

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2354

### Title: Skills for Londoners Capital Fund – Round 2

#### Executive Summary:

The Skills for Londoners Capital Fund (SfLCF) programme was approved by the Mayor on 7 August 2017 under cover of MD2142. The Mayor also delegated (under cover of the same Decision form) approval of allocations of £114m of SfLCF funds to the Executive Director of Development, Enterprise and Environment, taking into account the recommendations of the London Economic Action Partnership (LEAP).

The SfLCF Round 2 will invest in the estate and equipment of skills providers over the next two years, with implementation extending beyond this period. It will support the delivery of high-quality skills that employers 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.

Following endorsement from the LEAP Board on 2 April 2019, this form seeks the Executive Director's approval of up to £73.35m on SfLCF, Round 2, of which £61.35m is expenditure and £12m is ringfenced.

#### Decision:

That the Executive Director of Development, Enterprise & Environment approves up to £73.35m on SfL Capital Fund of which an extra decision to ringfence £12m for the purpose set out in part 2 and expenditure of up to £61.35m, comprising:

1. £57.6m in the form of contributions to projects selected to form part of Skills for Londoners Capital Fund Round 2, of which £7.2m is Mayor's Construction Academy funding;
2. £3.75m for the second round of Small Projects and Equipment Fund.

That the Executive Director of Development, Enterprise & Environment approves the establishment of an approved list of reserve projects subject to additional funding becoming available

#### 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:** Debbie Jackson

**Position:** Executive Director -  
Development, Enterprise & Environment.

**Signature:**



**Date:**

30/04/19

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

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

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

- 1.1. SflCF launched in April 2017 with a total of £114m available for investment in the estate and equipment of London's skills providers. It supports the delivery of high-quality skills that employers need, in buildings that are inspiring and fit-for-purpose and reflect the working environments, collaborative spaces and the new ways of working of industry's workplaces and spaces. This was approved by the Mayor under cover of MD2142.
- 1.2. Round 1, held in 2017/18, awarded a total of £32m to 62 projects through the main fund (the awards being approved by the Executive Director of Development, Enterprise and Environment (under cover of DD2205), the Small Projects and Equipment Fund (the awards being approved by the Mayor (under cover of MD2218) and the Development Support Fund (the awards being approved by Executive Director of Development, Enterprise and Environment (under cover of DD2195).
- 1.3. Round 2, Stage 1 completed in October 2018 and 29 projects were invited to apply for Stage 2 in January 2019. 23 projects applied for Stage 2; six projects did not apply at Stage 2 as they had not been developed to the investment readiness stage required by the programme.
- 1.4. The GLA OPS online portal has been used for all applications with a streamlined and automated process allowing evaluators to easily access applications and their component parts.
- 1.5. Stage 1 and Stage 2 applications have been evaluated against the published criteria by a team of GLA officers including members of GLA's Economics, Finance, Skills and Employment unit, Planning, Regeneration Area, Housing and Land, Transport, Royal Docks, Culture, Environment and Equalities, Diversity and Inclusion teams.
- 1.6. Each application was scored against applicants' response to questions (each with a maximum of 5 marks) against the following weighted criteria (weighting shown in brackets):
  - Rationale and strategic fit (25%);
  - Outputs and wider outcomes and benefits (30%);
  - Deliverability (25%); and
  - Value for money (20%).
- 1.7. Evaluation scores were then moderated in order to validate the final scores.
- 1.8. The robustness of applications was tested by GLA Officers and specialist external advisors as required including Arup and Currie & Brown.
- 1.9. The outcome of the evaluation was also shared in early March with LEAP board members, Dr Celia Caulcott, Alexandra Depledge MBE and Natalie Campbell, the LEAP Delivery Team and Skills Unit taking members through the post-appraisal recommendations in detail and discussing issues and risks.
- 1.10. The LEAPIC budgetary delegation is up to £5m, therefore on 27<sup>th</sup> March 2019, the LEAP Investment Committee (LEAPIC) endorsed the following:
  - a) 17 projects, seeking £57,588,689 of Sfl funding, of which £7,200,000 is Mayor's Construction Academy (MCA) funding. Applicants will contribute £181,182,134 match funding and the total projects value is £238,770,823.
  - b) Earmarking of £3.75m Sfl funding to provide for a second round of the Small Projects and Equipment Fund (SPEF) in response to evidence of continuing sector demand for this kind of capital support.

