

REQUEST FOR MAYORAL DECISION – MD1322

Title: LEP/ CITB Construction Growth Project (Greater London)

Executive Summary

Sector Skills Councils (SSCs) are state-sponsored, employer-led organisations that cover specific economic sectors in the United Kingdom and are licensed by the Government through the UK Commission for Employment and Skills (UKCES). Construction Industry Training Board ("CITB") is the SSC for construction.

CITB approached the Mayor for funding to deliver an initiative with the London Enterprise Panel's (LEP) Skills and Employment Working Group (SEWG) to promote growth in the construction sector. The GLA is asked to contribute £1million of funding, which will be match-funded by CITB. The Investment and Performance Board approved in principle £1million of Growing Places Funds (revenue) to be used for this purpose.

Decision:

That the Mayor approves the provision of £1million grant funding from Growing Places Funding (revenue) to the CITB (Construction Industry Training Board) to increase jobs and growth in the construction sector.

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: 8 May 2014

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

Decision required – supporting report

1. Introduction and background

- 1.1 Sector Skills Councils (SSCs) are state-sponsored, employer-led organisations that cover specific economic sectors in the United Kingdom and are licensed by the Government through the UK Commission for Employment and Skills (UKCES).
- 1.2 The Construction Industry Training Board (“CITB”) is the SSC for construction. It takes a lead role in developing training strategy and influencing supply and funding for the construction sector, and has approached the Mayor for funding to support an initiative with the London Enterprise Panel’s (“LEP”) Skills and Employment Working Group (SEWG) (letter attached as an appendix). The initiative seeks to promote growth in the construction sector.
- 1.3 Officers from the CITB and the GLA’s Economic and Business Policy Unit have explored options for developing such a proposal and as a result have agreed five key work streams with construction sector stakeholders and the SEWG.
- 1.4 CITB is seeking £1million of funding from the GLA, and agree to match fund this.
- 1.5 The LEP granted in principle approval for the use of Growing Places Fund as the source of its funding for the joint investment at its meeting on the 4th June 2013. The Investment and Performance Board (IPB) approved in principle the use of Growing Places Fund as match funding for the investment at its meeting on the 3 October 2013. The following text is an extract from the minute of the meeting.
- 1.6 The CITB Training Committee approved the use of £1m of employer funds to support delivery of the initiative at their meeting on 18 September 2013.

2. Objectives and expected outcomes

- 2.1 The initiative sets out to promote jobs and growth in the construction sector through the following five work streams:
 - tackling skills gaps and barriers to re-entry to the sector by delivering focused retraining programmes for unemployed construction workers;
 - increasing take up of job opportunities across the sector by working with apprenticeship and traineeship providers to deliver shared work placements for young people;
 - delivering Construction sector specific business support for SMEs;
 - improving the number of SMEs accessing public sector contracts through procurement training; and
 - attracting efficiency savings through better collaborative working across SMEs.
- 2.2 To develop and maximise the impact of the initiative, and to ensure non-duplication, CITB will map:
 - key live regeneration areas across London (between 2013-2016);
 - funding already in place for each work stream;
 - resources and infrastructure that may already exist (i.e. provision expertise); and
 - London unemployment hotspots to identify where activities may be focussed.
- 2.3 CITB and GLA will draw up detailed specifications, with draft payment schedules for the following activities (including outputs and outcomes) for delivery of the work streams described above:

- Training provision for unemployed construction workers
- Co-ordination of shared apprenticeship scheme
- Business support services for construction SMEs
- Procurement training for local authority staff
- Research commission around collaborative working in the sector Business support for collaboration among construction SME (*subject to research / approval*)

3. Other considerations

- 3.1 Officers from the GLA's Economic and Business Policy Unit will agree project management / monitoring arrangements with CITB to ensure that deliverables are met and that the LEP Skills and Employment Working Group is provided with project updates as required.
- 3.2 The GLA will enter into a grant funding agreement with CITB, which will set out CITB's obligations.
- 3.3 Outputs and outcomes have been identified as:
- 700 participants from construction SME community undertaking business training
 - 500 unemployed construction workers undertaking training / retraining
 - 150 trained workers into jobs – **contributing to the GLA's KPI on job creation**
 - 100 NEETs accessing a work experience opportunity – **contributing to the GLA's KPI on supporting young Londoners**
 - 30 graduates/ post graduates engaged on active projects supporting SMEs

To strengthen impact of the proposed work streams, activities will be aligned where possible with major infrastructural / construction projects that the GLA supports, including Nine Elms Vauxhall and Thames Tideway Tunnel. The work streams will also complement employment and skills activities procured through the European Structural Investment Fund Strategy 2014-2020.

a) Key risks and issues

The scope or objectives of the initiative might change, and so the aims for which funding is provided may not be met. This risk will be minimised by setting out clear milestones, and ensuring that the GLA is provided with regular updates.

