

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2222

Title: Good Growth Fund – Recommendations at Detailed Application Stage

Executive Summary:

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

Under cover of MD2163, the Mayor delegated approval of detailed funding allocations to the Executive Director of Development, Enterprise and Environment, in consultation with LEAP.

This paper sets out recommendations for the award of funding to successful projects and of projects to receive development funding following detailed stage 2 applications. The papers also seeks approval for use of GLA revenue funding to support projects with baselining impact and programme evaluation. It reiterates the intention to allocate development funding outside of funding rounds for which the appropriate level of approval will be sought.

Decision:

The Executive Director of Development, Enterprise & Environment approves:

1. Expenditure of up to £24m of capital grant funding as a contribution to the costs of the 27 projects detailed in Appendix B. Of this amount, £804,500 will be funded from the National Park City budget held by the Environment team;
2. Expenditure of £670,000 of revenue funding as a contribution to the costs of the eight projects detailed in Appendix C. Of this amount, £20,000 will be funded from the National Park City budget and £100,000 match funded from the 2014-2020 ESF Programme;
3. Expenditure of £350,000 of revenue funding on projects to support baselining, impact and programme evaluation; and
4. The increase of the Good Growth Fund funding package from £67,183,000 to £68,107,500.

AUTHORISING DIRECTOR

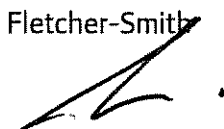
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Fiona Fletcher-Smith

Position: Executive Director-Development,
Enterprise & Environment

Signature:



Date:

6.3.2018

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 London has available approximately £70m funding to create one overarching Good Growth Fund targeting equality, inclusion and citizen-led regeneration. The Good Growth Fund is focused on delivery against three strategic themes: Empowering People, Making Better Places and Growing Prosperity.
- 1.2 The Good Growth Fund prospectus (a copy which is set out at Appendix A to this DD) states that in making funding decisions, the way applications map across stated priorities and London's communities will be assessed, in order to deliver a balanced programme of exemplary projects.
- 1.3 The Good Growth Fund will augment and complement other GLA and TfL programmes investing in London's housing, transport infrastructure, skills, culture and environment, as well as regeneration activities by local authorities, the private and third sector.
- 1.4 In this round through engagement with the Environment team, we have been able to leverage additional funding of £804k (of a total possible £1m) from the National Park City budget. The Mayor, under cover of MD2141 authorised Environment to collaborate with the Good Growth Fund to maximise green infrastructure opportunities, and Deputy Mayor for Environment Shirley Rodrigues has approved the allocation of Greener City Funding to the selected projects.
- 1.5 The capital funding available for the Good Growth Fund over 4 years is profiled as below. However, of the £68.1m, £60.88m is received from Government which is only confirmed on a yearly basis.

	2017-18	2018-19	2019-20	2020-21	Total
Expenditure	£000	£000	£000	£000	£000
Capital	22,369	7,395*	2,000*	30,136	61,900
Revenue	385	2,650**	693	2,480	6,208
Total Expenditure	22,754	10,045	2,693	32,616	68,108

* Increased by £804,500 (2018/19: £214,500 and 2019/20: £590,000) from the National Park City Budget

** Increased by £20,000 revenue funding from National Park City Budget and £100,000 from ESF

- 1.6 MD2163 originally approved a funding package of £67,183,000 which has now increased to £68,107,500 as a result of the additional funding from the Environment team and the ESF 2014-2020 Programme as seen above. £4,000,000 of the total budget has already been committed to the Crowdfund London programme.
- 1.7 Expected loan repayments from the Growing Places Fund (GPF) will be rolled into the Good Growth Fund. The total recyclable loan repayment is estimated to total of £58.86m, with £29m estimated to be repaid during the lifetime of the Good Growth Fund. It should be noted that this information is based on forecasts of when loan repayments will be made, and is subject to delivery partners performance. Experience to date has taught us that some slippage should be anticipated.

