

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2142

### Title: Skills for Londoners Capital Fund

#### Executive Summary:

The Skills for Londoners Capital Fund will invest in the estate and equipment of skills providers over the next four years. It will support the delivery of high quality skills that employers say they need, in buildings that are inspiring and fit-for-purpose and reflect the working environments, collaborative spaces and new ways of working of industry's workplaces and spaces.

This Mayoral Decision seeks the Mayor's approval of the GLA's receipt of £56m of Growth Deal 3 funding, and spend of a total of £114m of Skills for Londoners funding, with delegation of decision making for project award and expenditure to the Executive Director - Development, Enterprise & Environment. It also seeks approval of expenditure within the £114m of up to £5m of revenue funding for associated revenue costs. This funding will be contained within the overall capital budget and will be swapped with revenue internally through requests to finance.

#### Decision:

That the Mayor approves:

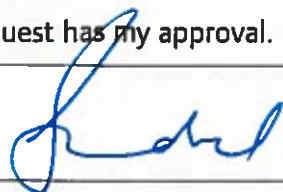
1. Receipt of £56m of funding from Government awarded to the London Economic Action Partnership (LEAP) as part of the Growth Deal 3 allocation
2. Spend of £114m of Skills for Londoners funding, including:
  - (i) £98m as a contribution to the costs of successful applications to the Skills for Londoners Capital Fund main programme
  - (ii) £3m as a contribution to the costs of successful applications to the Skills for Londoners Small Projects and Equipment fund
  - (iii) up to £5m revenue expenditure for costs both to support applicants in the development of their proposals and to provide for associated operational expenditure and programme support costs to enable the delivery of the programme, and within this sum, £1.5m to enable the launch of the Development Support Fund
3. A delegation to the GLA's Executive Director of Development, Enterprise and Environment to approve detailed allocations of the funding proposed above, in consultation with LEAP.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

7/8/12

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 London has available £114m Growth Deal funding for investment in the estate and equipment of skills providers over the period 2017/18 to 2020/21 through the Skills for Londoners Capital Fund (the Fund). This funding has been awarded to LEAP to deliver a programme of capital expenditure on infrastructure which will support the facilitation of delivery of skills services in London and does not amount to the funding of education services. The main capital Fund will be broken down into rounds allocating the first two years of available funding in the first tranche at approximately £47 million. A second funding round and refreshed Prospectus, developed with the Skills for Londoners taskforce and LEAP to align with priorities emerging from the new London Skills Strategy, will then be launched to allocate funds available over the second two years of the funding period (2019/20 and 2020/21).
- 1.2 The £114m total funding available for the Skills for Londoners Capital Fund is comprised of £58m of unallocated Growth Deal 1 and 2 funding, and a further funding receipt of £56m of Growth Deal 3 funding. The unallocated Growth Deal 1 and 2 funding is subject to the final outturn of the Further Education Capital Fund and the figure available may change as a result of projects falling away or not requiring the full contingency fund allocation for a project. Growth Deal funding is received on an annual basis and funding allocations remain indicative until formal confirmation is received from HM Government following the annual conversation process (which takes place around November each year). The full £56m Growth Deal 3 allocation will remain indicative until the final confirmation and receipt.
- 1.3 The GLA has taken a number of steps to prepare for and commence the funding programme including:
- Designing and developing the Skills for Londoners Capital Fund Prospectus and bidding process;
  - Holding a launch event to inform potential applicants of the opportunity and process and calling for expressions of interest from applicants to bid for funding;
  - Seeking expressions of interest for applications to the main fund, and
  - Establishing a sub-group of the Skills for Londoners Taskforce which will take a strategic view on priorities for capital investment in London's skills sector and will advise LEAP and the GLA on proposed funding allocations for the Skills for Londoners Capital Fund.
- 1.4 Applications will be assessed in accordance with the Skills for Londoners Capital Fund prospectus. The assessment criteria are set out in appendix 1.

