

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2213

Title: The Mayor's Construction Academy Scheme

Executive Summary:

This Mayoral Decision seeks approval for expenditure on the **Mayor's Construction Academy Scheme MCAS** of: **£7.2m capital funding** from the Growth Deal 3 for premises refurbishment and/or equipment for construction skills related training; **c.£1.8 million of revenue funding**.

The MCAS will provide MCAS badging, status, revenue and capital funding to construction skills providers and commissioners through a sequential process;

STAGE 1: Training providers delivering construction skills, both public and privately funded provision, will be able to bid for MCAS badging/status if they meet certain quality criteria, through an application process.

STAGE 2: Construction skills training providers which are successful in Stage 1 along with commissioners (e.g. developers/London boroughs) will be able to bid to become MCAS hubs and receive both MCAS badging/status and revenue funding to develop a co-ordination function across providers and employers.

STAGE 3: MCAS hub leads will become eligible to apply for grant funded capital investment in construction skills training facilities and equipment, as part of the MCAS.

Decision:

The Mayor approves the following expenditure on the Mayor's Construction Academy Scheme (MCAS):

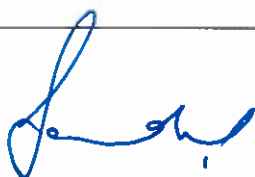
- £7.2m capital funding from the Growth Deal 3 for premises refreshment and/or equipment for construction skills related training; and
- £1.8m revenue funding.

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:

15/2/18

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

Decision required – supporting report

1. Introduction and background

- 1.1 In his manifesto, Sadiq Khan pledged to “establish a construction academy scheme with the housebuilding industry, to close the gap between our ambitious housing targets and the need for more skilled construction workers in London”. Tackling the housing crisis in London is one of the Mayor’s top priorities, and there is a widely shared acceptance that there needs to be an unprecedented increase in housing delivery in London to address the shortage of housing in the capital, in particular affordable housing. The new draft London Plan identifies a need for 66,000 new homes each year, but there is concern that the construction sector currently lacks the capacity to deliver the scale of homes now needed. A key part of any solution to this problem must be an approach to increasing the skills base of the sector and this approach must be designed to ensure it meets the needs of construction employers.
- 1.2 The proposed Mayor’s Construction Academy Scheme (MCAS) aims to: improve the supply of skilled construction workers required by the sector and thereby create more opportunities for Londoners to benefit from the available work opportunities in the construction industry; scale up and extend what initiatives are already working well across the capital to train Londoners in the skills they need to enter into and progress in careers in the construction sector; and intensify local engagement, particularly between SMEs and construction skills training providers.
- 1.3 The MCAS will provide MCAS badging, status, revenue and capital funding to construction skills providers and commissioners through a sequential process;

STAGE 1: Training providers delivering construction skills, both public and privately funded provision, will be able to bid for MCAS badging/status (with no associated revenue funding) if they meet certain quality criteria, through an application process.

STAGE 2: Construction skills training providers which are successful in Stage 1 along with commissioners (e.g. developers/London boroughs) will be able to bid to become MCAS hubs and receive both MCAS badging/status and revenue funding to develop a co-ordination function across providers and employers, through an application process.

Only MCAS badged construction skills training providers will be eligible to form part of the skills training provision within MCAS hubs.

Construction skills training providers who received MCAS badging and status need not necessarily form part of an MCAS hub, but the GLA will encourage them to do so.

STAGE 3: MCAS hub leads will become eligible to apply for grant funded capital investment in construction skills training facilities and equipment, as part of the MCAS. Construction skills training providers which are conferred MCAS badging and status for the quality of their training provision but are not part of an MCAS hub will also be eligible to apply for capital funding for construction skills training facilities and equipment.

- 1.4 The provision of revenue funding for the development of MCAS hubs will boost the volume of Londoners entering employment in the construction sector by focusing collaboration between skills training providers, developers, SME employers and local authorities to ensure training is employer-led and trainees have relevant skills to fill the available construction sector vacancies. The hubs will co-ordinate and facilitate activity between collaborating partners including: ensuring employers’ skills requirements are communicated to skills training providers and skills training availability is

communicated to employers; enabling employer-led curriculum design enhancements and ensuring work placement/apprenticeship/employment opportunities are shared across the collaborating partners; and providing job brokerage assistance between training providers and employers including guidance on utilising the Apprenticeship Levy. It is anticipated that additional partners such as local authorities, housing associations, JobCentre Plus, third sector charities, Higher Education Institutions and schools, may enhance the functioning of the hubs. A prospectus for the allocation of funding to support MCAS hubs is in development.

