GREATER**LONDON**AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD1168

ERDF 2007-13 programme: approval of ERDF funding for the Enterprise in the City project

Executive Summary:

Mayoral Decision 1220 (24 July 2013) delegates the approval of applications received under the London European Regional Development Fund (ERDF) 2007-13 programme from the Mayor to Director Decision level.

Approval is sought for The Prince's Trust (Enterprise in the City) application to be awarded ERDF funding.

The GLA's European Programmes Management Unit has completed its appraisal of the application. The ERDF Programme Review Group and ERDF Local Management Committee have approved the project in line with MD1220. Payment of ERDF will be made to the applicant in arrears following evidence of project-related eligible expenditure.

Decision:

That the Director approves the award of £615,554 ERDF funding to The Prince's Trust.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities. It has my approval.

Name: Martin Clarke **Position:** Executive Director Resources

Signature: M. J. Clarke **Date:** 7.3.14

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

The European Regional Development Fund (ERDF) 2007-13 programme is worth €181m for London. The London 'Operational Programme' (OP), which was approved by the European Commission in 2007, sets out the types of activities that can be supported and the outputs and results that should be delivered; targets include jobs created, jobs safeguarded, businesses supported. The OP is available on the GLA website.

The Department for Communities & Local Government (DCLG) is the Managing Authority (MA) with overall responsibility for the ERDF 2007-2013 programme in England. In London, responsibility has been delegated to the GLA as 'Intermediate Body' by Statutory Instrument.

The European Programmes Management Unit (EPMU) is a distinct functional unit in the GLA, co-financed by DCLG and ERDF. EPMU manages all operational aspects of ERDF programme delivery including project appraisal, payment and monitoring, and acts as secretariat for the ERDF Local Management Committee (LMC). The LMC oversees the strategy, monitoring, evaluation and performance of the ERDF programme in line with the London ERDF Operational Programme. The Executive Director for Development, Enterprise and the Environment chairs the LMC.

Mayoral Decision (MD) 1220 (July 2013) expedites the project approval process by delegating approval of new applications for ERDF funding from the Mayor to the Executive Director Resources; (or the GLA Head of Paid Service when approval is requested for projects where the GLA will be the recipient of funds).

2. Objectives and expected outcomes

This Director Decision seeks approval of the following application:

Applicant:	The Prince's Trust
Name of project:	Enterprise in the City
ERDF requested:	£615,554
Capital or Revenue:	Revenue
Total Project Cost:	£1,231,106 (of which 50% is match funding)

Forecast spend profile (including match funding):
2013: £40,769
2014: £684,196
2015: £506,141
Total: £1,231,106

Summary of project activity:

Enterprise in the City will deliver an SME-tailored project for disadvantaged young entrepreneurs. Delivered in partnership between The Prince's Trust, London Youth Support Trust (LYST) and Westminster Kingsway College (WKC), the project will provide support to existing businesses led by young entrepreneurs; it will enable access to new market opportunities, to sustain and grow their businesses and create new jobs.

Project activities include: one-to-one support provided by experienced specialist and volunteer mentors; opportunities for networking with other businesses; seminars, master classes, surgeries, business support courses; access to business and knowledge hubs for ongoing advice and support; incubation and hot-desking.

The project will provide a package of support tailored to the needs of the businesses engaged; this includes: support to identify and access procurement and supply chain opportunities (such as building an understanding of potential new markets and identifying new customers or developing new products or services), establishing the potential for collaborative business-working, franchise and licensing models, tendering for public and private sector contracts; doing business online as vehicles to business expansion.

The project's contribution towards the London ERDF Operational Programme targets include:

- 391 businesses supported for at least 12 hours across deprived urban areas across London
- 83 new jobs created across London
- 139 businesses supported to improve their performance and generate at least £695,000 in GVA for the London economy

The application has a retrospective start date in 2013. This is permissible under national ERDF guidelines; the project has to ensure a compliant ERDF audit trail from the first date eligible expenditure is incurred.

Appraisal process

The application was submitted under Call 7 of the London ERDF programme, launched in December 2012. This was an open call to which all eligible applicants could apply. The Call 7 Prospectus set out the eligibility and other requirements, in addition to the appraisal criteria (approved by the LMC). The Call 7 Prospectus and appraisal criteria were advertised on the ERDF pages of the GLA website. EPMU adhered to DCLG's national, standard, approach for the appraisal of applications. There was no pass mark for applications; all applications were assessed on merit, as described in the Prospectus.

The applicant's Outline Application was appraised by EPMU, and endorsed to progress to the Full Application stage by the ERDF Programme Review Group (the sub-committee of the Local Management Committee (LMC)) in February 2013. A first version of the Full Application was submitted to EPMU in April 2013. The applicant then worked up the application to a state ready to submit to the PRG and LMC for final review.

