

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2509

**Title: European Social Fund - London Call 2**

### **Executive Summary:**

This Mayoral Decision seeks approval for the award of up to £18.4m European Social Fund (ESF).

Mayoral Decision 1583 (March 2016) approved the designation of the Greater London Authority as an Intermediate Body for London's allocation of the 2014-20 England ESF programme.

The Greater London Authority's functions as an Intermediate Body are set out in a Memorandum of Understanding with the ESF Managing Authority, the Department for Work and Pensions.

### **Decision:**

The Mayor approves:

The commitment and award of up to £18.4m million ESF to London Call 2 applicants for proposals to support employment and skills activity, as set out in Part 2.

### **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:**

27/8/19

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The UK benefits from seven-year 2014-20 €450bn EU programmes managed by the EU's 28 member states known as European Structural and Investment Funds (ESIF). The Department for Work and Pensions (DWP) is the 'Managing Authority' (MA) in England for the European Social Fund (ESF). In 2015, DWP agreed an 'Operational Programme' (revised in October 2018) with the European Commission (EC) for the £4bn England European Social Fund (ESF) programme that set out the activities and targets (such as people into employment) that would be undertaken across England.
- 1.2. 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 has 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.
- 1.3. 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.
- 1.4. DWP has devolved responsibility for managing London's share of England's ESF programme to the GLA as a designated IB. The GLA's European Programmes Management Unit (EPMU) had already held this responsibility for the 2007-13 ESF programme which is now closed. The relevant arrangements between DWP and the GLA are formally recorded in a Memorandum of Understanding and were approved via Mayoral Decision 1583 in March 2016.
- 1.5. Most ESF in London is committed by EPMU via Co-Financing Organisations (CFOs). CFOs provide the required eligible match funding and use their expertise to procure and contract-manage, or grant-fund ESF provision. CFOs in London include Government departments, sub-regional partnerships and a separate team in the GLA.
- 1.6. However, ESF can also be committed more directly through open time-limited 'calls' or bidding rounds (as is the norm for the London European Regional Development Fund programme) to individual projects. Further detail is provided at paragraphs 1.9 to 1.14 below.

#### *Previous Mayoral Decisions*

- 1.7. 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 ESF programmes, and entered into a Memorandum of Understanding (MOU) between the GLA and DWP;
  - Approved the delegation to the then GLA Head of Paid Service to sign the aforementioned MOU; and
  - Approved the delegation limits for administration of the approved ESF expenditure.
- 1.8. Mayoral Decision 1613 (also March 2016) committed funding to 'Call 1' ESF projects.

#### *ESF Call 2*

- 1.9. In February 2019 the GLA, in its capacity as ESF IB, launched a second call for ESF projects in London. The call was launched in order to maximise commitment of London's share of ESF, ahead of programme closure in 2023-24; and followed the recent conclusion of further commitment of funding to CFOs, and preparatory work by GLA officers in consultation with the London ESIF Committee (LEC).

- 1.10. Up to £69.6 million ESF of London's 'notional' 2014-20 England ESF programme allocation remains available across two of the three priorities of the ESF Operational Programme, under four Investment Priorities (£39.7m for 1.1 'Access to Employment for Jobseekers and Inactive People'; £10.4m for 1.4 'Active Inclusion'; £17.8m for 2.1 'Enhancing equal access to lifelong learning'; and £1.7m for 2.2 'Improving the Labour Market Relevance of Education and Training Systems'). The Priorities included the indicative activities on which the funding could be spent. The call was open to all eligible applicants (as defined by DWP in guidance available on gov.uk). The specification (including output targets and permitted activities), national eligibility rules and guidance, application forms and selection criteria were also published by DWP on gov.uk.
- 1.11. Existing 'Call 1' Grant Recipients were permitted to apply for additional ESF and to extend the lifetime of their projects and were assessed in the same way as other organisations.
- 1.12. The application process comprised one stage only: applicants were required to submit an application form and additional documents including activity and expenditure profiles, detailed budget information and organisational policies. Due diligence was also undertaken by GLA Finance on the organisations.
- 1.13. Twelve applications were submitted to the GLA in May 2019, requesting a total of £30.9m ESF. These applications were assessed by GLA officers in line with DWP work instructions and guidance. The assessment process considered a number of criteria, including strategic fit, deliverability, value for money, management and control, and the ESF cross-cutting themes of equality and sustainable development. Scores were awarded for each element and a minimum of 42% of the total available score had to be achieved in order to be considered for funding. The advice of the London ESIF Committee on the strategic fit of the applications (against the Operational Programme and the London ESIF Strategy) was then sought on 25<sup>th</sup> July.
- 1.14. This Mayoral Decision seeks approval for the commitment of ESF to successful applicants (these are listed in Part 2). After Mayoral Decision approval, assuming all conditions and clarifications are satisfactory resolved, a Funding Agreement will be issued to the applicant organisations, setting out the terms, conditions and monitoring requirements against which the ESF grant is awarded.
- 1.15. Once ESF Funding Agreements have been issued, details of the projects will be available on the LEAP (London Economic Action Partnership) website at [www.lep.london](http://www.lep.london).