- 1.5 In addition to establishing the badge for MCAS and providing funding to support the proposed hubs, a small central City Hall delivery team will support the Scheme by providing strategic oversight of construction skills training across London.
- 1.6 This model has been developed through significant consultation with stakeholders, including through the work of the Homes for Londoners construction skills sub-group. The development and delivery of MCAS is now being overseen by the Mayor's Construction Skills Advisory Group (a sub-group of the Mayor's Skills for Londoners Taskforce, whose membership includes employers and skills providers) which will report to both the Mayor's Homes for Londoners Board and The Mayor's Skills for Londoners Taskforce.
- 1.7 It is planned that the prospectus for MCAS hubs will be launched in late spring 2018. Following a robust competitive application process successful applicants will be awarded MCAS hub status.
- 1.8 Once selected through this competitive process, the MCAS hub leads will receive revenue funding to support their co-ordination function and will become eligible to apply for grant funded capital investment in construction skills training facilities and equipment, as part of the MCAS. Construction skills training providers which are conferred MCAS badging and status for the quality of their training provision but are not part of an MCAS hub will also be eligible to apply for the ringfenced capital for construction skills training facilities and equipment (see paragraph 2.9).
- 1.9 London has available £114m Growth Deal funding for investment in the estate and equipment of skills providers over the period 2017/18 to 2020/21 through the Skills for Londoners Capital Fund approved by the Mayor under cover of MD2142 (the Fund). This funding has been awarded to LEAP to deliver a programme of capital expenditure on infrastructure which will support the facilitation of delivery of skills services in London and does not amount to the funding of education services. The main capital Fund will be broken down into rounds allocating the first two years of available funding in the first tranche at approximately £47 million. A second funding round and refreshed Prospectus, developed with the Skills for Londoners taskforce and LEAP to align with priorities emerging from the new London Skills Strategy, will then be launched to allocate funds available over the second two financial years of the funding period (2019/20 and 2020/21). It was agreed by LEAP at the meeting on 4th May 2017 that £8m could be ring fenced for the MCAS from the Fund and this was confirmed in MD2142.
- 1.10 It is anticipated that the hub leads will be able to apply for the ringfenced capital funding as part of an application process which will run in parallel with the second funding round of the main Skills for Londoners Capital Fund.

2. Objectives and expected outcomes

Revenue Funding

- 2.1 The prospectus for the revenue funding available for hubs through the MCAS will set out the requirements that must be met to potentially be allocated funding. A lead organisation must generate and facilitate effective communication flows between collaborating partners within a hub regarding the following:
- participating construction employers' skills requirements;
 - construction skills training availability and curriculum design;
 - work experience opportunities;
 - apprenticeship opportunities;
 - other employment opportunities.
- 2.2 The hub will also be responsible for the following activities within the hub:
- liaising with the central MCAS team at City Hall
 - managing the delivery of the funded project, providing monitoring updates to the GLA on performance against agreed KPIs;
 - supporting bids for Skills for Londoners Capital Fund grants;
 - facilitating job brokerage between training providers and employers;
 - sourcing and sign-posting learners to the skills training provision;
 - sign-posting to the provision of careers advice information and guidance;
 - supporting training providers in accessing CPD opportunities available among the partners who are collaborating through the hub;
 - promoting best practice among employers and training providers;
 - supporting the GLA's marketing activity for the MCAS badge; and
 - attending and contributing to GLA convened quarterly meetings.
- 2.3 The hubs will be responsible for addressing the underrepresentation of particular groups in the construction workforce, specifically women and those from a BAME background.
- 2.4 It is often reported that some new construction sector employees lack employability skills, and as such it is important that applications to the scheme demonstrate that the training provision offered through the hubs will address this issue. The provision of mentoring and pastoral support – via construction skills training providers or the hubs' other partners – will also be required for some candidates who are seeking to enter the construction sector but would not succeed without this additional intervention.
- 2.5 It is expected that the hubs' capacity and ability to deliver all the proposed tasks will be enhanced by match funding, either in cash or in kind, and this will be stipulated clearly in the MCAS prospectus.