The final application was approved by the PRG on 27th January 2014 and the LMC itself on 3rd February 2014. The application meets the objectives of Priority 2 of the 2007-13 ERDF Operational Programme document and, in so doing, addresses market failures including the lack of available targeted business support for SMEs.

In particular the application focusses on providing business support for young entrepreneurs; aiming to ensure young people are engaged in enterprise activities, including early-stage entrepreneurial activity.

ERDF funds are available to commit to this project. Of the €181m available under the 2007-13 London ERDF programme; c.104%[1] of funds have been committed to projects, or are ring-fenced for projects in the pipeline; including this project.

3. Other considerations

Key risks:

EPMU will need to monitor the delivery of the project to ensure activity and outputs/results are delivered within a) the contractual period; and b) prior the cut-off for ERDF project spend of 31 December 2015. It is

[1] This figure will change; it is dependent on existing ERDF projects underspending and/or returning funds to EPMU; also £/€ exchange rate fluctuations. The over-commitment of funds is designed to accommodate underspends that will arise from existing projects.

common for ERDF projects to seek one or more contract variation during the project lifetime; EPMU will manage this process in accordance with the requirements of the ERDF Managing Authority, DCLG (without recourse for a further Director Decision, but ensuring a GLA officer with appropriate delegated authority approves any variation).

Links to Mayoral strategies and priorities:

The London ERDF 2007-13 Operational Programme – under which this application was submitted - was drafted by the London Development Agency and GLA. It is aligned with Mayoral strategies including Mayoral economic objectives. The ERDF programme aims to promote sustainable, environmentally efficient growth, capitalising on London's innovation and knowledge resources with a focus on promoting social inclusion through extending economic opportunities to communities in areas it is most needed.

Impact assessments and consultations:

The London ERDF Operational Programme underwent consultation in 2006 and 2007, and was approved by the European Commission (EC) in December 2007. The EC approved a revised update in April 2013.

4. Financial comments

Director approval is being sought to award funding of £615,554 ERDF to the Enterprise in the City project delivered by The Prince's Trust, as part of the London ERDF 2007-13 programme.

Mayoral Decision 1220 delegates the commitment of remaining funds from the ERDF 2007-13 programme to the Executive Director Resources; and the GLA Head of Paid Service where approval is requested for projects in which the GLA will be the recipient of funds. The request to commit funds has been made following initial approval from the ERDF Programme Review Group (a sub-group of the London ERDF 2007-13 Local Management Committee (LMC)) and the LMC itself.

The GLA is the financial accountable body for the distribution of ERDF. The cost of administering the programmes is funded by Government and EU 'Technical Assistance' and the GLA.

Financial Due Diligence checks are undertaken on applicants prior to the award of an ERDF Funding Agreement with the exception of Local Authorities and Government funded Higher Education Institutes.

An individual Funding Agreement, between the applicant and GLA, will set out appropriate milestones and funding conditions. ERDF funding will be paid to the applicant in arrears based on declarations of ERDF eligible spend.

The project will be match-funded, coordinated by The Prince's Trust to a total sum of £615,554. In the event that the match funding does not materialise, the project will be required to either secure alternative match funding or the project will be unable to proceed on the scale envisaged, and a contract variation will be required.

The European Programmes Management Unit within the Resources Directorate will be responsible for managing this project/contract and ensuring that the proposed contract expenditure complies with the Authority's Financial Regulations, Contracts & Funding Code and Expenses & Benefits Framework as well as within the ERDF and DCLG rules.

5. Legal comments

The GLA's distribution of the ERDF funding was approved by MD851. As regards the distribution of further ERDF funding by the GLA, the legal comments in MD851 apply equally to this DD.

As regards the approval of the specific grant of ERDF funding set out in this report, section 30 of the Greater London Authority Act 1999 (the Act) gives the GLA the power to promote, inter alia, economic development and wealth creation. The proposed ERDF funding will be granted in the following amount to the following organisation:

- £615,554 to The Prince's Trust in order to fund partly its Enterprise in the City project (the "PT Project"

As set out in paragraph 2 above, the PT Project aims to assist SME's to grow their customer bases, to grow their businesses and to create jobs. Furthermore, the PT Project will be pan-London in scope. To this end, the GLA's funding of the Project may be viewed as promoting economic development and wealth creation within Greater London.

6. Planned delivery approach and next steps

Enterprise in the City	**Timeline**
Project delivery Start Date (may be retrospective)	1 September 2013
Project delivery financial End Date	31 December 2015

Appendices and supporting papers: None

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 – NO

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: Stuart Scott has drafted this report in accordance with GLA procedures and confirms that:	✓
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.	✓
Financial and Legal advice: The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.	✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature M. J. Alle **Date** 7.3.14