

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2118

Title: Digital Talent programme – revised financial allocation

Executive Summary:

The Mayor (under cover of MD2040) on 22 November 2016 approved:

- expenditure of up to £7m, including £5 funded from the Growth Deal and £2m from the European Social Fund for the Mayor's Digital Talent Programme
- an extended delivery timeline for the Digital Talent programme to complete delivery and expenditure by March 2019, subject to internal carry-forward processes;
- the revision of target beneficiaries for the programme interventions to focus on Londoners aged 15-24 years old, particularly women, BAME Londoners and disadvantaged Londoners; and
- changes to the proposed staffing arrangements previously approved by MD1563, to ensure that there is sufficient staffing resource for the duration of the programme subject to the Authority's annual budget setting process.

Since the above mayoral decision, there have been significant delays to agreeing eligible use for European Social Fund £1.5million allocated to strand 2 of the programme. This has resulted in restricted use for the approved funding allocation for strand 2, which now constrains the parameters for elements of the programme.

MD1563 delegated authority to the Executive Director of Development, Enterprise and Environment to approve changes to the proposals for individual elements of the programme as may be required for delivery.

Decision:

That the Executive Director of Development, Enterprise and Environment approves:

1. Re-allocating £500,000 of revenue within strand 2 to a stand-alone grant funding exercise managed by the GLA.
2. An extended delivery timeline for the Digital Talent programme to complete delivery and expenditure by March 2020, subject to internal carry-forward processes. Noting this will have future staffing implications.

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: Fiona Fletcher-Smith

Position: Executive Director-Development,
Enterprise & Environment

Signature:



Date:

3/5/17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 There is a critical need to ensure that the rapid growth in jobs requiring digital skills benefits Londoners. To ensure this the Mayor wants to invest London Enterprise Panel approved £5million Growth Deal funds to up-skill young Londoners aged 16-24 years old to compete for these jobs.
- 1.2 This investment will help rapidly growing firms whose growth is potentially hampered by a lack of locally-sourced skilled labour. This in turn will contribute to London's competitive advantage as a global city.
- 1.3 The programme will contribute towards the delivery of the Mayor's manifesto commitment to 'take tech to the next level' by establishing a tech talent pipeline, through the Skills for Londoners taskforce, following the model developed by New York, with more young people enabled and encouraged to gain key digital skills, and more apprenticeships in the sector. It will ensure more girls are supported to develop tech skills, so that we can turn around the under-representation of women in tech jobs.
- 1.4 Investment will:
- make an immediate impact on young Londoners of working age who want a job that requires digital skills;
 - inspire and prepare more young Londoners aged 16-24 years old for digitally-skilled occupations so they can access well-paid jobs in digital, technology and creative occupations, with a specific focus on young women, BAME Londoners and those from disadvantaged backgrounds. The programme will achieve this by stimulating long-term collaboration between skills providers, Further Education (FE) colleges, Higher Education (HE) universities, secondary schools, sixth form colleges and employers of all sizes.
- 1.5 This report follows two previous Mayoral Decisions and two previous Director Decisions (see below), which authorised development work for the initiation phase of the programme.
- MD2040 Digital Talent Programme
 - MD1563 Mayor's Digital Talent Programme
 - DD1270 LEP Delivery Staffing Resources (FE Capital and Digital Skills Programmes) £31,500 for the staffing costs in delivering the Digital Skills pilot programme
 - DD1327 Phase 3 of the City Skills Fund Digital Skills £60,250 Research to support the specification and evaluation framework of the £5 million Digital Skills programme awarded to the LEP as part of the Local Growth Deal.

Proposed delivery approach

- 1.6 The Digital Talent programme has been divided into six strands or work areas, which will be delivered as follows under the approval of this Director Decision:

