

REQUEST FOR DIRECTOR DECISION – DD2611

Title: Skills for Londoners (SfL) Capital Fund: Round 3 Cost Due Diligence services

Executive Summary:

The Skills for Londoners Capital Fund (SfLCF) programme was approved by the Mayor on 7 August 2017 under cover of [MD2142](#). 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 new ways of working of industry's workplaces and spaces. MD2142 includes a delegation to the GLA's Executive Director of Good Growth to approve detailed allocations for the SfLCF.

The SfLCF will continue to invest in the estate and equipment of skills providers over the next two years, with implementation extending beyond this period. The GLA will launch a multi-million third round (Round 3) of SfLCF in Spring 2023 with bids submitted by early 2023.

This decision form requests approval for expenditure of up to £50,000 funding from the £5m of revenue funding contained within the overall SfLCF as detailed in MD2142 to cover costs of technical/specialist cost due diligence in support of assessing proposals received for the remaining delivery of the SfLCF Round 3. Specialist support is required to provide the GLA with appraisal and due diligence of the cost of building/construction works proposed for individual project applications.

Decision:

That the Executive Director of Good Growth approves, through their delegated authority provided under the provisions contained in MD2142:

1. Revenue expenditure of up to £50,000 on services required to conduct technical cost due diligence activity including cost consultancy and building advice for the delivery of Round 3 proposals.

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: Phil Graham

Position: Executive Director for Good Growth

Signature:



Date:

05/12/2022

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The 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.
- 1.2. Round 1, held in 2017-18, awarded £32m to 62 projects through the main fund, the Small Projects and Equipment Fund and the Development Support Fund.
- 1.3. In April 2019 as part of SfLCF Round 2, the LEAP Investment Committee (LEAPIC) awarded 17 projects £57.6m funding including £7.2m from the Mayor's Construction Academy (MCA) Fund.
- 1.4. In 2020, during the Covid-19 pandemic, £12.7m of Covid-19 Contingency funding was awarded to 14 existing SfLCF projects. Following this, £10.3m of Emergency Recovery Support Funding was awarded to 91 projects.
- 1.5. It is proposed that expenditure of up to £50,000 is approved for enhanced specialist cost due diligence services for the upcoming, third round of SfLCF, which will launch in Autumn 2022. As detailed above, MD2142 includes a delegation to the GLA's Executive Director of Good Growth to approve detailed allocations for the SfLCF.
- 1.6. A budget of £50,000 has been informed based on the cost of technical due diligence reports provided for previous rounds of funding. Officers now estimate that the maximum cost of a report will be £4,000 (this takes into account rising inflation). Reports will only be commissioned for projects which are shortlisted for £1m+ of GLA funding. If 10 reports for large, complex projects seeking £2m (total programme value estimated at £20m), costing £4,000 per report, the total will be £40,000. The cost per report will vary depending on the complexity of each project, but officers believe the maximum cost of a report will be £4,000.
- 1.7. The expenditure of £50,000 for enhanced specialist due diligence services was endorsed at the Skills Capital Delivery Group meeting in July 2022 and the Skills & Employment Unit's Senior Management team meeting in August 2022.

2. Objectives and expected outcomes

- 2.1. Officers are seeking to procure and appoint specialist cost due diligence services to carry out an assessment of project applications to ensure the viability of projects applying to the SfLCF.
- 2.2. The cost consultant(s) will provide the GLA with an appraisal of individual project applications which may include, but are not limited to, the assessment of: construction costs against project outcomes; projected construction costs against industry benchmarks; the adequacy and value of any contingencies included in the project; and any other related activities to complete the due diligence and appraisal of project applications.
- 2.3. The current due diligence service contract has expired, and a new contract is required. The remaining SfLCF will be delivered through a forthcoming round and will require detailed due diligence on successful proposals. In order to ensure procurement efficiencies, the service will be sourced for ongoing services through a call-off contract in line with the previous procurement, allowing for future rounds and with appropriate break clauses in place should the service not be required.
- 2.4. Officers will liaise with Transport for London (TfL) Commercial to procure the services required competitively in accordance with the GLA's Contracts and Funding Code.

