

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1426

Title: Mayor's Export Programme

Executive Summary:

The Mayor's Export Programme funding of £721,250 from the Growing Places Fund has formally been endorsed by the Mayor's Investment and Performance Board on 4 April 2013 and by DD1067. The equivalent European Regional Development Funding (ERDF) match funding of £721,250 was subject to approval by the European Programmes Management Unit when DD1067 was approved.

This MD now confirms approval of £721,250 ERDF match funding, following a successful application to ERDF and seeks approval to spend.

This MD also seeks approval of spend of £20,000 secured income from KPMG sponsorship.

The total gross budget approval for the Mayor's Export Programme is now £1,462,500.

Approval of this MD will enable the GLA to continue the procurement of supplies and services to deliver the programme.

The additional £20,000 sponsorship from KPMG will be utilised to promote KPMG branding during trade missions and other marketing events and activities on the Mayor's Export Programme.

All previous approvals in DD1067 remain unchanged.

Decision:

The Mayor approves:

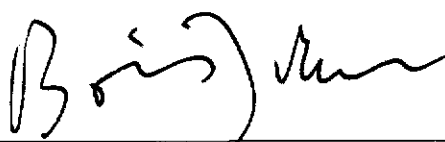
1. Expenditure of up to £721,250 of European Regional Development Funding in relation to the Mayor's Export Programme.
2. Receipt and expenditure of up to £20,000 sponsorship income from KPMG.

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: 15.12.2014

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

Decision required – supporting report

1. Introduction and background

Around 30% of SMEs in London export (2010 data GLA Economics, 2013) and businesses face barriers to trading internationally, some of these barriers stem from systemic market failures. This project is a timely intervention to support SMEs to take the first steps to trading overseas.

The Mayor's Export Programme will directly contribute to the Mayor's commitment to create jobs and growth in the capital and forms part of the work programme of the London Enterprise Panel's SME Working Group.

This report seeks a Mayoral Decision (in accordance with the delegation set out in MD940 and MD1220) to approve the expenditure of up to £721,250 ERDF funds and the receipt and expenditure of £20,000 sponsorship income on the Mayor's Export Programme.

The approval to spend £721,250 funding from the Growing Places Fund was authorised on 10.05.2013 (see DD1067). That approval was subject to confirmation of European Regional Development Funding (ERDF) match funding the award of which was confirmed by way of DD1125 and Grant Agreement which was signed on 10 October 2013. This MD seeks approval of spend of ERDF funds.

Further to this, the Exports Programme has secured £20,000 sponsorship from KPMG to promote KPMG branding during trade missions and other marketing events and activities and being the sole sponsor of the China Marketing and Strategy Programme.

2. Objectives and expected outcomes

The objective of the Mayor's Export Programme will increase the number of London SMEs trading overseas and the value of the sales generated. This will be achieved by taking SMEs out to international markets and facilitating export opportunities. Businesses will generate new sales as a result of receiving high quality intensive business support and advice on international trade with a focus on trade missions and in market immersion courses in emerging economies which include India and China. The purpose of the project is to achieve the objectives set out in the Economic Development Strategy, London Enterprise Panel Strategy and London ERDF Operational Programme.

For further information on the original objectives and expected outcomes, refer to DD1067. In addition, the sponsorship funding from KPMG will allow the Export Programme to benefit from promoting the China Marketing and Strategy Programme to KPMG networks allowing the Programme to engage with a wider pool of London businesses. The China Marketing & Strategy Programme offers London businesses the opportunity to attend a specially designed executive programme at a leading Chinese Business School for an intensive five-day course.

The programme aims to ensure that London Small and Medium sized Enterprises (SMEs) understand the importance of effective marketing in China. It identifies the issues they must consider and actions which must be taken to develop an effective marketing strategy to enable a long-term trading relationship in this challenging market.

A minimum of 30 London SMEs will be supported and the sponsorship monies will be used towards costs for delegate travel package which includes accommodation and/or flight costs. The first China Programme will be delivered in January 2015 with a subsequent Programme to be delivered in May 2015. Each Programme will be allocated £10,000 towards the travel package.

3. Equality comments

London SMEs are more likely than large companies to be owned by women, BAME or disabled people and to this extent the project will therefore support equality and diversity.

As the project will be tendered we shall work with the appointed contractor to deliver these objectives and require appointed contractor to develop and implement an equality and diversity plan.

We shall monitor equality performance throughout the project to see if there is more that the project can do to reach women, BAME or disabled owned SMEs.

