

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1613

Title: European Social Fund and European Regional Development Fund commitment of Funding: Co-Financing, Direct Bid & Technical Assistance

Executive Summary:

Mayoral Decision 1583 approved the designation of the GLA as an Intermediate Body for the 2014-20 European Social Fund (ESF) and European Regional Development Fund (ERDF) programmes (subject to Department of Work and Pensions (DWP) and the Department of Communities and Local Government (DCLG) being designated as Managing Authorities for ESF and ERDF by the European Commission), in accordance with the functions set out in the Memorandum of Understanding (MOU) with DWP as ESF Managing Authority, and DCLG as ERDF Managing Authority.

This Mayoral Decision seeks approval for the award of ESF and ERDF funding to ESF Co-Financing Organisations, applications through Direct Calls for Proposals and applications for Technical Assistance.

Decision:

The Mayor approves:

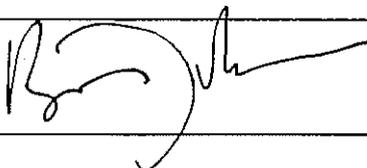
1. The commitment and award of up to £208,417,492 European Social Fund (ESF) to the ESF Co-Financing Organisations (Department for Work and Pensions, Big Lottery Fund, Skills Funding Agency, Greater London Authority) to support employment and skills, as set out in Part 2.
2. The commitment and award of up to £37,474,598 ESF to the applicants to the ESF Call for Proposals to support employment and skills, as set out in Part 2.
3. The commitment and award of up to £36,387,479 European Regional Development Fund (ERDF) to applicants of the first ERDF Call for Proposals to support jobs and growth, as set out in Part 2.
4. The commitment and award of up to £2,796,149 ESF and £1,430,396 ERDF to applicants for Technical Assistance who have applied to operate in the London Enterprise Panel area to support programme management, publicity and/or capacity building, as set out in Part 2.
5. That following on from the award of funding, officers of the GLA's European Programmes Management Unit will manage the contracts 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: 17.3.2016

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) is going to be designated an Intermediate Body (IB) by the Department for Communities and Local Government (DCLG) and Department for Work and Pensions (DWP) for the award, management and administration of European Regional Development Fund (ERDF) and European Social Fund (ESF) respectively, for the London 2014-20 European Structural and Investment Funds programme (subject to DCLG and DWP being designated as Managing Authorities (MAs) for ERDF and ESF by the European Commission (EC)). The IB role is undertaken by the GLA's European Programmes Management Unit who hold the day-to-day responsibility for ESF and ERDF. The functions of the GLA as an IB are set out in MD1583.

European Social Fund

- 1.2 The European Social Fund (ESF) principally operates through four 'Co-Financing organisations' (CFOs): the Department for Work and Pensions, Big Lottery Fund, the Skills Funding Agency and the Greater London Authority. CFOs provide the required eligible match funding and use their expertise to procure and contract manage, or grant fund, ESF provision. The provision is contracted on the basis of skills and employment programmes agreed by the London Enterprise Panel (LEP) and local partners including the GLA. This route enables all eligible costs to be met by ESF, rather than applicants providing and accounting for the match funding part. In order to become a CFO, organisations must first apply for CFO status (only organisations that meet the Government's agreed criteria can apply) and subsequently submit an application for ESF funding to deliver locally agreed activities.
- 1.3 As part of its ESF IB role, the GLA's European Programmes Management Unit (EPMU) will be delegated authority by the DWP ESF Managing Authority (MA), to undertake the appraisal of CFO funding applications according to the DWP's CFO selection criteria and then enter into Memorandums of Understanding (MOU) between the GLA as IB and the CFOs. The MOU sets out the obligations of the CFO in relation to delivery, performance and compliance requirements in respect of the arrangements for selection and approval of ESF projects.
- 1.4 The LEP 2014-2020 European Structural and Investment Funds (ESIF) Strategy for London and subsequent development work directs the majority of ESF to be invested through the national CFOs in programmes co-designed by local partners. The LEP Area ESIF Sub-Committee (LEC) advises the MA on local growth conditions and priorities with regard to project call specifications, funding applications and implementation. As part of the development process for each programme, the LEP brought together a range of stakeholders, including CFOs, London Boroughs, Voluntary Community Sector organisations, private sector providers, academic researchers and others to discuss how best to support each programme. Thereafter 'Programme Commissioning Templates,' outlining all elements of each programme, were provided to CFOs who used these as the basis of specifications to be procured. The anticipated provision to be contracted through the national CFOs can be found on the ESF pages of the LEP's website (lep.london). This Mayoral Decision seeks approval for the commitment of ESF to the applicants to the CFOs.
- 1.5 In addition to co-financing arrangements, ESF can be awarded via 'Calls for Proposals' launched by the GLA as IB. Through this 'Call for Proposals' route applicants were invited to submit applications and bring their own match funding (normally 50% of the total project value in London) to run projects across the two main ESF Priority Axes (P1: Inclusive Labour Markets, P2: Skills for Growth as set out in the ESF Operational Programme). This mirrors the direct calls approach used to award ERDF funding, where organisations apply directly to the GLA for ERDF to match to their own funds.

