

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3058

Title: GLA management of the UK Shared Prosperity Fund

Executive summary:

The UK Shared Prosperity Fund (UKSPF) is the UK government's replacement for the European Structural and Investment Fund and will provide £2.6 billion of new funding for local investment over the three-year period to March 2025 across the UK. The government has named the GLA as the lead authority for UKSPF in London. As such, the GLA will be responsible for the award, management and administration of UKSPF.

In July 2022, GLA officers submitted an investment plan covering the three investment priorities (communities and place; supporting local business; and people and skills) which was approved by government on 5 December 2022.

This decision seeks the Mayor's approval of the GLA's role for UKSPF including the receipt of £144,444,970 to London via a ring-fenced grant over a three-year period covering financial years 2022-23 to 2024-25. The GLA has received a grant determination letter from government confirming the funding for 2022-2023. Indicative funding for 2023-2024 and 2024-25 is set out in the letter of 5 December 2022 (Appendix 1). The GLA has agreed a Memorandum of Understanding with the Department for Levelling Up, Housing and Communities.

The Mayor is asked to delegate the authority to grant approval for the award and payment of UKSPF funding to grant recipients to Executive Director and Assistant Director level.

Decision:

The Mayor notes the naming of the GLA as the lead authority for the UK Shared Prosperity Fund in London and:

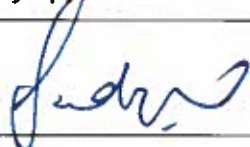
- i. approves receipt of the £144,444,970 for the three-year period from 2022 to 2025, which includes the receipt of £17,529,730 for 2022-2023 as set out in the grant determination letter, the receipt of £40,000 for undertaking the preparatory work for the fund, and the subsequent award of funds for 2023-24 and 2024-25
- ii. delegates authority to grant approvals for the award and payment of UKSPF funding in line with the approved investment plan to the Executive Directors for Good Growth, and Communities and Skills, and the Assistant Directors for Economic Development and Programmes, and Communities and Skills. This includes the ability to enter into contracts and award grants, and make payments to delivery providers
- iii. approves the revised delegations to GLA officers and roles set out in Appendix 2, to ensure the effective and efficient implementation of UKSPF programme in London.

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:

26/1/23

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

Decision required – supporting report

1. Introduction and background

- 1.1. UKSPF is the government's domestic replacement for the European Structural and Investment Fund (ESIF) which the GLA continues to manage until 2024. UKSPF will support the government's wider Levelling Up agenda and will invest £2.6 billion across the UK by March 2025. All areas of the UK received an allocation determined by a funding formula. The Department for Levelling Up, Housing and Communities (DLUHC) is leading on UKSPF for the government.
- 1.2. UKSPF is a mix of both revenue and capital funding and can be used to support place-based, business support and skills and employment interventions.
- 1.3. The GLA has been named as 'lead authority' for UKSPF in London by the government. As the lead authority, the GLA's role includes setting up and managing the fund locally (inviting bids from organisations, entering into funding agreements with the successful applicants, managing projects from start to end and ensuring appropriate monitoring and evaluation of successful projects).
- 1.4. London has a three-year allocation of £144,444,970. This has been split between the three UKSPF 'investment priorities' as follows:
 - Communities and Place £41,287,139
 - Supporting Local Businesses £63,958,500
 - People and Skills £39,199,331.

Investment plan

- 1.5. Lead authorities in the UK were required to develop an [investment plan](#) in accordance with government guidance published on gov.uk in April 2022. The investment plan for London was endorsed by the GLA's Corporate Investment Board on 18 July 2022 and by borough leaders via London Councils. The investment plan was submitted to the government on 28 July 2022.
- 1.6. The London investment plan was co-designed with London Councils, based on the shared priorities of the London Recovery Board's (LRB) Economic Recovery Framework. As part of this, London Councils agreed a formula for allocations to individual London boroughs, in relation to the Communities and Place and Supporting Local Business investment priorities.
- 1.7. The London investment plan sets out measurable outcomes the lead authority will look to achieve, and the interventions which are prioritised.
- 1.8. A broad range of stakeholders were engaged and consulted about the investment plan prior to submission to government. This included two online interactive events held in partnership with London Councils. In addition, briefings have been provided to the London Assembly and groups including the LRB (which has been designated as the government required UKSPF 'local partnership group' (LPG)¹), the Skills for Londoners Board, the London Economic Action Partnership (LEAP) and London MPs. A roundtable for London boroughs was also held.
- 1.9. The investment plan was approved by the government on 5 December 2022 and is published on the GLA website. Following approval of the investment plan, the GLA received a grant determination letter, confirming funding for 2022-23 (£17,529,730) and providing indicative allocations for 2023-24 (£35,059,459) and 2024-25 (£91,855,782). See Appendix 1 for the grant determination

¹ The role of the LPG which has been defined by government is to provide advice on the strategic fit and deliverability of activity and offer its views on any significant changes to London's UKSPF investment plan. It comprises representatives from a diverse range of London stakeholders.

letter. The indicative allocations for 2023-24 and 2024-25 will be reviewed by government on submission of reporting requirements detailing progress on spend and confirmed in annual grant determinations and entered into a memorandum of understanding (MoU) with DLUHC.