## **2. Objectives and expected outcomes**

- 2.1 The objective of the ESF programme is to increase labour market participation, promote social inclusion and develop the skills of the potential and existing workforce.
- 2.2 All ESF applications are required to meet the objectives of the England ESF Operational Programme. Applicants are required to explain how they will contribute to the overall expenditure targets and outputs of the London share of that programme.

## **3. Equality comments**

- 3.1 The ESF Operational Programme sets out the requirements for adherence to mandatory equalities 'cross-cutting' themes. ESF 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.
- 3.3 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.
- 3.4 This duty applies in the delivery of ESF and means that the implementation of the England Operational Programme 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. 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. 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 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 will be submitted by ESF grant recipients as part of the claims process and is reviewed by 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.

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

##### *a) Key Risks and Issues*

- 4.1 The Government has confirmed that funding secured by applicants through EU programmes will be guaranteed by the UK government after Brexit even in a 'no-deal' scenario. This means the ESF programme will continue until closure, expected in 2023, whether a withdrawal agreement with the EU is successfully concluded or not.
- 4.2 As Funding Agreements have yet to be issued, it is feasible that one or more applicants may withdraw from the appraisal process. Likewise, officers may withdraw applications from the appraisal process (which involves checks on compliance with ESF eligibility rules, law and guidance and that the project activities are deliverable).
- 4.3 The amount of ESF awarded to each applicant may be revised during the appraisal and pre-Agreement process (for example, applicants may be asked to revise budgets to reflect changes in deliverables or to correct costs which have been incorrectly calculated or are not eligible). Any changes 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 ESF projects to seek one or more contract variations 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 DWP 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 ESF contribute to London's share of the England ESF Operational Programme targets, under which calls are launched. As part of their appraisal, all projects are assessed on their alignment with the LEAP's ESIF Strategy which, in turn, supports the Skills for Londoners Strategy, as well as the Mayor's Economic Development Strategy for London and the Mayor's Equality, Diversity and Inclusion Strategy. 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 Government 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 DWP requirements, the views of the LEC were sought on the strategic fit of applications for ESF. The comments of the LEC were considered in decisions regarding the approval of projects.

#### *d) Conflicts of Interest*

- 4.7 There are no conflicts of interests to declare in relation to the staff involved in this MD.

### **5. Financial comments**

- 5.1 Approval is being sought for the commitment and award of ESF up to a total of £18.4 million.
- 5.2 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 Mayoral Decision 1583. Any gains or losses in sterling/euro exchange rate fluctuations will be contained and managed by DWP.

### **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, 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;
  - Consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute to 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 Sections 1 to 4 above indicate that the contribution of up to £18.4 million to applicants amounts to the provision of grant funding and not payment for services. Officers must ensure that the ESF funding is distributed fairly, transparently and in accordance with the ESF and DWP requirements. Officers shall ensure funding agreements are put in place or existing agreements varied (as applicable) with the grant recipients as set out in Part 2 before any commitment to fund is made.

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

<b>Activity</b>	<b>Timeline</b>
Appraisal of applications	From May 2019
Issuing Funding Agreements to applicants	After Mayoral approval; from September 2019
GLA monitoring of the Funding Agreements	Once issued, from September 2019

**Appendices and supporting papers:**

None.

**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**

If YES, for what reason:

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 – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Catherine Crocker has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Debbie Jackson 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 19 August 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

Date

19/08/19

TOM MIDDLETON ON BEHALF OF MARTIN CLARKE

**CHIEF OF STAFF:**

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

Signature

Date

19/8/2019.