#### **2. Objectives and expected outcomes**

- 2.1 The Skills for Londoners Capital Fund prospectus was developed in consultation with sector and skills specialists. It identified the following priorities and objectives to deliver high quality well-designed learning spaces that:
- are responsive and adaptable to current and future requirements of employers and learners through development, modernisation and rationalisation of facilities;
  - improve quality of provision and learner satisfaction, progression and success rates, including for example for those learners previously or at risk of becoming NEET (not in education, employment or training), learners with special educational needs and disabilities (SEND) and offender learners;

- support increased levels of apprenticeship delivery and/or progression to the highest levels of vocational and technical study, for example through higher level apprenticeships or projects able to demonstrate strong progression links with higher education;
- demonstrate collaboration with employers, in particular through bringing businesses directly into the institution and supporting the creation of jobs, as well as collaboration with schools, other education providers and local authorities; and
- where appropriate, support the implementation of recommendations of the HM Government-led Area Review of the FE sector.

2.2 The Skills for Londoners Capital Fund prospectus places strong emphasis on measuring and assessing the outcomes and benefits delivered either directly or indirectly by investments. Proposals have been invited to demonstrate how projects would deliver both quantitative and qualitative measures, with the core outputs and benefits including:

- number of learners supported as a result of the Skills for Londoners intervention;
- cost savings (in terms of maintenance and running costs);
- jobs created within the organisation as a result of the investment;
- number of apprenticeship starts;
- number of SEND (Special Education Needs and Disabilities) learners supported;
- reduction in the number of people who are NEET (Not in Education, Employment or Training);
- support to learners at risk of becoming NEET;
- improvement in teaching and learning;
- improved educational outcomes; and
- number of students progressing to employment as an indirect result of the project.

2.3 Successful applications will be required to deliver the full project outputs and benefits by an agreed date, providing appropriate evidence of the achieved output and/or benefit.

2.4 Applicants must undertake a self-evaluation of the project at both six months and three years after completion of the project to assess whether and how well the original project objectives have been met and the output and benefits that have been achieved.

### **3 Equality comments**

3.1 The Skills for Londoners Capital Fund will support skills providers to invest in improving their estate that has poor accessibility.

3.2 Though the Skills for Londoners Capital programme and the selection of project proposals and development of these, the GLA will require applicants to evaluate the potential impacts with regard to protected characteristic groups. Proposals are requested to reflect the diverse needs of all learners and help to reduce the disability, gender and race employment gaps. In particular applicants are required to demonstrate inclusive design of new and refurbished estate and equipment funded through projects.

3.3 As a condition of funding agreements, projects awarded funding will be required to meet the Public Sector Equality Duty and demonstrate this through reporting of progress

## **4. Other considerations**

### **4.1 Key risks and Issues**

- 4.1.1 Funding required to deliver projects exceeds that available – the application for Growth Deal 3 funding set out a pipeline of projects requiring funding in excess of £370m, however, the indicative profile of funding to be disbursed is £114m. The GLA continue to lobby government for further funding using informed evidence-based proposals on the future requirements of the sector.
- 4.1.2 Projects are not deliverable – all Expressions of Interest and full applications will be scored on the basis of information on deliverability and affordability. Any concerns will be tested through due diligence before a decision to fund a project is sought.
- 4.1.3 Proposed projects do not deliver outputs – all Expressions of Interest and full applications will be scored on the basis of information on scope and deliverability of outputs and outcomes. Any concerns will be tested through due diligence before a decision to fund a project is sought. Any projects that are successful in achieving approval for funding will be confirmed in a grant agreement, which requires the applicant to deliver the full project outputs and benefits by an agreed date. The GLA reserves the right to reduce the funding allocation or claw back previous funding payments if the agreed outputs are not delivered.
- 4.1.4 Alignment to Skills for Londoners Taskforce – the Skills for Londoners Capital Fund Prospectus was drafted in advance of the Skills for Londoners Taskforce commencing work on the post-16 skills and adult education strategy. However, the Skills for Londoners Taskforce Capital Sub-Group will provide advice to LEAP on priorities for capital investment in London's skills sector and will advise LEAP on funding allocations for the Skills for Londoners Capital Fund.
- 4.1.5 Changes in the sector – ongoing changes in the sector whilst colleges look to implement the recommendations of the Government-led Area Review may create uncertainty in relation to proposals for capital investment. Officers will keep abreast of changes, and applicants are required to set out in their applications the status of implementation, and provide assurances from merger partners of agreement on proposals.
- 4.1.6 Change in legislation – there is the potential that unforeseen changes in legislation will impinge on the delivery of this programme, for example, a change in priorities following the general election. This risk will be mitigated by working closely with colleagues at the local and national level to ensure that any potential changes in legislation do not impact on proposed projects or the programme as a whole.