- 1.10. GLA officers are designing processes for allocating, monitoring, and reporting on the funding in consultation with London Councils, in line with the government's UKSPF guidance.

Delegations

- 1.11. GLA officers in the Economic Development Unit (for Communities and Place and Supporting Local Business) and Skills & Employment Unit (for People and Skills) will be responsible for managing UKSPF grant agreements. It is proposed that the GLA's standard financial delegation limits are amended for UKSPF as set out in Appendix 2. The financial delegation limit changes set out in the Appendix are consistent with those previously agreed via Mayoral Decision for European Regional Development Fund (ERDF, MD2599) and UK Community Renewal Fund (UKRCF, MD2851) projects. This will expedite the claim authorisation process for successful UKSPF projects and help ensure payments to London boroughs and other delivery partners can be made promptly, without reducing levels of scrutiny.

Allocations

- 1.12. There are different allocations for each of the three investment priorities.
- 1.13. Communities and Place funding will be allocated in full to London boroughs as set out in the approved London investment plan. To date, London boroughs have been invited to submit proposals detailing the activities they propose to deliver and the outputs and outcomes they expect to achieve. Officers are reviewing these proposals with a view to issuing funding agreements.
- 1.14. Supporting Local Businesses funding will be allocated in several ways including via open, competitive invitations to bid from eligible organisations, as set out in the approved London investment plan. Bids received will be subject to financial due diligence checks. Approval of the award of UKSPF funding to individual projects would be undertaken within the delegation limits proposed in Table 1 of Appendix 2, if agreed.
- 1.15. As with Communities and Place, direct allocations for Supporting Local Businesses will also be made to London boroughs, and officers are working with boroughs to finalise their proposals, ahead of issuing funding agreements.
- 1.16. In addition, the approved investment plan proposes a direct allocation for Supporting Local Businesses to London & Partners, to assist with support for everyday businesses and growth businesses. This is in line with recommendations to simplify and strengthen the support for small businesses across London which were previously presented to (in July and September 2022) and endorsed by the GLA's Corporate Investment Board. This element of UKSPF programme will be subject to a subsequent Mayoral Decision once further details of the arrangements with London & Partners are available.
- 1.17. People and Skills funding is available for one year only from April 2024 and will be allocated via direct grants to the accountable boroughs within the sub-regional partnerships² and via open, competitive invitations to bid. This has been set out in the investment plan.

Payment and monitoring

- 1.18. The government will pay the GLA its allocation in three annual tranches. In the financial year 2022-23, funding is paid following agreement of the Memorandum of Understanding ("MoU") and the grant determinations. In financial years 2023-24 and 2024-25, the government will pay after the start of each financial year (expected to be between May and July) providing the GLA meets the terms of the MOU, and this will be confirmed in annual grant determinations. There may be

² Central London Forward, Local London, South London Partnership, West London Alliance

occasions within the lifetime of the programme where the GLA will be required to make payments to projects before the funding from government is received, or where the GLA is required to pay out more than received for that year. Officers will manage this if the need arises. Payments and monitoring will be done in accordance with the Mayoral Decision-Making in the GLA framework, relevant financial regulations and the Contracts and Funding Code.

- 1.19. Regarding payment to London boroughs in respect of their Communities and Place and Supporting Local Business allocations, the GLA plans to broadly mirror the method the government is putting in place with lead authorities in its payment arrangements. The detailed arrangements for a milestone payment model are being finalised. Funding agreements will be issued to boroughs and the GLA will monitor boroughs' performance, which could include taking remedial action should it be required. This will be outlined in the grant funding agreements with individual London boroughs.
- 1.20. For example, this might include recovering funding where a London borough is unable to achieve its contracted deliverables and the funds could potentially be allocated to another London borough.
- 1.21. Funding arrangements for the People and Skills investment priority are being established and will be set out in funding prospectuses and grant agreements ahead of activity starting in 2024-25.
- 1.22. London boroughs will be able to use up to 4 percent of their individual Communities and Place and Supporting Local Business allocations for the administration and management of UKSPF locally. This is separate from the 2.8 percent administration budget (from the £144m) which the GLA will be able to access for management and administration costs under the approved investment plan.
- 1.23. The government is awarding an additional £40,000 to the GLA for undertaking the preparatory work for the fund, including developing the investment plan. This expected to be received in the first payment made by the government to the GLA.
- 1.24. Once in delivery, the government requires the GLA's Chief Finance Officer to sign off quarterly and sixth monthly performance returns to the government. The government also requires 'material changes' to the investment plan (such as significant changes to output or expenditure profiles) to be considered by the LPG. This may include moving allocations between investment priorities or interventions, changes to the types of outputs and outcome and their targets.
- 1.25. The Skills for Londoners (SfL) Board, as the designated Skills Advisory Panel for London, will provide oversight and governance for the People and Skills investment priority, and reporting arrangements on this priority will be formally agreed between the LRB and the SfL Board. There are no separate boards for Supporting Local Business or Communities and Place.

