

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2881

Title: European Social Fund – London Call 4

Executive summary:

Mayoral Decision (MD) 1583 approved the designation of the GLA as an 'intermediate body' (IB) for the European Social Fund (ESF), in accordance with the functions set out in the Memorandum of Understanding (MOU) with the Department for Work and Pensions (DWP).

This MD seeks approval for the award of up to £39m European Social Fund (ESF) to successful applicants under the fourth ESF call launched in London in March 2021.

Decision:

The Mayor approves:

- 1) the commitment and award of a maximum of £39m ESF to successful applicants (subject to grant negotiations); the projects, which will end by 31 December 2023, will support employment and skills activity, as set out in Part 2 of this decision form
- 2) the delegation to the Assistant Director, Economic Development and European Programmes, of the approval of any increase in ESF funding once grant agreements have been executed, within the total envelope of £39m ESF.

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:

14/10/21

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

Decision required – supporting report

1. Introduction and background

- 1.1. The UK still benefits from seven-year €450bn European Union (EU) programmes known as European Structural and Investment Funds (ESIF). They are the EU's main funding programmes for supporting growth and jobs across the EU. They comprise the European Social Fund (ESF), the European Regional Development Fund (ERDF), the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.
- 1.2. DWP is the Managing Authority (MA) in England for the ESF. The DWP has agreed an operational programme with the European Commission (EC) for the £4bn England ESF programme that sets out activities and targets (such as people in employment) across England. The ESF programme in London will continue until it closes in 2023-24.
- 1.3. The ESF programme is delivered across England's 38 local enterprise partnership (LEP) areas, each of which has an ESIF strategy to support local delivery. The £4bn has been notionally allocated to LEP areas. LEP Area ESIF committees, including the London ESIF Committee (LEC), provide advice to the MA on the needs and opportunities in an area and on the strategic fit of applications for funding.
- 1.4. Article 123 of EC Regulation 1303/2013 states that a member state may designate one or more intermediate bodies (IBs) to carry out certain tasks of the MA under the responsibility of the DWP. Responsibility for managing London's share of England's ESF programme has been delegated to the GLA as a designated IB. The relevant arrangements between the DWP and the GLA are formally recorded in an MOU and were approved via MD1583 in March 2016. The LEC provides advice to the GLA in its role as an IB.
- 1.5. Most ESF in London is committed by the GLA's EPMU via co-financing organisations (CFOs). CFOs in London include government departments, sub-regional partnerships and a separate team in the GLA.
- 1.6. However, ESF can also be committed more directly through open time-limited 'calls' or bidding rounds (as is the norm for the London ERDF programme). This is the fourth call as EPMU ran three other calls in 2015, 2019 and 2020. Further detail is provided at paragraphs 1.10 to 1.20 below.
- 1.7. Once the funding is committed and the contract executed, an organisation can request additional funding during the course of the project by submitting a project change request (PCR). EPMU has 60 calendar days to assess the PCR and notify the decision to the grant recipient.

Previous Mayoral Decisions

- 1.8. This request follows on from MD1583 (March 2016) where the Mayor:
 - approved the designation of the GLA as an IB for the 2014-20 ESF programmes, and entered into an MOU between the GLA and the DWP
 - approved the delegation to the GLA Head of Paid Service to sign the MOU
 - approved the delegation limits for administration of the approved ESF expenditure.
- 1.9. It also follows on from MD2094 which approved revised ESF delegations for the London ESF Programme.

ESF Call 4

- 1.10. The call was launched in March 2021. The call covered both Priority Axes (PAs) of the England 2014-20 Operational Programme. These are PA1: 'Inclusive Labour Markets'; and PA2: 'Skills for Growth'.

