

REQUEST FOR MAYORAL DECISION – MD2039

Title: European Regional Development Fund commitment of funding: Direct Bids under Calls for proposals 2, 3 and 4

Executive Summary:

Mayoral Decision 1583 (March 2016) approved the designation of the Greater London Authority as an Intermediate Body for the 2014-20 European Regional Development Fund programme (subject to the Department of Communities and Local Government being designated as a 'Managing Authority' for the European Regional Development Fund by the European Commission). The Greater London Authority's functions as an Intermediate Body will be set out in the Memorandum of Understanding with the Department of Communities and Local Government.

This Mayoral Decision seeks approval for the award of European Regional Development Funding to applicants who were successful in Calls for Proposals in rounds 2, 3 and 4 which were launched in 2015 and early 2016.

Decision:

That the Mayor approves:

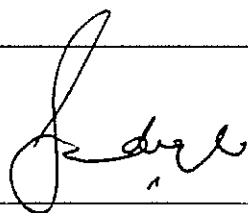
1. the commitment and award of up to £24,448,443 European Regional Development Fund monies to applicants of Calls for Proposals to support jobs and growth, as set out in Part 2; and
2. that following on from the award of funding, officers of the Greater London Authority's European Programmes Management Unit will manage the Funding Agreements 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:

25/10/16

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 as an Intermediate Body (IB) by the Department for Communities and Local Government (DCLG) for the award, management and administration of European Regional Development Fund (ERDF) of the London component of the 2014-20 European Structural and Investment Funds England programme. This is subject to DCLG being designated as Managing Authority (MA) for the overall responsibility of the ERDF programme in England by the European Commission (EC), which is expected this autumn. Until formal designation takes place, the GLA has written confirmation from DCLG to undertake the IB role.
- 1.2 While the outcome of the recent referendum on EU membership may result in the programme's overall curtailment, this does not affect the projects subject to this Mayoral Delegation or the functions of the GLA as an IB (see paragraph 4.1 for further information).

Previous Mayoral Decisions

- 1.3 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 ERDF programmes, and the entering into a MOU between the GLA and DCLG (subject to the DCLG being designated as Managing Authorities for ERDF by the European Commission);
 - approved the delegation to the GLA Head of Paid Service to sign the aforementioned MOU; and
 - approved the delegation limits for administration of the approved ERDF expenditure.
- 1.4 Subsequent Mayoral Decision 1613 (also March 2016) then committed and awarded up to £285m of ERDF and European Social Fund to co-financing organisations and projects.

ERDF second, third and fourth Calls for Proposals

- 1.5 In July 2015 DCLG, as ERDF MA, launched the second 'Call for Proposals' in London. This followed preparatory work undertaken by GLA officers and in consultation with the London European Structural Investment Fund (ESIF) Committee (LEC); the LEC is made up of local partners reflective of the priorities of the English ERDF 'Operational Programme'. 'Priority Axes' summarised in that Programme document set out the indicative activities on which the funding may be spent:
<https://www.gov.uk/government/publications/draft-european-regional-development-fund-operational-programme-2014-to-2020>
- 1.6 £18 million ERDF was available across two Priority Axes (£13m for 'Promoting Research & Innovation'; and £5m for 'Supporting the Shift towards a Low Carbon Economy'. The Call was open to all eligible applicants (as defined by DCLG in guidance available on gov.uk); 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.
- 1.7 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 October 2015, and assessed by officers in line with the applicable criteria. In line with DCLG's requirements, the advice of the London ESIF Committee on the strategic fit of the applications (against the Operational Programme and the London Enterprise Panel's ESIF Strategy) was sought. Based on the

assessment and strategic fit, the GLA invited successful applicants to progress to the Full Application stage. Full Applications were submitted in March 2016, and appraisal commenced by officers, adhering to work instructions and guidance provided by DCLG.