- c) 3 projects be approved as 'reserve' with SfLCF funding totalling £40,000,000. These applicants have secured a total of £175,883,000 in match funding, taking the total value of the three projects to £215,883,000. The reserve listed projects will be subject to further funding becoming available or withdrawal of previous awarded projects; this will require further due diligence as required, approval from LEAPIC and a director decision.

1.11. The LEAP Board endorsed: the full approval of 6 proposals (see tables 1 to 3 below).; and the treatment of 3 projects as reserved projects.

1.12. Details of the 17 projects recommended for SfLCF investment are presented in the tables below and in appendix 1:

*Table 1 - SfLCF only - Approved Applications*

Project title	Applicant name	Endorsed by	SfL contribution
London Institute of Transport Technology	Queen Mary University of London	LEAP	£ 10,000,000
Surbiton Adult Learning Centre and Community Hub	Richmond & Hillcroft Adult & Community College	LEAPIC	£ 2,827,865
Digital and Skills for Work Academy	Harrow College Uxbridge College (HCUC)	LEAP	£ 5,330,520
Future Greenwich and Greenwich Digital Village	London South East Colleges	LEAP	£ 10,000,000
Barts Health Learning Hub	Barts Health NHS Trust	LEAPIC	£ 148,950
Meadowbank - Digital Technology Training Centre	London Borough of Hounslow	LEAPIC	£ 254,100
Big Creative Digital Futures	Big Creative Training Ltd	LEAPIC	£ 800,000
The Mary Ward Adult Education Centre East	Mary Ward Centre	LEAP	£ 5,680,001
The Ardleigh Green Campus Re-development Project	Havering College of Further and Higher Education	LEAP	£ 7,500,000
Open Learning and Digital Environment	Working Men's College	LEAPIC	£ 559,000
Resourcing - IOT Industrial Digitalisation	Barking & Dagenham College	LEAPIC	£ 1,452,000
Total			£ 44,552,436

*Table 2 - MCA – Approved Applications*

Project title	Applicant name	Endorsed by	MCA contribution
London South East Colleges MCAS Hub	London South East Colleges	LEAPIC	£ 819,720
Waltham Forest BECI Centre	Simian Risk Management Limited	LEAPIC	£ 213,900
Construction Skills Centre	Harrow College and Oxbridge College (HCUC)	LEAPIC	£ 1,412,633
Construct Your Future	The STC Group	LEAPIC	£ 150,000
Mayor's Construction Academy LB Camden Partnership	United Colleges Group	LEAPIC	£ 440,000
Total			£ 3,036,253

*Table 3 - SfLCF/MCA – Approved application*

Project title	Applicant name	Endorsed by	SfL contribution	MCA contribution
Wembley Park	United Colleges Group	LEAP	£ 5,836,253	£ 4,163,747

*Table 4 – Totals*

	<b>SfLCF</b>	<b>MCA</b>
Table 1 SfLCF	£ 44,552,436	
Table 2 MCA		£ 3,036,253
Table 3 SfLCF/MCA	£ 5,836,253	£ 4,163,747
Total SfLCF/MCA	£ 50,388,689	
<b>Grand total</b>	<b>£57,588,689</b>	

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

- 2.1. The SfLCF Round 2 launched on 29 August 2018 with a new prospectus, making up to £82m available for investment into estate and equipment, inviting applications that will satisfy the following priorities and objectives:
- respond to current and future skills requirements of employers and learners, improve quality of provision and learner satisfaction, progression and success rates.
  - demonstrate strong and innovative collaboration and partnerships with employers and local stakeholders, as well other training providers and local authorities. This includes direct participation of businesses in the design process, the curriculum, the provision of work placements and/or apprenticeships and the creation of jobs.
  - encourage and enable the integration of learners which are representative of London's diversity and its communities as well as those who struggle to access further skills (this includes a strong emphasis on learners previously or at risk of becoming NEET (Not in Education, Employment, or Training), SEND learners (Special Educational Needs and Disabilities), women, BAME (Black, Asian and minority ethnic), offender learners and parents and carers.
  - are reflective of the work environment as well as responsive and adaptable to the current and future requirements of learners, employers and the local community.
  - support increased levels of apprenticeship delivery and/or progression to the highest levels of vocational and technical study.
  - improve quality of provision and learner satisfaction, progression and success rates.
  - support sectors which have an important role to play in London's economy development, as identified in the Mayor's Skills for Londoners Strategy and the Economic Development Strategy.
- 2.2. Applications were required to demonstrate additional measures to support wider benefits and address the following Mayoral ambitions:
- Making Better Places;
  - Empowering London's People; and
  - Growing Prosperity.
- 2.3. The core outputs/outcomes to be delivered in total by the SfLCF Round 2 successful projects are summarised in the table below:

