

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2094

Title: Management of 2014-20 European Social Fund Programme – further commitment and revised financial delegations.

Executive Summary:

London's four sub-regional partnerships have been awarded Co-Financing Organisation (CFO) status and are applying for European Social Funding (ESF) in order to manage the new Work and Health Programme devolved to London. This Mayoral Decision seeks approval for the award of that ESF.

Mayoral Decision 1583 set out delegation limits for the processing of ERDF and ESF claims. But these limits do not enable effective programme management or efficient reimbursement. This MD seeks approval of the revised set of ESF delegation limits in Annex A.

Decision:

That the Mayor approves:

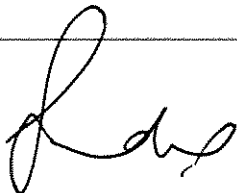
1. The commitment of up to £68m European Social Fund (ESF) to the sub-regional Co-Financing Organisations (London Borough of Ealing, London Borough of Croydon, London Borough of Redbridge and the City of London Corporation) to procure ESF employment related services.
2. The revised ESF delegations as set out in Annex A to ensure the effective implementation of the London ESF 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:

29/4/17

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) was formally designated as an Intermediate Body (IB) in November 2016 by the European Social Fund (ESF) Managing Authority, the Department for Work and Pensions (DWP) for the award, management and administration of the London component of the 2014-20 England ESF Programme.

Previous Mayoral Decisions

- 1.2 This delegation follows on from Mayoral Decision 1583 (March 2016) where the previous Mayor:
- 1.2.1 Approved the designation of the GLA as an IB for the 2014-20 ESF programme, and the entering into a MOU between the GLA and DWP;
 - 1.2.2 approved the delegation to the GLA Head of Paid Service to sign the aforementioned MOU; and
 - 1.2.3 approved the delegation limits for administration of the approved European Regional Development Fund and ESF expenditure.
- 1.3 Subsequent Mayoral Decision 1613 (also March 2016) then committed and awarded up to £285m of European Regional Development Fund and ESF to ESF projects and Co-financing Organisations.

London Work and Health Programme

- 1.4 As announced in the Chancellor's Autumn Statement the DWP, London Boroughs and the GLA have co-designed the London Work and Health Programme (WHP). The Work and Health Programme replaces two of Government's mainstream welfare to work programmes: Work Programme and Work Choice. The new Work and Health Programme will run for 5 years (with the possibility of extension) and will support people out of employment with health conditions and the long-term unemployed. As part of this devolution of responsibilities, the DWP have agreed to transfer the funding for WHP in London to four sub-regional groupings of London Boroughs. In turn, the Boroughs have agreed to apply for ESF monies to provide match-funding to the WHP funding; thus increasing the scale and scope of WHP in London.
- 1.5 The majority of ESF provision is delivered via 'Co-Financing Organisations' which provide match funding and carry out their own procurement exercises to commission ESF support. In light of the devolution of responsibility, the ESF Managing Authority (DWP) revised the selection criteria for Co-Financing Organisations in December 2016 to allow for 'sub-regional groupings of boroughs in Greater London' to become CFOs. Accordingly the European Programmes Management Unit (EPMU) within the GLA invited the four London sub-regional partnerships (Central London Forward, Local London, West London Alliance and South London Partnership) to apply for CFO status in January 2017.
- 1.6 As the sub-regional partnerships are not legally constituted bodies, they have each nominated an accountable London Borough to act on their behalf and enter into the relevant MOUs. Following the award of CFO Status, CFOs submit applications for ESF funding for specific activities. The four new CFOs have been invited to submit funding applications for ESF. EPMU will appraise these applications in line with the national ESF business process assessing value for money and compliance of the proposed activity. Running concurrently to their applications for ESF, the four sub-regions have launched a procurement process to appoint providers to deliver the Work and Health Programme in their sub-region.

1.7 Following the appraisal of the four sub-regional partnership funding applications, EPMU will enter into a Memorandum of Understanding with each CFO on behalf of the Secretary of State for Work and Pensions. This Mayoral Decision seeks approval for the commitment of ESF to the four sub-regional CFOs.

Delegation Limits

1.8 For the 2007-13 ESF Programme, unlimited delegations were agreed with DWP. For the 2014-20 programme, a set of financial delegations limits were put in place based on the 2007-13 ERDF programmes. However, MD1583 acknowledged that the delegation limits may need to be reviewed once the first tranche of projects were live to ensure it facilitated effective programme management.