- 1.6 GLA EPMU launched an ESF Call for Proposals in March 2015. The Call spanned both employment and skills priorities of the ESF Operational Programme (OP). The assessment (undertaken in accordance with the ESIF selection criteria provided by the MA) for this Call is now complete and 7 projects, with a combined value of £50,110,465 ESF were approved for funding in October 2015.
- 1.7 The GLA submitted two applications to the ESF Call which were approved for funding. However, following the close of the Call the MA revised the selection criteria for CFOs; allowing the GLA to apply to become a 'local' CFO. Local CFOs act in the same way as national CFOs but operate in a smaller area. Accordingly the GLA CFO can only operate in Greater London. The GLA successfully achieved CFO status in March 2016; and will now be required to re-submit its full application for P1 and P2 activity as CFO funding applications, instead of direct call applications. As the commitment of the relevant ESF through the direct call has already been approved in principle, EPMU will appraise the full applications in line with the ESIF business process and proceed to sign the CFO MOUs without a further MD being sought.
- 1.8 As in the 2007-13 ESF Programme there is a clear separation of functions between the GLA as IB and the GLA as CFO. The respective teams undertaking the IB and CFO roles are functionally separate within the organisation. The IB function is undertaken by EPMU whose director reports to the GLA's Executive Director, Resources. The CFO role is undertaken by the GLA's Delivery team in the Regeneration Unit.
- 1.9 This Mayoral Decision seeks approval for the commitment of ESF to the CFOs and successful applicants to the ESF Call as set out in Part 2.
- 1.10 Once ESF CFO MOUs and Grant Funding Agreements have been issued, the ESF MA, DWP, according to its regulatory requirement, will publish a list of successful applicants across CFOs, Calls for Proposals and Technical Assistance Calls on the GOV.UK website. They will also be published on the LEP website: lep.london.

European Regional Development Fund

- 1.11 In March 2015 DCLG, as ERDF MA, launched the first Call for Proposals in London. This followed preparatory work undertaken by GLA officers and in consultation with the London ESIF Committee. £42 million ERDF was available across three Priority Axes (£15m for 'Promoting Research & Innovation'; £17m for 'Enhancing SME Competitiveness' and £10m for 'Supporting the Shift towards a Low Carbon Economy'). The Call was open to all eligible applicants; the specification (including output targets and permitted activities), national eligibility rules and guidance, application forms, selection criteria were published by DCLG and are available on gov.uk.
- 1.12 The DCLG application process comprises two stages. Applicants submit an Outline Application and, if successful, a Full Application. Applicants' Outline Applications were submitted to the GLA in May 2015, and assessed by officers; applications were required to meet Gateway and Core Assessment criteria. Then, in line with DCLG's requirements, the advice of the London ESIF Committee on the strategic fit of the applications was sought. Next, based on the assessment and strategic fit, the GLA EPMU invited successful applicants to progress to the Full Application stage. Full Applications were submitted in September 2015, and appraisal commenced by officers, adhering to work instructions and guidance provided by DCLG.
- 1.13 This Mayoral Decision seeks approval for the commitment of ERDF to the applicants to the Call as set out in Part 2. Nineteen applicants are recommended for approval. The appraisal of the applications is still underway, but GLA EPMU considers the applications met, or will meet, the DCLG's appraisal requirements. A Funding Agreement will be issued to the applicant organisation, after Mayoral Decision approval, setting out the terms, conditions and monitoring requirements against which the ERDF is awarded.

