

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2152

### Title: Skills for Londoners Capital Fund technical due diligence

#### Executive Summary:

This ADD seeks approval for up to £50,000 of revenue expenditure for technical due diligence in relation to cost and building due diligence services. This is in support of the assessment of full applications to the Skills for Londoners Capital Fund Round 1 programme. Skills capital due diligence services were procured in September 2015, as approved in DD1307 and under GLA compliant procurement processes. The budget for this round of due diligence services is agreed as part of the £5 m revenue funding approved under MD2142. This ADD is sought as previous budgets for due diligence services, as agreed in DD1307 and DD1467 was for the Further Education Capital programme and a new budget is required for this funding round.

#### Decision:

That the Assistant Director of Regeneration approves a maximum of £50,000 spend on the following technical due diligence services to assess up to eleven applications to the Skills for Londoners Capital Fund Round 1:

1. A maximum of £24,000 on cost due diligence; and
2. A maximum of £26,000 on building due diligence.

#### AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

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:** Assistant Director of Regeneration

**Signature:**



**Date:**

12/09/17

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

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

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

- 1.1 London has available £114million 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 the London Economic Action Partnership (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 has been broken down into rounds allocating the first two years of available funding in the first tranche at approximately £47million. 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). Future expenditure for technical due diligence will be sought as requirements become known in future rounds of the programme.
- 1.2 The Skills for Londoners Capital Fund programme is the next iteration of, and builds on the successes and lessons learned from, the Further Education Capital Fund programme. Both programmes capture Growth Deal funding allocations from Central Government for capital investment in vocational skills projects. As such, the Skills for Londoners Capital fund will continue to utilise the technical due diligence services procured in February 2015 under DD1307. The GLA compliant procurement (GLA 80750) enabled the GLA to enter three call off contracts for cost, building and valuation due diligence. Each contract was entered in October 2015 and lasts for a period of three years. The budget for technical due diligence, provided in DD1307 and DD1467, was for the Further Education Capital Fund applications and a new budget is now required for the Skills for Londoners Capital Fund Round 1 assessment process.
- 1.3 The Skills for Londoners Capital Funds, provided by Government, are capital only and, as such, there is a revenue requirement to support delivery of the programme. MD 2142 approved a process of swapping up to 10% of the Growth Deal capital funding receipt for revenue funding. The total capital to revenue swap as described in MD2142 amounts to £5m and a total of £300,000 of this amount has been profiled for technical due diligence support in assessing applications to the Skills for Londoners Capital programme. Within the £300,000, a total of up to £100,000 is programmed for spend on technical due diligence in the 2017/18 financial year.
- 1.4 The provider of cost technical due diligence has provided an estimate of £22,678 to complete the due diligence services on eleven Skills for Londoners Capital Fund applications. This ADD seeks approval for up to £24,000 to allow for any unforeseen costs in completing the assessments to Round 1 of the Skills for Londoners Capital Fund.
- 1.5 The provider of building technical due diligence has provided an estimate of £24,900 to complete the due diligence services on eleven Skills for Londoners Capital Fund applications. This ADD seeks approval for up to £26,000 to allow for any unforeseen costs in completing the assessments to Round 1 of the Skills for Londoners Capital Fund.
- 1.6 Provision of this spend on due diligence for Skills for Londoners Capital fund applicants is projected as 0.07% of the requested amount of Skills for Londoners Capital Grant and 0.01% of the total project value of the Skills for Londoners Round 1 applications.

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

- 2.1 Cost services are required to provide the GLA with appraisal and due diligence of the cost of construction works proposed for individual project applications. This will enable the GLA to provide adequate assurance that proposed projects are affordable, viable and deliverable.
- 2.2 Building services are required to provide the GLA with appraisal and due diligence of building and property propositions for individual project applications, including technical, legal, environmental, building regulation and restoration matters. This will enable the GLA to provide adequate assurance that proposed projects are viable and deliverable.

## **3. Equality comments**

- 3.1 The Skills for Londoners Capital Fund seeks to address issues of modernisation and rationalisation of further education and skills providers estate. In doing so, specific equality benefits include;
  - a. Increase in accessibility of college estate (measured in m<sup>2</sup>)
  - b. Increase in opportunity for learners with Special Educational Needs and Disabilities to be engaged and retained in vocational and academic study.
  - c. Increase in course provision, enabling more learners per annum.
  - d. Increase in apprenticeships and traineeships, allowing students from deprived areas an economic incentive when obtaining a qualification.
- 3.2 The procurement of these contracts has been conducted fairly using a competitive process, which have been evaluated by three independent Officers. This procurement is not expected to demonstrate an effect on equality requirements.

## **4. Other considerations**

- 4.1 Risks around projects which are not deliverable. There is a risk that without the technical due diligence advice, proposed projects would not be affordable or deliverable. Any queries resulting from due diligence will be raised with the project and a resolution or mitigation will be required before the project is offered funding and / or before a funding agreement is entered into with the delivery partner.

## **5. Financial comments**

- 5.1 The proposed expenditure of up to £50,000 on cost and building due diligence will be funded from the revenue budget provision of £5m allocated for the overall Skills for Londoners Capital fund approved via MD2142. It should be noted that the £5m revenue allocation for the overall programme is being funded via a capital / revenue swap of GLA budget resource with part of the Growth Deal 3 allocation from Government as detailed within the main body of this report.

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

- 6.1 All services have been competitively procured (in accordance with the GLA's Contracts and Funding Code) from an existing available framework on a call-off basis and services required will be appropriate to the scale, complexity and risk associated with each project. The procurement of these contracts was approved in DD1307.
- 6.2 Following a competitive procurement process, Ove Arup Ltd was the preferred provider of cost technical due diligence and Curry Brown (formerly known as Parsons Brinckerhoff) was the preferred

provider of building technical due diligence. Call off contracts for each provider (number: GLA 80750) was confirmed on 14 October 2015. Both contracts are in place until 13 October 2018.

<b>Activity</b>	<b>Timeline</b>
Procurement of contract	Completed – contracts entered in October 2014
Delivery start date for this due diligence	September 2017
Delivery end date for this due diligence	March 2018
Contract End Date	October 2018

**Appendices and supporting papers:**

None.

**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.

**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

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

**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:**

Elizabeth North has drafted this report in accordance with GLA procedures and confirms that the Finance teams have commented on this proposal as required, and this decision reflects their comments.

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 11 September 2017.

**HEAD OF FINANCE AND GOVERNANCE:**

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

**Signature:**



**Date:**

11-09-17

