

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2365

Title: Skills for Londoners Capital Fund – South Bank Colleges, Nine Elms STEAM Centre (NESC)

Executive Summary:

Skills for Londoners Capital Fund – South Bank College Nine Elms STEAM Centre (NESC) was presented to the London Economic Action Partnership (LEAP), the Local Enterprise Partnership for London on 18th September 2018, which endorsed the project. The funding for the proposed project will be allocated from the FE Capital Fund via the Skills for Londoners Capital Fund which now replaces it. The overall level of the Fund was approved by MD1420, which delegated approval of allocations to individual projects to the Executive Director of Development, Enterprise and Environment.

Following endorsement from LEAP Board on 18 September 2018, this paper seeks a decision on investment for The Nine Elms STEAM Centre (NESC) for £19,652,481 in capital grant to South Bank Colleges.

Decision:

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

Expenditure of up to £19,652,481 grant funding to South Bank Colleges as a contribution to its costs of the Nine Elms STEAM Centre (NESC) project.

AUTHORISING DIRECTOR

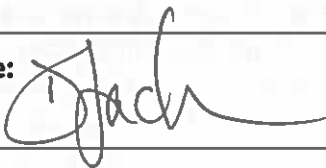
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Debbie Jackson

Position: Executive Director,
Development, Enterprise and
Environment

Signature:



Date:

10/06/19.

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

Previous FE Capital Fund

- 1.1 The FE Capital Fund was the predecessor to the now Skills for Londoners Capital Fund (the Fund) with both delivering capital development for the Further Education Sector. Lambeth College were previously granted LEAP funds as detailed in 1.2 below. The overall level of the Fund was approved by the Mayor under cover of MD1420 in August 2017, (and under cover of which the Mayor also delegated the approval of allocations to individual projects to the Executive Director of Development, Enterprise and Environment and the approval of the GLA's receipt and expenditure of £55m for 2015/16 and £65m for subsequent rounds of FE Capital funding).
- 1.2 Lambeth College were previously allocated £22,254,955 from the FE Capital Fund in DD1467 in March 2016. Due to project issues and financial difficulties which lead to the college being put into special measures by the Education and Skills Funding Agency (ESFA) the project then went on hold. It was agreed between Jules Pipe, Deputy Mayor for Planning, Regeneration and Skills for the GLA and Lambeth College, that the college would withdraw from the project and reapply once they were in a stronger financial position and resolved other issues. The College spent £2,602,474 before the original project was terminated. The remaining £19,652,481 of FE Capital Funding was to remain ringfenced in the FE Capital budget.

Merger

- 1.3 Lambeth College has transferred its business, property, rights and liabilities to South Bank Colleges a wholly owned subsidiary of London South Bank University (LSBU). This has provided the stability and financial security vital to deliver the required Structure and Prospects Appraisal for the Education and Skills Funding Agency.
- 1.4 To complete the merger the ESFA laid a Statutory Instrument before Parliament on 11th October 2018. The Secretary of State for Education made the Order which came into force on 31st January 2019. LSBU has established South Bank Colleges as a charitable company limited by guarantee (which was designated as a further education institution by the Secretary of State for Education on 31st January 2019) and Lambeth College is to be dissolved. All assets and liabilities were passed to the new merged entity; the final details, including arrangements for the pension fund, have been clarified. Lambeth College have had access to the existing Restructuring Facility funds up to the point of dissolution, after which the balance of funding became available to the new merged entity.
- 1.5 The GLA will now enter into a funding agreement with South Bank Colleges. A letter and constitutional document outlining the new entity has been received and the corporation of Lambeth College will dissolve transferring the Business together with its property rights and liabilities to South Bank Colleges as set out in the Transfer Agreement. However, in line with the protocols for the Fund, South Bank Colleges will require planning permission before any funds can be claimed by the organisation.

