

PART 2 – CONFIDENTIAL FACTS AND ADVICE

ADD2357

Title: HeadStart Action 2019-22

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

This information is not suitable for publication until the stated date because:

The information contained is not within the public domain and was provided to the GLA in confidence to assist it to conduct due diligence activity on The Challenge Network to address concerns over the award of the funding proposed in light of the content of the press reports noted in the main body of this part 2 report. It is considered that the publication of such information would prejudice the commercial interests of The Challenge Network and impact adversely upon the provision of critical support to young people in disadvantaged areas of London which is not in the public interest.

Date 31st July 2020 -Please contact Alice Wilcock before publication due to on going commercially sensitive information

Legal adviser recommendation on the grounds for not publishing information at this time:

In the event of any request for access to the information contained in this document under section 1 of the Freedom of Information Act 2000 ("the Act") it is considered that access may be denied on the basis that the disclosure of such information risks prejudicing the commercial interests of The Challenge in continuing to operate competitively upon the market upon which it operates, as its release would provide bodies from whom funding and/or contracts may be sought with knowledge of its financial profile and funding pipeline thereby impeding the effectiveness with which The Challenge can secure and manage the same.

Therefore, the exemption from release of the information set out in part 2 of this report is covered by section 43 of the Act.

Section 1 of the Act creates the general right of access, which provides that any person making a request for information to a public authority is entitled:

- to be informed in writing by the public authority whether it holds information of the description specified in the request; and
- if that is the case, to have that information communicated to him/her.

Part II of the Act contains a number of exemptions from disclosure for certain classes of information. In particular, section 43 of the Act provides that information is exempt information, if its disclosure under the Act would, or would be likely to prejudice the commercial interests of any person (including the public authority holding it). The paragraph above states that the information could be considered commercially sensitive, as its release could affect the commercial interests of applicants for and the proposed recipients of GLA funding and the ability of the GLA to secure best possible outcome in respect of funding it awards, and therefore, is covered by the exemption under section 43 of the Act. The Section 43 exemption is a qualified exemption and, accordingly, its valid use is subject to a public interest assessment.

Public Interest Assessment

On balance it is considered that the public interest is best served if the information is not disclosed at this point. As noted above, disclosure by the GLA could, as explained above:

- have a detrimental effect on the commercial interests of The Challenge;
- affect The Challenge's ability to operate effectively, thereby impacting adversely its ability to continue to provide critical support to young people aged 14-18 in disadvantaged areas; and
- impact adversely on the GLA's ability to optimise value for money in its award of funding to The Challenge Skills for Londoners Capital funding.

For these reasons, it is considered that the information below is exempt from publication in reliance upon the exclusions contained in section 43(2) (commercial interests) of the Act and because the public interest in withholding the information outweighs the public interest in releasing it.

Legal Adviser - I make the above recommendations that this information is not suitable for publication at this time.

Name: Stephen Fernandes-Owen, TfL Legal

Date: 30 August 2019

Once this form is fully authorised, it should be circulated with Part 1.

Decision and/or advice:

The GLA has a pre-existing Team London funding agreement with value of up to £245k with The Challenge, running in the 18/19 and 19/20 financial years. Team London wish to enter into a Funding Agreement for a further £420,000 over the next three financial years.

Press reports have indicated that the Challenge has not secured the contract for the future delivery of the National Citizens Service and as a result of this 400 out of their 450 staff will be losing jobs.

Upon hearing these reports Team London began a review of possible implications of this development on both our current and the future work for which this ADD requests approval. This included consideration of best and worst case scenarios, as well as required actions and implications should these occur. Multiple conversations and a meeting were held with The Challenge. In addition the GLA finance team have completed a credit check and taken into consideration the below information and concluded that the organisation is low risk and we are able to continue to fund them.

The above activity has resulted in the provision to the GLA, by meeting with The Challenge, of further information that is not currently in the public arena which has been scrutinised by officer and has given us confidence to proceed with the programme.

- The Challenge are expecting 2019 closing reserves of ~£6m, a healthy amount for a new organisation of c. £2m turnover.
- The high level of reserves will provide a strong liquidity buffer as operating in the new contractual world evolves.
- In 2020, TCN has a confirmed DfE contract valued at £598k in year (£1.3m contract over two years with the potential extension for a further year), alongside £350k corporate funding towards HeadStart (secure and very likely based on continued support from partners at the same level for between three

and five years) and £36k funding secure through Lendlease to support HeadStart Action in Southwark in 2020.

- Every year The Challenge fundraise a further ~£350k to operate HeadStart (the original programme, with which the GLA are no longer involved) at the current scale, which they began in 16/17.
- HeadStart has covered its central overhead and support costs (facilities, HR, finance etc) since 2014 (following a pilot programme in 2013). It is also not reliant on central marketing, safeguarding, inclusion or comms support, with all functions being held within the HeadStart team. National Citizens Service work operated as a separate team.