

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2285

Title: Mayor's Construction Academy (MCA) and Careers Campaign

Executive Summary

This decision seeks approval of expenditure which supports the Mayor's manifesto commitment (and the allocation of budget which was approved under cover of MD2363) to create a Construction Academy with the housebuilding industry. It follows a successful application to the business rates retention pilot to:

- Expand the Mayor's Construction Academy (MCA) offer to deliver a greater number of outputs and outcomes;
- Expand the offer to support wider infrastructure skills needs; and
- Deliver a Mayoral campaign focused on promoting careers with a particular focus on the construction industry to run alongside delivery of the MCA.

This support package links to a wider offer being developed with Housing and Land, which includes a construction skills demand planner and new approach to local labour requirements.

The Mayor delegated authority to the Executive Director for Development, Enterprise and Environment to grant the detailed project level approval of this strategic investment project.

Decision

This decision requests that the Executive Director of Development, Enterprise and Environment approves the expenditure of £3.2m (of funding approved under the Business Rates Retention Pilot) comprising:

- £2.2m to increase the total revenue spend on the Mayor's Construction Academy and to widen this project to support a greater number of outputs and outcomes, including support for the infrastructure sector; and
- £1m on the Mayor's careers campaign.

AUTHORISING DIRECTOR

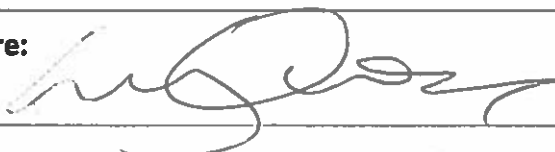
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Lucy Owen

Position: Executive Director for Development, Enterprise and Environment

Signature:



Date:

17/10/18
18/10/18

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 In his manifesto, Sadiq Khan pledged to “establish a construction academy scheme with the housebuilding industry, to close the gap between our ambitious housing targets and the need for more skilled construction workers in London”. Tackling the housing crisis in London is one of the Mayor’s top priorities, and there is a widely shared acceptance that there needs to be an unprecedented increase in housing delivery in London to address the shortage of housing in the capital, in particular affordable housing. The draft London Plan identifies a need for 66,000 new homes each year, but there is concern that the construction sector currently lacks the capacity to deliver the scale of homes now needed. A key part of any solution to this problem must be an approach to increasing the skills base of the sector and this approach must be designed to ensure it meets the needs of construction employers.
- 1.2 The Mayor’s Construction Academy (MCA) project aims to: improve the supply of skilled construction workers required by the sector and thereby create more opportunities for Londoners to benefit from the available work opportunities in the construction industry; scale up and extend what initiatives are already working well across the capital to train Londoners in the skills they need to enter into and progress in careers in the construction sector; and intensify local engagement, particularly between SMEs and construction skills training providers.
- 1.3 The Mayor approved (under cover of MD2213) the following expenditure on the MCA:
 - £7.2m capital funding from the Growth Deal 3 for premises refurbishment and/or equipment for construction skills related training; and
 - £1.8m revenue funding.
- 1.4 In addition, the construction industry suffers from a poor public image and reputation, and there are considerable gaps in and challenges with the skills and training system delivering industry-relevant skills. The Government’s Construction 2025 strategy and the Farmer Review both highlight the need to tackle the industry’s poor image and reputation. Data from the CITB also shows that the overall appeal of the construction industry as a career option for young people is low, while 35 per cent of career advisers believe a career in construction is unattractive.
- 1.5 The Homes for Londoners Construction Skills Sub-group made a number of recommendations in its report including the need for the Mayor to lead a campaign on construction skills to ensure the industry is seen as a positive career choice in the capital. This campaign will focus on housing and highlight the benefits of working in the industry. The report recommends that the campaign be targeted at those currently underrepresented in the construction workforce including women, young people and those from a BAME background.
- 1.6 The Business Rates Retention Pilot (BRRP) therefore, provided an ideal opportunity to put forward a proposal that further supports the development of the MCA alongside a careers campaign with a particular focus on construction which will aim to attract and train people from all backgrounds in industry relevant construction skills with a particular focus on Londoners currently underrepresented in the construction workforce. This includes women, young people and those from a BAME background.