- Strand 1: £0.125m revenue allocated to procure a provider or provider(s) who will assess Apprenticeship requirements at levels 3 and above in technology, digital and creative disciplines; conduct up to 50 “Digital Labs” between employers and further education skills providers, which will “proof” and enrich curricula and courses to make learners’ training more relevant to industry skills needs
- Strand 2: £1.5m revenue (plus additional £1m subject to ESF approval) revenue allocated to fund delivery of focused pre-employment skills and employability interventions to help young Londoners aged 16-24 years old enter technology, digital, creative job roles.
- Strand 3: £0.5m (plus additional £0.5m subject to ESF approval) revenue allocated to fund a higher level skills programme focused on start-ups and SMEs. It will do this through brokering university/SME partnerships to shape skills provision for current higher education students around the needs of these businesses. This provision will include digital and enterprise skills. The models will be tested through work placements in start-ups and SMEs. Students will be on a Level 6 programme or above and will be matched to the needs of the start-up and SME.
- Strand 4: £2m capital allocated to funding industry-standard training facilities, equipment and related capital assets that enable learners to have first-hand experience of working with the tools industry use, and which employers require new employees to have.
- Strand 5: £0.3m revenue allocated to fund a quality teacher Continuous Professional Development (CPD) package. This will raise teachers’ awareness of digital careers through increased industry exposure and connecting teaching staff in secondary schools, sixth form colleges and FE colleges with those working in industry.
- Strand 6: £0.3m revenue allocated to invest in a coordination, information and marketing campaign to direct young people to careers advice and digital learning opportunities.

1.7 The programme will also include the following planned expenditure:

- £0.180m was approved for programme staffing costs in MD2040
- A further £249,000 staffing budget is required to setup and monitor the programme until March 2020 as detailed in section 1.13 to 1.20
- £0.095m allocated for evaluation during the project and a longitudinal study, also linking to the wider Growth Deal programme evaluation.

1.8 The Digital Skills project management team will commission the services for strand 1, part of strand 2 and strands 4- 6 and identify suppliers through competitive and formal tendering processes in compliance with the terms set out in the GLA Contracts and Funding Code.

1.9 Part of strand 2 and all of strand 3 will follow a grant award process in compliance with the terms set out in the GLA Contracts and Funding Code, which will be managed by the ESF Delivery Unit for projects funded under the GLA’s ESF 2014-20 Programme, in accordance with [MD1642](#).

1.10 All funding agreements will include provision to allow the GLA to reduce or withhold payments or require repayment in the event of failure to meet agreed milestones/outputs. Both funding agreements and contracts for services will be structured so as to enable the GLA to terminate at any point for convenience.

- 1.11 Strands 2 and 3 of the programme will target 16-24 year old BAME, disadvantaged and female participants and SMEs. Delivery agencies will be asked to monitor and report on specific outputs and percentages of participants at regular points throughout the lifetime of the programme.
- 1.12 Strand 6 will directly target these cohorts of young Londoners through an integrated, digitally-driven marketing campaign, and by utilising networks and communication routes already in place.

Staffing and governance

- 1.13 The Economic and Business Policy Unit (EBPU) retain overall responsibility for the programme and the Digital Skills project management team as part of the LEP Growth Deal 1 commitments.
- 1.14 A 1.0 FTE grade 10 Principal Policy Officer oversees commissioning, programme management, reporting and communications, management of the project review group, stakeholder engagement, working with the relevant GLA teams to maximise leverage, building connections and will commission and interpret evaluations. This post currently has MD2040 approval until March 2019 with associated budget requirements.
- 1.15 A 1.0 FTE grade 8 Senior Projects Officer contract manages elements of the programme and currently works across both EBPU and the Regeneration team on the Digital Talent programme and Ada, National College for Digital Skills. This post currently has MD2040 approval until March 2019 with associated budget requirements.
- 1.16 Approval for a further extension for both posts is sought until March 2020 with current and proposed additional budget requirements detailed in the table below.

	2017/18	2018/19	2019/2020	
EXTEND G8	£31,000	£54,000	£54,000	
EXTEND G10		£44,000	£66,000	£249,000

- 1.17 The 1.0FTE grade 8 Senior Projects Officer currently has STAF approval until August 2017. In order to extend this post between August 2017 – March 2018, £31,000 will be sought from the DEE Minor Programmes Budget.
- 1.18 A further £53,000 will be sought for financial year 2018/19 and a further £53,000 for financial year 2019/2020 via the GLA budget setting process to fund this post for the programme lifetime until March 2020.
- 1.19 The 1.0 FTE grade 10 Principal Policy Officer post requires additional budget of £44,000 for financial year 2018/19 and a further £66,000 for financial year 2019/20 which will be sought via the GLA budget setting process to fund this post for the programme lifetime until March 2020.
- 1.20 The ESF delivery team will lead on procurement and contract management of part of strand 2 and all of strand 3 of the programme.

