

REQUEST FOR DIRECTOR DECISION – DD2205

Skills for Londoners Capital Fund: Round 1

Executive Summary:

The Skills for Londoners Capital Fund (SfLCF) programme was presented to London's Economic Action Partnership (LEAP), the Local Enterprise Partnership for London, on 3 February 2017. It was approved by the Mayor on 7 August 2017 who also delegated approval of allocations of SfL Capital funds to the Executive Director of Development, Enterprise and Environment, taking into account the recommendations of the London Economic Action Partnership (under cover of MD2142).

Following endorsement from LEAP on 19 December 2017, this paper seeks a decision on investment for seven projects from Round 1 of the SfLCF with a grant award of up to £30.5m of capital expenditure.

Decision:

Following advice and endorsement by the LEAP on the 19 December 2017, the Executive Director of Development, Enterprise and Environment approves expenditure of up to £30.5m by way of grant funding as a contribution to the costs of the seven projects set out in this paper.

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: Fiona Fletcher-Smith

Position: Executive Director, Development, Enterprise and Environment

Signature: 

Date:

6.2.2018

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 The Department for Communities and Local Government (DCLG) indicatively awarded £114m funding to enable the delivery of the Skills for Londoners Capital Fund which is subsequently reviewed and potentially modified on an annual basis depending on programme performance. Subsequently, the London Economic Action Partnership (LEAP) were awarded £47.5m in 2017 for investment in the estate and equipment of skills providers over the next four years. This paper seeks a decision on seven applications, which will support the delivery of high quality skills that employers need, in buildings that are inspiring and fit-for-purpose, respond to the needs of London's employers, and reflect the working environments, collaborative spaces and innovative ways of working of industry's workplaces and spaces.
- 1.2 Round 1 of the SfLCF launched in April 2017 for projects requesting capital funding of more than £200K to £10m. 23 valid Expressions of Interest were received in June 2017 and presented to the LEAP Investment Committee on 26 July 2017. Ten of these Expressions of Interest were endorsed to proceed to the Full Application stage. One of the endorsed Expressions of Interest was subject to a merger between two colleges that did not proceed. As such, each college was invited to submit separate Full Applications, resulting in eleven invitations to submit Full Applications by 1 September 2017.
- 1.3 The proposals have been evaluated against the published criteria by a team of GLA officers at both Expression of Interest and Full Application stages. Approval of applications was subject to evaluation by GLA Officers and finalisation of specialist due diligence including cost and building advice. This also included a process of clarification questions. Each bid had a score out of 100 based on a weighted score of 5 against the following criteria (weighting in brackets):
 - a) Rationale and strategic fit (25%)
 - b) Outputs, outcomes and benefits (30%)
 - c) Value for money (20%)
 - d) Deliverability (25%)
- 1.4 Of the eleven parties that were invited to submit Full Applications, three applicants requested further time to develop their applications to RIBA Stage 2, a minimum requirement of funding. In accordance with the principles of round 1 of the fund, the three applicants were asked to propose timescales for developing the project information to the minimum level required for Full Applications. As a result, three applicants were set a deadline of 15 January 2018 for the Full Application, which only one applicant could meet. This project will be presented to LEAP Investment Committee for endorsement in due course and a separate Director's Decision will be required to approve any funding granted. The remaining two applicants could not provide the minimum requirement of information prior to Summer 2018. These applicants have been informed that they may instead submit an Expression of Interest in the second round of SfLCF.
- 1.5 By the deadline, the SfLCF therefore received eight valid full applications requesting a total investment of £50.5m capital.
- 1.6 One applicant subsequently withdrew their Full Application.

1.7 The remaining seven applications have been evaluated and moderated, presented to and endorsed by the SfLCF Steering Group, the LEAP Investment Committee and the LEAP Board. This paper seeks a decision on investment in the seven projects, representing a total investment of up to £30.5m capital, to be funded from the £47.5m available. The total project value of the seven projects recommended for investment, including match funding, is £95.6m. Table 1 summarises the projects in question.