We believe that the most relevant way to promote participation by underrepresented groups is to work with the relevant organisations working with these groups to ensure that we are reaching businesses headed up by minority groups. We shall work with relevant business organisations and delivery partners to attract referrals to the project.

Our marketing campaign work will consider how to target equality groups and work with representative networks. We will gather up to date intelligence on networks from the GLA Diversity & Skills Policy unit.

We shall ensure that we are offering promotional materials in a range of formats/languages, when requested and where appropriate

We shall monitor equality performance throughout the project by gathering data on business ownership and take up by business owned by minority groups to identify any shortfall in take up by target groups. We shall adapt awareness raising/marketing to try to address any shortfall.

The GLA has a statutory duty to promote equality. The Mayor's Equality Framework – 'Equal Life Chances for All', sets out the Mayor and GLA operationalise our equalities responsibilities. Further information is available at – www.london.gov.uk/priorities/equalities/vision-and-strategy-equal-life-chances-for-all. The document contains the principles that we shall adhere to in all that we do at the GLA, these will be operationalised in the delivery of this project, these are:

- use the process of mainstreaming, where equality is integrated into everything we do;
- adopt an evidence and needs based approach where we use evidence and undertake research into inequality and disadvantage in London;
- assess the impact on equality as we develop our strategies, policies and programmes and consider actions to address adverse impacts;
- monitor the impact on equality as we implement our work
- be open, transparent and public all information on our progress
- work in partnership with the range of local, pan London and national organisations
- make consultation and engagement with diverse stakeholders in London a cornerstone of developing new equality actions
- promote best practice.

4. Other considerations

Risks and Issues

	Risk description	Mitigation / Risk response	Current probability (1-4)	Current impact (1-4)	RAG	GLA risk owner
1	Slippage in delivery due to procurement, recruitment and multiple funding sources	The UKTI have seconded a member of staff to manage the Programme along with a full time GLA Project Manager. Resources will be monitored closely.	2	3		EBPU
2	Failure to put correct systems in place to manage ERDF	Systems in place and will require continuous monitoring in line with EU requirements.	1	2		EBPU
3	Duplication of provision	Regular communication with key stakeholders and design work with UKTI.	1	2		EBPU
4	Delivery – failure to engage enough SMEs in the programme	The recent procurement of a delivery partner will support engagement of SMEs.	2	1		Delivery partners/ EBPU
5	Risk of GPF funding which cannot be matched by ERDF left exposed as required match funding not achieved through other sources impacting on programme budget.	PM seeking other match to be used against CPF and ERDF when one or the other is ineligible due to not meeting procurement rules.	2	1		EBPU

Links to Mayoral strategies and priorities

The project meets with the ambitions set out in the Mayor's Economic Development Strategy (EDS) in particular Objective 2 Improving London's Competitiveness. The EDS states that the Mayor will encourage cost effective business support programmes for London's businesses and especially for SME's and entrepreneurs. The EDS includes a commitment for the Mayor to 'oversee a comprehensive international trade strategy to increase London's exports, particularly in rapidly developing markets such as India and China.

The project supports job creation, as championed by the Mayor. The London Enterprise Partnership Jobs and Growth Plan makes reference to the opportunity international trade offers to grow London's economy. The SME Working Group of the LEP discussed the project at their meeting on 4 April 2013, endorsed the general approach and highlighted the following:

- the importance of changing business perceptions and changing mindsets on trade encouraging businesses to think this is 'about them';
- considering the importance of e-commerce and the fact that once trading e-commerce increases the ease and value of exports;
- the importance of linking this project with wider business support available in particular trade finance and support when businesses are receiving equity to then start to trade overseas.

The project directly responds to the objectives set out in the Mayor's European Regional Development Fund Operational Programme to invest in enterprise to support growth and competitiveness. The Operational Programme recognises that whilst small firms and entrepreneurs are often the source of viable business propositions they have fewer resources and capacity to make the most of the opportunities. They also face greater risk and barriers to growth. This programme will address some of the cost, risk and cultural barriers preventing SMEs reaching their full potential.

The government wants to help double the UK's exports to £1 trillion by 2020, to achieve this target London will need to have many more SMEs trading overseas.

Impact assessments and consultations.

