid Service and the Mayor can approve funding to an unlimited level 'unless novel, contentious or repercussive'; and can authorise claims to an unlimited value. These approvals do not require a GLA decision form; but audit trails are maintained. The Mayor must approve 'any application deemed novel, contentious or repercussive by the Intermediate Body'.

ERDF fifth call for proposals

- 1.6 In December 2016, DCLG, as ERDF Managing Authority, launched the fifth call for proposals in London. This followed preparatory work by GLA officers and in consultation with the London European Structural Investment Fund (ESIF) Committee (LEC); the committee comprises local partners reflective of the priorities of the England ERDF Operational Programme, and sits under the London Economic Action Partnership (LEAP).
- 1.7 £23.6 million ERDF was available across three Priority Axes of the ERDF Operational Programme (£9.8m for 'Promoting Research & Innovation'; £900k for 'Enhancing Access To, and Use and Quality of, Information and Communications Technology' and £12.9m for 'Supporting the Shift towards a Low Carbon Economy'. The Priority Axes included the indicative activities on which the

funding may be spent. The call was open to all eligible applicants (as defined by DCLG 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 DCLG on gov.uk.

- 1.8 The DCLG application process comprises two stages: Outline Application and if successful, a Full Application stage. Applicants' Outline Applications were submitted to the GLA in February 2017, and assessed by GLA Officers. In line with DCLG's requirements, the advice of the London ESIF Committee on the strategic fit of the applications (against the Operational Programme and the London ESIF Strategy) was sought. Based on the assessment and strategic fit, the GLA invited successful applicants to progress to the Full Application stage. Full Applications were submitted in June 2017, and officers' appraisal commenced in line with DCLG work instructions and guidance.
- 1.9 This Mayoral Decision seeks approval for the commitment of ERDF to the four applicants which were successful at the Outline Application stage, and which have submitted Full Applications (they are listed in Part 2). Assuming satisfactory appraisal, a Funding Agreement will be issued to the successful applicant organisations, after Mayoral Decision approval, setting out the terms, conditions and monitoring requirements against which the ERDF grant is awarded.
- 1.10 Once ERDF Funding Agreements have been issued, they will be listed on the LEAP website: 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 national ERDF Operational Programme which was written by DCLG and agreed with the European Commission in 2015. Applicants are required to explain how they will contribute to the overall expenditure targets and outputs of the London share of the ERDF 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.
- 3.2 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.

- 3.3 This duty applies in the delivery of ERDF and means that delivery of the Operational Programme at local level, including 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. Where a project has a particular objective to work with people with specific protected characteristics, this will be inherent in the project application; Grant Recipients will be expected to capture this data as part of their project management.

4. Other considerations

a) Key Risks and Issues

- 4.1 The long-term effect of the decision to leave the EU in relation to the ERDF programme is not yet known. This Mayoral Decision is drafted on the basis that the GLA can continue to enter into contractual arrangements until the point of Brexit. This is further to the Chancellor's announcement on 3rd October 2016 that the government will honour EU funding for structural and investment fund projects (including ERDF) signed before the UK's departure from the EU, even when these projects continue after the UK has left the EU.
- 4.2 As Funding Agreements have yet to be issued, it is feasible that one or more applicant may withdraw from the process, for example, through anticipated match funding not being available by the applicant. Officers may also withdraw applications from the appraisal process (the process involves checks that applications comply with ERDF 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 as officers negotiate the Funding Agreements (for example, applicants may seek alternative amounts for their own organisational budgetary reasons). However, 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 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 DCLG 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 national ERDF Operational Programme targets, under which calls for proposals are launched. As part of their appraisal all projects are assessed on their alignment with the LEP's ESIF Strategy which, in turn, supports Mayoral economic objectives for a competitive and fairer London. 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 DCLG 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 DCLG requirements, the views of the London ESIF Committee are sought on the strategic fit of applications for ERDF. The comments of the London ESIF Committee were taken into account 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 £6.5 million for the successful applicants of the fifth Call for Proposals, supporting economic growth and job creation. Further details set out in part 2.
- 5.2 The GLA is the designated Intermediate Body for the management and administration of the 2014-20 ERDF on behalf of DCLG. 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.
- 5.4 Projects and match funding that comprise the GLA's own application, will go through their own approval process via the Authority's formal decision-making framework, with budget provision subject to the annual budget and business planning process for each subsequent financial year.

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 Paragraphs 1 to 4 above indicates that the contribution of £6.5 million to up to four 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 DCLG requirements. Officers shall ensure all relevant funding agreement is put in place with the grant recipients as set out in Part 2 before any commitment to fund is made.

7. Planned delivery approach and next steps

- 7.1 Following Mayoral approval, ERDF Funding Agreements will be issued and signed with applicants. EPMU will then manage operations in line with DCLG instructions and guidance; and in respect of the delegation limits set out in Mayoral Decision 1583.

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

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:

Stuart Scott 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:

Alex Conway has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

Rajesh Agarwal 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 24 July 2017

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

24. 7. 17

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

24 / 7 / 2017