Applicant	Project name
London and South East College (LSEC)	London Aerospace and Technology College
Barking and Dagenham College (B&D College)	Centre for Advanced Technologies (CAT)
United Colleges Group: College of North West London (CNWL)	Phase 1: Willesden Green
The City Literary Institute	The Design and Digital Hub
Morley College	Adult Learning Spaces
Capel Manor College	Capel Manor College's Crystal Palace Park
Harrow College	High Needs Learners Base-room and LRC Remodelling

Table 1 – seven projects recommended for SfLCF investment

2. Objectives and expected outcomes

2.1 The SfLCF Prospectus, launched in April 2017, invited applications of high quality well-designed learning spaces that would:

- a) respond and adapt to both current and future requirements of employers and learners through development, modernisation and rationalisation of facilities;
- b) improve quality of provision and learner satisfaction, progression and success rates, including for example 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;
- c) 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;
- d) demonstrate strong and innovative collaboration and partnership with employers and local stakeholders, in particular through bringing businesses directly into the institution to influence the design and development of provision and supporting the creation of jobs (see section 3.2.3 of the prospectus), as well as working closely with schools, other education providers and local authorities; and

- e) where appropriate, support the implementation of recommendations of the central Government-led Area Review of the FE sector.

2.2 In addition to the fund priorities, projects equally had to demonstrate how they would contribute to the Mayor and LEAP's drive to make London a better place in which to live and work and to visit. More specifically, projects were required to demonstrate approaches to delivery which would secure the highest levels of social, economic and environmental value. Projects then needed to establish how they would address the following Mayoral ambitions:

- a) Making Better Places
- b) Empowering London's People
- c) Growing Prosperity

2.3 The approximate primary outcomes delivered in the five financial years following completion of the projects as facilitated by the investment are summarised below. Further details are indicated in appendix 1 (reserved from publication).

Output/Outcome	Total
No. of learners supported	119,821
Of which growth in provision	12,411
Cost savings (£)	721,000
No. of Jobs created	608
No. of Apprenticeships	2,046
No. of NEETs supported	1,831
No. of SEND learners supported	4,145
New teaching hours	7,180

Table 2

NB. 'Jobs created' refers to all jobs created including construction jobs and progression from education to employment.

3. Equality comments

- 3.1 The GLA is required, in the exercise of its functions, have due regard to the need to:
- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010 ("the Act");
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular to the need to:
- a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and

- c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

- 3.3 The relevant protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation.
- 3.4 In the event that the conduct of a partner is believed to constitute a breach of the Act, the GLA Regeneration Team reserve the right to terminate the funding agreement and, in the GLA's discretion, claw back funding.
- 3.5 The GLA Regeneration 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 and work to deliver new and secure existing diverse and 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, which was subsequently assessed and scored by GLA Diversity and Social Policy team. This duty is reinforced by the requirements set out in the funding agreement of any successful project and monitored by responsible project leads at regular project monitoring meetings.
- 3.6 Post project completion, project partners are required to submit detailed monitoring and evaluation of outputs. Information returns include Independent Learner Record (ILR) data to ensure that outputs can be monitored to deliver outcomes for relevant protected characteristics, for example support for SEND learners.

4. Other considerations

a) key risks

- 4.1 Risks associated with individual projects have been identified as part of the bidders' applications, and the overall GLA evaluation process considered risk and deliverability when prioritising projects. This has been reviewed by independent consultants as part of the due diligence process. Individual grants will be monitored through the GLA's budget and performance management Review processes. Overall performance is also monitored by central Government Department for Cities and Local Growth as part of the Growth Deal funding receipt.
- 4.2 There is a risk that some of the projects may not achieve planning permission due to project specific conditions. To protect the capital funding, projects have been informed that funding will not be available to draw down until full planning permission has been achieved, unless in exceptional circumstances. This minimises the risk of abortive revenue costs from the fund.

b) concerns raised by the LEAP Investment Committee

- 4.3 Applicants were asked to clarify how projects would increase educational outcomes, with a view to ensuring that learners reach their full potential and/or increase their employability. Applicants addressed this concern by demonstrating the local and regional business demand for the courses to be provided by the projects.
- 4.4 Applicants were asked to make explicit how projects would complement existing provision without competing for the same market share. All applicants gave detailed responses on how the projects proposed would offer provision that is complementary to existing provision. Applications that do

overlap with existing provision gave detailed information on how demand outstrips supply, including letters of support from local businesses and authorities.

4.5 In addition, applicants were required to provide detailed responses on:

4.5.1 The proposal's design elements and intention to comply with regulations, e.g. surrounding fire safety of construction materials.