- 1.8 The third 'Call of Proposals' in London was launched in December 2015 with Applicants' Outline Applications submitted in February this year following the same processes as detailed in 1.3 and 1.4. £24 million ERDF is available across three Priority Axes (£15m for 'Promoting Research & Innovation'; £6m for 'Enhancing SME Competitiveness' and £3m for 'Supporting the Shift towards a Low Carbon Economy'). Full Applications were submitted in July 2016.
- 1.9 In April 2016 a fourth Call for Proposals was launched and focused on one Priority Axis 'Access to Information and Communications Technology' with £2.3m ERDF available. Outline Applications were submitted in July and one successful applicant has been invited to submit its Full Application by the end of September.
- 1.10 This Mayoral Decision seeks approval for the commitment of ERDF to the nineteen applicants (as set out in Part 2 of this paper) to the three Calls as outlined above. A Funding Agreement will be issued to the successful applicant organisations, after Mayoral Decision approval, setting out the terms, conditions and monitoring requirements against which the ERDF is awarded.
- 1.11 Once ERDF Funding Agreements have been issued by GLA officers, DCLG publish a list of successful applicants on its website (gov.uk). They will also be published on the London Enterprise Panel (LEP) website: www.lep.london under which the LEC sits.

2. Objectives and expected outcomes

- 2.1 The objective of the ERDF programme is to focus on investment to support economic growth and job creation.
- 2.2 All ERDF applications are required to meet the objectives of the English ERDF Operational Programme (OP). The OP was drafted by DCLG and agreed with the European Commission in 2015. Applicants must explain how they will contribute to the overall expenditure targets and outputs of the London share of the English ERDF programme.

3. Equality comments

- 3.1 The EC and DCLG-agreed ERDF OP sets out the requirements for ensuring adherence to ERDF mandatory equalities 'cross-cutting' themes. ERDF will promote 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 ERDF and means that delivery of the OP 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. 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 expected to capture this data as part of their project management.

4. Other considerations

a) Key Risks and Issues

- 4.1 In light of the UK's anticipated exit from the European Union, on the 13 August 2016 the Government confirmed that commitment to 'pipeline' projects across the country thus far will be honoured; this includes the projects listed in Part 2. Officers will be working with applicants to ensure remaining grant funding agreements can be signed by the Government-set deadline of this year's Autumn Statement. Where it looks like the deadline cannot be met for a particular project; officers will ensure the applicant is kept informed¹.
- 4.2 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.
- 4.3 The amount of 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 increase would be approved in line with the delegations listed in Mayoral Decision 1583.
- 4.4 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 are achieved. It is common for 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 in the Funding Agreement 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 ERDF contribute to London's share of the national ERDF OP 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 DCLG 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 DCLG business processes, the views of the London ESIF Committee must be sought on the strategic fit of applications for ERDF. The comments of the Committee were taken into account in decisions regarding the approval of projects.

¹ In a further announcement of 3rd October, the Government confirmed funding could continue to be committed after the Autumn statement.

5. Financial comments

- 5.1 Approval is being sought for the commitment and award of ERDF funding to the total of £24,448,443 for the applicants of the second, third and fourth Call for Proposals, to support economic growth and job creation as detailed in the Annex in part 2.
- 5.2 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 programmes, GLA will not physically make payments to ERDF 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.
- 5.3 Funding of £44.3m was made available under ERDF for the three Calls for Proposals in London, but not all applications were successful, therefore a total of £24.45m will be committed allowing some flexibility in the final amounts awarded.
- 5.4 The changes in the sterling/euro exchange rate highlight 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 application, 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 to promote economic development and wealth creation, promote social development, and 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; and
 - Officers must have due regard to ensure that ERDF is distributed fairly, transparently and in accordance with ERDF and DCLG requirements.
- 6.3 Officers shall ensure all relevant documentation is put in place with the grant recipients as set out in Part 2 before any commitment to fund is made.

7. Planned delivery approach and next steps

- 7.1 Following Mayoral approval, ERDF Funding Agreements will be issued and signed with applicants. EPMU will then manage operations in line with 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:

Laure Farret has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

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:

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 the 10 October 2016.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allge

Date

19.10.16

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

20/10/2016.