2. Objectives and expected outcomes

Expansion of the MCA

- 2.1 The MCA will address the industry skills challenges described above by:
- Improving the supply of skilled construction workers in line with industry needs;
 - Scaling up and/or extending what initiatives are already working well across the capital to train Londoners in the skills they need to enter into and progress in careers in the construction sector; and
 - Intensifying local engagement, particularly between SMEs and construction skills training providers.
- 2.2 Access to additional funding through the Business Rates Retention Pilot (BRRP) will enable an increase in the number of outcomes to be delivered through the MCA and also enable the scope to the current activity (as specified in MD2213) to be widened to include the broader construction infrastructure required to support housing growth. The GLA is continuing to develop the London Infrastructure Mapping Application to accurately capture and communicate London's development and infrastructure delivery pipeline, which can contribute intelligence towards delivering the MCA.
- 2.3 With the additional £2.2m secured through the BRRP City Hall will significantly increase the outputs/outcomes of the MCA to deliver a further:
- Employers engaged across all hubs; (300);
 - Learners progressing into employment or an apprenticeship; (1,500);
 - Learners in 6 months' sustained employment; (700);
 - Learners undertaking work placements; (3,000); and
 - Learners undertaking IAG interventions; (3,000).
- 2.4 Initially, £200k of the BRRP funding will be used to grant MCA hub status to the London Borough of Barking and Dagenham; this applicant was successful in reaching the pass threshold in the first round of MCA revenue funded hub applications, however the initial funding allocation was already fully committed to the other six higher scoring applications.
- 2.5 The remaining £2 million of the BRRP funding will be used to deliver an additional number of outputs/outcomes by either increasing the KPIs agreed with the Round 1 hubs, or by procuring a second round of hubs to address any spatial gaps in coverage achieved through round 1, or through a combination of these options. This decision will be based on evidence drawn from performance of the round 1 hubs in the first six months of the MCA going live.

Careers campaign

- 2.6 The £1m from the BRRP funding will be used to enable a tailored London specific campaign to be delivered to promote careers to Londoners as well as to support and enhance existing initiatives.
- 2.7 There will be a strong construction focus to this campaign. This is due to there being a number of campaigns and initiatives in operation which aim to improve the image of the construction industry, but these are generally national. This campaign will be specific to London and will aim to raise awareness and understanding of construction careers and progression options in order to meet London's homebuilding needs and the wider construction pipeline. The campaign will run alongside the establishment and delivery of the MCA. It will highlight the wide variety of exciting opportunities

within the London construction sector and the benefits of working in the industry through a tailored Mayoral campaign, whilst focusing on the need to build more homes for Londoners. This element of the campaign should be bespoke to meet the specific construction needs of the capital and complement existing national campaigns. Social media is envisaged to form the core of the campaign.

- 2.8 Subject to further discussion with the Marketing team, it is proposed that the impact of the planned construction element of the campaign be measured directly by the number of:
- Visitors to the campaign landing page;
 - Click throughs to information signposted on the campaign web page;
 - Signups on the web page to register for more direct information updates;
 - Number of individuals starting construction apprenticeships and qualifications in London; and
 - Percentage of new entrants from diverse groups.
- 2.9 It will also be monitored through focus groups and surveys of Londoners and employers capturing their perceptions prior to the start of the campaign and towards the end of the campaign to ascertain the level of impact the campaign has achieved.
- 2.10 The careers campaign will also align with the wider Mayor's Skills for Londoners Strategy which aims to enable all Londoners to access the skills training needed to progress both into work and within their careers and meet the needs of London's economy and employers now and in the future through a strategic city-wide technical skills and adult education offer.
- 2.11 Therefore, the campaign will also support, promote and join-up various elements of the Mayor's All Age Careers offer, including Careers Clusters and the expansion of the London Enterprise Advisor Network (LEAN). Through the campaign City Hall will increase the impact of the Mayors existing investments and actions and help to bring about a step-change in the availability of careers support available to Londoners.