- 1.14 Second and third Calls for Proposals were launched in July 2015 and December 2015 (both of which have since closed) and will be the subject of future Mayoral or Director Decisions once applications have progressed at the Full Application appraisal stage.
- 1.15 Once ERDF Funding Agreements have been issued by GLA officers, DCLG will publish a list of successful applicants on its website (gov.uk). They will also be published on the London Enterprise Panel website: lep.london.

National Technical Assistance call

- 1.16 In March 2015, the ESF and ERDF MAs launched a national Technical Assistance (TA) Call for Proposals to support the administration and delivery of ERDF and ESF Operational Programmes. In addition, GLA's EPMU team can also apply for ERDF and ESF TA to support its IB role, but can submit an application directly to Government. This application is appraised according to the normal processes.
- 1.17 TA applications follow the same business processes used for the Call for Proposals as outlined above. Five applications for ESF TA and one ERDF TA application were received. This Mayoral Decision seeks approval for the commitment of TA to the applicants to the Call and the GLA EPMU applications.

Mayoral Decision 1583

- 1.18 This request for decision follows on from Mayoral Decision 1583 where the Mayor:
 - Approved the designation of the GLA as an IB for the 2014-20 ESF and ERDF programmes, and the entering into of two MOUs between the GLA and DWP and GLA and DCLG (subject to DWP and the DCLG being designated as Managing Authorities for ESF and ERDF by the European Commission).
 - Approved the delegation to the GLA Head of Paid Service to sign the aforementioned MOUs.
 - Approved the delegation limits for administration of the approved ERDF and ESF expenditure.

2. Objectives and expected outcomes

- 2.1 The objectives of the ESF programme are to help unemployed and economically inactive individuals into employment, promote social inclusion and provide skills support for those in employment. The ERDF programme is focussed on investment to support economic growth and job creation.
- 2.2 All ESF and ERDF applications are required to meet the objectives of the national ESF and ERDF Operational Programmes (OP). The OPs were written by DCLG/DWP respectively and agreed with the European Commission in 2015. Applicants for funding must explain how they will contribute to the overall expenditure targets and outputs and/or results targets of the London share of the ESF/ERDF programmes.

3. Equality comments

- 3.1 The EC, DCLG and DWP-agreed ESF and ERDF Operational Programmes set out the requirements for ensuring adherence to a mandatory equalities 'cross-cutting' theme. ESF and ERDF will promote equality in accordance with European Union and national requirements. The 2010 Equality Act provides the framework to effectively tackle disadvantage and discrimination. The Public Sector Equality Duty applies in the delivery of ESF and 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.

- 3.2 In particular, 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 ESF MA (DWP) has set output targets to ensure the programme helps appropriate numbers of these people; the GLA will be required to contribute to these targets.
- 3.3 Programmes are 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 will be submitted by Grant Recipients as part of the claims process. 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 asked to capture this data as part of their project management.

4. Other considerations

a) Key Risks and Issues

- 4.1 As Funding Agreements have yet to be issued, it is still feasible that applicants may withdraw from the process, for example, through anticipated match funding not being available. The appraisal process involves thorough checks that the application complies with ESIF rules, national law and guidance and that the application is deliverable. If applicants withdraw, the funds will be recycled and made available to new or existing organisations. The programme runs until 2023, allowing plenty of time for re-commitment of funds.
- 4.2 The amount of ESF or ERDF allocated to each applicant may be revised during the approval process as officers negotiate the contracts (for example, an applicant may only be offered a set amount based on due diligence recommendations, or applicants may request a lower amount for their own organisational reasons). However, they are not expected to exceed the amounts stated on the cover page of this Mayoral Decision. Any under-allocations will be recycled in the programme. Final commitments and awards to applicants will be published on the LEP website (lep.london).
- 4.3 Once Funding Agreements have been issued and signed between the GLA and Grant recipients, GLA officers will monitor the delivery of the operations to ensure activity takes place and outputs and/or results are achieved. It is common for ESF and ERDF operations to seek one or more contract variation during their lifetime (for example, due to increased match funding being available or as part of a re-profile to revise delivery geography); officers will manage this process in accordance with the change process set out by the DWP/DCLG (without recourse for a further Mayoral or Director Decision; but ensuring a GLA officer with appropriate delegated authority approves any variation).
- 4.4 Within the CFO programmes there may be variances in the performance of individual provider contracts. The GLA does not have a direct contract with these providers but will monitor potential underperformance and underspends through contract management of the CFO in line with DWP guidance.