Funding Application and Assessment process

Stage 1 Assessment: Expressions of Interest

- 1.8 205 eligible Expressions of Interest were submitted, with a total ask of £272,957,742 across capital grant (£241,324,010), repayable grant (£9,084,505) and ESF (£7,549,846). All EOIs were appraised on the merits of the proposal, their contribution to delivering the strategic themes of GGF, deliverability, and value for money. Following endorsement by LEAPIC on 08 November and approval by CIB on 6 November;
- 51 projects were invited to 'submit detailed application' with a total ask of £47,136,292
 - 19 projects were offered 'development funding' (£1,040,000) to develop their project further
 - 84 projects were in the 'pipeline' (£72,724,283) (pipeline projects are encouraged to resubmit in future rounds of Good Growth Fund)
 - 52 projects were 'unsuccessful' (£5,867,087)

Stage 2 Assessment: Detailed Applications

- 1.9 Stage 2 applications included a more detailed project description and investment rationale, a milestone and funding profile, and evaluation and monitoring strategy, as well as financial and organisational information provided as part of the due diligence assessment. Projects were expected to respond to feedback given by GLA Officers at EOI stage.
- 1.10 A total of 46 detailed applications were submitted, with a total ask of £45,309,969 comprising capital grant (£43,846,353), repayable grant (£1,363,616) and ESF (£100,000). Following feedback from GLA Officers at the EOI stage, 4 bids were merged into 2 detailed applications, while 3 applicants from the EOI stage decided they did not wish to submit a detailed application.
- 1.11 As with the Stage1, the evaluation process for Stage 2 had three distinct steps: validation, appraisal and moderation.
- 1.12 **Validation** provided an initial check that all applicants had provided all requested information to allow detailed assessment to take place.
- 1.13 **Appraisal:** stated evaluation criteria, as set out in the prospectus (Project Description, Deliverability, Value for Money), were applied to all bids in order to generate a ranking.
- 1.14 Input from teams across the GLA was sought, including Culture, Community and Social Policy, Economic and Business Policy Unit, Education and Youth, Food, Health, Housing and Land, Team London and Transport, to optimise alignment with Mayoral priorities across policy areas, and to add to the understanding of specific sectors. Feedback from other teams was used to suggest targeted rescoping of a small number of projects to ensure that they would maximise delivery on the full range of Mayoral priorities.
- 1.15 Senior members from the Finance team undertook due diligence and financial deliverability checks on all non-borough applications to enable them to raise issues that need to be addressed before entering into a grant agreement.
- 1.16 **Moderation** provided a further level of scrutiny to the initial appraisals, and introduced a programme-wide view and assessment process. The aim of this process was to check consistency of assessment, to consider whether the mix of projects met the aim of achieving a balanced programme as set out in the prospectus.

- 1.17 After checking consistency of assessment, mix of projects types, and investment readiness, the Management Team produced a shortlist with a total ask of £24,128,383. Experience from previous funding rounds indicates that modest over programming is advisable to achieve spend as some projects will fall away. Factoring in the additional £804,000 of Environment funding and £100,000 of ESF, the current round is only 2% overprogrammed. Any residual risk of over committing spend is further mitigated by the expected income from Growing Places Fund loan repayment that will be recycled into the Good Growth Fund over the three-year period over which the shortlisted projects are profiled to spend.

Moderation also incorporated discussions with the Deputy Mayor for Regeneration, and area based engagement with 3 LEAP members. All projects were interrogated to ensure they maximise the impact of Mayoral investment. As part of this, all Stage 2 applications were analysed by how they Map across stated priorities and London's communities, in order to deliver a balanced programme of exemplary projects.

2. Objectives and expected outcomes

- 2.1 By the end of this process the following lists were generated:
- Appendix B - **27 projects are recommended to 'proceed to grant agreement'** with a total allocation of £24,128,383 (grant: £24,028,383; repayable grant: £0; ESF: £100,000)
 - Appendix C - **8 projects are to be supported with 'development funding'** (£570,000)
 - Appendix D - **4 'reserve' projects have been identified** with a potential allocation of £2,180,000 (grant: £2,180,000; repayable grant: £0; ESF: £0)
- 2.2 Combined with the previous rounds of development funding, 57 projects are now being supported through the first round of the Good Growth Fund.
- 2.3 Reserve projects will have first call on funding made available by any of the 27 projects at appendix B falling away and/or delivering a reduced scope, provided always that any award of such funding will remain always subject to the discretion of the GLA.