- 1.11. A total of £39m ESF was available across two call specifications, one for each PA of the ESF Operational Programme. The specifications were published by the DWP on gov.uk and included the types of activities on which the funding could be spent, the total funding available and the total volumes of outputs and results expected. The call was open to all eligible applicants (as defined by the DWP in guidance available on gov.uk), with the requirement to source match-funding equivalent to at least 50 per cent of the total project value. All supporting documentation, including national eligibility rules, guidance documents and the selection criteria were also published on gov.uk.
- 1.12. Twenty applications were submitted via ECLAIMS, the government's information management system, by the closing date of 4 June. A total of £30.8m ESF was requested against the £39m available, which represents 79 per cent of the funding.
- 1.13. The GLA's EPMU is responsible for appraising applications. The first stage of the appraisal process is the 'gateway' stage - a basic eligibility check.
- 1.14. The applications that pass the gateway assessment are appraised and scored against the government's 'Core selection criteria': strategic fit; value for money; management and control; deliverability; compliance; and cross-cutting themes. Applications must achieve a minimum score of three for each criterion to be successful and a minimum overall score of 57 (42.8 per cent of the total score available) to be considered for funding.
- 1.15. One application failed the gateway stage and was rejected. One applicant submitted three applications under PA 1 and was asked to merge the applications into one project. As a result, 17 applications (detailed in Part 2) progressed to the appraisal stage.
- 1.16. For this call, an 'iterative' approach was taken, allowing appraisers to ask applicants specific questions and/or request additional information, in order to inform the key core selection criteria elements of the appraisal.
- 1.17. Moreover, in line with the national appraisal process, the LEC, a sub-group of the London Economic Action Partnership (LEAP), met in early September to consider the applications. Members of the LEC were asked to provide advice on the extent to which the proposed applications met local strategic needs; provided good value for money; and were in line with domestic strategic priorities. Their advice informed the scores for strategic fit and value for money; but the final decision on which applications should receive ESF funding lies with the GLA.
- 1.18. This MD seeks approval for the commitment of ESF to successful applicants. In line with the MA's business process for ESF, once the appraisal process is concluded, the final funding decision will be made in accordance with the ESF delegations set out in MD2094. After MD approval, assuming all pre-funding conditions and clarifications are satisfactorily resolved, a funding agreement will be issued to the successful applicant organisations, setting out the terms, conditions and monitoring requirements against which the ESF grant is awarded.
- 1.19. Once ESF funding agreements have been issued, details of the projects will be available on the LEAP website at www.lep.london.
- 1.20. This MD also seeks approval for the delegation to the Assistant Director, Economic Development and European Programmes, of any approval of additional funding to successful applicants if they submit a PCR during the lifetime of the project. EPMU officers will pay particular attention to changes in the project's strategic fit and value for money and will award additional funding only if they are satisfied the project maintains its purpose and value for money. EPMU will be able to award additional funding cumulatively up to the value of Call 4, i.e. £39m ESF. Any request that would exceed the cumulative amount will require approval via a separate MD.

2. Objectives and expected outcomes

- 2.1. London's ESF programme allocation is €584m (doubled once match-funding is included). The programme's aim is to increase labour market participation, promote social inclusion, and develop the skills of the existing and future workforce.
- 2.2. ESF in London provides support for over 400,000 Londoners, of whom 25 per cent are expected to progress into jobsearch, education, training or employment and a further 30 per cent will gain qualifications.
- 2.3. All ESF applications are required to meet the objectives of the England ESF Operational Programme. Applicants are required to explain how they will contribute to the overall expenditure targets and outputs of the London share of that programme.
- 2.4. ESF projects complement and add value to mainstream provision by offering support that may not be available to certain groups of participants for example, those not claiming benefits or not engaged with Jobcentre Plus. The projects are not tied to national models of delivery, and can offer more flexible provision, tailored to meet the needs of participants and meet gaps in provision in a local area. Many ESF projects are delivered by smaller organisations, working at a more local level or organisations that are specialists in providing support to a particular target group for example, young people or refugees. Assessing the additionality of the proposal to existing provision is a key element of the appraisal.
- 2.5. Whilst the highest possible value for money has been sought from projects, some projects only presented average value for money compared to ESF benchmarks. Where appraisers had concerns over value for money, applicants were challenged on this point. Appraisers are satisfied that most projects now offer good value for money, considering not only unit costs but also: strategic added value; target groups; level of support; and commitment to delivering sustained employment, education and training outcomes. Appraisers have also compared each application's requested share of the LEAP ESF allocation with the share of targets. For example, a project requesting 2 per cent of the LEAP ESF allocation to deliver 7 per cent of the LEAP ESF targets would represent good value for money.

3. Equality comments

- 3.1. The ESF is accessible to all organisations and individuals across London. The ESF Operational Programme promotes equality in accordance with EU and national requirements, with a requirement for grant recipients to adhere to a mandatory equalities cross-cutting theme.
- 3.2. The GLA as a public authority must comply with the Public Sector Equality Duty set out in section 149 (1) of the 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
 - 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 ESF and means that the implementation of the England Operational Programme 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. 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 (50+). The DWP has set output targets to ensure the programme helps appropriate numbers of these people; London projects are required to contribute to these targets.