Key performance indicators

Through the Mayor's Construction Academy Scheme, hub leads will be required to demonstrate that the construction skills training offered through each hub is meeting industry needs by delivering against a series of key performance indicators. At programme level these include:

Programme Wide Indicators	2018/19	2019/20	2020/21
<i>Employers engaged across all hubs; (240)</i>	80	80	80
<i>Learners progressing into employment or an apprenticeship; (1,200)</i>	400	400	400

<i>Learners in 6 months' sustained employment; (600)</i>	200	200	200
<i>Learners undertaking work placements; (2,400)</i>	800	800	800
<i>Learners undertaking IAG interventions; (2,400)</i>	800	800	800
<i>Underrepresented group, female, as a percentage of each indicator (target % = double the current representation in the construction workforce in London*)</i>	30%	30%	30%
<i>Underrepresented group, BAME, as a percentage of each indicator (target % = double the current representation in the construction workforce in London*)</i>	32%	32%	32%

* Representation in construction workforce in London region, female 15%, and BAME 16.6%. Source APS Nomis Oct 16 - Sep 17

- 2.6 It is envisaged that there will be up to six hubs in the first round of funding, each one accessing up to £200,000 over a three-year period, which may increase subject to further funding being available and a supporting business case being made.
- 2.7 Applications for badge, hub and capital stages will be measured against minimum quality criteria that will be published in the prospectus.
- 2.8 There are some initiatives operating in London now, where good partnerships between industry, local government and skills providers are already established. If such initiatives should apply to become funded hubs within the new MCAS, there will be a clear requirement that they will demonstrate the value-add of the funding received.

Capital Funding

- 2.9 Following the award of MCAS status, the hubs will be invited to apply for an allocation from the ring-fenced £7.2m capital funding for investment in fit for purpose learning environments and/or state of the art equipment that reflects current industry practices.
- 2.10 There will be a requirement that capital funds are matched and the match ratio will be aligned with the main Skills for Londoners Capital Fund programme. Match funding could be sourced through provider reserves, loan finance or corporate sponsorship.
- 2.11 Construction skills training providers who have been conferred MCAS badging and which are not part of the revenue funded hubs will also be eligible to apply for capital funding from the ring-fenced £7.2m at the same time as the MCAS hubs, with the same match funding criteria being applicable.
- 2.12 The Skills for Londoners Capital Fund prospectus was developed in consultation with sector and skills specialists. The prospectus that will be developed for the MCAS capital round of funding will mirror the Skills for Londoners Capital Fund which identified the following priorities and objectives to deliver high quality well-designed learning spaces that:
- are responsive and adaptable to current and future requirements of employers and learners through development, modernisation and rationalisation of facilities;
 - improve quality of provision and learner satisfaction, progression and success rates, including for example for those learners previously or at risk of becoming not in education,

employment or training (NEET), learners with special educational needs and disabilities (SEND) and offender learners;

- support increased levels of apprenticeship delivery and/or progression to the highest levels of vocational and technical study, for example through higher level apprenticeships or projects able to demonstrate strong progression links with higher education;
- demonstrate collaboration with employers, through bringing businesses directly into the institution and supporting the creation of jobs, as well as collaboration with schools, other education providers and local authorities; and
- where appropriate, support the implementation of recommendations of the HM Government-led Area Review of the FE sector.

2.13 In alignment with the Skills for Londoners Capital Fund the MCAS capital prospectus will place a strong emphasis on measuring and assessing the outcomes and benefits delivered either directly or indirectly by investments. Applicants will be required to demonstrate how projects would deliver both quantitative and qualitative measures, with the core outputs and benefits including:

- number of learners supported following the Skills for Londoners intervention;
- cost savings (in terms of maintenance and running costs);
- jobs created within the organisation following the investment;
- number of apprenticeship starts;
- number of SEND learners supported;
- reduction in the number of people who are NEET;
- support to learners at risk of becoming NEET;
- improvement in teaching and learning;
- improved educational outcomes; and
- number of students progressing to employment as an indirect result of the project.

2.14 MCAS badged construction skills training providers, both individually and those forming part of MCAS hubs, which are successful in receiving capital allocations will be required to deliver the full project outputs and benefits by an agreed date, providing appropriate evidence of the achieved output and/or benefit.

2.15 MCAS badged construction skills training providers, both individually and those forming part of MCAS hubs will be required to undertake a self-evaluation of the capital project at both six months and three years after completion of the project to assess whether and how well the original project objectives have been met, and the output and benefits that have been achieved.

3. Equality comments

3.1 Applications for MCAS funding will be required to demonstrate how they will support underrepresented groups in the construction workforce, specifically women, and those from a BAME background.