2. Objectives and expected outcomes

- 2.1 Lambeth College submitted a new application for the NESC project in June 2018 under the new requirements for the Skills for Londoners Capital Fund. The college currently has three principal sites; Clapham, Brixton and Nine Elms. The site at Nine Elms dates back to the 1950's and is in desperate need of redevelopment and is some of the poorest quality estate seen on the programme. Any refurbishment to date has been unsuccessful because of the age of the property which is currently at Condition D – 'Inoperable or serious risk of major failure or breakdown'. The Nine Elms site provides a much-needed resource to the community and is at the centre of a key strategic growth area. The first phase of development of NESC will focus on technical routes including Science, Engineering, Construction, Dental Technologies, Creative and Digital industries which is in line with LEAP priorities.
- 2.2 The application has been assessed by a moderating panel of GLA Officers from across the organisation to consider value for money, sustainability, design and financial standing. The application will deliver a greatly improved provision for learners; provide good value for money and redevelop a significantly poor campus to provide high quality facilities which are greatly needed. The application has also passed through a full due diligence process with our external cost consultant, ARUP. The GLA therefore proposes to award a grant to South Bank Colleges of up to £19,652,481. A funding agreement will be put in place between the parties.
- 2.3 South Bank College's Nine Elms programme will deliver a 10,000 m² new build constructed between 2019 and 2021 on the site of the existing Lambeth College Vauxhall Centre in Nine Elms, which has been unoccupied since 2016 because of its poor condition. The NESC will support the modernisation of Lambeth College's previous curriculum and its contribution to the local economy. South Bank College will offer a curriculum mix of construction, engineering, science, dental technologies, digital and creative industries plus and English and maths. Key objectives include:
- **10,000 m²** of new teaching and learning space;
 - **831** learner number growth per year;
 - **2,500** learners benefiting from NESC each year;
 - **74** new flexible teaching spaces;
 - **418** new apprenticeships per year;
 - **32** new teaching jobs a year;
 - Removal of **16,000 m²** of poor-quality teaching space; and
 - **95** new homes - **40%** of which will be affordable.
- 2.4 Future phases of development which are outside the scope of this funding agreement, will be consolidating remaining provision at the Nine Elms from the Clapham campus which comprises a mixture of tired 1950s buildings and a 2015 new-build block at the rear of the site. Brixton is a small satellite campus and doesn't require development. At Nine Elms a further 14,500 m² of new facilities will be developed using the receipt of land disposals for residential development.

3. Equality comments

- 3.1. The GLA is required, in the exercise of its functions, to have due regard to the need to:
- a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2. In the context of the Fund, the Mayor's Equality, Diversity and Inclusion Strategy launched in March 2018 includes the following relevant objectives:

- a) Many more people of all ages progressing in learning to reach their full potential;
- b) Ensuring all Londoners and London's businesses can access the skills they need to succeed;
- c) Promoting social integration and contact between different groups and tackle the inequalities that exist which prevent people from being active citizens;
- d) More young people having the knowledge, skills and life experiences to succeed;
- e) Reducing the number of jobless young people;
- f) London being a city where people of every background feel connected with each other and can realise the benefits of London's diversity; and
- g) Creating greater equality, diversity and inclusion (which includes gender parity in terms of career outcomes and greater social mobility within professions).

- 3.3. The South Bank Colleges, NESC project through the SfLCF application process has been required to reflect the diverse needs of all learners and help to reduce the disability, gender and race employment gaps in addition to meeting the Public Sector Equality Duty. This encompasses integration of the Accessible London Supplementary Planning Guidance and Policy D3 of the draft London Plan (both of which support the latest inclusive design standards BS8300-1:2018 and BS8300-2:2018).
- 3.4. Similarly, this project has been requested to reflect sensitive place-based proposals that benefit the wider community and positively contribute to the vitality and attractiveness of the area. This may be in the form of additional benefits being realised beyond the standard teaching periods or the main target groups (e.g. facilities accessible during summer hours or to community groups / social enterprises / those working full-time).
- 3.5. The LEAP Delivery Team work with delivery partners to target investments in places with the greatest potential to secure inclusive jobs and growth opportunities and ensure all investments promote equality, diversity, inclusive opportunities and services. As part of the application Lambeth College were required to demonstrate how they give due regard to the requirements of the Public-Sector Equality Duty Act and how they will integrate relevant equality, fairness and inclusion considerations into all areas of delivery. They will also be required to foster good relations between persons who share a relevant protected characteristic and persons who do not share it in the delivery of funded projects. This will be reinforced by the requirements set out in the funding agreement of any successful project.
- 3.6. The GLA Health, Community and Diversity team have provided specialist comments on the equality and diversity aspects of this project. These will be fed back to the projects for them to improve upon where appropriate.
- 3.7. In the event that the conduct of a partner is believed to constitute a breach of the Equality Act 2010, the GLA Regeneration Team reserve the right to terminate the funding agreement and, in the GLA's discretion, claw back funding.
- 3.8. Post project completion, project partners are required to submit detailed monitoring and evaluation of outputs. Information returns include Independent Learner Record (ILR) data to ensure that outputs can be monitored to deliver outcomes for relevant protected characteristics, for example support for SEND learners.

4. Other considerations

a) Risks

- 4.1 There is a risk planning permission may not be approved, The LEAP Delivery team will continue to work with South Bank Colleges, London Borough of Lambeth and GLA Planning as necessary to ensure the college have sufficient dialogue in their planning application process. In line with our

funding rules the LEAP Delivery Team will not release any funding to the college until planning consent has been given.