### **4.2 Links to Mayoral strategies and priorities**

- 4.2.1 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 Skills for Londoners Capital Fund provides a significant foundation and support for the skills sector to ensure that London's skills system meets the needs of London's businesses while supporting all Londoners to access the skills they need to find and progress in work.
- 4.2.2 All capital projects will be subject to design review during the design and implementation phase. Reviews will be undertaken by the independent panel of Mayor's Design Advocates – a newly appointed pool of experts with skills across the breadth of the built environment disciplines. Design review will be in line with the Mayor's Design Review Charter, following best practice principles of proportionality, timeliness, continuity and independence. Officers will work closely with the GLA

Regeneration Good Growth by Design team to ensure that appropriate and meaningful scrutiny is applied to each project as required.

- 4.2.3 The Skills for Londoners Capital Fund also supports the London Infrastructure Plan 2050 by enabling skills providers to understand London's forward infrastructure investment pipeline and ensure that skills provision aligns to the capital's requirements.

#### **4.3 Links to National strategies and priorities**

- 4.3.1 The Skills for Londoners Capital Fund aligns to the government's Post-16 Skills Plan and Industrial Strategy green paper's commitment to 'developing skills' by providing investment in FE estate and machinery to enable the delivery of high quality skills provision.

### **5. Financial comments**

- 5.1 The proposed expenditure of £114m is to be funded from the receipt of £56m Growth Deal 3 allocation of which up to £5m will be funded via a Capital/Revenue swap of GLA budget resource, specially by reducing the capital resource allocation to the Mayor's regeneration fund and drawing down the Capital Programme Reserve which is funded by revenue. The remaining £58m balance is to be funded from unallocated Growth Deal 1 funding of £19.9m and £38m Growth Deal 2 funding to be received over the next 4 years. Future years' funding remains indicative and the programme will need to be scaled to available resources should any shortfalls occur against the indicative profile.

### **6. Legal comments**

- 6.1 The foregoing sections of this report indicate that:

- 6.1.1 the decisions requested of the Mayor 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

- 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 Mayor 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 report that a significant proportion of 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. They must ensure that the proposed funding is disbursed in a fair and transparent manner in accordance with the GLA's Contracts and Funding Code and a funding agreement is put in place between and executed by the GLA and successful applicants before any commitment to the provide funding is made.



- 6.4 To the extent that it is proposed that expenditure is incurred on the procurement of works, services or supplies, officers must ensure that the works, services or supplies are procured in accordance with the GLA's Contracts and Funding Code and that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of any works, services or supplies.
- 6.5 Officers must ensure that they do not place reliance upon funding it is envisaged will be provided by Government pursuant to the allocation of Growth Deal 3 funding until it the allocation has been confirmed and a legally binding commitment to the provision of such funding is in place. Officers should therefore, structure the proposed programme of activity and expenditure so as avoid committing to incurring costs before the allocation has been confirmed and Government are legally bound to its provision.
- 6.6 The Mayor may, under section 38 of the Greater London Authority Act 1999, delegate the exercise of the GLA's functions to the Executive Director – Development, Enterprise and Environment, as proposed should he so wish.