1.9 As all ESF projects apart from the sub-regional CFOs mentioned above were live by October 2016, EPMU took the opportunity to review the currently delegation limits in preparation for the first wave of CFO claims. At the same time the ESF Managing Authority (DWP) agreed their delegation limits for the 2014-2020 programme. It is therefore proposed that the Mayor approves to the revised delegation limits for all ESF beneficiaries (direct bid projects and CFOs) set out in Annex A because:

- The majority of ESF provision, unlike ERDF, is delivered through the national CFOs (Department for Work and Pensions, Skills Funding Agency, Big Lottery Fund). These organisations contract and manage multiple projects within an overall MOU signed by the GLA on behalf of the Secretary of State for Work and Pensions. Claims for reimbursement of ESF monies paid to beneficiaries therefore regularly exceed the delegation limits given to any officer in MD1583. This would mean that, on a quarterly basis, the GLA Executive Director – Resources and/or Head of Paid Service would be required to spend hours processing the majority of ESF claims for CFOs; which is not effective use of their time.
- The original delegations had been proposed on the basis that the GLA would physically pay ESF beneficiaries and would then receive payment from DWP to cover the costs incurred. As part of the final MOU negotiations, it was agreed that DWP would process and pay claims once GLA officers had authorised them.

1.10 Given these issues the delegations for ESF have been revised to equate with similar levels of seniority to those used by the ESF Managing Authority (DWP). The delegations recognise that ESF claims are ‘regular, routine, expected payments’. This is set out in Annex A.

2. Objectives and expected outcomes

2.1 The objectives of the ESF programme are to help unemployed and economically inactive individuals into employment, promote social inclusion and provide skills support for those in employment.

2.2 All ESF applications must meet the objectives of the England ESF Operational Programme (OP). The OP was drafted by the ESF Managing Authority (DWP) and agreed with the European Commission in 2015. Applicants for funding must explain how they will contribute to the overall expenditure targets and outputs and/or results targets of the London share of the ESF programme.

3. Equality comments

3.1 The EC, DCLG and DWP-agreed ESF and ERDF Operational Programmes set out the requirements for ensuring adherence to a mandatory equalities ‘cross-cutting’ theme. ESF and ERDF will promote equality in accordance with European Union and national requirements. The 2010 Equality Act provides the framework to effectively tackle disadvantage and discrimination. The Public Sector Equality Duty applies in the delivery of ESF and ERDF and means that delivery of the Operational Programme 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.

- 3.2 In particular, 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; the GLA will be required to contribute to these targets.
- 3.3 Programmes are 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 Beneficiaries as part of the claims process. Where a project has a particular objective to work with people with specific 'Protected Characteristics' as defined in the Equality Act, this will be inherent in the project application; Grant Recipients will be asked to capture this data as part of their project management.

4. Other considerations

a) Key Risks and Issues

- 4.1 The amount of ESF allocated to each CFO may be revised during the approval process as officers negotiate the contracts (for example 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 under-allocations will be recycled in the programme. Final commitments and awards to beneficiaries are published on the London Economic Action Partnership's (LEAP) website (lep.london).
- 4.2 Within the CFO programmes there may be variances in the performance of individual provider contracts. The GLA does not have a direct contract with these providers, as this is the responsibility of the CFO as the Contracting Authority for procurement purposes. But the GLA will monitor potential underperformance and underspends through contract management of the CFO in line with ESF guidance.
- 4.3 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. The Government has confirmed that it will honour all funding committed up to the point that the UK leaves the European Union.

b) Links to Strategies and Strategic Plan

- 4.4 EPMU delivers London's share of the England ESF Operational Programme, under which Calls for Proposals are launched, and decisions are made on which applications are funded. The programmes are aligned to the LEAP's European Structural and Investment Funds Strategy and support Mayoral economic objectives for a competitive and fairer London.

c) Impact Assessments and Consultation

- 4.5 In accordance with DWP business processes, the views of the London ESIF Committee (made up of local partners reflective of the priorities of the ESF Operational Programmes and, as far as possible, the breadth and diversity of partners specified in Article 5 of the Common Provisions Regulations and the European Union Code of Conduct on Partnership) must be sought on the strategic fit of applications for Funding. For ESF the comments of the Committee were taken into account in decisions regarding the approval of projects.

