

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2455

Title: Good Growth Fund Round 3 – Stage 2 approvals

Executive Summary:

The Good Growth Fund is an overarching regeneration programme delivered through the London Economic Action Partnership (LEAP). It provides funding, expert regeneration advice, design support and knowledge sharing opportunities to a broad range of public, private and third-sector organisations to support their projects to deliver against three strategic themes: Empowering People, Making Better Places and Growing Prosperity.

Under MD 2163, the Mayor delegated approval of detailed funding allocations to the Executive Director of Development, Enterprise and Environment, (now Good Growth) in consultation with LEAP. Under MD2495, the Mayor also approved reallocating underspend for the Cleaner Heat Cashback scheme, £2.95 million capital funding for general projects in GGF Round 3, and £4 million capital funding for air quality-focused projects within GGF Round 3.

In Round 3 a total of 60 Stage 2 applications were submitted, with a total capital grant request of £57,218,551. The evaluation process has generated a recommendation for each of these projects – which were endorsed by LEAP Investment Committee on 6 March 2020. This Decision Form provides an overview of the process and seeks approval for capital expenditure on a number of projects.

Decision:

That the Executive Director, Good Growth approves:

1. expenditure of up to £20,479,233 to support 22 projects as follows:
 - a. 21 projects for full approval with an overall GGF allocation of £18,772,833;
 - b. seven of these projects will share a further £1,356,400 of funding to deliver targeted air quality improvements;
 - c. one project that has already received funding through Round 2 is being recommended for an additional £350,000 to deliver additional outputs
2. expenditure of up to £2,338,782 to provide funding to four standalone air quality projects.
3. expenditure of up to £840,000 to provide development funding to 16 projects.

AUTHORISING DIRECTOR

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: Philip Graham

Position: Executive Director, Good Growth

Signature:



Date:

9/3/2020

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Good Growth Fund (GGF) is an overarching regeneration programme delivered through the London Economic Action Partnership (LEAP). It provides funding, expert regeneration advice, design support and knowledge sharing opportunities to a broad range of public, private and third-sector organisations to support their projects to deliver against three strategic themes: Empowering People, Making Better Places and Growing Prosperity.
- 1.2. The GGF programme was specifically designed to flex and adapt to new funding opportunities. In Round 3 £6.95m was secured from the Cleaner Heat Cashback scheme with £4 million allocated to air quality (AQ) projects and £2.95 million for GGF general use.
- 1.3. The prospectus set out a list of actions that might be supported, bearing in mind that only capital funding is available from the GGF. Round 3 introduced "Improve Air Quality" to reflect the priorities of the additional funding.
- 1.4. The prospectus was clear that all projects should champion collaborative working and high-quality design in the widest definition of the term. It underlined the need for applicants to engage with a wide range of people and use local knowledge to define and scope projects at the outset. It recommended that during development and implementation, applicants draw on the right professional expertise, to translate concepts into exemplary outcomes.
- 1.5. Through a quarterly officer coordination group, we ensure that the GGF augments and complements other GLA and TfL programmes investing in London's housing, transport infrastructure, skills, culture and environment, as well as regeneration activities by local authorities, the private and third sector.
- 1.6. Following Stage 1 assessment sixty projects were invited to submit a Stage 2 application. The two remaining projects on the reserve list were also eligible to submit a Stage 2 application.
- 1.7. On 3 February, we received 60 applications with a combined request of £57,218,551. Two projects did not make a Stage 2 submission due to internal finance and governance issues, which would require dramatic project rescoping to enable delivery. All proposed projects will be undertaken within Greater London, and the GLA will receive no direct benefit from the outcomes and/or outputs of any of the funded projects.
- 1.8. Round 3 was the first time using an application process within the online Open Project System (OPS).
- 1.9. As with previous rounds of GGF the evaluation process has three distinct stages: application validation, appraisal by two officers, and moderation by the Regeneration management team. The Air Quality team scored standalone AQ projects, and second scored projects with an identified AQ element. Feedback and input were received from 13 GLA specialist teams to maximise delivery on the full range of Mayoral priorities.

2. Objectives and expected outcomes

Stage 2 Assessment: Detailed Applications

- 2.1. This process generated a series of recommended lists:
 - **Proceed to Grant Agreement:** 21 projects are recommended for full approval with an overall GGF allocation of £18,772,833. Seven of these projects will receive a further £1,356,400 funding to deliver targeted Air Quality improvements.