b) Links to Strategies and Strategic Plan

- 4.5 The projects approved for funding contribute to London's share of the national ESF and ERDF Operational Programme targets, under which Calls for Proposals are launched. As part of their appraisal all projects were 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 the MAs in January 2014.

c) Impact Assessments and Consultation

- 4.6 In accordance with DWP and DCLG business processes, the views of the London ESIF Committee (made up of local partners reflective of the priorities of the ESF and ERDF OPs and, as far as possible, the breadth and diversity of partners specified in Article 5 of the Common Provisions Regulations and the European Union Code of Conduct on Partnership) must be sought on the strategic fit of applications for Funding. For both ERDF and ESF the comments of the Committee were taken into account in decisions regarding the approval of projects.

5. Financial comments

- 5.1 As stated in the body of this report, the GLA is the designated Intermediate Body for the management and administration of the 2014-20 European Regional Development Fund (ERDF) and European Social Fund (ESF), and unlike the 2007-2013 ERDF programme GLA will not physically make payments to ERDF or ESF projects in the 2014-2020 programming period. The European Programmes Management Unit (EPMU) will continue to be responsible for managing the programme on behalf of the GLA.
- 5.2 Approval is being sought for the commitment and award of ESF and ERDF funding to the total of ESF £248.7m and ERDF £37.8m. Funding is being awarded to:
- ESF Co-Financing Organisations up to £208.4m European Social Fund (ESF). The CFOs are: DWP, Big Lottery Fund, Skills Funding Agency and GLA.
 - Applications through Direct Calls for Proposals up to:
£37.5m ESF for the applicants to the ESF Call for Proposals
£36.4m ERDF for the applicants of the first ERDF Call for Proposals.
 - Applications for Technical Assistance up to £2.8m ESF and £1.4m ERDF for the applicants who have applied to operate in the London Enterprise Panel area.
- 5.3 Funding of £42m was made available under the European Regional Development for the first Call for Proposals in London, but there were not enough successful applications, therefore a total of £36m will be committed allowing some flexibility in the final amounts awarded.
- 5.4 The recent change in the sterling/euro exchange rate highlights the need for the programme to be managed to take account of these fluctuations when commitments are made. On-going monitoring will be subject to the GLA's financial decision making and monitoring framework in its role as the Intermediate Body.
- 5.5 The projects and match funding that comprise the GLA's own applications as CFO, will go through their own approval process via the Authority's formal decision-making framework and the budget provision will be subject to the annual budget and business planning process for each subsequent financial year.

6. Legal comments

- 6.1 The GLA's principal purposes, under section 30 of the Greater London Authority Act 1999, are promoting economic development and wealth creation, promoting social development, and promoting the improvement of the environment, all in Greater London. The GLA has power to do anything which it considers will further any one or more of its principal purposes.
- 6.2 Sections 1 to 4 of this report indicate that the decision requested of the Mayor falls within the GLA's statutory powers to do things considered to further, or which are facilitative of, conducive or incidental to the discharge of, its general functions.

6.3 Officers shall ensure all relevant documentation is put in place with the CFOs and grant recipients.

7. Investment & Performance Board

7.1 On 30 October 2015 the Investment and Performance Board approved in principle the designation of the GLA as an Intermediate Body for the 2014-20 ESF and ERDF programmes.

8. Planned delivery approach and next steps

8.1 Following Mayoral approval, CFO MOUs and ESF/ERDF Funding Agreements will be issued and signed with applicants for ESF and ERDF. EPMU will then manage operations in line with DWP/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

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:

Steven Greenwood 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:

Sir Edward Lister 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

M. D. Allen

Date

8.3.16

CHIEF OF STAFF:

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

Signature

Edward Lister

Date

09:03:2016