

GREATER **LONDON** AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2700

Title: Clawback of funding from the terminated London Aerospace and Technology College project

Executive Summary:

[MD2142](#) and [DD2205](#) awarded £6.395m of Skills for Londoners Capital Funding to London South East Colleges (LSEC) in 2018 to deliver the London Aerospace & Technology College project.

MD3042 gave approval to terminate the contract after the project became unviable and delegated authority to make specific decisions concerning the clawback of the £0.856m funding already paid to LSEC to the Assistant Director, Skills & Employment, in consultation with the Executive Director of Resources.

Following termination of the project, LSEC provided documentation detailing their financial position and the negative impact that repaying the funding in full would have on their organisation. It is therefore considered that partial clawback of the funding would be appropriate.

This decision seeks approval to claw back £0.266m from LSEC.

Decision:

That the Assistant Director of Skills & Employment – Delivery approves exercising the GLA’s contractual right to claw back £0.266m capital funding from London South East Colleges (LSEC).

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT

I have reviewed the request and am satisfied it is correct and consistent with the Mayor’s plans and priorities.

It has my approval.

Name: Ayodeji Akande

Position: Assistant Director, Skills & Employment – Delivery

Signature:



Date:

29/01/2024

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The sum of £114m Growth Deal funding for investment in the estate and equipment of skills providers was awarded to London Economic Action Partnership (LEAP), the local enterprise partnership for London, to deliver a programme of capital expenditure to support the facilitation of delivery of skills services in London. This was made up of unallocated 2015-16 Growth Deal 1 and 2016-17 Growth Deal 2 funding and a further receipt of Growth Deal 3 funding in 2017. In 2017 the Skills for Londoners Capital Fund (SfLCF) was created and broken down into rounds with the Mayor delegating approval of allocations of funds to the Executive Director of Development, Enterprise and Environment, taking into account the recommendations of the LEAP Investment Committee (LEAPIC) (under cover of [MD2142](#)).
- 1.2. London South East Colleges (LSEC) submitted a successful bid to Round One of the SfLCF for the design and construction of a state of the art 2,500sqm Science, Technology, Engineering, and Mathematics (STEM) education facility focusing on aerospace technology. The London Aerospace Technology College (LATC) was devised to enable Londoners to enter into and progress within the aviation industry and associated supporting sectors, thereby helping meet specific, acute industry skills gaps by offering innovative pathways to vocational, professional and higher-level qualifications.
- 1.3. In 2018 [DD2205](#) approved £6.395m of GLA funding, alongside a £1.427m contribution by LSEC and London Borough of Bromley towards construction costs with the remainder being contribution in kind through the securing of a 40-year land lease from London Biggin Hill Airport. The project drew down £0.856m GLA funding in the 2019-20 financial year to cover costs associated with design and planning and spent £0.183m match funding on the project. The overall GLA funding contribution for the project was 57 per cent: however GLA contributions to costs at that time were higher in accordance with the contract funding profile.
- 1.4. The project experienced planning and cost issues which led to delays and multiple proposals of site and scope change. Most recently LSEC proposed an alternative approach to deliver the project at their Bromley campus which the Deputy Mayor for Planning, Regeneration and Skills expressed his support for subject to:
 - the success of the College's intended bid to the Department for Education (DfE) Further Education Capital Transformation Fund (FECTF) for match funding to cover costs of this approach
 - delivery of the same or greater skills outcomes
 - LEAP's endorsement of the new revised delivery approach.
- 1.5. In April 2022 LSEC were notified that their bid submitted to the DfE was unsuccessful. The project was not viable in the near future without that support and any scaled back proposals would not deliver on the same outcomes.
- 1.6. MD3042 gave approval to terminate the LATC project and delegated authority to make specific decisions concerning the clawback of the £0.856m funding already paid to LSEC to the Assistant Director, Skills & Employment, in consultation with the Executive Director of Resources. It was noted that the outcome of these decisions would be that the planned outcomes of the LATC project would no longer be delivered, and that between £5.539m and £6.395m of funding would return to the GLA for reallocation depending on the amount of funding already paid to LSEC to be clawed back.

- 1.7. The LATC project was terminated on 28 March 2023 pursuant to clause 7.1(b) of the Agreement for the provision of capital funding relating to the LATC project dated 13 February 2018 between the GLA and LSEC as varied on 24 September 2019, on the basis that LSEC's delivery of the Project, Project Objectives and Milestones was unsatisfactory.
- 1.8. Clause 7.1 of the Agreement provides that upon or following the occurrence of a clause 7.1(b) event (see 3.6 above) the GLA may, in addition to terminating the Agreement, require all or part of the funding provided to be repaid. As part of the termination process, LSEC were informed that they must repay the £0.856m drawn down in the 2019-20 financial year. LSEC have since provided documentation detailing their financial position and the negative impact that repaying the funding would have on their organisation.
- 1.9. LSEC have a significant strategic role in further education delivery in south-east London and work with the GLA and sector partners across multiple funding programmes. The college is contracted to receive funding from the GLA for the following other projects:
- SflCF Round Two Future Greenwich project £14.088m capital grant
 - SflCF Round Two Mayor's Construction Academy Hub project £0.819m capital grant
 - Adult Education Budget £7.161m revenue grant
 - Multiply programme £0.364m revenue grant
 - Mayor's Skills Academies Hub, Green & Digital £0.237m revenue grant.
- 1.10. HM Government provided this funding to LEAP in 2015 to 2017 without condition. GLA continue to report the outcomes of investment of Growth Deal funding to the Department for Levelling Up, Housing and Communities. This decision will have no negative effect on the GLA's ability to deliver against agreed targets.
- 1.11. In December 2021 the LEAP Board endorsed the repurposing of funding released from current skills capital commitments for delivery of the capital element of the Mayor's Academies Programme. The Mayor approved this under cover of MD2919 with further approvals to be sought once all returning funding is identified.