3. Equality comments

- 3.1. The Mayor's Homes for Londoners Board seeks to increase the supply of construction skills and thus the supply of housing in London. This will help to address problems such as overcrowding and homelessness, which evidence indicates disproportionately affect specific groups, including black and minority ethnic groups and women. The delivery of high-quality housing will also promote improved health and wellbeing, given evidence of an association between poor housing conditions and poor health.
- 3.2. Increasing the supply of affordable housing will help to alleviate poverty. Specific groups are more likely to experience poverty, including households headed by minority ethnic individuals, young people and disabled people, refugee and asylum seekers, travellers and gypsy groups, and workless households.
- 3.3. By promoting careers in the construction industry, we will see a focus on increasing the participation of underrepresented groups in the industry. Women make up only 13 per cent of London's construction workforce, compared to 44 per cent of all workers in the capital and London's construction workforce is older than the city's overall workforce, with 14 per cent aged 55 or over (compared to 10 per cent overall). In addition, only 19 per cent of London's construction workforce is from a BAME background, compared to 30 per cent of London's workforce overall. The work to open up these employment opportunities to these groups should help to ensure that they have access to the same economic and personal benefits opportunities as others currently do.

- 3.4. The Mayor's policies for housing have been published in the London Housing Strategy and draft London Plan, both of which have been subject to equality impact assessment.

4. Other considerations

a) Key risks and issues

- 4.1. The key risk to the delivery of outcomes through the MCA hubs is that projects are not deliverable. This risk has been mitigated through the bid assessment process, as all expressions of interest and full applications at Stages 2 & 3 have been scored on the basis of information on deliverability and affordability. Any concerns will be tested through due diligence before any decision to fund a project is sought. This will also apply to any future bidding rounds relating to the MCA. In addition, any award of funding will be subject to successful applicants' execution and compliance with a GLA funding agreement, which will require recipients to deliver the full project outputs and benefits by agreed dates. The GLA reserves the right to reduce the funding allocation or claw back previous funding payments if the agreed outputs are not delivered.
- 4.2. It is recognised that the construction careers campaign will take time to develop including the research stage. The official campaign will therefore not be launched until after hub delivery commences. Therefore, the Mayor of London will make an announcement about the MCA and the construction careers campaign at his opening speech at Skill London 2018 in November, and a Mayor's Construction Academy stand is also being organised for this event to form a soft launch. Planning with the marketing teams is also underway.

b) Links to Mayoral strategies and priorities

- 4.3. The MCA supports the priorities set out in "A City for All Londoners" based on the principles of 'good growth' and investment in London's future. It will provide significant support for the construction sector to ensure that London's construction skills system meets the needs of London's employers while supporting all Londoners to access the skills they need to find and progress in work. The expanded MCA will also respond to the Mayor's priority to meet the need for successful infrastructure delivery, including Crossrail 2, the Bakerloo Line Extension, Government's High Speed Two, resolving the aviation question, and improved digital connectivity as top priorities.
- 4.4. The MCA and planned London construction careers campaign align with the Mayor's Skills Strategy which aims to enable all Londoners to access the skills training needed to progress both into work and within their careers and meet the needs of London's economy and employers now and in the future through a strategic city-wide technical skills and adult education offer.
- 4.5. The Mayor's London Housing Strategy also highlights the need to address capacity levels in the construction sector in order to deliver the significant number of new homes that are required in London over the coming years. It identifies a need to ensure that new homes are high quality, safe and support London's shift to a low carbon future. The strategy identifies the MCA and promotion of construction careers as some of the key tools to address capacity levels and ensure that Londoners develop relevant skills which reflect changes in technology and industry practice.
- 4.6. The MCA and planned careers campaign align with the Mayor's Economic Development Strategy with the aims of creating a fairer, more inclusive economy with opportunities accessible for all and developing a new, world-class, fit for purpose, skills and education system that meets the needs of businesses and London's economy.
- 4.7. The funding secured through the Business Rates Review pilot will therefore support delivery of these strategies by enabling significant additional outcomes to be achieved through the MCA as well as delivery of a tailored London specific construction careers campaign to address industry stereotypes and generate a pipeline of MCA learners and skilled construction workers.

c) consultations and impact assessments

- 4.8 The MCA programme has been widely consulted internally with input from the Skills and Employment and the Housing and Land Teams and externally with oversight from the Mayor's Construction Skills Advisory Group (MCSAG).