*Table 5 – Outputs and outcomes table*

<b>Output type</b>	<b>Total</b>
Additional learners supported	19,550
Additional apprenticeships starts	4,692
Additional work placements started	4,979
Area of new or improved learning/training floorspace	40,371m <sup>2</sup>
Cost savings	£5,653,268

SEND learners supported	2,359
NEETs in to employment or training	5,299
Additional students progressing to employment	4,881
Employers engaged (direct result of the project)	2,035
New SMEs/businesses supported	1,331
Amount of space with improved energy efficiency	40,081m <sup>2</sup>
Public realm improvements	3,296m <sup>2</sup>

### 3. Equality comments

- 3.1. The GLA is required, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
  - 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 following relevant objectives:
- many more people of all ages progressing in learning to reach their full potential;
  - ensuring all Londoners and London's businesses can access the skills they need to succeed;
  - promoting social integration and contact between different groups and tackle the inequalities that exist which prevent people from being active citizens;
  - more young people having the knowledge, skills and life experiences to succeed;
  - reducing the number of jobless young people;
  - London being a city where people of every background feel connected with each other and can realise the benefits of London's diversity; and
  - creating greater equality, diversity and inclusion (which includes gender parity in terms of career outcomes and greater social mobility within professions).
- 3.3. Proposals for the SfLCF 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 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. Similarly, projects have been requested to reflect sensitive place-based proposals that benefit the wider community and positively contribute to the vitality and attractiveness of the area. This may be in the form of additional benefits being realised beyond the standard teaching periods or the main target groups (e.g. facilities accessible during summer hours or to community groups / social enterprises / those working full-time).
- 3.5. 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 process invited 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 will also be 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 will be reinforced by the requirements set out in the funding agreement of any successful project.

- 3.6. The GLA Health, Community and Diversity team have provided specialist comments on the equality and diversity aspects of each project. These will be fed back to the projects for them to improve upon where appropriate.

#### **4. Other considerations**

##### *a) Risks and issues*

- 4.1. A programme level risk is the uncertainty of what Brexit deal will be agreed and how this will affect our investments and the projects themselves. GLA Officers are working with colleagues internally and externally to gather further feasibility and research regarding potential delivery risk and how to mitigate this. If this becomes an issues GLA Officers will work with projects to reduce the impact on spend of GLA grant.
- 4.2. There is also a programme level risk that projects are not successful in securing the required match funding. For all projects which still need to secure their match funding, officers will make a recommendation on how long the funding will be ringfenced for before being withdrawn and offered to the reserve projects. This will likely be decided on a case by case basis but will mitigate against significantly lengthy delays and will ensure programme spend.
- 4.3. The Growth Deal allocation where this funding comes from is due to complete spend by March 2021. Government has acknowledged that LEAP would be endorsing a programme that has spend profiled later than 2021 to enable the commitment of the remaining Growth Deal allocation, and this includes some of the SfLCF Round 1 projects. Whilst there is no formal Government position on spend post 2020/21, the Cities and Local Growth team have been informed of the programme profiles we are seeking endorsement to spend after this date through ongoing liaison with them.

##### *b) Links to Mayoral strategies and priorities*

- 4.4. All SfLCF Round 2 successful capital projects will deliver high-quality learning and training environments through the development, modernisation and rationalisation of facilities and as necessary 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.
- 4.5. Investments will contribute to the Mayor's and LEAP's drive to make London a better place in which to live and work and to visit, through delivery approaches that secure the highest levels of social, economic and environmental value.
- 4.6. The projects listed as successful in the tables above align well to the proposed Skills for Londoners Strategy. Officers from Skills and Employment Team have evaluated the 17 projects and confirmed that they align with the key priorities set in the Strategy.
- 4.7. The £7.2m capital funding has been ring-fenced for Mayor's Construction Academy quality marked providers. This will invest in construction skills related premises refurbishments and equipment over the next two years (with implementation extending beyond this period). It will support the delivery of high-quality construction skills that employers need, including modern working practices and environments and new construction techniques.
- 4.8. SfLCF Round 2 projects align with relevant policies of the draft London Plan and contribute positively to the Mayor's planning objectives relating to Design (Chapter 3), Social Infrastructure (Chapter 5), Green and Sustainable Infrastructure (Chapters 8 and 9), transport (Chapter 10), affordable housing (Chapter 4, Policy H6 and H7) and the Mayor's Affordable Housing and Viability Supplementary Planning Guidance.
- 4.9. In alignment with the London Environment Strategy, SfLCF Round 2 is supporting the highly ambitious projects, integrating creative solutions to environmental sustainability interventions and

demonstrating how they align with the Mayor's environmental priorities. One SflCF Round 2 requirement was that projects should be ambitious and achieve the maximum environmental and practical benefits of sustainable design by meeting BREEAM 'Outstanding' for new build projects and 'Excellent' for refurbishment projects.

