

LEAP Board

Date of meeting: **27 June 2018**

Title of report: **GLA European Social Fund Co-Financing Proposals**

To be presented by: **Michelle Cuomo-Boorer, Assistant Director – Skills & Employment**

Cleared by: **Lucy Owen, Interim Executive Director – Development, Enterprise and Environment**

Classification: **Public**

1 Executive Summary

- 1.1 There is approximately £148m unallocated European Social Fund (ESF) available in London for co-financing organisations (CFOs)¹ to match.
- 1.2 The GLA will become responsible for £311m per annum Adult Education Budget (AEB) from 1 August 2019. The majority of the AEB will be grant funded to Further Education (FE) Colleges and boroughs, whilst approximately 10 per cent will be competitively procured. There is an opportunity for the GLA to use some of the competitively procured AEB as match funding to draw down some of London's uncommitted ESF to deliver a range of skills and employment programmes concluding in 2023.

2 Recommendations

- 2.1 That LEAP endorses the GLA's request for up to £71m ESF to co-finance adult and youth skills and employment programmes in London as outlined in this paper.

3 Introduction and Background

- 3.1 The AEB is being devolved to the Mayor from the 1 August 2019 through a delegation arrangement via the GLA Act 1999. The indicative budget for the AEB in 2019/20 is £311m. The final budget is expected to be confirmed in January 2019.

¹ National CFOs operating in London include the Education and Skills Funding Agency, Department for Work and Pensions, Big Lottery Fund. Regional and local organisations with ESF programmes include the GLA, London Councils and sub-regional partnerships (Central London Forward, Local London, South London Partnership and West London Alliance).

- 3.2 With £148m of ESF in London uncommitted, there is an opportunity for the Mayor to match-fund part of the AEB to utilise some of the remaining funds. This funding could otherwise remain uncommitted, resulting in a loss of funding for skills and employment support to Londoners.
- 3.3 Historically, AEB funding has been used by the Education and Skills Funding Agency (ESFA) to provide match-fund for ESF programmes. Following initial consideration by the Skills & Employment team, GLA ESF Co-Financing team and European Programmes Management Unit, it will also be possible for the GLA to do the same.
- 3.4 The GLA intends to adopt a similar approach to AEB allocation as currently used by the ESFA to minimise disruption to the sector in the first year of devolution. In line with this, the GLA plans to competitively procure c.10 per cent (expected to be c.£32.5m) of the AEB per year. The remaining c.90 per cent of the AEB will be allocated to Local Authorities, Further Education Colleges and Institutes of Adult Learning (IALs) on a non-competitive basis.
- 3.5 The GLA proposes to use the competitively procured proportion of the AEB as match funding to draw down ESF. The GLA is seeking to match up to £71m of the available £148m ESF over a four-year period until 2023. The GLA intends to start procuring the competitive proportion of AEB from October 2018, to be in contract prior to 1 August 2019. Any ESF activity would also follow this timetable.

4 Issues for consideration

- 4.1 The following paragraphs provide an overview of the broad programme proposals that the GLA is seeking to focus ESF funding on. These reflect areas that most closely respond to the LEAP's European Structural and Investment Funds Strategy, the Mayor's skills strategy and other statutory Mayoral strategies.
- 4.2 The GLA's proposals are also focused on priority areas, which most add value to existing national and regional programmes including those for which the Mayor is or will be responsible for in the future, such as the Young Londoners Fund and the AEB. The proposals also reflect areas where there are currently gaps in provision or little support available e.g. for parents seeking to return to work, ex-offenders and homeless people.
- 4.3 The GLA is proposing to commission and deliver a mixture of youth and adult skills and employment programmes. Below is an outline of the proposals and overall programme values.
- 4.4 The GLA proposes to allocate up to £31m (including management and admin) to adult skills and employment ESF programmes in five overarching priority areas. These are:

1. Occupational Skills Programmes, focused on:

- Unemployed adults (including those recently made redundant) and young people who are NEET aged 16+ to access industry relevant and pre-apprenticeships skills in the health & social care, construction, early years, creative and STEM sectors to progress into sustainable employment opportunities.

- Low paid and disadvantaged adults aged 18+ (earning below the London Living Wage (LLW) to access industry-relevant skills in key London sectors to progress within work through skills development in units at levels 4-6.
2. **a. Support for learners without Entry level 2 in ESOL to improve their English** through: -
 - Skills, employability and social integration support to unemployed adults aged 18+ at pre-entry and entry level 1 ESOL to participate in ESOL training and gain the skills to progress into further learning or work and integrate into society.
 - b. Re-training and upskilling for ESOL practitioners**, focused on:
 - Developing their teaching, expertise and confidence in order to progress in work and support the delivery of high quality ESOL provision in London.
 3. **Improving participation and achievement in English and Maths**, through additional wrap-around support to facilitate participation in basic English and maths for adults in-work without level 2 in these subjects.
 4. **Parental Employment and Enterprise programme**, focused on supporting workless and low paid parents, by supporting them with skills and employability support to move into part-time/flexible work or to start their own business.
 5. **Targeted employment support for people with complex barriers** to access employment focusing on ex-offenders and homeless people.

