GREATER**LONDON**AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2181

Title: Good Growth Fund – Round 1 Development Funding

Executive Summary:
The Good Growth Fund will create an overarching regeneration programme to be delivered through the London Economic Action Partnership (LEAP). It will provide 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 Paces and Growing Prosperity.

Under MD 2163, the Mayor delegated approval of detailed funding allocations to the Executive Director of Development, Enterprise and Environment, in consultation with LEAP.

A total of 205 eligible expressions of interest were received, for the first round of the Good Growth Fund programme, with a total ask of £272,957,742. The assessment process has generated a recommendation for each of these projects – which was endorsed by LEAP Investment Committee on 8 November 2017.

The Executive Director is requested to approve recommended Round 1 (revenue) expenditure of up to £1.04m for development funding.

Decision:

That the Executive Director of Development, Enterprise and Environment approves expenditure of up to £1.04m (revenue) as a contribution toward 19 Good Growth funding applicants' costs of developing their project proposals.

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 of Development, Enterprise and Environment

Signature:

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

1.1 London has available £67.183m Growth Deal 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 Under MD2163 the Mayor approved up to £6.088m revenue support funding. Good Growth Fund revenue support funding will be targeted to build a balanced programme with the specific aim of ensuring that the range of objectives set out in the prospectus are achieved across London's geography. Three categories of support will be offered to support the development of a balanced programme:

a) *Development Funding* - to provide Good Growth Fund applicants with support in meeting their project design and development costs including feasibility, viability, business planning and commercial/property advice to demonstrate need, improve quality and shape and influence the delivery of targeted outcomes, with a view to submitting a full funding bid down the line.

b) *Research and Evidence base* - to support a series of research commissions which inform and influence the direction and emphasis of funding calls over the lifetime of the programme.

c) *Due Diligence* – to support the GLA in undertaking technical assessment of grant funding and loan applications. This will include advice on property, valuation, cost/value for money and sustainability.

1.3 Revenue support funding will sit alongside other means of support including, help from GLA officers within the Regeneration or other GLA teams, support from colleagues external to the GLA, but identified through other networks and consultant time from the Specialist Assistance Team (SAT is a pre-procured panel of 47 consultants and 6 borough officers, spanning 16 areas of expertise).

1.4 Development Funding will be allocated either as a result of an assessment of applications though the regular open calls proposed for the fund (as in this case) or, where applications emerge outside of the application process which further meet the aims of the programme, these will be considered on a case by case basis, subject to State Aid constraints.

1.5 A total of £3.658m has been indicatively allocated at a programme level to support applicants in the development of their project proposals. This report seeks approval for a recommended allocation of up to £1.04m to support 19 Round 1 applicants in the development of their project proposals.

1.6 The recommended list of projects for Development Funding, attached at Appendix 1, has resulted from the broader open call for projects under the Good Growth Fund. The bids were evaluated and moderated which resulted in four potential outcomes: (1) invitation to submit detailed application, (2) pipeline (to receive feedback and potentially resubmit through a future round), (3) Development Funding and (4) unsuccessful. This paper seeks approval to commit expenditure against the development funding category. A subsequent Director's Decision will bring forward a recommendation for the project bids to receive funding following the detailed application stage.

2. Objectives and expected outcomes

2.1 There are three areas where revenue support funding will likely be targeted, addressing need and maximising opportunity, encouraging citizen led regeneration and promoting innovation. The aim of this is to ensure delivery of a balanced programme – by proactively supporting under represented themes, actions, places or communities.

2.2 *Addressing Need and Maximising Opportunity*: Historically regeneration funding from the GLA has been distributed following an open call and an assessment of applications submitted, with the highest scoring applications being approved for funding. Concerns have been raised that because proposals were not equally strong from all areas of London this resulted in programmes that did not address need or take best advantage of opportunity. This concern has been addressed on previous programmes through the establishment of a commissioning fund to redress this imbalance with funding targeted at emergent projects identified outside of a bidding process that address the cross cutting aims of the Mayor's regeneration programmes. Revenue support falling into categories A and B above will allow this approach to be continued.

2.3 As noted at 1.1 above, the Good Growth Fund has reinforced this approach stating clearly in the prospectus that 'in making funding decisions we will assess how applications map across stated priorities and London's communities to deliver a balanced programme of exemplary projects'.