3.2 The GLA will require all applicants for grant funded capital investment as part of the MCAS to evaluate the potential impacts for protected characteristic groups. All projects will be developed and delivered in compliance with relevant Codes of Practice and in line with the requirements of the Public-Sector Equality Duty to ensure that the following issues have been considered:

- i) Project Proposals: All proposals will be open and accessible to all and applicants will be reminded that their projects are required to take appropriate steps to minimise disadvantages suffered by people who share a protected characteristic. age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation;

- ii) Documents and publications: all documents produced will comply with Mayor of London branding guidelines;
- iii) Events: all events will be open to all and, where possible, will encourage people who share a protected characteristic to participate in any activity in which their participation is disproportionately low.

- 3.3 As a condition of funding agreements, projects awarded funding will be required to meet the Public-Sector Equality Duty and demonstrate this through reporting of progress. Additionally, we have also recently updated our agreements to take account of the GLA's Child Policy and Protection Procedures.
- 3.4 In recognition of the fact we will be contracting with non-public bodies, we will continue to develop guidance to support these organisations to deliver against the Public-Sector Equality Duty.
- 3.5 LEAP and the Authority are aware of their responsibilities under the Public-Sector Equality Duty as set out in Section 149 of the Equality Act 2010, compliance of which will be formalised in the funding agreements.
- 3.6 In alignment with the Skills for Londoners Capital Fund, capital funding through the MCAS will support skills providers to invest in improving their estate that has poor accessibility.
- 3.7 In the selection of project proposals to receive capital funding through the MCAS and their development, the GLA will require applicants to evaluate the potential impacts for protected characteristic groups. Applications will be required to reflect the diverse needs of all learners and help to reduce the disability, gender and race employment gaps. In particular, applicants are required to demonstrate inclusive design of new and refurbished estate and equipment funded through projects.

4. Other considerations

4.1 Key risks and Issues

- 4.1.1 Risks to delivery are the delays that sometimes come with physical improvement projects but through a realistic baseline at the inception of each project and regular monitoring and reporting we are confident we can keep abreast of any developments that might impact delivery and take mitigating action as necessary.
- 4.1.2 Projects are not deliverable - all Expressions of Interest and full applications will be scored on the basis of information on deliverability and affordability. Any concerns will be tested through due diligence before a decision to fund a project is sought.
- 4.1.3 Proposed projects do not deliver outputs - all Expressions of Interest and full applications will be scored on the basis of information on scope and deliverability of outputs and outcomes. Any concerns will be tested through due diligence before a decision to fund a project is sought. Any projects that are successful in achieving approval for funding will be confirmed in a funding agreement, which requires the applicant to deliver the full project outputs and benefits by agreed dates. The GLA reserves the right to reduce the funding allocation or claw back previous funding payments if the agreed outputs are not delivered.
- 4.1.4 Alignment to Skills for Londoners Taskforce – the Skills for Londoners Capital Fund Prospectus was drafted in advance of the Skills for Londoners Taskforce commencing work on the post-16 skills and adult education strategy. However, the Skills for Londoners Taskforce Capital Sub-Group will provide advice to LEAP on priorities for capital investment in London's skills sector and will advise LEAP on funding allocations for the Skills for Londoners Capital Fund.

- 4.1.5 Changes in the sector – ongoing changes in the sector whilst colleges look to implement the recommendations of the Government-led Area Review may create uncertainty in relation to proposals for capital investment. Officers will keep abreast of changes, and applicants are required to set out in their applications the status of implementation, and provide assurances from merger partners of agreement on proposals.
- 4.1.6 Change in legislation – there is the potential that unforeseen changes in legislation will impinge on the delivery of this programme, for example, a change in priorities following the general election. This risk will be mitigated by working closely with colleagues at the local and national level to ensure that any potential changes in legislation do not impact on proposed projects or the programme as a whole.