2. Objectives and expected outcomes

Repayment of £0.266m to the GLA

- 2.1. On 31 October 2023, the Skills for Londoners Programmes Board (an internal, officer level group co-Chaired by the Assistant Directors for Skills & Employment) reviewed options for the amount of funding to be clawed back from LSEC including full clawback, partial clawback and no clawback. They endorsed partial clawback of the funding paid to LSEC of £0.266m to bring the actual intervention rate for the project in line with the contract (57 per cent). Partial repayment is recommended on the basis that it reduces the negative impact to LSEC's financial position and their ability to deliver strategically significant projects in southeast London.
- 2.2. The objective of this decision is to enable the GLA to exercise its contractual right to claw back £0.266m of funding paid to LSEC prior to termination of the project. Once the amount of clawback is approved, a letter will be sent to LSEC informing them of the amount of funding they must repay. In line with the delegation agreed under the cover of MD3042, the Executive Director of Resources has been consulted on the decisions set out in this form.

- 2.3. The outcome of this process will be that £0.266m of funding will return to the GLA for reallocation in accordance with [MD2919](#), which provides approval to reallocate funding to deliver skills capital schemes aligned to current Mayoral priorities.

3. Equality comments

- 3.1. In carrying out any functions in respect of his skills and employment programmes, the Mayor will comply with the public sector equality duty under section 149 of the Equality Act 2010.
- 3.2. Under Section 149 of the Equality Act 2010, as a public authority, the GLA must have 'due regard' of the need to:
- eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.3. The repaid funding will be reallocated to skills capital schemes for the benefit of Londoners after appropriate consideration of equality impacts. Any current or future funding rounds will have a programme-level equality impact assessment, including careful consideration of the needs of those with protected characteristics and other Mayoral priority groups. The current funding round focuses on priority groups including:
- Deaf and disabled learners
 - Black, Asian and Minority Ethnic learners (with a more granular breakdown to be provided where possible)
 - Female learners
 - Young (16-24) learners
 - Older (50+) learners
 - Migrant learners
 - Care leavers
 - People affected by the criminal justice system
 - Lone parents
 - Learners with caring responsibilities.

4. Other considerations

Key risks and issues

- 4.1. There is risk to LSEC's financial position and health. The College is not able to access loan funding so must meet repayment costs from its existing budget. The college also does not have any assets suitable for disposal in the context of forecasts of increased learner numbers. Repayment may contribute to reducing LSEC's financial health score (determined by the Department for Education) from its current level of 'Good' resulting in constraints on the College's spending and delivery. GLA

officers will work with LSEC to set out timelines for repayment of the funding while minimising impact on their broader financial position.

Links to Mayoral strategies and priorities

- 4.2. Repurposing the funding from the terminated contract would enable better alignment with current Mayoral strategies and priorities, as these have changed since LSEC applied for the funding in 2017. All applicants to current and future capital funding rounds will be required to demonstrate strong alignment with current Mayoral priorities and strategies, including the aims of the [Skills Roadmap for London](#). Mayoral strategies and priorities taken into consideration for the current capital funding round include London's progress towards becoming net zero carbon by 2030, [The London Plan](#), the [London Environment Strategy](#) and Equality, Diversity and Inclusion Strategy. Any future funding round would also consider these and any new or updated documents.

Conflicts of interest

- 4.3. No officers involved in drafting and clearing this document have identified any conflict of interest.

5. Financial comments

- 5.1. This decision form seeks approval for the exercise of the GLA's contractual right to claw back £0.266m capital funding from LSEC. This is a partial clawback of the £0.856m funding paid to LSEC.
- 5.2. MD3042 gave approval to terminate the contract with LSEC after the London Aerospace and Technology College (LATC) project that LSEC was funded to deliver became unviable. This decision delegated authority to make specific decisions concerning the clawback of the £0.856m funding already paid to LSEC to the Assistant Director, Skills & Employment, in consultation with the Executive Director of Resources.
- 5.3. Following termination of the project, LSEC provided documentation detailing their financial position and negative impact that repaying the fund in full would have on the organisation. It was therefore considered that partial clawback of the funding would be appropriate.
- 5.4. This funding is external Capital LEAP funding and this partial write-off will be contained within the external Capital LEAP funding envelope and has no implications for GLA core funding.
- 5.5. Officers have satisfied best endeavours to clawback all the funding.
- 5.6. The partial write-off has been discussed with the Chief Finance Officer (CFO) and agreement obtained prior to this decision form.

6. Planned delivery approach and next steps

Activity	Timeline
Letter sent to LSEC confirming the amount of funding they must repay	February 2024
Repayment of funding	February 2024 onwards
Funding reallocated to skills capital schemes for the benefit of Londoners	March 2024 onwards

Appendices and supporting papers:

None.

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? YES

If YES, for what reason: The paper contains information which is legally privileged, the release of which prior to completion of claw back activity would prejudice the GLA's effective exercise of its contractual rights and commercial position which is not in the public interest.

Until what date: 30 April 2025

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 – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Alison Davies has drafted this report in accordance with GLA procedures and confirms the following:

✓

Corporate Investment Board

A summary of this decision was reviewed by the Corporate Investment Board on 29 January 2024.

✓

ASSISTANT DIRECTOR FINANCIAL SERVICES:

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

Signature:

Anna Gustaf

Date:

30/01/2024