Future rounds

- 2.4 To enable closer alignment with key GLA policy areas in future rounds, Officers have established a quarterly Good Growth Fund working group to share findings and recommendations, discuss best practice, and signpost future funding rounds.
- 2.5 Development funding will be used between rounds to target emergent projects identified outside of the regular bidding process. As set out in MD 2163 development (revenue) funding will be used to address the cross-cutting aims of the Good Growth Fund and redress geographic, sector and activity imbalances in the programme. It will also be used to develop a strong pipeline of bids from a range of partner organisations, encourage citizen-led regeneration and drive innovation. Proposals will be scoped jointly with potential Good Growth Fund applicants and other relevant stakeholder organisations and approval will be sought at the appropriate level of delegation.
- 2.6 As a fundamental part of the Good Growth Fund, Officers want to better understand how London is changing, and the impact that our investment is having on London's places and communities. To support this, Officers are asking Good Growth Fund project partners to prioritise the collection of evidence on the environmental, social and economic impact of their intervention and to evaluate the performance of their project once delivery is complete. Equalities monitoring and understanding who benefits from regeneration interventions is an integral part of this.

- 2.7 Part of our assessment of stage two bids included scoring applicant's evaluation strategies, and based on this Officers will offer small revenue grants to a number of key projects that indicate innovative approaches to social impact evaluation, track longitudinal change for larger scale, area-based investment, or to provide additional resource for small organisations to provide project level support for baselining and impact evaluation over the life cycle of delivery. Direct commissioning (procurement of evaluation/research services) by the GLA will complement this work by enabling programme level evaluation and research to inform future funding decisions. It is proposed that £350,000 of revenue funding comes from the £6.088m Good Growth Fund revenue expenditure approved by the Mayor under cover of MD2163.

3. Equality comments

- 3.1 Under section 149 of the Equality Act 2010 (the "Equality Act"), as public authority, the Mayor and the GLA must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (the duty in respect of this last characteristic is to eliminate unlawful discrimination only).
- 3.2 Through the Good Growth Fund programme and the selection of project proposals and development of these, the GLA will require applicants to evaluate the potential impacts regarding protected characteristic groups. Any project must minimise disadvantages to all protected characteristic groups within society.
- 3.3 Those that may share a protected characteristic should be encouraged to fully integrate and therefore project activities within the Good Growth Fund programme should be designed to accommodate and reflect the needs of the existing community and those that will live, work and visit an area. This includes the design for those with physical disabilities and mental health problems and older persons. As a minimum, projects receiving ESF funding are required to monitor and report on the age, disability, sex, and race of beneficiaries, as well as employment status and the following additional background factors that may result in barriers to employment or progression in work: homeless, lone parent, ex-offender, carer, drug or alcohol dependency, low qualifications or basic skills needs.
- 3.4 As a condition of funding agreements, projects awarded funding will be required to meet the Public Sector Equality Duty and demonstrate this through regular reporting of progress.

4. Other considerations

Key risks and issues

- 4.1 Project failure – experience of working with a wide-ranging programme of complex capital projects suggests it is likely that some projects will fall through during the grant signing process. There is a further risk that a limited number of projects will fall through once their grant agreement has been signed and GLA money has been spent. The 2 Stage application process, with Stage 2 applicants required to provide almost all information required for a typical GLA grant agreement, is designed to mitigate both of these risks. Once grant agreements have been executed all projects will be closely

monitored by a GLA Project Manager, and projects will be required to report regularly on risks and issues.

- 4.2 Under delivery against annual spend targets –the appraisal process has already included a deliverability assessment by the Regen Programme Team and GLA Finance. Following the public announcement of successful applications, GLA Officers will engage further with applicants to ensure that project milestones and delivery programmes are realistic. Once grant agreements have been signed all projects will be closely monitored by a GLA Project Manager, and projects will be expected to report regularly on risks and issues.
- 4.3 Underachievement against targets and outcomes – the two-stage application process, and applicants' engagement with GLA Officers prior to submission, is designed to minimise any potential discrepancies between outputs listed in applicants, grant agreements, and eventually delivered outcomes. An Output and Evaluation handbook has been shared with the applicants to ensure that outputs are properly baselined and that definitions are shared at an early stage. GLA Officers will continue to monitor the project during delivery to ensure that agreed outputs are delivered.

