

REQUEST FOR DIRECTOR DECISION – DD2490

Title: Richmond and Hillcroft Adult Community College's Surbiton Adult Learning Centre and Community Hub, Sfl Round 2 project – Approval for Scope Changes and Additional COVID-19 Contingency Funding

Executive Summary:

MD2142 delegated authority to the Executive Director, Good Growth to approve detailed allocations of Skills for Londoners Capital Funding (SfLCF), in consultation with the LEAP.

DD2354 approved 17 projects seeking £57.6m funding through SfLCF Round 2 (including £7.2m Mayors Construction Academy), of which £2,827,865 funding was approved for Richmond and Hillcroft Adult Community College's (RHACC) "Surbiton Adult Learning Centre and Community Hub" SfLCF Round 2 project.

As endorsed by LEAP Investment Committee (LEAPIC) on 20 May 2020, uncommitted Sfl funds are to be used as a COVID-19 contingency if required by Sfl projects. In August 2020, LEAPIC endorsed changes in project scope with a revised two-block scheme instead of five-block scheme, and £400k additional funding for the above project, which would draw from this Covid-19 contingency funding.

In accordance with the delegation in MD2142 and following LEAPIC endorsement, this Decision Form seeks the Executive Director's approval for: a change to the project scope and endorsement of an additional £400k of COVID-19 contingency funding for Richmond and Hillcroft Adult Community College's (RHACC) "Surbiton Adult Learning Centre and Community Hub" SfLCF Round 2 project.

Decision:

That the Executive Director, Good Growth approves:

1. An increase of total GLA funding for this project from £2,827,865 to £3,227,865, following LEAPIC endorsement of £400k Covid-19 Contingency Funding; and
2. A change of scope for the project with the development of a revised 2 – block scheme instead of the initial 5-block scheme

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: Philip Graham

Position: Executive Director, Good Growth

Signature:



Date:

15 September 2020

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 Richmond and Hillcroft Adult Community College (RHACC) is an adult and further education college with sites in Richmond and Surbiton. The project is at the Surbiton campus and was endorsed by LEAPIC on 2 April 2019 as part of SfLC Round 2.
- 1.2 RHACC was successful in securing £2,827,865 grant funding for the development of the Surbiton Adult Learning Centre and Community Hub, with RHACC to provide £5,655,732 in match funding. This project would see the development of new college accommodation for students and relocate teaching and residential accommodation into new purpose-built facilities.
- 1.3 However, it has not yet entered into a contract with the GLA due to several factors. These include changes to the Department for Education's (DfE) funding of residential provision, reduced learner demand for residential provision and financial constraints associated with the COVID-19 outbreak.
- 1.4 Since the original 5 – block scheme (three blocks dedicated to teaching and education, and two blocks for residential accommodation) was endorsed by LEAPIC in April 2019, RHACC's future strategy and ability to fund the scheme as per the original bid has been significantly impacted by three interconnected factors: a reduction in forecasted funding for residential provisions from the DfE, declining learner demand for on-site residential provisions and the unprecedented impact of COVID-19 on the colleges' finances, fee revenue and cash reserves. Collectively, these factors have placed the college in a position which has made it necessary to revise the endorsed 5-block scheme to secure the long-term financial viability of the college.
- 1.5 In August 2020, this project received LEAPIC endorsement under their urgency procedure for a revised 2-block scheme and an additional £400,000 COVID-19 contingency funding.

