

# GREATER **LONDON** AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD1549

### Title: LEP New Homes Bonus Programme

#### Executive Summary:

Approval is sought for the GLA's entry into grant funding agreements for the package of proposals from London boroughs that form the LEP New Homes Bonus Programme. This is funded by a £70 million top slice of New Homes Bonus (NHB) and is aligned to LEP priorities set out in the Growth Deal 1 for London.

#### Decision:

That the Mayor:

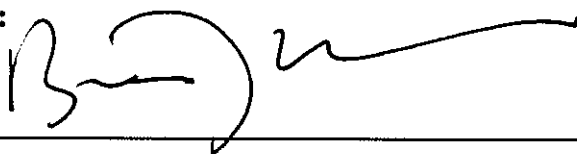
1. Approves the receipt and expenditure of the NHB top slice as per Department for Communities and Local Government's NHB Grant Determination for 2015-16; and
2. Approves the package of proposals to be delivered by London's 32 Boroughs and the City of London under the LEP New Homes Bonus (NHB) Programme;
3. Delegates decisions on the rebalancing and approval of borough project proposals, entry into funding agreements and variations to projects required within the funding period to the Executive Director Development, Enterprise & Environment following advice from the Investment and Performance Board and the London Enterprise Panel (as necessary).

#### 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:

9.10.2015

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The Government's announcement of the Growth Deal for London in July 2014 included £70million of New Homes Bonus (NHB) funding to be used with London's boroughs on projects to support the LEP's Jobs and Growth Plan. NHB is a non-ringfenced grant to local authorities, calculated broadly on the number of homes built in each authority. All London boroughs will contribute a proportion of this funding to the £70m, based on their NHB allocation for 2015/16.
- 1.2 A government condition around the top slice is that funding each borough contributes to the NHB top slice should be returned to this community via the LEP NHB Programme. The LEP agreed the programme of proposals put forward in October 2014. Subject to the agreement of grant funding terms London boroughs will receive their full proportionate share of the £70m funding. If final agreement cannot be reached with individual boroughs then they shall be obliged to transfer their top slice to the GLA for the purposes of applying it in the area of the authority in helping to deliver the London Growth Deal. The LEP NHB Programme is an important opportunity to demonstrate to national government that London local and regional government and the LEP can work together effectively.
- 1.3 The timescales to develop and assess proposals have been challenging. This has been necessary to fit with borough timescales for their budget setting process and to ensure proposals can start promptly in 2015/16.
- 1.4 Following confirmation of the final NHB grant settlements, boroughs were asked to re profile their project allocations to meet their top sliced funding amount.

#### **2. Objectives and expected outcomes**

- 2.1 The process for developing the programme saw proposals invited across seven themes devised which align with the LEP Jobs and Growth Plan.  
The seven themes have been defined as follows:

Apprenticeships, skills and training – projects which seek to support unemployed or economically inactive people into employment or which seek to provide skills or training opportunities in preparation for employment.

High streets – proposals delivering or supporting additional activity in town centre which result in economic and wider benefits for the local community; proposals which improve the look and feel of high streets, support their distinctiveness or seek to unlock the inherent capacity of high streets to help meet housing need and boost economic activity.

Places of work – proposals seeking to support the delivery or retention of suitable and affordable workspace for SMEs; promoting SME growth or retention of specific tenants within an area.

Unlocking development – this theme aims to provide funding where evidence that it will unlock or accelerate development.

Business support – proposals which will provide a clear pathway of support to enable improved business performance, resulting in business starts, job creation or job safeguarding.

Digital, creative, science and technology – proposals under this theme will seek to improve market conditions to support the digital, creative, science and technology sectors in London.

Resilience and low carbon – activity that supports London's low carbon economy and/or ensures business resilience to future climate impacts and/or improve resilience through efficient infrastructure.

