

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD 2723

Title: Skills for Londoners Capital Fund - COVID-19 contingency funding applications

Executive Summary:

The objective of the COVID-19 contingency funding is to respond to funding shortfalls in existing Skills for Londoners (SfL)/FE Capital (FEC) projects in delivery, generated as a direct impact of the COVID-19 outbreak.

The COVID-19 pandemic has caused widespread economic disruption. The need for contingency funding is generated directly by the impacts that COVID-19 has had on delivery partner business models and finances, including income and cash reserves, match funding and construction costs. The business models of skills providers have been fundamentally impacted, causing shortfalls in their ability to fund capital schemes.

This MD seeks approval of £10,168,582 COVID-19 contingency funding for existing SfL/FEC projects.

Previous approvals of £2.55m for two projects that sought SfL COVID-19 contingency funding, plus £10.3m for 91 projects in the COVID-19 Emergency Response Support Fund (ERSF) mean COVID-19 funding approved by the Mayor to respond to the urgent needs met by skills providers in London will come to a total of £23m.

Decision:

That the Mayor approves:

£10,168,582 of funding, endorsed by LEAP for COVID-19 response measures, to be deployed as COVID-19 contingency support for 12 existing SfL/FEC projects in delivery as outlined in Appendix 1 of this decision.

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:

30/11/20

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

Decision required – supporting report

1. Introduction and background

- 1.1. The COVID-19 pandemic has caused widespread economic disruption. The need for contingency funding is generated directly by the impacts that COVID-19 has had on delivery partner finances, including income and cash reserves, match funding and construction costs.
- 1.2. The business models of skills providers have been fundamentally impacted, causing shortfalls in their ability to fund capital schemes. Officers have been actively engaging with delivery partners to understand how the pandemic has impacted their overall finances and any consequent impact on their capital project delivery.
- 1.3. In July 2020 officers informed all delivery partners in receipt of Further Education Capital (FEC), Skills for Londoners Capital funding (SfLCF) and Small Projects and Equipment funding (SPEF) for live projects of the possibility to apply for contingency funding. They were advised that applications for contingency funding would be considered for live projects at risk of not being able to proceed, with delays of more than six months, or at risk of failure to deliver the outputs contracted as a direct result of the outbreak of COVID-19.
- 1.4. Following the LEAP Board's recommendation, in early summer a total of £20 million in capital funding was ringfenced to support response, on a case-by-case basis, to the financial impacts of COVID-19 on skills capital projects. This funding was previously earmarked for a third round of the SfLCF, which was re considered due to the COVID-19 outbreak and the need to redirect money towards recovery measures. The contingency funding was earmarked for the ERSF and to support existing projects that were significantly impacted by the pandemic.
- 1.5. In November 2020, LEAPIC endorsed the re-purposing of an additional £3,022,058, from FEC/SfL uncommitted funding and clawback from an existing project, for the COVID-19 response measures. This takes the total funding ringfenced by LEAP for COVID-19 response measures up to £23,022,058.
- 1.6. Of the total of £23,022,058 SfLCF unallocated capital funding ringfenced by the LEAP board to respond to the COVID-19 impact on skills sector in London, the following expenditure has already been approved by the Mayor or Executive Directors:
 - a) MD2709 approved up to £10.3m expenditure for the 91 Emergency Recovery Support Fund (ERSF) successful applications;
 - b) in accordance with the delegation in MD2142, DD2490 approved £400k Covid-19 Contingency Funding to Richmond and Hillcroft Adult Community College's (RHACC) SfLCF Round 2; and
 - c) in accordance with the delegation in MD1420, DD2503 approved £2.15m Covid-19 Contingency Funding for one of the existing FE Capital projects.

2. Objectives and expected outcomes

- 2.1. The objective of the COVID-19 contingency funding is to respond to funding shortfalls in existing SfL/FEC projects in delivery, generated as a direct impact of the COVID-19 outbreak. Together with the Emergency Recovery Support Fund (ERSF), the contingency funding will respond to the sector's need to invest in creating outstanding and safe learning spaces so that they can keep their facilities open and deliver onsite learning where possible. Without the contingency funding, the projects' budget shortfalls would mean that the projects would either have to significantly change their scope or would not be able to proceed further.