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
 - 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.
- 3.2. Proposals for the due diligence contract will have to demonstrate their understanding of the [Mayor's Equality, Diversity and Inclusion Strategy](#) to ensure projects will meet the strategies' priorities 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 D5 of the draft London Plan (both of which support the latest inclusive design standards BS8300-1:2018 and BS8300-2:2018).

4. Other considerations

- a) Key risks and issues

Risk	Impact	Mitigation
Too few suitable applicants	If fewer proposals are submitted than expected or poor-quality bids are received, the programme will be unable to appoint a suitable provider(s) consultant.	The procurement methods which are to be utilised will ensure frameworks are engaged to procure the service(s). Frameworks have been used for similar procurement previously and have been successful in only putting forward those who are suitable.
Delays in appointing a suitable provider(s) consultant	Any delays will mean a delay to the evaluation process thus delaying the programme. Some projects are not able to receive essential feedback on their proposals and will in turn delay the grant agreement process.	The procurement process will begin as soon as possible, and potential providers consultants will be made aware that they will be required to begin delivering promptly after a contract is signed.
Delay in receiving due diligence reports	Some of the successful projects will not be able to receive timely essential feedback on their proposals which in turn will delay the grant agreement process and project delivery.	Consultants will be made aware via the bidding process that they will be required to perform against set key performance indicators and their payment model will be based on delivery of reports to time and quality.

b) Links to Mayoral strategies and priorities

- 4.1 The due diligence exercise will assess SfLCF projects at application stage to determine if they will deliver high-quality learning and training environments through the development, modernisation and rationalisation of facilities enabled by viable, good value construction projects.
- 4.2 Investments through the SfLCF will contribute to the Mayor's and the 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.
- 4.3 The SfLCF programme overall aligns with relevant policies of the draft London Plan and contributes 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.
- 4.4 In alignment with the [London Environment Strategy](#), the SfLCF programme is supporting projects to integrate creative solutions to environmental sustainability and demonstrating how they align with the Mayor's environmental priorities. The evaluation of project proposals will assess project ambitions to achieve maximum environmental benefits by meeting Building Research Establishment Environmental Assessment Method (BREEAM) 'Outstanding' for new build projects and 'Excellent' for refurbishment projects.
- 4.5 Project outputs will be evaluated, and projects are encouraged to 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.
- 4.6 The wider programme aims to align with the key priorities set in the [Skills for Londoners Strategy](#) and this will be detailed in the specification during procurement.
- 4.7 The third round of SfLCF will align its priorities with those of the Mayor's Academies Programme (MAP), focusing on the following areas; hospitality, creative, green, health, digital and multiple sectors.

c) Consultations and impact assessments

- 4.8 Any future round will be based on a direct response from existing and potential providers. Currently officers are gathering evidence of need to support a new round of SfLCF. Officers are complying with GDPR legislation.
- 4.9 No one involved in drafting or clearing this form has any conflicts of interest to declare.

5. Financial comments

- 5.1. The costs 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 decision form, £300,000 out of the £5m has been allocated towards due diligence costs that arise during the duration of the programme.

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
- (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 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 must ensure that the services required 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

7. Planned delivery approach and next steps

Activity	Timeline
Invitation to tender released	November/December 2022
Evaluation of tenders	January 2023
Contract award	January 2023
Contract signed	December/January 2023
Due diligence advice provided on R3	February – May 2023

Appendices and supporting papers:

None.

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: To allow for a competitive procurement process, it is requested that this DD is not published so that the budget information for the works can be kept confidential until after the procurement process has been completed.

Until what date: 28 April 2023

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 – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Sajni Durve has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Michelle Cuomo Boorer 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

A summary of this decision was reviewed by the Corporate Investment Board on 5 December 2022.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

07/12/2022