## **7. Planned delivery approach and next steps**

- 7.1 This report seeks approval for the allocation of £114m LEAP funds in accordance with the Skills for Londoners Capital Fund prospectus. This includes the delivery of the programme and the bidding processes. Following approval of this decision and once applications are received, officers will progress the appraisal and due diligence process. Advice and endorsement will be sought from the Skills for Londoners Taskforce and LEAP before full approval is sought by way of a Director's Decision for projects (subject to the approval of delegation as set out in paragraph 7.3). This approach will be adopted for all project approvals in further funding rounds to commit the full £114m existing allocation.
- 7.2 The recently established Skills for Londoners Taskforce will have a twin focus on ensuring that London's skills system meets the needs of London's businesses while supporting all Londoners to access the skills they need to find and progress in work. LEAP will work with the Skills for Londoners Taskforce to develop a city-wide strategic approach to skills, ensuring all Londoners and London's businesses can access the skills they need to succeed. The new taskforce will provide strategic oversight for the development of a new post-16 skills and adult education strategy for London over the course of the next year, whilst providing advice on funding allocations for the Skills for Londoners Capital Fund through a sub-group whose focus will be capital investment in the sector.
- 7.3 In order for decisions relating to this funding to be taken in a timely manner, it is proposed that the Mayor delegates authorisation to spend to the GLA's Executive Director of Development, Environment and Enterprise following consultation with the London Economic Action Partnership and its Investment Committee (in accordance with the LEAP constitution) and the Corporate Investment Board. The Executive Director's authorisation will be secured by way of a Director's Decision.
- 7.4 A separate, simplified application process was made available for projects in June 2017 to support small projects or purchase of equipment requesting between £25,000 and £200,000 in grant funding. Up to £3m funding has been ring-fenced from the total available funding for small projects or purchase of equipment and dependent on demand this amount may be topped up in future.
- 7.5 £8m of Skills for Londoners Capital Funds has been ring-fenced to support the delivery of the Mayor's Construction Academy Scheme. A stand-alone prospectus and bidding process will be launched in the second half of 2017 and this will be subject to a separate Mayoral Decision.
- 7.6 Funding provided by Government is capital only but internal discussions have suggested that up to 10% of the Growth Deal 3 capital receipt may be swapped for revenue funding. Of the £114m available, £56m is from the Growth Deal 3 settlement, and it is proposed that up to £5m will be

required for costs to support applicants in the development of their proposals and to provide for associated operational expenditure and programme support costs to enable the delivery of the programme. This remains subject to agreement by GLA finance as the Skills for Londoners Capital programme progresses and funding requirements become known. At this stage, this MD seeks agreement for to swap £1.5m capital for revenue for the Skills for Londoners Development Support Fund.

- 7.6.1 Agreement for £1.5m capital funding to be swapped is sought as part of this Decision to enable the launch of the first round of the Development Support Fund. LEAP have approved the use of an element of funding to support applicants in the development of large-scale projects with design and development costs including feasibility, viability, business planning and commercial/property advice to both improve the quality of applications and to shape and influence the delivery of targeted outcomes. Applications can be made from August 2017 onwards to inform bids for the second round of capital funding, due to be released in summer 2018. A revenue swap is required now to enable the launch of the fund and to enable approved projects to enter into grant agreements within the current financial year. Funding decisions relating to this fund will be subject to further approval. Provision for future rounds of development funding will be formulated and actioned as the Skills for Londoners Capital programme develops.
- 7.7 In addition to the above, there will be additional requests for revenue funding to enable the delivery of the Skills for Londoners Capital programme in line with the programme management methodologies already developed as part of the lessons learned from the preceding Further Education Capital Fund. These are likely to include but may not be limited to: funding to cover technical due diligence to assess the viability and deliverability of applications for capital funding; independent project monitoring services during the programme delivery phase; cost to cover marketing of future rounds; and programme level evaluation. Future capital to revenue swap requests will be made to cover these other necessary costs and will be actioned upon approval of each funding round, subject to:
1. existing approved budgets for due diligence, independent monitoring services, evaluation, communications and marketing being exhausted; and
  2. the programme of Skills for Londoners Capital Fund projects moving into delivery; and
  3. the overall 10% threshold across the GLA.
- 7.8 Following completion, projects will also be required to undertake a self-evaluation after completion of the project and, as part of the grant funding conditions, will be required to undertake a longitudinal evaluation sometime after completion which should be submitted to the GLA. This will include the benefit or impact of the project, lessons learnt and dissemination of information and risk and issues.

Activity	Timeline
Publish the Skills for Londoners Prospectus and bidding documentation	27 April 2017
Receive first tranche Expressions of Interest	12 June 2017
Appraisal and recommendations sought for received Expressions of Interest. Endorsed projects proceed to prepare full application.	July-August 2017
Full applications submitted	September 2017
Appraisal, recommendations and endorsements sought for received full applications	October 2017 onwards
Recommendation to fund to LEAP	November 2017
Seek Director's Decisions for projects	November 2017
Round 1 proposals commence delivery	December 2017
Launch refreshed Prospectus and second bidding round	April 2018 onwards
Programme Closure	April 2021

## **Appendices and supporting papers:**

Appendix 1: Assessment Criteria of applications to the Skills for Londoners Capital Fund.



**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? NO**

**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:**

Elizabeth North has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Jules Pipe has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on the 31 July 2017

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*m. d. hllg*

Date

31.7.17

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

*D. Bellamy*

Date

31/7/2017