- 2.2. The need for contingency is generated directly by COVID-19 impacts on delivery partners' finances, including the loss of income and reduced cash reserves, withdrawal of match funding support due to COVID-19 impacting project external funders, and increased construction costs.
- 2.3. Existing projects (i.e. those already in receipt of LEAP funding) were invited to apply for contingency funding and were required to demonstrate that the need for contingency funding was a direct result of the impacts of COVID-19 on their project. The process required delivery partners to set out the known impacts of COVID-19 on their capital project's budgets, the availability of match funding and their organisation's financial position. Projects were also required to demonstrate the impact of COVID-19 on cashflow and cash reserves as well as confirm what other funding options had been considered and what the outcome of these considerations had been. 16 additional funding requests were received from existing Skills for Londoners Capital Fund, FE Capital Fund, and Small Projects and Equipment Fund projects.
- 2.4. Officers have carefully reviewed the evidence provided by applicants and carried out a moderation meeting with senior management to shortlist projects which were deemed eligible for contingency funding. As a result of the moderation and short-listing process, 14 of the 16 contingency applications have met the COVID-19 contingency criteria.
- 2.5. The award of COVID-19 contingency funding to two of these projects was previously approved under cover of DD2490, and DD2503, following LEAPIC endorsement.
- 2.6. Details of the remaining 12 eligible COVID-19 contingency funding applications are set out at Appendix 1 to this Mayoral Decision form. LEAPIC has endorsed the award of funding in respect of these applications, totalling £10,168,582 contingency funding. The current agreements to which these awards relate will need to be varied to reflect the additional funding being made available.
- 2.7. In all instances, in the absence of contingency funding providers will be forced to reduce project scope, put project delivery on standby, or withdraw from project delivery. Other funding sources such as reserves, loans, or other types of third party funding have been demonstrated as not being accessible or viable.

3. Equality comments

- 3.1. The GLA is required, in the exercise of its functions, to have due regard to the need to:
 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2. In the context of the SfLCF, the Mayor's Equality, Diversity and Inclusion Strategy launched in 2018 includes the fund's relevant objectives.
- 3.3. SfLCF project proposals have been required to reflect the diverse needs of all learners and help to reduce the disability, gender and race employment gaps in addition to meeting the Public Sector Equality Duty. This encompasses the integration of the Accessible London Supplementary Planning Guidance and Policy D3 of the draft London Plan (both of which support the latest inclusive design standards BS8300-1:2018 and BS8300-2:2018).
- 3.4. Officers work with delivery partners to target investments in places with the greatest potential to secure inclusive jobs and growth opportunities and ensure all investments promote equality, diversity, inclusive opportunities and services. The application processes invite bidders to demonstrate how they give due regard to the requirements of the Public Sector Equality Duty Act and how they will integrate

relevant equality, fairness and inclusion considerations into all areas of delivery. They are also required to foster good relations between persons who share a relevant protected characteristic and persons who do not share it in the delivery of funded projects. This is reinforced by the requirements set out in the contract of any successful project. Furthermore, the projects which applied for contingency funding have already been through a thorough evaluation at the time of first applying for funding, whereby equality, diversity and inclusion factors were scrutinised and scored against.

4. Other considerations

Risks and mitigation

Risk	Mitigation	RAG Rating
The delivery partner does not secure planning consent and cannot continue with project delivery. Some of the contingency applications come from projects that have not yet received planning consent.	Officers will work closely with delivery partners to provide support where necessary. No funds will be paid before planning consents are secured unless a detailed risk assessment indicates that is appropriate to do so.	
The delivery partner receives increased income after contingency funding is awarded.	Any grant funding drawdown will be based on reviewing evidence submitted by delivery partners. The GLA will reserve its rights to clawback funds if the partner secures additional funding at a later date, or their financial situation improves.	
The GLA is unable to meet government commitment timescales when contracting the COVID-19 contingency funding.	Officers have committed to contracting all contingency funding with delivery partners prior to 31 December 2020. Officers will do whatever they can to seek contractual commitment with the resources available, but it remains dependent on the performance of third parties.	
The possibility of double funding if government releases similar funds.	At present, there is no specific government capital support available for the Further Education sector to meet any additional costs related to COVID-19. Should this position change, the Mayor reserves the right to proportionately adjust the level of additional support provided to account for this and provision to enable this will be made in each funding agreement.	
The contingency sum awarded is not ultimately required to deliver the project.	Although grants are awarded on a fixed sum basis, payment is only made against eligible costs incurred. These are fixed against the set percentage grant intervention rate in each funding agreement.	