Links to Mayoral strategies and priorities

- 4.4 All proposed projects support 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 Good Growth Fund provides a significant foundation and support for regeneration activities to ensure that all Londoners feel they have a stake in the future design and regeneration of the city.

Impact assessments and consultations

- 4.5 The Good Growth Fund prospectus was developed following consultation with LEAP. The assessment process for all 205 EOIs and 46 detailed applications drew on input from teams across the GLA including Community Engagement, Culture, Economic and Business Policy Unit, Education and Youth, Health, Diversity and Social Policy, Housing and Land, Planning, Team London and Transport, to optimise alignment with Mayoral priorities across policy areas, and to add to the understanding of specific sectors.

5. Financial comments

- 5.1 The total request for a capital funding of £24,028,383 (includes £804,500 (2018/19: £214,500 & 2019/20 £590,000) capital funding from the GLA Environment team from the National Park City budget)
- 5.2 Revenue allocation of £1,020,000 (includes £20,000 revenue funding from the GLA Environment team from the National Park City budget and £100,000 revenue match funding from the 2014-2020 ESF Programme in 2018/19 financial year)
- 5.3 The above will be contained within the allocation approved under MD2163. The MD originally profiled a funding package of £67,183,000 which has now increased to £68,107,500 as a result of the additional funding from the Environment team and the 2014-2020 ESF Programme mentioned above. £4,000,000 of the total budget has already been committed to the Crowdfund London programme. Of the full allocation, a receipt of £60,880,000 has been awarded by Government as a part of Growth Deal 3 which will be confirmed on a yearly basis.

- 5.4 It should be noted that the total exceeds the £22.8m currently available for 2017/18, but the excess will be contained through either projects not materialising or additional funding from Growing Places Fund loan repayments.
- 5.5 All proposed grant recipients have gone through a robust due diligence process and no significant issues have been highlighted with those for which approval is being sought. Issues that were highlighted as part of the financial scrutiny of applications, for example, shortfalls or confirmation of funding or what expenditure can be funded and which relate to projects being recommended for taking forward, need to be addressed before grant agreements can be entered into. The proposed grants will be governed by the GLA's standard grant agreement with each provider and will set out the conditions for use of the grant, including the indicative project completion date for spending the funding awarded through the fund and the phasing of the proposed grants and match funding. In addition, the Government imposes a condition on the use of this funding for capital expenditure only and this will be reflected in the grant agreement for each of the approved projects. This mitigates the risk that the Government will seek to 'claw back' any funding.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that:
- 6.1.1 the decisions requested of the director (exercising the powers of the GLA as delegated expressly by the Mayor under cover of MD2163) 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 wealth creation and economic development 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 director must have due regard to the Public Sector Equality Duty, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the director should have particular regard to section 3 (above) of this report.
- 6.3 Officers must ensure that no reliance is placed upon ESF funding until they are content that the proposed use complies fully with all DWP and GLA internal ESF requirements.
- 6.4 Officers have indicated that the expenditure proposed will amount to the provision of grant funding as a contribution to the project costs of successful funding applicants and not a payment for services to be provided. They must ensure that the proposed funding is disbursed in a fair and transparent manner in accordance with the GLA's Contracts and Funding Code and a funding agreement is put in

place between and executed by the GLA and successful applicants before any commitment to the provide funding is made.

- 6.5 To the extent that expenditure is to be incurred on supplies/services required for delivery of the funding programme officers must ensure that the services required are procured by Transport for London Commercial who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code. Officers must ensure that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of the supplies/services.

7. Planned delivery approach and next steps

Activity	Timeline
Announcement	w/c 5 March
Projects in grant agreement	w/c 26 March
Next funding round	Summer 2018
Final funding evaluation	Spring 2021
Project Closure	Summer 2021

Appendices and supporting papers:

Appendices:

Appendix A – Good Growth Fund Prospectus Actions
Appendix B – Recommended List 'proceed to grant agreement'
Appendix C - Recommended List 'development funding'
Appendix D - Recommended List 'reserve'

Appendices E-I to be withheld from publication

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:

To enable GLA Press Launch further to approval.

Until what date: 12 March 2018

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 – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

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

✓

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.

✓

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 5 March 2018

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Allge

Date

6.3.18