- **Proceed to Grant Agreement (Air Quality):** Four projects are recommended for full approval as standalone Air Quality projects with an overall funding allocation of £2,338,782.00 (Appendix A).
- **Proceed to amended grant agreement:** One Round 2 funded project is being recommended for an additional £350,000 to deliver substantial outputs in addition to those agreed in Round 2. The project made a full Round 3 application and was competitively assessed and benchmarked against other Round 3 projects. This ensures that there was a proper competitive process and a meaningful value for money assessment has been made (Appendix A).
- **Reserve:** 14 projects with a total GGF capital grant ask of £13,881,526 (Appendix B).
- **Development Funding:** 16 projects will be awarded £840,000 development funding (Appendix C). This includes four Stage 2 applications (£200,000), 5 Stage 1 applications (£190,000) and seven applications developed outside of funding rounds (£450,000).
- **Unsuccessful:** 16 projects with a combined ask of £10,065,452 (Appendix D).

- 2.2. As this is the final round of GGF, it is recommended that there be a healthy list of reserve projects. These projects scored well and are ready to begin delivery. Projects on the reserve list stand to benefit from any reallocated LEAP or wider City Hall funding that becomes available subject to appropriate approvals. Funding will be allocated based on the available funding at the time, as well as an assessment of the delivery readiness of reserve projects at the time of funding becoming available.
- 2.3. The development funding will help build a pipeline of robust and varied projects across London. Development funded projects have the potential to join the reserve list via a funding application. These would necessarily be outside of a full funding round, but applications would be appropriately benchmarked against previous successful applications.
- 2.4. Regardless of whether additional funding becomes available, development funding will help develop robust, delivery-ready projects across London, improve organisational capacity of funding recipients, and increase the likelihood of projects securing funding from alternative funders.
- 2.5. Of the £4m ringfenced AQ funding, £348,000 remains unallocated. Options for deployment of this funding will be brought to a future LEAP board for consideration. Officers will seek appropriate authorisation to deploy this funding.
- 2.6. The quality of submissions has continued to improve across rounds and stages. The quality of development funded projects was particularly noticeable, with 9 of 13 development funded projects invited to Stage 2 recommended to receive funding. The quality of applications is also reflected in the healthy reserve project list.
- 2.7. The GGF has looked to reach beyond networks already engaged with GLA funding opportunities. Recommended successful projects are being delivered by a broad range of organisations (40.5% charity, 40.5% local authority, 9% limited company, 5% CIC, 5% housing association). This is reflective of the profile of all Stage 2 applicants, with consistent conversion rates for all types of applicants (see Appendix F).
- 2.8. We continue to look to balance the GGF programme, ensuring that a broad range of project types are supported. 45% of projects are neighbourhood-scale, delivering multiple, linked interventions within an area. These projects are almost all local authority-led. 55% projects are within a single building or site. These projects are predominantly charity-led.
- 2.9. OPS also breaks down each project into its constituent “elements”, allowing for a more granular analysis of the range of activities supported through GGF (see Appendix F). The top four project types for successful projects are;
 - Community centres and social infrastructure – 18%;