- 4.2 A programme level risk is the uncertainty of what Brexit deal will be agreed and how this will affect our investments and the NESC project. GLA Officers are working with colleagues internally and externally to gather further feasibility and research regarding potential delivery risk and how to mitigate this. If this becomes an issue GLA Officers will work with the project to reduce the impact on spend of GLA grant.
- 4.3 The Growth Deal allocation where this funding comes from is due to complete spend by March 2021. Government has acknowledged that LEAP would be endorsing a programme that has spend profiled later than 2021 to enable the commitment of the remaining Growth Deal allocation, and this includes this NESC Project. Whilst there is no formal Government position on spend post 2020/21, the Cities and Local Growth team have been informed of the programme profiles we are seeking endorsement to spend after this date through ongoing liaison with them.

b) Issues for Consideration

- 4.4 Lambeth College has already incurred costs of £2,602,473. This will be reflected in the new funding agreement which will only provide a total of £19,652,481 as costs incurred have contributed to the development of this project. The previous funding agreement for FE Funding with any funds paid has been closed via a Notice of Termination.
- 4.5 As part of the application for funding, LSBU have indicated they will underwrite the applicant funding in order to manage cashflow through the project build of phase 1. This will be returned through land receipts generated through the associated land disposals for residential development. The funding agreement will be with 'South Bank Colleges' and as under the merger proposals, LSBU will have absorbed the college. The university have confirmed that they have the necessary reserves to underwrite the applicant match for the project.

c) Issues raised by the LEAP Investment Committee and LEAP Board

- 4.6 The LEAP Board met on 18 September 2018 after the application for NESC had been evaluated but prior to any formal endorsement. The following are some of the questions raised by the LEAP Board and the answers have been shared as part of the LEAP meeting follow up process.
- 4.6.1 The LEAP Board asked why Lambeth College was put into 'special measures' by the Education and Skills Funding Agency (ESFA).

In early 2016 the college was given a notice of financial concern which was issued by the ESFA. In addition, an Ofsted inspection in November 2016 judged the college to require improvement; this judgement and the accompanying report was heavily impacted by the financial condition and weak senior leadership in 2015/16.

Subsequent FE Commissioner reviews and the strategic decision to become part of the LSBU have acknowledged the positive impact of changes in senior leadership, refreshed governing body and improved controls both in finance and quality assurance.

- 4.6.2 A question was raised by the LEAP Board as to whether the new college will be a Science Technology Engineering and Maths (STEM) college, or a Science Technology, Engineering, Arts and Maths (STEAM) college?

The centre contains digital arts provision and combines science, dental and digital technology, engineering and construction, digital arts and maths and English. The college is happy to adopt the nomenclature of Nine Elms STEAM Centre should it be requested as arts and creative learning is a key feature of their offer.

- 4.6.3 Further questions included the relationship of South Bank Colleges with local and national businesses (including SMEs) and the impact of the move to existing learners in Clapham. Employers have been integral to the NESC project and the college aims to deliver an employer-led curriculum, to ensure it is designed to meet current and future industry needs and business community support is shown by over 30 letters of support and large employers such as Kings College, and the Lambeth BID, Clapham BID respectively and the South Bank Employers Group.

Options to consolidate the remaining curriculum activities at Clapham have been considered as future phases of the redevelopment upon completion of phase 1. In the college's outline estates strategy, they show an option for retained education space that keeps the 2004/05 BDP designed education building on the site.

d) Links to Mayoral strategies and priorities

- 4.7 The South Bank College's NESC Project will deliver a high-quality learning and training environment through the development, modernisation and rationalisation of facilities and as necessary and has been subject to a design review soon after the project received LEAP endorsement. Reviews were undertaken by the independent panel of Mayor's Design Advocates.
- 4.8 Investment at The South Bank College's NESC Project will contribute to the Mayor's and LEAP's drive to make London a better place in which to live and work and to visit, through delivery approaches that secure the highest levels of social, economic and environmental value.
- 4.9 The South Bank College's NESC Project aligns well to the proposed Skills for Londoners Strategy. Officers from Skills and Employment Team have evaluated the project and confirmed that they align with the key priorities set in the Strategy.
- 4.10 The South Bank College's NESC Project also aligns with relevant policies of the draft London Plan and contributes positively to the Mayor's planning objectives relating to Design (Chapter 3), Social Infrastructure (Chapter 5), Green and Sustainable Infrastructure (Chapters 8 and 9), transport (Chapter 10), affordable housing (Chapter 4, Policy H6 and H7) and the Mayor's Affordable Housing and Viability Supplementary Planning Guidance.
- 4.11 In alignment with the London Environment Strategy, The South Bank College's NESC Project is supporting the highly ambitious projects, integrating creative solutions to environmental sustainability interventions and demonstrating how they align with the Mayor's environmental priorities. Funding requirements under the SfLCF programme requested projects to be ambitious and achieve the maximum environmental and practical benefits of sustainable design by meeting BREEAM 'Outstanding' for new build projects and 'Excellent' for refurbishment projects.
- 4.12 The South Bank College's NESC Project supports the diverse needs of all learners and help to reduce the disability, gender and race employment gaps in addition to meeting the Public Sector Equality Duty and are in alignment with Equality, Diversity and Inclusion Strategy.
- 4.13 The Economic Development Strategy (EDS) priorities are supported by the project as it plans to engage and collaborate with local businesses, employers and local authorities to support the creation of jobs within the local area and the delivery of training to support growth sectors.

