

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2599

Title: Commitment of European Regional Development Fund (ERDF) Technical Assistance to GLA European Programmes Management Unit

Executive Summary:

This Mayoral Decision seeks approval for:

- i. the commitment and award of ERDF Technical Assistance to support the GLA to continue to undertake its management of ERDF until December 2023; and
- ii. the approval of a revised set of ERDF financial delegation limits at Appendix 1.

Decision:

The Mayor approves:

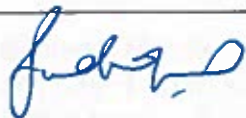
- i. The commitment and award of up to £844,000 European Regional Development Fund (ERDF) to the European Programmes Management Unit at the GLA for Technical Assistance funding to support programme management, publicity and capacity building for ERDF funded projects in London to December 2023, in accordance with the designated roles and functions as set out in Mayoral Decisions 1583 and 1613.
- ii. The revised ERDF delegations to GLA officers and roles set out in Appendix 1, to ensure the effective and efficient implementation of the London ERDF programme.

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:

18/3/20

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

Decision required – supporting report

1. Introduction and background

- 1.1. The Ministry of Housing, Communities and Local Government (MHCLG) is the 'Managing Authority' (MA) in England for the European Regional Development Fund (ERDF). The England ERDF programme is delivered across England's 38 Local Enterprise Partnership (LEP) areas, each of which has a European Structural and Investment Fund (ESIF) Strategy to support local delivery. In London, the LEP is known as the London Economic Action Partnership (LEAP).
- 1.2. The London ESIF Committee reports to the LEAP Board chaired by the Mayor, and provides advice to the Managing Authority (and the GLA as an Intermediate Body in London) on the needs and opportunities in an area and the strategic fit of applications for funding.
- 1.3. Article 123 of EC Regulation 1303/2013 states that a Member State may designate 'Intermediate Bodies' (IB) to carry out certain tasks of the MA. The MHCLG MA has devolved responsibility for managing London's share of England's ERDF programme to the GLA as an IB. The relevant arrangements between MHCLG MA and the GLA are formally recorded in a Memorandum of Understanding.
- 1.4. The GLA's IB role comprises day-to-day responsibility for the ERDF: appraising applications, signing contractually binding funding agreements, performance monitoring and management, certifying and authorising quarterly claims, carrying out pre-and post-expenditure checks on projects and reclaiming ERDF where necessary. The detailed functions of the GLA as an IB and approval to accept devolved responsibility for the programmes in London were set out in MD 1583.

Technical Assistance

- 1.5. MHCLG has agreed to contribute to EPMU's staffing costs for the ERDF programme, which formally ends in 2023. This is matched by 'Technical Assistance' funding from the ERDF programme, claimed quarterly in arrears by the GLA's European Programmes Management Unit (EPMU) team.
- 1.6. Mayoral Decision 1613 approved the commitment and award of ERDF Technical Assistance to support the Intermediate Body function until December 2018.
- 1.7. A subsequent Mayoral Decision 2374 sought approval for a further commitment and award of ERDF (and European Social Fund (ESF)) Technical Assistance until December 2021. It noted that a further extension would likely be sought at a future date as funds a) remain available to be committed to projects across London, and b) projects run beyond the existing end date of the Technical Assistance project.
- 1.8. This MD is therefore seeking a further extension of ERDF Technical Assistance until December 2023. The commitment and award of up to £844,000 ERDF will allow the GLA's EPMU ERDF team to continue to programme manage ERDF projects in London as per paragraph 1.4 above and in accordance with the designated roles and functions as set out in MD 1583 and MD 1613. It will cover salary and associated costs, including overheads and travel. EPMU costs relating to the ESF programme are covered separately, through the parallel ESF Technical Assistance arrangements agreed in MD2374.

European Regional Development Fund – financial delegations

- 1.9. MD 1583 set out the financial delegation limits for the authorising of ERDF and ESF claims. That MD agreed higher EPMU financial delegation levels than standard GLA financial delegation levels. This was in recognition of both the size of the seven-year ERDF and ESF programmes, and the volume of claims certified and authorised by EPMU on behalf of the Government, which pays claims to grant recipients directly.

- 1.10. MD 1583 noted that "These delegation limits may be reviewed once the first tranche of projects are live to ensure it facilitates effective programme management". MD 2094 subsequently revised ESF delegation levels upwards, but no revision has as yet been proposed in respect of ERDF.
- 1.11. The ERDF programme is now over 90% committed. ERDF and ESF programmes will continue until programme closure in December 2023. EC Regulation 1303/2013 and the MA's additional business processes and work instructions requires detailed scrutiny of every financial quarterly claim. With over 45 projects, and project budgets ranging from £500,000 ERDF to over £5m ERDF, the volume of large claims over £100,000 ERDF is substantial.
- 1.12. Currently, EPMU Programmes Officers (GLA Grade 7) and EPMU Programmes Managers (GLA Grade 9) have the same financial delegations to approve ERDF claims up to £100,000. This means a significant proportion of claims are sent to the ERDF Senior Programme Manager (GLA Grade 12) to authorise. That senior role has a financial delegation limit of £250,000 ERDF, risking a backlog in claim authorisation.
- 1.13. Furthermore, a grant funding agreement clause requires claims to be paid within 40 days of receipt of a complete claim submission. Delays in authorising claims puts at risk EPMU's ability to meet this target.
- 1.14. It is therefore proposed to retain the EPMU Programme Officer financial delegation of ERDF claim value up to £100,000, while increasing the EPMU Programme Manager delegation of ERDF claim value up to £200,000 and the EPMU Senior Programme Manager to £300,000. This would expand the range of financial delegations within the team, allow claims to be distributed to a wider group of EPMU Programme Managers and expedite the authorisation process; without reducing levels of scrutiny. The proposed revised delegations are set out in Table 1 of Appendix 1.