2. Objectives and expected outcomes

- 2.1 The funding will enable the delivery of the following objectives through the revised scheme:
 - increase the capacity of RHACC from 250 learners per year to over 1000 on the Hillcroft site, supporting the development centre for adult education, community and training facilities, with an emphasis on supporting disadvantaged Londoners;
 - creation of efficient, modern, and flexible purpose-built education facilities, which would replace the existing inefficient and unattractive buildings which are no longer fit for purpose, helping to improve the social mobility, career progression, achievement/attainment rates and wellbeing of learners, many of whom are from disadvantaged groups; and
 - the existing Grade II listed Hillcroft House would be sold as a part of the redevelopment to help part-fund the scheme with revenue of the sale and will accommodate a new residential estate.
- 2.2 The revised scheme will reduce overall costs and residential floor space but simultaneously deliver the same number of outputs, including the number of learners and qualifications delivered, whilst maintaining the same number of new classrooms and education facilities as the original bid
- 2.3 The new 2 block scheme will deliver the same quality and quantity of outputs and outcomes associated with the original bid, as they were not dependent upon the provision of residential to deliver outputs/outcomes, including the number of learners, curriculum and qualifications delivered/achieved. Despite an anticipated reduction in learner enrolments due to COVID-19 in 2020/21, RHACC is optimistic that by the time the project is completed and operational in 2023/24 learner numbers will have recovered, ensuring no negative impact on planned outputs and outcomes.

- 2.4 During the options appraisal, the RHACC project management team identified the three blocks for learning and teaching from the endorsed bid could be more efficiently delivered in two larger blocks. Therefore, the reduction from five blocks to two does not have any impact on the colleges' ability to meet learner needs or teaching and learning outcomes. It ensures the scheme will be appropriate to the needs and requirements of learners and other stakeholder needs for the foreseeable future.
- 2.5 The 2-block scheme allows for the sale of Hillcroft House (surplus college land) for development, which based on current valuations could generate income for the college for the college to part fund this scheme. The sale is designated for residential development and could provide opportunities for affordable housing provisions. RHACC has indicated that the local planning authority in Kingston upon Thames has been supportive of the college's revised plan. Furthermore, the revised scheme does not allow for any additional disposal.
- 2.6 The new funding structure approved by LEAPIC on 10th of August 2020 under its urgency procedure is shown in the table below, in comparison with the initial scheme endorsed in April 2019:

Funding Breakdown	Original scheme endorsed by LEAPIC in April 2019	New Scheme endorsed by LEAPIC in August 2020
	5 Block Development £,000	2 Block Development £,000
NON-GLA Funding (RHACC contribution)	5,655	4,510
GLA Funding	2,828	3,228
TOTAL Funding	8,483	7,738

2.7 Outcomes:

Output	Total
Additional apprenticeship starts	50
Additional students progressing to employment	150
Additional work placements started	500
Amount of space with improved energy efficiency (m2)	1,670
Cost savings	925,000
Employers engaged (direct result of the project)	65
LLDD learners supported	150
NEETs into employment or training	30
New SMEs/businesses supported	45
New learners assisted (in courses leading to a full qualification)	1,050
SEND learners supported	100

- 2.8 This project will assist learners from disadvantaged groups (i.e. BAME, women, SEND, NEET) while creating a community accessible space for the benefit of the wider community, including supporting SMEs by providing access to community workspace. Wider benefits will be delivered by the sale of part of the college site, and the Grade II listed college building, to a residential developer to create new homes in South London.
- 2.9 Note that if the colleges cash position improves because of a better than forecast disposal receipt, or additional COVID related capital support be provided later by Government, the funding agreement will provide for proportionate claw back of this additional funding at the GLA's discretion

3. Equality comments

- 3.1 The GLA is required, in the exercise of its functions, to have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2020;

- advance equality of opportunity between persons who share a relevant protected characteristic 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.
- 3.2 In the context of the SfLCF, the Mayor's Equality, Diversity and Inclusion Strategy launched in 2018 includes the fund's 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 SfLCF project proposals have 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 the 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 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. The SfLCF application processes invite bidders 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 are also 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 is reinforced by the requirements set out in the grant funding agreement.

4. Other considerations

- 4.1 There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision form.