- 3.5. The programme is required to record equality and diversity data on all individuals receiving support to ensure that there is no inherent bias in the provision of help and it is accessible to all. This monitoring data is submitted by ESF grant recipients as part of the claims process and is reviewed by GLA officers. Where a project has a particular objective to work with people with specific protected characteristics (as defined in the Equality Act 2010), this will be expressly stated in the project application and grant recipients will be required to capture and report this data as part of the project management processes.

4. Other considerations

Key risks and issues

- 4.1. The government has confirmed that funding secured by applicants through EU programmes is guaranteed even though the UK has left the EU. This means the ESF programme in London will continue through to closure until 2023-24.
- 4.2. As funding agreements have yet to be issued, it is feasible that one or more applicants may withdraw from the appraisal process. Likewise, officers may withdraw applications from the appraisal process (which involves checks on compliance with ESF eligibility rules, law and guidance and that the project activities are deliverable).
- 4.3. The amount of ESF awarded to each applicant may be revised during the appraisal and pre-agreement process (for example, applicants may be asked to revise budgets to reflect changes in deliverables or to correct costs which have been incorrectly calculated or are not eligible). Any changes will be considered by officers, and collectively they are not expected to exceed the amount stated on the cover page of this MD. Any increase would be approved in line with the delegations listed in MD1583.
- 4.4. Once funding agreements have been issued and signed, officers will monitor the delivery of the projects to ensure compliance. It is common for ESF projects to seek one or more contract variations during their lifetime (for example, revising expenditure and profiles or seeking additional funding). Officers will manage this process in accordance with the process set out in the funding agreement and in line with DWP work instructions; and by ensuring a GLA officer with appropriate delegated authority approves any variation. Any request for increased funding will be considered by officers, and cumulatively they will not exceed the amount stated on the cover page of this MD. Any variation would be approved in line with the delegations listed in MD1583.

Links to Mayoral strategies and priorities

- 4.5. All contracts approved for ESF contribute to London's share of the England ESF Operational Programme targets. As part of their appraisal, all projects are assessed on their alignment with the LEAP's ESIF Strategy which, in turn, supports the Skills for Londoners Strategy, the Mayor's Economic Development Strategy for London, and the Mayor's Equality, Diversity and Inclusion Strategy.
- 4.6. Applicants were asked to align with the London Recovery Programme, as ESF can play a key role in the delivery of the 'Helping Londoners into Good Work' and 'A New Deal for Young People' missions in particular. This has been considered as part of the appraisal of the strategic fit of applications with local growth needs.

Impact assessments and consultation

- 4.7. The views of the LEC were sought on the strategic fit of the applications. The comments of the LEC will be taken into consideration in finalising the project appraisals.

Conflicts of interest

- 4.8. There are no conflicts of interest to note for any of the officers involved in the drafting or the clearance of this decision form.

5. Financial comments

- 5.1. Approval is being sought for the award and commitment of ESF, up to a total of £39m.
- 5.2. It should be noted that the GLA is the designated body for the management and administration of the ESF funding on behalf of the DWP. No funds are processed through the GLA accounts.
- 5.3. Should changes in the sterling/euro exchange rate result in fluctuations in individual claims, and in turn the overall total level of funding required, EPMU officers should ensure variations are authorised in line with the financial delegation limits laid out in MD2094.
- 5.4. Any gains or losses in sterling/euro exchange rate fluctuations will be contained and managed by the DWP.

6. Legal comments

- 6.1. Sections 1 to 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 that 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 complied with the GLA's 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 to the achievement of sustainable development in the United Kingdom
 - consult with appropriate bodies.
- 6.2. In taking the decisions requested, as noted in section 3 above, the Mayor must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; 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 to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3. Sections 1 to 4 above indicate that the contribution of up to £39m to applicants amounts to the provision of grant funding and not payment for services. Officers must ensure that the ESF funding is distributed fairly, transparently and in accordance with ESF and DWP requirements. Officers shall ensure funding agreements are 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. The key milestones are set out in the table below.

Activity	Timeline
Appraisal process concluded	By end September 2021
Applicants notified of in-principal decisions (subject to securing Mayoral approval)	From early October 2021
Issuance of funding agreements	After Mayoral approval; from October 2021
GLA monitoring of the funding agreements	Once issued, from October 2021

Supporting papers:

MD 1583

MD 2094

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 FoIA should be included 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:

✓

Sponsoring Director:

Philip Graham 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 4 October 2021

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

D. Gove

7/10/21

CHIEF OF STAFF:

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

Signature

D. Bellamy.

Date

4/10/21