The project might fail to meet its stated aims. This is a risk which is mitigated by the background research already completed by CITB on the areas of need. This review will be ongoing, and the current forecast indicates that intervention can have a real and positive impact on the construction industry.

b) Links to Mayoral strategies and priorities

The proposed work streams support the skills and employment objectives set out in the London Enterprise Panel's Jobs and Growth Plan. This stated that the LEP would deliver in partnership with Construction Skills a jointly funded programme to improve the construction sector's approach to employment and skills. It will achieve this by:

- **narrowing** the gap between the JSA claimant rate in London's most deprived boroughs and the London rate;
- **narrowing** the gap between the unemployment rates in London and the rest of the UK;
- **supporting** SMEs in accessing Government procured contracts
- **increasing** the number of young Londoners actively supported
- **increasing** the number of young Londoners supported into and achieving an improved and sustained outcome

c) Impact assessments and consultations.

The London Enterprise Panel's Skills and Employment Work Group and wider stakeholders have been consulted in developing the proposed work streams.

A full evaluation of the programme will be commissioned in 2015 for final reporting as the programme closes in March 2015. LEP officers will be involved in the selection of the organisation who will carry out the evaluation.

4. Financial comments

- 4.1 Approval is being sought to grant fund the Construction Industry Training Board (CITB) in respect of an initiative with the Local Enterprise Partnership's Skills and Employment Working Group (SEWG) to increase jobs and growth in the construction sector (to be governed by a Grant Funding agreement).
- 4.2 CITB will procure and manage the project providers, but the programme overall will be jointly overseen by the GLA and CITB, who will jointly authorise profiled payment against monitored performance.
- 4.3 The revenue cost of up to £1 million will be funded from the Growing Places Fund (GPF) programme, for which the GLA is the Accountable Body.
- 4.4 The use of GPF programme funds has been approved by the Local Enterprise Partnership (LEP) at its meeting of 4 June 2013.
- 4.5 Although GPF is expected to be a revolving fund, grant conditions do not preclude its use for grant funding.
- 4.6 The proposed grant of £1 million will be used to match £1 million funding from CITB. If the CITB contribution is less than expected, the GLA contribution will be reduced to match it and the project will be scaled down accordingly.
- 4.7 The GLA's revenue spend is expected to span two financial years as follows :
 - 2014/15 £500,000
 - 2015/16 £500,000
- 4.8 All appropriate budget adjustments will be made.
- 4.9 As the proposed funding above is to be governed via funding agreement, officers are reminded to ensure that they liaise with both the Legal and Finance Teams in the preparation and execution of the funding agreements. In addition, the monitoring of the funding and associated payments must be line with the Authority's Funding Agreement Toolkit.

Officers will be responsible for assessing CITB's grant claims against the funding agreement and taking any remedial action should output and costs vary from the agreement. The funding agreements should clearly state milestones to be met in order to claim funding.

Officers should also ensure that the requirements relating to the Authority's Contracts and Funding Code are met.

- 4.10 Any changes to this proposal must be subject to further approval via the Authority's decision-making process.
- 4.11 The Economic and Business Policy Unit within the Development, Enterprise & Environment Directorate will be responsible for managing this project and associated funding agreement.

5 Legal comments

- 5.1 Sections 1 – 4 of this report indicate that the decisions requested of the Mayor in accordance with the GLA's Contracts and Funding Code fall within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
 - pay due regard to the principle that there should be equality of opportunity for all people;
 - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - consult with appropriate bodies.
- 5.2 The GLA's provision of funding to CITB in order to develop an initiative for increasing jobs and growth in the construction industry falls within the principal purposes of the Authority as it promotes economic development in London.
- 5.3 The report indicates that the contribution of £1million to the CITB amounts to the provision of grant funding and not payment for services. Officers must ensure that 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 Contracts and Funding Code.
- 5.4 Officers must ensure that an appropriate funding agreement is put in place between and executed by the GLA and recipient before any commitment to fund is made.

6. Planned delivery approach and next steps

A project manager will be recruited by CITB to oversee the open and competitive tendering by CITB for the services listed above.

The LEP and CITB to agree the programme governance arrangements, including frequency of steering committees and progress reporting to the LEP / CITB.

The LEP and CITB to assess and approve organisations that are successful in the tendering round, before contracts are issued.

Project manager will oversee contract delivery, reporting to LEP and CITB officers responsible for the joint investment programme.

Activity	Timeline
Complete GLA approval process – MD & Grant Agreement	May 2014
Drafting of Specifications	May 2014
Recruitment of Project Manager	June 2014
Issue ITT through CITB procurement team	June 2014
Contracts Awarded	July/August 2014
Projects commence	September 2014
Project evaluation commences	September 2015
Project closure / evaluation published.	March 2016

Appendices and supporting papers:

IPB Cover Report
IPB Stage 1 & 2 paper
LEP Minutes approving spend
CITB original proposal

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:

MICHAEL HEANUE 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:

MARK KLEINMAN 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:

KIT MALTHOUSE 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

Date

CHIEF OF STAFF:

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

Signature

Date