- 4.10. The SflCF Round 2 Capital Projects support 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 and are in alignment with Equality, Diversity and Inclusion Strategy.
- 4.11. The Economic Development Strategy (EDS) priorities are supported by projects though measure that plan to engage and collaborate with local businesses, employers and local authorities to support the creation of jobs within the local area and the delivery of training to support growth sectors.

*c) Issues raised by the LEAP Investment Committee and LEAP Board*

- 4.12. The LEAP Investment Committee requested that the reserve projects return to LEAPIC for full approval and LEAP Board agreed. LEAPIC also asked that the GLA Officers ensure that the LEAP are getting value for money on the outputs and more information on what SMEs are engaged through this funding.

*d) Consultations and impact assessments, including data protection*

- 4.13. The Skills for Londoners Capital Fund Round 2 prospectus was based on outcomes from a consultation event with representatives from the skills sector. The prospectus was launched at an event with the skills sector where they were able to question officers. There is also a Frequently Asked Questions (FAQs) section on the website and an email address to send any queries. Officers have complied with GDPR legislation and projects have completed their own impact assessments.

## **5. Financial comments**

- 5.1 This decision authorises expenditure of up to £73.35 million of the Skills for Londoners capital budget of £114 million approved by the Mayor under cover of MD2142. Projects proposed for approval have undergone a rigorous due diligence process and will be subject to funding agreements in which any remaining clarification issues are addressed.
- 5.2 An estimated £20.5 million of the grant allocated in this decision is anticipated will be spent after March 2021. Although the Government has acknowledged the commitment of project spend beyond the end of the current Growth Deal there remains an element of risk whilst its formal position on spend after March 2021 is uncertain.
- 5.3 The necessary funding is not in place at this stage of project development to deliver those recommended for reserve approval and these would be subject to a further Director Decision following approval by the LEAP Investment Committee if they were to be progressed.
- 5.4 The £61.35 million proposed expenditure on projects and the £12 million contingency recommended for approval in part 2 of this decision means that taken together there would be £8.65 million uncommitted of the £114 million Skills for Londoners budget approved in MD2142. If it can be demonstrated that the contingency is required for the delivery of projects, a methodology will need to be put in place to ensure this is drawn down consistently.

## **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
- 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 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 Director should have particular regard to section 3 (above) 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. They 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;
  - 6.3.2 funding agreements are put in place between and executed by the GLA and successful applicants before any commitment to the provide funding is made; and
  - 6.3.3 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 2020 and 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**

- 7.1. The GLA will enter into grant agreement with the applicant for each SfLCF project. Each applicant will be required to monitor and report their progress on a monthly and/or quarterly basis and will be required to complete an evaluation following completion.
- 7.2. Reserve projects will be contacted, and officers will monitor their progress with regards to outstanding clarifications and funding readiness. Once projects are investment ready they will be presented to LEAPIC and a Director Decision sort for expenditure using the remaining unallocated funds and extra funding as it becomes available.
- 7.3. The programming of the second round of Small Projects and Equipment Fund (SPEF) will commence and launch in late 2019.
- 7.4. Officers will carry out the LEAPIC and LEAP board recommendations with regards to the reserve projects, outputs and SMEs.



7.5. The next steps for the SfLCF Round 2 are summarised below:

<b>Activity</b>	<b>Timeline</b>
Stage 2 applicants notified of GLA decision	<b>May 2019</b>
Successful projects enter into grant agreement and commence delivery	<b>May 2019 onwards</b>
Programming of the SPEF	<b>May 2019 onwards</b>
Seek Executive Director approval for future programme spend	<b>June 2019 onwards</b>

**Appendices and supporting papers:**

Appendix 1 – Project descriptions

**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: Until public announcement of the awards.

Until what date: May 2019

**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 - YES**

**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 have reviewed the request and is satisfied 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 29 April 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Allen*

Date

30.4.19