2. Objectives and expected outcomes

- 2.1. London's ERDF programme allocation is £184million (doubled once grant recipients' match funding is added). The projects funded support low carbon infrastructure, innovation and business support across London.
- 2.2. London's ERDF programme is creating over 2,200 jobs, helping over 9,000 small businesses and achieving greenhouse gas reduction of over 37,000 tonnes.

3. Equality comments

- 3.1. The England ERDF Operational Programme sets out the requirements for adherence to mandatory equalities-related 'cross-cutting' themes. ERDF promotes equality in accordance with European Union and national requirements.
- 3.2. This means that delivery of the ERDF Programme at a local level, including in London, is required to 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. Furthermore, no ERDF applicant is treated less favourably than any other on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation.
- 3.3. 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.
- 3.4. The European Programmes Management Unit (EPMU), a unit within the GLA's Good Growth directorate, is funded by ERDF Technical Assistance and supports the England ERDF Operational Programme (OP) and is bound by the Public Sector Equality Duty set out in 3.3 above.
- 3.5. In its application to manage the London ERDF programme, EPMU committed to ensuring that the principle of equality is integrated into all aspects of its work through supporting applicants through project pipeline development, implementation and monitoring, and that individual projects funded through the ERDF programme will support equality and diversity issues through effective design and implementation. The monitoring of such projects by EPMU will take place through project visits, on receipt of claims and during official audits.
- 3.6. EPMU works with both in-house experts and external partners in the areas of equal opportunities to ensure that the needs of London's communities are fully understood, and that the work delivered through ERDF complements and enhances activity to support those communities.

4. Other considerations

Key risks and issues

- 4.1. The amount of additional ERDF committed for Technical Assistance may be revised during the approval process as officers finalise the budget. However, it is not expected to exceed the amount stated on the cover page of this Mayoral Decision (up to £844,000).
- 4.2. Once the Technical Assistance grant funding agreement has been revised and signed, GLA officers will monitor the delivery of the project to ensure activity takes place and outputs and/or results are achieved, in the same way as any other ERDF project.
- 4.3. EPMU has received two 'unqualified' recent 'systems audits' conducted by the Government Internal Audit Authority in relation to its management of the London ERDF programme – the highest level of assurance available.
- 4.4. The EU Withdrawal Agreement now signed by the UK Government and the EU confirms that existing EU programmes in the UK will continue until their formal closure in 2023-4.

Declarations of interest

- 4.5. Two GLA officers involved in drafting and clearing this document – Alex Conway and Sarah Purvis – have an interest to declare, as their salaries are (and would be) part-funded by ERDF Technical Assistance.
- 4.6. To ensure a separation of functions, a Senior Programme Manager from EPMU, responsible for the European Social Fund (and whose salary is thus not part-funded by ERDF) appraised the Technical Assistance application which had been drafted by the EPMU ERDF team. The funding application was then independently reviewed by the Ministry for Housing, Communities and Local Government, the Managing Authority for the ERDF in England. Following notification of MHCLG's support for the application, it was submitted to the London ESIF Committee (LEC) for its consideration.

Links to Mayoral strategies and priorities

- 4.7. EPMU oversees London's share of the national ESF and ERDF Operational Programmes' budgets, under which Calls for Proposals have been launched. As part of their appraisal all projects are assessed on their alignment with the LEAP's ESIF Strategy which, in turn, supports the Mayor's Economic Development Strategy. The strategy is designed to create a fairer, more inclusive economy that works for all Londoners and businesses, creating the conditions for growth and supporting London's sectors.

Consultations and impact assessments

- 4.8. In accordance with MHCLG business processes, the views of the London ESIF Committee (LEC) must be sought on the strategic fit of applications for funding. The LEC reviewed and endorsed this proposal for ERDF technical assistance on 24 February 2020.

5. Financial comments

- 5.1. Approval is being sought for the commitment and award of up to a further £844,000 as Technical Assistance from the ERDF.
- 5.2. Technical Assistance is required to support the resourcing costs associated with the GLA as London's designated IB, in addition to other necessary auxiliary expenditure such as marketing and legal fees.
- 5.3. It is important to note the £844,000 will be matched by MHCLG as a contribution therefore the total value of the required technical assistance will be £1,688,000. The European Programmes Management Unit (EPMU) will continue to be responsible for managing the programme on behalf of the GLA until the end of this programme.
- 5.4. The fund will cover the period between 1 January 2022 and 31 December 2023.
- 5.5. With regards to the proposed ERDF – Financial Delegation limits, these will continue to remain separate from the GLA's financial delegation limits as these funds are governed by MHCLG.

6. Legal comments

- 6.1. Section 1-4 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 of which a decision is sought officers have complied with the GLA's related 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 towards the achievement of sustainable development in the United Kingdom; and
 - Consult with appropriate bodies.
- 6.2. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty; 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 share a relevant protected characteristic and

persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.

- 6.3. Sections 1 to 4 above indicates the contribution of up to £844,000 ERDF to EPMU. Officers must ensure that the ERDF funding is awarded fairly, transparently and in accordance with the ERDF and MHCLG requirements. Officers must ensure the appropriate legal documentation is put in place and executed before the use of the proposed additional ERDF.

7. Planned delivery approach and next steps

Activity	Timeline
Extension delivery start date	1 January 2021
Delivery end date	31 December 2023
Project closure	31 December 2023

Appendices and supporting papers:

Appendix 1 – 2014-20 Financial delegations for ERDF

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

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoI Act should be included 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:

Sarah Purvis has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Phil Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

David Bellamy 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 16 March 2020.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Elle

Date

16. 3. 20

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

17/3/2020.

