

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2313

### Title: Skills for Londoners Capital Fund Technical Cost Due Diligence

#### Executive Summary:

This Assistant Directors Decision (ADD) seeks approval for up to £50,000 of revenue expenditure for technical cost due diligence services. This is in support of the assessment of full applications to the Skills for Londoners Capital Fund (SfL) Round 2 programme. The Skills capital due diligence services (cost and building) were procured in September 2015, as approved in DD1307 and under GLA compliant procurement processes. The contracts have since expired in August 2018 and so the LEAP Delivery Team are working with TfL Procurement to Single Source the same consultant; Arup, to carry out the necessary due diligence on the successful Stage 2 projects. It is important to single source Arup so that all cost due diligence carried out across the SfL funding programme is consistent and thus fair for all shortlisted applicants. The budget for this round of due diligence services is agreed as part of the £5m revenue funding approved under MD2142. This ADD is sought because previous budgets for due diligence services, as agreed in DD1307 and DD1467 did not include Round 2 of SfL.

#### Decision:

That the Assistant Director of Regeneration and Economic Development approves:

A maximum of £50,000 spend on technical cost due diligence services to assess shortlisted applications at stage 2 of the Skills for Londoners Capital fund.

#### 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, Regeneration and Economic Development

Signature:



Date: 08/01/18

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

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

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

- 1.1 £114million Growth Deal funding has been made available 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 £25.7million of the £47million available in the first tranche of funding. A second funding round was launched in summer this year with a refreshed prospectus and developed to align with priorities emerging from the new London Skills Strategy. Stage 1 of this round has been completed and 29 projects have been invited to Stage 2 to submit a detailed application totalling £142m. From experience, we know that projects fall away and/or de-scope in size and so have overprogrammed for this stage.
- 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 Round 1 continued to utilise the technical due diligence services procured in February 2015 under DD1307. The contracts have since expired in August 2018 and thus for Skills for Londoners R2 we are working with TfL to single source procure the same contractors to carry out the due diligence on the shortlisted projects at Stage 2 of R2 SfL to ensure consistency and fairness for the Skills for Londoners Capital funding programme.
- 1.3 A new budget of up to £50,000 is now required for the Skills for Londoners Capital Fund Round 2 assessment process.
- 1.4 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 was programmed for spend on technical due diligence in 2017/18. £50,000 is now being requested to spend on the cost technical due diligence required for the shortlisted stage 2 SfL Round 2 projects.
- 1.5 The provider of the cost technical due diligence has provided an estimate of £48,000 to complete the due diligence services on up to twelve Skills for Londoners Capital Fund applications (including Mayors Construction Academy (MCA) projects and combined SfL and MCA projects). This ADD seeks approval for up to £50,000 to allow for any unforeseen costs in completing the assessments for Round 2 of the Skills for Londoners Capital Fund.

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

- 2.1 Cost due diligence advice is required to provide the GLA with appraisal and due diligence of the cost of and building/construction works proposed for individual project applications. This will enable the GLA to provide adequate assurance that proposed projects are affordable, viable and deliverable and inform the decision made by the GLA and LEAP to fund these projects

### **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;
- Increase in accessibility of college estate (measured in m<sup>2</sup>);
  - Increase in opportunity for learners with Special Educational Needs and Disabilities to be engaged and retained in vocational and academic study;
  - Increase in course provision, enabling more learners per annum; and
  - Increase in apprenticeships and traineeships, allowing students from deprived areas an economic incentive when obtaining a qualification.
- 3.2 The original contracts were procured using a fair and competitive process. The received bids were evaluated by three independent Officers. As mentioned previously, the original contracts expired in August 2018 and to ensure a fair and consistent due diligence approach is maintained across the Skills for Londoners Capital fund programme, a single source tender procurement process is being carried out for the two consultants. 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 with the delivery partner.
- 4.2 There is a risk that using a single source procurement process will be challenged, however we are confident of our rationale in ensuring that the programme is fair and consistent. We also commit to run a competitive procurement process for any future funding streams.
- 4.3 In the event of a conflict of interest, i.e. the consultant is acting for both the GLA and a funding recipient on a current project, the consultant is required to advise GLA of the details in writing and propose suitable and acceptable measures to ensure objectivity and non-collusion. We also reserve the right to not instruct them in certain circumstances if we feel it's necessary.
- 4.4 There is a risk that single sourcing is not successful, and the original consultants do not wish to continue their work with the GLA. To mitigate against this risk, a GLA Officer has liaised with the consultants to gain confirmation of their interest.

### **5. Financial comments**

- 5.1 The cost of up to £50,000 for this proposal will be funded from within the £5m revenue funding earmarked for the Skills for Londoners Programme as per MD2142. As noted within the main body of this report, £300,000 of the £5m revenue funding for this programme has been allocated towards due diligence costs that arise during the duration of the programme.

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

- 6.1 The cost due diligence services will be procured via TfL using a single source tender process and the services required will be appropriate to the scale, complexity and risk associated with each project. The procurement of the original contracts was approved in DD1307.

6.2 Ove Arup Ltd will be single sourced to carry out the cost technical due diligence.

<b>Activity</b>	<b>Timeline</b>
Single Source Procurement of contracts	January 2019
Delivery start date for due diligence	February/March 2019
Delivery end date for this due diligence	March 2019
Contract End Date	January 2020
Start of Competitive Procurement of new Due Diligence contracts for future funding rounds.	Summer 2019

**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.

**Part 1 Deferral:** YES.

**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason:

TfL must first approve that a single source procurement process can be used. TfL Procurement require a Decision paper (MD 2142, and this ADD) which shows that there is available budget for the contract and also where the budget is coming from. On the assumption that TfL then approve a single source tender process, the LEAP Delivery Team will need to single source the contractor and get into contract. Publication of this paper should therefore be deferred until March 2019 when the procurement process has been completed.

Until what date: 30 March 2019

**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:**

Beth Lackenby 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 7 January 2019.

**ASSISTANT DIRECTOR OF FINANCE AND GOVERNANCE:**

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

**Signature:**



**Date:**

07-01-19