2. Objectives and expected outcomes

The objectives of the programme are to:

- a) Increase the number of high-quality learning opportunities for young people aged 16-24 years old to study industry-designed courses in technology, digital and digital-creative occupations that

will lead to employment.

- b) Support 750 young Londoners to access new, industry approved learning opportunities.
- c) Support 500 University students to gain new skills and work experience through SME placements
- d) Support 400 start-ups and SMEs to access higher level skills that will support business growth
- e) Support 400 school and FE teachers to deliver industry-relevant digital skills learning and qualifications.
- f) Support 2,000 young Londoners to access better information, sign-posting, careers guidance and inspirational events for digital, technology and digital-creative roles.
- g) Increase the knowledge and awareness of young people aged 16-24 years old, parents, careers advisors and teachers of digital career paths and job opportunities across London's economy.
- h) Increase the number of young women, young BAME Londoners and those from disadvantaged backgrounds gaining employment in digital, technology and creative occupations.

Strand	Outputs and Outcomes
Strand 1 "Digital Labs"	<p>Outputs</p> <ul style="list-style-type: none"> • Analysis of Apprenticeships landscape in technology, digital and creative occupations at levels 3 and above to support procurement of strand 2 and wider policy development • Produce report detailing above plus guidance for SME implementation of Apprenticeship Levy • Up to 50 funded courses and Apprenticeships at level 3 and above reviewed with industry through "Digital Labs" (for strand 2 delivery) • Best practice identified for the sector as a whole and shared <p>Outcomes</p> <ul style="list-style-type: none"> • Employers are better able to articulate their skills and employment needs to learning providers • Skills providers are able to deliver skills demanded by employers
Strand 2 "Digital Skills training"	<p>Outputs (with ESF funding)</p> <ul style="list-style-type: none"> • 750 participants (aged 16-24) receiving support package (starts) • 525 Londoners (aged 16-24) gaining a relevant qualification/unit or completing a course at equivalent of level 3 and above (completions) <p>Outcomes</p> <ul style="list-style-type: none"> • Young participants receive training and skills relevant to business needs • Participants are job ready on leaving the pipeline
Strand 3	<p>Outputs (with ESF funding)</p> <ul style="list-style-type: none"> • 500 industry placements in start-ups and SMEs

"Creating opportunity: higher level skills in London's knowledge economy"	<ul style="list-style-type: none"> • 400 start-ups and SMEs participating <p>Outcomes</p> <ul style="list-style-type: none"> • Start-ups and SMEs access higher level skills to support business growth • Students gain skills and work experience relevant to London's labour market and knowledge economy.
Strand 4 "Capital kit fund"	<p>Outputs</p> <ul style="list-style-type: none"> • Five new or enhanced digital learning hubs across London to support skills provision <p>Outcomes</p> <ul style="list-style-type: none"> • Businesses are able to recruit staff with experience of using the latest equipment • Skills providers are able to deliver a more relevant curriculum
Strand 5 "Teacher CPD package"	<p>Outputs</p> <ul style="list-style-type: none"> • 400 school / FE professionals supported • Initiatives across London to enable secondary schools, sixth form colleges, private skills providers and FE colleges to learn best practice from each other and improve their career guidance offer <p>Outcome</p> <ul style="list-style-type: none"> • Teachers are upskilled and have raised levels of confidence • Teachers are better informed about the opportunities and requirements of jobs with digital skills
Strand 6 "Digital learning and careers"	<p>Outputs</p> <ul style="list-style-type: none"> • 2,000 16-24 year olds accessing career advice, work experience and digital learning opportunities <p>Outcomes</p> <ul style="list-style-type: none"> • More young Londoners are inspired to take up an occupation requiring digital skills

3. Equality comments

The evidence suggests there is a significant opportunity to address demand for digitally skilled workers by increasing the number of women working in information technology. The House of Lords 'Make or Break – the UK's Digital Future' considered evidence suggesting this could generate an extra £2.6 billion each year. Women make up fewer than 30% of the information and communications technology workforce, comprise around 20% of computing graduates and fewer than 10% of app developers.

The team will give due regard to this when commissioning and designing the various strands of this programme. This could include weighting selection criteria to advantage proposals with well-considered approaches to addressing this.