- 2.2 Evaluation of borough proposals has been undertaken jointly between GLA, London Councils and boroughs. This process has included:
- A co-designed quality threshold framework for the programme setting out core and themed criteria aligned with LEP priorities. Boroughs' proposals were assessed against these criteria;
  - Co-assessment of proposals by GLA and London borough officers;
  - Evaluation panels on each of the seven themes for the LEP NHB Programme, set out in the Growth Deal. These panels consisted of GLA, borough and London Councils officers to review each package of proposals and agree actions to improve proposals that did not meet the quality threshold;
  - Revision and re-assessment of some proposals by borough and GLA officers;
  - Presentation of the package of proposals to all the LEP Working Groups for their comments.
- 2.3 The assessment of proposals sought to ensure activity funded through the LEP NHB Programme aligns to and complements other major funding streams. All projects under the Apprenticeship, Skills and Training theme were reviewed to ensure that they complement and will not duplicate London's forthcoming European Social Fund (ESF) Programme. As a result, elements of some proposals were removed or revised and London Councils will be strongly encouraging London boroughs to commit to work with ESF providers, where NHB funded activity is complementary to ESF. London Councils and the GLA will also work with boroughs to identify how they might attract ESF for their proposals.
- 2.4 The LEP NHB Programme consists of 127 proposals amounting to £70million. It provides a locally responsive strategic package of proposals across all the seven themes for the programme, as set out in the table below.

	No of proposals	Value (£million)
Apprenticeships, Skills & Training	42	21.68
Business Support	17	6.08
Digital, Creative, Science and Technology (DCST)	2	1.03
High Streets	30	22.75
Places of Work	17	11.74
Resilience and Low Carbon	7	0.79
Unlocking Development	12	5.93
	<b>127</b>	<b>70.00</b>

Capital Value - £27.74 million (39.6%)

Revenue Value - £42.26 million (60.4%)

- 2.5 The above breakdown gives the primary themes that proposals relate to. Many proposals cut across several LEP NHB Programme themes. For example, whilst there is a relatively small amount of funding and projects under the DCST theme, looking across all proposals, 40 projects include activities to support these sectors. Appendix 1 sets out how the total amount of funding each London borough has asked for under the LEP NHB Programme, the number of proposals each has submitted and the primary programme themes that these proposals fall under.

- 2.6 The LEP NHB Programme will operate across all 32 London boroughs and the City of London and will:
- Get long term unemployed Londoners back into work with employer focused programmes that aim to integrate local services;
  - Drive local economic growth by re-vitalising and diversifying London's high streets;
  - Provide much needed incubator, accelerator or co-working spaces for small businesses across London;
  - Support small businesses to grow, focusing on sectorial and local opportunities, and to become more energy efficient;
  - Unlock key development sites to deliver jobs, homes and commercial space and ensure local people benefit from these opportunities.
- 2.7 Indicative outputs for the whole programme include 875 jobs created, 6,620 people into jobs and 3,720 people into sustained jobs; 5,790 qualifications/skills interventions, 2,100 apprenticeship starts, 6,300 businesses supported, 720 businesses created, 180,000 sqm of workspace/commercial space created or improved; 130,000 sqm of public realm improved and 1,490 new homes built. The majority of proposals will be delivered over one or two years. These indicative outputs will inevitably be revisited and revised and detailed project development takes place.
- 2.8 The GLA, acting on behalf of the LEP as accountable body for the funding, is devising grant funding conditions which will best facilitate delivery of the proposals. These conditions will formalise each London Borough's package of projects and clarify the mechanism for the flow of NHB funding to the GLA and the subsequent process for drawdown by Boroughs.
- 2.9 In parallel to the NHB funded programme, officers are developing proposals for a series of other Growth Deal linked investments that are designed to benefit the whole of London; including the Digital Skills Programme and the Mayor's High Street Fund. These pan London initiatives are predominantly capital funded and require an element of revenue to enable effective delivery. The NHB funded programme provides London the flexibility to respond to this challenge given that NHB funding is delivered to the borough as non-ringfenced revenue. In order to facilitate these programmes, the GLA has secured agreement with some London Boroughs to deliver £10.7million of additional revenue funding via their NHB grant, which will in turn see the equivalent capital investments for the boroughs. This revenue funding commitment will be secured via the funding conditions referenced above.

### **3. Equality comments**

- 3.1 The LEP NHB programme will support boroughs to invest in a broad range of regeneration investments that meet the local needs of their constituents.
- 3.2 Through the review and development of project proposals, the GLA will require applicants to evaluate the potential impacts with regard to protected characteristic groups. In particular applicants will be required to demonstrate inclusive design of any physical projects.
- 3.3 As a condition of funding agreements, projects awarded funding will be required to meet the Public Sector Equality Duty.