4.5.2 All applicants going through mergers provided adequate authorisation from the governing boards of all institutions in the merger. As such, all applicants undertaking a merger were required to declare if they had applied for funding support from government for the merger. Further, applicants were required to demonstrate how the SfLCF project was separate from that application and not dependent on receiving support from government.

4.6 The projects listed in Table 1 were endorsed by the SfLCF Steering Group on the 2 November 2017 and by the LEAP Investment Committee on the 8 November 2017.

4.7 The LEAP Investment Committee held a general discussion about project partnerships, and it was felt that applicants should be asked to demonstrate their relationship with employers in a tangible way, for example through funding or by formalising apprenticeships and internships commitments in contracts with private sector partners. It should be noted that neither private sector funding nor contracted offers of apprenticeships were a requirement of the prospectus but future rounds of SfLCF will seek to achieve greater assurance on the delivery of these elements.

4.8 The projects listed in Appendix 1 were endorsed by the LEAP Board on the 19 December 2017.

c) links to Mayoral strategies and priorities

4.9 The projects listed in Appendix 1 align well to the proposed Skills Strategy currently out for consultation. Officers within the Skills Team have observed that the seven projects align with the Digital and Technology, Adult Education and provision for students with Special Educational Need and Disabilities priorities within the Strategy.

d) other considerations

4.10 It should be noted that three of the seven bidders recommended to receive funding have previously received funding for separate projects through the Further Education Capital Fund, the predecessor to the SfLCF. Officers have assessed the Full Applications against the criteria set out in the SfLCF prospectus independently, with the highest scoring applications proceeding for endorsement. Using this approach helps mitigate against the risk of being challenged in instances where funding is awarded to an organisation that has received LEAP funding in the past, as it means that a competitive and rigorous evaluation process has been followed. Further, applicants that have received funding in previous rounds were assessed on their performance on delivering and reporting against LEAP funded projects in accordance with the GLA grant agreement to ensure that applicants remain compliant to the terms and conditions of funding.

5. Financial comments

5.1 The proposed investment of up to £30.5m in capital funding will be met from the Skills for Londoners Capital Fund approved by the Mayor (under cover of MD2142).

5.2 All proposed grant recipients have gone through a robust due diligence process and no significant issues have been highlighted with those for which approval is being sought. The proposed grants will be governed by the GLA's standard grant agreement with each provider and will set out the conditions for use of the grant, including the indicative project completion over the duration of the programme (2017-18 to 2020-21). This is for spending the funding awarded through the Fund, the phasing of the proposed grants, and confirmation of match funding being secured that supported the initial application for funding. In addition, the Government imposes certain conditions on the use of this capital funding; these conditions will be reflected in the grant agreement for each of the approved projects. This minimises the risk that the Government will seek to 'claw back' any funding.

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.

6.2.1 The GLA must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010 ("the Act");
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2.2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

6.2.3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

- 6.2.4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to: tackle prejudice; and promote understanding.
- 6.2.5 Compliance with the above duties may involve treating some persons more favourably than others, but that is not to be taken as permitting conduct that would otherwise be prohibited by or under the Act.
- 6.2.6 The relevant protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation.
- 6.2.7 A reference to conduct that is prohibited by or under the Act includes a reference to a breach of: an equality clause or rule; or a non-discrimination rule.
- 6.2.8 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 the proposed funding is disbursed in a fair and transparent manner in accordance with the GLA's Contracts and Funding Code and funding agreements are put in place between and executed by the GLA and successful applicants before any commitment to the provide funding is made.
- 6.4 Officers must also ensure that the aforementioned funding agreement contains provisions to enable the GLA's compliance with the Government-imposed conditions referred to in section 5.2 (above) of this report.

7. Planned delivery approach and next steps

- 7.1 The GLA will enter into grant agreement with the Sfl Capital provider for each project. Individual projects will be required to monitor and report their progress on a monthly and quarterly basis and each will be required to complete an evaluation at following completion.

Activity	Timeline
Enter funding agreements and delivery commences	February 2018
Announcement	February 2018
Construction completion for last project	March 2021

Appendices:

Appendix 1 – Project summaries and further details on project outcomes (confidential)

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? YES

If YES, for what reason:

Until public announcement of the awards.

Until what date: expected 30 February 2018

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 – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Oscar Espinosa has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director:

Debbie Jackson 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:

The Corporate Investment Board reviewed this proposal on 5 February 2018

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

6.2.18