ERDF funding requires adequate consideration of the European programme cross cutting themes and therefore project planning will include particular initiatives to encourage equal opportunities and promoting environmental sustainability. This will be taken into account in service delivery including positive action working with women's business networks to ensure high numbers of women participating in the programme and identifying at least one trade mission suited to businesses operating in the environment sector in order to build London's environment sector.

5. Financial comments

5.1 Approval is being sought for revenue expenditure relating to the Mayor's Export Programme at a cost of up to £741,250.

5.2 This expenditure is in addition to up to £721,250 funding from the Growing Places Fund already approved, making the total gross project budget a maximum £1,462,500.

5.3 The proposed profile of the £1,462,500 spend is as follows:

2013/14	£153,923
2014/15	£410,000
2015/16	£899,000

5.4 The additional cost of £741,250 will be funded as follows :

£721,250	ERDF match funding grant
£20,000	Sponsorship from KPMG

5.5 All appropriate budget adjustments will be made.

5.6 As part of this decision relates to contracts, officers have to ensure that the requirements of the Authority's Contracts and Funding Code are adhered to.

5.7 Any changes to this proposal must be subject to further approval via the Authority's decision-making process.

5.8 The Economic Business Policy Unit within the Development, Enterprise & Environment Directorate will be responsible for managing this project and associated funding agreement.

6. Legal comments

6.1 Sections 1-4 of this report indicate that:

- 6.1.1 the decisions requested of the Mayor relate to expenditure which may be considered to fall within the Authority's statutory powers to do things considered facilitative of and conducive to the promotion of economic development and wealth creation in Greater London; and
- 6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
 - (a) pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - (c) consult with appropriate bodies.

6.2 Officers must ensure that:

- 6.2.1 they liaise with Authority's HR team regarding proposals for secondment and any other staffing arrangements (obtaining appropriate approvals from the Head of Paid Service are obtained in the event that the creation of any new posts is envisaged);
- 6.2.2 they meet all conditions applicable to the grant to the Authority of ERDF funding in the Authority's use of the same;
- 6.2.3 any services required are procured by Transport for London Procurement who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code;
- 6.2.4 appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of any services which enables compliance with ERDF related requirements including retention of documentation; and
- 6.2.5 they seek advice from TfL legal concerning the structure for the provision of support to SMEs under the programme to ensure that the assistance provided may be considered compatible with the requirements for the Treaty on the Functioning of the European Union and related legislation.

7. Investment & Performance Board

- 7.1 The IPB received a paper on the Mayor's Export Programme on 4 April 2013 and has endorsed the proposals outlined in this decision form.

8. Planned delivery approach and next steps

As set out in the DD1067, the GLA is managing the project, matching ERDF and Growing Places Fund. The Programme spend of GPF is underway. ERDF income is claimed and received in arrears on a quarterly basis against defrayed GPF expenditure. This MD now seeks approval for expenditure of £721,250 ERDF funding.

The private sponsorship will enable the sponsor to use their branding on the China Marketing and Strategy Programme. This additional sponsorship was sought to enable the Programme to match

this against ERDF funding also where EU procurement rules cannot be adhered to due to limitations and processing time required.

The Mayor's Export Programme carried out an OJEU procurement exercise between January and July 2014 to seek an external Delivery Partner. The procurement exercise met requirements under procurement rules and regulations following both ERDF and TfL processes and procedures. The purpose of seeking an external partner was to acquire expertise and increase resources to enable the Programme to successfully achieve its objectives. A private sector delivery partner has been successfully appointed to help deliver the Programme over the remaining term of the project.

The GLA will continue working with TfL procurement to seek competitive tenders for services required for the provision to eligible SMEs of support in respect of a specified set of trade missions, event, seminars and workshops. The sectors in respect of which support is to be provided will reflect the London Enterprise Panel strategy and the objectives of the ERDF London programme.

Activity	Timeline
Procurement of contract [for externally delivered projects]	On-going
Announcement [if applicable]	N/A
Delivery Start Date [for project proposals]	September 2013
Final evaluation start and finish (external)	September 2015 – December 2015
Delivery End Date [for project proposals]	September 2015
Project Closure: [for project proposals]	December 2015

Appendices and supporting papers: DD1067, IPB, ERDF and LEP papers available up on request.

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? YES**

If YES, for what reason: Until any and all procurement has been undertaken and awarded

Until what date: 31 December 2015

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:

Dinesh Chandegra 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:

Mark Kleinman has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Kit Malthouse 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. Allg

Date

11.12.14

CHIEF OF STAFF:

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

Signature

Edmund H. -

Date

11:12:2014