2. Objectives and expected outcomes

- 2.1. UKSPF in London is required to meet the objectives of the government's vision for UKSPF and London's investment plan which, in turn, supports the London Recovery Board's Economic Recovery Framework.
- 2.2. This decision will enable the commitment of London's £144 million which will support investment in communities and place, enable businesses to innovate and grow, and reduce the barriers some people face as they move towards employment and education.

3. Equality comments

- 3.1. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities including the GLA 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
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2 The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 3.3 Due regard must be had at the time a decision is being considered. The duty is non-delegable and must be exercised with an open mind.
- 3.4 The due regard duty also applies to the delivery of UKSPF and the investment plan sets out the types of activity that will be undertaken to address issues of equality and diversity. Noting section 149(1), UKSPF funding is available to all eligible organisations irrespective of the protected characteristics of the applicant bodies. Further, an open, competitive call will be launched under the Supporting Local Business investment priority in which we will be seeking applicants' intentions for addressing and support equality, diversity, and inclusion (EDI). It is a requirement of any project application that they consider EDI and that the project is designed with EDI principles in mind.

4. Other considerations

Key risks and issues

- 4.1. The government has shared guidance on gov.uk for managing UKSPF programme. However, further guidance is due to be published on monitoring and evaluation requirements. There is a risk that the new guidance affects the information already shared with stakeholders and prospective applicants. To mitigate this, officers remain in contact with government colleagues regarding the timing and content of future guidance.
- 4.2. A risk exists that payment will be awarded to London boroughs before they have finalised their plans for using the money, and that it doesn't get used. However, officers have been coordinating with London Councils and boroughs since the summer to work up proposals. As noted above, officers will take remedial action if it is required.
- 4.3. There is a risk that London boroughs, projects, and other recipients do not commit expenditure and achieve outputs/outcomes in line with their profiles, especially given the delayed approval of UKSPF by the government which means that there is already little more than two years until UKSPF ends, in March 2025. In addition, some London boroughs may adapt the use of their allocations during this period. This could result in GLA not meeting its government-set targets. However, as with existing London Economic Action Partnership and European-funded projects, GLA officers will remain in regular contact with grant recipients, monitor progress, and take remedial action where it is required in the normal course of business. Specific action will depend on the given scenario, but it could include the re-profiling or re-allocation of expenditure and outcome/output targets at programme or project level.
- 4.4. There is a risk that there is failure to commit funds due to lack of satisfactory applications which meet programme priorities, but significant engagement work has been undertaken in advance of the programme launch to ensure a strong pipeline of organisations are interested in submitting applications. Previous experience delivering similar programmes (ERDF, European Social Fund and UKCRF) have produced no issues in committing the funds in full, with targets met as required.

Conflicts of interest

- 4.5. The individuals involved in drafting and clearing this document have no conflicts of interests to declare.

Links to Mayoral Strategies and priorities

- 4.6. The priorities for how UKSPF is delivered in London are based on the shared priorities of the LRB's Economic Recovery Framework. This framework, agreed in 2021, identifies the need to restore confidence in the city, provide targeted support to London's most vulnerable communities, and rebuild the city's economy and society. The framework sets out action for dealing with the structural changes to London's economy, and fostering economic recovery, via five pillars: Jobs, Business, Thriving Neighbourhoods, Connected City, and Global London. The framework articulates roles and responsibilities for the constituent parts of London's government. To achieve a 'full system response', it also identifies key opportunities for government, major institutions, and business, to support recovery activities and levelling up. The broad activities permitted under UKSPF investment priorities support the framework and pillars.
- 4.7. The Building a Fairer City Action Plan (London Councils/Mayor of London, 2022) sets out an innovative, partner-driven shift in London's work to tackle deep-seated inequalities. It focuses on solutions and actions that LRB members can take on as employers, service providers and influencers. It also seeks to build a broader coalition across public, private, voluntary or charity sectors – one that is committed to targeted and sustained action to create striking, positive, and enduring change. UKSPF funding will be used in line with this plan to address inequalities, and support diversity and inclusion and all recipients will be expected to take proactive steps and action.
- 4.8. The Skills Roadmap for London sets the direction of travel for adult education and skills in London over the Mayoral term and beyond, including future plans for the approximately £320 million per year Adult Education Budget (AEB). The Skills Roadmap for London will help Londoners to access good jobs and to lead happier, healthier lives. It sets out how the Mayor will ensure London's skills offer better serves London's communities and economies, building on the success of the delegation of the AEB to the Mayor in 2019. UKSPF funding under the People and Skills priority will follow the approach set out in the Skills Roadmap, in particular seeking to ensure skills provision, learning and adult education are locally relevant, make an impact, and are accessible to all.