2.4 *Developing Proposals:* Proposals will be scoped jointly with applicants and/or other appropriate stakeholder organisations and where possible match funding will be sought, although this will not be a pre-requisite.

2.5 *Encouraging Citizen Led Regeneration*: The Good Growth fund is open to a broad range of public, private and third sector partner organisations including: London boroughs, sub regional partnerships, town teams, business improvement districts, workspace providers, community groups, social enterprises, small and medium enterprises and charities that want to drive regeneration in their local area. The programme has deliberately targeted a broadening of the range of organisations that should receive funding from the GLA. It is likely though that smaller organisations and those less used to dealing with public sector processes will need support to develop their ideas fully. Revenue support would provide additional help to support these organisations and could include support from category A, B and C, alongside other sources, such as GLA officers and SAT mentioned above.

2.6 *Promoting Innovation*: One of the seven activities to be funded through the Good Growth Fund is driving innovation. The programme should provide opportunities to test and pilot new ideas. Category A Revenue Support Funding might be used to help test the feasibility of an idea, particularly an idea that is moving into an experimentation and/or commercialisation stage, while category B funding might support generation and testing of innovative solutions to a specific problem. Depending on the development phase of the project Category A or Category B funding, or other sources of support, might be used to explore the potential for collaboration between different stakeholders working on similar initiatives. Revenue Support Funding would allow proposals to be developed with partners ahead of any full project investment.

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

a) key risks and issues
Project development work may not lead to the definition of projects which would succeed in securing support from future rounds of the Good Growth Fund. Officers will be clear with applicants that provision of development funding does not indicate automatic approval of future bids.

b) links to Mayoral strategies and priorities
The investment supports 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 recommended development funding allocation will specifically target fairness and equality by proactively supporting under represented themes, actions, places or communities as part of developing a balanced programme of exemplary projects. 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.

c) impact assessments and consultations
The Good Growth Fund prospectus was developed following consultation with LEAP. The assessment process, for all 205 EOIs 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, to assess the proposals in respect of the Public Sector Equality Duty and to add to the understanding of specific sectors. The process generated a recommendation for each project – which was endorsed by LEAP Investment Committee on 8 November.

5. Financial comments

5.1 The funding of up to £1.04m for this proposal will be funded from within the £6.088m revenue budget provision allocated for the Good Growth Fund approved by MD2163.

5.2 The applications are from a range of organisations, including London borough councils, registered charities, community groups and private businesses. Before funding agreements are finalised between the GLA and each of the organisations, checks on the financial position and standing of organisations that are non-public sector bodies will be undertaken. For organisations which are not registered companies or charities, assurances will have to be sought directly from the organisations. Funding agreements will need to ensure only eligible expenditure relating to development support is funded by the GLA.

6. Legal comments

6.1 The foregoing sections of this report indicate that:

6.1.1 the decisions requested of the director 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 the making of investments where for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs; 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 have indicated that that the contribution of funding to Deep Science Ventures Limited will amount to an investment by way of the provision of (repayable) funding and not a payment for services to be provided and must ensure that:

6.3.1 the proposed funding is disbursed in a fair and transparent manner in accordance with the GLA's Contracts and Funding Code; and

6.3.2 funding agreements are put in place between and executed by the GLA and successful development funding applicants before any commitment to the funding is made.

7. Planned delivery approach and next steps

Activity	Timeline
Expressions of Interest assessment	Sep-Oct 2017
LEAP endorsement of recommendations	8 November 2017
Notify applicants of Development Funding offer	13 November 2017
Commence development support programme	November-Dec
Launch second and subsequent bidding rounds at 12 month intervals or more frequently	2018 onwards
Interim programme evaluation	Sept 2019
Programme closure	March 2021
Final programme evaluation	Sept 2021

Background Documents

MD 2163 Good Growth Fund

LEAPIC Good Growth Fund Recommendations paper

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: Publication of the decision prior to the entry into development funding agreements would prejudice the effectiveness with which the GLA can administer the scheme and therefore, impact adversely upon the GLA's ability to secure value for public monies thereby prejudicing its commercial interests. Until what date: 30 April 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 – NO**

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: Louise Duggan 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 13 November 2017.	

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature M. D. Cole **Date** 13.11.17