

GREATER **LONDON** AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3387

Estate management contract for GLA Land and Property Limited portfolio

Executive summary:

The estate management contract for the GLA Land and Property Limited portfolio ends on 30 June 2025. This Mayoral Decision seeks approval to award a new contract, following the retendering exercise carried out earlier this year. This was undertaken in compliance with the Public Contracts Regulations 2015, and in accordance with the GLA's Contracts and Funding Code.

A new contract will need to be effective from and including 1 July 2025.

Decision:

That the Mayor approves GLA Land and Property Limited (GLAP) entering into a contract with Avison Young (UK) Limited for estate management services, in respect of the GLAP portfolio on 1 July 2025. The contract will run for an initial term of three years (with an option to extend for up to a further two years).

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

17/6/25

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. The current estate management contract for the GLA Land and Property Limited (GLAP) portfolio was awarded in 2020 (approved under MD2516). The contract period ended in March 2023, with the option to extend the contract annually until March 2025. The extension options were exercised in March 2023 and March 2024; the contract ended on 31 March 2025. A short-term extension was then granted, up to 30 June 2025, to allow for the conclusion of the retendering process. This was undertaken by Crown Commercial Services (CCS), in compliance with the Public Contracts Regulations 2015 and in accordance with the GLA's Contracts and Funding Code. The assurance for this contract is being provided by Transport for London (TfL) Procurement.
- 1.2. GLAP's estates management function is responsible for managing a portfolio of around 635 hectares of land and properties across London. The main assets are in the Royal Docks; Greenwich Peninsula; and Barking and Dagenham. The portfolio is diverse, and comprises development land; and office, industrial, retail, residential and other specialist properties (including parks, training centres, and leisure and community premises).
- 1.3. The key services to be provided and managed under the estate management contract include:
 - rent collection and payment
 - service charge collection and management
 - landlord and tenant matters
 - security
 - landscaping and grounds maintenance
 - facilities management services (not to City Hall, Trafalgar Square or Parliament Square)
 - income generation
 - cost mitigation
 - minor capital and revenue works
 - health and safety management
 - sustainability measures
 - strategic asset/estate management advice
 - acting as the GLA's representative, as required.
- 1.4. Since September 2017, the management of the GLAP portfolio has been administered by TfL's Property Management team under a shared-services arrangement. The property arm of TfL was rebranded as Places for London (Places) in January 2023, and the shared-services agreement continued. The option to have Places manage these services in-house, under this arrangement, was considered. However, the day-to-day management of the GLAP portfolio requires a diverse skillset that Places cannot currently provide. This is because the Places portfolio differs significantly from the GLAP portfolio. It mainly comprises let buildings in and around transport hubs and stations; whereas the GLAP portfolio is more diverse, with a significant amount of development land in regeneration areas; two public parks; and more external common areas and

responsibilities, such as roads, landscaping and drainage. The continued use of a single contract for core estate management and additional consultancy services (to include building consultancy, project management, rating, agency, planning/development) provides a one-stop shop for GLAP and its tenants. Coupled with back-office efficiencies, this should result in improved service levels and cost benefits.

- 1.5. CCS undertook the procurement via the following framework agreement: RM6168 Estate Management Services Lot 1: Total Estate Management.
- 1.6. Following conclusion of the procurement, this decision form seeks approval for GLAP to enter into a contract with Avison Young (UK) Limited (Avison Young) for estate management services, in respect of the GLAP portfolio. This contract will begin on 1 July 2025 and run for an initial term of three years (with an option to extend for up to a further two years). Expenditure under this contract will be up to £6.4m.

2. Objectives and expected outcomes

- 2.1. With this contract in place, the GLA will continue the efficient management of its property portfolio. Priorities will include sustainability measures; health and safety management of the sites; and compliance with applicable legislation and regulations.
- 2.2. This contract will allow Avison Young to develop and implement further opportunities to improve value for money over the contract period. These will relate to implementing estate and asset management strategies for income generation and cost mitigation; and enhancing service levels. Service improvements are expected as a result.
- 2.3. As part of the new contract, an improved service-level agreement (SLA) and key performance indicators (KPIs) have been included. Avison Young will report to GLAP officers on their performance against the KPIs every three months (see paragraph 4.4 below).

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, the Mayor and the GLA are subject to the public sector equality duty and must have due regard to the need to:
 - eliminate unlawful discrimination, harassment, and victimisation
 - advance equality of opportunity between people who share a relevant protected characteristic and those who do not
 - foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2. The protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage/civil partnership status. The duty involves having appropriate regard to these matters as they apply in the circumstances, including having regard to the need to: remove or minimise any disadvantage suffered by those who share or are connected to a protected characteristic; take steps to meet the different needs of such people; and encourage them to participate in public life or in any other activity where their participation is disproportionately low. This can involve treating people with a protected characteristic more favourably than those without one.
- 3.3. The services provided under the proposed contract will not significantly impact one group more than any other. The services relate to standard estate management services being provided by a firm accredited by the Royal Institution of Chartered Surveyors, and thereby meeting professional industry standards. As part of the tender process, Avison Young has committed to recruiting a diverse

workforce; offering work placements to graduates and apprentices; engaging with schools via career talks; and supporting GLAP with social value initiatives for the local community.