Links to Mayoral strategies and priorities

- 4.1. The award of Covid-19 contingency funding, the approval of which is sought under this Mayoral Decision form supports the priorities set out in the Skills for Londoners Strategy as well as the principles of 'good growth' set out in the Mayor's Good Growth by Design programme and is an investment in London's future. The funding will form an integral part of London's recovery post

COVID-19 with a particular focus on the recovery mission: 'Helping Londoners into Good Work' by supporting Londoners hardest hit by the pandemic including young people and newly unemployed people to be able to access the skills they need to find good quality employment. The Government have been clear that London's skills and education providers are critical in enabling the economy to recover and grow.

- 4.2. The Covid-19 contingency funding is being provided from the Skills for Londoners Capital Fund which provides a significant foundation and support for the skills sector to ensure that London's skills system meets the needs of London's businesses, while supporting all Londoners to access the skills they need to find and progress in work. Sfl Capital Fund also supports the London Infrastructure Plan 2050 by enabling skills providers to understand London's forward infrastructure investment pipeline and ensure that skills provision aligns to the capital's requirements. It aligns to the Government's Post-16 Skills Plan and Industrial Strategy green paper's commitment to 'developing skills' by providing investment in FE estate and machinery to enable the delivery of high-quality skills provision.
- 4.3. There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision form.

5. Financial comments

- 5.1. Mayoral approval is sought for £10,168,582 from the £23m of Sfl unallocated funding to be allocated against the COVID-19 support package for existing Sfl/FEC capital projects. This funding envelope has been made available due to the disruption caused by the COVID-19 pandemic, having a financial impact on the FE sector and delivery of LEAP funded capital programmes. Approval is also sought for the expenditure towards 12 existing Sfl/FE capital programmes as listed in Appendix 1.
- 5.2. In August 2017, MD2142 approved expenditure of £114m from central government growth deal funding to be administered in consultation with LEAP. This was ringfenced for a skills capital programme, to invest in estate and equipment, inspiring fit-for-purpose and high-quality learning environments. As of November 2020, £23m has been ringfenced for COVID-19 support to skills providers within the programme. The allocation of the £12.85m is detailed in section 1.6 and the £23m will therefore be fully committed once this decision has been approved. As this comprises external funding, it creates a net nil position for the Authority.
- 5.3. A condition to commit the available £23m unallocated funding before end of December 2020 must be met to avoid the loss of the funding from central government. Delivery partners will sign grant agreements for the contingency funding to replace loss of match funding and increased cost as a result of the pandemic. Payment of grant funding will be based on milestones met and evidence provided by delivery partners.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that:
 - 6.1.1. 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 in Greater London; and
 - 6.1.2. in formulating the proposals in respect of which a decision is sought officers have complied with the Authority'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 and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion) 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. Should the Mayor make the decisions sought officers must ensure, before making any commitment to the same, that the current agreements with recipients who are to receive the contingency funding are varied to reflect the:
- award of that contingency funding; and
 - conditions applicable to that award.

7. Planned delivery approach and next steps

Activity	Timeline
Announcing the 12 projects of the outcome	November 2020
Updating GLA OPS, drafting and signing deeds of variations	December 2020
Project delivery	Ongoing to 2025

Appendices and supporting papers:

Appendix 1 - List of Covid-19 contingency funding requests recommended for endorsement

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

If YES, for what reason:

Until what date: (a date is required if deferring)

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:

Alina Suteu 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 23 November 2020.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

D. Gene

25 November 2020

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

23 November 2020