5. Financial comments

- 5.1 The GLA is the designated Intermediate Body for the management and administration of the 2014-20 European Social Fund (ESF). Unlike the 2007-2013 European Regional Development Fund (ERDF) programme the GLA will not make direct payments to ERDF or ESF projects in the 2014-2020 programming period. Instead, in line with the revised delegations set out in Appendix A, the Managing Authority will be responsible for processing and making payments to the projects, following the review and authorisation of claims by the GLA. The European Programmes Management Unit (EPMU) will be responsible for managing the programme on behalf of the GLA.
- 5.2 Approval is being sought for the commitment and award of ESF funding of up to £68m across the four Greater London CFOs :
- £27m ESF to the City of London Corporation on behalf of the Central London Forward sub-regional grouping of boroughs
 - £14m ESF to the London Borough of Ealing on behalf of the West London Alliance sub-regional grouping of boroughs
 - £20m ESF to the London Borough of Redbridge on behalf of the Local London sub-regional grouping of boroughs
 - £7m ESF to the London Borough of Croydon on behalf of the South London Partnership sub-regional grouping of boroughs
- 5.3 On-going monitoring will be subject to the GLA's financial decision making and monitoring framework in its role as the Intermediate Body

6. Legal comments

- 6.1 Sections 1 to 2 of the report indicate that the decisions requested of the Mayor concerns 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 with the GLA'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 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 do not share it and foster good relations between 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 Officers shall ensure all relevant documentation is put in place with the CFOs.

7. Planned delivery approach and next steps

7.1 Following Mayoral approval, CFO MOUs will be issued and signed. EPMU will then manage operations in line with ESF instructions and guidance; and in respect of the delegation limits set out in this Mayoral Decision.

Appendices and supporting papers:

Annex A: 2014-20 FINANCIAL DELEGATIONS ESF

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: The Work and Health Programme is currently being procured by the four London sub-regions and the applications for ESF funding are still subject to final sign-off. It would therefore be imprudent to publish the amounts of ESF being requested as this could impact on the commercial processes being undertaken.

Until what date: (01/12/2017)

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:

Steven Greenwood has drafted this report in accordance with GLA procedures and confirms the following: ✓

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:

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 10 April 2017.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Alce

Date

10.4.17

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

20/4/2017

Annex A: 2014-20 FINANCIAL DELEGATIONS ESF

Approval of Non-Co-Financing ESF funding agreements and variations (including Technical Assistance)

The European Programmes Director should approve all non-CFO agreements including variations up to a limit of £5m ESF.

The Executive Director – Resources* should approve all non-CFO agreements including variations between £5m and £25m ESF.

The Head of Paid Service should approve all non-CFO agreements including variations above £25m ESF.

Agreement will be sought via Mayoral Decision for the commitment of ESF funding prior to the signing of agreements.

Variations to Funding Agreements including for irregularities and adjustments which may result in no change to, or a reduction in, the funding agreement value (for example a change in applicant details and or an extension in time only for a project) should be approved by either the relevant senior programme manager of European Programmes Director in line with the ESF Business Process. For variations where there is an increase in the funding agreement value the delegation limits above will apply.

*If the Executive Director – Resources is absent the Head of Finance & Governance can fulfil this role

Approval of Co-Financing ESF Memorandums of Understanding and variations

ESF Memorandum of Understanding (MOU) agreements with ESF Co-Financing Organisations (CFOs) are not deemed to be grants or contracts by the DWP given that ESF CFOs procure contracts using open competitive tendering in their home departments. As the GLA is signing these agreements on behalf of the Secretary of State for Work and Pensions the DWP process shall be followed and therefore above delegations do not apply. All CFO agreements and variations processed following the ESF project change request process will be signed by the European Programmes Director.

Approval of ESF Claims

Projects where the ESF Grant is less than £10m

- Certification of ESF claims to be completed by an officer in the European Programmes Management Unit;
- Authorisation and payment of already certified claims to be completed by a senior officer (Senior Programme Manager or European Programmes Director).

Projects where ESF Grant is greater than £10m

- Certification of ESF claims to be completed by a Programme Manager;
- Authorisation and payment of already certified claims to be completed by the European Programmes Director.

Note: these are regular, routine, expected payments. Given the robust certification and authorisation processes there is no financial limit of attached to the individual claim a contract manager can approve as part of the claims approval process.

Covering periods of officers' leave

To ensure continuity of approval during officers' periods of leave there are two options:-

- Delegations can be transferred to staff of equivalent grade across the European Programmes Management Unit;
- Delegations can be applied at the next level of seniority in the same line management chain. If a programme officer is on leave, their delegated authority can be transferred to the programme manager. It therefore follows the senior programme managers' delegated authority linked to the same claim can be transferred to the senior programme managers' senior;

Notes:

- Appropriate separation of functions will be maintained at all times and separate guidance is maintained by EPMU.
- There is no authority for write-off. All write-offs (where money cannot be recovered from a Beneficiary) need to be discussed with and approved by the ESF Managing Authority (DWP).
- Where an offer of ESF is made to the GLA as final beneficiary, the offer of grant must be accepted by the GLA's Executive Director, Resources on behalf of the relevant GLA team.
- Where EPMU applies for 'technical assistance' from the ESF programme to support its running costs the initial application will be assessed by colleagues outside EPMU.