4.5 The GLA has also developed youth programme proposals to support young people at risk of being Not in Education Employment or Training (NEET) or who are NEET. The GLA proposes to allocate up to £40m (including management and admin) under six priority areas:

1. **Preventative NEET provision aimed at 15-19-year olds** to improve retention and achievement rates.
2. **Gangs prevention aimed at NEETs aged 15- 18 years** to support them to return to education and employment.
3. **Support for NEETs with learning difficulties and disabilities (LLDD) (16-24)** to enter into employment or education, sustained education/employment.
4. **Targeted NEET support for young people with specific issues or characteristics** - e.g. care leavers, BAME, drug alcohol abuse, homeless etc (16-24).
5. **National Citizens Service (NCS) wrap-around for 16-17-year-old NEETs** (outreach to help more NEET young people start NCS and to then support them into work/education after NCS).
6. **Careers Clusters** – clusters of secondary schools and colleges working together to pilot sustained employer activities for pupils, helping teachers understand London's job opportunities and matching and supporting pupils into work placements and internships.

- 4.6 It is anticipated that the majority of the proposed programmes will either be delivered at a pan-London or sub-regional level, with most contract values being a minimum of £2m to be delivered over four years.
- 4.7 This proposal is subject to further consideration and approval by the GLA's European Programmes Management Unit, acting on behalf of the Department for Work and Pensions Managing Authority.

5 Equality comments

- 5.1 The proposed ESF programmes will support a range of groups, particularly the most disadvantaged people not currently receiving sufficient support into employment or education. Such groups of people include young people who are NEET, people without basic skills, people who are unemployed such as parents, ex-offenders, homeless people, black and ethnic minorities and disabled people. The proposed programmes also seek to support Londoners in low-paid/ low-skilled jobs.

6 Risks arising / mitigation

Type of risk	Description of Risk	Mitigation
Procurement	The risk that procurement is not completed properly, leading to legal challenge or an ESF 'irregularity' (financial clawback).	The GLA's experienced ESF Co-Financing team will ensure the procurement process is ESF compliant. The team has a track record of positive audits and low irregularities.
AEB procured provision is not ESF-compliant	The risk that AEB-procured providers do not comply with ESF regulations or deliver training that is ineligible for ESF, and are therefore subject to ESF irregularities.	The Skills and Employment Delivery teams will support procured AEB providers to adapt to the more intensive ESF compliance regime.
Underspend	The risk that, for other reasons, AEB contracts underspend compared to ESF contracts, for example because they struggle to recruit enough participants or are destabilised by the DfE's Intervention Regime. Whilst there would not be any ESF irregularities associated with this, there would simply be a shortfall of AEB match funding.	Procuring more AEB than we intend to use as ESF match funding to provide a 'reserve'.

7 Financial Comments of the Executive Director Resources

- 7.1 The proposal for the GLA to provide up to a maximum of £71m competitive AEB funds as match funding towards the ESF Programme (meaning the GLA will be able to draw on up to £71m of ESF, including Management & Admin costs) will be funded from the £311m annual budget due to be devolved to the GLA from 1 August 2019.
- 7.2 The level of financial risk to the GLA of having a joint AEB/ESF Programme can only be realistically assessed once the programme is commissioned, up and running and individual projects being subject to the usual robust contract / project monitoring regime currently undertaken for other ESF projects previously commissioned by the GLA. It is however, expected prior to formally entering into contracts for the proposed AEB/ESF Programme, that extensive work, including financial due diligence is carried out to ensure that project partners can adapt to the more intensive ESF regime, thus ensuring that projects are eligible to draw-down on the ESF funding in the first instance and that compliance with the rules is strictly adhered to during the delivery phases of the programme.
- 7.3 Along with the mitigation options with regards to the financial, compliance, eligibility and under-spend risks noted above, consideration should also be given to earmarking part of the AEB to fund any irregularities and / or honour commitments made that have been deemed ineligible for ESF funding once in contract. This and the overall programme will be subject to further approval via the Authority's decision-making process.

8 Next steps

- 8.1 The next steps following consideration by the Board are summarised below:

Key milestone	Date
Develop GLA procurement documentation and specifications, including prospectus, grant agreement, outcome definitions, evidence requirements, payment models/funding rates & rules, application forms, questions, weighting etc.	May-Aug 2018
Mayoral Decision	July 2018
Prior Information Notice issued	Aug 2018
Specification/prospectus/ITT/SSQ and Contract Notice published	Oct 2018
SSQ and ITT deadline	Mid-Dec 2018
Scoring, moderation, due diligence etc.	Dec 2018 - Feb 2019
Contract award, standstill period, clarifications.	Mar-Jun 2019
Contracts signed. Provider induction meetings	July 2019
Go Live	1 August 2019

Appendices:

- None