4. Other considerations

a) Key risks and issues

Risk	Mitigation	Risk rating
The FE system in London is going through a process of re-commissioning and significant funding reductions. This could significantly enhance the risk of supply chain failure for the commissioned elements of the programme.	Through the process of Area-Based Reviews we will target providers deemed as financially robust. In addition, strong private sector learning providers that are not reliant on public sector funding will also be sourced. Robust supplier assessment and due diligence at procurement.	High
The GLA cannot secure enough private sector funding to make up the £500,000 shortfall in ESF funding.	The GLA has established a number of corporate partnerships through this programme. The team will work with the GLA's corporate partnerships team and private sector funding will be sought through a number of avenues.	Medium
GLA does not receive viable proposals when commissioning these strands because the outcome targets are too challenging	The Project Manager has carried out significant market-warming activities and events before starting the formal commissioning process	Medium
The proposed investment is too small to have a credible impact on the problem	Select the most promising proposals to develop hubs of excellent skills provision. Ensure these evaluate and share 'what works' across the FE and skills sector	Medium
Difficulty measuring impact on local employment, as job outcomes will happen many years after the intervention	Develop framework and budget for follow-up evaluation 2-3 years after the programme ends	Medium

b) Links to Mayoral commitments

The Digital Talent programme will contribute towards delivery of a key Mayoral manifesto commitment

This programme forms part of a wider strategy that will be termed the 'Tech Talent Pipeline'. The strategic role of the Digital Talent programme will help towards creating a functioning pipeline across the capital.

"Establish a tech talent pipeline, through the Skills for Londoners taskforce, following the model developed by New York, with more young people enabled and encouraged to gain key digital skills, and more apprenticeships in the sector. In particular I will ensure more girls are supported to develop tech skills, so that we can turn around the under-representation of women in tech jobs."

The programme will also help to reduce digital exclusion for future generations by supporting teachers to effectively deliver the national Computing curriculum.

The investment proposal will also deliver on the commitments made in the LEP's Growth Deal 1.

The Deputy Mayor for Skills, Planning and Regeneration, Deputy Mayor for Business and the Deputy Mayor for Culture and Creative Industries have all been consulted on the growth areas and industries this programme will target.

c) Impact assessments and consultations.

The programme was informed by research led by the Education Foundation and UKIE between January and March 2015, which consulted a range of education and industry stakeholders. Further research and multiple consultation events have taken place since that point to further inform the programme design. A 'Digital Talent taskforce' has been established with a panel of employers representing a range of sectors where digital skills are needed.

d) European Social Fund Co-financing programme 2014-20

MD 2040 stated; following Brexit, Treasury announced that it would support ESIF programmes (including ESF projects) to their natural completion (i.e. beyond the UK's withdrawal from the EU if required). The GLA have been working to secure Memorandums of Understanding, and a Priority 1 memorandum was issued on 31 October. However, prior to progressing to the publication of project opportunities with ESF funding embedded, the GLA will need to take MoUs through the formal sign-off process, and all project specifications will be required to be approved by the GLA ESF Delivery Unit and European Programmes Management Unit. MoUs are expected to be signed during November 2016, and the (EPBU management team) and ESF Delivery Unit are working on the finalisation of specification for the Digital Talent programme in order to submit to EPMU for their final approval.

If there are significant delays to the above process, a decision will be taken on whether to proceed without the ESF £2million match-funding.

Significant delays have ensued due to changes in eligibility criteria for ESF projects. This has resulted in restrictive parameters for beneficiaries of strand 2 for the Digital Talent programme (where procured as an ESF project). A decision is being requested under this Director Decision that will result in a loss of £500,000 ESF funding. Private sector funding will be sought to make up the subsequent shortfall in funding and outputs.

5. Financial comments

- 5.1 The gross budget for this programme has now been reduced to £6.5m from the original approval of £7m (previously approved by MD1563 and MD2040). The reduction in gross budget of £500,000 is a result of changes in the eligibility criteria for ESF funded projects, which has restricted the parameters for strand 2 of the programme.
- 5.2 The revised gross budget of £6.5m is now made up of £2m capital funding and £4.5m revenue funding. In line with previous approvals noted above, a sum of £2m capital has already been received from DCLG as part of the 2015-16 Growth Fund allocation, with a £3m capital receivable in 2016-17. The £3m capital receivable in 2016-17 will be utilised as revenue via a capital / revenue swap using the flexibility from the New Homes Bonus (NHB) funding that is to be received via London

Boroughs. The balance of £1.5m revenue funding for the project is to be funded via the European Social Fund.