5. Financial comments

- 5.1 The Mayor approved a £9m budget allocation for expenditure upon the Mayor's Construction Academy (MCA) under cover of MD2213. This comprises of £7.2m capital funding (financed by Growth Deal funding via Government) and £1.8m in revenue funding. In order to further support the MCA programme a further £3.2m will be invested into this programme via revenue funding; £2.2m to go directly to enhancing the aims of the programme originally approved by the Mayor under cover of MD2213 and £1m will go towards the Mayor's Construction Careers Campaign as detailed within the main body of this report.
- 5.2 The additional £3.2m will be funded via the Mayor's Strategic Investment Fund approved by the Mayor under cover of MD2363 (Business Rates Retention Pilot) and will increase the total revenue funding to the programme to £5m. The capital funding for the Programme will remain at £7.2m, thus increasing the total programme funding to £12.2m.
- 5.3 The phasing of revenue expenditure for the programme (given the proposed increase in spend) is summarised below:

	2018-19	2019-20	2020-21	Total
Revenue Expenditure	£m	£m	£m	£m
Mayors Construction Academy (MCA) Hub approved under cover of MD2213	0.6	0.6	0.6	1.8
MCA enhanced Programme	0.4	1.3	0.5	2.2
Mayor's Construction Careers Campaign	0.3	0.6	0.1	1.0
Total Revenue expenditure	1.3	2.5	1.2	5.0

- 5.4 The revenue budget will be increased by £0.7m in 2018-19 and the future budget allocations built into the base budget from 2019-20 onwards (as part of the 2019-20 budget process currently underway).

6. Legal comments

- 6.1. The foregoing sections of this report indicate that:
- 6.1.1 The proposals in respect of which the Executive Director's approval is sought fall within the exercise of the GLA's general powers as they may be considered facilitative of and conducive to the promotion of economic development and wealth creation in Greater London;
- 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 health of persons, health inequalities between persons and to contribute towards achievement of sustainable development in the United Kingdom; and

(c) Consult with the appropriate bodies.

6.2 To the extent that the expenditure proposed amounts to the:

6.2.1 Provision of grant funding officers must ensure that:

- (a) 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; and
- (b) An appropriate funding agreement is put in place between and executed by the GLA and successful applicants before any commitment to fund is made; and

6.2.2 Payment for works, services or supplies officers must ensure that:

- (a) Such works, services or supplies are procured in liaison by TfL's Commercial team and in accordance with the GLA's Contracts and Funding Code; and
- (b) An appropriate contract is put in place between and executed by the GLA and successful bidders before the commencement of such works, services or supplies.

6.3 In taking the decisions requested, the Executive 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 Executive Director should have particular regard to section 3 (above) of this report.

7. Planned delivery approach and next steps

Activity	Timeline
Successful Hub applicants informed	W/C 1/10/2018
Successful Hub applicants formally announced	23 November 2018
Official MCA Hub delivery start date	23 November 2018
Campaign announcement	23 November 2018
Second round of MCA Quality Mark applications	Spring 2019
Second round of MCA Hub funding	Summer 2019
Final evaluation	March 2021
MCA Hub delivery end date	March 2021
Completion of London construction careers campaign	March 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: Disclosure of the information contained in this MD prior to the GLA's:

- entry into and execution of funding agreements may prejudice the commercial interests of the GLA in enabling its award of funding to successful applicants on the optimal terms; and
- completion of any procurement of works, supplies or services may distort genuine competition for the same, may prejudice the commercial interests of the GLA in the securing value for money, which is not in the interests of the public.

Until what date: December 2018 once all grant agreements have been signed by both parties.

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 - NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Sarah Spindler has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Lucy Owen 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 15 October 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allen

Date

16.10.18