Risks arising/mitigation

- 4.2 There is a risk that the cost of the project will rise further. Although the RHACC Board is fully supportive of the scheme, they must also ensure that the College is financially sustainable in the long-term. There is a risk that the contingency of 10% which is built into the cost summary for the project might not be sufficient, however, a further 5% contingency could add a further £350k to the cost of the scheme.
- 4.3 The scheme costs assume that the new build is zero-rated due to the college's charitable status. The college will demonstrate to HMRC that 95% of activity in the new build is for a relevant charitable purpose, which will save the college approximately £1.54m in VAT.
- 4.4 There is a risk that the sale value of the site will not reach the expected value. If a sale was made only at the mid-level of the lower and highest estimate this would have an adverse impact of around £300k on the funding for the scheme, additionally, further impact on the College because of COVID-19 could result in loss of income and availability of cash reserves to fund the scheme. A smaller scheme,

which would be able to meet the needs of learners and the community, could be considered if the impact of COVID-19 is sustained. This would be a revised scheme which is within a budget that can be funded from the existing GLA contribution and the sale proceeds of part of the existing site and that does not put the underlying financial stability of the College at risk. In the event that the sale of the site exceeds the expected value, LEAP reserves the right to take all or part of LEAPs additional support back. The funding agreement will provide for proportionate claw back of this additional funding at the GLA's discretion.

- 4.5 The local planning authority in Kingston upon Thames, have been supportive of the project, however, a reduced size scheme with additional residential accommodation will require the College to re-engage with them before submission of the full planning application. There is a risk that the planners may not ultimately be as supportive of the revised scheme, however, continued discussions are ongoing with Kingston planning department to ensure it is supportive of the scheme and that an arrangement can be determined that will provide a satisfactory solution for the College regarding affordable housing.

5. Financial comments

- 5.1 Richmond and Hillcroft Adult Community College (RHACC) have already secured £2.8m of grant funds from the GLA under the Skills for Londoners Capital Fund – Round 2 for the development of a new college accommodation. However, COVID-19, alongside other factors have since financially impacted their ability to progress with this development.
- 5.2 Following this, RHACC have revised their development plans and applied for an additional £400,000 under the Skills for Londoners COVID-19 capital fund to alleviate some of the growing costs of this projects and help maintain the original outputs. If approved, the total funds allocated to RHACC for this project will be £3.2m.
- 5.3 As some of these revisions include the possible sale of college land, an assumption can be made that less funding from the Authority will be required. Therefore, in this instance where additional funding becomes available, appropriate claw back clauses will be built into RHACC's grant agreement and carried out at the discretion of the GLA. This also includes any additional receipts from surplus land sale that come in over the next 5 years.
- 5.4 The requested £400,000 will be utilised from the £19.5m unallocated capital funding which was originally ringfenced for a third round of the Skills for Londoners Capital Fund but reviewed by the LEAP investment committee following COVID-19 and its associated impact.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that:
- (a) 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, wealth creation and social development in Greater London; and
 - (b) 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.
- 6.2 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 and foster good relations between persons who share a relevant protected characteristic (race, disability, sex, 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 of this report.

- 6.3 Officers have indicated that the expenditure proposed will amount to the provision of grant funding as a contribution to the project costs of successful funding applicants and not a payment for services to be provided. Officers must ensure that:
- (a) the proposed funding is disbursed in a fair and transparent manner in accordance with the GLA's Contracts and Funding Code;
 - (b) funding agreements are put in place between and executed by the GLA and successful applicants before any commitment to provide funding is made; and
 - (c) the terms of such funding agreements do not have the effect of fettering the discretion of any successor administration, considering in particular the London elections taking place in May 2021. Accordingly, the GLA must retain the right to terminate for convenience and milestones for events should be structured so as to mitigate risks of abortive costs being incurred.

7. Planned delivery approach and next steps

Activity	Timeline
GLA and RHACC entering grant agreement	September 2020
Planning consent	January 2021
Contractor appointed	July 2021
Start on site	September 2021
Practical completion	March 2023

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? NO

Until what date: (a date is required if deferring)

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:

Alina Suteu has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Patrick Dubeck 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.

✓

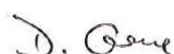
Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 1 September 2020

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

1 September 2020