e) Consultations and impact assessments, including data protection

- 4.14 The South Bank Colleges NESC project has delivered four consultations with the local community to date, all of which have been positive. An impact assessment was carried out prior to the project submitting an application for funding and the results were shared within the application. An independent panel of architects and specialists have also tested the projects impact of the project through the Mayor's Design Review and recommendations made to the project. Officers will have to comply with GDPR legislation as part of the grant funding agreement.

5. Financial comments

- 5.1. Since the endorsement of the project by the LEAP Board in September 2018 the new college entity has been established as a subsidiary of London South Bank University. The university is financially stable and as part of the statutory approval process the financial sustainability of the new entity would have been demonstrated to the Education and Skills Funding Agency for on-going grant funding and also to Lambeth College's bankers who have outstanding loans which have transferred to the new entity.
- 5.2. The project is a significant financial undertaking and South Bank Colleges will be required to provide any cashflow funding through the project build and as part of the new college entity's match funding requirements. However, London South Bank University has indicated it would provide this funding, if necessary, from its own reserves. There is allocated capital funding of £19.6 million within the Skills for Londoners budget which it is estimated will be incurred as follows: £4.0 million in 2019-20; £12.3 million in 2020-21; £2.9 million in 2021-22; and £0.4 million in 2022-23. The provision of this will be underpinned by a grant agreement and no funding can be drawn down until planning permission is in place.

6. Legal comments

- 6.1 Section 30 of the Greater London Authority Act 1999 (as amended) ('GLA Act') gives the Mayor (and here the Director by virtue of the Mayor's delegation of authority under cover of MD1420) a general power to do anything which he considers will further one or more of the principal purposes of the GLA. The principal purposes, as set out in section 30(2), of the GLA Act are:
- Promoting economic development and wealth creation in Greater London;
 - Promoting social development in Greater London; and
 - Promoting the improvement of the environment in Greater London.
- 6.2 Section 34 of the GLA Act, which allows the Mayor to do anything which is calculated to facilitate or is conducive or incidental to the exercise of any of his functions, and the Mayor's powers under section 38 of the GLA Act to delegate to any member of staff functions of the GLA that are exercisable by him, and the foregoing sections of this form indicate that the decision requested falls within the above statutory powers of the GLA exercisable by the Executive Director – Development, Enterprise & Environment.
- 6.3 The decisions requested of the Director concern the exercise of the GLA's general powers, falling 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.
- 6.4 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 and foster good relations 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 (section 149 of the Equality Act 2010). To this end, the Director should have particular regard to section 3 (above) of this report.

- 6.5 Sections 1 and 2 of this report indicate that the contribution of up to £19,652,481 to South Bank Colleges amounts to the provision of grant funding and not payment for works. Officers must ensure that: the funding is distributed fairly, transparently, in accordance with the GLA's equalities policy and in manner which affords value for money in accordance with the GLA's Contracts and Funding Code; and an appropriate funding agreement is put in place between and executed by the GLA and recipient before any commitment to fund is made.

7. Planned delivery approach and next steps

Activity	Timeline
Directors Decision	June 2019
Grant agreement signed	June 2019
Delivery starts	June 2019
Construction completion	April 2021

Appendices and supporting papers:

None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) 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 it has been approved 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:

Publication of this paper prior to the execution of the funding agreement would impact adversely upon the GLA's ability to put that agreement in place efficiently.

Until what date: (a date is required if deferring) 31st July 2019

Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included 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:

Karen Brar has drafted this report in accordance with GLA procedures and confirms the following:

✓

Head of Service:

Patrick Dubeck, Interim Head of Regeneration 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

This decision was agreed by the Corporate Investment Board on the 10 June 2019

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Bille

Date

10.6.19