- Employment, skills and training programmes – 17%;
 - Public realm and green spaces – 17%; and
 - Workspace – 12%.
- 2.10. We continue to analyse the geographic distribution of our projects. Across the three rounds of GGF we will have funded projects within 30 of the 33 London Boroughs. This round continues the trend of having more projects within Inner London (72% of successful projects, 72% of funding). This is reflective of the distribution of all applications received at Stage 2 (73% Inner London, 25% Outer London, 2% Pan-London).
- 2.11. Projects located in Inner London are often focussed in areas where high deprivation exists in a context of substantial change. In this mode the GGF is often piloting new approaches to addressing longstanding issues. The long-term aim is to mainstream innovation that proves effective at, for example, maintaining space, services and opportunities for existing communities.
- 2.12. We continue to use the Indices of Multiple Deprivation (IMD) to test how effectively the programme is targeting areas of need. It is worth noting that Round 3 uses the recently issued 2019 IMD sets. In 2015 there were 1089 London neighbourhoods in the top 20% most deprived nationally. In 2019 this figure is 826 – a 24% reduction (see Appendix E). London neighbourhoods in the 20% most deprived are now just 15% of all Lower Super Output Areas (LSOAs) within the Greater London area. 32% Round 3 successful projects and 31% of allocated funding are landing within the 20% most deprived neighbourhoods nationally – suggesting that our funding is rightly focussed in areas of need.
- 2.13. Since Round 2 we have been tracking the Income Deprivation indices as a more accurate reflection of the experience of deprivation in London. In 2019 38% of London's LSOA are in the top 20% most income deprived. Round 3 successful projects sees 41% of projects and 43% of all funding in top 20% most income deprived neighbourhoods – suggesting again that we are focussing on the areas of London where communities are not feeling the benefits of change.
- 2.14. The 22 recommended successful projects will deliver the following outputs against core GGF performance measures:
- New jobs being created and existing jobs being safeguarded – 2,040
 - Number of businesses receiving support – 4,995
 - Number of people progressing into work – 1,499
 - Number of vacant units being brought back into use – 150
 - The amount of public realm being created or improved – 122,376 m²
 - Number of volunteering opportunities created – 12,821
- 2.15. Some of these figures may be revised as and when projects successfully enter into agreement. However, projects will be delivering tangible benefits across the overall programme themes: (empowering London's people; strengthening London's places; and growing London's prosperity), as well as delivering against all 10 GGF Actions (as set out in the GGF Prospectus). These align closely with wider Mayoral Priorities as set out in the New London Plan and other statutory strategies.
- 2.16. Within the new application form, applicants were also asked to indicate the lifespan of any proposed intervention. Across all elements of the recommended successful projects, 71% of interventions will have a likely lifespan of more than 10 years, with 14% lasting between 5-10 years.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 (the "Equality Act"), as public authority, the Mayor and the GLA must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (the duty in respect of this last characteristic is to eliminate unlawful discrimination only).
- 3.2. Through the GGF programme and the selection of project proposals and development of these, the GLA will require applicants to evaluate the potential impacts regarding protected characteristic groups. Any project must minimise disadvantages to all protected characteristic groups within society. Recommended successful projects demonstrated the positive impact GLA investment would have in addressing disadvantages for groups with protected characteristics, as well as other disadvantaged groups. Across the GGF programme projects will undertake a wide range of activities to tackle disadvantage including targeted job creation, employability support and training, health and wellbeing support, cultural activities, and civic participation programmes.
- 3.3. The updated Stage 2 process included detailed questions on the project and applicant's approach to Equality, Diversity and Inclusion, as well as social integration. These were developed in close collaboration with the Social Integration team, who went on to provide specialist comments for all applications. Applicants were asked to outline the impact their projects will have on the proposed beneficiaries and promote social integration. Applicants were asked to set out how they propose to actively address disadvantages suffered by people due to their protected characteristics and take steps to meet the needs of people from protected group where these are different from the needs of other people. These responses will be further developed with officers in the Regeneration and Economic Development Unit and then captured in individual grant agreements as part of an agreed Equalities, Diversity and Inclusion approach for each individual project.
- 3.4. Applicants were also asked to demonstrate how they would encourage people from protected groups to participate in their projects and how project activities would be designed to accommodate and reflect the needs of the existing community and those that will live, work and visit an area. This includes the design for those with physical disabilities and mental health problems and older persons. As a condition of funding agreements, projects awarded funding will be required to meet the Public Sector Equality Duty and demonstrate this through regular reporting of progress.
- 3.5. This decision is not expected to have any negative impact on persons with a protected characteristic under the Equality Act.

4. Other considerations

Key risks and issues

- 4.1. **Programme** – There is pressure with regards to forecast spend accurately and ensure projects deliver to that forecast. The appraisal process has already included a deliverability assessment by the Regen Programme Team and GLA Finance. Following the public announcement of successful applications, GLA Officers will engage further with applicants to ensure that project milestones and delivery programmes are realistic. Once grant agreements have been signed careful programming and project monitoring is in place to ensure spend is achievable.
- 4.2. **Project failure** – experience of working with a wide-ranging programme of complex capital projects suggests it is likely that some projects will fail to deliver. The approval of a reserve list enables projects to come forward relatively quickly to pick up and surplus budget.

- 4.3. **Underachievement against targets and outcomes** – the two-stage application process, and applicants' engagement with GLA Officers prior to submission, is designed to minimise any potential discrepancies between outputs listed in applicants, grant agreements, and eventually delivered outcomes. An Output and Evaluation handbook has been shared with applicants to ensure that outputs are properly baselined and that definitions are shared at an early stage. GLA Officers will continue to monitor projects during delivery to ensure that agreed outputs are delivered.

