

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2148

Title: Estate Management Shared Service

Executive Summary:

This report seeks the Mayor's approval for the Greater London Authority (GLA) to enter into a Shared Service arrangement with Transport for London (TfL) under which TfL will provide estate management services in relation to the property assets of the GLA for an indefinite period. This will result in up to four GLA staff in the Estates team being transferred to TfL under the principles of the Transfer of Undertakings (Protection of Employment) Regulations 2006. It is proposed that the arrangements for the transfer of the function will be effective from 14 August 2017.

Decision:

That the Mayor:

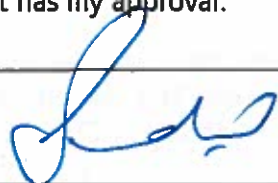
1. Approves the GLA's entry into a shared service arrangement, under section 401A of the Greater London Authority Act 1999, with TfL for the provision of estates management services on a cost recovery basis. The estimated cost for the first year is £506,000.
2. Delegates authority to the Executive Directors of Resources and Housing and Land to prepare, finalise and subsequently execute on behalf of the GLA documentation putting into place the arrangements under section 401A

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:

7/8/17

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

Decision required – supporting report

1. Introduction and background

- 1.1 The Greater London Authority (GLA) acquired a significant property portfolio as a result of the Localism Act 2011 in April 2012, including assets from the London Development Agency (LDA), Homes and Communities Association (HCA) and London Thames Gateway Development Corporation (LTGDC). It has subsequently acquired a number of additional land and property assets. The vast majority of these are held within GLA Land & Property Ltd (GLAP), the GLA's property holding company.
- 1.2 The portfolio comprises a range of assets including development sites, long term reversionary interests, investment properties (i.e. ExCel) and operational facilities including the National Sports Centre in Crystal Palace, Thames Barrier Park and North Greenwich Pier. The portfolio had a market value of £884m as at 31 March 2017.
- 1.3 As well as inheriting property assets in 2012, a number of property staff transferred to the GLA from LDA, HCA and LTGDC and a small Estates unit of seven people was created to manage the portfolio. In addition to one specialist role of Pier Master, the Estates team contains a number of Chartered Surveyors and provides the "Intelligent Client" unit managing a number of external service providers e.g. Grimley Vigers Advantus (estate management), Greenwich Leisure Limited (leisure management) and GL Hearn (asset valuations).
- 1.4 There has been a high turnover of staff since 2012 and currently two of the three posts previously filled by Chartered Surveyors are vacant, the Senior Manager heading the team retired on the 20 April and all of the experienced surveyors have left over a short period of time. Recruitment to these posts has been difficult in the past and there is no reason to believe the position would be different at this present time. There is currently a shortage of qualified surveyors across all disciplines in the property industry and competition for surveyors is strong. On average salaries increased by 7.2% in 2016 for surveyors compared to the national average of around 2.3% (MacDonald's/RICS survey March 2017). In order to maintain the Estates Management function a Senior Manager and Estates Manager have been seconded from Transport for London (TfL) for a temporary period.
- 1.5 TfL has a well-established property function and although it is currently going through a significant restructure, TfL has confirmed that it is in a position to provide shared services to GLA in relation to the provision of an Estates function. This would initially be via existing GLA service provider contracts but as these come to an end, they would be reviewed and appropriate changes to the delivery model made.
- 1.6 It is anticipated that the expertise that TfL will offer will enable more effective management of the portfolio as part of a larger team that brings with it economies of scale and greater breadth and depth of experience. While this may result in a reduction in costs over time, the greater benefit is likely to be additional value generated through a more proactive and strategic management of the estate.
- 1.7 On entry into the shared services agreement 4 GLA staff will move across to TfL under the principles of Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). It is envisaged that TfL will initially continue to manage GLA's property portfolio through a mix of secondments and agency staff and this will evolve during the restructure.
- 1.8 Once the Estates Management function has transferred under the shared services arrangement it will be for TfL to decide how best to manage the GLA's estates work. This will influence the level of staff (if any) required to be retained within the GLA in terms of an Intelligent Client function.
- 1.9 In accordance with normal practice, TfL and the GLA will enter into a Working Arrangement and Arrangement for Delegation document to cover the services to be provided.

- 1.10 The shared service arrangement would commence 14 August 2017 for an indefinite period, subject to the approval of this MD.
- 1.11 The London Assembly (through its GLA Oversight Committee) was formally consulted on the above proposal on 18 July 2017. The Committee fully endorsed the proposal.

2. Objectives and expected outcomes

- 2.1 The primary objective is to transfer the GLA Estates Management function to TfL because the greater depth and pool of resource at TfL is expected to result in cost savings and efficiencies in the long term.

3. Equality comments

- 3.1 Under Section 149 of the Equality Act 2010, the Mayor of London must have 'due regard' of the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.
- 3.2 One of the current post holders is a woman and two are of BAME origin. None of the post holders being transferred under TUPE are at risk. Therefore, the proposals in this paper will not have a negative impact on any groups identified under the Equality Act 2010.