4.2 Links to Mayoral strategies and priorities

- 4.2.1 The investment supports the priorities set out in a *City for All Londoners* based 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, promoting more productive links between business and academia, providing support for innovation activities, fostering entrepreneurial skills and helping access funding. The MCAS provides a significant foundation and support for the construction skills sector to ensure that London’s skills system meets the needs of London’s construction employers while supporting all Londoners to access the skills they need to find and progress in work.
- 4.2.2 The MCAS aligns with the Mayor’s draft Skills Strategy which aims to enable all Londoners to access the skills training needed to progress both into work and within their careers, and meet the needs of London’s economy and employers now and in the future through a strategic city-wide technical skills and adult education offer.
- 4.2.3 The Mayor’s draft London Housing Strategy highlights the need to address capacity levels in the construction sector in order to deliver the significant number of new homes that are required in London over the coming years. The draft strategy identifies MCAS as one of the key tools to address capacity levels, alongside potential new approaches to local labour requirements in section 106 agreements, planning for skills demand and promoting construction as a career.
- 4.2.4 The MCAS also aligns with the Mayor’s draft Economic Development Strategy with the aims of creating a fairer, more inclusive economy with opportunities accessible for all and developing a new, world-class, fit for purpose, skills and education system that meets the needs of businesses and London’s economy.
- 4.2.5 All capital projects funded through MCAS will be subject to design review during the design and implementation phase. Reviews will be undertaken by the independent panel of Mayor’s Design Advocates – a newly appointed pool of experts with skills across the breadth of the built environment disciplines. Design review will be in line with the Mayor’s Design Review Charter, following best practice principles of proportionality, timeliness, continuity and independence. Officers will work closely with the GLA Regeneration Good Growth by Design team to ensure that appropriate and meaningful scrutiny is applied to each project as required.

4.3 Links to National strategies and priorities

- 4.3.1 The Skills for Londoners Capital Fund, of which the MCAS capital funding forms part, 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.

5. Financial comments

- 5.1 The total cost of this proposal is up to £9m, a combination of Capital funding of £7.2m and Revenue funding of £1.8m. £8m of this funding requirement has been earmarked from Growth Deal 3 funding as endorsed through the LEAP on the 4th May 2017 and forms part of the Skills for Londoners Fund approved by MD2142.
- 5.2 It should be noted that the Growth Deal 3 funds are entirely capital and therefore part of the revenue requirement for this proposal (£800,000) will be resourced via a Capital/ Revenue swap of GLA budget resource, specifically by reducing the capital allocation for this programme and then drawing down from the Capital Programme Reserve, which is funded by revenue. With regards to the balance of £1m revenue funding for this proposal; an annual budget provision of £250,000 was allocated for this programme within the Economic Business Policy Unit's revenue budget from 2017-18 to 2020-21. The funding package for this programme is summarised below:

Funding

Capital Funding Growth Deal 3	- £7.2m
Revenue – Growth Deal 3 Cap/Rev swap	- £0.8m
Revenue – Economic Business Policy Unit	- £1.0m
Total Funding	- £9.0m

- 5.3 The profile spend for this programme is still being developed at this stage but is expected to span from 2018/19 to 2020/21 and assumes 3rd party match funding for the capital element of this programme as well as match funding for the revenue element of the programme either in cash or kind. The match funding will not come through the GLA's accounts but as detailed within the main body of this report grant recipients could source the match funding through their reserves, loan finance or corporate sponsorship. This requirement will be detailed in the programme prospectus and all will be subject to satisfactory due diligence checks.

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 statutory powers of the GLA to do such things as may be considered to further, and or be facilitative of or conducive or incidental to the furthering of, 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 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 have indicated that that the expenditure proposed will amount to the provision of grant funding and not payment for works, supplies or services. Should the Mayor be minded to approve the recommendations in respect of which decisions are sought officers must ensure therefore, that:
- 6.3.1 the funding is distributed fairly, transparently, in accordance with the GLA's equalities and in manner which affords value for money in accordance with the GLA's Contracts and Funding Code; and
- 6.3.2 funding agreements are put in place with and executed by the GLA and the successful applicants before any commitment is made to the award of the funding.

7. Planned delivery approach and next steps

Activity	Timeline
MCAS badge prospectus and application process launched	Before pre-election period commences on 27th March
MCAS badge application deadline	Early May 2018
MCAS badge successful applications announced	Late May 2018
MCAS hubs prospectus launched	Spring 2018
City Hall market warming / networking event for MCAS hub prospectus	Spring 2018
MCAS hub revenue funding application deadline	Spring 2018
Successful hubs announced	Summer 2018
MCAS and capital funding round launched	Summer 2018

Appendices and supporting papers: None

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:

Defer until after local elections and closer to the launch of the MCAS prospectus inviting applications for revenue funding.

Until what date: 07.05.18

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:

Richard Tribe has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Fiona Fletcher-Smith 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 12 February 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

14.2.18

CHIEF OF STAFF:

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

Signature

Date

14/2/2018.