### **4. Other considerations**

- 4.1 Failure to agree a package of proposals could potentially mean losing this funding for London. This risk has been minimised by co-designing the process between GLA, London Councils and London

boroughs and jointly assessing proposals. Proposals are largely agreed and being prepared ready for grant agreement. Local authority grant determinations from Treasury will stipulate that failure of individual boroughs to reach agreement with the GLA will entail transfer of their topslice in its totality to the LEP.

- 4.2 An overly onerous process for monitoring and administering the fund could have resource implications for GLA officers. Boroughs will be required to provide a quarterly monitoring report and statement of defrayed spend having been made in line with agreed project proposals. This will provide officers the necessary information to report to the LEP on progress as necessary whilst not burdening GLA and borough officers.
- 4.3 Assessment of proposals has been jointly undertaken by the GLA and boroughs. A co-designed quality threshold framework set out core and themed criteria which aligned closely with LEP priorities for jobs and growth.

## **5. Financial comments**

- 5.1 The GLA has been allocated £70 million New Homes Bonus as a top slice percentage from each borough's NHB allocation. However, this funding is paid to boroughs along with its own NHB element and not directly to the GLA. The GLA is required to apply the same amount of the individual borough GLA topslice back to the borough on a package of projects so there is a net nil cost to the GLA in aggregate and for each borough. In light of this it is proposed not to physically exchange funds with boroughs although this will still be monitored and recorded in the GLA's accounts in line with the actual spending that would otherwise have been drawn down.
- 5.2 Boroughs propose to apply the £70 million LEP topslice towards capital and revenue projects with aggregate values of £27.74 million and £42.26 million respectively. However, eight boroughs have certified that in aggregate they would be prepared to receive £10.7 million as capital grant, but which would be paid to GLA as revenue grant. This provides the flexibility to the GLA to fund revenue projects up to this value by swapping with other capital grants. Expenditure occurring after 2015-16 will be subject to the GLA's carry forward procedures. Any amendments that may be required to borough capital and revenue certifications in light of actual spend will need to ensure that £10.7 million additional revenue grant received from boroughs is maintained.

## **6. Legal comments**

### **6.1 The foregoing sections of this report indicate that:**

- 6.1.1 the decisions requested of the Mayor fall within his powers, acting on behalf of the Authority, to do anything which promotes 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:
  - (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 Officers have indicated that the provision of (notional – the boroughs retaining funding to which the Authority is entitled) financial assistance to boroughs constitutes the award of grant funding as a**

contribution to boroughs' costs of approved projects rather than a payment for the provision of services, supplies or works.

- 6.3 Officers must ensure that the Authority and boroughs enter into and execute appropriate funding agreements before a commitment to the provision of funding is made.
- 6.4 The Mayor may, under section 38 of the Greater London Authority Act 1999, delegate the exercise of the Authority's functions to the Executive Director Development, Enterprise & Environment if he should wish.

## **7. Investment & Performance Board**

In March 2015, Investment and Performance Board noted:

- a) That the re-balanced package of borough proposals following confirmation of NHB funding settlements be noted; and
- b) That the expected contribution of revenue funding towards capital costs of projects by boroughs that may assist in supporting the delivery of other GLA priorities be noted.

Since this approval agreement has been reached with all London Boroughs on the confirmed Capital and Revenue split of their funding proposals.

## **8. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Funding Agreements signed and sealed	From September 2015 onwards
Delivery phase commences	From September 2015 onwards
Project monitoring and oversight	To March 2018
Reporting to London Enterprise Panel	Quarterly as necessary

### **Appendices and supporting papers:**

- Appendix 1 – LEP NHB Programme – project breakdown by Borough
- Appendix 2 – Value of Borough Proposals by Capital and Revenue.

**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? NO**

If YES, for what reason:

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

**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:**

Patrick Dubeck has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

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

✓

**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:**

Ed Lister has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

*M. D. R. C.*

**Date**

*5.10.15*

**CHIEF OF STAFF:**

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

**Signature**

*Ed Lister*

**Date**

*7.10.2015*