4. Other considerations

- 4.1 The arrangement outlined above relates to the existing property portfolio. The entry into shared service arrangements will make it easier to enable continuity of approach should the GLA decide to alter the scale of its property portfolio.
- 4.2 The effect of the shared service arrangements will be to transfer existing employees from the GLA to TfL if any of them are wholly or mainly assigned to the services that are transferring. Any employees who are affected by the proposals must be consulted with in accordance with employment law. The GLA Scrutiny Committee is being consulted as the effect of the shared services arrangement would be that seven posts on the GLA establishment would require deletion. Only four of these posts are currently filled by permanent employees. The positions proposed for deletion are as follows:

Position Title	Grade
1 x Senior Manager, Land Estates and Property	13 (vacant)
2 x Estates Manager	10 (1 x vacant)
1 x Pier Master	7
1 x Estates Surveyor	6 (vacant)
1 x Estates Officer	6
1 x Data & Systems Officer	6

The effect of the transfer of GLA Estates' work to TfL under a shared services arrangement will be to transfer the employment of the four permanent employees and seven positions attached to the transferring services under the principles of TUPE. Employees transferring under the principles of TUPE will be entitled to transfer to TfL on their existing terms and conditions of employment. Both the GLA and TfL are required to consult with affected employees and Unison regarding any measures that might be taken as a result of the transfer, with a view to reaching agreement with the employees and Unison about those measures. Unison is consulted as part of normal TUPE transfer requirements. The consultation process has commenced with all affected staff. It is proposed that

that the finalisation of the terms of the S401A(3) arrangements with TfL, and execution of the necessary documentation, is delegated to the Executive Director of Resources.

5. Financial comments

- 5.1 This report sets out a proposal to enter into shared services arrangement between the GLA and TfL, whereupon TfL will provide Estate Management services to the GLA. There are currently 7 GLA established posts within Estates team, with only 4 being filled by the permanent employees. As a result of entering into the Shared Services Arrangement with TfL, all seven posts would require deletion with only four permanent staff in the Estates team transferring over to TfL under the principles of TUPE regulations.
- 5.2 Shared Services fees payable to TfL for the provision of Estate Management Services will be on a cost recovery basis. This is estimated to be £506,000 p.a. for the first year which will be contained within allocated Estates Budget.
- 5.3 The existing GLA budgets for the running of the Estates portfolio will be retained and there will not be any impact on expenditure as a result of the transfer. All third party costs, such as consultants, contractors and facilities management providers, will be monitored and approved by the Estates Team within TfL going forward. Future budgets will be prepared by the Estates Team within TfL and approved by the GLA.

6. Legal comments

- 6.1 Under section 401A of the Greater London Authority Act 1999 (GLA Act) the GLA can enter into arrangements with TfL for the provision of administrative, professional or technical services by TfL to the GLA, whether for consideration or otherwise. The professional services of the type described fall within the power. The Mayor must consult with the London Assembly before entering into any such arrangement involving the GLA; this role has been delegated to the GLA Scrutiny Committee, as permitted under section 54(a) of the GLA Act and paragraph 1.9 of this report indicates that this consultation has taken place. The statutory and legal responsibility arising from the management of a diverse property portfolio remains with the GLA and will not transfer to TfL.
- 6.2 The shared services documentation will cover issues such as payments for the services to be provided, and review and termination arrangements and liabilities. The finalisation of the terms of the proposed arrangements will be delegated by the Mayor to the Executive Director of Housing & Land and the Executive Director of Resources under the Mayoral Decision Making in the GLA document.
- 6.3 Under section 38(1) and (2) of the GLA Act the Mayor may delegate the exercise of any function exercisable on behalf of the Authority by the Mayor to any member of staff of the Authority.
- 6.4 The proposed arrangement is consistent with the GLA's public procurement obligations under EU procurement directives. Public procurement regulations allow public bodies such as the GLA and TfL to enter into co-operative arrangements in the public interest where one provides services to the other on a not for profit basis. In such instances EU public procurement rules are not triggered. It is considered that the proposed arrangement is consistent with European procurement law.
- 6.5 If the arrangement is approved, four employees will be affected. As this is a transfer of administrative functions between public bodies the Transfer of Undertakings (Protection of

Employment) Regulations 2006 (TUPE) does not apply by virtue of the exemption under regulation 3(5). However, in accordance with the Cabinet Office Statement of Practice 2000, it is intended that the GLA applies TUPE like principles in order to transfer the four employees who are wholly assigned to the undertaking transferring from the GLA to TfL. Consultation has begun with these employees and will be continuing.

7. Planned delivery approach and next steps

Activity	Timeline
TUPE transfers to be completed.	14 August 2017
Working Arrangement and Arrangements for delegation documents to be signed	14 August 2017

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:

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

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 to
confirm the
following (✓)

Drafting officer:

Alun Jones has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

James Murray has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision is to be considered at the CIB meeting on the 24 July 2017.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Ollce

Date

24.7.17

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

24/7/2017