- 5.3 It should be noted, given the delays in the project delivery, the timelines for delivery have now extended to the end of March 2020 from those previously approved and consequently the profiling of expenditure and the allocation of staffing resource to ensure project delivery also extends. The estimated revised expenditure profile as submitted by the Lead Delivery team is summarised below:

	2016-17	2017-18	2018-19	2019-20	Total
	£	£	£	£	£
Capital	-	2,000,000	-		2,000,000
Revenue	138,000	1,021,000	1,506,000	335,000	3,000,000
ESF Revenue	-	300,000	900,000	300,000	1,500,000
Total	138,000	3,321,000	2,406,000	635,000	6,500,000

- 5.4 The proposed re-profiling will be subject to the annual budget setting process for 2018-19 onwards and where required budget carry forward requests will be submitted at year-end as part of the Authority's closure of accounts process to incorporate any further project slippage accruing from each subsequent financial-year. It should be noted, that there is sufficient budget provision within the Digital Skills budget (held within the Economic Business Policy Unit) to fund the proposed spend in 2017-18.
- 5.5 MD2040 previously approved programme staffing costs of up to £180,000 and programme evaluation of £95,000, which are both still applicable. As detailed within the main body of the report a further £249,000 of staffing resource will be required to ensure the project is delivered until its revised end date of 31 March 2020. It is proposed that the existing staffing resource for the project will be extended and funding sought via the annual budget setting process. The proposed extensions of the posts will go through the usual HR procedures (Head of Paid Service Approval) and in the event that growth bids for the extensions are not approved; officers will need to accommodate the extensions within the £4.5m revenue allocation noted above, with necessary adjustments made in programme delivery.
- 5.6 Given the loss of £500,000 ESF funding, officers will seek private sector funding to supplement the programme in order to try to achieve maximum project output. The receipt of additional funding and the associated expenditure will be subject to further approval via the Authority's decision-making process.

6. Legal comments

6.1 The foregoing sections of this report indicate that the decisions requested of the Director fall within the GLA's statutory powers to do such things considered to promote or which may be considered facilitative of or conducive to the promotion of the economic development and wealth creation in Greater London.

6.2 Should the Director be minded to approve the proposals set out in this report officers must ensure that they:

- 6.2.1 pay due regard to the principle that there should be equality of opportunity for all people;

6.2.2 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;

6.2.3 consult with appropriate bodies;

6.2.4 are content that the GLA can meet the conditions to which the provision of any third party funding is subject, seeking legal and finance advice as necessary;

6.2.5 do not act in reliance of such third party funding until legally binding commitments are in place in concerning the provision of the same;

6.2.6 any supplies and/or services required for the delivery of the programme are procured by Transport for London Procurement and officers should liaise with Transport for London Procurement in this regard and ensure that appropriate contract documentation is put in place with and executed by the GLA and proposed service providers before the commencement of the required supplies and/or services;

6.2.7 to the extent that the GLA intends to award grant funding to third parties in respect of projects that align with the aims of the programme, appropriate funding agreements are put in place with and executed by the GLA and proposed recipients; and

6.2.8 meet all requirements of the GLA's HR policies and procedures to the extent applicable.

7. Planned delivery approach and next steps

Activity	Timeline
Market-warming and project initiation	Taken place
Procurement of delivery agents; establish contracts & grant funding agreements for all strands 1-6	September 2016 – July 2017
Launch of programme offer	October 2017
Delivery Start Date	November 2017
Interim evaluation	May 2018
Delivery End Date	December 2019
Project Closure	February 2020
Final Evaluation	March 2020

Delivery timelines for strands 2 and 3 will be dependent on the type of courses funded by the programme. Bidders will be required to give realistic start and end dates that will allow them to develop course content, market the offers and recruit participants to the courses. It is anticipated that a variety of courses will be funded through the programme to ensure there is a wide offering that will suit different learning needs. This may result in differing start and end dates for the courses, which will be taken into account through monitoring and evaluation of the programme.

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? 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:

Catherine Knivett has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Mark Kleinman 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:

The Corporate Investment Board reviewed this proposal on 2 May 2017.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allge

Date

2.5.17