- 3.4. All staff directly employed by Avison Young under this contract, and their nominated sub-contractors, will be paid the London Living Wage as a minimum.

4. Other considerations

Risks and issues

- 4.1. The GLAP portfolio varies considerably. In terms of estate management services, there is a heavy focus on the provision of facilities management services – e.g., security; minor repairs and maintenance; road cleaning; and basic financial services such as payment and collection of rent and service charge. Having so many areas of requirement can become a risk due to the degree of contractor/supplier management needed. By using the services of a national service provider, economies of scale can be achieved while using small and medium-sized enterprises (SMEs) from the local area. Internal resources can also be flexed to meet changing operational requirements, whilst providing consistency of services.
- 4.2. To manage the performance of the services, and associated risks in non-performance of the services, the contract will include several KPIs to ensure key objectives are met. These will focus on the following areas:
- health and safety
 - collection and management of rent/service charges
 - income generation
 - cost mitigation
 - customer service
 - sustainability measures
 - devising asset/estate management strategies
 - Mayoral and public enquiries
 - regular asset and financial summary reporting.
- 4.3. Performance management meetings will be held every quarter with Avison Young and GLAP officers. Where KPIs are not being met, appropriate measures will be agreed to improve service provisions under the contract.
- 4.4. The KPIs have been linked to a fee retention and bonus award structure based on performance. A retention and bonus mechanism will be included in the contract to encourage good performance. At the start of each financial year of the contract (i.e., the start of April), only 90 per cent of the agreed annual fixed fees in the pricing matrix will be paid. At the end of each financial year (i.e. the end of March) the supplier's performance will be assessed based on the SLA and KPIs set out in the contract. Depending on performance, either the balance will be paid; or a percentage of the balance will be retained. In addition, if the performance exceeds the SLA and KPIs, GLAP can award a bonus of up to 7.5 per cent above the agreed fee at the end of each financial year. GLAP has discretion, acting reasonably, on the level of retention or bonus after assessment of the SLA and KPIs.

Links to Mayoral strategies and priorities

- 4.5. The Mayor's objectives, relating to the use of SMEs and local businesses within the GLA's supply chain, have been considered and included within this contract. As part of the contract, Avison Young is required to procure services with local businesses and SMEs across the GLAP portfolio, ensuring this objective is met. In supporting the Mayor's objectives, Avison Young is also required to ensure that their staff and sub-contractors are paid the London Living Wage.

Conflicts of interests

- 4.6. There are no conflicts of interests to note for any of those involved in the drafting or the clearance of this decision.

5. Financial comments

- 5.1. Budget provision exists for the core elements of the contract in the GLAP budgets. Budget provision for additional services will need to be quantified and agreed before they are instructed.
- 5.2. Further financial comments are set out in Part 2.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or that are facilitative of, or conducive or incidental to, the promotion of economic development and wealth creation, social development and the promotion of the improvement of the environment in Greater London. In formulating the proposals in respect of which a decision is sought, officers have complied with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people
 - 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 UK
 - consult with appropriate bodies.
- 6.2. In taking the decisions requested, the Mayor 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, sex, age, sexual orientation, religion, gender reassignment, pregnancy and maternity, and marriage and civil partnership status) and persons who do not (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3. Officers have indicated in paragraph 1.1 (above) that the services covered by the contract which is proposed to be awarded to Avison Young have been procured in accordance with the Public Contracts Regulations 2015 and the GLA's Contracts and Funding Code. Officers must ensure that appropriate contract documentation is put in place between, and executed by, Avison Young and GLAP before services begin.
- 6.4. The directors, acting both as directors of GLAP and the decision makers of Greater London Authority Holdings Limited (the sole shareholder), are empowered by the companies' articles and the authority provided under MD937, to do such things to transact the business of the companies and make decisions on behalf of the GLA, save where such decision is significant in policy terms, or is novel or contentious.

7. Planned delivery approach and next steps

7.1. The project will be completed according to the following timetable:

Activity	Timeline
Obtain TfL procurement assurance for contract	June 2025
Award contract	June 2025
Commencement of full services	July 2025

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 be published either 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: Contract details need to remain private until the contract has been entered into.

Until what date: 30 June 2025

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the 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:

Kabir Choudhury has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Tim Steer has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Tom Copley has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Mayoral Delivery Board

This decision was agreed by the Mayoral Delivery Board on 2 June 2025.

✓

CHIEF FINANCE OFFICER:

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

Signature:

Fay Hannan

Date:

16/06/2025

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor.

Signature:

D. Bellamy

Date:

06/06/2025