5. Financial comments

- 5.1. UKSPF is a fund programme run by DLUHC for local investment. The GLA has been assigned as the 'lead authority' for London's allocation of UKSPF thus this decision seeks approval for the receipt of this fund which stands at £144,444,970.
- 5.2. These funds will be issued in advance to the Authority over three financial years (2022-23, 2023-24 and 2024-25) during which time the GLA is expected to demonstrate expenditure levels on a quarterly and six-monthly basis as part of the government's monitoring agreement.
- 5.3. The GLA's role as a designated 'lead authority' involves the management and administration of UKSPF. This means that the GLA will uphold its financial responsibility by appraising applications; managing performance; monitoring applicants; and carrying out expenditure checks on applicants.
- 5.4. Each lead authority can use up to 4 per cent of its UKSPF allocation to undertake necessary fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement. In the approved investment plan, the GLA's use of funding for these purposes will be limited to 2.8 per cent of its UKSPF allocation (a maximum of £4 million). Any underspends on this may be returned to the wider pot to maximise delivery for Londoners.
- 5.5. In addition to receiving London's UKSPF allocation, the GLA will also receive £40,000 to undertake any preparatory work surrounding the fund which includes, but is not limited to, developing the investment plan.

6. Legal comments

- 6.1. Under section 30 of the Greater London Authority Act 1999 (GLAA) the GLA may do anything which it considers will further one or more of its principal purposes that are promoting: economic development and wealth creation in Greater London; social development in Greater London; and the improvement of the environment in Greater London.
- 6.2. In determining whether or not to exercise its power to further one or more of its principal purposes, the GLA is required to consider the effect this may have on the remaining purpose or purposes — in so far as that is practicable — and, over a period of time, to secure a reasonable balance between furthering each of its principal purposes.
- 6.3. Section 33 of the GLAA requires the GLA to make appropriate arrangements with a view to securing that, in the exercise of its general power, there is due regard to the principle that there should be equality of opportunity for all people. The GLA is also subject to the public sector equality duty imposed by section 149(1) of the Equality Act 2010 in relation to the exercise of its functions (see section 3 above).
- 6.4. Section 34 of the GLAA provides for the GLA to be able to do anything which is incidental to the exercise of its functions, including its general powers under section 30.
- 6.5. Sections 1 to 4 above concern the award of grant funding by the GLA. Officers must ensure that such grant funding is distributed fairly, transparently, in a manner which affords value for money and in accordance with the requirements of the GLA's Contracts and Funding Code and UK government requirements. Officers must also ensure that grant funding agreements are put in place between and executed by the GLA and recipients before any commitment to fund is made.
- 6.6. In addition, to the extent that the proposals in respect of which decisions are sought involve the making of commitments which extend beyond the current Mayoral term officers must ensure that the terms of all agreements entered into in respect of the expenditure do not have the effect of fettering the discretion of any successor administration, considering in particular the London elections taking place in May 2024. Accordingly, officers must ensure that all agreements which involve making such commitments include a GLA right to terminate at any point for convenience (at no cost to the GLA) and all such agreements are managed in such a manner, and any deliverables, milestones and/or output requirements are structured so as to mitigate risks of the GLA incurring abortive expenditure (which might be reasonably be taken to fetter, practically, the exercise of such discretion).

7. Planned delivery approach and next steps

- 7.1. Next steps include:

| Activity | Timeline |
|--|--------------------|
| Government's 2022-23 payment to the GLA | From December 2022 |
| Supporting Local Business open call launches | 14 December 2022 |
| Award of funding to London boroughs | From January 2023 |

Appendices and supporting papers:

Appendix 1 – Grant Determination Letter

Appendix 1a – Grant Determination Letter (revenue)

Appendix 1b – Grant Determination Letter (capital)

Appendix 2 – Financial delegations

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 the 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:

Lee Harvey has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Phil Graham 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 23 January 2023

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

D. Gane

23 January 2023

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

23 January 2023