Links to Mayoral strategies and priorities

- 4.4. The investment supports the priorities set out in a City for All Londoners and the Mayor's subsequent statutory and non-statutory strategies. Specifically, the fund is developed on the principles of 'good growth' and investment in London's future. This includes further developing London's strengths in innovation by encouraging collaboration across sectors, fostering entrepreneurial skills, and providing support for innovative initiatives. Development funding allocations proactively support under represented themes, actions, places or communities. The fund was designed to flex in response to evolving Mayoral priorities – in Round 3 for example – the focus on improving London's air quality responds directly to the priorities of the Mayor's Environment Strategy.

Impact assessments and consultations

- 4.5. The GGF prospectus was developed following consultation with LEAP. The assessment process, drew on input from 13 specialist teams across the GLA including Culture, Community Engagement, Social Integration, Economic Development, Education and Youth, Food, Health, Housing and Land, Team London, Economics, and Transport. Input from other teams ensures alignment with Mayoral priorities across policy areas, and to add to the understanding of specific sectors. Feedback from other teams was used to suggest targeted rescoping of a small number of projects to ensure that they would maximise delivery on the full range of Mayoral priorities. The process generated a recommendation for each project – which was endorsed by LEAP Investment Committee on 6 March 2020.

Conflicts of Interest

- 4.6. Any potential conflicts of interests are raised by officers during the assessment and moderation process. In the event of any conflict having been declared during the assessment, moderation or decisions process, another officer would be asked to score the project and make a funding recommendation. In Round 3 of GGF no conflicts of interest have been declared for any of the projects being assessed at Stage 2.

5. Financial comments

- 5.1. Approval is being sought for the total expenditure of up to £23.7m for the projects listed in Appendix A – C for round 3, stage 2 of the Good Growth Fund.
- 5.2. As mentioned in section 1.2 the Good Growth fund is flexible and can respond to emerging priorities for Londoners and so additional funding opportunities have been secured from across the GLA to ensure this is achieved. Subsequently the funding source for this particular round and stage is made up of the following:

Funding Source	Amount (£000)
London Regeneration Fund	1.5
Growing Places Fund	2.0

Good Growth Fund	13.7
Air Quality Budget	3.7
Crowdfund Budget	2.8
Total	23.7

- 5.3. As projects are stage 2 recommendations, all applicants listed under the 'Proceed to Grant Agreement' and 'Development Funding' will be subject to satisfactory due diligence checks before entering into contracts.
- 5.4. The indicative profile for the expenditure of the £23.7m is as per below table. It should be noted, however this is based upon project profiles provided by the delivery partners and is subject to change when finalising grant agreements to ensure project spend is aligned with project deliverables.

	Financial Year 2020/21	Financial Year 2021/22	Total
General Good Growth Fund (£000)	12.6	7.5	20.1
Air Quality Good Growth Fund (£000)	3.5	0.1	3.6
Total	16.1	7.6	23.7

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the executive director fall within the statutory powers of the Authority to promote and/or to do anything which is facilitative of or conducive or incidental to the promotion of social development, the improvement of the environment and economic development and wealth creation within Greater London and 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. In taking the decisions requested, the executive director 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 executive director should have particular regard to section 3 (above) of this report.

Funding

- 6.3. In this decision form, the officers request the approval of expenditure of up to £23,658,015 by way of funding to various projects. As set out in paragraph 1.7 above, each of the projects will be undertaken within Greater London and the Authority will not receive a direct benefit from any of

them. To that end, the proposed funding may be viewed as a series of grants rather than contracts for services. Furthermore, section 12.3 of the Authority's Contracts and Funding Code (the "Code") recommends that funding be distributed following a transparent application process. The officers have set out in section 1 of this decision form how they have complied with this recommendation. The officers should ensure that grant agreements be entered into with the funding recipients prior to the payment of any tranches of the funding.

7. Planned delivery approach and next steps

Activity	Timeline
Recommendation to fund projects made to LEAP Investment Committee	March 2020
Director Decision to fund	March 2020
Project delivery (from)	April 2020
Programme closure	Mar 2022
Final programme evaluation	Sept 2022

Appendices:

Appendix A - 'Proceed to Grant Agreement'

Appendix B - 'Reserve'

Appendix C - 'Development Funding'

Appendix D - 'Unsuccessful'

Appendix E - Analysis: distribution by status, geography, and need

Appendix F - Analysis: applications by actions and applicant type

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: Appendices A-F contain details of shortlisted projects. There is a planned press announcement on the 10/03/2020 which will publicly reveal the list of shortlisted bidders. Deferring the publication of this approval will keep this information confidential until then.

Until what date: 31/03/2020

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:

Alex Marsh has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

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

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 9 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. Bille

Date 9.3.20

